



**ACIF PROSPERITY FUND  
ABI UNIT CLASS**

ABN 82 310 018 388

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2022

**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
TRUSTEE REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

The Directors of the Trustee, Vasco Custodians Pty Ltd present their report on the ACIF Prosperity Fund Balancing Investment Unit Class (“the ABI Unit Class” or “the Unit Class”) for the year ended 30 June 2022. This report is for the ABI Unit Class only.

**1. Directors**

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

Craig Mathew Dunstan

Fiona Jean Dunstan

**2. Principal Activities**

The principal activities of the ACIF Prosperity Fund are to provide SIV investors with access to a diversified range of SIV compliant investments with attractive returns over the medium to long term. The ACIF Prosperity Fund has three-unit classes. The ABI Unit Class is one of the unit classes. The two other unit classes are the Cyan Emerging Companies (ACEC) Unit Class and the Prime Value Emerging Companies (APVEC) Unit Class.

The principal activities of the Unit Class are to invest in the ACIF Balancing Fund which is invested in a range of commercial real estate investments structured to comply with the SIV rules. The Fund was established on 14 April 2016 and issued the first units in the ABI Unit Class on 5 April 2017.

**3. Operating Results**

The operating profit of the Unit Class for the financial year ending 30 June 2022 was \$2,019,160 (2021: \$1,553,539).

**4. Review of Operations**

Since inception the Unit Class has issued 46,424,568 units, including 55 settlor units. Of these settlor units, 25 units have been redeemed. The total units on issue as at 30 June 2022 was 43,403,354.

During the financial year, 3,151,487 units have been issued of which none have resulted from the reinvestment of distributions. During the financial year, 3,021,189 units have been redeemed.

As at 30 June 2022 the Fund’s investments were comprised of the following:

<b>Investments</b>	<b>Value \$</b>
ACIF Balancing Fund	41,812,243
<b>Total</b>	<b>41,812,243</b>

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**5. Review of Performance**

Unit Class	2022 % p.a.	2021 % p.a.
Ordinary units	4.94	6.09

**6. Unit Redemption Prices**

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

	2022 \$	2021 \$
At 30 June	0.9681	0.9639
High during year	0.9699	0.9639
Low during year	0.9638	0.9488

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

**7. Distributions Paid or Recommended**

In accordance with the Supplementary Information Memorandum (SIM) of the Fund dated 23 March 2022, distributions are expected to be paid quarterly. Returns payable to investors are expected to be paid in accordance with the terms defined in the Supplementary Information Memorandum.

The following distributions were paid or payable for the period to 30 June 2022:

Period	Distributions
1 July – 30 September 2021	\$0.0001232877 per unit per day
1 October – 31 December 2021	\$0.0001232877 per unit per day
1 January – 31 March 2022	\$0.0001232877 per unit per day
1 April – 30 June 2022	\$0.0001232877 per unit per day

The total distributions declared for the financial year were \$2,019,160 (2021: \$1,553,539).

**8. Applications Held**

At 30 June 2022, the value of pending applications was nil.

**9. Redemption Arrangements**

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

The Fund's Constitution also prohibits investors from withdrawing any amount from the Fund until the expiration of 4 years from the date of their investment. Withdrawal requests that can be satisfied will be done so within 60 days of receipt of requests. Only the proceeds from realisation of assets of ABI Unit Class will be used to satisfy withdrawal requests from its investors.

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**9. Redemption Arrangements (continued)**

Investors should also note that their Units may be redeemed by the Trustee in certain circumstances specified in the Constitution, including if the Trustee determines, in its sole and absolute discretion that it would be in the best interests of Investors to do so.

**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 Trustee hold no options over interests in the Fund.

**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 (GAV) of the Fund's assets at the end of the reporting period was \$43,031,438 (2021: \$42,540,437). The Net Asset Value (NAV) at the end of the reporting period was \$42,020,558 (2021: \$41,712,205).

**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 Trustee has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Trustee 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 Trustee, other than conduct involving a willful breach of duty in relation to the Trustee.

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

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

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

Fees of \$44,878 (plus GST) were accrued and paid by the Unit Class to the Trustee for the period.

Fees of \$19,472 (plus GST) were accrued and paid by the Unit Class to the Administration Manager for the period.

Fees of \$1,919,216 (plus GST) were accrued and payable by the Fund to the Investment Manager for the period.

As per the Information Memorandum, The Investment Manager will also be remunerated through being paid establishment fees or referral fees by parties with which the ABIUC may deal.

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

At 30 June 2022, the Investment Manager held 30 settlor units in the Unit Class.

**19. Interests in the Fund**

The movement of units on issue in the Fund during the year is set out in Note 12 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.

Signed in accordance with a resolution of the Board of Directors of Vasco Custodians Pty Ltd by:



**Craig Dunstan**

Director

Date: 7 November 2022

**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>Revenue and other income</b>			
Bank interest	2 (a)	287	648
Distribution income	2 (b)	4,054,530	3,222,673
<b>Total revenue and other income</b>		<b>4,054,817</b>	<b>3,223,321</b>
<b>Expenses</b>			
Performance fees	3	1,919,216	1,570,954
Trustee & administration fees	4	64,350	53,369
Other fees & expenses	5	52,091	45,459
<b>Total expenses</b>		<b>2,035,657</b>	<b>1,669,782</b>
<b>Net profit attributed to unitholders</b>		<b>2,019,160</b>	<b>1,553,539</b>
<b>Other comprehensive income</b>			
Fair value profit on investments	6	182,773	319,127
<b>Total other comprehensive income</b>		<b>182,773</b>	<b>319,127</b>
Distribution expense		2,019,160	1,553,539
<b>Total comprehensive income for the year attributable to unitholders net of distributions</b>		<b>182,773</b>	<b>319,127</b>

The accompanying notes form part of these financial statements

**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents	7 (a)	297,985	179,190
Sundry debtor	7 (b)	33,963	75,381
Accrued investment income	8 (b)	887,247	803,577
<b>Total current assets</b>		<b>1,219,195</b>	<b>1,058,148</b>
<b>Non-current assets</b>			
Investment assets	8 (a)	41,812,243	41,482,289
<b>Total non-current assets</b>		<b>41,812,243</b>	<b>41,482,289</b>
<b>Total assets</b>		<b>43,031,438</b>	<b>42,540,437</b>
<b>Liabilities</b>			
Fees payable	9	384,536	322,262
Other expenses payable	10	12,605	44,013
Sundry creditor	11	126,789	-
Distributions payable	12 (b)	486,950	461,957
<b>Total liabilities</b>		<b>1,010,880</b>	<b>828,232</b>
<b>Net assets</b>		<b>42,020,558</b>	<b>41,712,205</b>
<b>Represented by:</b>			
Issued units	12 (a)	42,283,442	42,157,861
Undistributed profit/(loss) attributable to unitholders	12 (b)	(262,884)	(445,656)
<b>Net assets attributable to unitholders</b>		<b>42,020,558</b>	<b>41,712,205</b>

The accompanying notes form part of these financial statements

**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

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



**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Interest received		286	648
Investment income received		3,970,860	3,342,702
Payments to suppliers		(2,136,756)	(2,092,444)
Net cash provided by operating activities		<u>1,834,390</u>	<u>1,250,906</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment assets		2,890,222	-
Payment for investment assets		(3,037,403)	(15,000,000)
Net cash (used in) investing activities		<u>(147,181)</u>	<u>(15,000,000)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		3,037,403	15,000,000
Distributions paid		(1,693,995)	(1,226,290)
Redemption of units		(2,911,821)	-
Net cash provided by/ (used in) financing activities		<u>(1,568,413)</u>	<u>13,773,710</u>
Net increase in cash and cash equivalents		118,795	24,616
Cash and cash equivalents at the beginning of year		179,190	154,574
<b>Cash and cash equivalents at the end of year</b>	7 (a)	<u><u>297,985</u></u>	<u><u>179,190</u></u>

The accompanying notes form part of these financial statements

**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report is for the ACIF Prosperity Fund Balancing Investment Unit Class (“the ABI Unit Class” or “the Unit Class”) The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund is Vasco Custodians Pty Ltd, and Australia China Investment Fund Pty Ltd is appointed as the Investment Manager of the Fund.

**Basis of Preparation**

**(a) Statement of compliance**

The Fund has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. ACIF Prosperity Fund Balancing Investment Unit Class 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 Trustee on 7 November 2022.

**(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 Trustee 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.

**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**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 comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*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 a liability in accordance with AASB 132 Financial Instruments: Presentation.

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 liability attributable to the Fund's unitholders.

**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: 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 Trustee 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) 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 2021 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 2022, 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.

**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 2: REVENUE**

**(a) Bank interest**

	<b>2022</b>	<b>2021</b>
	\$	\$
Macquarie Bank	287	648
	<u>287</u>	<u>648</u>

**(b) Distribution income**

	<b>2022</b>	<b>2021</b>
	\$	\$
ACIF Balancing Fund	4,054,530	3,222,673
	<u>4,054,530</u>	<u>3,222,673</u>

**NOTE 3: PERFORMANCE FEES**

	<b>2022</b>	<b>2021</b>
	\$	\$
Performance fees	1,919,216	1,570,954
	<u>1,919,216</u>	<u>1,570,954</u>

In accordance with the SIM, the Investment Manager will charge a performance fee from the ABI Unit Class equal to any remaining profit after the payment of 4.5% per annum distribution to unitholders and the payment of all ABI Unit Class expenses. Any previous under-performance must be recovered before paying a performance fee.

**NOTE 4: TRUSTEE AND ADMINISTRATION FEES**

	<b>2022</b>	<b>2021</b>
	\$	\$
Trustee fees	44,878	34,119
Administration fees	19,472	19,250
	<u>64,350</u>	<u>53,369</u>

In accordance with the SIM, Vasco Custodians Pty Ltd as the Trustee of the Fund is entitled to an annual fee of 0.1% (plus GST) of the gross asset value of the Fund, paid monthly in arrears, subject to a minimum fee of \$25,000 (plus GST).

Vasco Fund Services Pty Limited as the Administration Manager of the Fund is entitled to an annual administration fee of up to \$28,138 (plus GST) increasing by 3% per annum on an annual basis.

The trustee and administration fees for the Fund are allocated between the unit classes based on the GAV from the previous month of each respective unit class.

**ACIF PROSPERITY FUND  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 5: OTHER EXPENSES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Tax return fees	2,500	2,500
GST expense (non-claimable)	41,552	41,709
Other administration expenses	1,700	1,250
Professional service fees	3,335	-
SIV compliance audit fees	3,000	-
Interest expense	4	-
	<u><b>52,091</b></u>	<u><b>45,459</b></u>

**NOTE 6: OTHER COMPREHENSIVE INCOME**

As at 30 June 2022 the Fund's other comprehensive income comprised of:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Fair value gain on investment in ACIF Balancing Fund	<u>182,773</u>	<u>319,127</u>
	<u><b>182,773</b></u>	<u><b>319,127</b></u>

**NOTE 7: CASH AND CASH EQUIVALENTS**

**(a) Cash at bank**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Macquarie Bank Operating Account	<u>297,985</u>	<u>179,189</u>
	<u><b>297,985</b></u>	<u><b>179,189</b></u>

**(b) Sundry debtors**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Reduced Input Tax Credit (RITC) receivable	23,963	65,381
Loan to ACIF Balancing Fund	<u>10,000</u>	<u>10,000</u>
	<u><b>33,963</b></u>	<u><b>75,381</b></u>

The ABI Unit Class provided a loan amount of \$10,000 to the ACIF Balancing Fund to manage daily operations. This amount will be paid at the end of the term of the Fund.

**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 8: INVESTMENTS**

**(a) Available for sale investments**

As at 30 June 2022 the Fund's investments comprised of:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Investment in ACIF Balancing Fund	41,812,243	41,482,289
	<u><b>41,812,243</b></u>	<u><b>41,482,289</b></u>

**(b) Accrued investment income**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Beginning Balance	803,577	923,606
ACIF Balancing Fund declared distributions	4,545,353	3,222,673
	<u><b>5,348,930</b></u>	<u><b>4,146,279</b></u>
Less distributions received	(4,461,683)	(3,342,702)
<b>Total accrued distributions</b>	<u><b>887,247</b></u>	<u><b>803,577</b></u>

**NOTE 9: FEES PAYABLE**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trustee fees payable	3,577	3,453
Administration fees payable	1,610	1,617
SIV compliance audit fees payable	3,000	-
Performance fees payable	376,349	317,192
	<u><b>384,536</b></u>	<u><b>322,262</b></u>

**NOTE 10: OTHER EXPENSES PAYABLE**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Other accrued fees	1,038	32,446
Provision for tax return fee	2,500	2,500
Withholding tax payable	9,067	9,067
	<u><b>12,605</b></u>	<u><b>44,013</b></u>

**NOTE 11: SUNDRY CREDITORS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Rejected distributions payable to unitholders	126,789	-
	<u><b>126,789</b></u>	<u><b>-</b></u>

**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 12: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**(a) Issued units**

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
Opening balance	43,273,056	42,157,861	27,443,191	27,000,030
Units issued	3,151,487	3,037,403	15,829,865	15,157,831
Units redeemed	(3,021,189)	(2,911,822)	-	-
<b>Closing balance</b>	<b>43,403,354</b>	<b>42,283,442</b>	<b>43,273,056</b>	<b>42,157,861</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**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Opening balance	(445,656)	(764,783)
Net profit attributable to unitholders	2,019,160	1,553,539
Fair value profit on investment	182,773	319,127
Distributions paid	(1,532,211)	(1,091,582)
Distributions payable	(486,950)	(461,957)
<b>Closing balance</b>	<b>(262,884)</b>	<b>(445,656)</b>

Total distributions declared and payable for the financial year totalled \$2,019,160.

**(c) Capital management**

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions and capital growth over the longer term. The Fund aims to achieve this objective mainly through investing in a diversified range of SIV compliant investments with an attractive return over the medium to long term.

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.



**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 13: 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) Trustee**

The Trustee of the Fund is Vasco Custodians Pty Ltd.

Fees of \$44,878 (plus GST) were accrued and paid by the Unit Class to Vasco Custodians Pty Ltd for its role as Trustee for the period, of which \$2,468 is claimable by the Unit Class as RITC.

As at 30 June 2022, the Unit Class was the sole investor in the ACIF Balancing Fund. The Trustee of the sub-fund is DHF Investment Managers Pty Ltd. DHF Investment Managers Pty Ltd is a related party to the Trustee.

**(b) Investment Manager**

The Investment Manager of the Fund is Australia China Investment Fund Pty Ltd.

Performance fees of \$1,919,216 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period, of which \$143,941 is claimable by the Fund as RITC.

**(c) Administration Manager**

The Administration Manager of the Fund is Vasco Fund Services Pty Limited. The Administration Manager is a related party of the Trustee.

Administration fees of \$19,472 (plus GST) were accrued and paid by the Unit Class to Vasco Fund Services Pty Limited for its role as Administration Manager of the Unit Class, of which \$1,460 is claimable by the Unit Class as RITC.

**(d) ACIF Balancing Fund**

The ABI Unit Class provided a loan amount of \$10,000 to the ACIF Balancing Fund to manage daily operations. This amount will be paid at the end of the term of the Fund.

**(d) Key management personnel**

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, Vasco Custodians Pty Ltd, and an Investment Manager, Australia China Investment Fund Pty Ltd, to manage the activities of the Fund. The Directors of the Trustee 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 Trustee or Investment Manager. Payments made by the Fund to the Trustee and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

**NOTE 14: CONTINGENT LIABILITIES**

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

**ACIF PROSPERITY FUND**  
**ABI UNIT CLASS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE**

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

**NOTE 16: 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 unlisted funds which hold assets in property and infrastructure, which are not considered to be assets that are readily realisable.

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

**(b) Market risk**

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate 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 optimising the return on risk. Market risk is monitored by the Investment Manager.

**(c) Underlying property risk**

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the value of underlying property over which a security interest may be granted. These may result in a reduction of distributions and returns as well as the capital value of the underlying property.

**(d) Investment risk**

The value of an investment may rise or fall, distributions may or may not be paid and an Investor's capital may or may not be returned. No guarantee is made by the Trustee, the Investment Manager, any of their directors, associates or consultants on the performance of the Fund.

**(e) Planning and development risk**

The ACIF Balancing Fund may invest with developers undertaking planning works and there are numerous risks associated with such works. The Fund could be exposed to adverse planning and building approvals and timing delays which could occur at any stage of the process, increasing the duration of projects and impacting negatively on cash flows. Approval may not be granted or granted on conditions the Trustee does not find acceptable.

These risks cannot be completely mitigated however the Investment Manager intends to mitigate them where possible by including appropriate safeguards in its contracts. There is also a risk that contractors may default under the terms of a contract due to circumstances outside the Trustee's control (for example, if a contractor becomes insolvent). This may in turn affect the value of the underlying property over which a security interest may be granted.

**ACIF PROSPERITY FUND  
ABI UNIT CLASS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 16: FINANCIAL RISK MANAGEMENT (continued)**

**(f) Valuation Risk**

This is the risk that valuation of a property over which a security interest is granted is inaccurate at the time of making the investment so that the amount realised on enforcement of a security interest is less than would have been expected had the valuation been correct. There is also the risk that a valuer who provides an inaccurate valuation does not have or no longer has adequate professional indemnity insurance to cover the valuation on which the lender relies. In the event that the valuations obtained by purchasers to secure finance are below the purchase price, this may adversely impact their ability to settle.

**(g) Diversification risk**

The ACIF Balancing Fund will be predominantly investing in real estate development projects. As such, the ABI Unit Class may not be diversified by sector or geography and consequently the units, will be exposed to any events which have an adverse effect on the value of the underlying assets in the real estate sector

**NOTE 17: TRUSTEE DETAILS**

The registered office and the principal place of business of the Trustee are:

Vasco Custodians Pty Ltd

Level 4

99 William Street

Melbourne Victoria 3000

**ACIF PROSPERTY FUND  
ABI UNIT CLASS**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Vasco Custodians Pty Ltd:

- (a) The financial statements and notes of ACIF Prosperity Fund ABI Unit Class are in accordance with the *Corporations Act 2001*, including
  - (i) Giving a true and fair view of its financial position as at 30 June 2022 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 ACIF Prosperity Fund ABI Unit Class 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 Dunstan*

**Craig Dunstan**

Director

7 November 2022