



LA TROBE AUSTRALIAN CREDIT FUND INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

THE FUND

LA TROBE AUSTRALIAN CREDIT FUND
ARSN 088 178 321

THE CUSTODIAN

PERPETUAL CORPORATE TRUST LIMITED
ACN 000 341 533

THE RESPONSIBLE ENTITY

LA TROBE FINANCIAL ASSET MANAGEMENT LIMITED
ACN 007 332 363

THE INVESTMENT MANAGER

LA TROBE FINANCIAL SERVICES PTY LIMITED
ACN 006 479 527

Enquiries

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E info@latrobefinancial.com.au
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Whom to Contact

If you would like to find out more about how La Trobe Financial can help your organisation or more information regarding La Trobe Financial generally, please contact our Chief Investment Officer, Chris Paton.

Industry Body Memberships

Mortgage & Finance Association of Australia (**MFAA**)
Australian Securitisation Forum (**ASF**)
Asia Society
Business Council of Australia (**BCA**)
Financial Services Council (**FSC**)

AUDITOR OF THE FUND

Ernst & Young
8 Exhibition Street, Melbourne, VIC, Australia, 3000
T (03) 9288 8000

EXTERNAL COMPLAINTS RESOLUTION BODY

Australian Financial Complaints Authority Limited
ABN: 38 620 494 340
P GPO Box 3, Melbourne, VIC, Australia, 3001
T 1800 931 678
E info@afca.org.au

IMPORTANT

The La Trobe Australian Credit Fund (**the Fund**) is a registered Managed Investment Scheme as registered by the Australian Securities & Investments Commission (**ASIC**) on 14 July 1999. The Fund previously operated as a private non-regulated credit manager from November 1989. Following changes to the corporations legislation in 1997 relating to the operation of non-regulated investment schemes, the Fund was constituted on 16 June 1999 and registered with ASIC on 14 July 1999. The Fund will terminate on 16 June 2079 unless terminated earlier in accordance with the provisions of the Fund Constitution. La Trobe Financial Asset Management Limited, the Responsible Entity, holds an Australian Financial Services Licence issued by ASIC and is an authorised user of the "La Trobe Financial" trademark.

The Interim Financial Report was authorised for issue by the directors of the Responsible Entity on 23 February 2024. The Responsible Entity has the power to amend and reissue the Interim Financial Report. La Trobe Financial believes that statements of opinion or fact in this document or any accompanying letter which are additional to the Interim Financial Report of the Fund and the Auditor's Report on the Interim Financial Report are accurate. However, none of the related companies of La Trobe Financial assume any responsibility for reliance upon any such statements or any representations expressed or implied or for any omissions which may have occurred in them.

None of the related La Trobe Financial entities herein or any other related companies guarantee particular representations herein.





Head Office

Level 25, 333 Collins Street
Melbourne VIC Australia 3000



Sydney Office

Level 9, Chifley Tower, 2 Chifley Square,
Sydney NSW Australia 2000



Shanghai Office

Level 23, 5 Corporate Avenue, 150 Hubin Road,
Shanghai China 200021



The La Trobe Australian Credit Fund is an Australian Registered Managed Investment Scheme ARSN 088 178 321. The Responsible Entity of the Scheme under the *Corporations Act 2001* is La Trobe Financial Asset Management Limited ABN 27 007 332 363 (**La Trobe Financial**).

Neither the Responsible Entity nor La Trobe Financial Services Pty Limited (as **Investment Manager**), nor any of their related companies, guarantees the performance of the Fund or the return of the investment, nor will any of the aforesaid companies other than La Trobe Financial incur any liability to investors in the Fund.

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MESSAGE FROM THE CHIEF INVESTMENT OFFICER

\$10 BILLION in assets under management for the La Trobe Australian Credit Fund.

What better way to welcome in the 2024 calendar year than by celebrating such a significant milestone. A milestone only made possible through the continued trust placed in La Trobe Financial by our almost 100,000 investors and 4,000 adviser partners. To each and every one of our wonderful investors and advisers, thank you for your ongoing support.

As Australia's premier alternative asset manager, what we are most proud of is the history of performance we have delivered for our investors for more than three decades. Three decades of impeccably delivering on our investment objective of providing low volatility income at all points across the economic and market cycle. Three decades with no investor having ever lost a cent of invested capital in our portfolio accounts. It is a performance profile that our 550 staff are as committed as ever to repeating for decades to come, all while aiming to deliver superior customer service.

For our investors, they are now receiving distribution rates which sit at their highest point in a decade, having continued their upwards trajectory across the financial half. Our flagship 12 Month Term Account is now returning 6.65% p.a. for investors, while our 4 Year Account is paying a highly attractive 8.20% p.a. These are returns which provide investors with reliable sources of income, an outcome more important than ever during a season of heightened market volatility.

Indeed, across the financial half we continued to generate real returns for investors, distributing an extraordinary \$305m to investors, up c.\$45m half-on-half. These are returns which form a tangible contribution to Australia's overall wealth, whether as retirement income, income providing financial security or income supporting lifestyle goals.

Our delivery of a premium, low-volatility income – repeated across more than three decades – is driven by the ongoing health of our portfolios. These are investment portfolios which have proven to be incredibly resilient across all cycles, a reflection of our ongoing commitment to our investment fundamentals. The careful selection of high-quality assets, and the disciplined and deliberate construction of highly diversified portfolios, bear fruit in times of market volatility and stress. It is in these more volatile moments that La Trobe Financial shines as a generator of low volatility income.

Looking ahead, the improving macroeconomic environment presents as a tailwind for our investment strategies, with the domestic economy in particular providing cause for optimism. Interest rates are almost certainly at or near their peak, the Australian population remains fully employed, coupled with a period of strong house price appreciation, allowing borrowers to find breathing space to sensibly manage any extended positions.

The quality of assets within investment portfolios is important at any stage, but particularly so after an extended rate hiking cycle like that we've seen over the last 18 months. At La Trobe Financial, we continue to see outstanding volumes of loan originations, allowing our portfolio managers to select from the highest quality assets. We remain as thoughtful as ever in the way that we deploy investor capital, carefully selecting granular asset exposures to form part of our highly diversified portfolios.

Finally, we are incredibly proud to have launched to market our US Private Credit strategy. Leveraging our deep private market expertise and international networks, this strategy provides Australian investors with the opportunity to participate in a generational investment thematic: supporting the rebuild of the U.S middle market through a defensive portfolio of directly originated, senior secured loans. Already the world's third largest economy and forming the backbone of the American economy, the U.S. middle market will be buttressed by the billions of dollars in public expenditure pledged through the Inflation Reduction Act, and the support of both major political parties to re-shore manufacturing and jobs to America. We are excited to provide investors with such a unique product offering, and the opportunity to add a strong global exposure to their defensive portfolios.

As we commence 2024 having celebrated the dual milestones of reaching \$10 billion in assets under management and a generation – that's right, 15 consecutive years – of being recognised as the Best of the Best by Money magazine, we remain entirely focused on delivering the highest standards of service not just across our sector but the wider financial services industry, and upholding our reputation as Australia's premier alternative asset manager.

We thank you for your interest and your investment with La Trobe Financial.

Yours sincerely,



Chris Paton

Chief Investment Officer

Melbourne,
23 February 2024

FUND PORTFOLIO COMPOSITION

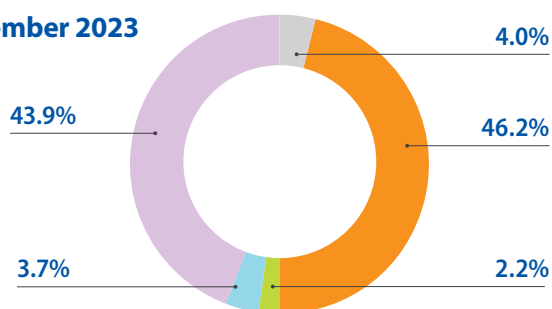
Investment & Security Types

Asset classification	Dec 2023			Jun 2023			Dec 2022		
	No. of Loans	Amount \$'000	% of Total Loan Amounts	No. of Loans	Amount \$'000	% of Total Loan Amounts	No. of Loans	Amount \$'000	% of Total Loan Amounts
Cash		287,857			282,077			361,176	
Credit Assets		422,640			282,059			281,585	
Mortgage Investments									
– Residential	6,805	5,096,871	55.4%	7,691	5,322,482	60.7%	8,447	5,434,223	65.3%
– Commercial	1,795	1,502,309	16.3%	1,722	1,329,045	15.1%	1,580	1,067,995	12.8%
– Construction & Development	445	1,081,439	11.8%	346	720,258	8.2%	288	591,595	7.1%
– Industrial	1,582	1,049,524	11.4%	1,516	946,863	10.8%	1,450	842,197	10.1%
– Vacant Land	527	445,948	4.9%	490	436,708	5.0%	489	383,139	4.6%
– Rural	38	16,349	0.2%	39	17,311	0.2%	40	11,423	0.1%
Total	11,192	9,192,440	100.0%	11,804	8,772,667	100.0%	12,294	8,330,572	100.0%
Total Assets		9,902,937			9,336,803			8,973,333	

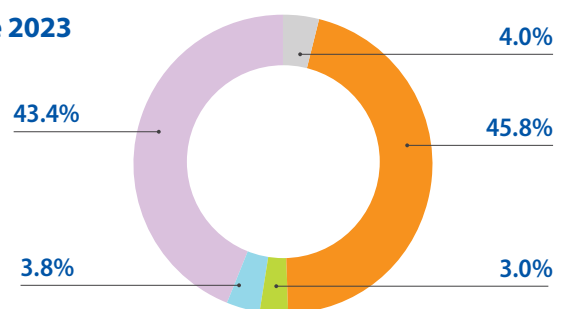
Funding Sources

Source	Dec 2023		Jun 2023		Dec 2022	
	Amount \$'000	%	Amount \$'000	%	Amount \$'000	%
Authorised Representatives	390,258	4.0%	367,299	4.0%	335,486	3.8%
Financial Planner	4,507,484	46.2%	4,205,572	45.8%	3,999,342	45.3%
Institutional	214,642	2.2%	275,474	3.0%	326,657	3.7%
Referrer	360,989	3.7%	348,934	3.8%	379,629	4.3%
Retail	4,283,085	43.9%	3,985,192	43.4%	3,787,456	42.9%
Total	9,756,458	100.0%	9,181,471	100.0%	8,828,570	100.0%
Borrower funds & accounts receivable	146,479		154,332		144,763	
Total Assets	9,902,937		9,336,803		8,973,333	

December 2023



June 2023



Authorised Representatives

Financial Planner

Institutional

Referrer

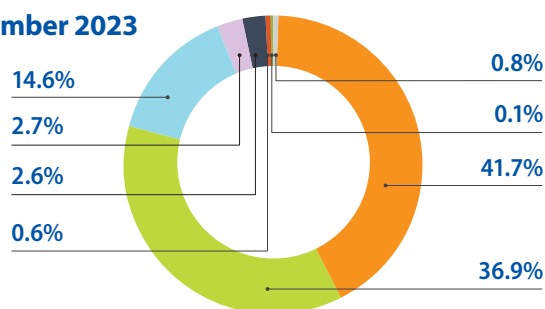
Retail

FUND PORTFOLIO COMPOSITION

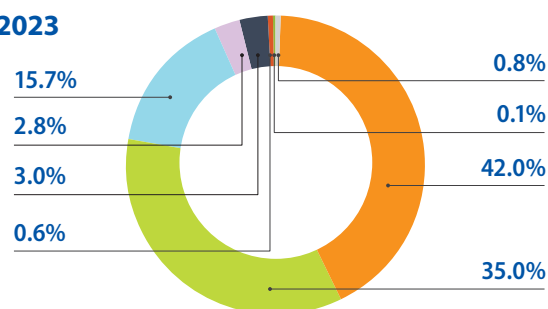
Distribution by State

Asset classification	Dec 2023			Jun 2023			Dec 2022		
	No. of Loans	Amount \$'000	% Book	No. of Loans	Amount \$'000	% Book	No. of Loans	Amount \$'000	% Book
Cash		287,857			282,077			361,176	
Credit Assets		422,640			282,059			281,585	
Mortgage Investments									
– ACT	106	71,047	0.8%	103	71,852	0.8%	102	56,648	0.7%
– NSW	2,983	3,834,138	41.7%	3,151	3,682,685	42.0%	3,193	3,305,219	39.7%
– VIC	4,237	3,393,760	36.9%	4,408	3,073,492	35.0%	4,649	3,001,675	36.0%
– QLD	2,624	1,345,683	14.6%	2,876	1,373,086	15.7%	3,055	1,390,667	16.7%
– SA	518	245,039	2.7%	518	247,338	2.8%	516	227,018	2.7%
– WA	578	240,243	2.6%	595	266,769	3.0%	623	293,840	3.5%
– TAS	120	53,235	0.6%	130	49,887	0.6%	132	47,907	0.6%
– NT	26	9,295	0.1%	23	7,558	0.1%	24	7,598	0.1%
Total	11,192	9,192,440	100.0%	11,804	8,772,667	100.0%	12,294	8,330,572	100.0%
Total Assets		9,902,937			9,336,803			8,973,333	

December 2023



June 2023



DIRECTORS' REPORT

In accordance with the *Corporations Act 2001*, the directors of La Trobe Financial Asset Management Limited (**La Trobe Financial**) as Responsible Entity for the La Trobe Australian Credit Fund (**the Fund**) present their report together with the Financial Report of the Fund for the half year ended 31 December 2023 and auditor's review report thereon.

The Fund

The Fund is a managed investment scheme which was registered with the Australian Securities & Investments Commission on 14 July 1999 for the purposes of Part 5C.1 of the *Corporations Act 2001*.

The Fund has received applications for investments under a Product Disclosure Statement and has maintained greater than 100 investors at all times since inception. Accordingly, the Fund is a disclosing entity as defined by the *Corporations Act 2001*.

The Responsible Entity

La Trobe Financial as Responsible Entity for the Fund operated with a Securities Dealer's Licence from 14 July 1999 until, in accordance with amendments to the *Corporations Act 2001*, it received an Australian Financial Services Licence (**AFSL**) (AFSL No: 222213) on 1 October 2002. In accordance with the introduction of the *National Consumer Credit Protection Act 2009* (**NCCP**) the Responsible Entity also obtained an Australian Credit Licence (**ACL**) (ACL No: 222213) on 6 April 2011.

The Responsible Entity is a 100% owned subsidiary of La Trobe Financial Pty Limited. Brookfield Asset Management Ltd, incorporated in Canada, holds a 100% interest in La Trobe Financial Pty Limited.

The independent Compliance Committee of La Trobe Financial, comprising a majority of Members who are independent, was formed in accordance with Part 5C.5 of the *Corporations Act 2001*. The Compliance Committee has a primary focus of ensuring compliance with the licensing and regulatory obligations of the Responsible Entity. The following persons were Members of the Compliance Committee during the half year ended 31 December 2023 and up to the date of this Directors' Report:

Independent Compliance Committee Members

Mr JW Marriott, Chairman
Mr G Parlevliet

Executive Compliance Committee Members

Mr CAJ Paton

The following persons were Directors of La Trobe Financial during the half year ended 31 December 2023 and up to the date of this Directors' Report:

Mr RJ Donohoue
Mr CG Andrews
Mr CAJ Paton
Mr MJ Barry

The Investment Manager

The contracted Investment Manager for the Fund is La Trobe Financial Services Pty Limited (**the Investment Manager**), which is a related company of La Trobe Financial and is contracted on normal commercial terms and conditions. The retail investment operations were originally founded and commenced by the Investment Manager in November 1989 and in order to meet national regulatory requirements formed the Fund in 1999 by obtaining an ASIC Securities Dealer's Licence which later became an AFSL.

DIRECTORS' REPORT

The Custodian

The custodian of mortgage investments for the Fund is Perpetual Corporate Trust Limited (**the Custodian**), appointed by La Trobe Financial Asset Management Limited, in its capacity as Responsible Entity for the Fund.

Principal activities

During the half year ended 31 December 2023, the Fund maintained its investment activities in cash and targeting fixed or variable interest rate mortgage assets and other credit instruments as described in the current Product Disclosure Statement (**PDS**) and in accordance with the provisions of the Fund's Constitution and the Responsible Entity's Compliance Plan.

There have been no significant changes in the nature of activities during the half year ended 31 December 2023.

Significant changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Fund that occurred during the half year ended 31 December 2023.

Review of operations

As described in the Fund's PDS, the Fund operates with seven investment accounts for investors:

- Classic Notice Account;
- 90 Day Notice Account;
- 6 Month Notice Account;
- 12 Month Term Account;
- 2 Year Account;
- 4 Year Account; and
- Select Investment Account.

Each investment account (and investment mandate) has a different risk reward profile for its investors. All accounts apart from the Select Investment Account operate as pooled accounts.

As outlined in the PDS, the Select Investment Account comprises both 'peer-to-peer' investments that are available to all investors in the Fund and Special Mandates, being:

- 'peer-to-peer' loans secured by second or subsequent mortgages;
- specific investment mandates agreed with individual investors; and
- third party originated books for which La Trobe Financial takes on the administration on a "workout recovery basis". These portfolios operate as a pool and are referred to as "Closed Investment Mandates".

La Trobe Financial does not guarantee the performance of any of the investment accounts or mandate, however, all accounts apart from the Select Investment Account benefit from the creation of a specific dedicated Investor Reserve, which is maintained by La Trobe Financial for the sole benefit of investors in order to offset credit risk to investor invested principal and manage income risk.

DIRECTORS' REPORT

Funds and Assets Under Management

For the purpose of the Directors' Report, all Investment Accounts of the Fund are aggregated, as La Trobe Financial is responsible for all investors' interests. These Investment Accounts in aggregate are referred to as 'Funds Under Management' (when referring to monies contributed by investors) and as 'Assets Under Management' (when referring to the total receivable from borrowers, note balances and cash).

The performance of the Fund in relation to Funds Under Management was as follows:

Funds Under Management Statistics	Dec 2023	Jun 2023	Dec 2022
Average annualised rate of return to investors*^:			
– Classic Notice Account	4.99%	4.37%	3.67%
– 90 Day Notice Account	5.28%	4.69%	3.71%
– 6 Month Notice Account	5.54%	4.94%	4.24%
– 12 Month Term Account	6.35%	5.74%	5.17%
– 2 Year Account	6.45%	5.84%	5.33%
– 4 Year Account	8.04%	7.17%	6.57%
– Select Investment Account	8.16%	7.46%	6.93%
Number of registered investors	96,506	91,756	89,000
	Dec 2023 \$'000	Jun 2023 \$'000	Dec 2022 \$'000

Investors' interest expense paid or payable in each Fund account:

– Classic Notice Account	22,127	18,114	10,092
– 90 Day Notice Account	7,613	7,061	5,320
– 6 Month Notice Account	3,457	2,545	1,206
– 12 Month Term Account	240,318	206,541	168,770
– 2 Year Notice Account	2,758	2,267	1,708
– 4 Year Account	16,826	11,771	9,266
– Select Investment Account	11,467	12,526	10,788
Total investors' interest expense paid and payable	304,566	260,825	207,150

* Based on a nominal dollar invested into the Fund for the six month period with no reinvestment.

^ For the above purposes, the rate of return for the Select Investment Account is reflective of all applicable investments in the Select Investment option collectively. The above measure of average rate of return is only a measure of a nominal dollar in the relevant Account of the Fund and may not be indicative of an individual investment. No guarantee can be given that future performance will be as reflected by data of past performance.

DIRECTORS' REPORT

The level of applications and redemptions vary by Account, reflecting the different purpose and notice periods for each Account as outlined in the PDS.

	Jun 2023 balance \$'000	Applications \$'000	Redemptions \$'000	Dec 2023 balance \$'000
Classic Notice Account	777,455	664,686	(549,703)	892,438
90 Day Notice Account	290,753	53,213	(62,787)	281,179
6 Month Notice Account	111,565	56,192	(35,370)	132,387
12 Month Term Account	7,278,454	1,228,778	(878,817)	7,628,415
2 Year Account	81,247	13,065	(6,483)	87,829
4 Year Account	360,515	103,438	(10,484)	453,469
Select Investment Account	281,454	130,716	(132,172)	279,998
Total Fund	9,181,443	2,250,088	(1,675,816)	9,755,715

The performance of the Fund in relation to Assets Under Management was as follows:

Assets Under Management Statistics	Dec 2023 \$'000	Jun 2023 \$'000	Dec 2022 \$'000
Mortgage Investments	9,192,440	8,772,667	8,330,572
Notes and other credit Investments	422,640	282,059	281,585
Cash	287,857	282,077	361,176
Borrower receivables and accruals	29,778	26,091	47,161
Total Assets Under Management (AUM)	9,932,715	9,362,894	9,020,494
Assets Under Management growth rate	6.1%	3.8%	17.4%
Total number of mortgage investments	11,192	11,804	12,294
Average mortgage loan size	\$821,340	\$743,189	\$677,613
Range of mortgage loan sizes	\$100-\$25,000,000	\$100-\$25,000,000	\$100-\$24,467,900
Weighted average loan to valuation ratio	62.3%	62.5%	62.6%
Total loan arrears as % of total loans	0.46%	0.36%	0.29%
Total income on mortgages, notes and cash during the half year (\$'000)	405,214	340,620	306,672

The Fund's total assets at the end of the half year was \$9,932,715,000 (30 June 2023: \$9,362,894,000) and valued in accordance with accounting principles presented in the financial statements.

DIRECTORS' REPORT

Geographical exposures

The Fund operates within Australia.

Mortgage investments under management by state or territory of Australia as at 31 December 2023:

State	No. of mortgages	% of no. of mortgages	Average LVR	Amount \$'000	% of Amount
ACT	106	0.9%	64.8%	71,047	0.8%
NSW	2,983	26.7%	63.6%	3,834,138	41.7%
VIC	4,237	37.9%	65.2%	3,393,760	36.9%
QLD	2,624	23.4%	65.7%	1,345,683	14.6%
SA	518	4.6%	66.6%	245,039	2.7%
WA	578	5.2%	65.6%	240,243	2.6%
TAS	120	1.1%	65.1%	53,235	0.6%
NT	26	0.2%	67.3%	9,295	0.1%
Total Mortgage Investments	11,192	100.0%		9,192,440	100.0%

Investors may see the most recent Fund metrics updated at latrobefinancial.com.au.

Mortgage investments under management by state or territory of Australia as at 30 June 2023:

State	No. of mortgages	% of no. of mortgages	Average LVR	Amount \$'000	% of Amount
ACT	103	0.9%	65.2%	71,852	0.8%
NSW	3,151	26.7%	63.4%	3,682,685	42.0%
VIC	4,408	37.3%	65.3%	3,073,492	35.0%
QLD	2,876	24.4%	65.5%	1,373,086	15.7%
SA	518	4.4%	66.1%	247,338	2.8%
WA	595	5.0%	65.9%	266,769	3.0%
TAS	130	1.1%	62.9%	49,887	0.6%
NT	23	0.2%	63.5%	7,558	0.1%
Total Mortgage Investments	11,804	100.0%		8,772,667	100.0%

DIRECTORS' REPORT

Events subsequent to balance date

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

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

Environmental regulations

La Trobe Financial recognises that it has an obligation to improve the wellbeing, including the environmental wellbeing, of the communities in which it operates. La Trobe Financial has a comprehensive suite of policies in place to ensure that it meets this obligation.

Indemnification and insurance of officers and auditors

The Responsible Entity was covered under an umbrella Directors and Officers insurance policy obtained by the ultimate parent company to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the exact nature of the liability covered and the amount of the premium.

The Investment Manager and the Responsible Entity have not agreed to indemnify the directors and officers of the Responsible Entity. The Investment Manager and the Responsible Entity have not agreed to indemnify nor taken out insurance cover in relation to the Fund's auditor or Custodian.

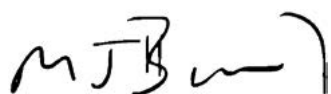
Rounding of amounts

The Fund is of a kind referred to in ASIC *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

Ernst & Young were the auditor for the half year ended 31 December 2023. The Auditor's Independence Declaration is set out on page 12 and forms part of this Directors' Report.

This report is made in accordance with a resolution of the directors of La Trobe Financial Asset Management Limited.



Martin Barry

Director
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
23 February 2024

AUDITOR'S INDEPENDENCE DECLARATION



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8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of La Trobe Financial Asset Management Limited

As lead auditor for the review of the half-year financial report of La Trobe Australian Credit Fund for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is positioned above the printed name.

Ernst & Young

A handwritten signature in black ink, appearing to read 'John MacDonald', is positioned above the printed name.

John MacDonald
Partner
23 February 2024



BALANCE SHEET

As at 31 December 2023

	Note	Dec 2023 \$'000	Jun 2023 \$'000
ASSETS			
Investments			
Cash		287,857	282,077
Notes and other investments		424,146	283,305
Mortgage investments		9,181,432	8,768,747
Total investments	5	9,893,435	9,334,129
Other assets			
Borrower receivables		31,360	22,378
Interest receivables		1,783	945
GST receivable		6,137	5,442
Total other assets		39,280	28,765
Total assets		9,932,715	9,362,894
LIABILITIES			
Accounts payable		89,656	81,837
Investor and borrower funds payable		87,344	99,614
Total liabilities (excluding investors' funds)		177,000	181,451
Net assets attributable to investors (investors' funds)	6	9,755,715	9,181,443
Represented by each Fund account:			
– Classic Notice Account		892,438	777,455
– 90 Day Notice Account		281,179	290,753
– 6 Month Notice Account		132,387	111,565
– 12 Month Term Account		7,628,415	7,278,454
– 2 Year Account		87,829	81,247
– 4 Year Account		453,469	360,515
– Select Investment Account		279,998	281,454
Total investors' funds		9,755,715	9,181,443

The above Balance Sheet should be read in conjunction with the accompanying notes

INCOME STATEMENT

For the half year ended 31 December 2023

	Note	Dec 2023 \$'000	Dec 2022 \$'000
Revenue			
Interest on authorised investments			
– Cash		6,147	3,786
– Notes and other investments		15,295	8,854
– Mortgage investments		383,772	276,055
Other revenue			
– Investment management fees		1,514	4,986
– Application fees		-	1,378
– Servicing fees		19,595	14,611
Total revenue		426,323	309,670
Operating expenses			
Responsible entity fees			
– Investment management		81,446	62,553
– Application fees		-	1,378
– Borrower and other fees		17,103	14,781
Referral fees to third parties		21,790	18,814
Bad and doubtful debts charge	5(d)	1,411	4,985
Other expenses		7	9
Total operating expenses		121,757	102,520
Interest expense			
Classic Notice Account		22,127	10,092
90 Day Notice Account		7,613	5,320
6 Month Notice Account		3,457	1,206
12 Month Term Account		240,318	168,770
2 Year Account		2,758	1,708
4 Year Account		16,826	9,266
Select Investment Account		11,467	10,788
Total interest expense		304,566	207,150
Profit for the half year		-	-

The above Income Statement should be read in conjunction with the accompanying notes

STATEMENT OF EQUITY ADJUSTMENTS

For the half year ended 31 December 2023

	Note	Dec 2023 \$'000	Dec 2022 \$'000
Profit for the half year		-	-
Direct equity adjustments		-	-
Profit plus direct equity adjustments		-	-

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2023

	Note	Dec 2023 \$'000	Dec 2022 \$'000
Total equity			
– at the start of the half year		-	-
– profit plus direct equity adjustments		-	-
– transactions with owners		-	-
Total equity at the end of the half year		-	-

Under Accounting Standards, net assets attributable to investors are classified as a liability rather than equity. As a result, there was no equity at the start or end of the half year.

CASH FLOW STATEMENT

For the half year ended 31 December 2023

	Note	Dec 2023 \$'000	Dec 2022 \$'000
Cash flows from operating activities			
Net increase/(decrease) in investor funds		246,821	1,095,928
Net (increase)/decrease in mortgage investments		(608,488)	(1,104,055)
Net (increase)/decrease in notes and other investments		57,519	(37,683)
Borrower interest repayments		393,915	284,399
Interest received on cash		5,309	3,129
Interest received on notes and other investments		15,295	8,854
Investment management fees on managed mortgage investments		1,514	4,986
Application and servicing fees received		68,504	53,110
Investment management fees:			
– paid to Responsible Entity		(82,658)	(81,460)
– paid as referral fees to third parties		(67,527)	(53,493)
Borrower and other fees paid		(24,417)	(16,772)
Other operating expenses		(7)	(8)
Net cash inflow/(outflow) from operating activities		5,780	156,935
Net increase/(decrease) in cash		5,780	156,935
Cash held at the start of the half year		282,077	204,241
Cash at the end of the half year		287,857	361,176

The above Cash Flow Statement should be read in conjunction with the accompanying notes



NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General information

This Financial Report covers the La Trobe Australian Credit Fund (**the Fund**) as an individual reporting entity. The Fund is domiciled and registered in Australia and this Financial Report is presented in the Australian currency, which is the functional currency. The Responsible Entity of the Fund is La Trobe Financial Asset Management Limited (**La Trobe Financial**). The registered office of La Trobe Financial is Level 25, 333 Collins Street, Melbourne, Victoria, Australia 3000. The Investment Manager for the Fund is La Trobe Financial Services Pty Limited.

As described in the Fund's Product Disclosure Statement (**PDS**), the Fund operates with seven investment accounts for retail investors:

- Classic Notice Account;
- 90 Day Notice Account;
- 6 Month Notice Account;
- 12 Month Term Account;
- 2 Year Account;
- 4 Year Account; and
- Select Investment Account.

Note 2 – Basis of preparation

This is a general purpose financial report that has been prepared in accordance with Accounting Standards, including AASB 134 *Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Unless otherwise stated, the Financial Statements have been prepared under the historical cost convention and the accounting policies adopted are consistent with those applied and outlined in the Fund's Annual Report for the year ended 30 June 2023. Assets and liabilities have been presented in order of liquidity, providing reliable and more relevant information, due to the nature of activities of the Fund.

The Financial Report has been prepared using 'plain English' phrases in lieu of AASB terminology and a separate Income Statement retained as permitted by AASB 101 *Presentation of Financial Statements* in order to improve the transparency of the Financial Report. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Balance sheet	Statement of financial position
Statement of equity adjustment	Statement of comprehensive income
Cash flow statement	Statement of cash flows
Direct equity adjustments	Other comprehensive income
Profit plus direct equity adjustments	Total comprehensive income
Interest expense	Distributions to investors
Shortfall	Expected credit loss
Key Executives	Key management personnel

Compliance with IFRS

The Interim Financial Report of the Fund complies with the International Financial Reporting Standard 34 (**IFRS**) and interpretations adopted by the International Accounting Standards Board (**IASB**).

Rounding of amounts

The Fund is of a kind referred to in ASIC *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Restatement of prior period (31 December 2022) comparative data

At 30 June 2023, the directors of the Responsible Entity resolved to change the accounting policy for recognition of mortgage investments, corresponding liabilities and income & expenditure relating to Select Investment Account (**SIA**). Previously the SIA (as to both investment asset and investors' funds therein) were not considered to represent assets, liabilities or equity of the Fund. The change in accounting policy to recognise the assets, liabilities and equity in the SIA was determined following a detailed review of all risks and rewards associated with this investor account class. As not all of the risks and rewards reside directly with investors in the SIA class, the 31 December 2022 comparatives have been restated to incorporate the assets, liabilities, equity and associated income and expenditure of this account class to provide users with more reliable and relevant information of the overall financial position and performance of the Fund for the comparative period.

The effects of the change in accounting policy are presented below for each financial statement line item affected for the 31 December 2022 comparative financial information presented in this financial report.

Income Statement

	Previously stated 31 Dec 2022 \$'000	Adjustment \$'000	Restated 31 Dec 2022 \$'000
Mortgage Investments	254,595	21,460	276,055
Investment management fees	16,006	(11,020)	4,986
Servicing fees	14,265	346	14,611
Total revenue	298,884	10,786	309,670
Total operating expenses	102,522	(2)	102,520
Interest expense – Select account	-	10,788	10,788
Total interest expense	196,362	10,788	207,150
Profit for the period	-	-	-

Cash Flow Statement

	Previously stated 31 Dec 2022 \$'000	Adjustment \$'000	Restated 31 Dec 2022 \$'000
Net increase / (decrease) in investor funds	1,124,210	(28,282)	1,095,928
Net (increase) / decrease in mortgage investments	(1,123,135)	19,080	(1,104,055)
Borrower interest repayments	266,203	18,196	284,399
Investment management fees on mortgage investments	14,282	(9,296)	4,986
Application and servicing fees received	52,809	301	53,110
Investment management fees paid	(80,913)	(547)	(81,460)
Investment management fees paid - as referral fees to third parties	(54,041)	548	(53,493)
Borrower and other fees paid	(16,771)	(1)	(16,772)
Other operating expenses	(9)	1	(8)
Net cash flow from operating activities	156,935	-	156,935

Note 3 – Impact of new accounting standards

(a) New and amended standards adopted by the fund

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

(b) New standards, amendments and interpretations effective after 1 July 2023

A number of new accounting standards, amendments to accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2023, and have not been early adopted in preparing these financial statements. The Responsible Entity has assessed these new accounting standards, amendments and interpretations and are not expected to have a material impact on these financial statements.

Note 4 – Critical accounting estimates and judgements

(a) Critical accounting estimates and assumptions

La Trobe Financial makes accounting estimates and assumptions concerning the future performance of the Fund and its loan portfolios. The significant accounting estimates and assumptions made by the Responsible Entity in applying the Fund's accounting policies and the key sources of estimation are substantially similar to those applied to the Annual Report for the year ended 30 June 2023, as summarised below.

Effective interest rates adjustments

As identified in Accounting Policy 3 of the Fund's Annual Report for the year ended 30 June 2023, certain fee income is recognised over the estimated effective life span of mortgage investments. For the Investment Accounts, these are determined based on the nature of mortgage investments, as being 26% (30 June 2023: 26%) of mortgage investments have been allocated an effective life span of 10 months (30 June 2023: 10 months) while 74% (30 June 2023: 74%) of mortgage investments have been allocated an effective life span of 3.9 years (30 June 2023: 3.9 years).

Provisioning – mortgage investments

In applying Accounting Policy 1.4 of the Fund's Annual Report for the year ended 30 June 2023, La Trobe Financial uses a model to determine the provision requirements for mortgages investments. The model, which was independently developed, is based on multiple scenarios at the time of assessment, uses mortgage investment characteristics (such as arrears ageing and borrower credit history), and current and future economic variables (such as unemployment rates, lending indicators and property prices) to determine a collective provision for investments that are not specifically impaired. The financial model methodology involves estimating the likelihood that shortfalls will occur (including "probability of default" and "exposure at default" as defined by the AASB) and the projected amount of the shortfalls ("loss given default" as defined by the AASB). Each scenario is the probability weighted in terms of likelihood of outcome as determined by La Trobe Financial.

The AASB terms represent the following:

- Probability of default – the likelihood that the underlying borrower will default resulting in recovery action taken by La Trobe Financial in relation to the mortgage investment, such as issuing default notices, taking possession and realising the security, over a given time horizon.
- Exposure at default – an estimate of the future mortgage investment balance at a future default date, taking into account expected changes in the current investment balance, such as redraws, interest charges and further advances after balance date.
- Loss given default – an estimate of the shortfall arising where a default occurs at a given time. It is based on the difference between the mortgage investment balance and the estimate of the net foreclosure proceeds.

(b) Critical judgements in applying the entity's accounting policies

The financial model for provisioning of mortgage investments is dependent upon historic loss experience (which may have occurred in a different economic environment). La Trobe Financial has assessed the need for an additional "economic overlay" provision in the Fund to ensure provisioning is reflective of the expected future economic conditions and outcomes.

The economic overlay provision is based on multiple scenarios at the time of assessment as to future economic conditions which are then probability weighted in terms of likelihood of outcome as determined by La Trobe Financial. The critical judgements have been reassessed by the Responsible Entity and are believed to still be appropriate and are therefore substantially similar to those applied to the Annual Report for the year ended 30 June 2023.

Note 5 – Investments

	Note	Dec 2023 \$'000	Jun 2023 \$'000
Cash		287,857	282,077
Notes and other investments – at amortised cost	5(a)	424,146	283,305
Mortgage investments – at amortised cost	5(b)	9,203,035	8,788,618
Less: Provision for mortgage impairment	5(c)	(21,603)	(19,871)
Mortgage investments – balance as disclosed in the balance sheet		9,181,432	8,768,747
Total investments		9,893,435	9,334,129

(a) Notes and other investments

Recognised notes and other investments comprise outstanding principal and effective interest rate adjustments (including accrued interest), as follows:

	Dec 2023 \$'000	Jun 2023 \$'000
Outstanding principal recognised	422,640	282,058
Effective interest rate adjustments	1,506	1,247
Note and other investments – at amortised cost	424,146	283,305

On 30 November 2023, the Fund, via the 4 Year Account advanced a loan to a newly incorporated entity in the AMC AusCo1 Pty Ltd consolidated group, La Trobe Financial Asset Investments Pty Ltd (**LFAI**), to enable LFAI to invest into the La Trobe US Private Credit Trust (**USPC**). This loan is secured by LFAI's investment into the USPC, interest bearing at an arm's length floating interest rate of one month BBSW plus a margin of 400 basis points, and is reset quarterly. The principal balance outstanding at 31 December 2023 was \$99,179,727.

(b) Mortgage investments

Mortgage investments comprise outstanding principal and effective interest rate adjustments (including accrued interest) as follows:

	Dec 2023 \$'000	Jun 2023 \$'000
Outstanding principal	9,192,440	8,772,667
Effective interest rate adjustments	10,595	15,951
Mortgage investments – at amortised cost	9,203,035	8,788,618

(c) Provision for mortgage impairments

	Dec 2023 \$'000	Jun 2023 \$'000
Opening balance	19,871	8,277
Mortgage investments written off	(375)	(1,475)
New and increased provisions (net of releases)	2,107	13,069
Closing balance	21,603	19,871

The total number of mortgage investments in possession at 31 December 2023 was 29 with aggregate past due balance of \$107,512,000 (30 June 2023: 20 with aggregate past due balance of \$21,406,000).

The provision can be allocated between investment accounts as follows:

	Dec 2023 \$'000	Jun 2023 \$'000
Classic Notice Account	4,556	4,482
90 Day Notice Account	1,649	1,274
6 Month Notice Account	115	117
12 Month Term Account	14,257	13,228
2 Year Account	117	71
4 Year Account	66	75
Select Investment Account	843	624
Total provision for mortgage impairments	21,603	19,871

	Performing \$'000	Early Arrears \$'000	Default \$'000	Specific impaired \$'000	Total \$'000
Opening balance	3,104	4,296	9,997	2,474	19,871
– Transferred to Performing	25	(25)	-	-	-
– Transferred to Early Arrears	(2,471)	2,471	-	-	-
– Transferred to Default	(1,360)	(2,634)	3,994	-	-
– Transferred to Specific impaired	-	-	(247)	247	-
New and increased provisions (net of releases)	3,248	390	(1,905)	(1)	1,732
Closing balance	2,546	4,498	11,839	2,720	21,603

Impairment of a mortgage investment occurs in accordance with the Fund's Mortgage Investment Impairment Policy as outlined in Note 4 (as per Accounting Policy 1.4 of the Fund's Annual Report for the year ended 30 June 2023).

The net increase in the total provisions for mortgage impairments during the period is reflective of La Trobe Financial's prudent approach to mitigate against any increase in credit risk as a result of current and potential future volatility within the economy, including any interest rate and property valuation movements.

(d) Bad and doubtful debts charge/(release)

	Dec 2023 \$'000	Dec 2022 \$'000
Mortgage investments written-off	375	292
Less recoveries on amounts previously written off	(108)	(292)
(Charge)/release to the Select Account	(588)	-
Charge/(release) to the provision	1,732	4,985
Bad and doubtful debts	1,411	4,985

Bad and doubtful debts comprise the movement in the provision for mortgage investments and the actual crystallised shortfall on mortgage investments offset by recoveries received in relation to mortgages previously discharged with a shortfall. For an individual mortgage investment, the crystallised shortfall may differ from the initial impairment as the amounts received from disposal of securities may differ from valuations, which are used in the provision estimate.

From time to time, the Investment Manager and investors may temporarily fund costs associated with a mortgage (including possession costs and legal action costs). This is referred to as expenses working capital. The amounts due are generally not paid until the conclusion of legal action or disposal of the mortgage security.

Note 6 – Investors’ funds

The Responsible Entity manages investors’ funds as working capital, notwithstanding investors’ funds are classified as a liability under AASB 132.

The different categories in aggregate are referred to as funds under management when referring to the funds contributed by investors and are analysed as follows:

	Dec 2023 \$'000	Jun 2023 \$'000
Classic Notice Account	892,438	777,455
90 Day Notice Account	281,179	290,753
6 Month Notice Account	132,387	111,565
12 Month Term Account	7,628,415	7,278,454
2 Year Account	87,829	81,247
4 Year Account	453,469	360,515
Select Investment Account	279,998	281,454
Total investors’ funds	9,755,715	9,181,443

Note 7 – Financial risk management

All aspects of the Fund’s financial risk management objectives and policies are consistent with that disclosed in the Annual Report for the year ended 30 June 2023.

Note 8 – Commitments and contingencies

La Trobe Financial Asset Management Limited has commenced voluntary engagement with the Australian Taxation Office (**ATO**) in relation to a potential historical taxation matter. As at the date of this report, the timing and outcome of this matter cannot be determined with any certainty, therefore no allowance or reference to potential outcomes have been made in the financial statements of the Fund.

Other than the above matter, the Fund does not have any commitments or contingent liabilities as at 31 December 2023.

Note 9 – Events subsequent to balance date

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

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the Financial Statements and Notes set out on pages 14 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the La Trobe Australian Credit Fund's financial position as at 31 December 2023 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the La Trobe Australian Credit Fund will be able to pay its debts as and when they become due and payable.

Note 2 to the Financial Statements confirms that the Financial Statements also comply with International Financial Reporting Standard 34 as issued by the International Accounting Standards Board.

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



Martin Barry

Director
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
23 February 2024

AUDITOR'S REVIEW REPORT



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Independent auditor's review report to the members of the La Trobe Australian Credit Fund

Conclusion

We have reviewed the accompanying half-year financial report of La Trobe Australian Credit Fund (the Fund), which comprises the balance sheet as at 31 December 2023, the income statement, the statement of equity adjustments, the statement of changes in equity and the cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of La Trobe Financial Asset Management Limited (the Responsible Entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

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

AUDITOR'S REVIEW REPORT



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

Ernst & Young

A handwritten signature in black ink, appearing to read 'John MacDonald', written over a horizontal line.

John MacDonald
Partner
Melbourne
23 February 2024





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