



**AUSTRALIAN
SECURITIES**



ARSN 605 224 600

Term Fund Financial Report

Year ended 30 June 2023

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Director's Report

The Directors of Australian Securities Limited | the Responsible Entity | present their report together with the financial statements of the Australian Securities Term Fund | 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. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of the Responsible Entity in office during or since the end of the year are:

Non-executive Directors

Peter Bolitho (Chair)
Susan Allen
Peter Sexton (Audit Chair)

Executive Directors

Michael Clarebrough

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

Service providers

The service providers during or since the end of the financial year are:

- Responsible Entity & Custodian: Australian Securities Limited
- Half Year Review: BDO Audit Pty Ltd
- Year-end Auditor: BDO Audit Pty Ltd

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The principal activity of the Scheme is to invest funds in accordance with the investment policy of the Scheme as outlined in the current Product Disclosure Statement | the PDS | and in accordance with the provisions of the Constitution of the Scheme.

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

The Scheme did not have any employees during the year.

Review of operations and financial results

The value of the Scheme's gross assets at 30 June 2023 was \$46,033,557 (2022: \$55,999,391). The value of the Scheme's assets is derived using the basis set out in Note 1 to the financial statements.

The Scheme's net operating profit before distributions to members for the current year was \$1,630,000 (2022: \$669,212).



Distributions

The Scheme has provided a return to investors through distribution of investment income earned from mortgage and cash securities. The majority of investments held in the Scheme are fixed interest securities.

Distributions declared during the financial year totalled \$1,630,000 (2022: \$669,212). The total amount unpaid at reporting date is disclosed in the Statement of Financial Position.

Unit redemption prices

The rights and entitlement of each class of units are detailed in the PDS and the Constitution of the Scheme.

The unit redemption price (ex-distribution) is \$1 per unit (2022: \$1 per unit).

Units on issue

The movement in units on issue of the Scheme for the year was as follows:

CLASS A	30 June 2023 \$	30 June 2022 \$
Opening balance	55,893,519	32,718,800
Number of units issued	67,334,901	64,234,701
Number of units redeemed	(77,378,218)	(41,059,982)
Number of units on issue at 30 June	45,850,202	55,893,519
Value of total Scheme net assets as at 30 June	45,850,202	55,893,519

The basis for valuation of the Scheme's assets is disclosed in Note 1 to the financial statements.

Fees paid to and interests held by the Responsible Entity

The Responsible Entity of the Scheme is Australian Securities Limited (ACN: 005 428 231) | ASL |, which also acts as manager and custodian of the Scheme.

ASL also acts as Responsible Entity, Manager and Custodian to Australian Securities Property Fund | ASPF | and Australian Securities Income Fund | ASIF |. ASL holds an Australian Financial Services Licence to enable it to be the Responsible Entity and Custodian to the Scheme as well as ASPF and ASTF. ASL also holds an Australian Credit Licence to be an authorised Credit Provider.

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

Investment management fees of \$306,404 (2022: \$332,275), calculated daily in accordance with the PDS at 0.55% - 0.80% per annum of the amount invested by each member, were paid or remain payable at year end to the Responsible Entity.

During the financial year ASL invested a further \$2,936,036 in ASTF, and divested \$2,917,000, with a balance at the financial year end of \$2,386,956 (2022: \$2,367,920). During the financial year ASL earned interest of \$61,517 (2022: \$31,792) on this investment. At the end of the financial year \$6,878 (2022: \$3,346) of interest remains receivable from ASTF.

A number of the Directors have invested in the Scheme via the Responsible Entity and their related superannuation funds, on terms and conditions no more favourable than those offered to any arm's length

investor. At the financial year end, the investments in the Scheme by related entities including the Directors, and Director related entities or associates totalled \$4,369,427; 4,369,427 units (2022: \$3,863,816; 3,863,816 units).

As at 30 June 2023, ASIF had investments in ASTF totalling \$926,931 (2022: \$275,759) which were amounts invested on behalf of ASIF borrowers.

Derivatives and other financial instruments

The Scheme's investment activities expose it to changes in interest rates and mortgage market variations 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 derivatives.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Scheme during the financial year.

Future developments

The Scheme will continue to operate in accordance with its investment policy as detailed in the Scheme's PDS.

Environmental regulation

The Scheme's operations are not subject to any significant environmental regulations under Commonwealth, State or Territory Legislation.

Indemnification and insurance of officers and auditors

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

The Directors of the Responsible Entity are covered against all liabilities to another person (other than the company, the Scheme or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

Subsequent events

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

Rounding of amounts to the nearest dollar

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

Auditor's independence declaration

An independence declaration has been received by the Directors and is attached to the Directors' Report.

The report is made in accordance with a resolution of the Directors.

On behalf of the Directors



Michael John Clarebrough
Director



Peter Bolitho
Chair Person

Melbourne
28 September 2023



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DECLARATION OF INDEPENDENCE BY JAMES DIXON TO THE DIRECTORS OF AUSTRALIAN SECURITIES LIMITED AS RESPONSIBLE ENTITY FOR AUSTRALIAN SECURITIES TERM FUND

As lead auditor of Australian Securities Term Fund for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

James Dixon
Director

BDO Audit Pty Ltd

Melbourne

28 September 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Financial Report

for the year ended 30 June 2023

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Notes	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Investment income			
Interest	4	1,936,404	1,001,487
Total investment income		1,936,404	1,001,487
Operating Expenses			
Management fees		(306,404)	(332,275)
Total operating expenses		(306,404)	(332,275)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income		1,630,000	669,212

The above statement should be read in conjunction with the accompanying notes

Statement of Financial Position as at 30 June 2023

CATEGORY	Notes	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Assets			
Cash and cash equivalents	5	32,738,619	40,803,923
Receivables	6	81,235	72,307
Other financial assets	7	13,213,703	15,123,161
Total assets		46,033,557	55,999,391
Liabilities			
Payables	8	(30,956)	(25,533)
Distribution payable	9	(152,399)	(80,339)
Total liabilities		(183,355)	(105,872)
Netassets		45,850,202	55,893,519
Equity			
Members' funds	10	45,850,202	55,893,519
Total equity		45,850,202	55,893,519

The above statement should be read in conjunction with the accompanying notes. Members' funds are classified as a financial liability.

Statement of changes in equity for the year ended 30 June 2023

	Notes	Total equity €
Balance as at 1 July 2021		32,718,800
Total comprehensive income for the year		669,212
Transactions with owners in their capacity as owners:		
Applications		64,234,701
Redemptions		(41,059,982)
Distributions		(669,212)
Balance as at 30 June 2022	10	55,893,519
Balance as at 1 July 2022		55,893,519
Total comprehensive income for the year		1,630,000
Transactions with owners in their capacity as owners:		
Applications		67,334,901
Redemptions		(77,378,218)
Distributions		(1,630,000)
Balance as at 30 June 2023	10	45,850,202

The above statement should be read in conjunction with the accompanying notes.

Statement of cash flows for the year ended 30 June 2023

	Notes		Total equity €
Cash flows from operating activities			
Proceeds from repayment of mortgage investments		9,519,363	10,812,247
Investments in mortgages		(7,609,905)	(12,233,779)
Interest received		1,927,476	956,898
Management fees paid		(301,214)	(330,435)
Net cash provided by / (used in) operating activities	12(b)	3,535,720	(795,069)
Cash flows from financing activities			
Applications received from members		67,334,900	64,234,701
Payments for redemption to members		(77,378,218)	(41,059,982)
Distributions paid		(1,557,706)	(634,917)
Net cash (used in) / provided by financing activities		(11,601,024)	22,539,802
Net (decrease) / increase in cash and cash equivalents		(8,065,304)	21,744,733
Cash and cash equivalents at the beginning of the year		40,803,923	19,059,190
Cash and cash equivalents at the end of the year	12(a)	32,738,619	40,803,923

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1: statement of significant accounting policies

The Australian Securities Term Fund | the **Scheme** | is a registered managed investment scheme domiciled in Australia. The Responsible Entity to the Scheme is Australian Securities Limited | ASL | and its registered office and principal place of business is Level 34, 140 William Street, Melbourne, Victoria, 3000. The principal activity of the Scheme is disclosed in the Directors' Report.

The following is a summary of 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

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

This financial report has been prepared for the Scheme as an individual entity. The Scheme is a for-profit scheme for the purpose of preparing the financial statements.

The financial report is presented in Australian dollars.

The Scheme's objective is to meet the needs of investors seeking short-term investment returns by providing regular interest returns calculated daily and paid monthly in arrears. The Scheme invests in diversified asset classes comprising a mixture of first mortgage securities (fixed income) and cash equivalent investments. Members of the Scheme benefit from a low cost investment structure, in accordance with the objectives disclosed in the Product Disclosure Statement | the PDS | dated 15 November 2019.

The financial report was authorised for issue by the Directors of the Responsible Entity as at the date of the Directors' Report.

Compliance with International Financial Reporting Standards

The financial report of the Scheme complies with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 as described in the accounting policies.

The assets and liabilities presented in the statement of financial position do not distinguish between current and

non-current. All assets and liabilities have been presented in decreasing order of liquidity.

(b) New and revised accounting standards effective at 1 July 2022

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning July 1, 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(c) Financial instruments

Financial assets and liabilities are recognised on the date the Scheme becomes party (for a specific sub scheme) to the contractual agreement, usually the settlement date.

The carrying amounts of mortgages, members' funds, current receivables and current payables are considered to be a reasonable approximation of their fair value.

(i) Mortgages and other receivables

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 (FVtPL), in which case transaction costs are immediately recognised as expenses in profit or loss.

Financial assets

Financial assets are classified and subsequently measured at amortised cost when both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities include members' funds, trade payables, other creditors, loans from third parties and loans or other amounts due to Director related entities.

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment of assets

The Scheme has applied the general approach under AASB 9 Financial Instruments to measuring impairment provisions for mortgages and other receivables. Under the AASB 9 general approach, the Scheme determines the impairment provision for receivables on the basis of default events possible within 12 months after reporting date and lifetime expected credit losses of the receivable. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the receivable.

(c) Financial instruments

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. The Scheme recognises an impairment loss (or, in the case of the reversal of a previous impairment loss, a gain) in profit or loss for all financial assets with a corresponding adjustment to a loss allowance account. The Scheme directly reduces the gross carrying amount (writes off) of a financial asset, even when the financial asset is still subject to enforcement action, when the debtor is in severe financial difficulty and there is no realistic prospect of recovery, which would be evidenced by:

- the debtor being placed into liquidation or voluntarily entering into bankruptcy arrangements; or
- the financial asset is more than 60 days past a default event and the Scheme has received no satisfactory response from the debtor regarding the past due feature of the financial asset; or
- significant drop in value

(d) Cash and cash equivalents

Cash and cash equivalents includes cash at call and short-term deposits held with an original maturity of three months

or less. Cash is held at call with reputable banks or financial institutions which the Responsible Entity uses in its day to day management of the Scheme's cash requirements.

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

(e) Income and expenses

Investment income and expenses are brought to account on an accruals basis. Interest income is recognised using the effective interest method.

(f) Receivables

Receivables include accrued income on interest-bearing assets.

Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivable.

(g) Payables

Payables include liabilities and accrued expenses owed by the Scheme which are unpaid as at the reporting date.

The distribution amount payable to members as at year end is recognised separately on the Statement of Financial Position as members are presently entitled to the distributable income as at 30 June 2023 under the Scheme's Constitution.

(h) Distributions and taxation

Under current legislation the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the members.

In accordance with the PDS, the Scheme fully distributes its distributable income to members by cash or reinvestment. Distributable income is determined by reference to the taxable income of the Scheme.

(i) Determination of application and redemption prices

The application and redemption prices are determined by the value of net assets which is the value of Scheme assets less its liabilities (other than liabilities representing rights attaching to members funds), adjusted for estimated transaction costs, divided by the total value of members funds within the Scheme.

Note 1: statement of significant accounting policies Cont.

(j) Goods and services tax | GST |

The Scheme is not currently registered for GST, and as such revenues and expenses are recognised gross of the amount of GST. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

(k) Rounding of amounts to nearest dollars

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

(l) Functional and presentation currency

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

(m) Accounting standards issued but not yet effective at 30 June 2023

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Scheme. The Scheme has decided not to early adopt any of these new and amended pronouncements.

The Scheme has assessed that none of these standards will have a material impact on the Scheme's financial statements in the period of initial application.

Note 2: Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Scheme's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 1(c).

Note 3: Financial risk management

The Directors of the Responsible Entity have the overall responsibility for identifying and managing operational and financial risks. The Scheme holds the following financial instruments, all of which are carried at amortised cost:

	Notes	30 June 2023	30 June 2022
		\$	\$
Financial assets			
Cash and cash equivalents	5	32,738,619	40,803,923
Receivables	6	81,235	72,307
Other financial assets	7	13,213,703	15,123,161
		46,033,557	55,999,391
Financial liabilities			
Payables	8	30,484	25,294
Distribution payable	9	152,399	80,339
		182,883	105,633

The Scheme is exposed to a variety of financial risks comprising:

- (a) Market price risk
- (b) Liquidity risk
- (c) Credit risk
- (d) Interest rate risk

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price (other than those arising from interest rate risk or currency risk).

The Scheme's exposure to market price risk arises from its investments in mortgages which are made within financial markets to lend money for interest. The mortgages are made at contracted fixed interest rates. Interest rates contracted are entered into recognising the current status of financial markets.

The Scheme is also exposed to market price risk in relation to property prices. Investments in fixed income mortgages are contracted for amounts that do not exceed 66% of property valuations for Tier 1 mortgages, obtained from qualified, reputable property valuers.

Impaired valuations

There are no current non-performing loans with collateral mortgage security assessed as inadequate to fully recover the loan amount, default interest and charges.

Note 3: Financial risk management Cont.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities and arises when the Scheme is unable to meet its financial obligations as they fall due. The Scheme operates under a fair payments policy of settling normal operating financial obligations within 30 days.

The Scheme has exposure to liquidity risk in regards of mortgage default of the mortgage investments held. The Scheme bears the ultimate risk of default as a direct investor in the individual mortgage.

The scheme is currently invested in Tier 1 mortgages. Where a mortgage goes into default, the Tier 1 mortgage investments are assurance funded, ensuring receipt of the ongoing interest income that the mortgagor would otherwise have paid. The Scheme bears the ultimate risk of default as a direct investor in the individual mortgage.

The Scheme's PDS states that where the borrower fails to repay capital advanced on the repayment date, the Scheme does not guarantee the recovery of the invested value.

Further exposure to liquidity risk for the Scheme may arise from the requirement to meet daily member redemption requests. In order to manage the Scheme's overall liquidity, the Responsible Entity maintains a level of liquidity to meet expected withdrawals by holding cash and term deposits sufficient to meet investor withdrawals. Additionally, the Responsibility Entity has the discretion to suspend in full or part redemption requests if the exercise of such discretion is in the best interest of members in line with the Scheme's PDS. The Scheme did not reject or withhold any redemption during the period.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities and equity.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

Year ended 30 June 2023	<6 months \$	6-12 months \$	1-5 years \$	Total contractual cash flows \$	Carrying Amount \$
Payables	(30,484)	-	-	(30,484)	(30,484)
Distribution payable	(152,399)	-	-	(152,399)	(152,399)
Net maturities	(182,883)	-	-	(182,883)	(182,883)

Year ended 30 June 2022	<6 months \$	6-12 months \$	1-5 years \$	Total contractual cash flows \$	Carrying Amount \$
Payables	(25,294)	-	-	(25,294)	(25,294)
Distribution payable	(80,339)	-	-	(80,339)	(80,339)
Net maturities	(105,633)	-	-	(105,633)	(105,633)

(c) Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Scheme has exposure to credit risk regarding the mortgage investments held, and the risk that a borrower will default on contractual obligations resulting in financial loss to the Scheme. The Scheme also has exposure to credit risk in regards of the distributable income of the Scheme being impacted adversely either by financial asset performance such as mortgage defaults leading to a loss of income and increased costs as a result of enforcement action, or the availability of suitable investments for the Scheme.

Credit risk is managed partly by the provider of mortgage investments by:

- adopting a conservative loan to value ratio (LVR);
- actively managing non-performing loans; and
- assurance funding for Tier 1 loans.

Credit risk is also managed by portfolio diversification through adopting a maximum LVR and setting investment parameters.

The Scheme does not have any significant credit risk exposure to any single borrower or any group of borrowers having similar characteristics. As at 30 June 2023, the Scheme had no exposure to mortgage loans that were in default.

The carrying amount of financial assets, net of any allowance for credit losses, recorded in the financial statements represents the Scheme's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained in relation to those assets.

(d) 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 fluctuation in market interest rates.

The majority of the Scheme's financial assets are investments in interest bearing, fixed-rate term deposits and mortgage loans, and therefore the Scheme is exposed to significant interest rate risk. The Scheme manages the exposure to interest rate risk by diversifying its portfolio of investments in term deposits and mortgages and restricting investments in mortgages to a maximum of 55% of the Scheme's investments respectively.

The Scheme's exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and liabilities at balance date are as follows:

Financial instruments	Interest bearing \$	Non interest bearing \$	Total carrying amount \$	Weighted average effective interest rate %	Fixed/variable rate
30 June 2023					
(i) Financial assets					
Cash and cash equivalents	32,738,619	-	32,738,619	4.22	Fixed/variable
Other financial assets	13,213,703	-	13,213,703	6.31	Fixed
Receivables	-	81,235	81,235		
Total financial assets	45,952,322	81,235	46,033,557		
(ii) Financial liabilities					
Payables	-	(30,484)	(30,484)		
Distribution payable	-	(152,399)	(152,399)		
Total financial liabilities	-	(182,883)	(182,883)		
Net financial assets	45,952,322	(101,648)	45,850,674		

Note 3: Financial risk management Cont.

Financial instruments	Interest bearing \$	Non interest bearing \$	Total carrying amount \$	Weighted average effective interest rate %	Fixed/variable rate
30 June 2022					
(i) Financial assets					
Cash and cash equivalents	40,803,923	-	40,803,923	1.27	Fixed/variable
Other financial assets	15,123,161	-	15,123,161	5.40	Fixed
Receivables	-	72,307	72,307		
Total financial assets	55,927,084	72,307	55,999,391		
(ii) Financial liabilities					
Payables	-	(25,294)	(25,294)		
Distribution payable	-	(80,339)	(80,339)		
Total financial liabilities	-	(105,633)	(105,633)		
Net financial assets	55,927,084	(33,326)	55,893,758		

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is \$11,671 / \$(11,671).

Note 4: Interest Income

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Interest – cash	8,878	2,537
Interest – deposits at call	1,067,167	174,541
Interest – mortgage loans	860,359	824,409
	1,936,404	1,001,487

Note 5: Cash and cash equivalents

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Cash at bank	940,734	378,923
Restricted cash holding	-	1,540,500
Deposits at call	31,797,885	38,884,500
	32,738,619	40,803,923

Restricted Cash

The restricted cash holding relates to the line facilities made available to two mortgages – the undrawn funds of their approved loan values sit within ASTF – 1.5% interest is payable to ASTF on these amounts.

Note 6: Receivables

	30 June 2023	30 June 2022
	\$	\$
Interest receivable - deposits at call	49,479	38,501
Interest receivable - mortgage loans	31,756	33,806
	81,235	72,307

Note 7: Other Financial Assets

	30 June 2023	30 June 2022
	\$	\$
Mortgage loans	13,213,703	15,123,161
	13,213,703	15,123,161

Note 8: Payables

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Accrued management fees payable	30,484	25,294
Withholding tax payable	472	239
	30,956	25,533

Note 9: Distribution payable

	30 June 2023	30 June 2022
	\$	\$
Distribution payable	152,399	80,339
	152,399	80,339

Note 10: Members' Funds

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Opening balance	55,893,519	32,718,800
Application	67,334,901	64,234,701
Redemption	(77,378,218)	(41,059,982)
Total members' funds	45,850,202	55,893,519

Capital management

When managing capital, management's objective is to ensure the Scheme continues to provide members with returns in accordance with the PDS.

The amount of members funds can change on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of members.

Redemptions from the Scheme may be made whilst the Scheme is liquid by written request to ASL when the member gives the Responsible Entity no less than 14 days written

notice to withdraw part of all their investment; and after the minimum investment period of three months has expired. The Responsible Entity attempts to process all redemptions as early as possible.

The Responsible Entity reserves the right to suspend in full or part large individual requests over \$250,000. Where the Scheme is deemed by the Responsible Entity to not be liquid, all redemption requests are immediately suspended. Once the Scheme is deemed liquid, all redemption requests will be met in the order in which they have been received by the Responsible Entity.

Note 11: Auditor's Remuneration

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Audit and other assurance services		
Audit or review of financial report by BDO	21,525	20,500
Audit of compliance plan by BDO	3,400	3,250
Total remuneration	24,925	23,750

Remuneration paid to the auditors was paid by the Responsible Entity during the year ended 30 June 2023. The above audit and related services are for the Scheme.

Note 12: Cash

(a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash held at bank, and short-term deposits at call, net of outstanding bank overdrafts. Cash as 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 as follows:

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Cash at bank	940,734	378,923
Deposits at call	31,797,885	40,425,000
Total cash and cash equivalents	32,738,619	40,803,923

(b) Reconciliation of net cash provided by / (used in) operating activities to net operating profit

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Net operating profit	1,630,000	669,212

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
Changes in assets and liabilities during the financial year:		
Increase / (decrease) in mortgages	1,909,458	(1,421,532)
(Increase) / decrease in receivables	(8,928)	(44,588)
Increase in payables	5,190	1,839
Net cash provided by / (used in) operating activities	3,535,720	(795,069)

Note 13: Related parties

The Responsible Entity of the Scheme is Australian Securities Limited (ACN: 005 428 231) | **ASL** |, which also acts as manager and custodian of the Scheme.

ASL also acts as responsible entity, manager and custodian to Australian Securities Income Fund | **ASIF** | and Australian Securities Property Fund | **ASPF** |. ASL holds an Australian Financial Services Licence to enable it to be the Responsible Entity and custodian to the Scheme as well as ASIF and ASPF. ASL also holds an Australian Credit Licence to be an authorised Credit Provider.

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

Investment management fees of \$306,404 (2022: \$332,275), calculated in accordance with the PDS at 0.55% - 0.80% per annum (2022: 0.55% - 0.80%), were paid or remain payable at year end to the Responsible Entity. Management fees payable to the Responsible Entity at 30 June 2023 totalled \$30,484 (2022: \$25,294).

During the financial year ASL invested a further \$2,936,036 in ASTF, and divested \$2,917,000, with a balance at the financial year end of \$2,386,956 (2022: \$2,367,920). During the financial year ASL earned interest of \$61,517 (2022: \$31,792) on this investment. At the end of the financial year \$6,878 (2022: \$3,346) of interest remains receivable from ASTF.

A number of the Directors have invested in the Scheme via the Responsible Entity and their related superannuation funds, on terms and conditions no more favourable than those offered to any arm's length investor.

At the financial year end, the investments in the Scheme by related entities including the Directors, and Director related entities or associates totalled \$4,369,427; 4,369,427 units (2022: \$3,836,816; 3,836,816 units).

As at 30 June 2023 ASTF had \$13,213,703 (2022: \$15,123,161) invested in ASIF. Interest income of \$860,359 (2022: \$824,409) was received or remained receivable at year end from ASIF. Interest receivable from ASIF at 30 June 2023 totalled \$31,756 (2022: \$33,806).

As at 30 June 2023, ASIF had investments in ASTF totalling \$926,931 (2022: \$275,759) which were amounts invested on behalf of ASIF borrowers.

Compensation of key management personnel of the Responsible Entity

Key management personnel | KMP | of the Responsible Entity for the financial year, unless otherwise stated, were:

Non-executive Directors	Executive Directors	Management Team
Peter Bolitho (Chair)	Michael Clarebrough	Natalie Bode (CEO)
Susan Allen		Nicole Wain (Financial Controller)
Peter Sexton (Audit Chair)		

Remuneration of Directors is paid directly by the Responsible Entity. 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 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 to the Responsible Entity in accordance with the Scheme's Constitution and PDS.

Note 14: Commitments and contingencies

There are no commitments or contingent assets or liabilities as at 30 June 2023.

Note 15: Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2023 which has significantly affected or which 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.

Note 16: Responsible entity details

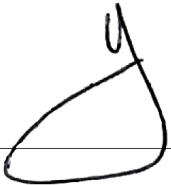
The registered office and principal place of business of the Responsible Entity is:

Level 34, 140 William Street
MELBOURNE, VIC, 3000

In the opinion of the Directors of Australian Securities Limited, the Responsible Entity of Australian Securities Term Fund:

1. The financial statements and notes as set out on pages 10 to 26 are in accordance with the *Corporations Act 2001* and:
 - (a) Comply with Accounting Standards in Australia and the *Corporations Regulations 2001* And other mandatory professional reporting requirements;
 - (b) As stated in Note 1(a) the financial statements also comply with International Financial Reporting Standards; and
 - (c) Give a true and fair view of the financial position of the Scheme as at 30 June 2023 of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe the Scheme will be able to pay its debts as and when they become due and payable.

This Declaration has been made in accordance with a Resolution of the Directors of the Responsible Entity, Australian Securities Limited.



Michael John Clarebrough
Director



Peter Bolitho
Chair Person

Melbourne
28 September 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Securities Term Fund

Report on the Audit of the Financial Report

Opinion

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

In our opinion the accompanying financial report of Australian Securities Term Fund, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; 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 *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 Scheme, would be in the same terms if given to the directors 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 Australian Securities Limited (the 'responsible entity') are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report 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.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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

Responsibilities of the directors of the responsible entity 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 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 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 either intend to liquidate the Scheme or to cease operations, or has 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 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 at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO


James Dixon
Director

Melbourne, 28 September 2023



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**Responsible Entity and
Fund Custodian**

Australian Securities Limited
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Financial Services &
Credit Licence
Licence No. 260499

Managed Investment Fund

Australian Securities Term Fund
ARSN 605 224 600
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