



**AUSTRALIA CHINA  
INVESTMENT FUND**

ABN 50 276 530 275

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2024

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

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 2024.

### 1. Directors of Vasco Custodians Pty Ltd

The names of Directors of the Trustee from 1 July 2023 to 31 Dec 23 were:

Craig Mathew Dunstan

Fiona Jean Dunstan

The names of Directors of the Trustee in office from 1 Jan 24 to 30 Jun 24 were:

Craig Mathew Dunstan

Caill Sinclair Dunstan

Subsequent to the year end, there have been additional changes to composition of the Board of Directors of the Trustee:

Appointed:

Patrice Lo (1 July 2024)

Wiebe Wijnia ( 1 July 2024)

Resigned:

Caill Sinclair Dunstan (1 July 2024)

### 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 total comprehensive (loss) of the Fund for the financial year ending 30 June 2024 was (\$9,458) (2023: (\$161,099))

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 4. Review of Operations

Since inception, the Fund has issued 28,834,869 units of which nil have resulted from the reinvestment of distributions. A Further 15,555,243 units were compulsory redeemed this financial year from the Fund.

No units were issued during the financial year.

The Investment Manager reopened the Fund to new applications as per the Information Memorandum dated 17 April 2020. The Fund invested in a loan to ICAM ACIF Holdings Pty Ltd ATF the ICAM ACIF Holdings Trust on 23 June 2020. The loan was 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. Interest is calculated daily at 12% per annum, and is paid quarterly. This loan was repaid on 22 December 2023.

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. As at 30 June 2024, the Fund held 5,363,656 units (2023: 5,363,656) in the ICAM Westpac House Investment Trust 1, the value of the investment asset was \$5,041,837 (2023: \$5,041,837). The Trust has announced that they are undertaking a major redevelopment of the properties in the Trust and this may have an impact on the ability to pay distributions in the short term.

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

Investments	2024 \$	2023 \$
ICAM ACIF Holdings Loan	-	15,815,000
ICAM Westpac House Investment Trust 1	5,041,837	5,041,837
<b>Total</b>	<b>5,041,837</b>	<b>20,856,837</b>

### 5. Review of Performance

Unit Class	2024 % p.a.	2023 % p.a.
Ordinary units	4.12	7.74

### 6. Unit Redemption Prices

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

	2024 \$	2023 \$
At 30 June	0.9937	0.9956
High during year	0.9956	1.0033
Low during year	0.9937	0.9956

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 7. Distributions Paid or Recommended

In accordance with the Information Memorandum of the Fund, distributions are calculated and accrued at 7.5% per annum on a daily basis and are paid on a quarterly basis within 14 days after the end of each quarter for the first two quarters. The total distributions declared for the financial year were \$859,814 (2023: \$1,562,615).

The following quarterly distributions have been paid or are payable for the financial year to 30 June 2024:

Period	Distribution payable (cents per unit per day)
1 July 2023 – 30 September 2023	0.02054795
1 October 2023 – 31 December 2023	0.02054795
1 January 2024 – 30 June 2024	0.00002820

### 8. Applications Held

As at 30 June 2024, 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. 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.

During the financial year the fund paid out a compulsory redemption to all investors on a unit pro rata basis in the month of April 2024. The amount per unit redeemed was 60 cents as determined by the Trustee. Total amount redeemed was \$12,000,000.

### 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 at the end of the financial year was \$6,013,159 (2023: \$21,343,167). The net asset value at the end of the financial year was \$5,246,306 (2023: \$20,742,564).

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 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 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 (2023: \$25,000) (plus GST) were paid or payable by the Fund to the Trustee for the period.

Fees of \$30,860 (2023: \$29,530) (plus GST) were paid or payable by the Fund to the Administration Manager for the period.

Investment Manager fees of \$179,621 (2023: \$217,606) (plus GST) were paid or payable by the Fund to the Investment Manager for the period.

Performance fees of (\$26,815) (2023: \$112,007) (plus GST) were paid or payable by the Fund to the Investment Manager for the period. Please refer to Note 3 to the Financial Statements for more details.

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

As at 30 June 2024, 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 Statement of Financial Position and derived using the basis set out in Note 1 to the financial statements.

# AUSTRALIA CHINA INVESTMENT FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 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: 3<sup>rd</sup> September 2024

**AUSTRALIA CHINA INVESTMENT FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2024 \$	2023 \$
<b>Revenue and other income</b>			
Bank interest	2 (a)	179,461	5,498
Distribution income	2 (b)	-	160,910
Loan interest income	2 (c)	909,904	1,897,800
<b>Total revenue and other income</b>		<b>1,089,366</b>	<b>2,064,208</b>
<b>Expenses</b>			
Investment Manager fees	3	179,621	217,606
Performance fees	3	(26,815)	(4,729)
Trustee fees	4	25,000	25,000
Administration fees	4	30,860	29,530
Other expenses	5	30,343	19,589
<b>Total expenses</b>		<b>239,009</b>	<b>286,996</b>
<b>Operating profit attributed to unitholders</b>		<b>850,357</b>	<b>1,777,212</b>
<b>Other comprehensive income</b>			
Fair value (loss) on investments	6	-	(160,909)
<b>Total other comprehensive income / (loss)</b>		<b>850,357</b>	<b>(160,909)</b>
Distribution expense		859,814	1,777,402
<b>Total comprehensive income / (loss) for the year attributable to unitholders net of distributions</b>		<b>(9,458)</b>	<b>(161,099)</b>

The accompanying notes form part of these financial statements

## AUSTRALIA CHINA INVESTMENT FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2024 \$	2023 \$
<b>Current assets</b>			
Cash and cash equivalents	7	964,430	1,364
Accrued investment income	8 (b)	-	473,150
Sundry debtor	11	6,892	11,816
<b>Total current assets</b>		<b>971,322</b>	<b>486,330</b>
<b>Non-current assets</b>			
Investment assets	8 (a)	5,041,837	20,856,837
<b>Total non-current assets</b>		<b>5,041,837</b>	<b>20,856,837</b>
<b>Total assets</b>		<b>6,013,159</b>	<b>21,343,167</b>
<b>Liabilities</b>			
Fees payable	9	29,977	76,915
Other expenses payable	10	543,028	9,218
Distributions payable	12 (b)	72,085	389,584
Withholding tax payable		121,763	124,886
<b>Total liabilities</b>		<b>766,853</b>	<b>600,603</b>
<b>Net assets</b>		<b>5,246,306</b>	<b>20,742,564</b>
<b>Represented by:</b>			
Issued units	12 (a)	5,251,982	20,840,000
Undistributed (loss) attributable to unitholders	12 (b)	(5,676)	(97,436)
<b>Net assets attributable to unitholders</b>		<b>5,246,306</b>	<b>20,742,564</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 2024**

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 2024

	Notes	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Bank interest	2(a)	179,461	5,498
Investment income received		1,383,054	1,639,196
Withholding tax paid		(94,053)	(162,978)
Payments to suppliers		(329,129)	(491,632)
Reimbursement from Investment Manager		20,982	-
		<b>1,160,315</b>	<b>990,084</b>
<b>Cash flows from investing activities</b>			
Disposal of assets		15,815,000	-
		<b>15,815,000</b>	-
<b>Cash flows from financing activities</b>			
Distribution paid to unitholders		(1,062,422)	(1,671,650)
Payment for Redemption of units		(14,949,828)	-
		<b>(16,012,250)</b>	<b>(1,671,650)</b>
Net increase / (decrease) in cash and cash equivalents		963,065	(681,566)
Cash and cash equivalents at the beginning of year		1,364	682,930
<b>Cash and cash equivalents at the end of year</b>	<b>7</b>	<b>964,430</b>	<b>1,364</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 2024

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The financial report is for the Australia China Investment Fund (Fund). 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 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 3<sup>rd</sup> September 2024.

##### (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 2024

### 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 Profit or Loss and Other 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 2024

#### 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 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### NOTE 2: REVENUE

The Funds revenue may be analysed under the following categories:

##### (a) Bank interest

	2024	2023
	\$	\$
Macquarie Bank	179,461	5,498
	<u>179,461</u>	<u>5,498</u>

##### (b) Distribution income

	2024	2023
	\$	\$
ICAM Westpac House Investment Trust 1	-	160,910
	<u>-</u>	<u>160,910</u>

##### (c) Loan interest income

	2024	2023
	\$	\$
ICAM ACIF Holdings loan	909,904	1,897,800
	<u>909,904</u>	<u>1,897,800</u>

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

	2024	2023
	\$	\$
Investment management fees	179,621	217,606
Performance fees	(26,815)	(4,729)
	<u>152,806</u>	<u>212,877</u>

##### Investment management fee

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

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### NOTE 3: INVESTMENT MANAGER FEES AND PERFORMANCE FEES (continued)

##### Performance fee (continued)

The Investment Manager waived 50% of the performance fees and declared top-up distributions in favour of all investors. The performance fee paid or payable by the Fund to the Investment Manager for this Financial Year was (\$26,815) (plus GST). Given the decision of top-up distributions, the reversal of 30 June 2022 performance fee balance and FY2023 accruals led to a negative expense figure.

#### NOTE 4: TRUSTEE AND ADMINISTRATION FEES

	2024	2023
	\$	\$
Trustee fees	25,000	25,000
Administration fees	30,860	29,530
	<u>55,860</u>	<u>54,530</u>

In accordance with the Information Memorandum of the Fund the Trustee is entitled to an annual fee of 0.1% (plus GST) of the gross asset value of the Fund, subject to a minimum fee of \$25,000 (2023: \$25,000) (plus GST). An annual administration fee of up to \$30,860 (2023: \$29,530) (plus GST) increasing in line with the Consumer Price Index (CPI), is paid or payable to the Administration Manager.

#### NOTE 5: OTHER EXPENSES

	2024	2023
	\$	\$
GST expense (non-claimable)	7,614	12,846
Other administration expenses	6,740	3,978
Tax return fees	3,280	2,765
Document review fee	1,000	-
Legal fees	11,709	-
	<u>30,343</u>	<u>19,589</u>

#### NOTE 6: OTHER COMPREHENSIVE INCOME

	2024	2023
	\$	\$
Fair value (loss) on revaluation of Investment in ICAM Westpac House Investment Trust 1	-	(160,909)
	<u>-</u>	<u>(160,909)</u>

#### NOTE 7: CASH AND CASH EQUIVALENTS

##### Cash at bank

	2024	2023
	\$	\$
Macquarie Bank	964,430	1,364
	<u>964,430</u>	<u>1,364</u>

# AUSTRALIA CHINA INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 8: INVESTMENTS

#### (a) Available for sale investments

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

	2024	2023
	\$	\$
ICAM Westpac House Investment Trust 1	5,041,837	5,041,837
ICAM ACIF Holdings Loan	-	15,815,000
	<u>5,041,837</u>	<u>20,856,837</u>

#### (b) Accrued investment income

	2024	2023
	\$	\$
ICAM ACIF Holdings Loan interest receivable	-	473,150
	<u>-</u>	<u>473,150</u>

### NOTE 9: FEES PAYABLE

	2024	2023
	\$	\$
Investment Manager fees	25,302	53,541
Performance fees	-	14,317
Trustee fees	2,083	4,167
Administration fees	2,592	4,890
	<u>29,977</u>	<u>76,915</u>

### NOTE 10: OTHER EXPENSES PAYABLE

	2024	2023
	\$	\$
Provision for tax return fees	2,780	2,690
Other accrued expenses	3,276	6,528
Sundry creditor (withheld redemptions)	536,972	-
	<u>543,028</u>	<u>9,218</u>

### NOTE 11: SUNDRY DEBTOR

	2024	2023
	\$	\$
Reduced input tax credit receivable	6,892	11,816
	<u>6,892</u>	<u>11,816</u>

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

##### (a) Issued units

	2024 Units	2024 \$	2023 Units	2023 \$
Opening balance	20,834,869	20,840,000	20,834,869	20,840,000
Units Redeemed	15,555,243	15,588,018	-	-
<b>Closing balance</b>	<b>5,279,626</b>	<b>5,251,982</b>	<b>20,834,869</b>	<b>20,840,000</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

	2024 \$	2023 \$
Opening balance	(97,436)	63,663
Movement in revaluation reserve	-	(160,909)
Operating profit attributable to unitholders	850,357	1,777,212
Distributions paid	(787,730)	(1,387,818)
Distributions payable	(72,085)	(389,584)
Redemption Premium	101,218	-
<b>Closing balance</b>	<b>(5,676)</b>	<b>(97,436)</b>

Withholding taxes applicable to the distributions payable during the 2024 financial year were \$83,881 (2023: \$173,438). Total distributions payable for the financial year was \$859,814 (2023: \$1,562,615).

##### (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.

#### 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 \$25,000 (2023: \$25,000) (plus GST) were paid or payable by the Fund to Vasco Custodians Pty Ltd for its role as Trustee for the financial year, of which \$1,375 is claimable by the Fund as a reduced inputs tax credit.

## **AUSTRALIA CHINA INVESTMENT FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

#### **NOTE 13: RELATED PARTY TRANSACTIONS (continued)**

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

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

Investment management fees of \$179,621 (2023: \$217,606) (plus GST) were paid or payable by the Fund to the Investment Manager for the period, of which \$13,472 is claimable by the Fund as a reduced inputs tax credit.

Performance fees of (\$26,815) (2023: \$112,007) (plus GST) were paid or payable by the Fund to the Investment Manager for the period, of which (\$2,011) is claimable by the Fund as a reduced inputs tax credit.

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

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

Administration fees of \$30,860 (2023: \$29,530) (plus GST) were paid or payable by the Fund to Vasco Fund Services Pty Limited for undertaking fund administration responsibilities, of which \$2,315 is claimable by the Fund as a reduced inputs tax credit.

Vasco Fund Services Pty Limited is a related party of the Trustee, Vasco Custodians Pty Ltd.

##### **(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 14: CONTINGENT LIABILITIES**

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

#### **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) Return Risk**

The Fund is targeting returns which are higher than interest paid on basic deposit products. However, Investors should note that an investment in the Fund carries more risk than some investments. As a general rule, higher potential returns have higher levels of uncertainty (high-risk) than investments with lower potential returns and low levels of uncertainty (low-risk). The Fund may not be successful in meeting this objective and returns are not guaranteed.

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

##### **(b) Diversification Risk**

The Investments are exclusively in the real estate and/or infrastructure sectors and the Fund is likely to make a limited number of investments or perhaps only a single investment. As such, the Fund will not be diversified by sector or number of investments and the Fund will be exposed to any events which have an adverse effect on the value of assets in the real estate and/or infrastructure sector.

##### **(c) Liquidity Risk**

The Fund is an illiquid investment. An investment in the Fund should be viewed as illiquid. There is currently no secondary market for units and it is unlikely that any active secondary market will develop. There are substantial restrictions upon the transferability of units under the Constitution and applicable securities laws. You should only consider an investment in this Fund if you are not likely to require access to your investment for the Investment Term (noting that the Investment Term could be extended by the Trustee).

##### **(d) Property Risks**

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 income of the Fund. These may result in a reduction of distributions and returns.

As the Adelaide Office Tower has a number of tenants, risk arises due to the fact a tenant may suffer financial problems or cease to exist, vacant space may not be able to be relet, or re-leasing deals may not be able to be struck at the level desired. A tenant may also default under the terms of its lease and additional costs of securing a new tenant may be incurred, which would have a materially adverse impact on the returns the Fund receives from its investment in the Westpac House Investment Trust 1.

##### **(e) Construction Risk**

The purpose of the Loan advanced by the Fund is the construction of the Wallaroo Port. A number of factors may result in construction being delayed meaning that the Fund's income from Loan may be realised at a later date than originally anticipated.

##### **(f) Valuation Risk**

The valuation of the security property for the loan may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. If the valuation of the security property for the loan is incorrect, then the amount realised on the sale of the security property may not cover the amount lent to the Borrower.

##### **(g) Loan Loss Risk**

The Fund will not maintain a reserve of funds to meet any losses on the Loan, should they occur. This means any Loan losses caused as a result of the Borrower's default or otherwise will have to be met from the capital of the Fund, which may result in a capital loss being incurred by Investors.

##### **(h) General Investment Risk**

The returns from investments in property, property trusts and infrastructure financing are affected by a range of economic factors, including changes in interest rates, exchange rates, inflation, general share and property market conditions, government policy (including monetary and taxation policy and other laws), fluctuations in general market prices for property, shares, bonds and other tradeable investments and the general state of the domestic and world economies.

The value of units can fall as well as rise due to circumstances affecting the economy generally, or to other factors which may affect the value of the properties in which the Fund may invest. There may be increases in supply or falls in demand in any property market sector or geographic region. Therefore, there is no guarantee that the Fund will experience capital gains on the disposal of investments or those fluctuations in distributions will not occur.

## AUSTRALIA CHINA INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

##### (i) 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>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	971,322	486,330
Investment assets	5,041,837	20,856,837
	<u><b>6,013,159</b></u>	<u><b>21,343,167</b></u>

The Trustee 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 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

# 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 2024 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

3<sup>rd</sup> September 2024