



**ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION  
ABN 60 594 160 653**

**FINANCIAL REPORT  
FOR THE PERIOD ENDED  
30 JUNE 2023**

**ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION  
TRUSTEE REPORT  
FOR THE PERIOD ENDED 30 JUNE 2023**

The Directors of the Trustee, Vasco Custodians Pty Ltd present their report on the ICFM Development Fund Drouin Investment Option ('the Fund') for the period ended 30 June 2023.

**1. Directors of Vasco Custodians Pty Ltd for the period 23 March 2023 to 30 June 2023**

The names of Directors of the Trustee in office at any time during the period are:

Craig Mathew Dunstan

Fiona Jean Dunstan

**2. Principal Activities**

The ICFM Development Fund was established on 29 July 2019. As at 30 June 2023, there were six investment projects active in the ICFM Development Fund: the Sunbury Investment Option, the Bayview Officer Investment Option, the Greenvale Investment Option, the Sunbury South Investment Option, the Lake Naraccan Option and the Drouin Investment Option. This report is for the ICFM Development Fund Drouin Investment Option only.

The principal activities of the Fund are to subscribe 60% of the units in the Drouin Investment Option Unit Trust (Drouin Trust), a property development unit trust established and operated by the Investment Manager and finance the Drouin Trust by providing a unitholder loan. The Fund was established on 23 March 2023 and issued the first units on the commencement date of 23 May 2023.

The Drouin Investment Option had raised \$1,400,000 and there will be a final capital call on 5 May 2024 to raise the remaining \$2,100,000.

**3. Operating Results**

The operating profit of the Fund for the financial period ending 30 June 2023 was nil.

**4. Review of Operations**

During the period dated 30 June 2023 the Fund issued 1,400,000 units. In line with the Information Memorandum, the Fund issued its first capital call in April 2023 for \$1,400,000. The investment has a potential term of two and a half years, and will be expected to be completed around October 2025.

As at 30 June 2023, the Fund held 60% of the units in the Drouin Trust. As at 30 June 2023, the total unitholders' loan to the Drouin Trust was \$1,404,383. In accordance with the Unitholders Agreement, interest income will be accrued at a rate of 10% p.a., compounding monthly on the amount of each advance provided to the Drouin Trust. The loan and loan interest accrued is to be repaid on the windup of the Drouin Trust before any distribution of income and capital of the Trust.

**5. Review of Performance**

Unit Class	2023 % p.a.
Ordinary units	10.17%*

\*annualised based on the target distribution rate as per the Information Memorandum

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**6. Distributions Paid or Recommended**

In accordance with the Information Memorandum of the Fund, no distributions are expected for Investors in the Drouin Investment Option until the completion of the project.

The amount of distribution income (if any) paid is based on the number of units held in the Drouin Investment Option at the end of each distribution period.

Distributions are generally paid within 30 days of the end of a distribution period.

**7. Applications Held**

As at 30 June 2023, there were no pending applications.

**8. 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.

Withdrawal and redemption requests are only processed at the absolute discretion of the Trustee. Investors have no right to withdraw, redeem or otherwise exit from their investment in the Drouin Investment Option.

The Trustee will redeem Investors on wind-up of the Drouin Investment Option subsequent to receipt of all amounts realised through the Drouin Fund.

**9. Options**

No options over issued units or interests in the Fund were granted during or since the end of the financial period 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.

**10. 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.

**11. Value of Scheme Assets**

The Gross Asset Value (GAV) of the Fund's assets at the end of the reporting period was \$1,414,412. The Net Asset Value (NAV) at the end of the reporting period was \$1,400,000.

**12. 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 period.

**13. After Balance Date Events**

No matters or circumstances have arisen since the end of the financial period 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 periods other than as disclosed in this report.

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**14. Future Developments**

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

**15. Indemnifying Officers or Auditor**

During or since the end of the financial period, 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 wilful 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 period 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.

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

All fees disclosed in the Information Memorandum of the Fund were paid by the Investment Manager through the Drouin Trust during the financial period. Therefore, nominal fees were charged to the Fund during the financial period.

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

As at 30 June 2023, one investment trust owned by a director of Infinity Capital Funds Management Pty Ltd, the Investment Manager of the Fund, holds 180,000 units in the Fund.

**18. Interests in the Fund**

The movement of units on issue in the Fund during the period is set out in Note 7 to the financial statements.

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

**19. 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.

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**20. 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*

**Craig Dunstan**

Director

Date: 14 August 2023

**ICFM DEVELOPMENT FUND**  
**DROUIN INVESTMENT OPTION**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2023**

	Notes	2023
		\$
<b>Revenue and other income</b>		
Bank interest	2 (a)	-
Loan interest income	2 (b)	14,383
Reimbursement from investment manager		31
<b>Total revenue and other income</b>		<b>14,414</b>
<b>Expenses</b>		
Distribution expense		14,383
Other expenses	3	31
<b>Total expenses</b>		<b>14,414</b>
<b>Net profit attributed to unitholders</b>		<b>-</b>
<b>Total comprehensive income for the period attributable to unitholders net of distributions</b>		<b>-</b>

The accompanying notes form part of these financial statements

**ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	Notes	2023 \$
<b>Current assets</b>		
Cash and cash equivalents	4	9,969
Reimbursement from investment manager		31
<b>Total current assets</b>		<b>10,000</b>
<b>Non-current assets</b>		
Investment assets (loan)	5	1,404,383
Equity investment – Drouin Trust	5	60
<b>Total non-current assets</b>		<b>1,404,443</b>
<b>Total assets</b>		<b>1,414,443</b>
<b>Liabilities</b>		
Sundry creditor	6	60
Distributions payable	7(b)	14,383
<b>Total liabilities</b>		<b>14,443</b>
<b>Net assets</b>		<b>1,400,000</b>
<b>Represented by:</b>		
Issued units	7 (a)	1,400,000
<b>Net assets attributable to unitholders</b>		<b>1,400,000</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION  
FOR THE PERIOD ENDED 30 JUNE 2023**

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 period.



**ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2023**

	<b>Notes</b>	<b>2023 \$</b>
<b>Cash flows from operating activities</b>		
Bank Charges	3	(31)
Net cash provided by operating activities		<u><b>(31)</b></u>
<b>Cash flows from investing activities</b>		
Unitholder loan		(200,000)
Funding Call Drawdown		(1,200,000)
Net cash (used in) investing activities		<u><b>(1,400,000)</b></u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units		210,000
Capital Call		1,200,000
Net cash provided by financing activities		<u><b>1,410,000</b></u>
Net increase in cash and cash equivalents		9,969
Cash and cash equivalents at the beginning of period		-
<b>Cash and cash equivalents at the end of period</b>	4 (a)	<u><u><b>9,969</b></u></u>

The accompanying notes form part of these financial statements

**ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2023**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report is for the ICFM Development Fund Drouin Investment Option ('the Fund'). The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund during the period ended 30 June 2023 was Vasco Custodians Pty Ltd, and Infinity Capital Funds Management 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*. ICFM Development Fund Drouin Investment Option 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.

**(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.

*(i) Fair value estimation*

Investment properties are carried at values that are based on assumptions and estimates. If any of these assumptions or estimates were not correct this could have a material impact on the carrying amounts in the statement of financial position.

**ICFM DEVELOPMENT FUND  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2023**

**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 recognised 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.

**ICFM DEVELOPMENT FUND  
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NOTES TO THE FINANCIAL STATEMENTS  
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**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 period beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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**NOTE 2: REVENUE**

The Funds revenue may be analysed under the following categories

**(a) Bank interest**

	<b>2023</b>
	<b>\$</b>
Macquarie Bank	-
	<u>-</u>

**(b) Loan interest income**

Interest will accrue at a rate of 10% per annum, compounding monthly on the amount of each advance provided to the Drouin Trust. The loan and loan interest accrued will be repaid on the windup of the Drouin Trust before any distribution of income and capital of the Trust.

	<b>2023</b>
	<b>\$</b>
Loan interest income	14,383
	<u>14,383</u>

**NOTE 3: OTHER EXPENSES**

	<b>2023</b>
	<b>\$</b>
Reclassification for the transfer of bank charges	31
	<u>31</u>

**NOTE 4: CASH AND CASH EQUIVALENTS**

**Cash at bank**

	<b>2023</b>
	<b>\$</b>
Macquarie Bank	9,969
	<u>9,969</u>

**NOTE 5: INVESTMENTS**

**Investment held**

As at 30 June 2023 the Fund's investments comprised:

	<b>2023</b>
	<b>\$</b>
Unitholder loan to The Drouin Trust	1,404,383
Units in The Drouin Trust	60
	<u>1,404,443</u>

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**NOTE 6: SUNDRY CREDITOR**

Sundry creditor reflects the other expenses line item in the Income Statement which reclassifies the bank interest income to bring the net profit of the Fund to nil and maintain the unit price at \$1.00 as per IM. Additionally, it also includes the \$55 spent to acquire units from Drouin Unit Trust.

**NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**(a) Issued units**

	2023 \$	2023 Units
Opening balance	-	-
Units issued – First call	1,400,000	1,400,000
<b>Closing balance at 30 June</b>	<b><u>1,400,000</u></b>	<b><u>1,400,000</u></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**

	2023 \$
Distributions payable	14,383
	<b><u>14,383</u></b>

**(c) Capital management**

The Fund regards total unitholders' interests as its capital. The objective of the Fund is to provide unitholders with capital growth. The Fund aims to achieve this objective mainly through direct investment in a property development trust.

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.

**NOTE 8: 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 at the period-end was Vasco Custodians Pty Ltd. During the financial period the Trustee Fees were paid directly by the Investment Manager and the Drouin Trust. During the period, payments totalling \$25,000 were made to Vasco Custodians Pty Ltd. The payment covers the trustee fee for all 6 investment options of the ICFM Development Fund.

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**NOTE 8: RELATED PARTY TRANSACTIONS (CONTINUED)**

**(b) Administration Manager**

The Administration Manager of the ICFM Development Fund Drouin Investment Option is Vasco Fund Services Pty Limited. During the financial period, the Administration Manager Fees for the Fund, were paid directly by the Investment Manager to the Administration Manager. During the year, payments totalling \$46,732 were made to Vasco Custodians Pty Ltd. The payment covers the trustee fee for all 6 investment options of the ICFM Development Fund.

**(c) 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, Infinity Capital Funds Management 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 9: CONTINGENT LIABILITIES**

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

**NOTE 10: 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 11: 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 property 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.

**(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, 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 and loan assets recognised at the reporting date. The Investment Manager manages the exposure to credit risk on an ongoing basis. To date, the Fund has made a loan to a single borrower Drouin Investment option.

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**NOTE 11: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Property Market Risk**

Investment properties form a significant part of the Fund's assets, and are carried at fair value within the accounts. As a result, the statement of comprehensive income of the Fund is exposed to movements in property valuations, year on year. These movements are unrealised, until the point that an investment property is sold. The property market is closely monitored by the Board and the decision to buy or sell a property is closely related to the state of the property market and expectations of future rental yield. In addition, in depth due diligence is performed over a property before it is purchased and ongoing monitoring is undertaken as part of the compliance plan.

There are a number of uncertainties regarding the outlook for the Australian economy over the next few periods. This includes the reluctance of business to commit to major new investments until sustained increase in demand are seen. The property market may also drop in value due to the recent changes in the interest rate environment. Interest rates are increasing rapidly, making it more difficult for individuals to repay their loans. During such market conditions, the demand for properties will get affected, resulting in a decline in property values. This may result in losses should properties be held as security be realised below the loan and receivable book values.

**(d) Development and Construction Risk**

The Fund will be investing in property development projects which are subject to risks which can affect the returns available to Investors. These risks may include the inability to obtain appropriate or sufficient government planning approval to undertake a successful development of a property; the risk of costs overruns and costs to complete any construction work may be more than forecast and additional capital or finance may need to be sourced.

Additional risks may cover areas such as the completion of buildings under contract could be delayed due to the fault of the developer or other unforeseen events; the development and construction can be subject to external influence over which the Fund has little or no control. There are also risks associated with the potential deterioration of material, labour and general market conditions.

**(e) Related Party Risk**

The ability of the Borrower to repay the capital and interest on the Loan is ultimately dependent on sale of the developed property to third party purchasers. There is a risk that sales may take longer than expected, some purchasers do not settle their sales contract on time or at all or property market conditions may change which could have an impact on the ability to sell the developed property or the price at which it may be sold. This may delay or diminish any distributions of income or return of capital to Investors.

**NOTE 12: 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



**ICFM DEVELOPMENT FUND  
DROUIN INVESTMENT OPTION**

**DIRECTORS' DECLARATION**

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

- (a) The financial statements and notes of ICFM Development Fund Drouin Investment Option are in accordance with the *Corporations Act 2001*, including
  - (i) Giving a true and fair view of its financial position as at 30 June 2023 and its performance for this financial period 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 ICFM Development Fund Drouin Investment Option 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

14 August 2023