

Pearler Investors Fund

ARSN 656 139 230

Financial Report for the Year Ended 30 June 2023

Financial Report for the Year Ended 30 June 2023

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This report covers Pearler Investors Fund as an individual entity.

The Responsible Entity of Pearler Investors Fund is Melbourne Securities Corporation Limited (ABN 57 160 326 545).

The Responsible Entity's registered office is:

Level 2, 395 Collins Street,

Melbourne, VIC 3000

Pearler Investors Fund (ARSN 656 139 230)

DIRECTORS' REPORT

The directors of Melbourne Securities Corporation Limited, the responsible entity of Pearler Investors Fund (the Scheme), present their report on the Scheme for the year ended 30 June 2023.

Responsible Entity

Melbourne Securities Corporation Limited (the Responsible Entity) is an unlisted public company incorporated under the *Corporations Act 2001* and holds an Australian financial services licence.

Directors

The names of the directors of the Responsible Entity during or since the end of the year are:

Matthew James Fletcher

Shelley Brown

Michael Peter Fleming

Steven O'Connell - Appointed 12 August 2022

Ruth McClelland - Appointed 12 August 2022

Directors have been in office since the beginning of the financial year to the date of this report unless otherwise stated.

Principal Activities

The Scheme is a registered managed investment scheme domiciled in Australia. The principal objective of the Scheme is to invest funds in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of its Constitution. The Scheme was constituted on 6th January 2022.

The principal activities of the Scheme include investing in domestic exchange-traded funds (ETFs).

The Scheme did not have any employees during the reporting year.

There has been no significant change in the activities of the Scheme during the year.

Review of Operations

The results of operations of the Scheme are disclosed in the statement of comprehensive income. Owing to the dynamic nature of domestic and international equity markets, the Scheme's financial performance is subject to some fluctuation.

Shown below is the performance of the Scheme as represented by the results of its operations:

	2023	2022
Profit/(loss) before finance costs attributable to unitholders	486,933	(57,013)

Distribution

No distributions were paid or declared since the start of the financial year.

For further details regarding distributions paid and payable during the year, refer to note 7 of the financial statements.

Significant Changes in the State of Affairs

During the financial year there were no significant changes in the state of affairs of the Scheme.

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DIRECTORS' REPORT

Events Subsequent to the End of the Reporting Year

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Scheme, the results of those operations or the state of affairs of the Scheme in future financial years.

Likely Developments and Expected Results of Operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines set out in its Product Disclosure Statement and in accordance with the provisions of its Constitution.

Future results will accordingly depend on the performance of the equity markets to which the Scheme is exposed. Investment performance is not guaranteed and future returns may differ from past returns.

Further details of likely future developments in the operations of the Scheme, and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its related parties

Fees paid to the Responsible Entity out of Scheme funds during the financial year are disclosed in note 10 to the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the reporting year.

The number of units in the Scheme held by the Responsible Entity and its related parties as at the end of the reporting year, together with the number of units issued to and withdrawals by the Responsible Entity and its related parties during the financial year, are disclosed in note 10.

Interests in the Scheme

The movement in units of issue in the Scheme during the reporting year are disclosed in note 6 of the financial statements.

The value of the Scheme's assets as at the end of the financial year is disclosed in the statement of financial position as "total assets" and the basis of valuation is provided in Note 1 to the financial statements.

Indemnification of Officers

There is a Directors' and Officers' insurance policy which indemnifies the Directors and Officers of Melbourne Securities Corporation Limited against liabilities to person outside Melbourne Securities Corporation Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the scheme.

No indemnification has been obtained for the auditors of the responsible entity.

Environmental regulation

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

Proceedings on Behalf of the Company

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

The Scheme was not a party to any such proceedings during the year.

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DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 5.

No officer or director of the Responsible Entity is or has been a partner/director of any auditor of the Scheme.

This directors' report is signed in accordance with a resolution of the Board of Directors.

On behalf of the directors of the Responsible Entity:



SHELLEY BROWN
Director

28 September 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MELBOURNE SECURITIES CORPORATION LIMITED, THE
RESPONSIBLE ENTITY**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

28 September 2023

Pearler Investors Fund (ARSN 656 139 230)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	1 July 2022 to 30 June 2023	6 January 2022 to 30 June 2022
		\$	\$
<i>Investment income</i>			
Dividend & distribution income		68,497	846
Interest income		1,669	10
Net gains/(losses) on financial instruments at fair value through profit or loss		421,040	(56,278)
Total investment income		491,206	(55,422)
<i>Expenses</i>			
Transaction costs		4,273	1,591
Total expenses		4,273	1,591
Profit/(loss) before finance costs attributable to unitholders		486,933	(57,013)
<i>Finance costs attributable to unitholders</i>			
Distributions to unitholders	7	-	-
(Increase)/decrease in net assets attributable to unitholders	6	(486,933)	57,013
Profit/(loss) for the reporting year attributable to unitholders		-	-
Other comprehensive income for the reporting year		-	-
Total comprehensive income for the reporting year		-	-

This statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

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STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
Assets			
Cash and cash equivalents	2	257,490	130,894
Financial assets at fair value through profit or loss	3	5,429,157	694,756
Receivables	4	22,651	159
Total assets		5,709,298	825,809
Liabilities			
Payables	5	-	28,982
Total liabilities - excluding net assets attributable to unitholders		-	28,982
Net assets attributable to unitholders - liability		5,709,298	796,827

This statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

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STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 30 JUNE 2023

In accordance with *AASB 132 Financial Instruments: Presentation*, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the reporting year and no items of changes in equity have been presented for the current or comparative year.

Changes in net assets attributable to unitholders are disclosed in note 6.

This statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
<i>Cash flows from operating activities</i>			
Payments for the purchase of financial instruments at fair value through profit or loss		(4,783,359)	(722,097)
Proceeds from sale of financial instruments at fair value through profit or loss		469,999	-
Transaction costs on financial instruments at fair value through profit or loss		(33,098)	(1,706)
Dividends/distribution received		45,846	846
Interest received		1,669	10
Net cash inflow/(outflow) from operating activities	8a	(4,298,943)	(722,946)
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		5,802,784	953,776
Payments for redemptions by unitholders		(1,377,245)	(99,936)
Net cash inflow/(outflow) from financing activities		4,425,539	853,840
Net increase/(decrease) in cash and cash equivalents		126,596	130,894
Cash and cash equivalents at beginning of financial year		130,894	-
Cash and cash equivalents at end of financial year/period	2	257,490	130,894

This statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The financial statements and notes represent those of Pearler Investors Fund ("the Scheme") as an individual entity. Pearler Investors Fund is an unlisted managed investment scheme registered under the *Corporations Act 2001*, established and domiciled in Australia.

The Scheme was constituted on 6th January 2022.

The Responsible Entity of the Scheme is Melbourne Securities Corporation Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 2, 395 Collins Street, Melbourne VIC 3000. The Responsible Entity's ABN is 57 160 326 545.

The financial statements were authorised for issue on 28 September 2023 by the directors of the Responsible Entity. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB), and the Scheme's Constitution. The Scheme is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Income Tax

The Scheme is not subject to income tax provided the taxable income of the Scheme is attributed in full to its unitholders each financial year. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

The benefits of franking credits and foreign tax paid are passed on to unitholders, providing certain conditions are met.

b. Cash and Cash Equivalents

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

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Scheme's main income generating activity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

c. **Financial Instruments**

i. **Classification**

Financial assets

The Scheme's portfolio of financial assets is managed on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. **Impairment**

AASB 9: Financial Instruments requires the Scheme to record an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss.

The ECL approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Scheme expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

iii. **Recognition/derecognition**

The Scheme recognises financial assets and financial liabilities on the trade date at which it becomes party to the contractual agreement and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Scheme has transferred substantially all of the risks and rewards of ownership.

iv. **Measurement**

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the year in which they arise.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting year without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced using the last traded market price.

A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Scheme's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives, where applicable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market rate at the end of the reporting year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting year.

There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Scheme recognises the difference in the Statement of Comprehensive Income to reflect a change in factors, including time, which market participants would consider in setting a price.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Scheme would receive or pay to terminate the contract at the end of the reporting year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the most appropriate option valuation model.

The Scheme's financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments from investments in unlisted unit trusts, unlisted equity and/or debt securities where applicable.

v. **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

d. **Net assets attributable to unitholders**

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Scheme's net asset value attributable to the unitholders. The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Scheme. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 Financial Instruments: Presentation:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

As at 30 June 2023, net asset attributable to unitholders were classified as a financial liability as the Scheme has not met all of the above criteria.

e. **Applications and redemptions of units**

Applications received for units are recorded net of any entry fees payable prior to the issue of units. Redemptions are recorded after the cancellation of the corresponding redeemed units. The application and redemption prices of units are determined on the basis of the value of the Scheme's net assets on the date of the application or redemption divided by the number of units on issue on that date. A full description of the method used to calculate application and redemption prices of units is provided in the Scheme's Product Disclosure Statement and its Constitution. Refer to note 1(d) for further discussion of the features of the units.

f. **Distribution to Unitholders**

Distributions are payable as set out in the Scheme's product disclosure statement and/or Scheme's constitution. Such distributions are recognised as payable when they are determined by the responsible entity of the Scheme.

g. **Increase/(decrease) in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

h. **Investment income**

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in profit or loss when the Scheme's right to receive payment is established.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the reporting year and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income.

i. **Expenses**

All expenses, including Responsible Entity's fees are recognised in the Statement of Comprehensive Income on an accruals basis.

j. **Receivables**

Receivables include accrued income, application monies receivables and receivables for securities sold. Amounts are generally received within 30 days of being accrued for.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

k. **Payables**

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the reporting year.

Trades are recorded on trade date, and normally settled within two business days. Purchases of financial instruments that are unsettled at the end of each reporting year are included in payables.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the Statement of Financial Position.

l. **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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is presented as operating cash flows included in receipts from customers or payments to suppliers.

m. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of the Scheme is the currency of the primary economic environment in which the Scheme operates. The financial statements are presented in Australian dollars, which is the Scheme's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at reporting year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

The Scheme does not isolate that portion of unrealised gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

n. **Critical Accounting Judgements**

The directors of the Responsible Entity evaluate judgements incorporated into the financial statements based on historical knowledge and best available current information.

Key judgements

The preparation of the Scheme's financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Scheme's financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accounts receivable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

o. **New and Amended Accounting Policies Adopted by the Scheme**

There are no new or amended accounting standards which had an impact on the Scheme during this reporting year.

p. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Scheme retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding year in addition to the minimum comparative financial statements is presented.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash and cash equivalents		
Cash at bank	257,490	130,894
Total cash and cash equivalents	<u>257,490</u>	<u>130,894</u>

NOTE 3: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	\$	\$
Financial assets measured at fair value through profit or loss:		
Listed unit trusts	5,429,156	694,756
Total financial assets at fair value through profit or loss	<u>5,429,156</u>	<u>694,756</u>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 10 and note 11 to the financial statements.

NOTE 4: TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
CURRENT		
Dividend income receivable	22,651	-
GST receivable	-	159
Total receivable	<u>22,651</u>	<u>159</u>

NOTE 5: TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
CURRENT		
Payables for securities purchased	-	28,936
Transaction costs payable	-	45
Total payables	<u>-</u>	<u>28,982</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are 8 separate classes of units and each unit has the same rights, obligations and restrictions attached to it as all other units of the Scheme except in relation to underlying assets each class invests into.

Units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting year cannot be reliably determined.

Movements in number of units and net assets attributable to unitholders during the reporting year were as follows:

	2023	2022	2023	2022
	Units	Units	\$	\$
Opening balance	899,830	-	796,826	-
Applications	5,864,533	1,006,638	5,802,784	953,776
Redemptions	(1,393,377)	(106,808)	(1,377,245)	(99,936)
Increase/(decrease) in net assets attributable to unitholders	-	-	486,933	(57,013)
Closing balance	5,370,986	899,830	5,709,298	796,826

Capital management

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders as a whole.

There have been no changes in the capital structure or the objectives, policies, processes and strategy adopted by management to manage the capital of the Scheme since the prior year.

NOTE 7: DISTRIBUTIONS ATTRIBUTED TO UNITHOLDERS

No distributions were paid or declared since the start of the financial year.

No recommendation for payment of dividends has been made.

NOTE 8: AUDITOR'S REMUNERATION

During the reporting year costs associated with auditing the Scheme were paid by the Scheme Manager. Costs associated with auditing the Scheme's compliance plan were paid by the Responsible Entity during the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2023	2022
	\$	\$
a. Reconciliation of Cash Flows from Operating Activities with Net Profit for the Year		
Net profit/(loss) for the year attributable to unitholders	486,931	(57,013)
Payments for the purchase of financial instruments at fair value through profit or loss	(4,783,359)	(722,097)
Proceeds from sale of financial instruments at fair value through profit or loss	469,999	-
Net (gains)/losses on financial assets at fair value through profit or loss	(421,040)	56,278
Net (increase)/decrease change in receivables	(22,492)	-
Net increase/(decrease) change in payables	(28,982)	(114)
Net cash inflow/(outflow) from operating activities	(4,298,943)	722,946

NOTE 10: RELATED PARTY DISCLOSURES

The Scheme's related parties are as follows:

a. Responsible Entity

The Responsible Entity of Pearler Investors Fund is Melbourne Securities Corporation Limited

b. Directors

Key management personnel includes persons who were directors of Melbourne Securities Corporation at any time during the reporting year.

c. Other key Management Personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the reporting year.

d. Key management personnel unitholdings

As at 30 June 2023, no Directors of the Responsible Entity had investments in the Scheme.

e. Key management personnel compensation

No amount is paid by the Scheme directly to the directors of the Responsible Entity. Accordingly, no compensation as defined in AASB 124: Related Party Disclosures is paid by the Scheme to the directors as key management personnel.

f. Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

g. Other transactions within the Scheme

From time to time directors of Pearler Investors Fund, or their director related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors and are trivial in nature.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 10: RELATED PARTY DISCLOSURES (CONTINUED)

h. Responsible Entity's/Investment Manager's fees and other transactions

No fees were paid to the Responsible Entity or any of its associates out of Scheme property during the period. The Investment Manager paid the Responsible Entity's fee.

i. Related party unitholdings

As at 30 June 2023, there were no related parties or other schemes managed by Melbourne Securities Corporation Limited that held units in the Scheme

j. Investments

The Scheme did not hold any investments in Melbourne Securities Corporation Limited or its related parties during the reporting year.

NOTE 11: FINANCIAL RISK MANAGEMENT

The Scheme's financial instruments consist primarily of cash (cash at bank), cash equivalents (investments in short-term deposits), financial assets designated at fair value through profit or loss, accounts receivable and payable, and distributions payable. Currently, the Scheme does not have any financial assets designated as fair value through other comprehensive income.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies, are as follows:

	Note	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	2	257,490	130,894
Financial assets at fair value through profit or loss	3	5,249,156	694,756
Receivables	4	22,650	159
Total financial assets		5,709,296	825,809
Financial liabilities			
Financial liabilities at amortised cost:			
Payables	4	-	28,982
Total financial liabilities – excluding net asset attributable to unitholders		-	28,982

Pearler Investors Fund (ARSN 656 139 230)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management Policies

The Scheme is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including price risk, interest rate risk and foreign exchange risk, credit risk and liquidity risk).

The Scheme's risk management and investment policies, approved by the directors of the Responsible Entity, aim to assist the Scheme in meeting its financial targets while minimising the potential adverse effects of these risks on the Scheme's financial performance.

There have been no substantive changes in the types of risks the Scheme is exposed to, how these risks arise, or the Responsible Entity's objectives, policies and processes for managing or measuring the risks from the previous year.

Specific financial risk exposures and management

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises price risk, interest rate risk, and foreign currency risk. The Scheme is not currently exposed to foreign currency risk as it holds no financial instruments denominated in a foreign currency.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment portfolio. The investments are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Scheme's overall market positions are monitored on a regular basis by the Scheme's Investment Manager. This information and the compliance with the Scheme's Product Disclosure Statement are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board.

At 30 June 2023 if the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	2023		2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
	\$	\$	\$	\$
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))	542,916	(542,916)	69,476	(69,476)

Pearler Investors Fund (ARSN 656 139 230)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) *Interest rate risk*

Interest rate risk is the risk that either the fair value of a financial instrument will fluctuate due to changes in future market interest rates (in the case of fixed rate instruments) or future changes in interest rates will affect the future cash flows (in the case of variable interest instruments).

The only interest-bearing financial instruments the Scheme holds are cash and cash equivalents. As the Scheme's exposure to interest rate risk at the end of the reporting year is not material, no sensitivity analysis on the effect of interest rate risk has been provided.

The Investment Manager also manages the Scheme's interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(iii) *Foreign currency risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme had no direct foreign exposure at balance date.

b. **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

With respect to credit risk arising from the financial assets of the Scheme, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the reporting year.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase of the securities has been received by the broker. The trade will fail if either party fails to meet its obligations.

The Scheme holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

In accordance with the Scheme's policy, the Investment Manager monitors the Scheme's credit position on a regular basis. This information and the compliance with the Scheme's policy are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, the compliance committee.

c. **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

Pearler Investors Fund (ARSN 656 139 230)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Scheme may be exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in active markets and can be readily disposed of.

The Scheme's investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Scheme's policy is to hold a significant proportion of its investments in liquid assets.

Under the terms of its constitution, the Scheme has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Units are redeemed on demand at the unitholders option. However, the Board of Directors does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

In accordance with the Scheme's policy, the Investment Manager monitors the Scheme's liquidity position on a regular basis. This information and the compliance with the Scheme's policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

i. *Maturity of non-derivative financial liabilities*

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining year at the end of the reporting year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-3 months	3-12 months	Over 12 months
	\$	\$	\$	\$
At 30 June 2022				
Payables	28,892	-	-	-
Total financial liabilities	28,892	-	-	-

As disclosed above, the Scheme predominantly invests in liquid assets that it expects to be able to liquidate within 7 days or less. Liquid assets include cash and cash equivalents, and listed unit trusts. As at 30 June 2023, these assets amounted to \$5,709,296 (2022: \$825,809).

Pearler Investors Fund (ARSN 656 139 230)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12: FAIR VALUE MEASUREMENTS

The carrying amounts of all the Scheme's financial assets and financial liabilities at the end of the reporting year approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Scheme's accounting policy on fair value measurement is set out in note 2(c). The methods and assumptions used in the determination of the fair value of each class of financial instruments are also set out in note 2(c).

Note 2(l) outlines further the nature of management's judgments, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1** Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2** Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3** Measurements based on unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Scheme. The Scheme considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

		As at 30 June 2023			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial assets					
Financial assets at fair value through profit or loss	3	5,429,156	-	-	5,429,156
Total financial assets		5,429,156	-	-	5,429,156

Pearler Investors Fund (ARSN 656 139 230)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12: FAIR VALUE MEASUREMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12: FAIR VALUE MEASUREMENTS (CONTINUED)

	Note	As at 30 June 2022			Total
		Level 1	Level 2	Level 3	
		\$	\$	\$	\$
Financial assets					
Financial assets at fair value through profit or loss	3	694,756	-	-	694,756
Total financial assets		694,756	-	-	694,756

The pricing for the majority of the Scheme's investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

There were no transfers between any levels for the year ended 30 June 2023.

NOTE 13: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Scheme does not have any contingent liabilities or contingent assets.

NOTE 14: EVENTS AFTER THE REPORTING YEAR

The directors of the Responsible Entity are not aware of any significant events since the end of the reporting year.

NOTE 15: ADDITIONAL INFORMATION

Melbourne Securities Corporation Limited (ABN 57 160 326 545), a public company incorporated and operating in Australia, is the responsible entity of Pearler Investors Fund.

Principal registered office and place of business:

Level 2, 395 Collins Street

Melbourne, VIC 3000

1300 798 790

www.mscgroup.com

Pearler Investors Fund (ARSN 656 139 230)

DIRECTORS' DECLARATION

In accordance with a resolution of the directors, the directors of the Responsible Entity declare that:

1. The financial statements and notes of Pearler Investors Fund ("the Scheme"), as set out on pages 6 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the Year Ended on that date of the Scheme.
2. In the directors' opinion there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

On behalf of the directors of the Responsible Entity:



.....
SHELLEY BROWN
Director

28 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEARLER INVESTORS FUND

Opinion

We have audited the accompanying financial report of Pearler Investors Fund (the Scheme), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Scheme.

In our opinion:

- a. the financial report of Pearler Investors Fund is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the auditor independence requirements with Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Scheme's annual report of the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Melbourne Securities Corporation Limited (Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

28 September 2023