ICFM Credit Fund
ARSN 619 134 422
ABN 82 472 700 550
Financial statements
For the year ended 30 June 2019

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Contents

These financial statements cover ICFM Credit Fund as an individual entity.

The Responsible Entity of the ICFM Credit Fund is Vasco Investment Managers Limited (ABN 71 138 715 009) (AFSL 344 486). The Responsible Entity's registered office is:
Level 5, 488 Bourke Street
Melbourne, VIC 3000.

Responsible Entity's Report

The directors of Vasco Investment Managers Limited, the Responsible Entity of the ICFM Credit Fund ("the Fund"), present their report together with the financial statements of the Fund, for the year ended 30 June 2019.

Principal activities

The Fund provides loans to Borrowers via loan agreements in respect of approved property investments.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

Service	Provider
Responsible Entity	Vasco Investment Managers Limited
Investment Manager	Infinity Capital Funds Management Pty Limited
Custodian	Sargon CT Pty Ltd (Sargon Corporate Trust)
Fund Administrator	MacKenzie Managed Funds Pty Ltd
Statutory Auditor	ShineWing Australia

Directors

The names of Directors of the Trustee in office at any time during the financial year were:

Craig Mathew Dunstan	(appointed 6 August 2009)
Fiona Jean Dunstan	(appointed 6 August 2009)
Stephen George Hawkins	(appointed 10 May 2010, retired 2 July 2019)
Jonathan William Martin	(appointed 6 August 2009)
Reginald Bancroft	(appointed 2 July 2019)

The Directors have been in office since the establishment of the Fund to the date of this report unless otherwise stated.

Review and results of operations

The Fund continued to invest in accordance with target asset allocations as set out in the current Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution.

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended 30 June 2019 $	Period ended 30 June 2018 $
Operating profit/(loss) before finance costs attributable to unitholders	**801,543**	416,637
Distribution - September	**-**	-
Distribution - December	**369,000**	131,875
Distribution - March	**207,325**	-
Distribution - June	**225,218**	284,762
Distribution - September (cents per unit per day)	**-**	-
Distribution - December (cents per unit per day)	**0.0411**	0.0412
Distribution - March (cents per unit per day)	**0.0411**	-
Distribution - June (cents per unit per day)	**0.0411**	0.0411

Significant changes in state of affairs

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

Responsible Entity's Report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

The Fund expects to maintain the present status and level of operations and hence there are no likely developments in the Fund's operations.

Options granted

No options were:

(i) Granted over unissued units in the Fund during or since the end of the financial year; or

(ii) Granted to the Responsible Entity

No unissued units in the Fund were under option as at the date on which this Report is made.

No units were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued units in the Fund.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Vasco Investment Managers Limited or the auditors of the Fund. Provided the officers of Vasco Investment Managers Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. Vasco Investment Managers Limited separately maintains insurance cover at its own costs for its financial services activities, including acting as responsible entity of the Fund and other funds.

Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 11 of the financial statements.

No fees or other remuneration were paid out of Fund property to the directors of Vasco Investment Managers Limited during the year (2018: nil).

The number of interests in the Fund held by Vasco Investment Managers Limited or its associates as at the end of the financial year are disclosed in Note 11 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 5 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

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

Responsible Entity's Report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors of Vasco Investment Managers Limited.

Craig Dunstan
Managing Director

Melbourne
20th September 2019

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Accountants and Advisors
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F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of the Responsible Entity of ICFM Credit Fund

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2019 there has been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 20 September 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 30 June 2019 $	Period ended 30 June 2018 $
Investment income			
Interest income on loans receivable		1,002,218	525,520
Other income		2,237	27,732
Total investment income		1,004,455	553,252
Expenses			
Management fees		77,532	43,098
Other operating expenses		125,380	93,517
Total operating expenses		202,912	136,615
Profit attributable to unitholders		801,543	416,637
Finance costs attributable to unitholders from operations			
Distributions to unitholders	6	801,543	416,637
Increase in net assets attributable to unitholders	5	-	-
Profit/(loss) for the year/period		-	-
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year/period		-	-

Notes to the financial statements have been included in the accompanying pages

STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2019 $	30 June 2018 $
Assets			
Current assets			
Cash and cash equivalents	7	**228,613**	382,982
Financial assets - loans receivable		**2,870,000**	1,695,000
Other receivables	9	**53,815**	46,890
Prepaid expenses		**14,534**	19,124
Total Current assets		**3,166,962**	2,143,996
Non-current assets			
Financial assets - loans receivable	8	**3,175,000**	2,520,000
Total Non-current assets		**3,175,000**	2,520,000
Total assets		**6,341,962**	4,663,996
Liabilities			
Current liabilities			
Payables	10	**36,744**	59,234
Distributions payable	6	**225,218**	284,762
Applications received in advance		**-**	70,000
Total current liabilities		**261,962**	413,996
Total liabilities		**261,962**	413,996
Net assets attributable to unitholders	5	**6,080,000**	4,250,000
Non-current liabilities			
Liabilities attributable to unitholders		**(6,080,000)**	(4,250,000)
Total non-current liabilities		**(6,080,000)**	(4,250,000)
Net assets		**-**	-

Notes to the financial statements have been included in the accompanying pages

STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2019 $	Period ended 30 June 2018 $
Total equity at the beginning of the year/period	-	-
Profit/(loss) for the year/period	-	-
Other comprehensive income for the year/period	-	-
Total comprehensive income for the year/period	-	-
Transactions with owners in their capacity as equity holders		
Total equity at the end of the year/period	-	-

Under Australian Accounting Standards, 'Net assets attributable to unitholders' is classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

Notes to the financial statements have been included in the accompanying pages

STATEMENT OF CASH FLOWS

	Notes	Year ended 30 June 2019 $	Period ended 30 June 2018 $
Cash flows from operating activities			
Loans to borrowers - issuance		(3,525,000)	(5,206,000)
Loans to borrowers - repayment		1,695,000	991,000
Interest income		995,298	481,962
Other income		15,546	33,236
Management fees		(99,817)	(10,227)
Other expenses		(134,309)	(95,114)
Net cash inflow/(outflow) from operating activities	12	(1,053,282)	(3,805,143)
Cash flows from financing activities			
Proceeds from applications by unitholders		1,950,000	4,320,000
Payments for redemptions by unitholders		(190,000)	-
Distributions paid		(861,087)	(131,875)
Net cash inflow/(outflow) from financing activities		898,913	4,188,125
Net increase/(decrease) in cash and cash equivalents		(154,369)	382,982
Cash and cash equivalents at the beginning of the year/period		382,982	-
Cash and cash equivalents at the end of the year/period	7(a)	228,613	382,982

Notes to the financial statements have been included in the accompanying pages

Contents of the notes to the financial statements

1 General information

These financial statements cover the ICFM Credit Fund (the "Fund") as an individual entity. The Fund was constituted on 21 March 2017 and commenced operation on 1 September 2017. The Fund will terminate on 20 March 2097 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Vasco Investment Managers Limited (ABN 71 138 715 009) (AFSL 344 486) (the "Responsible Entity"). The Responsible Entity's registered office is Level 5, 488 Bourke Street, Melbourne VIC 3000.

The Fund provides unitholders with an opportunity to obtain high-yielding returns via quarterly income distributions.

The Fund's investment strategy is to provide loans to borrowers via loan agreements in respect of approved property investments in residential, industrial, commercial, retail, retirement village or accommodation developments.

For the purposes of preparing the financial statements, the Fund is a for-profit entity.

The comparatives included in this report have been prepared for a shorter financial period from inception of the Fund until 30 June 2018.

The financial statements were authorised for issue by the directors on on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with International Financial Reporting Standards (IFRS)

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

New and amended standards adopted by the Fund

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any prior period. The impact on subsequent periods will be assessed in future financial statements of the Fund.

(b) Financial instruments

(i) Classification

The Fund's investments are classified as amortised cost and disclosed as loans receivable.

Under AASB 9 there are two main considerations in the classification of an asset, as determined by the entity's key management personnel for the respective portfolio:

1. the entity's business model for managing the financial assets (the business model test)

2. the contractual cash flow characteristics of the financial asset (the Solely Payments of Principal and Interest "SPPI" test)

The Fund's financial assets (loans receivable) are measured at amortised cost since both of the following conditions are met:

- the asset is held within a portfolio with a business model whose objective is to hold assets in order to collect the contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date). At each balance date the recoverable amount of the financial asset is calculated, and if there is evidence of impairment an impairment loss (i.e. the difference between the carrying amount and the recoverable amount) is recognised.

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

(iii) Measurement

Loans receivable

The accounting treatment for financial assets classified as amortised cost is amortised cost. Amortised cost is a method of recognising the gross difference between the amount initially recognised, and the sum of all expected cash flows while the instrument is held (including on maturity) using the effective interest method. This method calculates a single amount of "interest income" as the effective yield on the asset.

(c) Unitholders funds

The Fund will rely on repayment of loans and unallocated cash held by the Fund to repay unitholders in the Fund. Units will have a minimum investment term of 24 months from the end of the month in which the application was accepted.

The Responsible Entity will redeem the units of all unitholders who have served their minimum investment term or a subsequent investment term and elected to withdraw from the Fund each calendar quarter, subject to available liquidity in the Fund. Where there are insufficient funds available in the Fund to satisfy all redemption requests, redemption requests will be satisfied on a pro-rata basis. Redemption requests which have not been fully satisfied will automatically be carried over to the next calendar quarter until the amount specified in their redemption request has been fully redeemed.

Under the Constitution, the Responsible Entity may redeem unitholdings in whole or part at any time and return the capital to the unitholder along with any income due to them. Redemption of units will be funded at the discretion of the Responsible Entity from unallocated cash held by the Fund or from funds repaid by borrowers.

In certain circumstances, the Responsible Entity may delay or suspend redemptions for such periods as it determines. This mechanism can be used to protect the Fund's assets and to ensure the stability of Unitholder distributions.

Units that are redeemed will be redeemed at the Unit Price. If non-performing investments result in the Fund incurring a loss, the Unit Price to be redeemed could be less than $1.00. The Responsible Entity may, before applying the amount due to a unitholder, deduct any tax payable by the Responsible Entity in respect of the redemption of units as well as any applicable early withdrawal fee.

(d) Cash and cash equivalents

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

(e) Investment income

Interest income is recognised in profit or loss using the effective interest method.

(f) Expenses

All expenses are recognised in profit or loss on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

(h) Distributions

In accordance with the Fund's Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity to unitholders by cash. The distributions are recognised in the statement of profit or loss and other comprehensive income as finance costs attributable to unitholders.

2 Summary of significant accounting policies (continued)

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of profit or loss and other comprehensive income as finance costs.

(j) Receivables

Receivables may include amounts for interest. Amounts are generally received within 30 days of being recorded as receivables.

(k) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the statement of profit or loss and other comprehensive income as unitholders are presently entitled to the distributable income under the Fund's Constitution.

(l) Applications and redemptions

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

(m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence investment management fees, custodial fees and other expenses have been recognised in the statement of profit or loss and other comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(n) New accounting standards and interpretations

The following accounting standards have been applied for the first time for the 30 June 2019 reporting period. The directors' assessment of the impact of these new standards and interpretations (to the extent relevant to the Fund) is set out below:

(i) *AASB 9 Financial Instruments (and applicable amendments)*, (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model.

<u>Expected credit loss</u>

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as was the case under AASB 139. It applies to the Fund's financial assets classified at amortised cost including loans receivable.

Loans receivable at amortised cost are considered to be nil risk, and thus the impairment provision determined as 12 months expected credit losses is also nil. Over the term of the loans, the Fund will account for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Fund considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

Classification of debt assets is driven by the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the assets, as determined by the Fund's key management personnel. On this basis the effect of the new 'expected credit loss' impairment model has been determined to be $nil to individual line items and to the financial statements as a whole. Details of the assessment of expected credit losses performed by the directors of Infinity Capital Funds Management Pty Limited, dated 01 July 2019 follow:

2 Summary of significant accounting policies (continued)

(n) New accounting standards and interpretations (continued)

(i) (continued)

Loan ID	Development Type	Loan Facility Amount $	Current Arrears	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More than 90 Days Past Due	12 Month Past Due*
CRAN.01	Service station, Fast Food Convenience and Large Format Retail	1,320,000	Nil	Nil	Nil	Nil	Nil	Nil
KURU.01	Child care centre	600,000	Nil	Nil	Nil	Nil	Nil	Nil
LARA.01	Child care centre	600,000	Nil	Nil	Nil	Nil	Nil	Nil
HALL.01	Residential Townhouses	1,232,000	Nil	Nil	Nil	Nil	Nil	Nil
FRAN.02	Residential Townhouses	400,000	Nil	Nil	Nil	Nil	Nil	Nil
GREE.01	Service station, Medical Centre and Early Learning Centre	2,147,000	Nil	Nil	Nil	Nil	Nil	Nil
CRAN.02	Service Station and Bulky Good / Restricted Retail	2,140,000	Nil	Nil	Nil	Nil	Nil	Nil

Based on the historical default rate in the Fund being 0% since inception, we do not foresee any defaults arising in the next financial year 2019/2020.

** Our overall market sentiment for the next 12 months continues to be upbeat and while the residential property market experienced falls across Victoria and NSW, the ICFM's commercial investments have not been impacted. During the last financial year the decline in the residential property market was linked to the Royal Commission, tightening of credit policies and the potential change in the Government. Since all of these factors have now resolved themselves and the Reserve Bank of Australia has lowered their cash rate by 0.25%, the market sentiment has strengthened. This is reflected in the auction clearance rates and the available stock coming onto the market. We are buoyed by these factors as well as a potential further rate cut during this financial year, which may assist with property prices further recovering. All of these market conditions lead us to conclude that we are well positioned to continue to generate strong returns for our Unitholders while preserving investor capital.*

(ii) *AASB 15 Revenue from Contracts with Customers*, (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This has replaced AASB 118 which covered contracts for goods and services and AASB 111 which covered construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

There is no material impact on the Fund as there are no material revenue streams within the scope of AASB 15.

(iii) *AASB 16 Leases*, (effective from 1 January 2019)

AASB 16 Leases includes significant changes for lease accounting, particularly for lessees. For lessees, almost all leases will now go on the balance sheet as the distinction between operating and financing leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions from this are short-term and low-value leases. The accounting for lessors will not significantly change.

This standard is not relevant to the Fund, since the Fund does not have any leases.

(o) Key estimates and judgements

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Regarding the impairment of financial assets, the expected credit loss for the Fund has been assessed as nil based on the criteria explained in Note 2(n)(i).

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Investment Manager and the Responsible Entity have established detailed risk management policies, strict lending criteria and internal and external procedures which actively seek to identify and manage the risks associated with structured debt finance and all risks faced by the Fund in an appropriate and prudent manner.

(a) Market risk

Interest rate risk

The Fund is exposed to interest rate risk through changes in interest income or expenses. Interest rate risk mainly arises through interest-bearing liabilities and assets. Estimated future changes in cash flows and statement of financial position structure also expose the Fund to interest rate risk.

To mitigate the impact of market fluctuations, the Investment Manager will ensure the Fund participates in high quality transactions, supported by established borrowers and underpinned by quality secured assets.

The table in paragraph (c) below summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 100 basis points (2018: +/- 100 basis points) from the year end rates with all other variables held constant.

	Impact on Interest Income	
	-100 bps	**+100 bps**
	$	**$**
30 June 2019	**(30,986)**	**30,986**
30 June 2018	(45,980)	45,980

(b) Credit risk

Credit (or counterparty) risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Risks, which may arise from the operation of the Fund, include possible loan defaults by borrowers. A range of companies and individuals may borrow money from the Fund. Unitholders who receive income from the Fund may assume that a borrower is able to repay the capital borrowed. However, this assumption may be unwarranted.

The Investment Manager and the Responsible Entity take steps to minimise loan default risk by:

- Using approved valuers;
- Using the combined experience of the Directors;
- Ensuring that all loans do not exceed the relevant percentage of the secured asset's valuation and are not going to be used for consumer purposes;
- Proactively managing the loan portfolio to ensure that they are aware of potential problems at the earliest opportunity; and
- Having a process which identifies when a default has occurred and a set procedure to endeavour to remedy the default

The directors review the concentration of credit risk of loans receivable based upon counterparties and industries.

Typically, loans to date have been secured by a second mortgage (unregistered subordinated mortgage), general security interest over the Borrower and guarantees provided by the Borrower principals.

The directors have assessed that there is concentration of credit risk in respect of loans receivable as at 30 June 2019 based on the shared characteristic of the counterparty providing a guarantee in respect of the loans.

The guarantee forming part of the security of the loans is provided by related parties being directors of the Investment Manager (Note 11).

The directors have assessed that the amount of the risk exposure at 30 June 2019 is 100% of the loans receivable balance ($6,045,000). As at 30 June 2018 the amount of the risk exposure was 100% of the loans receivable balance ($4,215,000).

3 Financial risk management (continued)

(b) Credit risk (continued)

The main concentration of credit risk to which the Fund is exposed arises from the Fund's investment in loans to borrowers. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and amounts receivables. The Fund's assets which are exposed to credit risk are set out in the following table:

	As at	
	30 June 2019	30 June 2018
Assets exposed to credit risk	**$**	$
Cash and cash equivalents	**228,613**	382,982
Loans receivable	**6,045,000**	4,215,000
Receivables	**53,815**	46,890
Total assets exposed to credit risk	**6,327,428**	4,644,872

No loans are overdue at the end of the financial year.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. There is always a risk that there may be delays in payments to unitholders, for instance if there is a mismatch between when redemption requests are represented to be met and cash flows from the assets to which funds have been lent. Liquidity is frequently dependent on continuing inflows from new unitholders, borrowings or 'rollovers' from existing unitholders because the underlying assets of a fund may not be easily realised within a short period of time.

Under the terms of its Constitution, the Fund has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month	**1-6 months**	**6-12 months**	**1 - 2 years**	**No stated maturity**
As at 30 June 2019	**$**	**$**	**$**	**$**	**$**
Financial liabilities					
Payables	**36,744**	**-**	**-**	**-**	**-**
Distributions payable	**225,218**	**-**	**-**	**-**	**-**
Applications received	**-**	**-**	**-**	**-**	**-**
Net assets attributable to unitholders	**-**	**-**	**-**	**-**	**6,080,000**
	261,962	**-**	**-**	**-**	**6,080,000**

	Less than 1 month	1-6 months	6-12 months	1 - 2 years	No stated maturity
As at 30 June 2018	$	$	$	$	$
Financial liabilities					
Payables	59,234	-	-	-	-
Distributions payable	284,762	-	-	-	-
Applications received	70,000	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	4,250,000
	413,996	-	-	-	4,250,000

(d) Fair value of financial assets and financial liabilities

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 measurement date. This is determined by the quoted market price, if one is available. The Fund's cash and cash equivalents, payables and receivables are carried on the statement of financial position at face value, which is equivalent to their amortised cost using the effective interest method; this approximates fair value.

3 Financial risk management (continued)

(d) Fair value of financial assets and financial liabilities (continued)

AASB 7 requires the fair value of financial assets and liabilities to be disclosed according to their accounting classification under AASB 9.

	Year ended	
	30 June 2019	30 June 2018
Financial assets	**$**	$
Financial assets accounted for under AASB 9 *		
Cash and cash equivalents	**228,613**	382,982
At amortised cost	**2,923,815**	4,261,890
Total financial assets	**3,152,428**	4,644,872
Financial liabilities		
Financial liabilities accounted for under AASB 9 *		
At amortised cost	**261,962**	413,996
Total financial liabilities	**261,962**	413,996

* For the financial year ended 30 June 2018 financial assets and liabilities were accounted for under AASB 139. A comparison between the old and the new classification is shown below:

Financial instrument	Accounting under AASB 139		Accounting under AASB 9	
	Classification	Measurement	Classification	Measurement
Loans receivable	Loans receivable	Amortised cost	Amortised cost	Amortised cost
Payables	Amortised cost	Amortised cost	Amortised cost	Amortised cost

4 Remuneration of Auditors

During 2019 the following fees were paid or payable for services provided by the auditor of the Fund. The auditor of the fund is ShineWing Australia.

	Year ended	
	30 June 2019	30 June 2018
	$	$
ShineWing Australia		
Audit and other assurance services		
Audit or review of financial statements	**16,775**	13,200
Compliance audit	**4,640**	4,400
Total remuneration for audit and other assurance services	**21,415**	17,600
Total remuneration for auditors	**21,415**	17,600

5 Net assets attributable to unitholders

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

	Year ended			
	30 June 2019		30 June 2018	
	No.	**$**	No.	$
Opening balance	**4,250,000**	**4,250,000**	-	-
Applications	**2,020,000**	**2,020,000**	4,250,000	4,250,000
Redemptions	**(190,000)**	**(190,000)**	-	-
Increase/(decrease) in net assets attributable to unitholders		**-**		-
Closing balance	**6,080,000**	**6,080,000**	4,250,000	4,250,000
Total net assets attributable to unitholders		**6,080,000**		4,250,000

5 Net assets attributable to unitholders (continued)

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

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. Unit prices are linked to the market value of the underlying investments of the Fund. The unit price could fluctuate and fall below $1.00 if the Fund incurs losses from bad debts. This could result in a loss of both capital and income.

The Investment Manager and the Responsible Entity manage the Fund's assets with a view to balancing income returns with capital security. This is achieved by:

- Employing experienced professional personnel;
- Outsourcing to experienced, industry professionals;
- Maintaining a long term vision for the Fund;
- Complying with the Fund's Constitution, Compliance Plan and the Corporations Act; and
- Actively monitoring and managing the assets of the Fund.

6 Distributions to unitholders

The distributions for the year were as follows:

	Year ended			
	30 June 2019		30 June 2018	
	$	**CPUPD***	$	CPUPD*
Distribution paid	**576,325**	**0.0411**	131,875	0.0412
Distribution payable	**225,218**	**0.0411**	284,762	0.0411
Total distributions	**801,543**		416,637	

* Cents per unit per day

7 Cash and cash equivalents

	As at	
	30 June 2019	30 June 2018
	$	$
Cash at bank	**228,613**	382,982
	228,613	382,982

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	As at	
	30 June 2019	30 June 2018
	$	$
Balances as above	**228,613**	382,982
Balances as per statement of cash flows	**228,613**	382,982

(b) Cash at bank and on hand

These accounts are bearing a floating interest rate of 1.50% (2018: 1.50%).

8 Financial assets - Loans receivable

	As at	
	30 June 2019	30 June 2018
	$	$
Loans receivable		
Loans to borrowers via loan agreements	**6,045,000**	4,215,000
Total loans receivable	**6,045,000**	4,215,000

An overview of the risk exposures relating to loans receivable is included in Note 3.

9 Other receivables

	As at	
	30 June 2019	30 June 2018
	$	$
Accrued interest	**50,477**	43,557
Other receivables	**3,338**	3,333
	53,815	46,890

10 Payables

	As at	
	30 June 2019	30 June 2018
	$	$
Management fees payable	**22,649**	37,181
Other payables	**14,095**	22,053
	36,744	59,234

11 Related party transactions

The Responsible Entity of ICFM Credit Fund is Vasco Investment Managers Limited (ABN 71 138 715 009) (AFSL 344 486). Accordingly, transactions with entities related to Vasco Investment Managers Limited are disclosed below.

The Responsible Entity has contracted services to Sargon CT Pty Ltd (Sargon Corporate Trust) to act as Custodian and MacKenzie Managed Funds Pty Ltd to act as Administrator for the Fund.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Vasco Investment Managers Limited during the year or since the end of the year and up to the date of this report:

Craig Mathew Dunstan	(appointed 6 August 2009)
Fiona Jean Dunstan	(appointed 6 August 2009)
Stephen George Hawkins	(appointed 10 May 2010, retired 2 July 2019)
Jonathan William Martin	(appointed 6 August 2009)
Reginald Bancroft	(appointed 2 July 2019)

(b) Other key management personnel

Other key management personnel having responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the year include directors of Infinity Capital Funds Management Pty Limited:

Alex Zaikin	Director, Investor Services
Sasha Soloveychik	Director, Investor Services
Larissa Soloveychik	Director, Investor Services

11 Related party transactions (continued)

Key management personnel unitholdings

At 30 June 2019 the following management personnel or their related parties held units in the Fund:

	As at	
	30 June 2019	30 June 2018
	Units	Units
Vladimir Zaikine and Lillia Zaikine	**350,000**	300,000
Vieland Pty Ltd	**450,000**	350,000
AZ & DV Superannuation Fund	**210,000**	160,000
Sasha and Madeline's Superannuation Fund	**175,000**	100,000
Sic Parvis Magna Discretionary Trust	**150,000**	150,000

Key management personnel compensation

Directors of the Responsible Entity are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel. The directors of Infinity Capital Funds Management Pty Limited are paid by Infinity Capital Funds Management Pty Limited.

Key management personnel loan disclosures

The following borrowers from the Fund are related parties of the Investment Manager:

	As at	
	30 June 2019	30 June 2018
	$	$
JV Land Pty Ltd ATF The JV Land Unit Trust	**1,320,000**	1,320,000
Kurunjang ELC Pty Ltd ATF The Kurunjang ELC Unit Trust	**600,000**	600,000
Lara ELC Pty Ltd ATF The Lara ELC Unit Trust	**600,000**	600,000
West Developments (Vic) Pty Ltd ATF The West Developments (Vic) Unit Trust	**-**	1,695,000
JV Land Pty Ltd ATF The JV Land Unit Trust	**1,870,000**	-
JV Land Pty Ltd ATF The JV Land Unit Trust	**1,105,000**	-
	5,495,000	4,215,000

All the loans to related parties are at market interest rates.

Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous year and there were no contracts involving directors' interests subsisting at year end.

Responsible Entity's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity and the Investment Manager are entitled to receive fees monthly.

Transactions with related parties have taken place at arms length and in the ordinary course of business. The transactions during the year and amounts at year end between the Fund and the Responsible Entity were as follows:

	Year ended	Period ended
	30 June 2019	30 June 2018
	$	$
Management fees for the year paid or payable to the Investment Manager (Infinity Capital Funds Management Pty Limited)	**77,532**	43,098
Fees for the year paid to the Responsible Entity (Vasco Investment Managers Limited)	**59,194**	37,500
Aggregate amounts which remain payable to the Investment Manager at the end of the reporting year	**22,649**	37,181

No amounts were paid by the Fund directly to the key management personnel of Vasco Investment Managers Limited.

11 Related party transactions (continued)

Related party schemes' unitholdings

No parties related to the Responsible Entity held units in the Fund at the year end.

Investments

The Fund did not hold investments in Vasco Investment Managers Limited or its related parties during the year.

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

	Year ended 30 June 2019 $	Period ended 30 June 2018 $
Reconciliation of profit to net cash inflow/(outflow) from operating activities		
Profit for the year	-	-
(Increase)/decrease in net assets attributable to unitholders	-	-
Loans to borrowers	**(1,830,000)**	(4,215,000)
Distributions to unitholders	**801,543**	416,637
Net change in receivables	**(6,925)**	(46,890)
Net change in payables	**(17,900)**	40,110
Net cash inflow/(outflow) from operating activities	**(1,053,282)**	(3,805,143)

13 Events occurring after the statement of financial position date

No significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2019 (2018: nil).

Responsible Entity's Declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and

(c) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as disclosed in Note 2(a).

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

Craig Dunstan
Managing Director

Melbourne
20th September 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF VASCO INVESTMENT MANAGERS LIMITED
AS RESPONSIBLE ENTITY FOR ICFM CREDIT FUND

Opinion

We have audited the financial report of ICFM Credit Fund ("the Fund") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 20 September 2019