La Trobe
financial

LA TROBE AUSTRALIAN CREDIT FUND
ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Brookfield | A portfolio company

Looking out for *you*®

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

T (03) 8610 2800
E info@latrobefinancial.com.au
W www.latrobefinancial.com.au

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, Victoria, 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 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 Financial Report was authorised for issue by the directors of the Responsible Entity on 15 September 2023. The Responsible Entity has the power to amend and reissue the Financial Report. La Trobe Financial believes that statements of opinion or fact in this document or any accompanying letter which are additional to the Financial Report of the Fund and the Auditor's Report on the 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 CHAIRMAN OF THE COMPLIANCE COMMITTEE

The role of the Compliance Committee of La Trobe Financial Asset Management Limited (**La Trobe Financial**) is an important one. Under the Corporations Act 2001, the Compliance Committee is charged with the critical duty of monitoring the extent to which the operations and procedures of La Trobe Financial comply with the Fund Constitution and Compliance Plan. In this role, it is supported by an audit of the Fund Compliance Plan by La Trobe Financial's statutory auditor, Ernst & Young. Two of the three Compliance Committee members are independent and external to La Trobe Financial.

As Chairman of the Compliance Committee of La Trobe Financial, I am pleased to report that the La Trobe Australian Credit Fund (**Fund**) has produced strong and consistent results for investors in financial year 2023. The past 12 months has been a period of uncertainty and challenge for many Australians. With the emergence of above-trend inflation in the post-pandemic period, the Reserve Bank of Australia responded by raising interest rates 10 times between May 2022 and June 2023. As a result, households have had to contend with higher interest rates and also higher cost of living throughout financial year 2023. Despite these pressures, the economy has demonstrated a high level of resilience, with unemployment now sitting close to 50-year lows and households partially sheltered from the impact of higher rates and cost of living pressures by household financial buffers built up during the pandemic period. Notwithstanding this, we remain ever vigilant as to the ongoing social and economic effects of the pandemic, inflation and associated policy actions.

Throughout this volatile period, La Trobe Financial has assisted borrowers and investors who have experienced financial hardship or instability. Our Mortgage Help team has worked tirelessly with borrowers to provide hardship assistance where required, while our Treasury, Portfolio Management and Finance teams have ensured that the business has continued to be financially strong. Aided by diversified funding and the careful and disciplined construction of our diversified portfolios, along with the selection of high-quality assets, La Trobe Financial has continued to deliver strong asset performance across its portfolios.

The 2023 financial year also saw an ongoing strong focus on cyber security across the financial services industry. At La Trobe Financial, we have made significant investments over decades to ensure that our cyber risk management framework remains 'best in class' to protect the interests of our borrowers and investors. That investment continued in financial year 2023 with more resources and tooling devoted to managing cyber risks. Rest assured that cyber security is – and will continue to be – a key area of focus for the Compliance Committee and the Board in financial year 2024 and the years beyond.

Regulatory compliance standards remain strong, and the company had pleasing results in its post-implementation review of key regulatory changes including in respect of the compliance with Design and Distribution obligations, expanded Breach Reporting obligations, and new requirements with respect to internal dispute resolution processes and reporting. The preparedness and training of La Trobe Financial staff was key to ensuring these obligations were and continue to be met without any interruption to ongoing business activity, reflecting the deeply ingrained compliance culture embedded within the fabric of the organisation.

The Compliance Committee remains committed to compliance, having regard at all times to the best interests of all of our members.

A key project for La Trobe Financial in financial year 2023 has been developing a proposal to modernise and simplify the Fund Constitution. This is an important step to ensure the Fund has the right platform to support the future growth and development of the Fund for the benefit of all investors. The Company will be asking investors to consider and vote on the proposal to amend the Constitution later in 2023.

I am pleased to present the Annual Report for the Fund, together with the (unqualified) audit opinion.

Sincerely,

John Marriott

Chairman of the La Trobe Financial Asset Management Limited Compliance Committee

Melbourne
15 September 2023

MESSAGE FROM THE CHIEF INVESTMENT OFFICER

Longer term investors with La Trobe Financial will have heard us preach our three 'golden rules' of investing: simplicity, diversification and patience. Three golden rules which have proven to work again and again for investors across all economic cycles. Our investment fundamentals: refined across our seven decades of operation, all through the lens of preserving your capital and delivering consistent monthly income.

The passing of another financial year gives cause to pause and reflect on the year that was. FY23 was another year punctuated by historic economic events. Some are still playing out. We have witnessed a rate-hiking cycle among the fastest in our nation's history. We see stubbornly high inflation continuing to weigh on households and business. We have seen war and geopolitical tensions continue around the globe. We have seen the demise of the Silicon Valley Bank, bringing with it volatility into the banking sector.

As we wrote in our FY22 summary, volatility remains the one constant of markets. Life, as markets, continues to deliver on a long series of real-life outcomes which test the mettle and the thesis of all investment strategies. The recent period of shifting sands of financial markets and the heightened volatility across the macroeconomic landscape served as a timely reminder of the importance of maintaining strong investment fundamentals.

Pleasingly, the La Trobe Australian Credit Fund ended financial year 2023 in excellent shape, delivering another year of impeccable performance for our 91,756 investors.

The Australian Economy: A Story of Resilience

Australia's economy continues to demonstrate its resilience. A thematic which has been preached constantly throughout the last three years of heightened volatility across the macroeconomic environment and financial markets.

First it was in the face of the COVID-19 pandemic period and associated lockdowns, with the Australian economy emerging from that period with 50-year low unemployment, $280bn in excess household savings and ongoing economic growth. It was of course not without assistance, with stimulatory fiscal and monetary policy doing their bit to keep Australians in jobs and to help get the domestic economy get through to the other side.

Of course, history will show that the pandemic expansionary settings contributed to the first signs of inflation emerging globally after many years of dormant readings. This re-emergence was only to be turbocharged following Russia's invasion of Ukraine as inflation globally took off in earnest.

Domestically, inflation peaked in December 2022 with the Consumer Price Index reaching 7.8% p.a., its highest reading since the recessionary period of June 1990. To curb inflation, the Reserve Bank pulled the only lever left in its arsenal – the interest rate lever – undertaking an aggressive rate hiking cycle which took the Official Cash Rate from 0.10% in April 2022 to 4.10% by June 2023.

Rising interest rates and high inflation presented as a particularly unpleasant cocktail for households who were asked to not only meet rising costs of living, but also a materially higher cost to the Great Australian Dream of home ownership. In the face of those challenges however, our domestic economy continued to perform, and we emerge from FY23 with another year of financial growth and borrowers across the banking system continuing to meet their mortgage repayments.

Perhaps the biggest surprise of them all was the Australian property market, which entered FY23 having reached its cyclical peak and facing into a period of pronounced downturn. Remember, most leading economists were forecasting property price depreciation of c.15-20% peak to trough – our house view was a 15% fall plus or minus. What unfolded was the floor being reached in February 2023 at -9.1%, with the property market appreciating ever since and exiting the financial year up 3.4% from its cyclical trough.

With economic growth forecast across the financial years ahead, we may just yet achieve the long-coveted 'soft-landing'. The Reserve Bank walking the narrowest of paths: curbing inflation without the economy entering into recession. Another story of resilience, demonstrating why Australia's economy remains the envy of most of the world.

The Credit Fund: Fundamentals Driving Performance

Against the economic challenges and volatility of the last 12 months, as at all times throughout its long history, the La Trobe Australian Credit Fund ended financial year 2023 with its strategies again demonstrating their ability to stand tall against the headwinds of markets.

The underlying thesis of the Credit Fund is that a diversified portfolio of high-quality, granular mortgage assets performs across the cycle. In times of market volatility, we again have seen how a targeted exposure by an investor into the Credit Fund provides such an important bedrock for investor portfolios. In a financial year where several fixed income assets saw wild fluctuation in capital values – including in 'defensive' assets such as bonds – the ongoing performance of La Trobe Financial portfolio accounts again shone through.

MESSAGE FROM THE CHIEF INVESTMENT OFFICER

Performance which is driven by our commitment to our core investment fundamentals, with our active management of Credit Fund portfolios designed to maximise resilience, while delivering inflation-responsive income for our investors. Consider, for example, our commitment to diversification. With over 12,000 individual high-quality loan assets within the Credit Fund, spread proportionally across Australia's population base, no one location will drive wider outcomes across fund portfolios. Likewise, targeted exposures across a wide range of residential and non-residential assets is the bedrock of a resilient performance profile. These fundamentals are not new: in fact, this commitment to diversification is a foundational principle of the Credit Fund, delivering low-volatility income at all points along the economic cycle, as was the case through the 2023 financial year.

Within the financial year, there were several issues to adapt to. None larger than the potential contagion event of the demise of Silicon Valley Bank (**SVB**) and the subsequent 'arranged marriage' between Credit Suisse and UBS, which had some ringing alarm bells of another 'GFC' event which would derail markets. While the additional volatility would subside in the coming months, La Trobe Financial remained on station and responded to the additional stress in markets, tilting our shortest dated account – the Classic Notice Account – into an overweight cash position (March 2023: c.39% liquidity, February 2023: c.12%). A reflection of the effectiveness of our liquidity management framework and that we remain ready and able to meet any and all liquidity events as they arise.

Finally, FY23 saw us continuing our long commitment to Environmental, Social & Governance (**ESG**) principles. These principles are reflected in our origins as a values-based organisation, established to serve the under-served. Across the year we continued our ESG – carbon neutrality, while entering into a conservation relationship with Sydney's Taronga Zoo, among other initiatives. For more information on our ESG commitment, please see the Integrated Approach to Environmental, Social & Governance Issues in the Community section of our website.

Performance Profile by Account

Against the backdrop of volatility, which presented a particularly challenging period for investors, we are pleased to report that our 91,756 investors in our $9.5 billion Credit Fund enjoyed another year of low-volatility, consistent monthly returns. A year, as in all years since inception, that we have preserved our investors capital throughout, with no investor having ever suffered a loss of invested capital.

We are proud that we continue to generate real returns for investors that form a tangible contribution to Australia's overall wealth.

Each of our portfolio accounts (Classic Notice, 90 Day Notice, 6 Month, 12 Month, 2 Year, and 4 Year) again showed their resilience and value as a partner for investors forming the bedrock of investor portfolios. As careful stewards of investor capital, and with no losses for any investor in our portfolio accounts, the Credit Fund delivered on its mission of downside protection and the delivery of premium monthly income.

Across the financial year, distributions of an extraordinary $467,976,000 were made. Returns which outperformed benchmark, and provided investors with reliable sources of income, an outcome perhaps more important than ever during a season of high inflation. Our flagship 12 Month Term Account continued its sector dominance, winning a record fourteenth consecutive *Money* magazine award for "Best Credit Fund – Mortgages".

Performance Profile by Account

	Average Return p.a. (FY 2023)	Premium over benchmark	Interest Paid (FY 2023)
Classic Notice Account	3.74%	0.21%	$28,207,000
90 Day Notice Account	4.05%	0.00%	$12,381,000
6 Month Notice Account	4.30%	(0.27)%	$3,750,000
12 Month Term Account	5.39%	0.96%	$375,312,000
2 Year Term Account	5.49%	0.91%	$3,975,000
4 Year Account	6.75%	0.75%	$21,037,000
Select Investment Account	7.89%	n/a	$23,314,000
Total			**$467,976,000**

MESSAGE FROM THE CHIEF INVESTMENT OFFICER

Outlook

We emerge from financial year 2023 with potentially a new narrative emerging. Inflation is off its peak and trending slowly towards the RBA's target band. Unemployment remains at near-50 year lows. Central bank rates may have peaked, and borrowers across the banking system are largely continuing to meet their mortgage repayments. A financial year of heightened volatility now behind us, and we look forward to volatility hopefully quietening across the coming financial year.

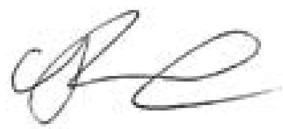
But while inflation is indeed softening, the Reserve Bank is forecasting inflation to remain above target until mid-2025. Investors will therefore have to navigate high inflation, high interest rates and ongoing volatility for some time yet. The key theme for investors therefore is not where yield can be sourced, but rather how it can be delivered while minimising volatility and preserving real incomes and accumulated wealth.

For each of our 91,756 investors and 3,205 financial advisers, the Credit Fund represents a solution to that challenge, with our ability to deliver low-volatility income complementing a well-crafted investment strategy. An achievement perhaps best recognised by the fact that, in the 12 months to 31 May 2023, our 12 Month Term Account grew by more than any other managed investment product in Australia's entire wealth management industry.

We maintain our deep conviction in the delivery of our strategy for investors across these difficult times, and we continue to hold dear the deep reservoir of trust we have built working with investors now for over 70 years. Our commitment to diversification, transparency, and putting the customer at the heart of everything we do remains unbroken, and we sit well placed to continue in our role as careful custodians of the trust we have built over 70 years.

Thank you for your interest and for your investment.

Yours sincerely,



Chris Paton
Chief Investment Officer

Melbourne
15 September 2023

FUND PORTFOLIO COMPOSITION

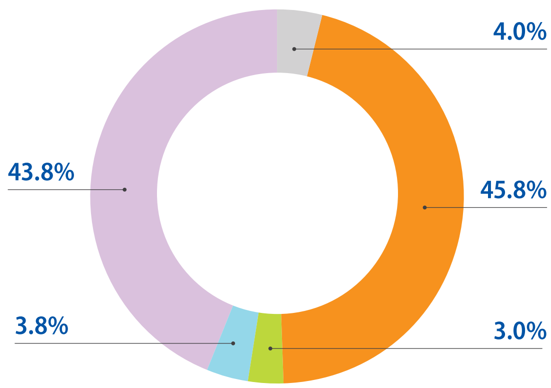
Investment & Security Types

Asset classification	2023 No. of Loans	2023 Amount $'000	2023 % of Total Loan Amounts	2022 No. of Loans	2022 Amount $'000	2022 % of Total Loan Amounts
Cash		282,077			204,241	
Credit Assets		282,059			244,131	
Mortgage Investments						
– Residential	7,691	5,322,482	60.7%	8,580	5,014,854	69.6%
– Commercial	1,722	1,329,045	15.1%	1,416	848,654	11.8%
– Construction & Development	346	720,258	8.2%	222	387,396	5.4%
– Industrial	1,516	946,863	10.8%	1,435	702,821	9.7%
– Vacant Land	490	436,708	5.0%	409	248,036	3.4%
– Rural	39	17,311	0.2%	40	9,986	0.1%
Total	**11,804**	**8,772,667**	**100.0%**	**12,102**	**7,211,747**	**100.0%**
Total Assets Under Management (AUM)		**9,336,803**			**7,660,119**	

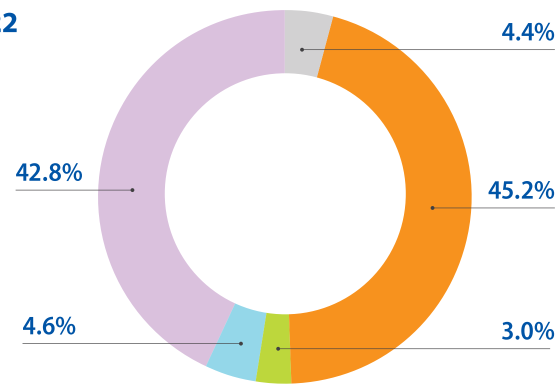
Funding Sources

Source	2023 Amount $'000	2023 %	2022 Amount $'000	2022 %
Authorised Representatives	367,299	4.0%	334,264	4.4%
Financial Planner	4,205,572	45.8%	3,433,804	45.2%
Institutional	275,474	3.0%	227,907	3.0%
Referrer	348,934	3.8%	349,458	4.6%
Retail	3,985,192	43.4%	3,251,478	42.8%
Total	**9,182,472**	**100.0%**	**7,596,911**	**100.0%**
Borrower funds & accounts receivable	154,331		63,208	
Assets	**9,336,803**		**7,660,119**	

2023



2022

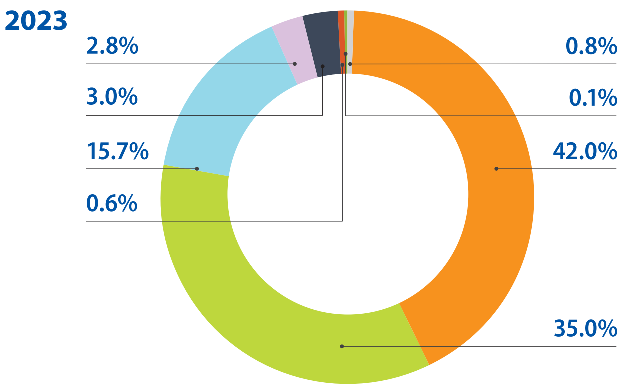


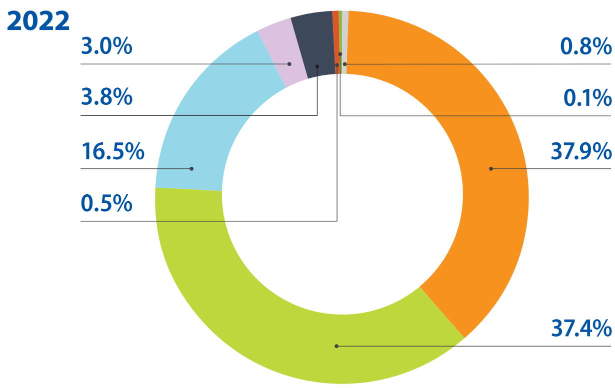
Authorised Representatives | Financial Planner | Institutional | Referrer | Retail

FUND PORTFOLIO COMPOSITION

Distribution by State

State	2023 No. of Loans	2023 Amount $'000	2023 % Book	2022 No. of Loans	2022 Amount $'000	2022 % Book
Cash		282,077			204,241	
Credit Assets		282,059			244,131	
Mortgage Investments						
– ACT	103	71,852	0.8%	101	55,570	0.8%
– NSW	3,151	3,682,685	42.0%	3,119	2,723,353	37.9%
– VIC	4,408	3,073,492	35.0%	4,570	2,687,163	37.4%
– QLD	2,876	1,373,086	15.7%	2,980	1,209,866	16.5%
– SA	518	247,338	2.8%	528	215,218	3.0%
– WA	595	266,769	3.0%	636	272,943	3.8%
– TAS	130	49,887	0.6%	140	38,743	0.5%
– NT	23	7,558	0.1%	28	8,891	0.1%
Total	**11,804**	**8,772,667**	**100.0%**	**12,102**	**7,211,747**	**100.0%**
Assets Under Management		**9,336,803**			**7,660,119**	





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 financial year ended 30 June 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 (**PDS**) and Supplementary Product Disclosure Statement (**SPDS**) have 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. On 31 May 2022, Brookfield Asset Management and associates, incorporated in Canada, purchased La Trobe Financial Pty Limited.

The independent Compliance Committee of La Trobe Financial comprises 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 year ended 30 June 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 CG Andrews (resigned 13 September 2022)
Mr CAJ Paton (appointed 13 September 2022)

The following persons were Directors of La Trobe Financial during the year ended 30 June 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.

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.

DIRECTORS' REPORT

Principal activities

During the year ended 30 June 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 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 year ended 30 June 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 year under review.

Review and results of operations

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

1. Classic Notice Account;
2. 90 Day Notice Account;
3. 6 Month Notice Account;
4. 12 Month Term Account;
5. 2 Year Account;
6. 4 Year Account; and
7. 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 account or mandate, however all accounts apart from the 4 Year Account and Select Investment Account has benefit from specific dedicated Investor Reserves.

In accordance with the terms of the PDS, all income collected during the year, net of expenses, is distributed to investors thereby resulting in a net nil taxable income position.

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	2023	2022
Average annualised rate of return of investors*:		
– Classic Notice Account	**3.74%**	**0.93%**
– 90 Day Notice Account	**4.05%**	**1.88%**
– 6 Month Notice Account	**4.30%**	**2.08%**
– 12 Month Term Account	**5.39%**	**3.98%**
– 2 Year Account	**5.49%**	**4.12%**
– 4 Year Account	**6.75%**	**5.12%**
– Select Investment Account	**7.89%**	**6.87%**
Number of investors	**91,756**	**81,247**

* Based on a nominal dollar invested into the Fund for the twelve months ended 30 June 2023 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.

	2023 $'000	2022 $'000
Investors' interest expense paid or payable in each Fund account:		
– Classic Notice Account	28,207	4,878
– 90 Day Notice Account	12,381	6,522
– 6 Month Notice Account	3,750	824
– 12 Month Term Account	375,312	216,246
– 2 Year Account	3,975	2,062
– 4 Year Account	21,037	11,743
– Select Investment Account	23,314	29,516
Total investors' interest expense paid and payable	**467,976**	**271,791**

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.

	Opening balance $'000	Applications $'000	Redemptions $'000	Closing balance $'000
Classic Notice Account	507,258	1,185,098	(914,901)	777,455
90 Day Notice Account	325,908	123,178	(158,333)	290,753
6 Month Notice Account	52,131	102,036	(42,602)	111,565
12 Month Term Account	6,073,303	2,817,303	(1,612,152)	7,278,454
2 Year Account	59,136	23,123	(1,012)	81,247
4 Year Account	266,895	106,909	(13,289)	360,515
Select Investment Account	311,826	218,783	(249,155)	281,454
Total Funds Under Management (FUM)	**7,596,457**	**4,576,430**	**(2,991,444)**	**9,181,443**

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

Assets Under Management Statistics	2023 $'000	2022 $'000
Mortgage Investments	8,772,667	7,211,747
Note Investments	282,059	244,131
Cash	282,077	204,241
Borrower receivables and accruals	26,091	21,410
Total Assets Under Management (AUM)	**9,362,894**	**7,681,529**
Assets Under Management growth rate	21.9%	25.5%
Total number of mortgage investments	11,804	12,102
Average loan size	$743,189	$595,914
Range of loan sizes	$100 - $25,000,000	$100 - $21,083,000
Weighted average loan to valuation ratio	62.5%	63.0%
Total loan arrears as % of total loans	0.36%	0.43%
Total income on mortgages, notes and cash during the year ($'000)	647,292	368,726

The Funds total assets at the end of the financial year was $9,362,894,000 valued in accordance with accounting principles presented in the financial statements.

DIRECTORS' REPORT

Security and Geographical exposures

The Fund operates within Australia.

Mortgage investments under management by security stratification:

	2023				2022			
Security classification	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR
Residential	7,691	5,322,482	60.7%	65.8%	8,580	5,014,854	69.6%	66.4%
Commercial	1,722	1,329,045	15.1%	63.6%	1,416	848,654	11.8%	63.0%
Construction & Development	346	720,258	8.2%	63.7%	222	387,396	5.4%	61.9%
Industrial	1,516	946,863	10.8%	64.9%	1,435	702,821	9.7%	64.2%
Vacant Land	490	436,708	5.0%	53.7%	409	248,036	3.4%	56.5%
Rural	39	17,311	0.2%	47.4%	40	9,986	0.1%	41.1%
Total Mortgage Investments	**11,804**	**8,772,667**	**100.0%**		**12,102**	**7,211,747**	**100.0%**	

Mortgage investments under management by state or territory of Australia:

	2023				2022			
State or territory	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR
ACT	103	71,852	0.8%	65.2%	101	55,570	0.8%	69.6%
NSW	3,151	3,682,685	42.0%	63.4%	3,119	2,723,353	37.9%	64.4%
VIC	4,408	3,073,492	35.0%	65.3%	4,570	2,687,163	37.4%	65.2%
QLD	2,876	1,373,086	15.7%	65.5%	2,980	1,209,866	16.5%	66.5%
SA	518	247,338	2.8%	66.1%	528	215,218	3.0%	65.5%
WA	595	266,769	3.0%	65.9%	636	272,943	3.8%	64.9%
TAS	130	49,887	0.6%	62.9%	140	38,743	0.5%	63.0%
NT	23	7,558	0.1%	63.5%	28	8,891	0.1%	63.9%
Total Mortgage Investments	**11,804**	**8,772,667**	**100.0%**		**12,102**	**7,211,747**	**100.0%**	

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

DIRECTORS' REPORT

Indirect cost ratio

The Indirect Cost Ratio (**ICR**) is a measure of the ongoing fees and costs incurred prior to interest payments to investors. The ICR is the ratio of the annual ongoing management costs of the relevant Account that are not deducted directly from investment accounts to the total average net assets of the relevant Account. The calculation of the ICR is on a cash basis, including investment management fees such as those fees received by La Trobe Financial (from which amounts are then paid to the Investment Manager) and other similar expenses but excluding expenses such as brokerage, transaction costs and government taxes that would otherwise have ordinarily been incurred by an investor undertaking investments direct in the mortgage investments rather than through the relevant Account.

This ICR calculation represents total fees incurred on 'funds under management'. The average investors' funds used to calculate the ICR is the daily average funds under management for the year.

	Classic Notice Account $'000	90 Day Notice Account $'000	6 Month Notice Account $'000	12 Month Term Account $'000	2 Year Account $'000	4 Year Account $'000	Select Investment Account $'000	Total Fund $'000
Total ICR related expenses	**19,621**	**8,525**	**1,942**	**135,203**	**1,233**	**2,523**	**4,861**	**173,908**
Average investor funds	728,967	307,326	83,102	6,905,408	71,822	309,744	303,748	8,710,117
ICR	**2.69%**	**2.77%**	**2.34%**	**1.96%**	**1.72%**	**0.81%**	**1.60%**	**2.00%**

Events subsequent to balance date

No matter or circumstance has arisen since 30 June 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.

Likely developments

Further information on likely developments in the operation of the Fund and the expected results of those operations have not been included in this report because the directors believe that disclosure would likely result in unreasonable commercial prejudice to future economic opportunities for the Fund.

Related party transactions

Fees paid to La Trobe Financial or its associates out of Fund property during the year are disclosed in Note 12 to the Financial Statements. Interests in the Fund held by La Trobe Financial or by associates of La Trobe Financial during the financial year and as at the end of the financial year are disclosed in Note 14 to the Financial Statements.

No fees were paid out of Fund property to the directors of La Trobe Financial during the year.

Indemnification and insurance of officers and auditors

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.

DIRECTORS' REPORT

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 year ended 30 June 2023. The Auditor's Independence Declaration is set out on page 16 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
Directot
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
15 September 2023

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

Ernst & Young
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 Australian Credit Fund

As lead auditor for the audit of the financial report of La Trobe Australian Credit Fund for the financial year ended 30 June 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of La Trobe Australian Credit Fund Pty Ltd and the entities it controlled during the financial year.

Ernst & Young

John MacDonald
Partner
15 September 2023

BALANCE SHEET

As at 30 June 2023

	Note	2023 $'000	2022* $'000
Assets			
Investments			
Cash		282,077	204,241
Note investments		283,305	244,999
Mortgage investments		8,768,747	7,197,597
Total investments	8	**9,334,129**	**7,646,837**
Receivables			
Borrower receivables		22,378	30,827
Interest receivables		945	181
GST receivable		5,442	3,684
Total receivables		**28,765**	**34,692**
Total assets		**9,362,894**	**7,681,529**
Liabilities			
Accounts payable	9	81,837	64,073
Investor and borrower funds payable		99,614	20,999
Total liabilities (excluding investors' funds)		**181,451**	**85,072**
Net assets attributable to investors (investors' funds)	10	**9,181,443**	**7,596,457**
Represented by each Fund account:			
Classic Notice Account		777,455	507,258
90 Day Notice Account		290,753	325,908
6 Month Notice Account		111,565	52,131
12 Month Term Account		7,278,454	6,073,303
2 Year Account		81,247	59,136
4 Year Account		360,515	266,895
Select Investment Account		281,454	311,826
Total investors funds		**9,181,443**	**7,596,457**

* Amounts have been restated following a change in accounting policy (refer to Note 3 (7)).

INCOME STATEMENT

For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Revenue			
Interest on authorised investments			
– Cash	6	9,699	1,348
– Note investments	6	20,565	11,082
– Mortgage investments	6	617,028	356,296
Other revenue			
– Investment management fees		11,426	(4,886)
– Application fees		2,231	3,556
– Servicing fees		31,380	27,056
Total revenue		**692,329**	**394,452**
Operating expenses			
Responsible entity fees			
– Investment management		140,212	66,124
– Application fees		1,197	1,694
– Borrower and other fees		30,057	23,398
Referral fees		40,596	31,641
Bad and doubtful debts charge/(release)	8	12,276	(211)
Other expenses		15	15
Total operating expenses		**224,353**	**122,661**
Interest expenses			
Classic Notice Account	7	28,207	4,878
90 Day Notice Account	7	12,381	6,522
6 Month Notice Account	7	3,750	824
12 Month Term Account	7	375,312	216,246
2 Year Account	7	3,975	2,062
4 Year Account	7	21,037	11,743
Select Investment Account	7	23,314	29,516
Total interest expense		**467,976**	**271,791**
Profit for the year		**-**	**-**

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

STATEMENT OF EQUITY ADJUSTMENTS

For the year ended 30 June 2023

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

The above Statement of Equity Adjustments should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

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

CASH FLOW STATEMENT

For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Net increase/(decrease) in investor funds		1,206,328	1,572,494
Net (increase)/decrease in mortgage investments		(1,555,259)	(2,085,750)
Net (increase)/decrease in note investments		(38,306)	(70,342)
Borrower interest repayments		634,831	369,531
Interest received on cash		8,935	1,267
Interest received on note investments		20,565	11,082
Investment management fees received/(paid) on mortgage investments		11,426	(4,886)
Application and servicing fees received		112,698	89,833
Investment management fees:			
– paid to Responsible Entity		(185,295)	(71,680)
– paid as referral fees to third parties		(114,000)	(86,069)
Borrower and other fees paid		(24,072)	(21,638)
Other operating expenses		(15)	(15)
Net cash inflow/(outflow) from operating activities	15	**77,836**	**(296,173)**
Net increase/(decrease) in cash		**77,836**	**(296,173)**
Cash held at the start of the year		204,241	500,414
Cash at the end of the year		**282,077**	**204,241**

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, 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 of the previous year. 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 adjustments	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
Shortfall	Expected credit loss
Key executives	Key management personnel

Compliance with IFRS

The Financial Report of the Fund complies with the International Financial Reporting Standards (**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.

Note 3 – Summary of significant accounting policies

1. Assets

1.1 Classification and measurement of financial assets

The classification of financial assets under AASB 9 *Financial Instruments* (**AASB 9**) is generally based on the business model under which the assets are managed and the contractual cash flow characteristics. The business model of the Fund's mortgage and note investments is to hold the assets to maturity unless required to be disposed to meet investment mandates. As a result, mortgage and note investments are considered to be held to collect contractual cash flows and continue to be measured at amortised cost less impairment.

1.2 Mortgage investments

Mortgage investments comprise loans secured by registered property mortgages. An independent valuation of each security is obtained at the inception of the loan.

The classification of investments under AASB 9 is generally based on the business model under which the assets are managed and the contractual cash flow characteristics. The business model of the Fund for mortgage investments is to hold the assets to maturity. Consistent with this model, mortgage investments are considered to be held to collect contractual cash flows and are measured at amortised cost less impairment.

1.3 Note investments

The Fund includes the 6 Month Notice Account and 4 Year Account which enables investors to invest in mezzanine mortgage notes being medium term credit assets underpinned by Australian residential and commercial real property. Mezzanine notes permitted within this mandate are generally issued by securitisation warehouses, residential mortgage backed securities (**RMBS**) or commercial mortgage backed securities (**CMBS**) vehicles.

The underlying investments of such vehicles are secured by registered real property mortgages and independent sworn valuations (or municipal rates notice valuations) of each underlying security are obtained at the inception of each mortgage asset, as disclosed in the PDS.

1.4 Provisioning – mortgage investments

Shortfalls on the amounts invested in mortgage investments are borne by Fund investors as ordinary investment risk.

For impairment provisioning purposes, the Responsibility Entity allocates all mortgage investments into four distinct categories: performing, early arrears, default and specific impaired.

Performing

Mortgage investments are classified as performing where there has been no significant increase in credit risk since settlement. Provisions reflect forecasted shortfalls based on historical loss experience in the preceding 12 month period. The Responsible Entity also considers forward looking information to address whether the historical loss rate is inconsistent with expectations taking into account future economic conditions such as unemployment rates, lending indicators and property prices. This is referred to as Stage 1 (or 12 month ECL) under AASB terminology.

Early Arrears

Mortgage investments are classified as early arrears when they are in arrears greater than 30 days, or they have investment characteristics indicating an increase in credit risk, but not such that default is probable and they have not been assessed for specific provisioning. Expected shortfalls of the ultimate total loss are forecast for each investment allowing for a probability of default over the remaining term of the mortgage investment and net foreclosure proceeds. This is referred to as Stage 2 (or lifetime ECL credit impaired) under AASB terminology.

Default

Mortgage investments are classified as default when they are in arrears greater than 90 days and their investment characteristics indicate default is more probable than not and they have not been assessed for specific provisioning. Expected shortfalls of the ultimate total loss are forecast based on the projected net foreclosure proceeds for each investment allowing for a probability of foreclosure. This forms part of Stage 3 (or lifetime ECL credit impaired) under AASB terminology.

Specific impaired

The Responsible Entity estimates provisions on a specific basis when there are quantitative or qualitative factors indicating that an individual mortgage investment may be impaired. The provision is determined as the expected shortfall between the outstanding balance and the mortgage security after accounting for costs of realisation. This forms part of Stage 3 (or lifetime ECL credit impaired) under AASB terminology.

Quantitative factors that trigger the Responsible Entity to assess the potential specific impairment of mortgages include:

- in arrears greater than 90 days; and
- Loan to Valuation Ratio (**LVR**) exceeding 80 percent.

Qualitative factors that trigger the Responsible Entity to assess the potential specific impairment of mortgages include:

- the nature and substance of communication with borrowers in arrears; and
- assessment of past performance of similar loans, including characteristics such as collateral location and loan purpose.

1.5 Provisioning – investments

Shortfalls on the amounts invested in note investments are borne by Fund investors as ordinary investment risk.

These investments seek to generate competitive risk-adjusted returns for investors and as such these mezzanine notes rank behind senior credit providers but ahead of Junior or Equity Note holders in the same securitisation warehouses, RMBS or CMBS vehicles.

Asset impairments are only recognised to the extent that note investments are not recoverable through future principal repayments from the underlying mortgage assets and paid to the Fund as the investors in the notes.

1.6 Cash

For purposes of the Cash Flow Statement, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

1.7 Interest receivable

Interest on cash balances is accrued using the effective interest rate method at the balance date from the time of last payment and is generally received within 30 days.

1.8 Other receivables

Other receivables are recognised at the amounts receivable when originated and are generally due for settlement within 30 days of becoming receivable, with the exception of amounts receivable from the Australian Taxation Office (**ATO**) (refer Item 7 in this note). Application fees receivable for funds under management are recognised upon receipt from borrowers. These receivables are measured on an amortised cost basis as they are held to collect contractual cash flows. Impairments are only recognised to the extent that receivables are not recoverable.

2. Liabilities

2.1 Accounts payable

These amounts represent liabilities for services provided to the Fund prior to the end of the financial year or amounts due on behalf of investors to the ATO under current Australian taxation legislation and which are unpaid. The amounts are generally secured against mortgage investments or relate to cash balances held and are usually paid within 30 days of recognition.

Where amounts are payable to the Responsibility Entity, Investment Manager or other related parties, such arrangements are in accordance with the Fund Constitution, PDS and/or the Investment Manager's investment management agreement.

2.2 Investors funds

Investors funds are available for redemption subject to the investment terms applicable to each Investment Account as specified with the Funds Constitution.

Under AASB 132 Financial Instruments: Presentation (**AASB 132**), investors investment interests are treated as financial liabilities of the Fund as there is an obligation to return funds to investors and are recognised and held at cost.

2.3 Interest expense accrued

Under AASB 132, interest payments and interest expense accrued relating to investors interests are classified as interest expense in the Fund's Income Statement.

Interest is paid monthly in arrears and is based on the variable rate for that period for the relevant investment Account (for Classic Notice Account, 90 Day Notice Account, 6 Month Account, 12 Month Term Account, 2 Year Account and 4 Year Account) or relevant mandate (Closed Investment Mandates in the Select Investment Account). The interest for the month ended is accrued at month end based on the advertised crediting rate and adjusted where the final crediting rate declared after balance date differs from the advertised rate. This interest liability is supported by related cash balances held by the Fund (cleared and subject to clearance) and is generally paid within seven days of the respective month end, once crediting rates have been declared.

3. Income and expenses on mortgages

As a result of measuring investments at amortised cost, revenues and certain investment related expenses are brought to account using the effective interest method. As prescribed by AASB 9, this method has the effect of recognising interest revenue and certain borrower fee revenues relating to the asset as interest revenue on an amortised basis over the expected life of the loan (evaluated by asset groups). The net unamortised portion of these amounts is recorded as an adjustment to the value of the investment.

Fees receiving this treatment include application and discharge fee revenues and capitalisation of trail referral fees and the corresponding expenses to the Responsible Entity and third parties. In all cases of the above revenue recognition under AASB 9 results in the recognition of a corresponding expense in relation to the Fund making on-payments resulting from the revenues. Borrower service fee revenues not receiving this treatment are accounted for in the period during which the related services are provided to the customer.

Referral fees expenses (both up front and trail) are brought to account up front as a payable and in the value of the mortgage at inception. Under the effective interest rate method the referral fees cost is amortised over the life of the investment and included in interest revenue. The expected effective average life of investments is disclosed in Note 5.

4. Income and expenses on note investments

Revenue earned on note investments are measured using the effective interest rate method. Any transaction costs are reflected in the effective interest rate.

5. Tax

Under existing Australian tax legislation, the net income derived (for taxation purposes) by the Fund is not subject to taxation provided it is fully distributed to investors either by way of cash or reinvestment to investors. The Fund is profit-neutral whereby all income is offset by fees and expenses, including investor interest payments.

6. Goods and services tax

Revenues, expenses and assets are recognised net of applicable amounts of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the ATO. The Fund qualifies for Reduced Input Tax Credits (**RITC**) at a rate of 75%. In these circumstances the non-recoverable GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with applicable amounts of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an other asset or liability in the Balance Sheet. Recoveries from the ATO relating to GST payable on La Trobe Financial invoices are subject to full reclaim by La Trobe Financial from the Fund, pursuant to Constitution rights to expense recovery including taxes.

Cash Flows are included in the Cash Flow Statement on a gross basis.

7. Change in accounting policy

The directors of the Responsible Entity have 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 considered to not 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 financial statements 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 year.

The effects of the change in accounting policy are presented below for each financial statement line item affected:

	Previously stated 2022 $'000	Adjustment 2022 $'000	Restated 2022 $'000	Adjustment 2023 $'000
Balance Sheet				
Mortgage investments	6,885,771	311,826	7,197,597	281,454
Total investments	7,335,011	311,826	7,646,837	281,454
Total assets	7,369,703	311,826	7,681,529	281,454
Net assets attributable to investors (investors' funds)	7,284,631	311,826	7,596,457	281,454
Select account	-	311,826	311,826	281,454
Income Statement				
Mortgage investments	308,628	47,668	356,296	45,508
Investment management fees	14,949	(19,835)	(4,886)	(23,215)
Servicing fees	25,373	1,683	27,056	1,021
Total revenue	364,936	29,516	394,452	23,314
Total operating expenses	122,661	-	122,661	-
Interest expense – Select account	-	29,516	29,516	23,314
Total interest expense	242,275	29,516	271,791	23,314
Profit for the year	-	-	-	-
Cash Flow Statement				
Net increase/(decrease) in investor funds	1,453,933	118,561	1,572,494	(51,357)
Net (increase)/decrease in mortgage investments	(1,937,673)	(148,077)	(2,085,750)	30,373
Borrower interest repayments	321,863	47,668	369,531	45,508
Investment management fees on mortgage investments	14,949	(19,835)	(4,886)	(23,215)
Application and servicing fees received	88,150	1,683	89,833	(1,309)
Net cash flow from operating activities	(296,173)	-	(296,173)	-
Cash at the end of the year	204,241	-	204,241	-

Note 4 – 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 2022 that have a material impact on the amounts recognised in prior periods or will affect the current financial 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 5 – 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 resulting accounting estimates will, by definition, seldom equal the related actual events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Effective interest rates adjustments

As identified in Accounting Policy 4, certain fee income is recognised over the estimated effective life span of mortgage investments. For each Account, these are determined based on the nature of mortgage investments, as being 26% of mortgage investments have been allocated an effective life span of 10 months while 74% of mortgage investments have been allocated an effective life span of 3.9 years.

Provisioning – mortgage investments

In applying Accounting Policy 1.4, 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.

Note 6 – Interest revenue

	2023 $'000	2022 $'000
Cash	9,699	1,348
Note investments	20,565	11,082
Mortgage investments	617,028	356,296
Total interest revenue	**647,292**	**368,726**

Note 7 – Interest expense

	2023 $'000	2022 $'000
Classic Notice Account	28,207	4,878
90 Day Notice Account	12,381	6,522
6 Month Notice Account	3,750	824
12 Month Term Account	375,312	216,246
2 Year Account	3,975	2,062
4 Year Account	21,037	11,743
Select Investment Account	23,314	29,516
Total interest expense	**467,976**	**271,791**

Note 8 – Investments

	2023 $'000	2022 $'000
Cash	282,077	204,241
Note investments – at amortised cost	283,305	244,999
Mortgage investments – at amortised cost	8,788,618	7,205,874
Less: provision for mortgage impairment	(19,871)	(8,277)
Total investments	**9,334,129**	**7,646,837**

(a) Note investments

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

	2023 $'000	2022 $'000
Outstanding principal recognised	282,058	244,131
Effective interest rate adjustments	1,247	868
Note investments – at amortised cost	**283,305**	**244,999**

ECL has been assessed as immaterial and therefore not recognised in the Financial Statements of the Fund at 30 June 2023 (2022: nil).

(b) Mortgage investments

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

	2023 $'000	2022 $'000
Outstanding principal recognised	8,772,667	7,211,747
Effective interest rate adjustments	15,951	(5,873)
Mortgage investments – at amortised cost	**8,788,618**	**7,205,874**

The single largest investment by the Fund as at 30 June 2023 is $25,000,000 (2022: $21,082,400). Each mortgage may be an investment of one or more investment accounts. In addition, the Classic Notice Account, 90 Day Notice Account, 6 Month Notice Account, 12 Month Term Account, 2 Year Account and 4 Year Account may temporarily fund (in accordance with portfolio parameters) the settlement of a loan until investors in the Select Investment Account invest in the mortgage.

(c) Provision for mortgage impairments

	2023 $'000	2022 $'000
Opening balance	8,277	12,707
Mortgage investments written off	(1,475)	(4,775)
New and increased provisions (net of releases)	13,069	345
Closing balance	**19,871**	**8,277**

The total number of mortgage investments in possession at 30 June 2023 was 20 with aggregate past due balance of $21,406,000 (2022: 18 with aggregate past due balance of $17,118,000). Further details of the approach to managing credit risk are detailed in Note 11. The provision can be allocated between investment accounts as follows:

	2023 $'000	2022 $'000
Classic Notice Account	4,482	2,001
90 Day Notice Account	1,274	794
6 Month Notice Account	117	18
12 Month Term Account	13,228	4,991
2 Year Account	71	13
4 Year Account	75	6
Select Investment Account	624	454
Total provision	**19,871**	**8,277**

30 June 2023	Performing $'000	Early Arrears $'000	Default $'000	Specific impaired $'000	Total $'000
Opening balance	**1,232**	**866**	**3,268**	**2,911**	**8,277**
– Transferred to Performing	21	(20)	(1)	-	-
– Transferred to Early Arrears	(1,882)	1,882	-	-	-
– Transferred to Default	(2,687)	(1,598)	4,285	-	-
– Transferred to Specific impaired	(582)	-	(1,311)	1,893	-
New and increased provisions (net of releases)	7,002	3,166	3,756	(855)	13,069
Mortgage investments written off	-	-	-	(1,475)	(1,475)
Closing balance	**3,104**	**4,296**	**9,997**	**2,474**	**19,871**

30 June 2022	Performing $'000	Early Arrears $'000	Default $'000	Specific impaired $'000	Total $'000
Opening balance	**1,046**	**1,406**	**4,806**	**5,449**	**12,707**
– Transferred to Performing	-	-	-	-	-
– Transferred to Early Arrears	(256)	256	-	-	-
– Transferred to Default	(389)	(370)	759	-	-
– Transferred to Specific impaired	(73)	(2)	(1,106)	1,181	-
New and increased provisions (net of releases)	904	(424)	(1,191)	1,056	345
Mortgage investments written off	-	-	-	(4,775)	(4,775)
Closing balance	**1,232**	**866**	**3,268**	**2,911**	**8,277**

Impairment of a mortgage investment occurs in accordance with the Fund's Mortgage Investment Impairment Policy as outlined in Note 3(1.4).

In determining the economic overlay provision, three scenarios were considered:

- most probable 60% weighting (2022: 60%) – the scenario reflects La Trobe Financial's best estimate of the most likely economic conditions and future outcomes;
- less favourable 20% weighting (2022: 15%) – the scenario where economic conditions deteriorate, resulting in increased shortfalls; and
- more favourable 20% weighting (2022: 25%) – the scenario where economic conditions are more benign, thereby leading to reduced shortfalls.

The net increase in the total provisions for mortgage impairments during the year is reflective of La Trobe Financials' 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)

	2023 $'000	2022 $'000
Recoveries on amounts previously written off	(624)	(102)
(Charge)/release to the Select Account	(169)	(454)
Charge/(release) to the provision	13,069	345
Total bad and doubtful debts	**12,276**	**(211)**

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.

Bad and doubtful debts on mortgage investments at amortised cost is allocated between investment accounts as follows:

	2023 $'000	2022 $'000
Classic Notice Account	3,217	1,103
90 Day Notice Account	480	760
6 Month Notice Account	99	18
12 Month Term Account	8,352	(2,111)
2 Year Account	58	13
4 Year Account	70	6
Total bad and doubtful debts	**12,276**	**(211)**

Note 9 – Accounts payable

	2023 $'000	2022 $'000
Fee payable to the Responsible Entity	29,907	21,411
Referral fees to be paid to third parties	5,751	4,398
Total investment management fee payable	**35,658**	**25,809**
Application fees	8,344	6,007
Borrower and other fees	35,037	28,044
Expenses and interest payment cover – Investment Manager	2,780	2,855
Sundry creditors	18	1,358
Total accounts payable	**81,837**	**64,073**

Note 10 – 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:

	2023 $'000	2022 $'000
Classic Notice Account	777,455	507,258
90 Day Notice Account	290,753	325,908
6 Month Notice Account	111,565	52,131
12 Month Term Account	7,278,454	6,073,303
2 Year Account	81,247	59,136
4 Year Account	360,515	266,895
Select Investment Account	285,454	311,826
Total investors' funds	**9,181,443**	**7,596,457**

Note 11 – Financial risk management

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

The Fund's overall risk management focuses on ensuring compliance with the Fund's governing documents namely the PDS, SPDS (where applicable) and Constitution.

The Fund uses different methods to manage different types of risk to which it is exposed. These methods are explained below:

(a) Credit risk

Credit risk refers to the risk that a counterparty may default in its contractual obligations resulting in financial loss.

Credit risk of the Fund is managed primarily by:

- The Constitution of the Fund which sets criteria as to what is an Authorised Investment for the Fund including risk management practices of the Investment Manager in the assessment of the borrower's financial capacity to repay, and obtaining an independent credit check on the borrower's previous repayment record;
- La Trobe Financial having a documented investment strategy and strict investment guidelines which include a maximum Loan to Valuation Ratio (**LVR**) and obtaining independent sworn valuations (or municipal rates notice valuations or using an automated valuation model) for each property offered as security;
- Proactive management of Fund Authorised Investments, to minimise loss of income and principal; and
- Investment pool profiling:

  Specific Authorised Investments are made to develop and maintain an appropriately diversified set of interest bearing deposits and fixed and variable rate real property mortgage investments. These are based on criteria (such as LVRs) established for each investment account, so as to diversify the credit risk of the assets into which investor funds are placed, taking into account the purpose and nature of the relevant account. LVR is measured as the total current borrower balance against the most recently received independent valuation.

  The Investment Manager approves the Authorised Investments for the investment accounts in accordance with the Constitution. The credit risk associated with the underlying cash, note investments and mortgage investments approved by the Investment Manager is carried by the investors.

  Investors in the Classic Notice Account, 90 Day Notice Account, 6 Month Notice Account, 12 Month Term Account and 2 Year Account also benefit from Investor Reserves, 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.
- Cash allocations of the Fund are placed exclusively with Australian banks regulated by APRA with $282,077,000 (2022: $204,241,000) being held with banks with an AA- or above credit rating.

The carrying amount of financial assets recorded in the Financial Statements net of any provisions for impairments represents the Fund's maximum exposure to credit risk without taking into account the value of any collateral in relation to those assets.

(b) Market risk

(i) Price risk

Price risk refers to the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. The Fund's ordinary, performing investment receivables are not exposed to price risk. Exposure to price risk is indirect and limited to circumstances of default. Where the mortgage security is enforced and realised as a means to recover the investment receivable there is a risk that movement in the underlying security value may expose the Fund to a recovery shortfall.

This risk is managed by the use, as noted above, of independent sworn valuations both upon the initial approval of the loan and in relation to progressive draw downs and in limiting the approved loans relative to the security valuation. Where a loss on realisation of investment is incurred, shortfalls are borne by Fund investors as ordinary investment risk.

(ii) Interest rate risk

This risk refers to the risk that the future cash flow of a financial instrument may fluctuate because of changes in market interest rates. The Fund's mortgage investments are exposed to this risk where they are variable rate investments. However, there is no net expense to the Fund as interest paid is adjusted for changes in mortgage investment earnings.

The split in mortgage investments recognised by the Fund between variable and fixed rates is as follows:

	2023			2022		
	Weighted average effective interest rate	**Amount $'000**	**Proportion %**	**Weighted average effective interest rate**	**Amount $'000**	**Proportion %**
Variable	8.81%	7,574,917	86.2%	6.11%	6,743,825	93.6%
Fixed	8.56%	1,213,701	13.8%	7.47%	462,049	6.4%
Total	**8.78%**	**8,788,618**	**100.0%**	**6.20%**	**7,205,874**	**100.0%**

The Fund's note investments are also exposed to interest rate risk as note interest is dependent upon the 1-month Bank Bill Swap Rate (**BBSW**) that reprices on the relevant notes' interest period. However, there is no net expense to the Fund as interest paid and/or investment management fees are adjusted for changes in note investment earnings.

The following table summarises the sensitivity of the Fund's financial assets and financial liabilities that are exposed to interest rate risk. The typical interval used by both the Reserve Bank of Australia and the Responsible Entity in adjusting interest rates is 50 basis points. Sensitivity has been based on 50 basis points, noting that the official cash rate set by the Reserve Bank of Australia at balance date was 4.10%. This scenario assumes a corresponding investor declared crediting rate change.

		Interest rate risk			
	Carrying amount	-50 bps		+50 bps	
30 June 2023	**$'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets					
Cash	282,077	(1,410)	-	1,410	-
Note investments	283,305	(1,417)	-	1,417	-
Mortgage investments	8,788,618	(43,943)	-	43,943	-
Financial liabilities					
Investor funds	9,181,443	46,770	-	(46,770)	-
Total increase/(decrease)		**-**	**-**	**-**	**-**

		Interest rate risk			
	Carrying amount	-50 bps		+50 bps	
30 June 2022	**$'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets					
Cash	204,241	(1,022)	-	1,022	-
Note investments	244,999	(1,224)	-	1,224	-
Mortgage investments	7,205,874	(36,029)	-	36,029	-
Financial liabilities					
Investor funds	7,596,457	38,275	-	(38,275)	-
Total increase/(decrease)		**-**	**-**	**-**	**-**

(c) Liquidity risk

Liquidity risk is the risk that the Fund may experience difficulty in either realising assets on a timely basis or otherwise raising sufficient funds, in order to satisfy commitments associated with the discharges and/or redemption of investors earlier than the maturity profile of the respective underlying investment assets.

Given that the predominate underlying assets of the Fund are real property mortgage investments which are relatively illiquid, risk management guidelines adopted by La Trobe Financial are designed to minimise liquidity and cash flow risk. Proactive management of mortgage investments is undertaken to manage liquidity risk including, applying limits to ensure there is not excessive concentration of liquidity risk to a particular counterparty, maturity or, geographic market and minimising loan repayment delinquencies. This includes portfolio balancing through the acquisition and disposal of mortgage investments from and to the Investment Manager and its related entities for the balance of the outstanding principal – refer Note 12 (c).

(d) Fair values of financial assets and financial liabilities

The fair value of each class of financial asset and financial liability approximates their carrying value. The fair value is based upon discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Note 12 – Related parties

(a) Investment Manager

The contracted Investment Manager for the Fund is La Trobe Financial Services Pty Limited, which is a wholly owned subsidiary of La Trobe Financial Pty Limited. The retail investment operations which now form the Fund were originally founded and commenced by the Investment Manager in 1989 and in order to meet new national regulatory requirements formed the Fund in 1999.

Investment Manager remuneration

As disclosed in the Fund's PDS, the Investment Manager does not receive any remuneration directly from the Fund. The Investment Manager is paid an investment manager service fee by La Trobe Financial out of the remuneration the Responsible Entity receives from the Fund.

Other transactions with the Investment Manager

	2023 $	2022 $
Expenses and interest payment cover due to the Investment Manager (these monies have been advanced from the Investment Manager)	2,779,924	2,854,665
Insurance premiums for on payment to insurer	17,516	46,776

(b) Responsible Entity

The Responsible Entity of the Fund appointed in accordance with the Corporations Act 2001 is La Trobe Financial Asset Management Limited, a wholly owned subsidiary of La Trobe Financial Pty Limited. The relationship between the Responsible Entity and the Fund is established by the Fund's Constitution and the Corporations Act 2001. Director details are disclosed in Note 14.

Responsible Entity remuneration

The entitlements of La Trobe Financial to remuneration are set out in the Constitution of the Fund. In accordance with Accounting Policies 1 and 3 (refer Note 3), a portion of the remuneration paid to La Trobe Financial has been incorporated in the amortised cost of investments and are therefore reported as part of the effective interest rate disclosed in the Income Statement and Balance Sheet. Accordingly, the disclosures in this Note differ from the Income Statement and Balance Sheet.

	2023 $	2022 $
Investment management fee (trail advisory)		
– retained by La Trobe Financial	147,083,102	85,649,674
–paid to La Trobe Financial for on-payment to third parties	40,076,617	30,280,587
	187,159,719	**115,930,261**
Application fees (upfront advisory)		
– retained by La Trobe Financial	41,930,005	29,475,186
– paid to La Trobe Financial for on-payment to third parties	35,057,065	30,367,340
	76,987,070	**61,338,589**
Loan management fees (including borrower fees)	26,127,339	19,553,792
Total remuneration recognised	**290,274,128**	**195,326,579**
Of this the total amount payable at balance date is:	*35,658,198*	*25,809,314*
Other transactions with the Responsible Entity		
Withholding tax payable to ATO	37,877	30,031

(c) Other transactions

Investments by the Fund

The Fund has not made or held any investments in the Investment Manager, La Trobe Financial or related entities during the year apart from note investments in the 6 Month Notice and 4 Year Accounts which are all in securitisation warehouses and residential mortgage backed securities (**RMBS**) where the Investment Manager is the Servicer and Originator.

The Investment Manager or its affiliates or officers have no borrowings from the Fund. No staff of the Investment Manager are able to borrow from the Fund.

Investments in the Fund

At 30 June 2023 the Responsible Entity did not hold any investments in the Fund (2022: nil). Commonly controlled entities held the following investments in the Fund:

	2023 $	2022 $
Opening balance	179,414	236,704
Applications	-	-
Redemptions	(67,608)	(57,290)
Closing balance	**111,806**	**179,414**

All investment transactions in the Fund have been conducted on normal commercial terms and conditions as outlined in the Fund's PDS.

From time to time directors of La Trobe Financial and staff of the Investment Manager may invest or withdraw and subsequently redeem investment made from the Fund. These transactions are managed in accordance with an investment policy applicable to all staff conducting personal investments in the Fund. The Investment Manager maintains a register of all staff related investments at all times. All transactions are strictly conducted on the same commercial terms and conditions as those entered into by other non-related Fund investors.

Details of amounts invested in the Fund by the Compliance Committee Members, Directors and Key Executives and their related entities are disclosed in Note 14.

Portfolio management

From time to time as part of the ordinary portfolio balancing and liquidity management of the Fund, La Trobe Financial may transact with the Investment Manager and its related entities to acquire from or sell to the Fund mortgage or notes investments. Such mortgage or note investments are acquired or sold at their outstanding principal and the Investment Manager receives no additional fee for this service. The Investment Manager and its related entities are not obliged to acquire or sell these mortgage or note investments.

For the year ended 30 June 2023, the Fund acquired such mortgage investments totalling $820,520,000 (2022: $1,309,598,000) and sold mortgage investments totalling $1,668,335,000 (2022: $1,626,763,000).

For the year ended 30 June 2023, the Fund acquired note investments totalling $367,713,000 (2022: $214,252,000) and redeemed note investments totalling $329,786,000 (2022: $144,316,000).

Note 13 – Auditor remuneration

	2023 $	2022 $
Ernst & Young* (FY22: KPMG)		
(i) Financial report audit services:		
– Review of the half year financial report of the Fund	12,500	12,500
– Audit of the annual financial report of the Fund	37,500	42,405
	50,000	**54,905**
(ii) Other services:		
– Compliance plan audit	15,000	15,500
Total fees paid to auditor of the Fund by the Responsible Entity	**65,000**	**70,405**

* Ernst & Young were appointed as external auditor on 9 September 2022, effective for the year ended 30 June 2023. KPMG were the appointed external auditor for the year ended 30 June 2022.

Note 14 – Compliance Committee Members, Directors and Key Executives

Key Executives (including directors) with authority for strategic direction and management

The following persons were the Executives with authority for planning, directing and controlling the activities of La Trobe Financial as Responsible Entity for the Fund for the full financial year unless stated otherwise:

- Mr CG Andrews, President and Chief Executive Officer
- Mr MJ Barry, Senior Vice President and Chief Financial Officer
- Mr RJ Donohoue, Senior Vice President and Chief Operations and Risk Officer
- Mr CAJ Paton, Vice President and Chief Investment Officer

Remuneration

Non-executive Directors and Compliance Committee Members are paid by La Trobe Financial in its capacity of Responsible Entity and executives (including executive Directors and executive Compliance Committee Members) are paid by the Investment Manager. Payments made from the Fund to La Trobe Financial do not include any amounts attributable to the compensation of the Compliance Committee Members, Directors and Key Executives.

Compliance Committee Member, Director and Key Executive interests in the Fund

Compliance Committee Members, Directors, Key Executives and their related entities held the following interests in the Fund (excluding commonly controlled entities):

30 June 2023	Opening balance $	Applications $	Redemptions $	Closing balance $
Mr JW Marriott	400,000	-	-	400,000
Mr CG Andrews	2,706,447	153,228	(2,152,730)	706,945
Mr MJ Barry	4,609,536	271,566	(4,881,102)	-
Mr RJ Donohoue	500,000	551,467	(1,467)	1,050,000
Mr CAJ Paton	-	353,374	(353,364)	10

30 June 2022	Opening balance $	Applications $	Redemptions $	Adustments* $	Closing balance $
Mr JW Marriott	400,000	-	-	-	400,000
Mr GK O'Neill OAM*	65,620,475	2,148,357	(51,003,683)	(16,765,149)	-
Mr CG Andrews	246,770	2,464,678	(5,001)	-	2,706,447
Mr MJ Barry	1,061,410	3,548,126	-	-	4,609,536
Mr RJ Donohoue	100,000	400,000	-	-	500,000
Mr CAJ Paton	700,000	16,450	(716,450)	-	-

* Where a Compliance Committee Member, Director or Key Executive resigns, the adjustment balance represents their interests at the date of resignation.

Other interests

None of the Compliance Committee Members, Directors or Key Executives of the Responsible Entity, have an interest directly or indirectly in the promotion of any individual mortgage property or properties proposed or actually mortgaged by the Fund. Compliance Committee Members, Directors and Key Executives are prohibited from borrowing from the Fund.

Note 15 – Reconciliation of net cash provided by operating activities

Reconciliation of net profit to net cash inflow from operating activities

	2023 $'000	2022 $'000
Profit for the year	-	-
Interest expense	467,976	271,791
Profit before interest expense	**467,976**	**271,791**
Net increase/(decrease) in investor funds	1,206,328	1,572,494
Net (increase)/decrease in mortgage investments	(1,555,259)	(2,085,750)
Net (increase)/decrease in note investments	(38,306)	(70,342)
(Decrease)/increase in accounts payable	3,233	15,259
Decrease/(increase) in accounts receivable	(2,522)	(627)
Amortised cost movement on mortgage investments	(3,614)	1,002
Net cash inflow from operating activities	**77,836**	**(296,173)**

Note 16 – Commitments and contingencies

La Trobe Financial Asset Management Limited has sought legal advice in relation to a potential historical taxation matter. As at the date of this report, this advice remains outstanding with the timing and outcome being indeterminable, 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 30 June 2023.

Note 17 – Events subsequent to balance date

No matter or circumstance has arisen since 30 June 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 opinion of the Directors' of the Responsible Entity:

(a) the Financial Statements and Notes set out on pages 24 to 39 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, 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 30 June 2023 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the financial 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 Standards 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
15 September 2023

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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

Opinion

We have audited the financial report of La Trobe Australian Credit Fund (the Fund), which comprises the balance sheet as at 30 June 2023, the income statement, statement of equity adjustments, statement of changes in equity and cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

John MacDonald
Partner
Melbourne
15 September 2023

COMPLIANCE PLAN AUDITOR'S REPORT

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Independent auditor's compliance plan audit report to the directors of La Trobe Financial Asset Management Limited

We have audited the compliance plan of La Trobe Australian Credit Fund (the "Fund") which was established by La Trobe Financial Asset Management Limited as the responsible entity for the Fund for the financial year ended 30 June 2023.

Directors' responsibility for the compliance plan

The directors of the responsible entity are responsible for ensuring that the Fund's compliance plan meets the requirements of section 601HA of the *Corporations Act 2001*, including that it sets out adequate measures that the responsible entity is to apply in operating the Fund to ensure compliance with the *Corporations Act 2001* and the Fund's constitution, and for complying with the compliance plan. These responsibilities are set out in Part 5C.2 of the *Corporations Act 2001*.

Our independence and quality management

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the responsible entity complied with the compliance plan during the financial year ended 30 June 2023 and the compliance plan continues to meet the requirements of Part 5C.4 of the *Corporations Act 2001* as at that date, in all material respects. We conducted our audit in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements*. These Standards on Assurance Engagements require that we comply with the relevant ethical requirements relating to assurance engagements and plan and perform the engagement to obtain reasonable assurance that the responsible entity complied with the compliance plan and the plan met the requirements of the *Corporations Act 2001*.

Our procedures included obtaining an understanding of the compliance plan and the compliance measures which it contains and examining, on a test basis, evidence supporting the operation of these compliance measures. These procedures have been undertaken to form an opinion whether, in all material respects, the responsible entity has complied with the compliance plan during the financial year ended 30 June 2023, and the compliance plan continues to meet the requirements of Part 5C.4 of the *Corporations Act 2001* as at that date.

Use of report

This compliance audit report has been prepared for La Trobe Financial Asset Management Limited as the responsible entity of the Fund in accordance with section 601HG of the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report to any person other than the responsible entity, or for any purpose other than that for which it was prepared.

COMPLIANCE PLAN AUDITOR'S REPORT

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Inherent limitations

Because of the inherent limitations of any compliance measures, as documented in the compliance plan, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. An audit is not designed to detect all weaknesses in a compliance plan and the compliance measures in the plan, as an audit is not performed continuously throughout the financial year and the audit procedures performed on the compliance plan and compliance measures are undertaken on a test basis.

Any projection of the evaluation of the compliance plan to future periods is subject to the risk that the compliance measures in the plan may become inadequate because of changes in conditions or circumstances, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, in all material respects:

a. La Trobe Financial Asset Management Limited has complied with the compliance plan of La Trobe Australian Credit Fund for the financial year ended 30 June 2023; and

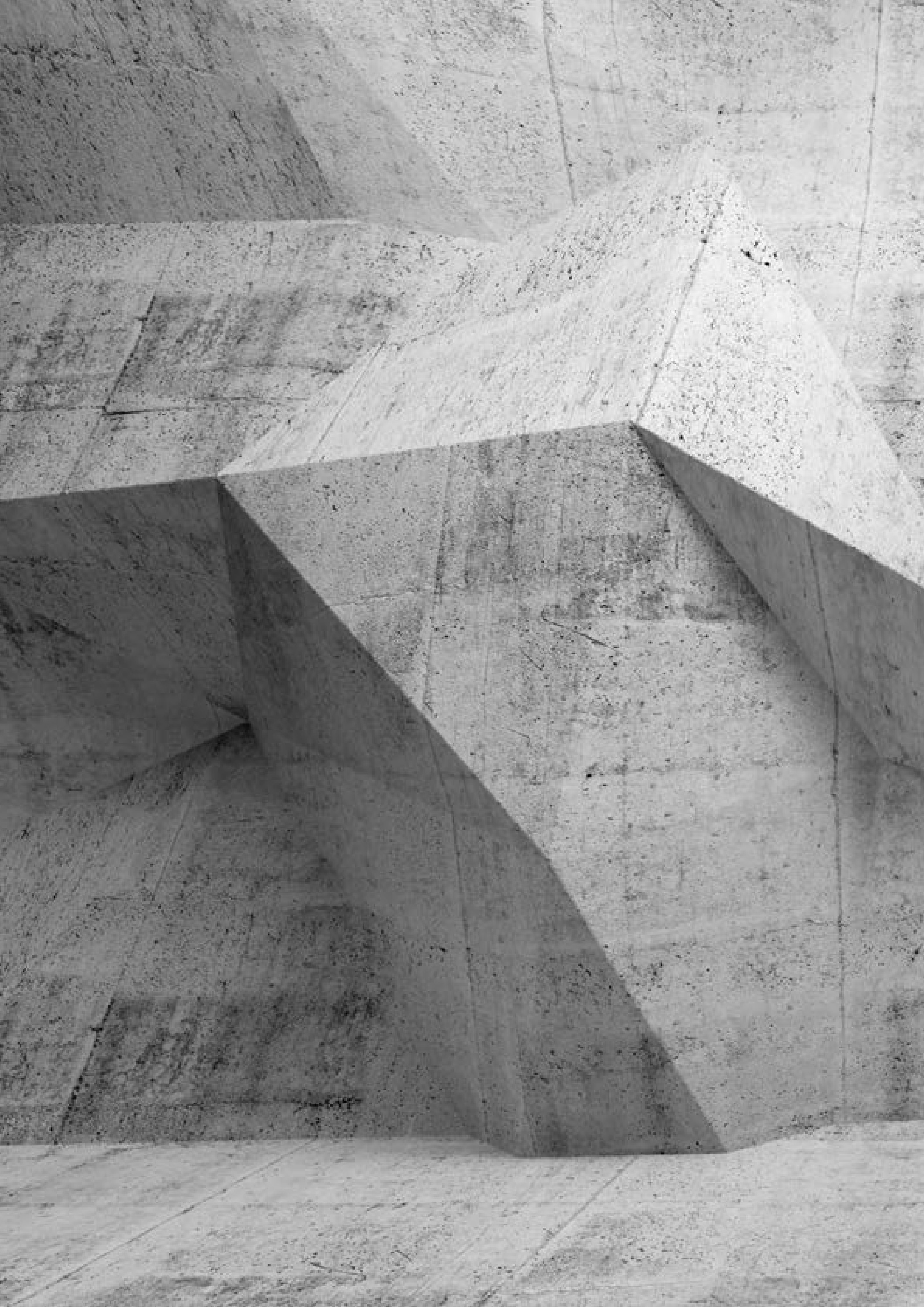
b. The compliance plan continues to meet the requirements of Part 5C.4 of the *Corporations Act 2001* as at that date.

Ernst & Young

Ernst & Young

Justin McKenzie

Justin McKenzie
Partner
Melbourne
15 September 2023



La Trobe financial

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