



**AUSTRALIA CHINA  
INVESTMENT FUND**

ABN 50 276 530 275

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2021

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Directors of the Trustee, Vasco Custodians Pty Ltd present their report on the Australia China Investment Fund ("the Fund") for the year ended 30 June 2021.

Effective 1 June 2021, Vasco Trustees Limited retired as Trustee and appointed Vasco Custodians Pty Ltd as Trustee of the Fund.

### 1. Directors of Vasco Trustees Limited for the period 1 July 2020 to 1 June 2021

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

Craig Mathew Dunstan

Fiona Jean Dunstan (resigned 31 December 2020)

Jonathan Martin

Reginald Bancroft

### Directors of Vasco Custodians Pty Ltd for the period 1 June 2021 to 30 June 2021

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 Fund are to invest in a portfolio of real estate related investments in the Australian market in a SIV compliant manner as the rules were in existence on 30 June 2015.

The Fund was established on 21 August 2015 and issued the first units on the commencement date of 23 November 2015.

### 3. Operating Results

The operating profit of the Fund for the financial year ending 30 June 2021 was \$1,585,382 (2020: \$966,092).

### 4. Review of Operations

During the period since inception, the Fund has issued 30,334,869 units of which 49,991 have resulted from the reinvestment of distributions. 8,000,000 units have been redeemed since inception of the Fund.

During the financial year 835,169 additional units have been issued.

The Investment Manager decided to re-open the Fund to new applications as per the new Information Memorandum, dated 17 April 2020. The Fund invested \$14,975,000 in a loan to ICAM ACIF Holdings Pty Ltd ATF the ICAM ACIF Holdings Trust on 23 June 2020. The loan is to finance the further development and expansion of coastal land in Wallaroo, South Australia into a specialist bulk grain exporting port facility using transshipment technology. The Fund made an additional advance of \$340,000 on 10 December 2020. Interest is calculated daily at 12% per annum, and is paid quarterly.

The Fund has invested \$5,000,000 in ICAM Westpac House Investment Trust 1, which has acquired a 50% freehold interest in 'Westpac House', an office building in Adelaide, SA. This investment was made via a transfer of units from the ACIF Balancing Fund. Australia China Investment Fund Ltd is the Investment Manager of the ACIF Balancing Fund.

Effective 1 June 2021 due to an internal restructure within the Vasco group of companies the Trustee of the Fund was changed from Vasco Trustees Limited to Vasco Custodians Pty Ltd.

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 4. Review of Operations (continued)

As at 30 June 2021 the Fund's investments were comprised of the following:

<b>Investments</b>	<b>2021 Value</b> \$	<b>2020 Value</b> \$
ICAM ACIF Holdings Loan	15,815,000	14,975,000
ICAM Westpac House Investment Trust 1	5,095,473	5,041,837
<b>Total</b>	<b>20,910,473</b>	<b>20,016,837</b>

### 5. Review of Performance

<b>Unit Class</b>	<b>2021</b> % p.a.	<b>2020</b> % p.a.	<b>2019</b> % p.a.	<b>2018</b> % p.a.
Ordinary units	9.88	5.34	6.50	7.50

### 6. Unit Redemption Prices

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

	<b>2021</b> \$	<b>2020</b> \$
At 30 June	1.0154	0.9952
High during year	1.0154	1.0007
Low during year	0.9958	0.9840

As the nature of the underlying investments has changed, the unit price is variable to reflect the valuation of the investments each month.

### 7. Distributions Paid or Recommended

In accordance with the Information Memorandum of the Fund, distributions are calculated and accrued on a daily basis and are paid on a quarterly basis within 14 days after the end of each quarter.

The following distributions have been paid or payable for the financial year to 30 June 2021:

<b>Period</b>	<b>Distribution payable (CPUD)</b>
1 July 2020 – 30 September 2020	0.0002054795
1 October 2020 – 31 December 2020	0.0002054795
1 January 2021 – 31 March 2021	0.0002054795
1 April 2021 – 30 June 2021	0.0002054795

A distribution of \$64,575 was paid in May 2021 to cover any shortfall from previous distributions. The total distributions declared for the financial year were \$1,585,400 (2019: \$1,195,129)

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 8. Applications Held

As at 30 June 2021, the value of pending unit allocations 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. Consequently, no units were redeemed by the Trustee during the reporting period.

Although the Trust Deed permits the withdrawal or redemption of units in the Fund, at the discretion of the Trustee, the Trustee does not currently intend to permit Investors to voluntarily withdraw any amount from the Fund during the initial 4 years of their investment. Investors may only withdraw their investment after the minimum investment period of 4 years, subject to available liquidity. The Trustee has the absolute discretion to permit Investors to voluntarily withdraw any amount from the Fund.

### 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 of the Fund's assets at the end of the reporting period was \$21,726,924 (2020: \$20,200,542). The Net Asset Value at the end of the reporting period was \$20,796,390 (2020: \$20,131,791).

### 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.

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 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.

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

Fees of \$25,000 (plus GST) were accrued and paid by the Fund to the Trustee for the period.

Fees of \$26,864 (plus GST) were accrued and paid by the Fund to the Administration Manager for the period.

Investment Manager fees of \$158,630 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period.

Performance fees of \$261,846 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period.

The Investment Manager will receive an arrangement fee equal to 5% (plus GST) of the loan made to ICAM ACIF Holdings Pty Ltd as trustee for the ICAM ACIF Holdings Trust. The fee will be paid directly from the borrower to the Investment Manager.

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

As at 30 June 2021, neither the Trustee nor the Investment Manager or their related parties held 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 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.

**AUSTRALIA CHINA INVESTMENT FUND**

**TRUSTEE REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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

*Craig Dunstan*

**Craig Dunstan**

Director

Date: 29 October 2021

**AUSTRALIA CHINA INVESTMENT FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Revenue and other income</b>			
Bank interest	2 (a)	2,987	59,904
Distribution income	2 (b)	161,048	1,168,823
Loan interest income	2 (c)	1,828,239	34,463
<b>Total revenue and other income</b>		<b>1,992,274</b>	<b>1,263,190</b>
<b>Expenses</b>			
Investment manager fees	3	158,630	193,083
Performance fees	3	261,846	27,527
Trustee fees	4	25,000	25,611
Administration fees	4	26,864	26,747
Other expenses	5	(65,466)	24,130
<b>Total expenses</b>		<b>406,874</b>	<b>297,098</b>
<b>Net profit attributed to unitholders</b>		<b>1,585,400</b>	<b>966,092</b>
<b>Other comprehensive income</b>			
Capital redemption premium	6	-	3,000
Fair value profit or (loss) on investments	6	53,637	482,729
<b>Total other comprehensive income</b>		<b>1,639,037</b>	<b>1,451,821</b>
Withholding tax expense		18	-
Distribution expense		1,585,382	1,195,129
<b>Total comprehensive income for the year attributable to unitholders net of distributions</b>		<b>53,637</b>	<b>256,692</b>

The accompanying notes form part of these financial statements

## AUSTRALIA CHINA INVESTMENT FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	7	762,768	112,707
Accrued loan interest income	8 (b)	53,683	34,463
Accrued distribution income	8 (c)	-	36,535
<b>Total current assets</b>		<b>816,451</b>	<b>183,705</b>
<b>Non-current assets</b>			
Investment assets	8 (a)	20,910,473	20,016,837
Prepaid expenses	9	16,735	16,735
Less amortisation	9	(16,735)	(16,735)
<b>Total non-current assets</b>		<b>20,910,473</b>	<b>20,016,837</b>
<b>Total assets</b>		<b>21,726,924</b>	<b>20,200,542</b>
<b>Liabilities</b>			
Fees payable	10	315,785	4,316
Other expenses payable	11	99,450	(3,480)
Distributions payable	12 (b)	387,240	233,654
Withholding tax payable		128,058	63,298
<b>Total liabilities</b>		<b>930,534</b>	<b>297,788</b>
<b>Net assets</b>		<b>20,796,390</b>	<b>19,902,754</b>
<b>Represented by:</b>			
Issued units	12 (a)	20,840,000	20,000,000
Undistributed profit/(loss) attributable to unitholders	12 (b)	(43,610)	(97,246)
<b>Net assets attributable to unitholders</b>		<b>20,796,390</b>	<b>19,902,754</b>

The accompanying notes form part of these financial statements



**AUSTRALIA CHINA INVESTMENT FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

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.

## AUSTRALIA CHINA INVESTMENT FUND

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2020
		\$	\$
<b>Cash flows from operating activities</b>			
Bank interest		2,897	59,904
Investment income received		2,006,602	1,680,132
Withholding tax paid		(109,573)	(141,003)
Payments to suppliers		(169,830)	(358,173)
Reimbursement from Investment Manager		75,153	-
		<b>1,805,339</b>	<b>1,240,860</b>
<b>Cash flows from investing activities</b>			
Payment for investment assets		(840,000)	(14,975,000)
Proceeds from investment repayment		-	20,000,000
		<b>(840,000)</b>	<b>5,025,000</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of units		839,999	500,000
Redemption of units		-	(5,997,000)
Distribution paid to unitholders		(1,155,278)	(1,233,989)
		<b>(315,279)</b>	<b>(6,730,989)</b>
Net cash provided by/(used in) operating activities			
Net cash provided by/(used in) investing activities			
Net cash provided by/(used in) financing activities			
Net increase/ (decrease) in cash and cash equivalents		650,060	(465,129)
Cash and cash equivalents at the beginning of year		112,708	577,837
<b>Cash and cash equivalents at the end of year</b>	7	<b>762,768</b>	<b>112,708</b>

The accompanying notes form part of these financial statements

# AUSTRALIA CHINA INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The financial report is for the Australia China Investment Fund ('the Fund'). The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund 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*. Australia China 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 Trustee on 29 October 2021.

##### (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.

# AUSTRALIA CHINA INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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.

##### (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.

# AUSTRALIA CHINA INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

#### (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 2020 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 2021, 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.

**AUSTRALIA CHINA INVESTMENT FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 2: REVENUE**

The Funds revenue may be analysed under the following categories:

**(a) Bank interest**

	<b>2021</b>	<b>2020</b>
	\$	\$
Bank interest	2,987	59,904
	<b>2,987</b>	<b>59,904</b>

**(b) Distribution income**

	<b>2021</b>	<b>2020</b>
	\$	\$
Investment in ICAM Westpac House Investment Trust 1:		
ICAM Westpac House Investment Trust 1 declared a distribution 30 June	161,048	937,829
Investment in Golden Age Box Hill Development Unit Trust:		
Golden Age Box Hill Development Unit Trust paid a distribution for the period 1 July 2019 – 10 December 2019, at an annualised rate of 10.375% per annum.	-	230,994
<b>Total distribution income</b>	<b>161,048</b>	<b>1,168,823</b>

**(c) Loan interest income**

	<b>2021</b>	<b>2020</b>
	\$	\$
ICAM ACIF Holdings loan	1,828,239	34,463
	<b>1,828,239</b>	<b>34,463</b>

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### NOTE 3: INVESTMENT MANAGER FEES AND PERFORMANCE FEES

	2021	2020
	\$	\$
Investment management fees	158,630	193,083
Performance fees	261,846	27,527
	<u>420,476</u>	<u>220,610</u>

#### Investment management fee

In accordance with the Information Memorandum of the Fund, the Investment Manager is entitled to an investment management fee of 1.0 % (plus GST) per annum of the gross asset value of the Fund, calculated and paid monthly in arrears out of the assets of the Fund.

Where in any quarter the return to Investors is less than 7.5% p.a. the Investment Manager will waive in whole or part its investment management fee for the following quarter, so as to make up some or the entire shortfall in return to Investors in the previous quarter.

#### Performance fee

The Investment Manager is also entitled to a quarterly performance fee equivalent to any distributable income or capital gains after unitholders have received a return of 7.5% per annum (after all fees and expenses) and any previous under-performance has been recovered.

In accordance with the Information Memorandum of the Fund, any previous under-performance of the Fund must be recovered before any Performance Fee will be payable.

#### NOTE 4: TRUSTEE AND ADMINISTRATION FEES

	2021	2020
	\$	\$
Trustee fees	25,000	25,611
Administration fees	26,864	26,747
	<u>51,864</u>	<u>52,358</u>

In accordance with the IM of the Fund the Trustee is entitled to an annual fee of 0.1% (plus GST) of the GAV of the Fund, subject to a minimum fee of \$25,000 (plus GST); and an annual administration fee of up to \$25,000 (plus GST) increasing in line with the Consumer Price Index (CPI). A CPI increase of 0.3% was applied from 21 August 2020 and the annual fee is now \$26,874.

#### NOTE 5: OTHER EXPENSES

	2021	2020
	\$	\$
GST expense (non-claimable)	5,490	8,324
Other administration expenses	1,196	800
Tax return fees	2,500	3,300
Establishment fees	-	2,886
Legal fees	-	8,290
Document review fees	500	500
Reimbursement from Investment Manager	(75,152)	-
Bank fees	-	30
	<u>(65,466)</u>	<u>24,130</u>

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### NOTE 6: OTHER COMPREHENSIVE INCOME

As at 30 June 2021 the Fund's other comprehensive income comprised of:

	2021	2020
	\$	\$
Capital redemption premium	-	3,000
Investment in ICAM Westpac House Investment Trust 1	53,637	482,729
	<u>53,637</u>	<u>485,729</u>

#### NOTE 7: CASH AND CASH EQUIVALENTS

##### Cash at bank

	2021	2020
	\$	\$
Macquarie Bank	762,768	112,707
	<u>762,768</u>	<u>112,707</u>

#### NOTE 8: INVESTMENTS

##### (a) Available for sale investments

As at 30 June 2021 the Fund's investments comprised of:

	2021	2020
	\$	\$
ICAM Westpac House Investment Trust 1	5,095,473	5,041,837
ICAM ACIF Holdings Loan	15,815,000	14,975,000
	<u>20,910,473</u>	<u>20,016,837</u>

##### (b) Accrued loan interest income

	2021	2020
	\$	\$
Loan interest – ICAM ACIF Holdings Loan	-	34,463
	<u>-</u>	<u>34,463</u>



**AUSTRALIA CHINA INVESTMENT FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 8: INVESTMENTS (continued)**

**(c) Accrued distribution income**

	<b>2021</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening balance	36,535	547,843
Investment in ICAM Westpac House Investment Trust 1:		
ICAM Westpac House Investment Trust 1 distribution FY21	161,048	230,994
Investment in Golden Age Box Hill Development Unit Trust:		
Golden Age Box Hill Development Unit Trust paid a distribution for the period 1 July 2019 – 10 December 2019, at an annualised rate of 10.375%.	-	937,829
	197,583	1,716,666
Less distributions received	(197,583)	(1,680,131)
<b>Total accrued distribution income</b>	<b>-</b>	<b>36,535</b>

**NOTE 9: FEES PAYABLE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Investment manager fees payable	53,940	-
Performance fees payable	261,845	-
Trustee fees payable	-	2,083
Administration fees payable	-	2,233
	<b>315,785</b>	<b>4,316</b>

**NOTE 10: OTHER EXPENSES PAYABLE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
RITC receivable	(9,282)	(6,662)
Provision for tax and audit fees	2,500	2,500
Other accrued expenses	5,182	682
Sundry creditor	101,050	-
	<b>99,450</b>	<b>(3,480)</b>

The sundry creditor results from distribution payments which bounced back due to issues with the bank account of the unitholder. Once new bank account details are received the amount will be paid.

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### NOTE 11: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

	2021 Units	2021 \$	2020 Units	2020 \$
Opening balance	19,999,700	20,000,000	25,500,000	25,500,000
Units issued - applications	835,169	840,000	499,700	500,000
Units redeemed	-	-	(6,000,000)	(6,000,000)
<b>Closing balance</b>	<b>20,834,869</b>	<b>20,840,000</b>	<b>19,999,700</b>	<b>20,000,000</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

	2021 \$	2020 \$
Opening balance	(97,246)	(353,938)
Capital redemption premium	-	3,000
Revaluation reserve	53,637	482,729
Net operating profit/(loss) attributable to unitholders	1,585,400	966,092
Distributions paid	(1,198,161)	(961,475)
Distributions payable	(387,240)	(233,654)
<b>Closing balance</b>	<b>(43,610)</b>	<b>(97,246)</b>

Withholding taxes applicable to the distributions payable during the 2021 financial year were \$142,027. Total distributions payable for the financial year were \$1,585,382.

##### (c) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions. The Fund aims to achieve this objective mainly through investing in a portfolio of real estate related investments in the Australian market.

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.

## **AUSTRALIA CHINA INVESTMENT FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **NOTE 12: 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 Australia China Investment Fund is Vasco Custodians Pty Ltd.

Fees of \$2,083 (plus GST) were accrued and paid by the Fund to Vasco Custodians Pty Ltd for its role as Trustee for the month of June, of which \$115 is claimable by the Fund as RITC.

Fees of \$22,917 (plus GST) were accrued and paid by the Fund to Vasco Trustees Limited for its role as Trustee for the period 1 July 2020 to 31 May 2021, of which \$1,260 is claimable by the Fund as RITC.

##### **(b) Investment Manager**

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

Investment manager fees of \$158,630 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period, of which \$11,897 is claimable by the Fund as RITC.

Performance fees of \$261,846 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period, of which \$19,638 is claimable by the Fund as RITC.

##### **(c) Administration Manager**

The Administration Manager of the Australia China Investment Fund was Vasco Fund Services Pty Limited.

Administration fees of \$26,864 (plus GST) were accrued and paid by the Fund to Vasco Fund Services Pty Limited for undertaking fund administration responsibilities, of which \$2,015 is claimable by the Fund as RITC.

##### **(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 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 13: CONTINGENT LIABILITIES**

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

#### **NOTE 14: 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.

# AUSTRALIA CHINA INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 15: FINANCIAL RISK MANAGEMENT

#### 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 real estate development trusts and in loans, 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.

#### 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, placing money at financial institutions or interest revenue that is paid in arrears. 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:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	762,768	112,707
Investment assets	20,910,473	20,016,837
	<u><b>21,673,241</b></u>	<u><b>20,129,544</b></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.

### NOTE 16: 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

## AUSTRALIA CHINA INVESTMENT FUND

### DIRECTORS' DECLARATION

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

- (a) The financial statements and notes of Australia China 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 2021 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 Australia China 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 Dunstan*

**Craig Dunstan**

Director

29 October 2021