



TANGGRAM INVESTMENT FUND ARSN 623 672 336

FINANCIAL REPORT FOR THE YEAR
ENDED 30 JUNE 2024

**TANGGRAM INVESTMENT FUND
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. Directors

The Directors of the Responsible Entity, Vasco Responsible Entity Services (ACN 160 969 120) who was the responsible entity at the commencement of the fund, resigned on 10 October 2023. Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428 289) was appointed as responsible entity on 11 October 2023 and present their report on the Tanggram Investment Fund ('the Fund') for the year ended 30 June 2024. In order to comply with the provisions of the *Corporations Act 2001* the directors report as follows:

The Directors of Vasco Responsible Entity Services up to the 11 October 2023 were as follows:

- Craig Mathew Dunstan
- Jonathan William Martin
- Reginald Bancroft

The Directors of Melbourne Securities Corporation Limited during the period 11 October 2023 to date of this report were as follows:

- Michael Fleming
- Matthew Fletcher
- Steven O'Connell
- Ruth McClelland
- Shelley Brown

2. Principal Activities.

The Fund was established on 12 March 2019 and issued the first units on the commencement date of 1 November 2019. The investment strategy of the Spark and Seed unit classes is to invest indirectly in a diversified portfolio of loan assets with a view to generating a steady stream of income and preserving investor capital. The Manager may further diversify the Fund in future through the selection of additional investment fund.

Tanggram Seed is likely to be appropriate for those investors seeking capital preservation and income distribution over a short investment timeframe.

Tanggram Spark is likely to be appropriate for those investors seeking capital preservation and income distribution over a short investment timeframe.

A new Product Disclosure Statement dated 5 February 2024 was issued by Melbourne Securities Corporation Limited, following the change of Responsible Entity that took effect from 11 October 2023.

As at 30 June 2024, there were two investment options in the Fund: Tanggram Seed and Tanggram Spark.

**TANGGRAM INVESTMENT FUND
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

3. Operating Results

The operating income of the Fund for the financial year ending 30 June 2024 was \$597,213 (2023: \$866,324). During the year, the Investment Manager has agreed to contribute \$28,671 (2023: \$68,375) towards the expenses of the Fund.

4. Review of Operations

The investment objective of the Spark and Seed unit classes is to generate income returns for investors by investing in managed investment funds which predominantly invest in secured loans, mortgage-backed securities, and bonds. Initially, the Fund has invested into the Trilogy Monthly Income Trust, Banner Low LVR Income Fund and La Trobe Australian Credit Fund. More recently, there was a reallocation of the investment portfolio to introduce two additional funds, Aura High Yield SME Fund and IJ Premium.

Aura was chosen to enable access to the SME sector, diversify the current exposure to mortgage sector and provide a stable monthly income return with a strong premium to cash from a diversified portfolio of debt securities. Banner reduces the reliance on Trilogy, diversifies the interest rate risk of the portfolio and provide investors absolute returns over the medium term by investing in property-related credit transactions. The Investment Manager may further diversify the Fund in future through the selection of additional investment fund.

Tanggram Seed

The Tanggram Seed Investment Option has issued 137,898 units of which 22,618 have resulted from the reinvestment of distributions. Redemptions of 434,708 units have occurred. Trilogy, La Trobe and Aura are retail funds investing in loans secured by mortgages over real property in Australia and/or other credit related investments.

Distributions from these underlying investments are paid monthly to the Tangram Seed Investment Option.

As at 30 June, the Investment Option's investments comprised the following:

Investment	2024 % Allocation	2024 \$	2023 % Allocation	2023 \$
Trilogy Monthly Income Trust	22	75,831	30	145,831
La Trobe Australian Credit Fund	67	223,432	48	228,432
Aura High Yield SME Fund	11	35,324	14	65,324
Banner Low LVR Income Fund	-	-	8	37,532
Total	100%	334,587	100%	477,119

Tanggram Spark

The Tanggram Spark Investment Option has issued 949,108 units of which 417,868 have resulted from the reinvestment of distributions. Redemptions of 4,751,419 units have occurred. Trilogy, La Trobe, Aura and Banner are retail funds investing in loans secured by mortgages over real property in Australia and/or other credit related investments.

Distributions from these underlying investments are paid monthly to the Tangram Spark Investment Option.

As at 30 June, the Investment Option's investment comprised the following:

Investment	2024 % Allocation	2024 \$	2023 % Allocation	2023 \$
Trilogy Monthly Income Trust	44	1,931,904	42	3,231,904
La Trobe Australian Credit Fund	37	2,318,998	44	3,368,998
Aura High Yield SME Fund	10	526,622	7	526,623
IJ Premium	9	500,000	7	537,207
Total	100%	5,277,524	100%	7,664,732

**TANGGRAM INVESTMENT FUND
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

4. Review of Performance

The financial performance of both the Seed and Spark Investment Options are consistent and in line with target returns contained in the Supplementary Product Disclosure Statement (SPDS).

Investment Option	2024 % p.a.	2023 % p.a.
Tanggram Seed	5.17	4.32
Tanggram Spark	7.09	5.17

During the financial year, the Investment Manager had made up any shortfall in order to provide investors with the Target Return in accordance with the Supplementary Product Disclosure Statement (SPDS).

5. Unit Redemption Prices

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) of both the Seed and Spark Investment Options have been \$1.00 (2023: \$1.00) at all times during the financial year. The availability and timing of redemptions is subject to the terms of the Fund's Constitution.

6. Distributions Paid or Recommended

In accordance with the Product Disclosure Statement (PDS) of the Fund issued on 26 October 2021, distributions are declared and paid on a monthly basis based on the target return of each Investment Option.

As at the date of the report, the unit price of the investment option and the distribution period are dependent upon the distribution received during a financial period.

The following distributions are payable for the year to 30 June 2024:

Tanggram Seed

	2024	2023
	\$	\$
Distribution Payable	1,928	2,640

The total distributions declared for the financial year were \$24,577 (2023: \$63,269).

Tanggram Spark

	2024	2023
	\$	\$
Distribution Payable	32,169	43,885

The total distributions declared for the financial year were \$418,799 (2023: \$607,055)

7. Applications Held

As at 30 June 2024, the value of pending unit allocations was nil (2023: nil) for Tanggram Seed and nil (2023: nil) for Tanggram Spark.

**TANGGRAM INVESTMENT FUND
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. Redemption Arrangements

As detailed in the Fund's Constitution the Responsible Entity is not under any obligation to buy back purchase or redeem units from unitholders.

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) have been constant at \$1.00 for Tanggram Seed and Tanggram Spark for the duration of the period.

9. Options

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The directors and executives of the Responsible Entity hold no options over interests in the Fund.

10. Proceedings on Behalf of the Fund

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

11. Value of Scheme Assets

The gross asset value of the Fund at the end of the financial year 30 June 2024 was \$6,437,057 (2023: \$10,582,396) The net asset value at the end of the financial year 30 June 2024 was \$6,365,905 (2023: \$10,465,026).

The gross asset values and net asset values for each Investment Option as at the end of the financial year were as follows:

Investment Option	Gross Asset Value \$	Net Asset Value \$
Tanggram Seed	438,267	434,523
Tanggram Spark	5,998,790	5,931,382

The gross asset values and net asset values for each Investment Option as at the end of the financial year 2023 were as follows:

Investment Option	Gross Asset Value \$	Net Asset Value \$
Tanggram Seed	741,721	733,550
Tanggram Spark	9,802,155	9,731,476

12. Significant Changes in State of Affairs

Vasco Responsible Entity Services Limited has retired as the responsible entity as of 10 October 2023 and Melbourne Securities Corporation Limited became the new responsible entity of the Fund on 11 October 2023. Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

13. After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years other than as disclosed in this report.

**TANGGRAM INVESTMENT FUND
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

14. Future Developments

Information on likely developments in the operations of the Fund and the expected results of the operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Fund.

15. Indemnifying Officers or Auditor

During or since the end of the financial year, there are no insurance premiums paid out of the fund and the Responsible Entity has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a willful breach of duty in relation to the Responsible Entity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

16. Fees, Commissions or Other Charges by the Responsible Entity, Investment Manager or Related Parties

Fees of 30 June 2024 \$33,603 (2023: \$60,000) (plus GST) were paid or payable by the Fund to the Responsible Entity for the year. In addition, fees of \$46,163 (2023: \$90,366) (plus GST) were paid or payable by the Fund to the Administration Manager.

17. Interests in the Fund

The movement of units on issue in the Fund during the year is set out in Note 10 to the financial statements.

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

18. Rounding of Amounts

The Fund is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument, or in certain cases, the nearest thousand dollars.

**TANGGRAM INVESTMENT FUND
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

19. Environmental Issues

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

20. Lead auditor's declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the following page and forms part of the Responsible Entity's report for the year ended 30 June 2024.

Signed in accordance with a resolution of the Board of Directors of Melbourne Securities Corporation Limited by:



Shelley Brown

Director

Date: 30 September 2024

VICTORIA

Level 44, 600 Bourke Street
Melbourne VIC 3000
T +61 3 9608 0100

Level 3, 237 Ryrie Street
Geelong VIC 3220
T +61 3 5215 6800

TASMANIA

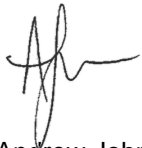
161 St John Street
Launceston TAS 7250
T +61 3 6334 0500

victoria@moore-australia.com.au
www.moore-australia.com.au

**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 period ended 30 June 2024, 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.



Andrew Johnson
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria

30 September 2024

Moore Australia
Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

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

	Notes	2024 \$	2023 \$
Revenue and other income			
Bank interest	2 (a)	52,267	25,987
Distribution income	2 (b)	529,072	814,538
Other income	2 (c)	432	223
Rebate from Latrobe Financial		15,442	25,576
Total revenue and other income		597,213	866,324
Expenses			
Responsible entity fees	4	33,603	60,000
Administration fees	4	46,163	90,366
Financial audit fees		20,213	21,610
Compliance audit fees		3,413	4,200
Custodian fees	5	22,866	20,939
Other expenses	6	56,251	67,260
Reimbursement from Investment Manager		(28,671)	(68,375)
Total expenses		153,838	196,000
Operating profit attributed to unitholders		443,376	670,324
Distribution expenses	10 (b)	443,376	670,324
Total comprehensive income for the year attributable to unitholders after distributions		-	-

**TANGGRAM INVESTMENT FUND
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	7	770,861	2,355,173
Accrued investment income	8 (b)	38,882	52,092
Sundry debtors		15,203	33,280
Total current assets		824,946	2,440,545
Non-current assets			
Trilogy Monthly Income Trust	8 (a)	2,007,735	3,377,735
La Trobe Australian Credit Fund	8 (a)	2,542,430	3,597,430
Banner Low LVR Income Fund	8 (a)	-	574,739
Aura High Yield Fund	8 (a)	561,946	591,947
IJ Premium	8 (a)	500,000	-
Total non-current assets		5,612,111	8,141,851
Total assets		6,437,057	10,582,396
Liabilities			
Fees and other payables	9	37,055	70,845
Distributions payable	10 (b)	34,097	46,525
Total liabilities		71,152	117,370
Net assets attributable to unitholders - liability		6,365,905	10,465,026

**TANGGRAM INVESTMENT FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

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 10.

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

TANGGRAM INVESTMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Payments to suppliers		(139,945)	(273,471)
Interest received		52,267	25,987
Bank fees paid		(220)	(336)
Investment income received		543,391	707,830
Reimbursement from investment manager		33,755	102,875
Net cash provided by operating activities		<u>489,248</u>	<u>562,885</u>
Cash flows from investing activities			
Payment for the purchase of investment assets		(500,000)	(1,925,000)
Cash received for the redemption from investment assets		3,044,242	8,420,000
Net cash provided by investing activities		<u>2,544,242</u>	<u>6,495,000</u>
Cash flows from financing activities			
Proceeds from the issue of units		584,950	3,722,490
Payments for the redemption of units		(5,185,695)	(9,817,104)
Distributions paid		(17,057)	(83,052)
Net cash used in financing activities		<u>(4,617,802)</u>	<u>(6,177,666)</u>
Net (decrease)/increase in cash and cash equivalents		(1,584,312)	880,219
Cash and cash equivalents at the beginning of year		2,355,173	1,474,954
Cash and cash equivalents at the end of year	7	<u>770,861</u>	<u>2,355,173</u>

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES

Reporting Entity

The financial report is for the Tanggram Investment Fund ('the Fund'). The Fund is a registered managed investment scheme established and domiciled in Australia. Vasco Responsible Entity Services resigned as Responsible Entity on 10 October 2023 and the new Responsible Entity is Melbourne Securities Corporation Limited, who were appointed on 11 October 2023.

Basis of Preparation

a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Tanggram Investment Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were approved by the Board of Directors of the Responsible Entity.

b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

Investment assets are measured at fair value.

c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

d) Use of estimates and judgements

The preparation of financial statements requires the directors of the Responsible Entity to undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Fair value measurement

When an asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset assuming they act in their economic best interests.

The fair value of assets in an inactive or unquoted market are determined by the use of valuation techniques which require significant judgement. Refer to Note 8 for further details.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

Material accounting policies

a) Financial instruments

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

(i) Measurement

Financial assets and financial liabilities are held at fair value through profit or loss and at amortised costs.

Financial assets and financial liabilities at fair value through profit or loss

Under this approach, financial assets and financial liabilities are generally measured initially at fair value excluding any transaction costs that are directly attributable to acquisition.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in their fair value recognised in the statement of comprehensive income

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets are based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices on the reporting date, while financial liabilities are priced at current offer prices.

Fair value in an inactive or unquoted market

The fair values of financial assets and liabilities that are not traded in an active market are determined through the valuation policy identified in the Information Memorandum for the Fund.

Financial assets and financial liabilities at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The financial assets at amortised cost of the Fund comprise cash and cash equivalents and other debtors.

The Fund measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities at amortised cost of the Fund comprise fees and other payables.

(ii) De-recognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset, and the transfer qualifies for de-recognition in accordance with AASB 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

(b) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST, and accruals are shown exclusive of GST.

(d) Provisions

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(e) Net assets attributable to Unitholders

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.

As at 30 June 2024, net asset attributable to unitholders were classified as a financial liability as the Fund has not met all of the above criteria.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Distribution revenue from Investment Assets at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income, when the Fund's right to receive payment is established.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(g) Income tax

Under current legislation, the Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

(h) Foreign Exchange

Items included in the financial records are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars, which is the presentation currency of the Fund.

(i) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that had a material impact on the amounts recognised in the prior or current periods or will affect the future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 2: REVENUE

The Fund's revenue may be analysed under the following categories.

(a) Bank interest

	2024	2023
	\$	\$
Bank interest	52,267	25,987
	<u>52,267</u>	<u>25,987</u>

(b) Investment income

	2024	2023
	\$	\$
Trilogy Monthly Income Trust	247,141	384,363
La Trobe Australian Credit Fund	198,269	264,612
Banner Low LVR Income Fund	26,005	55,226
Aura High Yield Fund	53,486	110,337
IJ Premium	4,171	-
	<u>529,072</u>	<u>814,538</u>

(c) Other Income

	2024	2023
	\$	\$
Early withdrawal fees	432	223
	<u>432</u>	<u>223</u>

NOTE 3: INVESTMENT MANAGER FEES

Investment Manager fees

In accordance with the Product Disclosure Statement (PDS) of the Fund dated 26 Oct 2021, the Investment Manager is entitled to a performance fee equal to all returns (net of other fees and expenses) in excess of the target return for each investment option, paid monthly in arrears. There will be no ability for the Fund to claw back any historical performance fee paid to the Investment Manager in respect of any under-performance.

There is no investment manager fee payable for the financial year as the performance did not exceed the target returns in each Investment Option.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: RESPONSIBLE ENTITY AND ADMINISTRATION FEES

	2024	2023
	\$	\$
Responsible entity fees	33,603	60,000
Administration fees	46,163	90,366
	<u>79,766</u>	<u>150,366</u>

Trustee's Fees copied from PDS

The Trustee's fees are paid to the Trustee and is charged for operating the Fund and making it available to investors. Under the Constitution, the Trustee is entitled to charge the greater of: (a) \$60,000 per annum; and (b) 0.3% per annum of the gross asset value of the Fund up to \$100 million plus 0.05% per annum of the gross asset value of the Fund greater than \$100 million but less than \$200 million plus 0.03% per annum of the gross asset value of the Fund greater than \$200 million. These fees will be calculated based on the gross asset value of the Fund as at the end of each calendar month, payable in arrears, within 14 days of the end of each month. The Trustee may pass some or all of the Trustee's fees to the Manager or Portfolio Manager. The Trustee's fees are estimated and reflected in the unit price for each Investment Option in the Fund.

Fund administration fees from PDS

The recoverable expenses estimated in the 'Fees and costs summary' includes the certain fund administration costs paid to the current administration manager, Vasco Fund Services Pty Limited (ACN 610 512 331) (Vasco), which was engaged prior to the appointment of Cache as the Fund's administrator. In accordance with the contract between the Vasco and the Trustee, Vasco is entitled to a fee of up to 0.10% of the gross asset value of the Fund subject to a current minimum of \$50,000 per annum (plus GST) where the number of investors is between 251 and 1,000. An additional \$10,000 per annum is charged for administration of a second investment option with segregated assets. An additional fee of \$10,000 (plus GST) was charged from 1 March 2020 as per an arrangement to commence processing of applications on a weekly basis. The administration fees are subject to an increase of up to 5% p.a. on 1 January. The administration fees for the Fund are apportioned pro rata across all Investment Options based on the respective gross asset value of each Investment Option. The contract between the Trustee and Vasco Fund to provide fund services was terminated in the first quarter of 2024 (on or around 29 February 2024). On and from the termination of the contract with Vasco, the cessation of the administration fees currently payable to Vasco will reduce the amount of the management fees and costs disclosed in the 'Fees and costs summary' by 0.56% with respect to each Investment Option.

Responsible entity fees and administration fees are apportioned pro-rata across the gross asset value of each Investment Option and is accrued and paid monthly in arrears.

Tanggram Seed

	2024	2023
	\$	\$
Responsible entity fees	1,996	6,468
Administration fees	5,773	9,686
	<u>7,769</u>	<u>16,154</u>

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: RESPONSIBLE ENTITY AND ADMINISTRATION FEES (continued)

Tanggram Spark

	2024	2023
	\$	\$
Responsible entity fees	31,607	53,532
Administration fees	40,390	80,680
	<u>71,997</u>	<u>134,212</u>

NOTE 5: CUSTODIAN FEES

	2024	2023
	\$	\$
Custodian fee	22,866	20,939
	<u>22,866</u>	<u>20,939</u>

Custodian fees are attributed to the custodial services provided by Perpetual Corporate Trust Limited in relation to various schemes, including the Fund.

NOTE 6: OTHER EXPENSES

	2024	2023
	\$	\$
Tax return fees	4,200	6,404
GST expense (non-claimable)	3,945	8,799
ASIC fees	1,187	1,520
Bank fees	227	336
Legal fees	20,865	5,345
Other Administration expenses	25,827	44,856
	<u>56,251</u>	<u>67,260</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Commonwealth Bank	770,861	2,355,173
	<u>770,861</u>	<u>2,355,173</u>

Cash at bank is held by the Custodian (Perpetual Corporate Trust Limited) with Commonwealth Bank (CBA).

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 8: INVESTMENTS

(a) Investments

As at 30 June the Fund's investments comprised:

Investment	2024	2023
	\$	\$
Trilogy Monthly Income Trust	2,007,735	3,377,735
La Trobe Australian Credit Fund	2,542,430	3,597,430
Banner Low LVR Income Fund	-	574,739
Aura High Yield SME Fund	561,946	591,947
IJ Premium	500,000	-
	<u>5,612,111</u>	<u>8,141,851</u>

The Fund invests in unlisted unit trusts which are not quoted in an active market, and which may be subject to restrictions on redemptions. The Fund considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing.

Investments in unlisted unit trusts are classified as Level 2 assets in the fair value hierarchy. Level 2 fair values utilise inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly.

Valuation inputs for Level 2 investments

The fair value of investments in unlisted unit trusts are recorded at the net asset value per unit as reported by the investment managers of such funds.

(b) Accrued investment income

	2024	2023
	\$	\$
Trilogy Monthly Income Trust	14,109	27,138
La Trobe Australian Credit Fund	14,067	17,741
Banner Low LVR Income Fund	3,288	2,589
IJ Financial	3,219	-
Aura High Yield Fund	4,199	4,624
	<u>38,882</u>	<u>52,092</u>

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 9: FEES AND OTHER PAYABLES

	2024	2023
	\$	\$
Financial audit fees	20,213	6,500
Compliance audit fees	3,413	2,700
Custodian fees	9,229	10,000
Tax return fee	4,200	7,694
Responsible entity fees	-	5,000
Withholding tax payable (a)	-	1,739
Unitholder expenses payable	-	16,375
Other payables	-	20,837
	37,055	70,845

(a) Withholding Tax Payable

For resident investors that do not provide the Fund with their Tax File Number (TFN), amounts are withheld from all distributions throughout the year at the top marginal rate, as the Fund has limited insight into the components of the income being received and then distributed until year-end. This may result in over-withholding where distributions include capital returns and discounted capital gains, as these would not typically attract TFN withholding. The Unitholders are potentially able to lodge an income tax return to recover the overpaid tax

For non-resident investors that do not have an Australian Tax File Number, amounts are withheld at a flat rate of 10% from all distributions paid throughout the year, as the Fund does not have insight into the components of the income being received and then distributed until year-end. This may result in over or under withholding for the following reasons:

- Where distributions include capital returns, foreign source income, capital gains relating to non-TAP assets, franked distributions, or unfranked distributions declared to be CFI, these would typically not attract non-resident withholding tax.
- Distributions of interest income would attract withholding tax at a rate specified by the relevant Double Tax Agreement (DTA), generally at 10% (for example, as per the DTA between Australia and China).
- Distributions of unfranked dividends not declared to be CFI would attract withholding tax at a rate specified by the relevant Double Tax Agreement (DTA), generally at 15% (for example as per the DTA between Australia and China).
- Distributions of 'Other Income' would attract withholding tax at the top marginal rate.
- The Unitholder would then be required to potentially lodge an income tax return to recover the overpaid tax.
- Alternatively, the Unitholder would still be liable for the payment of any underpaid tax.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units

Tanggram Seed

	2024	2024	2023	2023
	Units	\$	Units	\$
Opening balance	733,550	733,550	3,085,617	3,085,617
Redemptions	(434,708)	(434,708)	(2,830,924)	(2,830,924)
Units issued – applications	115,280	115,280	412,740	412,740
Units issued – reinvestment of distributions	22,618	22,618	66,117	66,117
Closing balance	436,740	436,740	733,550	733,550

Tanggram Spark

	2024	2024	2023	2023
	Units	\$	Units	\$
Opening balance	9,731,476	9,731,476	12,868,020	12,868,020
Redemptions	(4,751,419)	(4,751,419)	(6,986,403)	(6,986,403)
Units issued – applications	531,240	531,240	3,323,900	3,323,900
Units issued – reinvestment of distributions	417,868	417,868	525,959	525,959
Closing balance	5,929,165	5,929,165	9,731,476	9,731,476

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Total	2024	2024	2023	2023
	Units	\$	Units	\$
Opening balance	10,465,026	10,465,026	15,953,637	15,953,637
Redemptions	(5,186,127)	(5,186,127)	(9,817,327)	(9,817,327)
Units issued – applications	646,520	646,520	3,736,640	3,736,640
Units issued – reinvestment of distributions	440,486	440,486	592,076	592,076
Closing balance	6,365,905	6,365,905	10,465,026	10,465,026

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

(b) Undistributed profit/(loss) attributable to unitholders

	2024	2023
	\$	\$
Opening balance	-	-
Net profit/(loss) attributable to unitholders	443,376	670,324
Distribution expenses	(443,376)	(670,324)
Closing balance	-	-

Total distributions payable as at 30 June 2024 were \$34,097 (2023: \$46,525). Withholding taxes applicable to the distributions payable as at 30 June 2024 were \$3,363 (2023: \$884).

(c) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions over the longer term. The Fund aims to achieve this objective mainly through investment exposure to cash and similar short-term money market products, including highly liquid cash funds and other managed investment funds which predominantly invest in secured loans, mortgage-backed securities, and bonds.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Investment Manager regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.

NOTE 11: REMUNERATION OF AUDITORS

The auditor of the Fund for the during the current financial year was Moore Australia (VIC). Moore Australia (VIC) is also the Compliance Plan auditor.

The fees paid or agreed to be paid by the Fund are disclosed below.

	2024	2023
	\$	\$
Remuneration of Auditors:		
Financial Audit and Review	19,000	19,800
Compliance Audit	3,250	2,700
	22,250	22,500

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12: RELATED PARTY TRANSACTIONS

The Fund's related parties include those described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(a) Responsible Entity

The financial report is for the Tanggram Investment Fund ('the Fund'). The Fund is a registered managed investment scheme established and domiciled in Australia. Vasco Responsible Entity Services resigned as Responsible Entity on 10 October 2023 and the new Responsible Entity is now Melbourne Securities Corporation Limited, who were appointed on 11 October 2023.

RE Fees of \$33,603 (2023: \$60,000) (plus GST) were paid or payable by the Fund to Vasco Responsible Entity Services Limited for the period from 1 July 2023 to 11 October 2023, for its role as Responsible Entity for that period.

(b) Manager and Fund administrator

The Responsible Entity has appointed Cache Investment Management Ltd (ACN 624 306 430, AFSL 514360) (Cache, Manager or Administrator) as the manager and administrator of the Fund, and in these roles it is responsible for managing the assets of the Fund and the Fund's administration.

The Administration Manager of the Tangram investment fund was Vasco fund service Pty Ltd the administration Fee for the period from July to 11 Oct 23 is \$46,163 (\$90,366) Plus GST.

(c) Portfolio manager and promoter

Tanggram Capital Pty Ltd (ACN 630 041 020) (Tanggram or Portfolio Manager) is the portfolio manager and promoter of the Fund and assists investors to engage with their investment in the Fund by operating the App and Website. Tanggram also provides sub investment management services including reviewing and advising Cache on the Fund's investment strategy, screening of underlying assets of mortgage schemes in which the Fund invests and constructing the portfolio of the Fund.

(d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Melbourne Securities Corporation Limited, and a Manager & Fund Administrator, Cache Investment Management Ltd and a Portfolio manager & Promoter, Tanggram Capital Pty Ltd, to manage the activities of the Fund. The directors of the Responsible Entity, Manager & Fund Administrator and Portfolio Manager & Promoter are key management personnel of those corporate entities. No compensation is paid directly by the Fund to directors or to any of the key management personnel of these entities. Payments made by the Fund to these entities do not specifically include any amounts attributable to the compensation of key management personnel.

NOTE 13: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the year (2024: nil).

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 14: FINANCIAL RISK MANAGEMENT

(a) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund holds investments in mortgage funds. The core risk is the risk that the underlying mortgage schemes take longer than the withdrawal timeframes disclosed in their respective product disclosure statements.

In order to address this risk, the Responsible Entity retains broad discretion to restrict distributions, withdrawals and/or redemptions.

(b) Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, investments in Trilogy, La Trobe, Banner, Aura and IJ Premium. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2024	2023
	\$	\$
Trilogy Monthly Income Trust	2,007,735	3,377,735
La Trobe Australian Credit Fund	2,542,430	3,597,430
Aura High Yield Fund	561,946	591,947
Banner Low LVR Income Fund	-	574,739
IJ Premium	500,000	-
	<u>5,612,111</u>	<u>8,141,851</u>

The Responsible Entity manages the exposure to credit risk on an ongoing basis. The Fund's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

(c) Market Risk

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is monitored by the Responsible Entity.

TANGGRAM INVESTMENT FUND
ARSN 623 672 336
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 14: FINANCIAL RISK MANAGEMENT (continued)

(d) Interest Rate Risk

The Fund's interest rate risk is monitored by the Responsible Entity.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	2024	2023
	\$	\$
Cash and cash equivalents – variable interest rate	770,861	2,355,173

An increase or decrease of 100 basis points in interest rates as at the reporting date would have an insignificant effect on the net assets attributable to unitholders and operating results.

(e) Investment Manager Risk

During the financial year, the Investment Manager subsidised Investment returns by \$28,671 (2023: \$68,375). There is a potential that the Investment Manager may not subsidise returns in the future, which would result in a reduction in returns to unitholders.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, there have been no other events subsequent to the reporting date that require additional disclosure.

NOTE 16: RESPONSIBLE ENTITY DETAILS

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

Melbourne Securities Corporation Limited
Level 2, 395 Collins Street

Melbourne Victoria 3000

1300 798 700

www.msccgroup.com

TANGGRAM INVESTMENT FUND

ARSN 623 672 336

DIRECTORS' DECLARATION

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

- (a) The financial statements and notes of Tanggram Investment Fund are in accordance with the *Corporations Act 2001*, including
 - (i) Comply with Accounting Standards in Australia and the *Corporations Regulations 2001*;
 - (ii) As stated in Note 1, the financial statements also comply with International Financial Reporting Standards; and
 - (iii) Giving a true and fair view of the financial position of Tanggram Investment Fund as at 30 June 2024, and of its performance for the year ended at that date.
- (b) There are reasonable grounds to believe that Tanggram Investment Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Shelley Brown

Director

30 September 2024

VICTORIA

Level 44, 600 Bourke Street
Melbourne VIC 3000
T +61 3 9608 0100

Level 3, 237 Ryrie Street
Geelong VIC 3220
T +61 3 5215 6800

TASMANIA

161 St John Street
Launceston TAS 7250
T +61 3 6334 0500

victoria@moore-australia.com.au

www.moore-australia.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANGGRAM INVESTMENT FUND

Opinion

We have audited the accompanying financial report of Tanggram Investment Fund (the Scheme), which comprises the statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory notes and the directors' declaration of the Scheme.

In our opinion, the accompanying financial report of the Scheme 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 2024 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 of the *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Melbourne Securities Corporation Limited (Responsible Entity), would be in the same terms if given to the directors of the Responsible Entity as at the time of this auditor's report.

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

Other Information

The directors of the Responsible Entity 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 2024, 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 Directors for the Financial Report

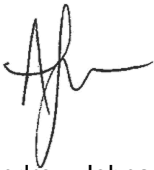
The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Scheme's ability 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 of the Responsible Entity either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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 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 the 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.



Andrew Johnson
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria
30 September 2024



Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants