



TANGGRAM INVESTMENT FUND

ARSN 623 672 336

FINANCIAL REPORT  
FOR THE PERIOD

1 NOVEMBER 2019 TO 30 JUNE 2020

**TANGGRAM INVESTMENT FUND  
RESPONSIBLE ENTITY REPORT  
FOR THE YEAR PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020**

The Directors of the Responsible Entity, Vasco Trustees Limited present their report on the Tanggram Investment Fund ('the Fund') for the period ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001* the directors report as follows:

**1. Directors**

The names of Directors of the Responsible Entity in office at any time during the financial year are:

Craig Mathew Dunstan

Fiona Jean Dunstan

Stephen George Hawkins (retired 2 July 2019)

Jonathan William Martin

Reginald Bancroft (appointed 2 July 2019)

**2. Principal Activities**

The Fund was established on 12 March 2019 and issued the first units on the commencement date of 1 November 2019. The investment objective of the Fund is to generate income returns for investors by investing in cash and similar short-term money market products, including highly liquid cash funds and other managed investment funds which predominantly invest in secured loans, mortgage backed securities, and bonds. Initially, the Fund will invest in the Trilogy Monthly Income Trust and La Trobe Australian Credit Fund.

As at 30 June 2020, there were two investment options active in the Fund: Tanggram Seed and Tanggram Spark. Supplementary Product Disclosure Statements for each investment option were issued on 28 October 2019.

**3. Operating Results**

The operating profit of the Fund for the financial period ending 30 June 2020 was \$26,434.

**4. Review of Operations**

**Tanggram Seed**

During the period since inception the Investment Option has issued 617,160 units of which 3,793 have resulted from the reinvestment of distributions. Redemptions of 19,770 units have occurred.

The Fund has invested \$280,250 in the Trilogy Monthly Income Trust (Trilogy) and \$307,851 in La Trobe Australian Credit Fund - 12 Month Term (La Trobe). Trilogy and La Trobe are retail funds investing in loans secured by mortgages over real property in Australia and/or other credit related investments. Distributions from these underlying investments are accrued and paid monthly to the Fund's bank account with Commonwealth Bank.

As at 30 June 2020 the Investment Option's investments were comprised of the following:

<b>Investment</b>	<b>\$</b>
Trilogy Monthly Income Trust	280,250
La Trobe Australian Credit Fund	307,851
<b>Total</b>	<b>588,101</b>

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**Tanggram Spark**

During the period since inception the Investment Option has issued 1,961,656 units of which 10,133 have resulted from the reinvestment of distributions.

The Fund has invested \$1,169,415 in the Trilogy Monthly Income Trust (Trilogy) and \$778,776 in La Trobe Australian Credit Fund - 12 Month Term (La Trobe). Trilogy and La Trobe are retail funds investing in loans secured by mortgages over real property in Australia and/or other credit related investments. Distributions from these underlying investments are accrued and paid monthly to the Fund's bank account with Commonwealth Bank.

As at 30 June 2020 the Investment Options' investments were comprised of the following:

Investment	\$
Trilogy Monthly Income Trust	1,169,415
La Trobe Australian Credit Fund	778,776
<b>Total</b>	<b>1,948,191</b>

**5. Review of Performance**

Investment Option	2020 % p.a.
Tanggram Seed	4.20
Tanggram Spark	5.05

The above performance has been annualised.

**6. Unit Redemption Prices**

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

**Tanggram Seed**

	2020 \$
At 30 June	1.00
High during year	1.00
Low during year	1.00

**Tanggram Spark**

	2020 \$
At 30 June	1.00
High during year	1.00
Low during year	1.00

The availability and timing of redemptions is subject to the terms of the Fund's Constitution.



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**7. Distributions Paid or Recommended**

In accordance with the Product Disclosure Statement of the Fund issued on 28 October 2019, distributions are declared and paid on a monthly basis based on the target return of each Investment Option.

Investment Option	Distribution Rate
Tanggram Seed	4.20% p.a.
Tanggram Spark	5.05% p.a.

The following distributions are payable for the period to 30 June 2020:

**Tanggram Seed**

Period	Distribution Payable
1 June 2020 to 30 June 2020	\$1,926

The total distributions declared for the financial year were \$6,001.

**Tanggram Spark**

Period	Distribution Payable
1 June 2020 to 30 June 2020	\$7,470

The total distributions declared for the financial year were \$20,433.

**8. Applications Held**

As at 30 June 2020, the value of pending unit allocations was \$5,660 for Tanggram Seed and \$30,080 for Tanggram Spark.

**9. Redemption Arrangements**

As detailed in the Fund's Constitution the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders.

As detailed in the Fund's Product Disclosure Statement, subject to the minimum term of each Investment Option, unitholders can generally withdraw from the Fund as at the end of each month subject to providing a valid withdrawal request at least five business days prior to the end of the month.

**10. Options**

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The directors and executives of the Responsible Entity hold no options over interests in the Fund.

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**11. Proceedings on Behalf of the Fund**

No person has applied to the court for leave to bring proceedings on behalf of the Fund, or to intervene in any proceedings to which the Fund is a party, for the purpose of taking responsibility on behalf of the Fund for all or any part of their proceedings.

**12. Value of Scheme Assets**

The Gross Asset Value of the Fund's assets at the end of the reporting period was \$2,623,354. The Net Asset Value at the end of the reporting period was \$2,572,972.

The Gross Asset Values and Net Asset Values for each Investment Option as at the end of the reporting period were as follows:

Investment Option	Gross Asset Value	Net Asset Value
Tangram Seed	\$622,262	\$601,183
Tangram Spark	\$1,997,787	\$1,971,789

**13. Significant Changes in State of Affairs**

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

**14. After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years other than as disclosed in this report.

**15. Future Developments**

There are no future developments to report on which are not otherwise disclosed in this report.

**16. Indemnifying Officers or Auditor**

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a willful breach of duty in relation to the Responsible Entity.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

**17. Fees, Commissions or Other Charges by the Responsible Entity, Investment Manager or Related Parties**

Fees of \$32,177 (plus GST) were accrued and paid by the Fund to the Responsible Entity for the period. In addition, fees of \$28,858 (plus GST) were accrued and paid by the Fund to the Administration Manager.



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**18. Units held by the Responsible Entity, Investment Manager or Related Parties**

As at 30 June 2020, Executive Directors of the Investment Manager held 27,895.47 units in the Fund.

**19. Interests in the Fund**

The movement of units on issue in the Fund during the year is set out in Note 11 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 1 to the financial statements.

**20. Rounding of Amounts**

The Fund is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument, or in certain cases, the nearest thousand dollars.

**21. Environmental Issues**

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

**22. Lead auditor's declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on the following page and forms part of the Responsible Entity's report for the year ended 30 June 2020.

Signed in accordance with a resolution of the Board of Directors of Vasco Trustees Limited by:



**Craig Mathew Dunstan**

Director

Date: 22 September 2020

# TANGGRAM INVESTMENT FUND

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

	Notes	2020 \$
<b>Revenue and other income</b>		
Bank interest	2 (a)	360
Distribution income	2 (b)	28,238
<b>Total revenue and other income</b>		<b>28,598</b>
<b>Expenses</b>		
Responsible entity fees	4	32,177
Administration fees	4	28,858
Financial audit fees	13	4,000
Compliance audit fees	13	1,000
Custodian fees		14,116
Other expenses	5	23,469
Reimbursement from Investment Manager		(101,456)
<b>Total expenses</b>		<b>2,164</b>
<b>Net profit attributed to unitholders</b>		<b>26,434</b>
Distribution expenses	12 (b)	26,434
<b>Total comprehensive income for the year attributable to unitholders after distributions</b>		<b>-</b>

# TANGGRAM INVESTMENT FUND

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 \$
<b>Current assets</b>		
Cash and cash equivalents	6	71,447
Accounts receivable	7	4,786
Accrued investment income	8 (b)	10,829
<b>Total current assets</b>		<u><b>87,062</b></u>
<b>Non-current assets</b>		
Investment in Trilogy Monthly Income Trust	8 (a)	1,449,665
Investment in La Trobe Australian Credit Fund	8 (a)	1,086,627
<b>Total non-current assets</b>		<u><b>2,536,292</b></u>
<b>Total assets</b>		<u><b>2,623,354</b></u>
<b>Liabilities</b>		
Fees payable	9	19,671
Other expenses payable	10	20,461
Sundry creditor	11	854
Distributions payable	12 (b)	9,396
<b>Total liabilities</b>		<u><b>50,382</b></u>
<b>Net assets</b>		<u><u><b>2,572,972</b></u></u>
<b>Equity</b>		
Issued units	12 (a)	2,572,972
<b>Total equity</b>		<u><u><b>2,572,972</b></u></u>

The accompanying notes form part of these financial statements



# TANGGRAM INVESTMENT FUND

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

	Notes	Issued Capital \$	Revaluation Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 November 2019</b>		-	-	-	-
Issue of share capital		2,572,972	-	-	2,572,972
<i>Tanggram Seed</i>		601,183			601,183
<i>Tanggram Spark</i>		1,971,789			1,971,789
Total comprehensive income for the year		26,434	-	-	26,434
<i>Tanggram Seed</i>		6,001			6,001
<i>Tanggram Spark</i>		20,433			20,433
Distributions for the year		(26,434)	-	-	(26,434)
<i>Tanggram Seed</i>		(6,001)			(6,001)
<i>Tanggram Spark</i>		(20,433)			(20,433)
<b>Balance at 30 June 2020</b>	12	<b>2,572,972</b>	-	-	<b>2,572,972</b>

The accompanying notes form part of these financial statements

# TANGGRAM INVESTMENT FUND

## STATEMENT OF CASH FLOWS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

	Notes	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(68,275)
Interest received		361
Investment income received		17,408
Reimbursement from investment manager		102,310
Net cash provided by/(used in) operating activities		<u>51,804</u>
<b>Cash flows from investing activities</b>		
Payment for the purchase of investment assets		(2,536,292)
Net cash provided by/ (used in) investing activities		<u>(2,536,292)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of units		2,578,816
Payments for the redemption of units		(19,770)
Distributions paid		(3,111)
Net cash provided by/ (used in) financing activities		<u>2,555,935</u>
Net increase/ (decrease) in cash and cash equivalents		71,447
Cash and cash equivalents at the beginning of year		-
<b>Cash and cash equivalents at the end of year</b>	<b>6</b>	<u><u>71,447</u></u>

# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The financial report is for the Tanggram Investment Fund ('the Fund'). The Fund is a registered managed investment scheme established and domiciled in Australia. The Responsible Entity of the Fund is Vasco Trustees Limited, and the Investment Manager of the Fund is Tanggram Capital Pty Ltd.

#### Basis of Preparation

##### (a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board

Tanggram Investment Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were approved by the Board of Directors of the Responsible Entity on 22 September 2020.

##### (b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the statement of financial position:

Investment assets are measured at fair value.

##### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

##### (d) Use of estimates and judgements

The preparation of financial statements requires the directors of the Responsible Entity to undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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



# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Significant accounting policies

##### (a) Financial instruments

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

##### (i) Measurement

Financial assets and financial liabilities are held at fair value through profit or loss.

Under this approach, financial assets and financial liabilities are generally measured initially at fair value excluding any transaction costs that are directly attributable to acquisition.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in their fair value recognized in the statement of comprehensive income.

##### *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets are based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices on the reporting date, while financial liabilities are priced at current offer prices.

##### *Fair value in an inactive or unquoted market*

The fair values of financial assets and liabilities that are not traded in an active market are determined through the valuation policy identified in the Information Memorandum for the Fund.

##### (ii) Categorisation

The Fund's investments are categorised as follows:

##### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown within short-term borrowings in current liabilities in the statement of financial position.

##### *Impairment*

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

##### *De-recognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition in accordance with AASB 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

# **TANGGRAM INVESTMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020**

### **NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Significant accounting policies (continued)**

##### **(a) Financial instruments (continued)**

###### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

###### *Issued units*

The Fund issues units which have a limited life under the Fund's Constitution and are classified as equity in accordance with AASB 132 *Financial Instruments: Presentation* as amended by AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation*.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity in the revised AASB 132, the units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

Where the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in equity attributable to the Fund's unitholders.



# **TANGGRAM INVESTMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020**

### **NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Significant accounting policies (continued)**

##### **(b) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST, and accruals are shown exclusive of GST.

##### **(c) Income tax**

Under current legislation, the Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

##### **(d) Critical judgements and significant accounting estimates**

The preparation of financial statements requires the directors of the Responsible Entity to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

##### **(e) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Fund that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

##### **(f) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is deferred when fees are received upfront but where associated services are yet to be performed. Any consideration deferred for more than one year is treated as a financing arrangement and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).



# **TANGGRAM INVESTMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020**

### **(g) Trade Receivables**

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

### **(h) Foreign Exchange**

Items included in the financial records are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars, which is the presentation currency of the Fund.

### **(i) Provisions**

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### **(j) New accounting standards and interpretations**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 2: REVENUE

The Funds revenue may be analysed under the following categories

#### (a) Bank interest

	2020
	\$
Bank interest	360
	<u>360</u>

#### (b) Investment income

	2020
	\$
Investment income from Trilogy Monthly Income Trust	
Trilogy Monthly Income Trust declared monthly distributions for the period from December 2019 to June 2020.	19,099
Investment income from La Trobe Australian Credit Fund	
La Trobe Australian Credit Fund declared a distribution of 4.90% p.a. on a monthly basis and paid rebated fees to the Fund.	9,139
<b>Total investment income</b>	<b><u>28,238</u></b>

### NOTE 3: INVESTMENT MANAGER FEES

	2020
	\$
Investment manager fees	-
	<u>-</u>

#### Investment Manager fees

In accordance with the Product Disclosure Statement of the Fund, the Investment Manager is entitled to a performance fee equal to all returns (net of other fees and expenses) in excess of the target return for each investment option, paid monthly in arrears. There will be no ability for the Fund to claw back any historical performance fee paid to the Investment Manager in respect of any under-performance.

There is no investment manager fee payable for the reporting period as the performance was less than the target returns in each Investment Option.

# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 4: RESPONSIBLE ENTITY AND ADMINISTRATION FEES

	2020
	\$
Responsible entity fees	32,177
Administration fees	28,858
	<u>61,035</u>

In accordance with the Product Disclosure Statement of the Fund, the Responsible Entity is entitled to receive an annual fee equal to 0.31% p.a. of the gross asset value of the Fund on amounts less than \$100 million; plus 0.5225% p.a. of the gross asset value of the Fund on amounts greater than or equal to \$100 million but less than \$200 million; plus 0.03135% p.a. of the gross asset value of the Fund on amounts greater than or equal to \$200 million. The responsible entity fee is subject to a minimum annual fee of \$60,000 (plus GST). The responsible entity fee was discounted to \$50,000 (plus GST) p.a. until 12 March 2020.

In accordance with the Product Disclosure Statement, the Administration Manager is entitled to a fee of up to 0.10% of the gross asset value of the Fund subject to a current minimum of \$25,000 (plus GST) is charged for administration of an additional investment option with segregated assets. An additional fee of \$10,000 (plus GST) was charged from 1 March 2020 as per an arrangement to commence processing of applications on a weekly basis. The administration fees are subject to an increase of up to 5% p.a. on 1 January each year from 2022. There was an increase of 3% on 1 January 2020 and there will be an increase of 4% on 1 January 2021.

Responsible entity fees and administration fees are apportioned pro-rata across the GAV of each Investment Option and is accrued and paid monthly in arrears.

#### Tanggram Seed

	2020
	\$
Responsible entity fees	11,044
Administration fees	10,662
	<u>21,706</u>

#### Tanggram Spark

	2020
	\$
Responsible entity fees	21,133
Administration fees	18,196
	<u>39,329</u>

### NOTE 5: OTHER EXPENSES

	2020
	\$
Tax return fees	5,000
GST expense (non-claimable)	3,661
Administration expenses	13,567
ASIC fees	1,240
Bank fees	1
	<u>23,469</u>



# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 6: CASH AND CASH EQUIVALENTS

#### Cash at bank

	2020
	\$
Commonwealth Bank	71,447
	<u>71,447</u>

Cash on deposit is held by the Custodian (Perpetual Corporate Trust Limited) with Commonwealth Bank (CBA). Current interest rate paid by CBA is 0.05% p.a.

### NOTE 7: ACCOUNTS RECEIVABLE

	2020
	\$
RITC	4,786
	<u>4,786</u>

### NOTE 8: INVESTMENTS

#### (a) Investments

As at 30 June 2020, the Fund's investments were comprised of:

Investment	2020
	\$
Investment in Trilogy Monthly Income Trust	1,449,665
Investment in La Trobe Australian Credit Fund	1,086,627
	<u>2,536,292</u>

#### (b) Accrued investment income

Accrued investment income	2020
	\$
Investment income from Trilogy Monthly Income Trust	
Trilogy Monthly Income Trust declared monthly distributions for the period from December 2019 to June 2020.	7,271
Investment income from La Trobe Australian Credit Fund	
La Trobe Australian Credit Fund declared a distribution of 4.90% p.a. on a monthly basis.	3,558
<b>Total investment income</b>	<u><b>10,829</b></u>

# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 9: FEES PAYABLE

	2020
	\$
Responsible entity fees payable	5,000
Administration fees payable	4,671
Financial audit fees payable	4,000
Compliance audit fees payable	1,000
Custodian fees payable	5,000
	<u>19,671</u>

### NOTE 10: OTHER EXPENSES PAYABLE

	2020
	\$
Provision for tax return fees	5,000
Administration expenses payable	11,496
Withholding tax payable	291
Other accrued expenses	3,674
	<u>20,461</u>

### NOTE 11: SUNDRY CREDITOR

This account represents the monies the Investment Manager has provided to the Fund to cover costs and expenses in accordance to the Product Disclosure Statement. The Investment Manager has agreed to support the Fund and pay its fees and expenses until such time as they are able to be paid from the assets of the Fund with a view of maintaining the Fund's Unit Price at \$1 and ensuring investors are paid their target return. The Investment Manager may be reimbursed from the Fund in future years for any such funding it provides the Fund.

### NOTE 12: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

#### (a) Issued units in \$

#### Tanggram Seed

	2020 Units	2020 \$
Opening balance	-	-
Redemptions	(19,770)	(19,770)
Units issued – applications	617,160	617,160
Units issued – reinvestment of distributions	3,793	3,793
<b>Closing balance</b>	<u><b>601,183</b></u>	<u><b>601,183</b></u>

# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 12: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

#### Tanggram Spark

	2020 Units	2020 \$
Opening balance	-	-
Redemptions	-	-
Units issued – applications	1,961,656	1,961,656
Units issued – reinvestment of distributions	10,133	10,133
<b>Closing balance</b>	<b>1,971,789</b>	<b>1,971,789</b>

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

#### (b) Undistributed profit/(loss) attributable to unitholders

	2020 \$
Opening balance	-
Net profit/(loss) attributable to unitholders	26,434
Distribution expenses	26,434
<b>Closing balance</b>	<b>-</b>

Total distributions payable as at 30 June 2020 were \$9,396. Withholding taxes applicable to the distributions payable as at 30 June 2020 were \$216.

#### (c) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions over the longer term. The Fund aims to achieve this objective mainly through investment exposure to cash and similar short-term money market products, including highly liquid cash funds and other managed investment funds which predominantly invest in secured loans, mortgage backed securities, and bonds.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Investment Manager regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.



## TANGGRAM INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

#### NOTE 13: REMUNERATION OF AUDITORS

The auditor of the Scheme for the financial period ending 30 June 2020 was Grant Thornton. Grant Thornton is the Compliance Plan auditor.

The fees paid or agreed to be paid by the Fund are disclosed below.

	2020
	\$
<b>Remuneration of Auditors:</b>	
Scheme Financial Audit – Grant Thornton	4,000
Scheme Compliance Audit – Grant Thornton	1,000
<b>Total auditor remuneration</b>	<u>5,000</u>

#### NOTE 14: RELATED PARTY TRANSACTIONS

The Fund's related parties include those described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

##### (a) Responsible Entity

The Responsible Entity of the Tanggram Investment Fund is Vasco Trustees Limited.

Fees of \$32,177 (plus GST) were accrued and paid by the Fund to Vasco Trustees Limited for its role as Responsible Entity for the period, of which \$1,770 is claimable by the Fund as RITC.

##### (b) Investment Manager

The Investment Manager of the Tanggram Investment Fund is Tanggram Capital Pty Ltd.

No fees were accrued or paid by the Fund to Tanggram Capital Pty Ltd.

Executive directors of the Investment Manager held 27,895 units in the Fund.

##### (c) Administration Manager

The Administration Manager of the Tanggram Investment Fund is Vasco Fund Services Pty Limited.

Administration fees of \$28,858 (plus GST) were accrued and paid by the Fund to Vasco Fund Services Pty Limited for its role as Administration Manager of the Fund, of which \$2,164 is claimable by the Fund as RITC.

Vasco Fund Services Pty Limited is a related party of the Responsible Entity.

# TANGGRAM INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020

### NOTE 14: RELATED PARTY TRANSACTIONS (continued)

#### (d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Vasco Trustees Limited, and an Investment Manager, Tanggram Capital Pty Ltd, to manage the activities of the Fund. The directors of the Responsible Entity and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to directors or to any of the key management personnel of the Responsible Entity or Investment Manager. Payments made by the Fund to the Responsible Entity and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

### NOTE 15: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

### NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, there have been no other events subsequent to the reporting date that require additional disclosure.

### NOTE 17: FINANCIAL RISK MANAGEMENT

#### (a) Liquidity Risk

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

The Fund holds investments in mortgage funds. The core risk is the risk that the underlying mortgage schemes take longer than the withdrawal timeframes disclosed in their respective product disclosure statements.

In order to address this risk, the Responsible Entity retains broad discretion to restrict distributions, withdrawals and/or redemptions.

#### (b) Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, investments in Trilogy and La Trobe. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020
	\$
Cash and cash equivalents	71,447
	<u>71,447</u>

The Responsible Entity manages the exposure to credit risk on an ongoing basis. The Fund's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

# **TANGGRAM INVESTMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2019 TO 30 JUNE 2020**

### **NOTE 17: FINANCIAL RISK MANAGEMENT (continued)**

#### **(c) Market Risk**

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the Responsible Entity.

#### **(d) Interest Rate Risk**

The Fund's interest rate risk is monitored by the Responsible Entity.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	<b>2020</b>
	\$
Cash and cash equivalents	71,447

An increase or decrease of 100 basis points in interest rates as at the reporting date would have an insignificant effect on the net assets attributable to unitholders and operating results.

### **NOTE 18: RESPONSIBLE ENTITY DETAILS**

The registered office and the principal place of business of the Responsible Entity are:

Vasco Trustees Limited

Level 5

488 Bourke Street

Melbourne Victoria 3000



## TANGGRAM INVESTMENT FUND

### DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Trustees Limited:

- (a) The financial statements and notes of Tanggram Investment Fund are in accordance with the *Corporations Act 2001*, including
  - (i) Giving a true and fair view of its financial position as at 30 June 2020 and its performance for this financial year ended on that date; and
  - (ii) Complying with Australian Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that Tanggram Investment Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Craig Mathew Dunstan**

Director

22 September 2020

# Independent Auditor's Report

## To the Unitholders of Vasco Trustees Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Tanggram Investment Fund (the Fund), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information to the financial report and the Director's 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 2020 and of its performance for the year ended on that date; 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 Group in accordance with 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.

#### Information other than the financial report and auditor's report thereon

The Directors of Vasco Trustees Limited (the Trustee) are responsible for the other information. The other information comprises the information included in the Fund's report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors' for the financial report**

The Directors of Vasco Trustees Limited 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*. The responsibility also includes such internal control as the Directors of the Trustee 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 of the Trustee are responsible for assessing the Fund's ability 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### **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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 22 September 2020



## Auditor's Independence Declaration

### To the Directors of Vasco Trustees Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Tangram Investment Fund for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 22 September 2020