Perennial Yield Plus Conservative Trust
Annual financial statements for the year ended 30 June 2023

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Contents

These financial statements cover Perennial Yield Plus Conservative Trust as an individual entity.

The Trustee of Perennial Yield Plus Conservative Trust is Perennial Investment Management Limited (ABN 13 108 747 637). The Trustee's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000.

Trustees' report

The Directors of Perennial Investment Management Limited, the Trustee of Perennial Yield Plus Conservative Trust, present their report together with the financial statements of Perennial Yield Plus Conservative Trust ("the Scheme") for the year from 1 July 2022 to 30 June 2023 ("the year").

The Scheme is an unregistered managed investment scheme domiciled in Australia.

Trustee

The Trustee of Perennial Yield Plus Conservative Trust is Perennial Investment Management Limited (ABN 13 108 747 637). The Trustee'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 provide a steady stream of income and capital stability over the medium term; and to provide a total return (after fees) that exceeds the RBA Cash Rate measured throughout a market cycle, with potential outperformance during large equity drawdowns.

The investment objective is disclosed in the current Information Memorandum and in accordance with the provisions of the Scheme's Constitution.

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

Review and results of operations

There have been no significant changes to the operations of the Scheme during the year. The Investment Manager invested 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	For the period 16 June 2021 to 30 June 2022
Total comprehensive income/(loss) for the year ($'000)	**334**	(494)
Distributions paid and payable ($'000)	**226**	469
Distributions (cents per unit - "CPU")	**1.116**	3.357

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

Significant changes in 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 year.

Trustees' report (continued)

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 Trustee believes it would be likely to result in unreasonable prejudice to the Scheme.

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 Trustee or its related parties

Fees and expense recoveries paid to the Trustee 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 Trustee during the year.

The number of interests in the Scheme held by the Trustee 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 Scheme'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.

Trustees' report (continued)

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.

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

A. Patterson
Director

Sydney
26 September 2023

Statement of comprehensive income

	Notes	Year ended 30 June 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
Investment income			
Interest income	3	**37**	-
Dividend and distribution income	4	**273**	537
Net gains/(losses) on financial instruments at fair value through profit or loss	5	**75**	(992)
Net (losses) on foreign exchange		**(1)**	(3)
Other income		**79**	32
Total investment income/(loss)		**463**	(426)
Expenses			
Trustee fees	13	**106**	53
Interest expense		**3**	4
Other expenses		**20**	11
Total expenses		**129**	68
Other comprehensive income for the year		**-**	-
Total comprehensive income/(loss) for the year		**334**	(494)

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

Statement of financial position

	Notes	As at 30 June 2023 $'000	 30 June 2022 $'000
Assets			
Cash and cash equivalents		**666**	2,691
Receivables		**24**	476
Financial assets at fair value through profit or loss	8	**15,564**	14,476
Total assets		**16,254**	17,643
Liabilities			
Distributions payable	7	**10**	396
Payables		**7**	2
Financial liabilities at fair value through profit or loss	9	**4**	75
Total liabilities		**21**	473
Net assets attributable to unitholders - equity	6	**16,233**	17,170

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

Statement of changes in equity

	Notes	Year ended 30 June 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
Total equity at the beginning of the year		**17,170**	-
Comprehensive income/(loss) for the year			
Profit/(loss) for the year		**334**	(494)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**334**	(494)
Transactions with unitholders			
Applications	6	**6,498**	20,794
Redemptions	6	**(7,543)**	(2,662)
Units issued upon reinvestment of distributions	6	**-**	1
Distributions paid and payable	6	**(226)**	(469)
Total equity at the end of the year		**16,233**	17,170

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

Statement of cash flows

	Notes	Year ended 30 June 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**4,363**	1,891
Payments for the purchase of financial instruments at fair value through profit or loss		**(4,729)**	(17,184)
Other income received		**79**	32
Trustee fees paid		**(107)**	(62)
Interest expense received/(paid)		**34**	(4)
Other expenses paid		**(20)**	(10)
Reduced input tax credits (paid)		**-**	(1)
Net cash (outflow) from operating activities	14(a)	**(380)**	(15,338)
Cash flows from financing activities			
Proceeds from applications by unitholders		**6,510**	20,770
Payments for redemptions by unitholders		**(7,538)**	(2,662)
Distributions paid		**(612)**	(72)
Net cash inflow from financing activities		**(1,640)**	18,036
Net increase/(decrease) in cash and cash equivalents		**(2,020)**	2,698
Cash and cash equivalents at the beginning of the year		**2,691**	-
Effects of foreign currency exchange rate changes on cash and cash equivalents		**(5)**	(7)
Cash and cash equivalents at the end of the year		**666**	2,691

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

1 General information

These financial statements cover Perennial Yield Plus Conservative Trust ("the Scheme") as an individual entity. The Scheme was constituted on 1 May 2021. The Scheme will terminate on 1 May 2101 unless terminated earlier in accordance with the provisions of the Scheme's Constitution. The Scheme invests in cash, unlisted unit trusts and derivatives in accordance with the provisions of the Scheme's Constitution.

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

The Trustee 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 Trustee on 26 September 2023. 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.

(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.

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 and net assets attributable to unitholders. 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 period 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

Classification and measurement of debt securities is driven by the Scheme's business model 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 business model 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 business model 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

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 Scheme classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Trustee's financial assets are 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 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 the Scheme's business model's objective. Consequently, the debt securities are measured at 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 a business model 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.

(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 Scheme has established a provision matrix that 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

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.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Trustee 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.

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, 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.

(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 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 Trustee 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.

2 Summary of significant accounting policies (continued)

(g) Income tax (continued)

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 distributes income adjusted for amounts determined by the Trustee, to unitholders by cash or reinvestment. Such distributions are recognised as payable when they are determined by the Trustee of the Scheme.

(i) Functional and presentation currency

(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.

(j) Receivables

Receivables may include amounts for dividends, interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and 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.

(k) 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.

(l) 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.

2 Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST)

Expenses of various services provided to the Scheme by third parties such as Trustee 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.

(n) Use of judgments and estimates

The preparation of the Scheme's financial statements requires it to make judgments, 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.

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 judgments 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 judgments. 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.

(o) 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.

(p) 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.

(q) 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 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
Cash and cash equivalents	**37**	-
Total interest income	**37**	-

4 Dividend and distribution income

	Year ended 30 June 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
Distribution income	**273**	537
Total dividend and distribution income	**273**	537

5 Net gains/(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 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
Net (losses) on derivatives at fair value through profit or loss	**(141)**	(93)
Net gains/(losses) on other financial instruments at fair value through profit or loss	**216**	(899)
Total net gains/(losses) on financial instruments at fair value through profit or loss	**75**	(992)

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

Units are redeemed on demand at the unitholders' option. 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 2023 No. '000	For the period 16 June 2021 to 30 June 2022 No. '000	**Year ended 30 June 2023 $'000**	For the period 16 June 2021 to 30 June 2022 $'000
Opening balance	**18,322**	-	**17,170**	-
Applications	**6,945**	21,021	**6,498**	20,794
Redemptions	**(8,067)**	(2,700)	**(7,543)**	(2,662)
Units issued upon reinvestment of distributions	**-**	1	**-**	1
Distributions paid and payable	**-**	-	**(226)**	(469)
Total comprehensive income/(loss) for the year	**-**	-	**334**	(494)
Closing balance at 30 June	**17,200**	18,322	**16,233**	17,170

Capital risk management

The Scheme considers its net assets attributable to unitholders as capital. 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 Trustee. Under the terms of the Scheme's Constitution, the Trustee 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 as a whole.

7 Distributions to unitholders

The distributions for the year were as follows:

	Year ended 30 June 2023 $'000	**Year ended 30 June 2023 CPU**	For the period 16 June 2021 to 30 June 2022 $'000	For the period 16 June 2021 to 30 June 2022 CPU
Distributions				
June 2021	**-**	**-**	7	0.561
September	**73**	**0.375**	13	0.127
December	**143**	**0.681**	53	0.506
June (payable)	**10**	**0.060**	396	2.163
Total distributions	**226**	**1.116**	469	3.357

No distributions were paid for March 2023 and March 2022 quarters.

8 Financial assets at fair value through profit or loss

	As at	
	30 June 2023 $'000	30 June 2022 $'000
Financial assets at fair value through profit or loss		
Derivatives	**68**	190
Unlisted unit trusts	**15,496**	14,286
Total financial assets at fair value through profit or loss	**15,564**	14,476

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
Financial liabilities at fair value through profit or loss		
Derivatives	**4**	75
Total financial liabilities at fair value through profit or loss	**4**	75

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) 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.

10 Derivative financial instruments (continued)

(a) Options (continued)

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

		Fair Values	
30 June 2023	**Contract/ notional $'000**	**Assets $'000**	**Liabilities $'000**
Options	184	68	(4)
Total derivative instruments	184	68	(4)

		Fair Values	
30 June 2022	Contract/ notional $'000	Assets $'000	Liabilities $'000
Options	101	190	(75)
Total derivative instruments	101	190	(75)

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 Trustee's risk management focuses on ensuring compliance with the Scheme's Information Memorandum 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 Trustee ("the Board").

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

The Trustee 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.

The sensitivity of the Scheme's net assets attributable to unitholders (and profit/(loss)) 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.

11 Financial risk management (continued)

(b) Market risk (continued)

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

	As at 30 June 2023 $'000	30 June 2022 $'000
Derivative assets at fair value through profit or loss	**68**	190
Derivative liabilities at fair value through profit or loss	**(4)**	(75)
Securities at fair value through profit or loss	**15,496**	14,286
	15,560	14,401

(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))	**1,493**	**(1,493)**	1,440	(1,440)

(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 currency 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 currency contracts.

In accordance with the Scheme's guidelines, 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.

11 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The foreign exchange risk disclosures have been prepared on the basis of the Scheme's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently the disclosure of currency risk in the note may not represent the true currency risk profile of the Scheme where the Scheme has significant investments in indirect trusts which also have exposure to the currency markets.

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**	**Total A$'000**
Assets			
Cash and cash equivalents	**929**	**(263)**	**666**
Receivables	**24**	**-**	**24**
Options	**2**	**66**	**68**
Unlisted unit trusts	**15,496**	**-**	**15,496**
Total assets	**16,451**	**(197)**	**16,254**
Liabilities			
Distributions payable	**10**	**-**	**10**
Payables	**7**	**-**	**7**
Options	**-**	**4**	**4**
Total liabilities	**17**	**4**	**21**
Net assets attributable to unitholders	**16,434**	**(201)**	**16,233**

30 June 2022	Australian Dollars A$'000	US Dollars A$'000	Total A$'000
Assets			
Cash and cash equivalents	2,882	(191)	2,691
Receivables	476	-	476
Options	50	140	190
Unlisted unit trusts	14,286	-	14,286
Total assets	17,694	(51)	17,643
Liabilities			
Distributions payable	396	-	396
Payables	2	-	2
Options	14	61	75
Total liabilities	412	61	473
Net assets attributable to unitholders	17,282	(112)	17,170

11 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

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		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	**30 June 2023**	30 June 2022
	$'000	$'000	**$'000**	$'000
AUD/USD +/-5%	**(11)**	(6)	**10**	5

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table.

(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.

Interest rate risk is not considered to be significant to the Scheme except in relation to interest bearing securities. The Scheme does not have any investments in interest bearing securities at 30 June 2023 and 30 June 2022.

The Scheme holds cash for liquidity and transactional purposes, this cash is held at floating rates of interest. Tthe Scheme is not subject to material exposure to interest rate risks due to fluctuations in the levels of market interest rates.

(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. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

(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 the contractual 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.

11 Financial risk management (continued)

(d) Concentrations of risk (continued)

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

Based on the concentrations of risk that are managed by industry sector, the following investments can be analysed by the industry sector and/or counterparty as at 30 June 2023 and 30 June 2022:

	%
At 30 June 2023	
Daintree Core Income Trust AUD	**99.59**
Other - aggregated concentration made up of other securities less than 10%	**0.41**
Total	**100.00**

	%
At 30 June 2022	
Daintree Core Income Trust AUD	99.20
Other - aggregated concentration made up of other securities less than 10%	0.80
Total	100.00

(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.

11 Financial risk management (continued)

(e) Liquidity risk (continued)

(i) Maturity of non-derivative financial liabilities

The table below analyses the Scheme 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.

	Less than 1 month $'000	**1-3 months $'000**	**3-12 months $'000**	**More than 12 months $'000**
At 30 June 2023				
Distributions payable	**10**	-	-	-
Payables	**7**	-	-	-
Total financial liabilities	**17**	-	-	-

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	More than 12 months $'000
At 30 June 2022				
Distribution payable	396	-	-	-
Payables	2	-	-	-
Total financial liabilities	398	-	-	-

The table below analyses the Fund's derivative financial instruments into relevant maturity groupings based on the remaining period at the end of the year to the contractual maturity date.

	Less than 1 month $'000	**1-3 months $'000**	**3-12 months $'000**	**More than 12 months $'000**
At 30 June 2023				
Options				
- (Outflows)	-	**(2)**	**(2)**	-
- Inflows	-	**3**	**65**	-
	-	**1**	**63**	-

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	More than 12 months $'000
At 30 June 2022				
Options				
- (Outflows)	(43)	-	(32)	-
- Inflows	-	15	175	-
	(43)	15	143	-

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 (derivatives). As at 30 June 2023, these assets amounted to $730,374 (2022: $2,805,893).

11 Financial risk management (continued)

(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(n) outlines further the nature of management's judgments, 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).

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 Trustee. The Trustee 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
Financial assets				
Options	68	-	-	68
Unlisted unit trusts	-	15,496	-	15,496
Total	68	15,496	-	15,564
Financial liabilities				
Options	4	-	-	4
Total	4	-	-	4

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
Financial assets				
Listed equities	140	50	-	190
Unlisted unit trusts	-	14,286	-	14,286
Total	140	14,336	-	14,476
Financial liabilities				
Options	75	-	-	75
Total	75	-	-	75

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 active listed equities and 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.

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.

There were no transfers between any levels for the year ended 30 June 2023 and 30 June 2022.

There were no level 3 instruments as at 30 June 2023 and 30 June 2022.

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 $	For the period 16 June 2021 to 30 June 2022 $
KPMG		
Audit and other assurance services		
Audit and review of financial statements	7,337	6,825
Total remuneration for and other assurance services	7,337	6,825
Taxation services		
Taxation compliance services	4,725	4,725
Total remuneration for taxation services	4,725	4,725
Total remuneration of KPMG	12,062	11,550

Auditor's remuneration is paid by the Trustee.

13 Related party transactions

(a) Trustee

The Trustee of Perennial Yield Plus Conservative 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.

(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 unit holdings

As at 30 June 2023 and 30 June 2022, no Directors of the Trustee held units in the Scheme.

(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 key management personnel or their personally related entities at any time during the year.

13 Related party transactions (continued)

(g) Other transactions within the Scheme

From time to time, Directors of the Trustee, 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) Trustee's/Investment Manager's fees and other transactions

The Trustee fee charged by the Trustee for the year was 0.60% per annum.

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

	30 June 2023 $	30 June 2022 $
Trustee fees for the year paid by the Scheme to the Trustee (GST exclusive)	**114,999**	62,069
Trustee fees (receivable) to the Trustee at the end of the year (GST exclusive)	**(9,337)**	(9,249)
Expense recovery for the year paid by the Scheme to the Trustee (GST exclusive)	**-**	10,119

(i) Related party unitholdings

As at 30 June 2023 and 30 June 2022, there were no related parties or other Scheme's managed by Perennial Investments Management Limited that held units in the Scheme.

(j) Investments

The Scheme 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 Core Income Trust AUD	**15,495,680**	14,285,975	**3.56**	0.51	**273,183**	529,794
Total	**15,495,680**	14,285,975			**273,183**	529,794

No distributions are receivable from Daintree Core Income Trust at the end of the year (30 June 2022: $441,675).

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 inflow/(outflow) from operating activities

	Year ended 30 June 2023 $'000	For the period 16 June 2021 to 30 June 2022 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	**334**	(494)
Proceeds from sale of financial instruments at fair value through profit or loss	**4,363**	1,891
Payment for the purchase of financial instruments at fair value through profit or loss	**(4,729)**	(17,184)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(75)**	992
Net losses on foreign exchange	**1**	3
Net change in receivables and other assets	**442**	(442)
Net change in payables and other liabilities	**(2)**	(8)
Reinvested income	**(714)**	(96)
Net cash (outflow) from operating activities	**(380)**	(15,338)
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**-**	1
Distribution receipts were satisfied by the issue of units under the distribution reinvestment plan	**714**	96
	714	97

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 statements 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.

Trustees' declaration

In the opinion of the Directors of the Trustee:

(a) the financial statements and notes set out on pages 5 to 28 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards (including Australian Accounting Interpretations); and

(ii) presents fairly 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
26 September 2023

Independent Auditor's Report

To the unitholders of Perennial Yield Plus Conservative Trust

Opinion

We have audited the ***Financial Report*** of Perennial Yield Plus Conservative Trust (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
- Trustee's 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 Yield Plus Conservative Trust 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 Yield Plus Conservative Trust and should not be used by or distributed to parties other than the Unitholders of Perennial Yield Plus Conservative Trust. 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 Yield Plus Conservative Trust or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Perennial Yield Plus Conservative Trust'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

KPMG

Joshua Pearse

Partner

Melbourne

26 September 2023