

2023

ANNUAL REPORT

Yarra Leaders Fund

Yarra Australian Equities Fund

Yarra Australian Real Assets Securities Fund

Yarra Ex-20 Australian Equities Fund

Yarra Leaders Fund (ARSN 089 913 431)

Yarra Australian Equities Fund (ARSN 090 045 720)

Yarra Australian Real Assets Securities Fund (ARSN 117 307 525)

Yarra Ex-20 Australian Equities Fund (ARSN 090 047 706)

Annual financial reports - 30 June 2023



Yarra Leaders Fund (ARSN 089 913 431)

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Annual financial reports - 30 June 2023

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Directors' report

The directors of Yarra Funds Management Limited (ABN: 63 005 885 567; AFSL: 230251), the responsible entity ("Responsible Entity") and the investment manager ("Investment Manager") of the managed investment schemes (the "Schemes") listed below, present their report together with the annual financial reports of the Schemes for the year ended 30 June 2023.

	ARSN
Yarra Leaders Fund	089 913 431
Yarra Australian Equities Fund	090 045 720
Yarra Australian Real Assets Securities Fund	117 307 525
Yarra Ex-20 Australian Equities Fund	090 047 706

Principal activities

The Schemes invest in the range of securities as follows:

- Yarra Leaders Fund and Yarra Australian Equities Fund primarily invest in a range of securities listed on the Australian Securities Exchange and cash. The Schemes can utilise derivative financial instruments, such as futures contracts, to gain or reduce market exposure. This is in accordance with the governing documents of the Schemes.
- Yarra Australian Real Assets Securities Fund invests primarily in Australian listed infrastructure, utilities and REIT securities and cash in accordance with the governing documents of the Scheme.
- Yarra Ex-20 Australian Equities Fund invests primarily in a range of securities listed on the Australian Securities Exchange (excluding securities in the S&P/ASX 20 Index) and cash. The Scheme can utilise derivative financial instruments, such as futures contracts, to gain or reduce market exposure. This is in accordance with the governing documents of the Scheme.

The Schemes did not have any employees during the year.

Directors

The following persons held office as directors of Yarra Funds Management Limited during the year or since the end of the year and up to the date of this report:

Priscilla Boreham	
Roy Keenan	
Jennifer Horrigan	
Vito D'Introno	(Resigned 1 May 2023)
Naomi Edwards	(Appointed 1 May 2023)
Edward Eason	(Appointed 1 May 2023)

Directors' report (continued)

Review and results of operations

There have been no significant changes to the operations of the Schemes since the previous financial year.

During the year, the Schemes continued to invest in accordance with target asset allocations as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

The performance of the Schemes, as represented by the results of their operations, are as follows:

Results

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss)	8,471	(2,399)	19,104	(7,738)
Distributions paid and payable	5,116	6,917	5,350	9,929
Distributions - cents per unit (CPU)	14.4203	20.5216	6.5892	12.2028
	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss)	1,652	(144)	2,358	(804)
Distributions paid and payable	1,801	4,366	211	300
Distributions - cents per unit (CPU)	7.7570	20.4931	1.3868	1.8007

Directors' report (continued)

Review and results of operations (continued)

Recent geo-political uncertainty, including conflict, political uncertainty and related tensions, have significantly impacted financial markets, commodity prices and global trade. Whilst not directly impacted by any such events, the Schemes' assets have been subject to valuation movements as a result of market uncertainties. The Responsible Entity continues to monitor the effects of unfolding events and will continue to actively manage the Schemes' asset portfolio in response to relevant developments.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Schemes that occurred during the year ended 30 June 2023.

Combining registered scheme financial reports

The Schemes are of a kind referred to in the *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* issued by the Australian Securities and Investments Commission. This ASIC Corporations Instrument enables the Responsible Entity to combine the financial reports for the Schemes in adjacent columns in a single financial report. Amounts have been combined in the financial reports and the directors' report in accordance with this ASIC Corporations Instrument.

Matters subsequent to the end of the year

No matter or circumstance has arisen since 30 June 2023, that has significantly affected or may significantly affect:

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

Likely developments and expected results of operations

The Schemes will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

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

Directors' report (continued)

Indemnification and insurance of the Responsible Entity, directors and auditors

No insurance premiums are paid for out of the assets of the Schemes in regards to insurance cover provided to the Responsible Entity, directors or the auditors of the Schemes. As long as the Responsible Entity acts in accordance with the Schemes' Constitution and the Law, the Responsible Entity remains fully indemnified out of the assets of the Schemes against losses incurred while acting on behalf of the Schemes. The auditors of the Schemes are in no way indemnified out of the assets of the Schemes.

Fees paid to and interests held in the Schemes by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Schemes property during the year are disclosed in note 14.

No fees were paid out of Schemes property to the directors of the Responsible Entity during the year.

Environmental regulation

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

Rounding

The Schemes are of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding" of amounts in the directors' report and financial reports. Amounts in the directors' report and financial reports for the Schemes have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise stated.

Directors' report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

This report is made in accordance with a resolution of the directors.



Roy Keenan
Director

Melbourne
25 September 2023



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26 September 2023

The Board of Directors

Yarra Funds Management Limited as Responsible Entity for:

Yarra Leaders Fund;

Yarra Australian Equities Fund;

Yarra Australian Real Assets Securities Fund;

Yarra Ex-20 Australian Equities Fund

Level 19, 101 Collins Street

Melbourne VIC 3000

Dear Directors,

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Yarra Funds Management Limited, the Responsible Entity, regarding the financial reports for Yarra Leaders Fund, Yarra Australian Equities Fund, Yarra Australian Real Assets Securities Fund and Yarra Ex-20 Australian Equities Fund.

As lead audit partner for the audit of the financial reports of Yarra Leaders Fund, Yarra Australian Equities Fund, Yarra Australian Real Assets Securities Fund and Yarra Ex-20 Australian Equities Fund for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audits; and
- (ii) any applicable code of professional conduct in relation to the audits.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Yours faithfully

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu". The signature is written in black ink on a light grey rectangular background.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Kuziow". The signature is written in black ink on a light grey rectangular background.

Adam Kuziow
Partner
Chartered Accountants

Statements of comprehensive income

	Notes	Yarra Leaders Fund		Yarra Australian Equities Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Investment income					
Interest income		21	-	58	-
Dividend/trust distributions		1,994	1,950	3,994	4,078
Net gains/(losses) on financial instruments at fair value through profit or loss	5	7,165	(3,601)	16,060	(10,746)
Total net investment income/(loss)		9,180	(1,651)	20,112	(6,668)
Expenses					
Responsible Entity's fees	14	462	588	905	945
Administration fees	14	207	118	-	-
Transactions costs		38	37	100	96
Withholding tax expense		2	5	3	29
Total expenses		709	748	1,008	1,070
Operating profit/(loss)		8,471	(2,399)	19,104	(7,738)
Profit/(loss) for the year		8,471	(2,399)	19,104	(7,738)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income/(loss) for the year		8,471	(2,399)	19,104	(7,738)

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

Statements of comprehensive income (continued)

	Notes	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Investment income					
Interest income		6	-	9	-
Dividend/trust distributions		718	600	324	346
Net gains/(losses) on financial instruments at fair value through profit or loss	5	<u>1,084</u>	<u>(565)</u>	<u>2,142</u>	<u>(1,017)</u>
Total net investment income/(loss)		<u>1,808</u>	<u>35</u>	<u>2,475</u>	<u>(671)</u>
Expenses					
Responsible Entity's fees	14	147	170	103	118
Transactions costs		7	7	13	15
Withholding tax expense		<u>2</u>	<u>2</u>	<u>1</u>	<u>-</u>
Total expenses		<u>156</u>	<u>179</u>	<u>117</u>	<u>133</u>
Operating profit/(loss)		<u>1,652</u>	<u>(144)</u>	<u>2,358</u>	<u>(804)</u>
Profit/(loss) for the year		<u>1,652</u>	<u>(144)</u>	<u>2,358</u>	<u>(804)</u>
Other comprehensive income for the year		-	-	-	-
Total comprehensive income/(loss) for the year		<u>1,652</u>	<u>(144)</u>	<u>2,358</u>	<u>(804)</u>

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

Statements of financial position

	Notes	Yarra Leaders Fund		Yarra Australian Equities Fund	
		As at		As at	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents	8	981	447	926	824
Applications receivable		-	26	10	10
Receivables		149	633	267	1,035
Margin accounts		51	-	-	-
Financial assets at fair value through profit or loss	6	45,936	43,603	100,103	94,719
Total assets		47,117	44,709	101,306	96,588
Liabilities					
Distributions payable	4	4,299	6,158	3,290	8,038
Redemptions payable		8	44	120	22
Payables		172	655	232	1,192
Financial liabilities at fair value through profit or loss		5	-	-	-
Total liabilities		4,484	6,857	3,642	9,252
Net assets attributable to unitholders - equity	3	42,633	37,852	97,664	87,336

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

Statements of financial position (continued)

	Notes	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
		As at		As at	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents	8	220	163	236	406
Receivables		210	190	31	71
Margin accounts		-	-	17	12
Financial assets at fair value through profit or loss	6	15,963	18,124	11,764	10,401
Total assets		16,393	18,477	12,048	10,890
Liabilities					
Distributions payable	4	1,537	4,196	68	182
Redemptions payable		-	-	-	16
Payables		35	40	40	180
Financial liabilities at fair value through profit or loss*	7	-	-	2	-
Total liabilities		1,572	4,236	110	378
Net assets attributable to unitholders - equity	3	14,821	14,241	11,938	10,512

* Financial liabilities at fair value through profit or loss for Yarra Ex-20 Australian Equities Fund as at 30 June 2022 was less than \$1,000.

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

Statements of changes in equity

	Notes	Yarra Leaders Fund		Yarra Australian Equities Fund	
		Year ended		Year ended	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year		37,852	49,690	87,336	106,070
Comprehensive income for the year					
Profit/(loss) for the year		8,471	(2,399)	19,104	(7,738)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		8,471	(2,399)	19,104	(7,738)
Transactions with unitholders					
Applications	3	-	-	11,310	19,915
Redemptions	3	(4,086)	(4,707)	(17,625)	(27,574)
Units issued upon reinvestment of distributions	3	5,512	2,185	2,889	6,592
Distributions paid and payable	3	(5,116)	(6,917)	(5,350)	(9,929)
Total transactions with unitholders		(3,690)	(9,439)	(8,776)	(10,996)
Total equity at the end of the year		42,633	37,852	97,664	87,336

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

Statements of changes in equity (continued)

	Notes	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Total equity at the beginning of the year		14,241	20,613	10,512	14,076
Comprehensive income for the year					
Profit/(loss) for the year		1,652	(144)	2,358	(804)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		1,652	(144)	2,358	(804)
Transactions with unitholders					
Applications	3	3,035	1,588	1,053	175
Redemptions	3	(5,358)	(4,302)	(1,829)	(2,695)
Units issued upon reinvestment of distributions	3	3,052	852	55	60
Distributions paid and payable	3	(1,801)	(4,366)	(211)	(300)
Total transactions with unitholders		(1,072)	(6,228)	(932)	(2,760)
Total equity at the end of the year		14,821	14,241	11,938	10,512

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

Statements of cash flows

	Notes	Yarra Leaders Fund		Yarra Australian Equities Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss		19,151	23,550	48,226	65,910
Purchase of financial instruments at fair value through profit or loss		(14,371)	(19,533)	(37,785)	(48,790)
Interest received		21	-	58	-
Dividends/trust distributions received		1,965	1,966	3,937	4,158
Payment of expenses		(673)	(722)	(909)	(1,015)
Net cash inflows/(outflows) from operating activities	9(a)	6,093	5,261	13,527	20,263
Cash flows from financing activities					
Proceeds from applications by unitholders		-	-	11,311	19,904
Payments for redemptions by unitholders		(4,096)	(4,689)	(17,527)	(27,618)
Distributions paid		(1,463)	(625)	(7,209)	(14,942)
Net cash inflows/(outflows) from financing activities		(5,559)	(5,314)	(13,425)	(22,656)
Net increase/(decrease) in cash and cash equivalents		534	(53)	102	(2,393)
Cash and cash equivalents at beginning of the year		447	500	824	3,217
Cash and cash equivalents at the end of the year	8	981	447	926	824
Non-cash financing activities	9(b)	5,512	2,185	2,889	6,592

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

Statements of cash flows (continued)

	Notes	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss		10,875	10,552	5,345	8,584
Purchase of financial instruments at fair value through profit or loss		(7,637)	(7,749)	(4,662)	(6,127)
Interest received		6	-	9	-
Dividends/trust distributions received		698	640	304	359
Payment of expenses		(154)	(182)	(104)	(124)
Net cash inflows/(outflows) from operating activities	9(a)	3,788	3,261	892	2,692
Cash flows from financing activities					
Proceeds from applications by unitholders		3,035	1,588	1,053	176
Payments for redemptions by unitholders		(5,358)	(4,303)	(1,845)	(2,739)
Distributions paid		(1,408)	(505)	(270)	(200)
Net cash inflows/(outflows) from financing activities		(3,731)	(3,220)	(1,062)	(2,763)
Net increase/(decrease) in cash and cash equivalents		57	41	(170)	(71)
Cash and cash equivalents at beginning of the year		163	122	406	477
Cash and cash equivalents at the end of the year	8	220	163	236	406
Non-cash financing activities	9(b)	3,052	853	55	60

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

1 General information

The annual financial reports cover the following schemes ("the Schemes") as individual entities, each constituted pursuant to the following separate Constitutions and limited to the following periods unless terminated earlier under the provisions of their Constitutions:

Schemes	Date of Constitution	Date of Expiry
Yarra Leaders Fund	10 December 1987	11 February 2066
Yarra Australian Equities Fund	11 July 1995	11 February 2066
Yarra Australian Real Assets Securities Fund	22 December 2005	21 November 2085
Yarra Ex-20 Australian Equities Fund	24 January 2000	23 January 2080

The responsible entity of the Schemes is Yarra Fund Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, 101 Collins Street, Melbourne VIC 3000.

The annual financial reports were authorised for issue by the directors on 25 September 2023. The directors of the Responsible Entity have the power to amend and reissue the annual financial reports.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial reports are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose annual reports have been prepared on a going concern basis in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Schemes are for-profit unit trust for the purpose of preparing the annual financial reports.

The annual financial reports were prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The Schemes manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of their portfolios will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date. In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Compliance with International Financial Reporting Standards

The annual financial reports of the Schemes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Financial instruments

(i) Classification

The Schemes' investments are classified as at fair value through profit or loss.

These are investments in equity securities and unit trusts.

(ii) Recognition/derecognition

The Schemes recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date. Classification and measurement of securities is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Schemes have transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Schemes measure financial instruments at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial instruments at fair value through profit or loss are presented in the statements of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Schemes are the last traded prices and the quoted market prices for financial liabilities are the current asking prices.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Schemes recognise the difference in the statements of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

Further details on how the fair values of financial instruments are determined are disclosed in note 12.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Investment income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Schemes currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statements of comprehensive income.

Trust distributions are recognised on an entitlements basis.

(d) Expenses

All expenses are recognised in the statements of comprehensive income on an accruals basis.

(e) Distributions

The Schemes distribute their distributable income adjusted for amounts determined by the Responsible Entity in accordance with the Schemes' Constitution, to unitholders in the form of cash or via the issuance of units upon a reinvestment of distributions. The Schemes' distributions are classified as distributions paid and payable in the statements of changes in equity. Distributions paid are included in cash flows from financing activities in the statements of cash flows.

(f) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Where relevant, bank overdrafts are shown as liabilities in the statements of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Schemes' main income generating activity.

(g) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

2 Summary of significant accounting policies (continued)

(h) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(c) above. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Schemes shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Schemes shall measure the loss allowance at an amount equal to 12-month expected credit losses.

(i) Payables

Payables include liabilities and accrued expenses owing by the Schemes which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled in line with market conventions. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the statements of financial position when unitholders are presently entitled to the distributable income.

(j) Net assets attributable to unitholders

The units in the Schemes represent puttable financial instruments and are redeemable at the unitholders' option, however, redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Schemes at any time for cash based on the redemption price, which is equal to a proportionate share of the Schemes' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at the statements of financial position date if the unitholder exercises the right to put the unit back to the Schemes. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Schemes' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Schemes, and it is not a contract settled in the Schemes' own equity instruments; and
- the total expected cash flows attributed to the puttable financial instrument over the life are based substantially on the profit or loss.

2 Summary of significant accounting policies (continued)

(j) Net assets attributable to unitholders (continued)

The units in the Schemes satisfy these requirements, and consequently net assets attributable to unitholders are classified as equity. Units in the Schemes can generally be redeemed at any time for cash equal to a proportionate share of the Schemes' net asset values, subject to restrictions on withdrawals as disclosed in the governing documents.

(k) Applications and redemptions

Applications received for units in the Schemes are recorded net of any entry fees payable where applicable, prior to the issue of units in the Schemes. Redemptions from the Schemes are recorded gross of any exit fees payable where applicable, after the cancellation of units redeemed. Yarra Leaders Fund is no longer available for new investment, therefore no applications were allowed into the Scheme.

(l) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of the expense.

With respect to disclosures in the statements of financial position, payables are stated with the amount of GST included, while the net amount of GST recoverable from the ATO is included as a receivable.

Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(m) Foreign currency translation

Functional and presentation currency

Items included in the Schemes' annual financial reports are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Schemes compete for funds, primarily invests and is regulated. The Australian dollar is also the Schemes' presentation currency.

(n) Use of judgements and estimates

The preparation of the financial reports in conformity with Australian Accounting Standards requires the Responsible Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the judgements and estimates made and assumptions applied.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 Summary of significant accounting policies (continued)

(n) Use of judgements and estimates (continued)

In the process of preparing the financial reports of the Schemes and in the application of the Schemes' accounting policies, the Responsible Entity is of the opinion that there are no areas of significant estimation uncertainty or material judgement that have been exercised and is expected to have a significant effect on the amounts recognised within the financial reports.

(o) Income tax

Under current legislation, the Schemes are not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

The benefit of imputation credits and foreign tax paid is passed on to unitholders.

(p) New accounting standards and interpretations

(i) *New and amended standards adopted by the Schemes*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(ii) *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing this annual financial reports. These new standards, amendments to standards and interpretations are not expected to have a material impact on the future annual financial report of the Schemes.

(q) Rounding

The Schemes are of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding" of amounts in the directors' report and financial reports. Amounts in the directors' report and financial reports for the Schemes have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise stated.

3 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. In accordance with AASB 132, the units in the Schemes are classified as equity as they meet all the required features and conditions therein.

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

	Yarra Leaders Fund				Yarra Australian Equities Fund			
	30 June 2023	As at 30 June 2022	30 June 2023	30 June 2022	30 June 2023	As at 30 June 2022	30 June 2023	30 June 2022
	No. of units (000)	No. of units (000)	\$'000	\$'000	No. of units (000)	No. of units (000)	\$'000	\$'000
Opening balance	33,630	35,408	37,852	49,690	82,025	82,905	87,336	106,070
Applications	-	-	-	-	9,681	15,424	11,310	19,915
Redemptions	(3,224)	(3,334)	(4,086)	(4,707)	(14,549)	(21,452)	(17,625)	(27,574)
Units issued upon reinvestment of distributions	4,849	1,556	5,512	2,185	2,671	5,148	2,889	6,592
Distributions paid and payable	-	-	(5,116)	(6,917)	-	-	(5,350)	(9,929)
Profit/(loss) for the year	-	-	8,471	(2,399)	-	-	19,104	(7,738)
Closing balance	35,255	33,630	42,633	37,852	79,828	82,025	97,664	87,336

3 Net assets attributable to unitholders (continued)

	Yarra Australian Real Assets Securities Fund				Yarra Ex-20 Australian Equities Fund			
	30 June 2023 No. of units (000)	30 June 2022 No. of units (000)	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 No. of units (000)	30 June 2022 No. of units (000)	30 June 2023 \$'000	30 June 2022 \$'000
Opening balance	21,324	23,200	14,241	20,613	15,879	19,188	10,512	14,076
Applications	4,774	1,787	3,035	1,588	1,377	234	1,053	175
Redemptions	(7,686)	(4,611)	(5,358)	(4,302)	(2,405)	(3,622)	(1,829)	(2,695)
Units issued upon reinvestment of distributions	4,567	948	3,052	852	80	79	55	60
Distributions paid and payable	-	-	(1,801)	(4,366)	-	-	(211)	(300)
Profit/(loss) for the year	-	-	1,652	(144)	-	-	2,358	(804)
Closing balance	22,979	21,324	14,821	14,241	14,931	15,879	11,938	10,512

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

Capital risk management

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily redemptions at the discretion of unitholders.

Applications and redemptions are reviewed relative to the liquidity of the Schemes' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Schemes' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

4 Distributions to unitholders

The distributions paid and payable for the year were as follows:

	Yarra Leaders Fund				Yarra Australian Equities Fund			
	30 June 2023 \$'000	Year ended		30 June 2022 CPU	30 June 2023 \$'000	Year ended		30 June 2022 CPU
		30 June 2023 CPU	30 June 2022 \$'000			30 June 2023 CPU	30 June 2022 \$'000	
Distribution paid - December	817	2.2252	759	2.2104	2,060	2.4676	1,891	2.4028
Distribution payable - June	4,299	12.1951	6,158	18.3112	3,290	4.1216	8,038	9.8000
	5,116	14.4203	6,917	20.5216	5,350	6.5892	9,929	12.2028

	Yarra Australian Real Assets Securities Fund				Yarra Ex-20 Australian Equities Fund			
	30 June 2023 \$'000	Year ended		30 June 2022 CPU	30 June 2023 \$'000	Year ended		30 June 2022 CPU
		30 June 2023 CPU	30 June 2022 \$'000			30 June 2023 CPU	30 June 2022 \$'000	
Distribution paid - December	264	1.0683	170	0.8146	143	0.9289	118	0.6537
Distribution payable - June	1,537	6.6887	4,196	19.6785	68	0.4579	182	1.1470
	1,801	7.7570	4,366	20.4931	211	1.3868	300	1.8007

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

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Net gains/(losses) on financial assets at fair value through profit or loss	7,123	(3,601)	15,773	(10,746)
Financial liabilities				
Net gains/(losses) on financial liabilities at fair value through profit or loss	42	-	287	-
Total net gains/(losses) on financial instruments at fair value through profit or loss	7,165	(3,601)	16,060	(10,746)

	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Net gains/(losses) on financial assets at fair value through profit or loss	1,084	(565)	2,156	(985)
Financial liabilities				
Net gains/(losses) on financial liabilities at fair value through profit or loss	-	-	(14)	(32)
Total net gains/(losses) on financial instruments at fair value through profit or loss	1,084	(565)	2,142	(1,017)

6 Financial assets at fair value through profit or loss

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	As at		As at	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Listed equities	44,945	42,030	98,320	91,786
Listed unit trusts	991	1,573	1,783	2,933
Total financial assets at fair value through profit or loss	45,936	43,603	100,103	94,719

	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	As at		As at	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Listed equities	7,156	3,216	11,147	9,785
Listed unit trusts	8,807	14,908	617	616
Total financial assets at fair value through profit or loss	15,963	18,124	11,764	10,401

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in notes 11 and 12.

7 Financial liabilities at fair value through profit or loss

	Yarra Leaders Fund		Yarra Ex-20 Australian Equities Fund	
	As at		As at	
	30 June 2023	30 June 2022*	30 June 2023	30 June 2022*
	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss				
Futures	5	-	2	-
Total financial liabilities at fair value through profit or loss	5	-	2	-

* Financial liabilities at fair value through profit or loss as at 30 June 2022 was less than \$1,000.

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in notes 11 and 12.

8 Cash and cash equivalents

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	981	447	926	824

8 Cash and cash equivalents (continued)

	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	As at		As at	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	<u>220</u>	<u>163</u>	<u>236</u>	<u>406</u>

9 Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
(a) Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities				
Profit/(loss) for the year	8,471	(2,399)	19,104	(7,738)
Proceeds from sale of financial instruments at fair value through profit or loss	19,151	23,550	48,226	65,910
Purchase of financial instruments at fair value through profit or loss	(14,371)	(19,533)	(37,785)	(48,790)
Net (gains)/losses on financial instruments at fair value through profit or loss	(7,165)	3,601	(16,060)	10,746
Transaction costs	38	37	100	96
Trust distributions reinvested	(13)	(48)	(27)	(94)
Net change in receivables	(16)	76	(29)	195
Net change in payables	(2)	(23)	(2)	(62)
Net cash inflows/(outflows) from operating activities	6,093	5,261	13,527	20,263
(b) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	5,512	2,185	2,889	6,592

9 Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities (continued)

	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
(a) Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities				
Profit/(loss) for the year	1,652	(144)	2,358	(804)
Proceeds from sale of financial instruments at fair value through profit or loss	10,875	10,552	5,345	8,584
Purchase of financial instruments at fair value through profit or loss	(7,637)	(7,749)	(4,662)	(6,127)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,084)	565	(2,142)	1,017
Transaction costs	7	7	13	15
Trust distributions reinvested	-	(58)	(5)	-
Net change in receivables	(20)	102	(15)	15
Net change in payables	(5)	(14)	-	(8)
Net cash inflows/(outflows) from operating activities	3,788	3,261	892	2,692
(b) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	3,052	853	55	60

10 Derivatives financial instruments

In the normal course of business the Schemes enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Schemes' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities;
- adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Schemes.

There were no derivatives held as at 30 June 2023 by Yarra Australian Equities Fund and Yarra Australian Real Assets Securities Fund.

Yarra Leaders Fund and Yarra Ex-20 Australian Equities Fund holds the following derivative instruments:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

10 Derivatives financial instruments (continued)

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

Yarra Leaders Fund	Contract/ notional \$'000	Fair Values	
		Assets \$'000	Liabilities \$'000
30 June 2023			
Futures	<u>537</u>	<u>-</u>	<u>5</u>
Yarra Ex-20 Australian Equities Fund			
	Contract/ notional \$'000	Fair Values	
		Assets \$'000	Liabilities \$'000
30 June 2023			
Futures	<u>179</u>	<u>-</u>	<u>2</u>
30 June 2022			
	Contract/ notional \$'000	Fair Values	
		Assets \$'000	Liabilities* \$'000
Futures	<u>162</u>	<u>-</u>	<u>-</u>

* Futures for Yarra Ex-20 Australian Equities Fund as at 30 June 2022 was less than \$1,000.

11 Financial risk management

The Schemes' assets principally consist of listed securities and listed unit trusts. They hold these investments in accordance with their investment strategy.

The Schemes' investment activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Schemes use different methods to measure different types of risk to which they are exposed. These methods include sensitivity analysis in the case of price, interest rate and foreign exchange risk.

The possible movements in the risk variables presented in the below sensitivity analysis have been determined based on management's best estimate, having regard for a number of factors, including historical changes in security prices. However, actual movements in these risk variables may be more or less significant and historic variations are not a definitive indicator of future variations in the risk variables.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Schemes' risk management framework. The Schemes' overall risk management program focuses on ensuring compliance with the Schemes' Investment Guidelines and seek to maximise the returns derived for the level of risk to which the Schemes is exposed.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Schemes' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

The Schemes are exposed to price risk from equity securities, derivative securities and listed units in managed investment schemes. This arises from investments held by the Schemes for which prices in the future are uncertain. These investments are classified on the statements of financial position as at fair value through profit or loss.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits in the Investment Guidelines as follows:

- A minimum of 80% of Yarra Leaders Fund is invested in securities listed on the Australian Securities Exchange and up to 20% of the Scheme may be invested in cash and short term securities. The Scheme aims to outperform the S&P/ASX 100 Accumulation Index over rolling three-year periods.
- A minimum of 80% of Yarra Australian Equities Fund is invested in securities listed on the Australian Securities Exchange but excluding converting preference shares, and up to 20% of the Scheme may be invested in cash. The Scheme aims to outperform the S&P/ASX 200 Accumulation Index over rolling three-year periods.
- A minimum of 80% of Yarra Australian Real Assets Securities Fund is invested in Australian listed infrastructure, utilities and real estate securities and up to 20% of the Scheme may be invested in cash. The Scheme aims to outperform the S&P/ASX 300 Custom Infrastructure, Utilities and A-REITS Index over rolling three-year periods.
- A minimum of 80% of Yarra Ex-20 Australian Equities Fund is invested in securities listed on the Australian Securities Exchange and up to 20% of the Scheme may be invested in cash. The Scheme aims to outperform the S&P/ASX 300 ex S&P/ASX 20 Accumulation Index over rolling three-year periods.

The Schemes' performance with reference to the respective S&P/ASX Accumulation Index is reported to the Board of Directors of the Responsible Entity on a regular basis.

11 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

In accordance with the Schemes' Investment Guidelines, Yarra Leaders Fund, Yarra Australian Equities Fund, and Yarra Ex-20 Australian Equities Fund may not enter into transactions denominated in currencies other than Australian dollar. The Schemes therefore do not have any exposure to currency risk on financial instruments, receivables and liabilities. The functional currency of the Schemes is Australian dollars.

Yarra Australian Real Assets Securities Fund holds non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk.

The Scheme's policy is not to hedge currency risk, thereby leaving it fully exposed to foreign exchange risk.

The table below summarises the Scheme's monetary and non-monetary assets and liabilities that are denominated in foreign currencies and in Australian dollar.

Yarra Australian Real Assets Securities Fund

30 June 2023

	Australian dollars A\$'000	New Zealand dollars A\$'000	Total A\$'000
Cash and cash equivalents	220	-	220
Receivables	210	-	210
Distribution payable	(1,537)	-	(1,537)
Payables	(35)	-	(35)
Financial assets at fair value through profit or loss	15,635	328	15,963
Net assets attributable to unitholders	14,493	328	14,821

11 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk

Yarra Australian Real Assets Securities Fund

30 June 2022

	Australian dollars A\$'000	New Zealand dollars A\$'000	Total A\$'000
Cash and cash equivalents	163	-	163
Receivables	190	-	190
Distribution payable	(4,196)	-	(4,196)
Payables	(40)	-	(40)
Financial assets at fair value through profit or loss	17,748	376	18,124
Net assets attributable to unitholders	13,865	376	14,241

(iv) Interest rate risk

The Schemes' Investment Guidelines permit it to hold a 20% maximum in cash and cash equivalents, therefore the majority of the Schemes' financial assets and liabilities are non-interest bearing. Any excess cash and cash equivalents are invested at short-term market interest rates.

(b) Summarised sensitivity analysis

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

11 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

	Impact on operating profit/(loss)/Net assets attributable to unitholders			
	Price risk		Foreign exchange risk	
	-15%	+15%	-10%	+10%
	AUD		AUD	
30 June 2023	\$'000	\$'000	\$'000	\$'000
Yarra Leaders Fund	(6,971)	6,971	-	-
Yarra Australian Equities Fund	(15,015)	15,015	-	-
Yarra Australian Real Assets Securities Fund	(2,394)	2,394	(33)	33
Yarra Ex-20 Australian Equities Fund	(1,792)	1,792	-	-

	Impact on operating profit/(loss)/Net assets attributable to unitholders			
	Price risk		Foreign exchange risk	
	-15%	+15%	-10%	+10%
	AUD		AUD	
30 June 2022	\$'000	\$'000	\$'000	\$'000
Yarra Leaders Fund	(6,540)	6,540	-	-
Yarra Australian Equities Fund	(14,208)	14,208	-	-
Yarra Australian Real Assets Securities Fund	(2,719)	2,719	(38)	38
Yarra Ex-20 Australian Equities Fund	(1,584)	1,584	-	-

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

11 Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes.

Credit risk is controlled by restricting investments to high quality counterparties. The creditworthiness of all counterparties to the Schemes' list of investments is regularly reviewed. Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. The Schemes are not permitted to invest in debt securities, however up to 20% of the value of the Schemes can be held in cash and cash equivalents. No assets of the Schemes were impaired at 30 June 2023 or 30 June 2022, and as a result credit risk is not considered to be a significant risk to the Schemes. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A-1 or higher as determined by Standard & Poor's (S&P) (2022: A-1).

In accordance with the Schemes' policy, the Schemes' cash position is monitored on a daily basis.

(iii) Other

The clearing and depository operations for the Schemes' security and derivatives transactions are mainly concentrated with one counterparty, Citigroup Pty Ltd. Citigroup Pty Ltd is a member of a major securities exchange, and at 30 June 2023 had a credit rating of A (S&P) and A3 (Moody's) (2022: A (S&P) and A3 (Moody's)). At 30 June 2023, substantially all cash and cash equivalents, balances due from broker and investments are held in custody by Citigroup Pty Ltd.

(d) Liquidity risk

Liquidity risk is the risk that the Schemes will not be able to meet its financial obligations as they fall due.

The Schemes are exposed to daily redemptions of redeemable units. They therefore primarily hold investments that are traded in an active market and can be readily disposed. The Schemes' listed securities are considered readily realisable, as they are listed on the Australian Securities Exchange.

Investments in unlisted unit trusts expose the Schemes to the risk that the Responsible Entity or Investment Manager of those trusts may be unable to fulfill the redemption requests within the timeframe requested by the Schemes.

11 Financial risk management (continued)

(d) Liquidity risk (continued)

The Schemes maintain adequate liquidity to pay withdrawals and distributions within the timeframes outlined in the Constitution. This is achieved by retaining sufficient liquid assets or access to other forms of liquidity to cover immediate liquidity requirements.

All financial liabilities of the Schemes have contractual maturities of less than 12 months.

12 Fair value measurements

The Schemes measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL).

The Schemes have no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

Classification of financial assets and financial liabilities

The Schemes classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

12 Fair value measurements

(a) Fair value hierarchy (continued)

Classification of financial assets and financial liabilities (continued)

(i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Schemes value their investments in accordance with the accounting policies set out in note 2. For the majority of their investments, the Schemes rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets held by the Schemes are the last traded price; the appropriate quoted market price for financial liabilities is the current asking price. When the Schemes hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Schemes would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. A forward contract is valued at the forward rate and the fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Schemes hold.

12 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Recognised fair value measurements

The table below sets out the Schemes' financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022:

As at 30 June 2023	Yarra Leaders Fund				Yarra Australian Equities Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Listed equities	44,945	-	-	44,945	98,320	-	-	98,320
Listed unit trusts	991	-	-	991	1,783	-	-	1,783
Total financial assets at fair value through profit or loss	45,936	-	-	45,936	100,103	-	-	100,103
Financial liabilities at fair value through profit or loss								
Futures	5	-	-	5	-	-	-	-
Total financial liabilities at fair value through profit or loss	5	-	-	5	100,103	-	-	100,103

12 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Recognised fair value measurements (continued)

As at 30 June 2022	Yarra Australian Real Assets Securities Fund				Yarra Ex-20 Australian Equities Fund*			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Listed equities	3,216	-	-	3,216	9,785	-	-	9,785
Listed unit trusts	14,908	-	-	14,908	616	-	-	616
Total financial assets at fair value through profit or loss	<u>18,124</u>	<u>-</u>	<u>-</u>	<u>18,124</u>	<u>10,401</u>	<u>-</u>	<u>-</u>	<u>10,401</u>

* Financial liabilities at fair value through profit or loss for Yarra Ex-20 Australian Equities Fund as at 30 June 2022 was less than \$1,000.

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include listed equity securities, listed unit trusts and futures.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded.

Yarra Leaders Fund held a level 3 equity instrument that was under administration and was priced at zero as at 30 June 2022 but no longer held as at 30 June 2023.

There were no transfers between levels for recurring fair value measurements during the year ended 30 June 2023 (30 June 2022: Nil).

(b) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

12 Fair value measurements (continued)

(c) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments where available.
- The use of redemption values for investments in other unlisted unit trusts as reported by the Investment Manager of such trusts.
- The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include use of recent arm's length market transaction, historical transaction values, reference to the current fair value of a substantially similar other instrument that provide a reliable estimate of prices obtained in active market transactions.

13 Remuneration of auditors

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Schemes:

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
<i>Audit and other assurance services</i>				
Audit and review of financial statements	12,265	15,510	12,265	11,440
Other assurance services	4,675	3,630	4,675	3,630
Total remuneration for audit and other assurance services	<u>16,940</u>	<u>19,140</u>	<u>16,940</u>	<u>15,070</u>
Total remuneration*	<u>16,940</u>	<u>19,140</u>	<u>16,940</u>	<u>15,070</u>

13 Remuneration of auditors (continued)

	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$	\$	\$	\$
<i>Audit and other assurance services</i>				
Audit and review of financial statements	12,265	11,440	12,265	11,440
Other assurance services	4,675	3,630	4,675	3,630
Total remuneration for audit and other assurance services	<u>16,940</u>	<u>15,070</u>	<u>16,940</u>	<u>15,070</u>
Total remuneration*	<u>16,940</u>	<u>15,070</u>	<u>16,940</u>	<u>15,070</u>

* The fees disclosed above are GST inclusive.

14 Related party transactions

Key management personnel unitholdings

At 30 June 2023, no key management personnel held units in the Schemes (2022: Nil).

Key management personnel compensation

The directors of the Responsible Entity have been paid by a related party of the Responsible Entity. Payments made from the Schemes to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loan disclosures

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

14 Related party transactions (continued)

Other transactions with key management personnel

No key management personnel have entered into a material contract with the Schemes during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

Responsible Entity's fees and other transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Schemes and the Responsible Entity were as follows:

	Yarra Leaders Fund		Yarra Australian Equities Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Responsible Entity's fees* earned	<u>461,689</u>	587,980	<u>904,795</u>	945,209
Responsible Entity's fees* payable	<u>171,244</u>	172,545	<u>231,685</u>	234,019
Administration fees* earned	<u>207,410</u>	118,257	<u>-</u>	-

	Yarra Australian Real Assets Securities Fund		Yarra Ex-20 Australian Equities Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Responsible Entity's fees* earned	<u>147,603</u>	170,486	<u>103,260</u>	118,454
Responsible Entity's fees* payable	<u>35,521</u>	39,804	<u>27,276</u>	26,818

* Includes amounts paid to the Responsible Entity for third party expenses it has incurred, for which it is entitled to be reimbursed.

14 Related party transactions (continued)

Related party unitholdings

There are no related party holdings in the Yarra Leaders Fund.

Holdings in the Scheme by the Responsible Entity or other related parties as follows:

Yarra Australian Equities Fund 2023

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme (\$)
Yarra Capital Management Services Pty Ltd	187,421	139,350	170,494	0.17	21,603	69,675	10,794

Yarra Australian Real Assets Securities Fund 2023

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme (\$)
Yarra Income Plus Fund	14,037,257	16,601,908	10,708,231	72.25	8,851,311	6,286,660	1,298,177
Yarra Capital Management Services Pty Ltd	135,205	88,907	57,345	0.39	42,609	88,907	7,817

Yarra Ex-20 Australian Equities Fund 2023

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme (\$)
Yarra Capital Management Services Pty Ltd	770,464	1,030,975	824,264	6.90	1,054,444	793,933	12,001

14 Related party transactions (continued)

Related party unitholdings (continued)

Yarra Australian Equities Fund

2022

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme (\$)
Yarra Capital Management Services Pty Ltd	-	187,421	199,566	0.23	187,421	-	18,367

Yarra Australian Real Assets Securities Fund

2022

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme (\$)
Yarra Income Plus Fund	14,020,609	14,037,257	9,375,484	65.83	2,604,200	2,587,552	2,865,196
Yarra Capital Management Services Pty Ltd	201,142	135,205	90,303	0.63	1,666	67,603	28,245

Yarra Ex-20 Australian Equities Fund

2022

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme (\$)
Yarra Capital Management Services Pty Ltd	2,314,245	770,464	510,047	4.85	43,129	1,586,910	24,119

14 Related party transactions (continued)

Investments in unlisted unit trusts

The Schemes did not hold any investments in Yarra Funds Management Limited or its related parties during the year.

15 Events occurring after the end of the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the statements of financial position as at 30 June 2023 or on the results and cash flows of the Schemes for the year ended on that date.

16 Contingent assets and liabilities and commitments

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

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the annual financial reports and notes set out on pages 10 to 50 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Schemes' financial positions as at 30 June 2023 and of their performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements 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.



Roy Keenan
Director

Melbourne
25 September 2023

Independent Auditor's Report to the Unitholders of Yarra Leaders Fund, Yarra Australian Equities Fund, Yarra Australian Real Assets Securities Fund and Yarra Ex-20 Australian Equities Fund

Opinion

We have audited the financial reports of Yarra Leaders Fund, Yarra Australian Equities Fund, Yarra Australian Real Assets Securities Fund and Yarra Ex-20 Australian Equities Fund (the "Schemes"). The financial reports comprise the statements of financial position as at 30 June 2023, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial reports, including material accounting policy information and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial reports of the Schemes are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Schemes' financial positions as at 30 June 2023 and of their financial performance for the year then ended; and
- 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 Reports* section of our report. We are independent of the Schemes 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 reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Yarra Funds Management Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Other Information

The directors of the Responsible Entity (the "directors") are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon.

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

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports 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.

Responsibilities of the Directors for the Financial Reports

The directors are responsible for the preparation of the financial reports 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 reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Schemes to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 these financial reports.

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

- Identify and assess the risks of material misstatement of the financial reports, 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 Schemes' 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 Schemes' abilities 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 reports 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 Schemes to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The logo for Deloitte Touche Tohmatsu, featuring the company name in a cursive script.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'Kuziow'.

Adam Kuziow
Partner
Chartered Accountants

Melbourne, 26 September 2023