

Coolabah Investment Funds
Financial Statements
For the period ended 31 March 2024



Independent Auditor's Report

To the unitholders of:

- Coolabah Active Composite Bond PIE Fund
- Coolabah Floating-Rate High Yield PIE Fund

Collectively Coolabah Investment Funds (the 'funds')

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Coolabah Investment Funds (the 'funds') on pages 2 to 13 present fairly, in all material respects:

- the funds' financial position as at 31 March 2024 and its financial performance and cash flows for the period ended on that date;

in accordance with New Zealand Equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2024;
- the statements of comprehensive income, changes in net assets attributable to unit holders and cash flows for the period then ended; and
- notes, including a summary of material 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the funds. Subject to certain restrictions, partners and employees of our firm may also deal with the fund on normal terms within the ordinary course of trading activities of the business of the fund. These matters have not impaired our independence as auditor of the fund. The firm has no other relationship with, or interest in, the fund.

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 of the funds. We chose the 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 6 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 96% 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.

Other information

The Manager, on behalf of the fund, are responsible for the other information included in the entity's financial statements. Other information includes the Directory. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears 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.

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) issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a set of financial statements that is 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 Gavin Silva

For and on behalf of

KPMG
Wellington

18 July 2024

Statements of Comprehensive Income

\$ For the period ended 31 March	Note	Coolabah Active Composite Bond PIE Fund* 2024	Coolabah Floating-Rate High Yield PIE Fund* 2024
Income			
Interest income - financial assets at amortised cost		-	962
Dividend and distribution income		9,921	913
Net foreign currency gain on financial assets at amortised costs		686	6,482
Net gain on financial assets and liabilities at fair value through profit or loss		13,913	38,261
Total income		24,520	46,618
Expenses			
Interest expense	11	106	-
Management fees	8	957	4,497
Performance fees	8	1,577	-
Total operating expenses		2,640	4,497
Net profit		21,880	42,121
Profit for the period attributable to Unitholders		21,880	42,121
Total comprehensive income for the period attributable to Unitholders		21,880	42,121

*The Funds commenced operations from 6 December 2023.

These statements are to be read in conjunction with the accompanying notes.

Statements of Changes in Net Assets Attributable to Unitholders

\$ For the period ended 31 March	Coolabah Active Composite Bond PIE Fund* 2024	Coolabah Floating-Rate High Yield PIE Fund* 2024
Proceeds from units issued	865,839	3,799,784
Distributions	(11,073)	(76,948)
Unitholder tax liabilities	(92)	(11,416)
Net increase from transaction in units	854,674	3,711,420
Total comprehensive profit for the period attributable to Unitholders	21,880	42,121
Net assets attributable to Unitholders at the end of the period	876,554	3,753,541
Units on issue For the period ended 31 March	Coolabah Active Composite Bond PIE Fund* 2024	Coolabah Floating-Rate High Yield PIE Fund* 2024
Units issued	852,582	3,740,498
Units redeemed	(32)	(11,253)
Units on issue at the end of the period	852,550	3,729,245

*The Funds commenced operations from 6 December 2023.

These statements are to be read in conjunction with the accompanying notes.

Statements of Financial Position

\$ As at 31 March	Note	Coolabah Active Composite Bond PIE Fund* 2024	Coolabah Floating-Rate High Yield PIE Fund* 2024
Assets			
Cash and cash equivalents		42,994	110,549
Financial assets at fair value through profit or loss	6	858,388	3,728,744
Contributions receivable		839	76,784
Total assets		902,221	3,916,077
Liabilities			
Financial liabilities at fair value through profit or loss	7	12,027	69,771
Outstanding settlements payable		11,073	76,948
Management fees payable	8	957	4,497
Performance fees payable	8	1,577	-
Tax payable on behalf of unitholders		33	11,320
Total liabilities		25,667	162,536
Net assets attributable to Unitholders		876,554	3,753,541

The Directors of FundRock NZ Limited authorised these Financial Statements for issue on 17 July 2024.

Director  Anthony Edmonds

Director

Director 

Director

Gareth Fleming

*The Funds commenced operations from 6 December 2023.

These statements are to be read in conjunction with the accompanying notes.

Statements of Cash Flows

\$		Coolabah Active Composite Bond PIE Fund*	Coolabah Floating-Rate High Yield PIE Fund*		
For the period ended 31 March	Note	2024	2024		
Cash flows from operating activities					
Purchase of financial instruments at fair value through profit or loss		(820,002)	(3,609,752)		
Interest income received		-	962		
Interest expense paid		(106)	-		
Net cash (outflow) from operating activities	10	(820,108)	(3,608,790)		
Cash flows from financing activities					
Proceeds from units issued		865,000	3,723,000		
Redemptions of units		-	-		
Unitholders tax paid		(59)	(95)		
Net cash inflow from financing activities		864,941	3,722,905		
Net increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the financial period		44,833	114,115		
Foreign exchange (loss) on cash and cash equivalents denominated in foreign currencies		-	-		
		(1,839)	(3,566)		
Cash and cash equivalents at the end of the financial period		42,994	110,549		
The cash balances of the Funds comprise of:					
Cash and cash equivalents		42,994	11,069	110,549	170,778
		42,994	11,069	110,549	170,778

*The Funds commenced operations from 6 December 2023.

These statements are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General information

Reporting Entities

The Coolabah Investment Funds (the Scheme) were registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013 on 22 November 2021. The funds included within these financial statements are the Coolabah Floating-Rate High Yield PIE Fund and Coolabah Active Composite Bond PIE Fund (together, the "Funds"). Financial statements for other funds within this Scheme have been prepared separately.

The Funds were established on 16 August 2023 in Wellington, New Zealand under a Master Trust Deed dated 1 December 2016 and Scheme Establishment Deed supplemental to the Trust Deed dated 25 August 2021. The Funds are open-ended investment funds and commenced operation on 6 December 2023. The financial statements are for the period 6 December 2023 to 31 March 2024 and have been prepared in accordance with the Trust Deed. Since this is the first period of operations there are no comparatives.

The principal activity of the Funds is investment, either via investments in other managed funds or holding investments directly.

The objectives of the Funds are as follows:

* Coolabah Floating-Rate High Yield PIE Fund: Invests in an underlying fund, Coolabah Floating-Rate High Yield Fund, and aims to provide investors with exposure to a portfolio of investment-grade Australian floating-rate notes with enhanced yields.

* Coolabah Active Composite Bond PIE Fund: Invests in an underlying fund, Coolabah Active Composite Bond Fund (Hedge Fund), and targets returns in excess of the Bloomberg Ausbond Composite 0+ Yr Index (hedged to NZD) by 1.0% to 2.0% per annum over rolling 12 month.

The Funds are managed by FundRock NZ Limited ("Manager") as they are the licensed manager appointed under the governing documents. The registered office for Manager is Level 2, Woodward House, 1 Woodward Street, Wellington 6011. Coolabah Capital Investments (Retail) Pty Limited ("Coolabah" or "Investment Manager") is the Investment Manager of the Funds. The Supervisor of the Funds is Public Trust. BNP Paribas Fund Services Australasia Pty Limited ("BNP Paribas") is the Custodian and Apex Investment Administration (NZ) Limited ("Apex") is the administrator of the Funds.

These financial statements were authorised for issue by the Board of Directors of the Manager on 17 July 2024.

Statutory Base

The Funds are a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and are subject to the provisions of that Act.

The Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Trust Deed.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the Funds are for-profit entities. These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities held at fair value through profit or loss.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Manager enters into a fund hosting arrangement with the Investment Manager. The arrangements involve the issuing and managing of funds, under the Manager's Managed Investment Scheme license, on behalf of an Investment Manager who wants to provide investors with access to their investment solutions. The Manager contracts with other service providers to provide the services required to be provided directly to the Funds. This includes trustee/supervisor, custodian, fund administration and audit services. In respect of these services the Manager is acting as an agent of the Funds.

The Financial Statements have been prepared for the period from 6 December 2023 to 31 March 2024. Since this is their first year of operations there are no comparatives.

Standards and amendments to existing standards effective 1 April 2023 impacting the Funds

There are no new standards or amendments to existing standards that are effective for the year commencing on 1 April 2023 that have a material effect on the Financial Statements of the Scheme Funds.

Standards not yet issued and not yet effective

There are no new standards, amendments to standards or interpretations that are not yet effective and have been early adopted that are expected to have a material effect on the Financial Statements of the Funds.

Climate related risks and opportunities

The Manager is a Climate Reporting Entity pursuant to the provisions of the Financial Markets Conduct Act 2013, as modified by the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. Climate-related disclosures for the Fund were prepared in accordance with Aotearoa New Zealand Climate Standards and are available at the Climate-Related Disclosures Register.

The Fund is exposed to climate related risks, which are managed through the strategies and processes described in the climate-related disclosures available at the Climate-Related

2.2 Financial instruments

(a) Classification

Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through the profit or loss

Financial assets at fair value through the profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and the Investment Manager uses that information to assess the assets' performance and to make decisions. All financial assets at fair value through profit or loss are measured at fair value through profit or loss. Financial assets at fair value through the profit or loss comprise of unlisted funds and forward foreign exchange contracts.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks in New Zealand dollars and foreign currencies. 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 represents the Funds' main income generating activity.

(b) **Receivables** include interest, dividends, contributions receivables and receivable on the sale of unsettled securities.

Notes to the Financial Statements

2. Summary of material accounting policies (continued)

2.2 Financial instruments (continued)

Financial liabilities

(i) Financial liabilities at fair value through the profit or loss

Financial liabilities at fair value through the profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental in achieving the Funds' business model. Consequently, all financial liabilities are measured at fair value through profit or loss and classified as mandatorily measured at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

Payables are amounts representing liabilities and accrued expenses owing by the Funds at year end and may include related party fees.

The Funds' policy requires the Board of Directors of the Manager and Investment Manager to evaluate the information about financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

(i) Financial assets at fair value through the profit or loss

The Funds recognise financial assets and liabilities at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expenses as incurred in the Statements of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through the profit or loss are measured at fair value.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and financial liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and financial liabilities at amortised cost are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and financial liabilities at amortised cost are measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance of the financial assets at amortised cost 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 Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below S&P ratings of BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

(c) Fair value estimation

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.

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. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent comparable market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Funds review the details of the reported information obtained from the other funds and consider: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions; and the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information is obtained from the other funds' advisors.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have invested.

If necessary, the Funds make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the Statements of Comprehensive Income include the change in fair value of each other fund.

2.3 Offsetting financial instruments

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

2.4 Net assets attributable to unitholders

The Funds issue units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. Redemption may take place at the redemption price on any business day after appropriate notice. 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 put the units back to the Funds.

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds and any initial service fee (if any). 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 prices based on the Funds' net asset value per unit at the time of issue or redemption adjusted for a margin spread (indicative) of 2.5bps for Coolabah Active Composite Bond PIE Fund and 5 bps for Coolabah Floating-Rate High Yield PIE Fund respectively. The margin spreads on redemptions are to cover costs associated with the transactions. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market value for the purpose of determining the net asset value per unit for subscriptions and redemptions.

2.5 Investment income

Interest income on financial assets at amortised cost

Interest earned on cash and cash equivalents are included as Interest income in the Statements of Comprehensive Income on an accruals basis.

Dividend and distribution income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statements of Net Assets Attributable to Unitholders as a unitholder tax liability. Fund distributions are recognised on a present entitlement basis.

Net gains and losses on financial assets at fair value through profit or loss

Realised and unrealised gains and losses are reflected in the Statements of Comprehensive Income as net gain/(loss) on financial instruments held at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

Notes to the Financial Statements

2. Summary of material accounting policies (continued)

2.6 Expenses

All expenses, including the Funds' management fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The functional currency for the Funds is the New Zealand dollar, which reflects the currency in which the Funds compete for funds and are regulated. The Funds' investors are from New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Funds is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in New Zealand dollars, which is also the Funds' presentation currency. All amounts are rounded to the nearest dollar unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date.

Foreign exchange gains and losses resulting from translation are included in the Statements of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statements of Comprehensive Income within 'net foreign currency gains or losses on cash and cash equivalents'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statements of Comprehensive Income within 'other net changes in fair value on financial assets at fair value through profit or loss'.

2.8 Income tax

The Funds qualify as and have each elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statements of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Unitholders in accordance with the proportion of their interest in the Funds. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" which is capped at 28% on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.9 Distribution to unitholders

Distributions may be made from the Funds in accordance with the terms of the Trust Deed, the relevant Establishment Deed and the distribution policy for the Fund. Amounts that are not distributed, remain invested as part of the assets of the relevant Fund. Proposed distributions to unitholders are recognised in the Statements of Changes in Net Assets Attributable to Unitholders when they are appropriately authorised and no longer at the discretion of the Funds' Manager.

Unitholders have the choice to automatically reinvest their distributions. The reinvestment is made on the first available ex distribution net asset value price for the relevant Fund.

2.10 Statements of cash flows

Definitions of the terms used in the Statements of Cash Flows are:

- (a) 'For the purposes of the Statement of Cash Flows, proceeds from the sale and purchase of investments at fair value through profit or loss and proceeds from realisation of derivatives are considered operating activities. The sales and purchases of investment securities maintain the operating capability of the Fund even though the investments may not be acquired specifically for resale or trading.; and
- (b) 'Financing activities' are those activities that result in changes in the size and composition of Unitholders' funds.
- (c) The Funds undertook no Investing activities during the reporting period.

2.11 Goods and services tax (GST)

The Funds are not registered for GST. The Statements of Comprehensive Income and Statements of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statements of Financial Position are stated inclusive of GST.

2.12 Classification as an investment entity

The Funds meet the definition of investment entities as defined by NZ IFRS 10 Consolidated Financial Statements because of the following characteristics:

- (i) The Funds obtain funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) The Funds' business purpose is to invest funds solely for returns from capital appreciation, investment income or a combination of both; and
- (iii) The Funds measure the performance of their investments on a fair value basis.

The Funds also display all typical characteristics that are associated with an investment entity:

- (i) They hold more than one investment;
- (ii) They have more than one investor;
- (iii) They have investors that are not related parties; and
- (iv) Ownership interests in the Funds are represented by units in the Funds.

3. Critical accounting estimates and judgements

The Manager of the Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and are based on historical experience among other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of securities not quoted in an active market

The valuation models employed use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Unquoted investments have been fair valued in accordance with the policies set out above in note 2.2 (c).

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

Net assets attributable to Unitholders

The Funds classify units as equity instruments in accordance with revised NZ IAS 32, 'Financial Instruments: Presentation'. The Funds continue to assess the classification of the redeemable units to ensure they have all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32.

Notes to the Financial Statements

4. Derivative financial instruments

4.1 Forward foreign currency contracts

Forward currency contracts are primarily used by the Coolabah Active Composite Bond PIE Fund and the Coolabah Floating-Rate High Yield Fund to economically hedge against foreign currency exchange rate risks on its non New Zealand denominated securities. Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Funds' open positions in forward contracts held with ANZ ('ANZ Bank New Zealand') at balance date are outlined below:

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Forward exchange contracts (notional value in NZ\$)		
Sell AUD/Buy NZD	879,226	3,644,433
Forward exchange contracts (fair value in NZ\$)		
Sell AUD/Buy NZD	(12,027)	(69,771)

5. Financial risk management

5.1 Financial risk factors

The Trust Deed for the Funds requires the Investment Manager to invest the assets of each Fund in accordance with the Statement of Investment Policy and Objectives ("SIPO"), in order to manage risk. The Funds' activities expose them to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Funds' 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 Funds' financial performance.

All securities investments present a risk of loss of capital. The Funds hold financial instruments in unlisted unit trusts (funds), forward foreign exchange contracts and cash and cash equivalents where the maximum loss of capital is limited to the carrying value of those positions.

The Coolabah Active Composite Bond PIE Fund and the Coolabah Floating-Rate High Yield PIE Fund are also indirectly exposed to risk factors such as credit risk and interest rate risk via its investments in the Coolabah Investment Funds (refer to the Related parties note 8). However the risk management note outlined below are not prepared on a look through basis.

In addition to internal risk management carried out by the Manager and the Investment Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the Funds' Product Disclosure Statement ("PDS").

The Investment Manager uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

5.1.1 Market risk

(a) Price risk

The Funds are exposed to price risk due to their investments in unlisted funds for which prices in the future are uncertain. The Funds manage their price risk by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The table below summarises the sensitivity of the Funds' net assets attributable to Unitholders to movements in prices including the effect of movements in foreign currency exchange rates, as at 31 March. If prices for the Funds' investments had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the profit/loss and Net Assets Attributable to Unitholders:

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
5% increase in prices	42,919	182,949
5% decrease in prices	(42,919)	(182,949)

(b) Foreign exchange risk

Foreign currency risk, as defined in NZ IFRS 7, 'Financial Instruments: Disclosures', arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. As at 31 March, the Funds have invested in forward foreign exchange contracts.

At the balance date the Funds had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Monetary assets/(liabilities)		
Australian Dollar (AUD)	(852,151)	(3,692,964)

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders on monetary assets at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Monetary assets/(liabilities)		
Exchange rates increased by 10%	77,468	335,724
Exchange rates decreased by 10%	(94,683)	(410,329)

At the balance date the Funds had the following foreign currency exposures due to holdings of non-monetary assets and liabilities (expressed in NZD equivalents):

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Non-monetary assets/(liabilities)		
Australian Dollar (AUD)	858,389	3,728,744

Notes to the Financial Statements

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Market risk (continued)

(b) Foreign exchange risk (continued)

A variable of 10% was selected for foreign exchange risk as this is the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility. If the exchange rates between the New Zealand dollar and the foreign currencies increased/decreased by 10% with all other variables held constant, this would have had the following impact on the net profit/(loss) before membership activities and the net assets available for benefits:

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Non-monetary assets/(liabilities)		
Exchange rates increased by 10%	(78,035)	(338,977)
Exchange rates decreased by 10%	95,377	414,305

(c) Cashflow interest rate risk

The Funds hold cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

The table below summarises the impact on the profit/loss and Net Assets Attributable to Unitholders had the relevant interest rates increased or decreased by 1% at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Increase of 1%	430	1,105
Decrease of 1%	(430)	(1,105)

5.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Funds. The Funds are exposed to credit risk, which is the risk that a counterparty or issuer of a security will be unable to pay amounts in full when they fall due. The main concentration to which the Funds are exposed arises from the Funds' investments in cash and cash equivalents, contributions receivable and other receivable balances.

The Funds' policy to manage this risk is to impose minimum credit rating requirements for each counterparty.

The following table sets out the equivalent Standard and Poor's credit rating for cash and cash equivalents held by the Funds.

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Cash and cash equivalents		
High Grade	AA-	
	42,994	110,549
	42,994	110,549

Counterparties of financial assets at fair value through profit or loss do not have credit ratings.

The maximum credit risk of financial instruments is considered to be the carrying value recognised in the Statements of Financial Position. Management consider the probability of default to be close to zero as the counterparties have a 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.

5.1.3 Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds are exposed to daily redemptions of units. The liquidity policy applied by the Investment Manager is dependent on the type of investments held by the Funds. For the Coolabah Active Composite Bond PIE Fund and the Coolabah Floating-Rate High Yield PIE Fund, the policy is to be fully invested in unlisted funds that provide adequate liquidity. The Funds can borrow up to 5% of the aggregate value of its investments which can provide additional liquidity to the Funds. Withdrawals from the Funds are generally paid within 5 business days from receiving the redemption request. The investment is redeemed at the unit price for the Fund, adjusted for any applicable sell spread for the Fund. The Investment Manager considers this as part of monitoring the liquidity of the Funds.

The following table analyses each of the Funds' financial liabilities and derivative financial instruments in a loss position based on a contractual maturity basis rather than on an expected maturity basis, as the expected maturities for such contracts are not considered to be essential to an understanding of the timing of cash flows. The amounts in the table are the contractual undiscounted cash flows.

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Management fees payable		
7 days to 1 month	957	4,497
Performance fees payable		
1 month to 3 months	1,577	-

5.2 Capital risk management

The Funds' capital is represented by the net assets attributable to Unitholders. The Funds' objective when managing capital is to provide returns for Unitholders through investing and to employ an established Investment Manager who manages a diversified portfolio of funds.

The minimum initial investment for each Fund is \$1,000. Thereafter, the minimum additional investment is \$1,000 per Fund. These minimum amounts may be varied or waived at the Manager's discretion.

Payment for redemption requests will normally be made within 5 business days of receiving a redemption request from the investor of a Fund.

The Manager may suspend redemptions where the Manager decides to close the Fund, or in other circumstances where the Manager believes that allowing investors to take money out would not be workable, or would prejudice investors generally. A suspension can last up to six months. If withdrawals are suspended and an investor submitted a withdrawal request, the redemption request will not be processed until the suspension is lifted.

The Manager reserve the right to refuse a redemption request for less than \$500 worth of units or a redemption request that would result in the investor's holding being less than \$1,000 worth of units (except where the investor withdraws it total unitholding).

The Funds do not have any externally imposed capital requirements. Units may be redeemed at any month end subject to the receipt of the redemption request.

Neither the Supervisor, the Manager, or any other party guarantee the units offered by the Funds, the performance or returns of the Funds or the repayment of capital.

Notes to the Financial Statements

5.3 Fair value estimation

All financial assets and financial liabilities included in the Statements of Financial Position, are carried at amounts that represent or approximate fair value. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The price used for unlisted funds is the published withdrawal price.

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.

NZ IFRS 13 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest 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.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Funds' financial assets and financial liabilities (by class) measured at fair value at the year end:

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Level 2 Assets		
<i>Financial assets at fair value through profit or loss</i>		
Unlisted funds	858,388	3,728,744
Total Level 2 Assets	858,388	3,728,744
Total financial assets at fair value through profit or loss	858,388	3,728,744
Level 2 Liabilities		
<i>Financial liabilities at fair value through profit or loss</i>		
Forward foreign exchange contracts	(12,027)	(69,771)
Total Level 2 Liabilities	(12,027)	(69,771)
Total financial liabilities at fair value through profit or loss	(12,027)	(69,771)

All unlisted funds (being Coolabah Active Composite Bond Fund (Hedge) and Coolabah Floating-Rate High Yield Fund – Zero Fee investee funds) are not quoted in an active market. The investee funds classified in Level 2 were fair valued using the net asset value of the underlying fund, as reported by the investee fund's administrator. For the investee funds, the Manager believes the Funds could have redeemed their investments at the net asset value per unit at balance date.

6. Financial assets at fair value through profit or loss

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Financial assets measured at fair value through profit or loss		
Unlisted funds	858,388	3,728,744
Total mandatorily measured at fair value through profit or loss	858,388	3,728,744
Total financial assets at fair value through profit or loss	858,388	3,728,744

7. Financial liabilities at fair value through profit or loss

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Financial liabilities measured at fair value through profit or loss		
Forward foreign exchange contracts	(12,027)	(69,771)
Total mandatorily measured at fair value through profit or loss	(12,027)	(69,771)
Total financial liabilities at fair value through profit or loss	(12,027)	(69,771)

Notes to the Financial Statements

8. Financial instruments by category

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Financial assets at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	858,388	3,728,744
Total assets at fair value through the profit or loss	858,388	3,728,744
Financial assets at amortised cost		
Cash and cash equivalents	42,994	110,549
Contributions receivable	839	76,784
Total financial assets at amortised cost	43,833	187,333
Total financial assets	902,221	3,916,077

\$ As at 31 March	Coolabah Active Composite Bond PIE Fund 2024	Coolabah Floating-Rate High Yield PIE Fund 2024
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	12,027	69,771
Total financial liabilities at fair value through the profit or loss	12,027	69,771
Financial liabilities at amortised cost		
Outstanding settlements payable	11,073	76,948
Management fees payable	957	4,497
Performance fees payable	1,577	-
Total financial liabilities at amortised cost	13,607	81,445
Total financial liabilities	25,634	151,216

9. Related parties

9.1 Key management and key management personnel

As outlined in the Funds' Product Disclosure Statement, the Funds incur management fees fixed at 0.4% of net asset value including GST for Coolabah Active Composite Bond PIE Fund and 1% of net asset value including GST for Coolabah Floating-Rate High Yield PIE Fund. GST currently charged at various rates driven by the nature of the service provided including exempt services such as custody and up to 15% for other services. The management fees include any fees within underlying funds or securities that the Funds may invest into, as well as fees paid to the Investment Manager, the Supervisor, the Auditor, the Custodian and the Administration Manager, bank charges and other various costs and expenses incurred. Where there is a shortfall, the Manager will pay the shortfall on behalf of the Funds and will recover the shortfall from the Investment Manager.

As at 31 March 2024, Management fees incurred are \$957 for Coolabah Active Composite Bond PIE Fund and \$4,497 for Coolabah Floating-Rate High Yield PIE Fund.

The Supervisor of the Fund is Public Trust. For the period ended 31 March 2024 the Supervisor fee payable with respect to the Funds amounted to \$1,184 excluding GST and was paid via Funds.

The fund administration and registry provider for the Fund is Apex Investment Administration (NZ) Ltd. For the period ended 31 March 2024 total fee charged to the Fund amounted to \$16,166 excluding GST. Apex Investment Administration (NZ) Ltd and the Manager are common control entities, hence, is a related party.

Depending on how well the Funds performs, the Investment Manager may be entitled to a performance based fee ("Performance fee"). The performance fee, to be paid to the Investment Manager, is calculated on a daily basis when the Funds are valued. For Coolabah Active Composite Bond PIE Fund, performance fee is chargeable at 20.5% of the excess return when the individual fund's performance exceeds the Bloomberg AusBond Composite 0+ Yr Index hedged to NZD (the "Benchmark Index"), subject to a high water mark which is calculated on a cumulative basis relative to the Benchmark Index such that any performance under the Benchmark Index in a particular period must first be recovered in following period before performance fees are paid. Once due, the Funds must pay the performance fee semi-annually on 30 June and 31 December each year. Performance fee is not applicable for the Coolabah Floating-Rate High Yield PIE Fund.

As at 31 March 2024, performance fees incurred to the manager is \$1,577 for Coolabah Active Composite Bond PIE Fund and there was no performance fee paid/payable as at 31 March 2024 for Coolabah Floating Rate High Yield PIE Fund.

As at 31 March 2024, no directors of the Manager, Investment Manager or the Supervisor or close family members or entities that are controlled, jointly controlled or significantly influenced by the directors or close family members of the Manager, Investment Manager or Supervisor held any investment interest in the Funds.

As at 31 March 2024, the Manager held no units in the Funds.

Notes to the Financial Statements

9. Related parties (continued)

9.2 Related party investments

The Coolabah Active Composite Bond PIE Fund and the Coolabah Floating-Rate High Yield PIE Fund invest into units of Coolabah Active Composite Bond Fund (Hedge) and Coolabah Floating-Rate High Yield Fund respectively, which are managed by Coolabah Capital Investments (Retail), and hence related party investments.

Investments held by the Coolabah Investment Funds and income earned on funds managed by Coolabah Capital Investments (Retail) as at balance date are outlined below:

\$	Coolabah Active Composite Bond PIE Fund	Coolabah Floating-Rate High Yield PIE Fund
As at 31 March	2024	2024
Coolabah Active Composite Bond Fund (Hedge)	858,389	-
Coolabah Floating-Rate High Yield Fund	-	3,728,744
	858,389	3,728,744

The total income and gains earned and losses incurred on the investments with related parties were:

\$	Coolabah Active Composite Bond PIE Fund	Coolabah Floating-Rate High Yield PIE Fund
For the year ended 31 March	2024	2024
Coolabah Active Composite Bond Fund (Hedge)	13,913	-
Coolabah Floating-Rate High Yield Fund	-	38,261
	13,913	38,261

10. Auditors remuneration

The table below sets out the audit fees incurred by the Funds:

\$	Coolabah Active Composite Bond PIE Fund	Coolabah Floating-Rate High Yield PIE Fund
As at 31 March	2024	2024
Audit of Financial Statements		
Audit of Financial Statements (including GST)	17,250	17,250

11. Reconciliation of operating (loss)/profit to net cash flows from operating activities

\$	Coolabah Active Composite Bond PIE Fund	Coolabah Floating-Rate High Yield PIE Fund
For the year ended 31 March	2024	2024
Net profit	21,880	42,121
Adjustments for non-cash items		
Net unrealised changes in the fair value of financial assets and liabilities	(9,051)	(51,675)
Net foreign currency gains or losses on financial assets at amortised cost	(686)	(6,482)
Distributions received as units rather than cash	(9,921)	(913)
	(19,658)	(59,070)
Movements in working capital items		
Decrease in trade and other payables	2,534	4,497
(Increase) in net cost of investments	(824,864)	(3,596,338)
	(822,330)	(3,591,841)
	(841,988)	(3,650,911)
Net cash (outflow) from operating activities	(820,108)	(3,608,790)

12. Assets and liabilities not carried at fair value but for which fair value is disclosed

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

13. Commitments and contingent liabilities

There are no material commitments or contingencies as at 31 March 2024.

14. Events occurring after balance sheet date

There are no other significant subsequent events that require adjustment to or disclosure in these financial statements as at 31 March 2024 or on the results and cash flows of the Funds for the reporting period ended on that date.