

Coolabah Investment Funds

Financial Statements

For the period ended 31 March 2022

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| | |
|---------------------------------|---|
| The Manager | Implemented Investment Solutions Limited Level 2, Woodward House 1 Woodward Street PO Box 25003 Wellington, New Zealand 6140 |
| Investment Manager | Coolabah Capital Investments (Retail) Pty Limited 1 Bligh Street Sydney NSW, Australia 2000 |
| Directors of the Manager | Anthony Edmonds Elizabeth Maguire (ceased 31 October 2021) Ian Russon Jeremy Valentine Gareth Fleming (appointed 1 November 2021) |
| The Supervisor | Public Trust Level 8, 22 Willeston Street Private Bag 5902 Wellington, New Zealand 6140 |
| Administration Manager | Adminis NZ Limited Level 1 125 Featherston Street PO Box 25 555 Wellington, New Zealand 6140 |
| Auditor | KPMG 10 Customhouse Quay PO Box 996 Wellington, New Zealand 6140 |
| Correspondence | All correspondence and enquiries to the Supervisor about the Funds should be addressed to the Supervisor, Public Trust, at the above address. |



Independent Auditor's Report

To the unit holders of:

- Coolabah Long-Short Credit PIE Fund
- Coolabah Short Term Income PIE Fund

Collectively Coolabah Investment Funds (the 'funds')

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of the funds on pages 6 to 21:

- present fairly in all material respects the funds financial position as at 31 March 2022 and its financial performance and cash flows for the period from 9 December 2021 to 31 March 2022 (the 'period') in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2022;
- the statements of comprehensive income, changes in funds attributable to unit holders and cash flows for the period then ended; and
- notes, including a summary of significant accounting policies.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the funds in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Our firm has also provided the following services to Implemented Investment Solutions Limited (the 'Manager'): agreed upon procedures on net tangible assets calculation, controls assurance reporting, registry compliance assurance reporting and the audits of the financial statements of the Manager and of other funds managed by the Manager. The provision of these services has not impaired our independence as auditor of the funds. Subject to certain restrictions, partner and employees of our firm may also deal with the funds on normal terms within the ordinary course of trading activities of the business of the funds. These matters have not impaired our independence as auditor of the funds. The firm has no other relationship with, or interest in, the funds.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1% of total assets for the funds. We chose the total asset benchmark because, in our view, this is a key measure of the funds' performance.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the unitholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

The key audit matter

How the matter was addressed in our audit

Valuation and existence of investments for Coolabah Investment Funds

Refer to Note 2 Summary of significant accounting policies and Note 5 Financial assets and liabilities at fair value through profit and loss (for existence and valuation) of the financial statements.

The fund's portfolio of investments is the most significant asset making up in excess of 94% of total assets. These comprise liquid investments including unlisted unit trusts and forward foreign exchange contracts.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the administration manager by obtaining and reading a report issued by an independent auditor on the design and operation of those controls;
- agreeing the valuation of unlisted unit trusts to confirmations received from the investment manager;
- agreeing the valuation of forward foreign exchange contracts to externally quoted prices;
- agreeing investment holdings to confirmations received from the custodian; and
- checking the accuracy of fair value hierarchy disclosure as disclosed in the financial statements.



Use of this independent auditor's report

This independent auditor's report is made solely to the unitholders as a body. Our audit work has been undertaken so that we might state to the unitholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the unitholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Manager for the financial statements

The Manager, on behalf of the funds, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Sonia Isaac

For and on behalf of



KPMG
Wellington

21 July 2022

Statements of comprehensive income

for the period ended 31 March 2022
in New Zealand Dollars

| | | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|------|--|--|
| | | 2022 \$ | 2022 \$ |
| | Note | | |
| Income | | | |
| Interest income - amortised cost | | 524 | 377 |
| Distribution income | | 79,294 | 14,519 |
| Net losses on financial assets at fair value through profit or loss | 3 | (7,087) | (5,931) |
| Other foreign currency (losses)/gains, net | | (2,335) | 4,437 |
| Total income | | 70,396 | 13,402 |
| Expenses | | | |
| Management fees | 8 | 6,297 | 2,977 |
| Other expenses | | 395 | 224 |
| Total expenses | | 6,692 | 3,201 |
| Net profit attributable to unit holders | | 63,704 | 10,201 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period attributable to unit holders | | 63,704 | 10,201 |

The financial statements are for the period from commencement on 9 December 2021 to 31 March 2022. There are no comparatives for the Fund given it is the first reporting period.

This statement is to be read in conjunction with the notes to the financial statements.

Statements of financial position

as at 31 March 2022
in New Zealand Dollars

| | | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|--|------|--|--|
| | | 2022 \$ | 2022 \$ |
| | Note | | |
| Assets | | | |
| Cash and cash equivalents | 4 | 375,190 | 508,878 |
| Financial assets at fair value through profit or loss | 5 | 7,860,570 | 6,624,872 |
| Other receivables | 6 | 79,257 | 14,973 |
| Total assets | | 8,315,017 | 7,148,723 |
| Liabilities | | | |
| Financial liabilities at fair value through profit or loss | 5 | 54,136 | 50,297 |
| Other payables | 7 | 70,704 | 10,830 |
| Related party payables | 8 | 4,690 | 2,381 |
| Total liabilities | | 129,530 | 63,508 |
| Net assets | | 8,185,487 | 7,085,215 |
| Represented by: | | | |
| Net assets attributable to unit holders | | 8,185,487 | 7,085,215 |

These financial statements were authorised for issue by the Manager, Implemented Investment Solutions Limited:


Director


Director

21/7/22
Date

21/7/22
Date

This statement is to be read in conjunction with the notes to the financial statements.

Statements of changes in funds attributable to unit holders

for the period ended 31 March 2022

in New Zealand Dollars

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|--|--|
| | 2022 \$ | 2022 \$ |
| Net assets attributable to unit holders at the start of the period | - | - |
| Applications | 8,209,038 | 7,096,667 |
| Redemptions | (5,038) | (6,290) |
| Distributions | (82,217) | (15,363) |
| Net increase from unit holder transactions | 8,121,783 | 7,075,014 |
| Total comprehensive income for the period | 63,704 | 10,201 |
| Net assets attributable to unit holders at the end of the period | 8,185,487 | 7,085,215 |

| | 2022 Units | 2022 Units |
|--|------------------|------------------|
| Units on issue at the start of the period | - | - |
| Units issued | 8,273,359 | 7,139,890 |
| Units redeemed | (5,067) | (6,328) |
| Units on issue at the end of the period | 8,268,292 | 7,133,562 |

This statement is to be read in conjunction with the notes to the financial statements.

Statements of cash flows

for the period ended 31 March 2022
in New Zealand Dollars

| | | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|------|--|--|
| | | 2022 | 2022 |
| | Note | \$ | \$ |
| Cash was provided from | | | |
| Interest income | | 524 | 377 |
| Distribution income | | 247 | 98 |
| Settlement of forward contracts | | 9,413 | 7,104 |
| Cash was provided to | | | |
| Purchase of investments | | (7,822,790) | (6,584,792) |
| Operating expenses | | (2,002) | (820) |
| Net cash outflow from operating activities | 9 | (7,814,608) | (6,578,033) |
| Cash flows from financing activities | | | |
| Proceeds from units issued | | 8,197,524 | 7,092,135 |
| Redemptions | | (5,038) | (6,290) |
| Net cash inflow from financing activities | | 8,192,486 | 7,085,845 |
| Net cash inflow | | 377,878 | 507,812 |
| Net cash and cash equivalents at the beginning of the period | | - | - |
| Foreign exchange (losses)/gains on cash and cash equivalents | | (2,688) | 1,066 |
| Net cash and cash equivalents at the end of the period | | 375,190 | 508,878 |

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Reporting entity The following are the Coolabah Investment Funds (the "Funds"), unit trusts registered in New Zealand, that are included in these financial statements:

- Coolabah Long-Short Credit PIE Fund
- Coolabah Short Term Income PIE Fund

The Funds were established on 25 August 2021 and commenced operations on 9 December 2021.

The Funds are governed by a Master Trust Deed dated 1 December 2016 between Implemented Investment Solutions Limited (the "Manager") and Public Trust (the "Supervisor") and an Establishment Deed dated 25 August 2021 (together, the "Trust Deed"). The Funds are for-profit entities.

The Investment Manager is Coolabah Capital Investments (Retail) Pty Limited (the "Investment Manager"). The Investment Manager defines the Funds' investment mandate and selects an appropriate investment manager(s) for that mandate, reviews the mandates and investment manager(s) performance and provides promotion and distribution support to the Funds.

Separate Funds The purpose of these Funds is to provide access for investors to specific investment markets whilst achieving an adequate and cost effective diversification of assets. The Trust Deed provides that each Fund is a separate and distinct Fund with separate assets and liabilities governed by the terms and conditions of the Trust Deed. The Funds each have their own objectives as set out in the Product Disclosure Statement ("PDS"). The Investment Manager sets the investment policy and investment guidelines for each Fund and obtains the Supervisor's approval to any material change to the guidelines.

The aim of the Coolabah Long-Short Credit PIE Fund is to provide investors exposure to an actively managed, diversified portfolio that aims to take advantage of investment opportunities within the Australian cash and fixed-income markets. The Fund targets investment returns, after fees and before tax, of 1.5% to 3.0% per annum above the overnight interbank cash rate as published by the Reserve Bank of New Zealand, over a rolling 12 month period. Foreign currency exposure is fully hedged to New Zealand dollars.

The aim of the Coolabah Short Term Income PIE Fund is to provide investors exposure to an actively managed, absolute return fixed-income strategy focused on exploiting long and short mispricings in global credit markets. The underlying fund, into which the Fund invests, employs an "active" fixed-income investment strategy, seeking to take "long" and/or "short" positions in relation to debt and hybrid securities which are considered mispriced. The Fund targets investment returns, after fees and before tax, of 4% to 6% per annum above the overnight interbank cash rate as published by the Reserve Bank of New Zealand, with less than 5% per annum volatility over rolling 3 year periods. Foreign currency exposure is fully hedged to New Zealand dollars.

Statutory Base The financial statements for the Fund have been prepared in accordance with the Trust Deed and the Financial Markets Conduct Act 2013 ("FMCA").

Basis of preparation The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and other legislative requirements as appropriate for for-profit entities. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial instruments at fair value through profit or loss. The methods used to measure fair value are discussed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

| | |
|--|---|
| Basis of preparation - continued | The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity and are therefore considered current assets/liabilities. |
| New accounting standards and interpretations not adopted | No new standards or amendments to existing standards and interpretations that are not yet in effect are expected to have a material impact on the financial statements of the Fund. |
| Significant accounting estimates and judgements | <p>The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Funds' accounting policies.</p> <p>The investments of the Funds have been valued at the relevant redemption price established by underlying investment managers, therefore the Manager has not made any material accounting estimates or judgements in relation to the carrying value of these assets.</p> <p>The Manager continues to closely monitor the impacts of the COVID-19 Pandemic on the Fund. The Manager has evaluated the impact of COVID-19 on the valuation of financial instruments as at 31 March 2022 and has concluded that an adjustment was not required on the basis that the markets were functioning and the redemption price for the financial assets at fair value through profit or loss represented fair value.</p> |
| Functional and presentation currency | The financial statements are presented in New Zealand dollars, which is the Funds' functional currency. All amounts have been rounded to the nearest dollar. |
| Financial instruments | <p>(a) Classification</p> <p><i>Financial assets at fair value through profit or loss</i></p> <p>The Funds classify their investments in Australian unlisted unit trusts and forward foreign exchange contracts as financial assets at fair value through profit or loss. The Funds classify their investments based on both the Funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' investment strategies, policies and guidelines are established by the Manager. The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' investment strategies.</p> <p>Derivative instruments, which are predominantly forward foreign exchange contracts, are classified as financial assets or liabilities at fair value through profit or loss. The use of derivatives is governed by investment guidelines which are set by the Manager with the approval of the Trustee. Where derivative instruments are used to economically hedge currency risk, hedge accounting is not applied and derivatives are recognised at their fair value.</p> <p>The Manager and investment manager are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.</p> <p><i>Financial assets and liabilities at amortised cost</i></p> <p>The Funds' cash and cash equivalents and other receivables are classified as financial assets at amortised cost based on the Funds' business models for managing those financial assets and the contractual cash flow characteristics.</p> <p>Financial liabilities at amortised cost comprise related party payables and other payables.</p> <p>(b) Recognition</p> <p>Purchases and sales of investments are recognised on the trade date, the date on which the Funds commit to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value and, subsequent to initial recognition, measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statements of Comprehensive Income when they arise. Interest, dividend and distribution income are separately recognised in the Statements of Comprehensive Income. Transaction costs are expensed as incurred in the Statements of Comprehensive Income.</p> |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDFinancial instruments -
continued**(c) Fair Value Measurement**

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Funds had access at that date. The fair value also includes non-performance risk.

Fair value of unlisted unit trusts

The fair value of investments in unlisted unit trusts is determined using the last available redemption unit prices for those funds at balance date. The Manager of the Funds may make adjustments based on considerations such as the liquidity of the underlying investments and any restrictions on redemptions.

Fair value of forward foreign exchange contracts

The fair value of forward foreign exchange contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by the counterparty. The Funds recognise a gain or loss equal to the change in fair value at the balance date.

(d) Derecognition

Financial assets are derecognised upon maturity or disposal of the asset. Any gain or loss arising on derecognition of the asset is recognised in the Statements of Comprehensive Income in the year the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

Fair value hierarchy

Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. Transfers between levels of the fair value hierarchy (if any) are deemed to have occurred at the beginning of the period.

Level one - fair value in an active market

The fair value of financial assets traded in active markets for the same instruments based on their quoted market prices at balance date without any deduction for estimated future selling costs. Generally, a level one category asset will have the most independent, reliable basis for measurement.

Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

The Funds' investments in unlisted unit trusts are valued at fair value which is based on the latest available redemption prices of the units in each respective underlying fund. The Manager reviews the details of the reported information obtained from each of the underlying investments and considers:

- the liquidity of the Funds' holding in that investment, or it's underlying investments;
- the value date of the net asset value ("NAV") provided; and
- any restrictions on withdrawals

Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

Taxation

The Funds are Portfolio Investment Entities ("PIEs"). Under the PIE regime income is effectively taxed in the hands of the unit holders and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income.

Under the PIE regime, the Manager attributes the taxable income of the Fund to unit holders in accordance with the proportion of their interest in the overall Fund. The income attributed to each unit holder is taxed at the unit holder's prescribed investor rate ("PIR") which is currently capped at 28%. Any PIE tax payable/refundable on full withdrawals is paid/received by the Manager on behalf of unit holders and deducted from or added to the withdrawal proceeds paid. Units are cancelled/issued to the value of the tax paid/refunded upon determination of the unit holders' annual PIE tax liabilities/assets at 31 March each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

| | |
|---------------------------|---|
| Taxation - continued | <p>At 31 March each year, the unit holders' net tax position is accrued and the value of unit holders' funds is adjusted to reflect the impact of tax payable/receivable on the value of the unit holders' interest in the Fund. Unit holders' PIE tax amounts disclosed in the Statements of Changes in Funds Attributable to Unit Holders include withdrawals to meet unit holder tax liabilities and application representing unit holder tax refunds under the PIE regime.</p> <p>The PIE tax attributable to unit holders at balance date is calculated on the basis of the tax laws enacted or substantively enacted at balance date.</p> |
| Foreign currencies | <p>Transactions denominated in foreign currencies are recognised at the exchange rates at the date of the transactions. Monetary assets and liabilities at balance date denominated in foreign currencies are translated at the foreign currency exchange rates at that date. Realised and unrealised exchange gains and losses on financial assets at amortised cost during the financial year are recognised in the Statements of Comprehensive Income within 'Other foreign currency (losses)/gains, net'.</p> |
| Expenses | <p>Expenses include management fees and other fees. Management fees are accrued for daily, based on each Funds net asset value ("NAV"). All other expenses are paid for by the Manager out of the management fee.</p> |
| Income recognition | <p>Interest income is recognised in the Statements of Comprehensive Income as the interest accrues using the effective interest rate method. Interest income is earned on short term deposits and bank balances.</p> <p>Distribution income is recognised in the Statement of Comprehensive Income when the Funds' right to receive payment is established.</p> <p>Distribution income is disclosed net of any foreign tax credits and resident withholding taxes deducted at source, as these tax credits are allocated to unit holders under the PIE regime.</p> <p>Any unrealised gains or losses arising from the revaluation of investments and any realised gains or losses from the sale of investments during the year are included in the Statements of Comprehensive Income.</p> <p>Foreign exchange gains and losses on cash and cash equivalents, other receivables, and other payables are recognised in the Statements of Comprehensive Income within 'Other foreign currency (losses)/gains, net'.</p> |
| Cash and cash equivalents | <p>Cash and cash equivalents comprise cash balances and short term deposits with an original maturity of 90 days or less and are initially measured at fair value. Subsequent to initial recognition, all cash and cash equivalents are measured at amortised cost.</p> |
| Other payables | <p>Other payables include liabilities and accrued expenses owed by the Fund that are unpaid at balance date. Under NZ IFRS 9 - Financial Instruments ("NZ IFRS 9"), payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.</p> |
| Related party payables | <p>Payables to related parties include accrued expenses owed to related parties which are unpaid at balance date. Under NZ IFRS 9, related party payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.</p> |
| Goods and Services tax | <p>The Funds are not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.</p> |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

| | |
|------------------------------|---|
| Statements of cash flows | <p>Definitions of the terms used in the Statements of Cash Flows are:</p> <p>(a) Operating activities comprise all transactions and other events that are not financing activities and includes purchases and sales of investments.</p> <p>(b) Financing activities are those activities that result in changes in the size and composition of unit holders' funds. This includes elements of unit holders' funds not falling within the definition of cash. Distributions paid in relation to unit holders' funds are included in financing activities.</p> |
| Applications and redemptions | Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at the unit price for that day. The unit price for each Fund is determined as the net asset value ("NAV") divided by the number of |
| Distributions | The income of the Fund is distributed proportionately to unit holders according to number of units held, subject to and in accordance with the Trust Deed. |
| Unit holders' funds | <p>The units issued by the Funds are puttable instruments and meet the definition of an equity instrument, defined as:</p> <p>(a) unit holders are entitled to a pro rata share of the Fund's net assets in the event of the Funds' liquidation.</p> <p>(b) it is in the class of instruments that is subordinate to all other classes of instruments.</p> <p>(c) all units have identical rights and are puttable.</p> <p>(d) apart from the contractual obligation of the issuer to redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability.</p> <p>(e) the total expected cash flows attributable to the instrument over its life is based substantially on the profit or loss, the change in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the Funds over the life of the instrument.</p> <p>The Funds issue redeemable units which are redeemable at the holder's option and are classified as equity and reported as unit holders' funds.</p> |
| Related parties | <p>A party is related to the Funds if:</p> <p>(a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Funds;</p> <p>(b) it is a parent, subsidiary or fellow subsidiary of a party defined in (a) above;</p> <p>(c) it has an interest in or relationship with the Fund that gives it significant influence or control over the Funds;</p> <p>(d) it is controlled by or may be significantly influenced by another party which also has control or significant influence over the Funds;</p> <p>(e) the Funds have an interest in or relationship with the party that gives significant influence over the party; or</p> <p>(f) it is an entity or member of a group which provides key management personnel services to the Funds.</p> |

3. NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Financial assets and liabilities at fair value through profit or loss | | |
| Forward foreign exchange contracts | (42,170) | (40,007) |
| Unlisted unit trusts | 35,083 | 34,076 |
| Total net gains on financial assets and liabilities at fair value through profit or loss | (7,087) | (5,931) |

4. CASH AND CASH EQUIVALENTS

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|--|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Cash and cash equivalents | | |
| Cash - Australian dollars | 271,182 | 271,377 |
| Cash - New Zealand dollars | 104,008 | 237,501 |
| Total cash and cash equivalents | 375,190 | 508,878 |

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Financial assets at fair value through profit or loss | | |
| Forward foreign exchange contracts | 2,553 | 3,186 |
| Unlisted unit trusts | 7,858,017 | 6,621,686 |
| Total financial assets at fair value through profit or loss | 7,860,570 | 6,624,872 |
| Financial liabilities at fair value through profit or loss | | |
| Forward foreign exchange contracts | 54,136 | 50,297 |
| Total financial liabilities at fair value through profit or loss | 54,136 | 50,297 |

5(A). FAIR VALUE HIERACHY

Level 2 fair value
determination

The fair value of units held by the Funds in unlisted unit trusts is determined by reference to published unit prices calculated by those funds' administration managers and are included within level 2 of the fair value hierarchy.

Forward foreign exchange contracts are valued using a forward rate determined from a spot rate and forward points provided by the counterparty and are included within level 2 of the fair value hierarchy.

There have been no transfers between the levels of the fair value hierarchy.

6. OTHER RECEIVABLES

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|--------------------------------|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Unsettled trades | 210 | 552 |
| Distributions receivable | 79,047 | 14,421 |
| Total other receivables | 79,257 | 14,973 |

All other receivable balances are current assets. Other receivables are classified as financial assets at amortised cost under NZ IFRS 9.

7. OTHER PAYABLES

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|-----------------------------|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Distributions payable | 70,704 | 10,830 |
| Total other payables | 70,704 | 10,830 |

All other payable balances are current liabilities. Other payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

8. RELATED PARTIES

Related parties comprise the Manager, the Investment Manager, the Supervisor and their related entities.

| | |
|------------------|---|
| Management fees | <p>The Manager and Investment Manager are entitled to a fee, payable out of the Funds, in relation to the services they provide to the Funds. The management fees are calculated and accrued daily and paid monthly as a percentage per annum ("p.a.") of the NAV of the Funds. The management fee is currently 0.75% p.a. of the Coolabah Long Short Credit PIE Fund and 0.44% p.a. of the Coolabah Short Term Income PIE Fund. The investment management fee is paid by the Manager out of the management fee.</p> <p>Total Management fees paid by the Funds for the period are disclosed in the Statements of Comprehensive Income.</p> |
| Performance fees | <p>The Investment Manager may also be entitled to be paid a performance fee in respect of the 6 month periods ending 31 March and 30 September. The performance fee is in respect of any period that the investment performance is above the benchmarks and the high water marks. The fee rates and benchmarks are as follows:</p> <ul style="list-style-type: none"> - Coolabah Long-Short Credit PIE Fund: 20.50% of the Fund's gross performance above the return of the Bloomberg AusBond Bank Bill Index hedged to New Zealand dollars, plus 1.00% per annum. - Coolabah Short Term Income PIE Fund: 22.50% of the Fund's gross performance above the return of the Bloomberg AusBond Bank Bill Index hedged to New Zealand dollars, plus 1.89% per annum. <p>The payment of the performance fee can be made only if the net asset value per unit exceeds the net asset value per unit used in the calculation of the last performance fee paid (the high water mark).</p> <p>Further information on the performance fees can be found in the PDS and the Other Material Information ("OMI") document.</p> |
| Supervisor fees | <p>The Supervisor is entitled to a fee, payable out of the Funds, in relation to the services it provides as the supervisor of the Funds. The fee is paid by the Manager out of the management fee.</p> |
| Audit fees | <p>KPMG are entitled to a fee for the services it provides as auditor of these financial statements. Total fees paid by the Manager to the auditor for the period ending 31 March 2022 were \$20,500.</p> |

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|-------------------------------------|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Related party payables | | |
| Management fees payable | 4,690 | 2,381 |
| Total related party payables | 4,690 | 2,381 |

All related party payable balances are current liabilities. Related party payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

| | |
|-------------------------------------|---|
| Related party holdings in the Funds | Directors and key management personnel of the Manager, Investment Manager and their immediate family members do not hold units in the Fund. |
|-------------------------------------|---|

8. RELATED PARTIES - CONTINUED

Related party investments At 31 March 2022 the Funds held units or had subscribed for units in other funds managed by the Investment Manager. The balances and movements for the year were as follows:

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Smarter Money Long-Short Credit Fund | | |
| Opening value | - | - |
| Applications | 7,822,934 | - |
| Change in fair value | 35,083 | - |
| Closing value | 7,858,017 | - |
| Distributions received | 79,294 | - |
| Smarter Money Higher Income | | |
| Opening value | - | - |
| Applications | - | 6,587,610 |
| Change in fair value | - | 34,076 |
| Closing value | - | 6,621,686 |
| Distributions received | - | 14,519 |

9. RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO UNIT HOLDERS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|--|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Net profit attributable to unit holders | 63,704 | 10,201 |
| Adjustments for: | | |
| Purchase of investments | (7,822,790) | (6,584,792) |
| Net settlement of forward contracts | 9,413 | 7,104 |
| Net gains on financial assets at fair value through profit or loss | 7,087 | 5,931 |
| Other foreign currency losses/(gains), net | 2,335 | (4,437) |
| Changes in payables and receivables: | | |
| Distributions receivable | (79,047) | (14,421) |
| Accounts payable | 4,690 | 2,381 |
| Net cash outflow from operating activities | (7,814,608) | (6,578,033) |

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Funds holds the following derivative instruments:

Forward foreign exchange contracts

Forward foreign exchange contracts are agreements between two parties to exchange two designated currencies at a specific time in the future at a fixed price. These contracts always take place on a date after the date that the spot contract settles, and are used to protect the buyer from fluctuations in currency prices. Forward contracts are not traded on exchanges, and standard amounts of currency are not traded in these agreements. They cannot be cancelled except by the mutual agreement of both parties involved. The Funds use forward contracts to reduce foreign currency exposure. The counterparty to the forward contracts held by the Funds is Commonwealth Bank of Australia Limited.

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|------------------------|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Fair value: | | |
| AUD | (51,583) | (47,111) |
| Notional value: | | |
| AUD | 8,087,000 | 6,848,000 |

Offsetting

The Fund may enter into derivative contracts, which use the standard ISDA master agreement. In the normal course of business derivative financial instruments are net settled in each foreign currency on maturity date. Accordingly, the fair value of derivatives in different currencies are presented gross on the statement of financial position. In certain circumstances such as an event of default, the derivative financial instruments in different currencies are able to be offset.

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements: | | |
| Gross amounts of recognised financial assets | 2,553 | 3,186 |
| Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position | - | - |
| Net amounts of financial assets presented in the Statement of Financial Position | 2,553 | 3,186 |
| <i>Related amounts not set-off in the Statements of Financial Position</i> | | |
| Financial instruments | (2,553) | (3,186) |
| Net amount | - | - |
| Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements: | | |
| Gross amounts of recognised financial liabilities | (54,136) | (50,297) |
| Gross amounts of recognised financial assets set-off in the Statement of Financial Position | - | - |
| Net amounts of financial liabilities presented in the Statement of Financial Position | (54,136) | (50,297) |
| <i>Related amounts not set-off in the Statements of Financial Position</i> | | |
| Financial instruments | 2,553 | 3,186 |
| Cash collateral | - | - |
| Net amount | (51,583) | (47,111) |

11. FINANCIAL RISKS

| | |
|------------------------|--|
| Financial risk factors | <p>The Funds' activities expose them to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.</p> <p>The Funds' investment objectives, strategies and guidelines are outlined in the Establishment Deed and Product Disclosure Statement. The Manager sets the investment policy and investment guidelines for the Funds and obtains the Supervisor's approval for any material change to these guidelines. The overall risk management programme seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Funds' policies allows them to use derivative instruments to moderate certain risk exposures.</p> <p>All securities investments present a risk of loss of capital. The maximum loss of capital on unlisted unit trusts is limited to the fair value of those positions.</p> |
|------------------------|--|

11(A). MARKET RISK

| | |
|-----------------------------------|---|
| Price risk | <p>Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.</p> <p>The Funds invest in other unlisted unit trusts and is susceptible to market price risk arising from uncertainties about future values of those underlying funds.</p> |
| Price risk - sensitivity analysis | <p>At 31 March, the net fair value of financial instruments is exposed to price risk. The Manager considers the volatility of the fair value of investments in the portfolio to be in the 1.00% range. This is based on the weighted average of the considered volatility on underlying fund which range from 0.32% - 1.69%. If the price of the Funds' investments increased or decreased by 1%, the Fund's net assets attributable to unit holders and net profit/(loss) would increase or decrease as follows:</p> |

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|--|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Financial assets at fair value through profit or loss | | |
| Unlisted unit trusts | 7,860,570 | 6,624,872 |
| Total | 7,860,570 | 6,624,872 |
| Sensitivity analysis | | |
| 1% increase in prices | 78,606 | 66,249 |
| 1% decrease in prices | (78,606) | (66,249) |

| | |
|---------------|--|
| Currency risk | <p>Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.</p> <p>The Funds holds financial instruments denominated in currencies other than New Zealand dollar, the functional currency. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to change in exchange rates. The Funds may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency.</p> |
|---------------|--|

11(A). MARKET RISK - CONTINUED

Currency risk - sensitivity analysis

At 31 March, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the Funds' net assets attributable to Unit Holders and net profit(loss), including the effect of foreign exchange hedges, would increase or decrease as follows:

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|------------------------------------|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| <i>Net monetary assets</i> | | |
| Cash and cash equivalents | 271,182 | 271,377 |
| Other receivables | 79,257 | 14,973 |
| <i>Net non-monetary assets</i> | | |
| Unlisted unit trusts | 7,858,017 | 6,621,686 |
| Forward foreign exchange contracts | (51,583) | (47,111) |
| Total | 8,156,873 | 6,860,925 |
| Sensitivity analysis | | |
| AUD Exchange rates increase by 5% | (6,845) | (9,125) |
| AUD Exchange rates decrease by 5% | 6,632 | 9,286 |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Funds hold cash in accordance within agreed limits specified in the Investment Mandate. The Funds are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow.

Interest rate risk - sensitivity analysis

The following table details the interest rate re-pricing profiles of the financial assets held by the Funds. The table also details, based on exposures at 31 March, the effect of an interest rate increase or decrease by 1.00% (which is the Manager's assessment of a reasonable movement with regard to the New Zealand Official Cash Rate which has moved 1.00% over the last twelve months) with all other variables held constant, on the cash flows of cash and cash equivalents, and the related change in net assets attributable to unit holders and net profit/(loss):

| | Coolabah Long-Short Credit PIE Fund | Coolabah Short Term Income PIE Fund |
|---|-------------------------------------|-------------------------------------|
| | 2022 \$ | 2022 \$ |
| Re-pricing profiles | | |
| Cash and cash equivalents | | |
| Up to 90 days | 375,190 | 508,878 |
| Total | 375,190 | 508,878 |
| Sensitivity analysis | | |
| Impact on cash flow to changes in interest rates | | |
| Interest rates increase by 1.00% | 3,752 | 5,089 |
| Interest rates decrease by 1.00% | (3,752) | (5,089) |

11(B). LIQUIDITY RISK

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

The Funds are exposed to daily redemptions of redeemable units. It therefore invests the majority of their assets in investment funds that can be readily disposed. The Funds will generally retain sufficient cash and cash equivalent balances to satisfy its accrued expenses as they fall due.

The Funds' financial liabilities consist of related party payables and other payables which are short term in nature and classified as current liabilities at balance date.

11(C). CREDIT RISK

Credit risk represents the risk that counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Funds to incur a financial loss. Financial instruments that subject the Funds to credit risk are cash and cash equivalents and other receivables.

With respect to credit risk arising from the financial assets of the Funds, the Funds' exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statements of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

There is no material risk of default relating to applications receivable by the Funds (if any) as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed.

The Funds do not use credit derivatives to mitigate credit risk.

The Funds' cash and cash equivalents are held with the Bank of New Zealand (S&P Global credit rating: AA-).

At 31 March 2022, all cash and cash equivalents are held with counterparties with high credit ratings and all financial instruments measured at amortised cost are short-term in nature (i.e. no longer than 12 months) and of high credit quality. The Manager considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

As at 31 March 2022, there were no financial assets past due or impaired.

11(D). CAPITAL RISK MANAGEMENT

The Funds' capital is represented by net assets attributable to unit holders. The Manager's objectives when managing capital are to provide returns for unit holders through capital growth. The Funds do this by investing in diversified asset classes and liquid market instruments.

The Funds strive to invest the subscriptions of unit holder funds in investments that meet the Funds' objectives while maintaining sufficient liquidity to meet unit holder redemptions.

The Funds do not have any externally imposed capital requirements. Units may be redeemed on a daily basis, or such other date as the Manager shall from time to time determine.

12. CONTINGENT LIABILITIES & COMMITMENTS

The Funds have no material commitments or material contingencies at 31 March 2022.

13. EVENTS SUBSEQUENT TO BALANCE DATE

There are no significant subsequent events that require adjustment to or disclosure in these financial statements.