YARRA AUSTRALIAN REAL ASSETS SECURITIES FUND

ARSN 117 307 525

ANNUAL REPORT 2022

Yarra Australian Real Assets Securities Fund

ARSN 117 307 525

Annual financial report - 30 June 2022

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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 Yarra Australian Real Assets Securities Fund ("the Fund"), present their report together with the annual financial report of the Fund for the year ended 30 June 2022.

Principal activities

The Fund invests primarily in Australian listed infrastructure, utilities and REIT securities and cash in accordance with the governing documents of the Fund.

The Fund 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

Review and results of operations

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

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

Results

	Year ended	
	30 June 2022	30 June 2021
	$	$
Operating (loss)/profit	**(144,432)**	3,297,246
Distribution paid and payable	**4,366,454**	1,461,318
Distributions - cents per unit (CPU)	**20.4931**	6.1299

The coronavirus (COVID-19) continues to present social and economic challenges and the resulting impact on the capital markets remains uncertain. The volatility in global and local capital markets has been reflected in the valuation of the Fund's investment portfolio and its financial results for the year ended 30 June 2022.

In February 2022, conflict has broken out in Ukraine which has resulted in global tensions and seen various sanctions and trade embargoes announced on certain individuals, financial institutions and resources. Whilst the assets of the Fund have not been directly impacted by these events and actions, they have created market uncertainty, which is being closely monitored by the Responsible Entity.

The Responsible Entity continues to actively monitor the liquidity and performance of the Fund.

Directors' report (continued)

Significant changes in state of affairs

The Responsible Entity has appointed Citibank Pty Limited to provide the custody, unit registry and administration services to the Fund. Citibank Pty Limited have officially replaced Royal Bank of Canada (RBC) Securities Services effective from 6 December 2021.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022, that has significantly affected or may significantly affect:

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

Likely developments and expected results of operations

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

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

Indemnification and insurance of the Responsible Entity, directors and auditors

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

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 13 to the annual financial report.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 13 to the annual financial report.

Directors' report (continued)

Environmental regulation

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

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 6.

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

Roy Keenan
Director

Melbourne
27 September 2022

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27 September 2022

The Board of Directors
Yarra Funds Management Limited as Responsible Entity for
Yarra Australian Real Assets Securities Fund
Level 19, 101 Collins Street
Melbourne Victoria 3000

Dear Directors,

Independence Declaration - Yarra Australian Real Assets Securities Fund

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 report for the Yarra Australian Real Assets Securities Fund.

As lead audit partner for the audit of the annual financial report of the Yarra Australian Real Assets Securities Fund for the financial year ended 30 June 2022, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Adam Kuziow
Partner
Chartered Accountants

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Statement of comprehensive income

	Notes	Year ended **30 June 2022** **$**	30 June 2021 $
Investment income			
Dividend/trust income		**599,792**	777,925
Net (losses)/gains on financial instruments at fair value through profit or loss	5	**(565,103)**	2,728,415
Net gains on foreign exchange		**34**	-
Total net investment income		**34,723**	3,506,340
Expenses			
Investment Manager's fees	13	**170,486**	197,777
Withholding tax expense dividends and interest		**1,547**	1,767
Transaction costs		**7,122**	9,550
Total expenses		**179,155**	209,094
Operating (loss)/profit		**(144,432)**	3,297,246
(Loss)/profit for the year	3	**(144,432)**	3,297,246
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/income for the year		**(144,432)**	3,297,246

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

Statement of financial position

	Notes	As at **30 June 2022 $**	30 June 2021 $
Assets			
Cash and cash equivalents	8	**163,419**	121,715
Receivables		**189,867**	505,073
Financial assets at fair value through profit or loss	6	**18,124,105**	21,459,460
Total assets		**18,477,391**	22,086,248
Liabilities			
Distribution payable	4	**4,196,210**	1,187,735
Payables		**39,804**	285,406
Financial liabilities at fair value through profit or loss	7	**-**	8
Total liabilities		**4,236,014**	1,473,149
Net assets attributable to unitholders - equity	3	**14,241,377**	20,613,099

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

Statement of changes in equity

	Notes	Year ended 30 June 2022 $	30 June 2021 $
Total equity at the beginning of the year		**20,613,099**	20,852,547
Comprehensive (loss)/income for the year			
(Loss)/profit for the year		**(144,432)**	3,297,246
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year		**(144,432)**	3,297,246
Transactions with unitholders			
Applications	3	**1,588,357**	2,643,003
Redemptions	3	**(4,302,105)**	(5,280,925)
Units issued upon reinvestment of distributions	3	**852,912**	1,466,015
Distributions paid and payable	3	**(4,366,454)**	(2,364,787)
Total transactions with unitholders		**(6,227,290)**	(3,536,694)
Total equity at the end of the year		**14,241,377**	20,613,099

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

Statement of cash flows

	Notes	Year ended **30 June 2022** **$**	30 June 2021 $
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**10,552,450**	13,695,331
Purchase of financial instruments at fair value through profit or loss		**(7,749,122)**	(9,819,274)
Dividend/trust income received		**640,075**	666,745
Payment of expenses		**(181,959)**	(199,521)
Net cash inflow from operating activities	9(a)	**3,261,444**	4,343,281
Cash flows from financing activities			
Proceeds from applications by unitholders		**1,588,357**	2,643,003
Payments for redemptions by unitholders		**(4,303,030)**	(5,321,752)
Distributions paid to unitholders		**(505,067)**	(1,950,398)
Net cash outflow from financing activities		**(3,219,740)**	(4,629,147)
Net increase/(decrease) in cash and cash equivalents		**41,704**	(285,866)
Cash and cash equivalents at the beginning of the year		**121,715**	407,584
Effects of foreign currency exchange rate changes on cash and cash equivalents		**-**	(3)
Cash and cash equivalents at the end of the year	8	**163,419**	121,715
Non-cash financing activities	9(b)	**852,912**	1,466,015

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

1 General information

The Fund commenced in December 2005. The Fund will terminate in November 2085 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Yarra Funds Management Limited. The Responsible Entity's registered office is Level 19, 101 Collins Street, Melbourne, Victoria 3000.

The purpose of the Fund is to achieve a balance of income and medium-to-long term capital growth by investing primarily in Australian listed infrastructure, utilities and REIT securities and the aim is to outperform the S&P/ASX 300 Custom Infrastructure, Utilities and A-REITS Index over rolling three-year periods as per the Product Disclosure Statement (PDS).

The annual financial report was authorised for issue by the directors on 27 September 2022. The directors of the Responsible Entity have the power to amend and reissue the annual financial report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this annual financial report 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 financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. Yarra Australian Real Assets Securities Fund is a for-profit unit trust for the purpose of preparing the annual financial report.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders. The Fund manages 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 the portfolio 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.

Compliance with International Financial Reporting Standards

The annual financial report of the Fund also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Financial instruments

(i) Classification

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

These are investments in equity securities and listed unit trusts.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition (continued)

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

(iii) Measurement

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

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net (losses)/gains 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 Fund is the last traded price and the quoted market price for financial liabilities is the current asking price.

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 Fund recognises the difference in the statement 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 10.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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

Interest income is recognised on a time apportioned basis using the effective interest method. It mainly includes interest income from cash and cash equivalents and on fixed income securities at fair value though profit or loss.

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

Trust distributions are recognised on an entitlements basis.

(d) Expenses

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

(e) Distributions

The Fund distributes its distributable income adjusted for amounts determined by the Responsible Entity in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The Fund's distributions are classified as distributions paid and payable in the statement of changes in equity. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

2 Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

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

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

(g) 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 Fund 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 Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

(h) Payables

Payables include liabilities and accrued expenses owing by the Fund 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 statement of financial position when unitholders are presently entitled to the distributable income.

(i) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and 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 Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund’s net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at statement of financial position date if the unitholder exercises the right to put the unit back to the Fund. 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 Fund’s liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;

2 Summary of significant accounting policies (continued)

(i) Net assets attributable to unitholders (continued)

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

- 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 Fund, and it is not a contract settled in the Fund's 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.

The Fund satisfies these requirements, and consequently net assets attributable to unitholders are classified as equity. Units in the Fund can generally be redeemed at any time for cash equal to a proportionate share of the Fund's net asset values, subject to restrictions on withdrawals as disclosed in the governing documents. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units.

(j) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable where applicable, prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable where applicable, after the cancellation of units redeemed.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the 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 recognized as part of the cost of acquisition of the assets or as part of the expense.

With respect to disclosures in the statement 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 statement of cash flows on a gross basis.

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's annual financial report 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 Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

(m) Use of judgements and estimates

The preparation of the financial report 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.

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

(n) Income tax

Under current legislation, the Fund is 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.

(o) New accounting standards and interpretations

(i) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 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 2022 and have not been early adopted in preparing this annual financial report. These new standards, amendments to standards and interpretations are not expected to have a material impact on the future financial statements of the Fund.

3 Net assets attributable to unitholders (continued)

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

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

	As at			
	30 June 2022 No. of units	30 June 2021 No. of units	**30 June 2022 $**	30 June 2021 $
Balance as at 1 July	**23,200,173**	25,290,936	**20,613,099**	20,852,547
Applications	**1,787,174**	3,023,802	**1,588,357**	2,643,003
Redemptions	**(4,611,692)**	(6,874,671)	**(4,302,105)**	(5,280,925)
Units issued upon reinvestment of distributions	**948,147**	1,760,106	**852,912**	1,466,015
Distributions paid and payable	**-**	-	**(4,366,454)**	(2,364,787)
(Loss)/profit for the year	**-**	-	**(144,432)**	3,297,246
Closing balance	**21,323,802**	23,200,173	**14,241,377**	20,613,099

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

Capital risk management

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, 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:

	Year ended			
	30 June 2022 $	**30 June 2022 CPU**	30 June 2021 $	30 June 2021 CPU
Distribution paid - December	**170,244**	**0.8146**	273,583	1.0104
Distribution payable - June	**4,196,210**	**19.6785**	1,187,735	5.1195
	4,366,454	**20.4931**	1,461,318	6.1299

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

	Year ended	
	30 June 2022 $	30 June 2021 $
Financial assets		
Net (losses)/gains on financial assets at fair value through profit or loss	**(565,103)**	2,728,423
Financial liabilities		
Net losses on financial liabilities at fair value through profit or loss	**-**	(8)
Net (losses)/gains on financial instruments at fair value through profit or loss	**(565,103)**	2,728,415

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2022 $	30 June 2021 $
Financial assets at fair value through profit or loss		
Listed equity securities	**3,216,033**	1,908,412
Listed unit trusts	**14,908,072**	19,551,048
Total financial assets at fair value through profit or loss	**18,124,105**	21,459,460

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 10 and 11.

The following individual investments constitute 10% or more of the Fund's investment portfolio:

Investment	**Principal Activity**	**Carrying amount**		**Percentage of Portfolio**	
		2022 $	2021 $	**2022 %**	2021 %
Transurban Group	Infrastructure	**3,897,109**	3,816,401	**21.50**	17.78
Goodman Group	Property	**2,808,730**	3,592,380	**15.50**	16.74

7 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2022 $	30 June 2021 $
Financial liabilities at fair value through profit or loss		
Foreign currency contracts	**-**	8
Total financial liabilities at fair value through profit or loss	**-**	8

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 9 and 10.

8 Cash and cash equivalents

	As at	
	30 June 2022 $	30 June 2021 $
Cash at bank - Domestic	**163,419**	118,672
Cash at bank - Foreign currency	**-**	3,043
Total	**163,419**	121,715

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

	Year ended	
	30 June 2022 $	30 June 2021 $
(a) Reconciliation of (loss)/profit to net cash inflow from operating activities		
(Loss)/profit for the year	**(144,432)**	3,297,246
Proceeds from sale of financial instruments at fair value through profit or loss	**10,552,450**	13,695,331
Purchase of financial instruments at fair value through profit or loss	**(7,749,122)**	(9,819,274)
Net losses/(gains) on financial instruments at fair value through profit or loss	**565,103**	(2,728,415)
Transaction costs	**7,104**	9,550
Net gains on foreign exchange	**(34)**	-
Dividend/distributions reinvested	**(58,442)**	(101,711)
Net change in receivables	**102,993**	(5,927)
Net change in payables	**(14,176)**	(3,519)
Net cash inflow from operating activities	**3,261,444**	4,343,281

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**852,912**	1,466,015

10 Financial risk management

The Fund's assets principally consist of listed Australian infrastructure, utilities and REIT securities, with a strong focus on entities with relatively stable and predictable earnings streams. It holds these investments in accordance with its investment strategy.

The Fund's 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 Fund uses different methods to measure different types of risk to which it is 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 Fund's risk management framework. The Fund’s overall risk management program focuses on ensuring compliance with the Fund's Investment Guidelines and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The directors have assessed the impact of COVID-19 and the Ukraine conflict in preparing the annual financial report. The directors are satisfied that as at the reporting date, the carrying value of financial assets and liabilities held at fair value through profit or loss appropriately take into account the impact of COVID-19 and the Ukraine conflict on the inputs to valuations, the classification of exposures in the fair value hierarchy and credit and liquidity concerns. There has been no impact on other assets and liabilities nor on the going concern ability of the Fund.

The nature of COVID-19 and the Ukraine conflict may impact future estimates and outcomes applied to the measuring of the Fund’s financial performance and position. The impact of events that arise after the reporting period will be accounted for in future reporting periods.

(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 Fund's 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 optimizing the return on risk.

(i) Price risk

The Fund is exposed to equity securities and listed unit trusts price risk. This arises from investments held by the Fund for which prices in the future are uncertain. These investments are classified on the statement 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. A minimum of 80% of the Fund is invested in Australian listed infrastructure, utilities and real estate securities and up to 20% of the Fund may be invested in cash. The Fund aims to outperform the S&P/ASX 300 Custom Infrastructure, Utilities and A-REITS Index over rolling three-year periods.

The Fund's performance with reference to the S&P/ASX 300 Custom Infrastructure, Utilities and A-REITS Index is reported to the Board on a regular basis.

10 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk.

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

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

30 June 2022	**Australian Dollars A$**	**New Zealand A$**	**Total A$**
Cash and cash equivalents	**163,419**	**-**	**163,419**
Receivables	**189,867**	**-**	**189,867**
Distribution payable	**(4,196,210)**	**-**	**(4,196,210)**
Payables	**(39,804)**	**-**	**(39,804)**
Financial assets at fair value through profit or loss	**17,748,133**	**375,972**	**18,124,105**
Net assets attributable to unitholders	**13,865,405**	**375,972**	**14,241,377**

30 June 2021	Australian Dollars A$	New Zealand A$	Total A$
Cash and cash equivalents	118,672	3,043	121,715
Receivables	292,860	-	292,860
Due from brokers - receivable for securities sold	212,213	-	212,213
Distribution payable	(1,187,735)	-	(1,187,735)
Due to brokers - payable for securities purchased	(230,501)	-	(230,501)
Payables	(54,905)	-	(54,905)
Financial assets at fair value through profit or loss	21,078,723	380,737	21,459,460
Financial liabilities at fair value through profit or loss	-	(8)	(8)
Net assets attributable to unitholders	20,229,327	383,772	20,613,099
Open foreign currency contracts (assets)	3,034	-	3,034
Open foreign currency contracts (liabilities)	(3,034)	-	(3,034)
Total open contracts	-	-	-

(iii) Interest rate risk

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

10 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit 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 Fund's 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 Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Impact on operating profit/Net assets attributable to unitholders			
	Price risk		**Foreign exchange risk**	
	-15%	**+15%**	**-10%**	**+10%**
			AUD	**AUD**
	$	**$**	**$**	**$**
30 June 2022	**(2,718,616)**	**2,718,616**	**(37,597)**	**37,597**
30 June 2021	(3,218,919)	3,218,919	(38,377)	38,377

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.

(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 Fund.

Credit risk is controlled by restricting investments to high quality counterparties. The creditworthiness of all counterparties to the Fund's 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 Fund is not permitted to invest in debt securities, however up to 20% of the value of the Fund can be held in cash and cash equivalents. No assets of the Fund were impaired at 30 June 2022 or 30 June 2021, and as a result credit risk is not considered to be a significant risk to the Fund. 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) (2021: A-1).

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

10 Financial risk management (continued)

(c) Credit risk (continued)

(iii) Other

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

(d) Liquidity risk

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

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

The Fund maintains 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.

11 Fair value measurements

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

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

The Fund has 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 Fund classifies 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).

11 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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.

(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 Fund values its investments in accordance with the accounting policies set out in note 2. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses 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 Fund would receive or pay to terminate the contract at the end of 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.

11 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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 Fund holds.

Recognised fair value measurements

The table below sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2022 and 30 June 2021:

As at 30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Listed equity securities	**3,216,033**	**–**	**–**	**3,216,033**
Listed unit trusts	**14,908,072**	**–**	**–**	**14,908,072**
Total financial assets at fair value through profit or loss	**18,124,105**	**–**	**–**	**18,124,105**

As at 30 June 2021	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets at fair value through profit or loss				
Listed equity securities	1,677,911	230,501	–	1,908,412
Listed unit trusts	19,551,048	–	–	19,551,048
Total financial assets at fair value through profit or loss	21,228,959	230,501	–	21,459,460
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	8	–	8
Total financial liabilities at fair value through profit or loss	–	8	–	8

Listed equity securities classified as Level 2 related to investments in one equity security that was pending listing as at the balance date. This equity security was subsequently listed on the ASX on 2 July 2021.

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

11 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

There were no transfers between levels for recurring fair value measurements during the year ended 30 June 2022 (30 June 2021: Nil).

(b) 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.

12 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 Fund:

	Year ended	
	30 June 2022	30 June 2021
	$	$
Audit and other assurance services		
Audit and review of financial statements	**11,440**	11,990
Other assurance services	**3,630**	5,544
Total remuneration for audit and other assurance services	**15,070**	17,534
Taxation services		
Other	**-**	7,040
Total remuneration for taxation services	**-**	7,040
Total remuneration	**15,070**	24,574

* The above disclosed fees are GST inclusive.

13 Related party transactions

Key management personnel unitholdings

At 30 June 2022 no key management personnel held units in the Fund (2021: Nil).

Key management personnel compensation

Non-executive directors of the Responsible Entity have been paid by the Responsible Entity and executive directors of the Responsible Entity have been paid by a related party of the Responsible Entity as employees of those related parties. Payments made from the Fund to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Fund has 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.

Other transactions with key management personnel

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

Responsible Entity's/ Investment Manager'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 Fund and the Responsible Entity were as follows:

	30 June 2022 $	30 June 2021 $
Investment Manager fees* earned	**170,486**	197,777
Investment Manager fees* payable	**39,804**	53,980

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

Related party unitholdings

Holdings in the Fund by the Responsible Entity or other related parties:

2022							
Unitholder	**No. of units held opening (Units)**	**No. of units held closing (Units)**	**Fair value of investment ($)**	**Interest held (%)**	**No. of units acquired (Units)**	**No. of units disposed (Units)**	**Distributions paid/payable by the Fund ($)**
Yarra Income Plus Fund	**14,020,609**	**14,037,257**	**9,375,484**	**65.83**	**2,604,200**	**2,587,552**	**2,865,196**

13 Related party transactions (continued)

Related party unitholdings (continued)

2021 Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment ($)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund ($)
Yarra Income Plus Pooled Fund	13,727,684	–	–	–	4,241,883	17,969,567	–
Yarra Income Plus Fund	–	14,020,609	12,457,311	60.43	17,211,871	3,191,262	1,793,225

14 Derivative financial instruments

In the normal course of business the Fund enters 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 variable.

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

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

- hedging to protect an asset or liability of the Fund 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 Fund.

14 Derivative financial instruments (continued)

The Fund holds the following derivative instruments:

Foreign currency contracts

Foreign currency contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Foreign currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

There was no derivatives held by the Fund as at 30 June 2022.

30 June 2021		Fair values	
	Contract/ notional $	Assets $	Liabilities $
Foreign currency contracts	3,034	–	8

Risk exposure and fair value measurements

Information about the Fund's exposure to credit risk, foreign exchange, interest rate risk and about the methods and assumptions used in determining fair values is provided in note 10 and note 11 to the annual financial report. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

15 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2022 or on the results and cash flows of the Fund 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 2022 and 30 June 2021.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the annual financial report and notes set out on pages 7 to 28 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 Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its 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
27 September 2022

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Independent Auditor's Report to the Unitholders of Yarra Australian Real Assets Securities Fund

Opinion

We have audited the annual financial report of the Yarra Australian Real Assets Securities Fund (the "Fund") which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial report, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

- Giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its 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 Annual Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

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 2022, but does not include the annual financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Annual Financial Report

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

In preparing the annual financial report, the directors are responsible for assessing the ability of the Fund 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 Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Report

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial report.

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 annual 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 annual 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 annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Fund to express an opinion on the annual financial report. We are responsible for the direction, supervision and performance of the Fund's audit. We remain solely responsible for our audit opinion.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Adam Kuziow
Partner
Chartered Accountants

Melbourne, 27 September 2022

YARRA

CAPITAL MANAGEMENT