



FUNDING INVESTMENT TRUST

ARSN 616 185 276

(Responsible Entity: Melbourne Securities Corporation Limited)

ACN: 160 326 545

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

FUNDING INVESTMENT TRUST

Directors' Report

The Directors of Melbourne Securities Corporation Limited (ACN 160 326 545), the Responsible Entity of Funding Investment Trust (the Scheme), present their report together with the financial report of the Scheme, for the year ended 30 June 2023 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the Directors in office at any time during or since the end of the year are:

- Michael Peter Fleming
- Matthew James Fletcher
- Shelley Brown
- Ruth McClelland – appointed 12 August 2022
- Steven O'Connell – appointed 12 August 2022

The Directors have been in office since the start of the 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 activity of the Scheme is operating an online secured first mortgage loan scheme. The Scheme did not have any employees during the year.

No significant change in the nature of these activities occurred during the year.

Review of operations

The Scheme continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

During the year the Scheme raised unit capital and provided secured first mortgage loans to its investors.

Results

The profit of the Scheme for the year after providing for income tax amounted to \$4,626,343 (2022: \$3,671,476).

Distributions

Distributions paid or declared for the year ended 30 June 2023 were \$4,626,343 (2022: \$3,671,476).

Distributions were declared on a monthly basis throughout the year.

The total amount of unpaid distributions at the reporting date is disclosed in the Statement of Financial Position.

FUNDING INVESTMENT TRUST

Directors' Report (continued)

Review of operations (continued)

Units on issue

The units of the Scheme on issue at 30 June 2023 were 78,095,320 \$1 units (30 June 2022: 65,113,751 \$1 units).

Units redeemed during the year were 26,101,444 (2022: 36,490,439).

Scheme assets

AS at 30 June 2023 the Scheme held assets to a total value of \$78,130,477 (2022: \$65,296,669). The basis for the valuation of the assets is disclosed in Note 1 to the financial statements.

Fees paid to and interests held by the Responsible Entity

During the financial year no interests were held in the Scheme by the Responsible Entity nor any of its associates (2022: Nil).

No fees were paid to the Responsible Entity or any of its associates out of Scheme property during the financial year (2022: Nil).

Responsible Entity Remuneration of Directors

Remuneration of the Directors is paid directly by the Responsible Entity and its related parties. The Directors are not provided with any remuneration by the Scheme itself. Directors are not entitled to any equity interest in the Scheme, or any rights to, or options for, equity interests in the Scheme, as a result of the remuneration provided by the Responsible Entity and its related parties.

The Directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to Directors of the Responsible Entity and the management fees paid by the Scheme's management entity to the Responsible Entity in accordance with the Scheme Constitution and Product Disclosure Statement.

Derivatives and other financial instruments

The Scheme's investment activities expose it to changes in interest rates as well as credit and liquidity risk. The Directors have approved policies and procedures in each of these areas to manage these exposures.

The Scheme does not speculatively trade in and does not utilise any derivative instruments in managing the Scheme's risk.

FUNDING INVESTMENT TRUST

Directors' Report (continued)

Significant changes in state of affairs

There were no significant changes in the Scheme's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Likely developments and expected results of operations

The Scheme will continue to operate in accordance with its investment objective as detailed in the Product Disclosure Statement.

Environmental Regulation

The Scheme's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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 Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Indemnities of officers

No indemnities have been given or insurance premiums paid out of the Scheme's assets in relation to any insurance cover for the Responsible Entity, the Responsible Entity's officers and employees and the compliance committee of the Responsible Entity.

Indemnities of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Scheme.

Lead Auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the year ended 30 June 2023.

FUNDING INVESTMENT TRUST
Directors' Report (continued)

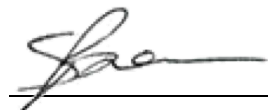
Proceedings on behalf of the Scheme

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

Rounding of amounts

In accordance with ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, the amounts in the Director's report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Directors of Melbourne Securities Corporation Limited.



Director SHELLEY BROWN

[14 September 2023]

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**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

14 September 2023

FUNDING INVESTMENT TRUST

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	30 June 2023	30 June 2022
Note	\$	\$
Revenue and other income		
Interest income – cash and cash equivalents	53,244	1,868
Interest income – loan receivables	4,626,393	3,669,608
Expenses reimbursed by the Scheme Manager	-	668
	<u>4,679,637</u>	<u>3,672,144</u>
Expenses		
Bank fees	50	668
Management fees paid to the Scheme Manager	53,244	-
	<u>53,294</u>	<u>668</u>
Profit from operating activities	4,626,343	3,671,476
Other comprehensive income for the year	-	-
Total comprehensive income	4,626,343	3,671,476
Distribution of profits		
Profit attributable to unitholders	4,626,343	3,671,476
Distribution to unitholders	(4,626,343)	(3,671,476)
Undistributed profits for the year	-	-

FUNDING INVESTMENT TRUST
Statement of Financial Position
as at 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents	3	1,970,801	4,700,753
Loan receivables	4	75,761,509	54,641,306
Accrued interest receivable		398,167	104,511
Other assets		-	378
Total current assets		78,130,477	59,446,948
Non-current assets			
Loan receivables	4	-	5,849,721
Total non-current assets			5,849,721
Total assets		78,130,477	65,296,669
Current liabilities			
Payables	5	17,000	726
Unitholder entitlements	6	18,157	182,192
Total current liabilities		35,157	182,918
Total liabilities		35,157	182,918
Net assets attributable to unitholders		78,095,320	65,113,751
Scheme funds			
Scheme funds	7	78,095,320	65,113,751
Total Scheme funds		78,095,320	65,113,751

FUNDING INVESTMENT TRUST
Statement of Changes in Scheme Funds
for the year ended 30 June 2023

	Note	Scheme funds \$	Undistributed income \$	Total scheme funds \$
Balance as at 1 July 2022		65,113,751	-	65,113,751
Profit for the year attributable to unitholders		-	4,626,343	4,626,343
Total comprehensive income for the year		-	4,626,343	4,626,343
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Contributions	7	39,083,013	-	39,083,013
Withdrawals	7	(26,101,444)	-	(26,101,444)
Distribution to Scheme unitholders	6	-	(4,626,343)	(4,626,343)
Total transactions with unitholders in their capacity as unitholders		12,981,569		8,355,226
Balance as at 30 June 2023		78,095,320	-	78,095,320
Balance as at 1 July 2021		45,978,150	-	45,978,150
Profit for the year attributable to unitholders		-	3,671,476	3,671,476
Total comprehensive income for the year		-	3,671,476	3,671,476
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Contributions	7	55,626,040	-	55,626,040
Withdrawals	7	(36,490,439)	-	(36,490,439)
Distribution to Scheme unitholders	6	-	(3,671,476)	(3,671,476)
Total transactions with unitholders in their capacity as unitholders		19,135,601	(3,671,476)	15,464,125
Balance as at 30 June 2022		65,113,751	-	65,113,751

FUNDING INVESTMENT TRUST
Statement of Cash Flows
for the year ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
Interest received – cash and cash equivalents	53,244	1,868
Interest received – loan receivables	4,332,737	3,663,742
Receipts from Scheme Manager – expenses reimbursed	1,822	668
Management fees paid to Scheme Manager	(48,414)	–
Finance costs	(50)	(668)
Net cash flows from operating activities	4,339,339	3,665,610
Cash flows from investing activities		
Advances to lender	(118,293,222)	(145,116,462)
Repayments by lender	103,022,740	129,968,030
Net cash flows used in investing activities	(15,270,482)	(15,148,432)
Cash flows from financing activities		
Proceeds from unit capital – issue	39,083,013	55,626,040
Repayment of unit capital – withdrawals	(26,101,444)	(36,490,439)
Distributions paid (net of withholding tax)	(4,790,378)	(3,696,216)
Unallocated investor application funds	10,000	–
Net cash flows from financing activities	8,201,191	15,439,385
Net (decrease)/increase in cash and cash equivalents	(2,729,952)	3,956,563
Cash and cash equivalents at 1 July 2022	4,700,753	744,190
Cash and cash equivalents at 30 June 2023	1,970,801	4,700,753

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

This financial report has been prepared for the Funding Investment Trust (the Scheme) as an individual entity. The Scheme is a Managed Investment Scheme (MIS) that is registered and domiciled in Australia. The financial report is presented in Australian dollars. The Scheme is a for-profit entity for the purposes of preparing the financial statements.

The Scheme was established in July 2016 and has a maximum life of 80 years, subject to the conditions of the Product Disclosure Statement and approval by the unitholders to wind up the Scheme. The Scheme may be wound up prior to the Scheme term with the consent of unitholders, subject to the conditions of the Product Disclosure Statement.

The Scheme's objective is to provide investors with access to investments in loans via a platform, secured by a first mortgage and facilitated by Funding.com.au.

The financial report was authorised for issue by the Directors of Melbourne Securities Corporation Limited, the Responsible Entity, as at the date of the Directors' report.

The following are the significant accounting policies adopted by the Scheme in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

A. Basis of preparation of the financial report

Compliance with International Financial Reporting Standards

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

B. Going concern

The financial report has been prepared on a going concern basis.

C. New and revised accounting standards effective as at 30 June 2023

The Scheme has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2022.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

D. Other revenue and other income

Interest revenue

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

E. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

F. Financial instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the Scheme becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Scheme commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Scheme are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Scheme irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition as FVtOCI are classified as subsequently measured at amortised cost, FVtOCI, or fair value through profit or loss (FVtPL) on the basis of both:

- a. the Scheme's business model for managing the financial assets; and
- b. the contractual cash flow characteristics of the financial asset.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- a. debt instruments measured as amortised cost;
- b. debt instruments classified at fair value through other comprehensive income; and
- c. receivables from contracts with customers and contract assets.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

F. Financial instruments (continued)

Impairment of financial assets (continued)

The Scheme applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Scheme determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Scheme considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and part due information.

The Scheme assumes that the credit risk on a financial instrument has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Scheme considers a financial asset to have a low credit risk when the counterparty is assessed by the Scheme to have a strong financial position and no history of past due amounts from previous transactions with the Scheme.

The Scheme assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 14 days past due and failure by the borrower to adequately respond to a follow-up request for payment.

The measurement of expected credit losses reflects the Scheme's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Scheme's exposure at default, discounted at the financial asset's original effective interest rate.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

F. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- a. significant financial difficulty of the issuer or the borrower;
- b. breach of contract;
- c. the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e. reduced directly) when the counterparty is in severe financial difficulty and the Scheme has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Scheme. Recoveries, if any, are recognised in profit or loss.

G. Distributions and income tax

Under current legislation the Scheme is not subject to income tax as all unitholders become presently entitled to the taxable income of the Scheme in any one tax year.

In accordance with the Product Disclosure Statement, the Scheme fully distributes its income to unitholders through cash distributions on a monthly basis. Distributable income is determined by reference to the taxable income of the Scheme.

H. Determination of application price

The application price was \$1.00 per unit as stipulated in the Product Disclosure Statement. The unit price is fixed.

I. Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

2. FINANCIAL RISK MANAGEMENT

The Scheme is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- a. Liquidity risk
- b. Interest rate risk
- c. Credit risk
- d. Capital management
- e. Fair values compared with carrying amounts

The Responsible Entity has overall responsibility for identifying and managing operational and financial risks.

The Scheme holds the following financial instruments:

	30 June 2023	30 June 2022
Financial assets (at amortised cost)	\$	\$
Cash and cash equivalents	1,970,801	4,700,753
Loan receivables	75,761,509	60,491,027
Accrued interest receivable	398,167	104,511
Other assets	-	378
	78,130,477	65,296,669
Financial liabilities (at amortised cost)		
Payables	17,000	726
	17,000	726

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's liquidity risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

In accordance with the Constitution and the Product Disclosure Statement ("PDS"), as the Scheme is a contributory fund, the redeeming of investment funds prior to repayment of the associated mortgage loan is not readily available. Funds can only be redeemed if an alternative investor can be found.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Interest on loans by the lender are at a fixed rate, set based on the nature of the loan, borrower and prevailing market conditions. This limits interest rate risk to future loans of the Scheme.

The Scheme's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and liabilities, is as follows:

30 June 2023	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	
Financial assets					
Cash and cash equivalents	1,970,801	-	1,970,801	2.25%	Variable
Loan receivables	75,761,509	-	75,761,509	9.89%	Fixed
Accrued interest receivable	-	398,167	398,167	0.00%	
Other assets	-	-	-	0.00%	
	77,732,310	398,167	78,130,477		
Financial liabilities					
Payables	-	17,000	17,000	0.00%	
	-	17,000	17,000		
30 June 2022					
	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	
Financial assets					
Cash and cash equivalents	4,700,753	-	4,700,753	0.05%	Variable
Loan receivables	60,491,027	-	60,491,027	6.22%	Fixed
Accrued interest receivable	-	104,511	104,511	0.00%	
Other assets	-	378	378	0.00%	
	65,191,780	104,889	65,296,669		
Financial liabilities					
Payables	-	726	726	0.00%	
	-	726	726		

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

Credit risk arises through the nature of the Scheme's operations being a secured first mortgage loan provider. Details of how the Scheme Manager actively manages credit risk is detailed below.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Scheme does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the Scheme.

A. Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with a major Australian bank.

B. Other receivables

Credit risk for loans to Funding Pty Ltd (the "Lender") is managed by the Lender. The Lender conducts due diligence enquiries in relation to borrowers, including carrying out credit checks or other independent enquiries in respect of loan applicants. For consumer loans, the Lender complies with its obligations, including in relation to responsible lending requirements, under the *National Consumer Credit Protection Act 2009 (Cth)*.

Any loans that fall outside of their contractual terms by a period of greater than 14 days will be managed by top level management or directors. The objective of the recovery management process is to minimise the risk of loss and provide clear and concise guidelines that comply with legal requirements.

Investors in a particular loan will be notified of such an event.

The internal procedures of the Lender include monthly monitoring of any default by the borrower in payment of principal or interest. The Lender's loan management strategy focuses on the management of loans in arrears with an overarching goal to maximise the recovery of the Loan from all possible sources.

The Lender seeks to work with the borrower where possible and practical. However, where the Lender believes it is in its best interest to do so it will exercise its right under its loan and security documents. In some situations, this may result in the sale of the underlying security by the Lender as mortgagee.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

In addition to the freehold security held for a loan the Lender also pursues guarantors in order to maximise its recovery. It is the Lender's usual practice to ensure that personal guarantees from directors of the borrower are taken in support of the borrower's obligations.

Capital management

When managing capital, the Responsible Entity's objective is to ensure the Scheme continues as a going concern as well as to provide unitholders with returns in accordance with the Product Disclosure Statement.

During 2023, the Scheme declared distributions of \$4,626,343 (2022: \$3,671,476).

Fair values compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statement of financial position and notes to the financial statements.

3. CASH AND CASH EQUIVALENTS

	30 June 2023 \$	30 June 2022 \$
Cash at bank	1,970,801	4,700,753

4. LOAN RECEIVABLES

	30 June 2023 \$	30 June 2022 \$
Current		
Loans to Funding Pty Ltd	75,761,509	54,641,306
Non-current		
Loans to Funding Pty Ltd	-	5,849,721

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

4. RECEIVABLES (CONTINUED)

Terms and conditions of loans made to Funding Pty Ltd

A General Security Deed is in place between the Trustee, Custodian and Lender which grants a general security over the Lender's property. Under the General Security Deed the Lender grants the Scheme a general security interest over its rights under the Loan Agreements, including any security provided by Borrowers. Among other things, this allows the Scheme to enforce the Lender's rights in certain circumstances where the Lender is unable or unwilling to do so (such as where the Lender has become insolvent). If the Lender were to become unable to perform its duties and manage the Loans, the Trustee could exercise its security interest over the Lender's rights and could take over the activities of the Lender in respect of the Loans, or to appoint a replacement to step into the Lender's place, if necessary.

Monies received from investors in the Scheme are loaned to the Lender. Upon receipt of monies from the Scheme, the Lender makes loans in the name of the Lender, Funding Pty Ltd ACN 607 035 861, which is a pass-through vehicle with the sole purpose of making Loans to borrowers and servicing such loans. The Lender holds an Australian Credit Licence (ACL Number 483665). The Scheme has entered into a Master Loan Agreement with the Custodian and the Lender, under which the Scheme has agreed to advance investor funds to the Lender for the sole purpose of making the particular loans investors have chosen. When the Lender received repayments from a Borrower, the Lender makes a corresponding repayment to the Scheme and the Scheme in turn makes a distribution to the investor.

5. PAYABLES

	30 June 2023	30 June 2022
	\$	\$
Amounts due to Scheme Manager	3,711	-
Sundry unsecured creditors and accruals	13,289	726
	17,000	726

6. UNITHOLDER ENTITLEMENTS

	30 June 2023	30 June 2022
	\$	\$
Unpaid unitholder entitlements		
Opening balance	182,192	207,288
Distribution for the year	4,626,343	3,671,476
Amounts paid	(4,790,378)	(3,696,572)
Closing balance	18,157	182,192

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

7. SCHEME FUNDS

	30 June 2023	30 June 2022
	\$	\$
Issued and paid-up units		
2,680,304 Cash Units (30 June 2022: 5,482,970)	2,680,304	5,482,970
75,415,016 Loan Units (30 June 2022: 59,630,781)	75,415,016	59,630,781
	78,095,320	65,113,751

Cash Units	12 months to 30 June 2023		12 months to 30 June 2022	
	Number	\$	Number	\$
Opening balance	5,482,970	5,482,970	2,594,532	2,594,532
Cash Units issued	39,083,013	39,083,013	55,626,040	55,626,040
Converted to Loan Units	(118,907,990)	(118,907,990)	(145,242,872)	(145,242,872)
Converted from Loan Units	103,123,755	103,123,755	128,995,709	128,995,709
Cash Units withdrawn	(26,101,444)	(26,101,444)	(36,490,439)	(36,490,439)
Closing balance	2,680,304	2,680,304	5,482,970	5,482,970

Loan Units	12 months to 30 June 2023		12 months to 30 June 2022	
	Number	\$	Number	\$
Opening balance	59,630,781	59,630,781	43,383,618	43,383,618
Converted from Cash Units	118,907,990	118,907,990	145,242,872	145,242,872
Converted to Cash Units	(103,123,755)	(103,123,755)	(128,995,709)	(128,995,709)
Closing balance	75,415,016	75,415,016	59,630,781	59,630,781

Scheme units were issued throughout the period. Unitholders are initially issued with Cash Units. Unitholders can withdraw their Cash Units at any time. Once unitholders have selected a loan in which to invest, and upon the loan being funded by the investor, Cash Units are converted to Loan Units. Loan Units are directly referable and segregated to the specific loan chosen and entitles the investor to interest payments related to that particular loan as well as capital repayments related to that particular loan at the end of the loan term. Loan Units are committed to the loan for the specific duration of the loan.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

8. ACCUMULATED SURPLUS

	30 June 2023	30 June 2022
	\$	\$
Profit attributable to unitholders	4,626,343	3,671,476
Distribution to unitholders	(4,626,343)	(3,671,476)
	<u>-</u>	<u>-</u>

9. CASH FLOW INFORMATION

Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position is as follows:

	30 June 2023	30 June 2022
	\$	\$
Cash and cash equivalents		
Cash at bank	1,970,801	4,700,753
	<u>1,970,801</u>	<u>4,700,753</u>

Reconciliation of cash flow from operations

Cash flows from operations for the year as shown in the Statement of Cash Flows is reconciled to profit attributable to unitholders in the Statement of Profit or Loss and Other Comprehensive Income as follows:

	30 June 2023	30 June 2022
	\$	\$
Profit attributable to unitholders	4,626,343	3,671,476
Movement in accrued interest and other receivables	(293,278)	(5,866)
Movement in payables	16,274	-
Other	(10,000)	-
Net cash flows from operating activities	<u>4,339,339</u>	<u>3,665,610</u>

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

10. RELATED PARTY TRANSACTIONS

Scheme Manager

The Scheme Manager of Funding Investment Trust is Funding.com.au Pty Ltd (ACN: 603 756 547). The Scheme Manager provides key management personnel services to the Scheme. Fees paid to the Scheme Manager for the year ended 30 June 2023 in accordance with the fees and costs set out in the Scheme's Product Disclosure Statement were \$53,244 (2022: \$Nil).

Responsible Entity

The Responsible Entity of Funding Investment Trust is Melbourne Securities Corporation Ltd (ACN: 160 326 545).

Compensation of key management personnel of the Responsible Entity

The Directors of the Responsible Entity and key management personnel during the financial year were:

- Michael Peter Fleming
- Matthew James Fletcher
- Shelley Brown
- Ruth McClelland – appointed 12 August 2022
- Steven O'Connell – appointed 12 August 2022

Remuneration of the Directors is paid directly by the Responsible Entity and its related parties. The Directors are not provided with any remuneration by the Scheme itself. Directors are not entitled to any equity interests in the Scheme, or any rights to or options for equity interests in the Scheme, as a result of the remuneration provided by the Responsible Entity.

The Directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to the Directors of the Responsible Entity and the fees paid by the Scheme to the Responsible Entity in accordance with the Scheme Constitution and Product Disclosure Statement.

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 period.

Responsible Entity fees and other transactions

All Responsible Entity fees were paid by the Scheme Manager, no fees were paid directly by the Scheme (2022: \$Nil). There were no other transactions with the Responsible Entity (2022: \$Nil).

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Balances with related parties

There are loan receivables from Funding Pty Ltd as at 30 June 2023 of \$75,761,509 (30 June 2022: \$60,491,027).

Units held by related parties

No units in the Scheme were held by related parties at 30 June 2023 or during the financial year (2022: Nil).

11. AUDITOR'S REMUNERATION

Costs associated with auditing the Scheme were paid by the Scheme Manager for the year ended 30 June 2023 (2022: \$Nil).

Costs associated with auditing the Scheme's compliance plan were paid by the Scheme Manager for the year ended 30 June 2023 (2022: \$Nil).

12. CAPITAL AND LEASING COMMITMENTS

There are no outstanding capital and leasing commitments as at 30 June 2023 (2022: Nil).

13. COMMITMENTS AND CONTINGENCIES

There are no outstanding contingent assets and liabilities or non-capital commitments as at 30 June 2023 (2022: Nil).

14. EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- a. the operations, in financial years subsequent to 30 June 2023, of the Scheme, or
- b. the results of those operations, or
- c. the state of the affairs, in financial years subsequent to 30 June 2023, of the Scheme.

FUNDING INVESTMENT TRUST
Notes to the financial statements
for the year ended 30 June 2023

15. RESPONSIBLE ENTITY DETAILS

The Scheme is a registered Managed Investment Scheme.

The Responsible Entity of the Scheme is Melbourne Securities Corporation Limited.

The registered office of the Responsible Entity and principal place of business is:

Melbourne Securities Corporation Limited
Level 2, 395 Collins Street
Melbourne Vic 3000

FUNDING INVESTMENT TRUST

Director's declaration

In the opinion of the Directors of Melbourne Securities Corporation Limited, the Responsible Entity of Funding Investment Trust ("the Scheme"):

1. the financial statements and notes set out on pages 7 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*;
 - (b) as stated in Note 1, the financial statements also comply with International Financial Reporting Standards; and
 - (c) giving a true and fair view of the financial position of the Scheme as at 30 June 2023, and of its performance for the year ended on that date.
2. there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Melbourne Securities Corporation Limited.



Director SHELLEY BROWN

[14 September 2023]

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUNDING INVESTMENT TRUST

Opinion

We have audited the accompanying financial report of Funding Investment Trust (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 Funding Investment Trust 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 (including Independence Standards)* (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.

Other Information

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 Management and Those Charged with Governance for the Financial Report

The directors of the Melbourne Securities Corporation Limited 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 Entity'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

14 September 2023