Ausbil Balanced Fund

ARSN 089 996 949

Annual report for the year ended 30 June 2023

Contents

Directors' report

The directors of Ausbil Investment Management Limited, the Responsible Entity of Ausbil Balanced Fund, present their report together with the financial statements of Ausbil Balanced Fund ("the Scheme") for the year ended 30 June 2023 ("the year").

The Scheme is an Australian registered scheme as defined in the *Corporations Act 2001.*

Responsible entity

The Responsible Entity of the Scheme is Ausbil Investment Management Limited (ABN 26 076 316 473). The Responsible Entity's registered office is Level 27, Grosvenor Place, 225 George St, Sydney 2000.

Principal activities

The Scheme provides an exposure to an actively managed diversified portfolio of securities across the Australian and global equities, fixed interest, property and alternative asset classes.

The aim of the Scheme is to outperform the strategic benchmark allocation over the medium to long term whilst at the same time providing moderate income.

There were no significant changes in the nature of the Scheme's activities during the year.

The Scheme did not have any employees during the year.

Directors

The following persons held office as directors of the Responsible Entity during the year or since the end of the year and up to the date of this report:

Frank Harte
Jae Yoon
Jay Giacco
John Grace
Mark Knight
Naim Abou-Jaoudé
Paul Xiradis
Ross Youngman (resigned 31 July 2023)
Yie-Hsin Hung (resigned 14 October 2022)
Vicki Gemisis (appointed 31 July 2023)
Morgan Glaser (appointed 23 August 2023)

Review and results of operations

Market disruptions associated with current economic volatility and geopolitical events have had a global impact and uncertainty exists as to their implications. Such disruptions can adversely affect assets of the Scheme and thus performance of the Scheme. Management is continuing to monitor this development and evaluate its impact on the Scheme.

There have been no significant changes to the operations of the Scheme during the year. The Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The performance of the Scheme, as represented by the results of its operations, was as follows:

	For the year ended	
	30 June 2023	30 June 2022
Total comprehensive income/(loss) for the year ($'000)	**10,313**	(2,771)
Distributions paid and payable ($'000)	**3,816**	22,754
Distributions (cents per unit - CPU)	**6.3746**	11.1752

Directors' report (continued)

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 that occurred during the financial year.

Events occurring after the financial year

Except as disclosed in note 18 in the financial statements, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

(i) the operations of the Scheme in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the state of affairs of the Scheme in future financial years.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Ausbil Investment Management Limited or the auditors of the Scheme. So long as the officers of Ausbil Investment Management Limited act in accordance with the Scheme's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 14 of the financial statements.

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

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 14 of the financial statements.

Interests in the Scheme

The movements in units on issue in the Scheme during the year are disclosed in note 7 of the financial statements.

The value of the Scheme's assets and liabilities are disclosed in the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

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

Environmental, social and governance (ESG) risks, including climate change, are identified, measured, monitored, reported and overseen in accordance with the Scheme’s Risk Management Framework.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

The Scheme is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission ("ASIC"), relating to the ''rounding off'' of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.

Mark Knight
Director

Sydney
27 September 2023

Auditor's Independence Declaration

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

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

BSS Tompsett
Partner
PricewaterhouseCoopers

Sydney
27 September 2023

Statement of comprehensive income

	Notes	For the year ended 30 June 2023 $'000	30 June 2022 $'000
Investment income			
Interest income	3	**394**	367
Trust distributions	4	**3,129**	4,737
Net gains/(losses) on financial instruments at fair value through profit or loss	5	**6,960**	(7,985)
Other operating income		**705**	1,338
Total net investment income/(loss)		**11,188**	(1,543)
Expenses			
Management fees	14(f)	**874**	1,226
Transaction costs		**1**	2
Total operating expenses		**875**	1,228
Other comprehensive income for the year		**-**	-
Total comprehensive income/(loss) for the year		**10,313**	(2,771)

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

Statement of financial position

	Notes	**As at 30 June 2023 $'000**	30 June 2022 $'000
Assets			
Cash and cash equivalents	9	**2,269**	1,716
Receivables	10	**2,644**	3,170
Financial assets at fair value through profit or loss	11	**94,416**	89,975
Total assets		**99,329**	94,861
Liabilities			
Distributions payable	8	**3,277**	5,565
Payables	12	**78**	78
Total liabilities		**3,355**	5,643
Net assets attributable to unitholders - equity	7	**95,974**	89,218

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

Statement of changes in equity

	For the year ended	
	30 June 2023 $'000	30 June 2022 $'000
Total equity at the beginning of the year	**89,218**	139,351
Comprehensive income/(loss) for the year		
Profit/(loss) for the year	**10,313**	(2,771)
Other comprehensive income	**-**	-
Total comprehensive income/(loss) for the year	**10,313**	(2,771)
Transactions with unitholders		
Applications	**2,191**	15,628
Redemptions	**(6,286)**	(44,669)
Units issued upon reinvestment of distributions	**4,354**	4,433
Distributions paid and payable	**(3,816)**	(22,754)
Total transactions with unitholders	**(3,557)**	(47,362)
Total equity at the end of the year	**95,974**	89,218

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

Statement of cash flows

	Notes	For the year ended 30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**8,945**	74,326
Purchase of financial instruments at fair value through profit or loss		**(3,299)**	(32,108)
Transaction costs on financial assets at fair value through profit or loss		**(1)**	(2)
Interest received		**398**	395
Trust distributions received		**452**	521
Other income received		**774**	1,342
Management fees paid		**(936)**	(1,352)
RITC received		**66**	96
Net cash inflow from operating activities	17(a)	**6,399**	43,218
Cash flows from financing activities			
Proceeds from applications by unitholders		**2,191**	15,628
Payments for redemptions by unitholders		**(6,286)**	(44,669)
Distributions paid		**(1,751)**	(16,773)
Net cash (outflow) from financing activities		**(5,846)**	(45,814)
Net increase/(decrease) in cash and cash equivalents		**553**	(2,596)
Cash and cash equivalents at the beginning of the year		**1,716**	4,312
Cash and cash equivalents at the end of the year	9,17(b)	**2,269**	1,716

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

Contents

1 General information

These financial statements cover Ausbil Balanced Fund ("the Scheme") as an individual entity. The Scheme was constituted on 30 April 1997. The Scheme will terminate on 29 April 2077 unless terminated earlier in accordance with the provisions of the Scheme Constitution. The Scheme invests in listed unit trusts, listed property trusts, unlisted unit trusts and debt securities in accordance with the provisions of the Scheme Constitution.

The Responsible Entity of the Scheme is Ausbil Investment Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 27, Grosvenor Place, 225 George Street, Sydney 2000.

The Scheme is an Australian registered scheme as defined in the *Corporations Act 2001*.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements are for the period from 1 July 2022 to 30 June 2023 ("the year").

The financial statements were authorised for issue by the directors on 27 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Scheme is a for-profit entity for the purposes of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders where the amount expected to be recovered or settled within twelve months after the end of the year cannot be reliably determined. The Scheme manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

Compliance with Australian Accounting Standards and International Financial Reporting Standards

The financial statements of the Scheme comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

New and Amended standards and Interpretations adopted by the Scheme

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

New standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted

A number of new accounting standards, amendments to accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2023, and have not been early adopted in preparing these financial statements. These standards, amendments or interpretations are not expected to have a material impact on the Scheme in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

Classification and measurement of debt securities is driven by the Scheme's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest ('SPPI").

A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

All other debt instruments must be recognised at fair value through profit or loss. A Scheme may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

Assets

The Scheme classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Scheme's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Responsible Entity evaluates the information about these financial assets on a fair value basis together with other related financial information.

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

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

The Scheme holds listed unit trusts, listed property trusts, unlisted trusts and debt securities at fair value through profit or loss in accordance with AASB 9.

For other receivables and payables, including amounts due to/from brokers, these balances are classified at amortised cost as they are deemed to be held in a business model with the objective to collect contractual cash flows through to maturity, and whose terms meet the SPPI criterion by virtue of the fact that payments pertain to only principal and/or simple interest and have a maturity of less than 12 months.

(ii) Impairment

AASB 9 requires the Scheme to record an allowance for expected credit loss ("ECL") for all financial assets not held at fair value through profit or loss.

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

For receivables, due from brokers, margin accounts and applications receivable, the Scheme has applied the standard's general approach and has calculated ECLs based on lifetime expected credit losses. The Scheme has established a provision matrix that is based on the Scheme's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Impairment (continued)

The Scheme considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Scheme may also consider a financial asset to be in default when internal or external information indicates that the Scheme is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Scheme.

(iii) Recognition/derecognition

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

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

(iv) Measurement

Financial assets and liabilities at fair value through profit or loss

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

Fair value in an active market

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

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

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

Fair value in an inactive or unquoted market

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

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

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

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

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

The Scheme's financial instruments that are valued based on inactive or unquoted markets generally include investments in unlisted unit trusts and debt instruments.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(v) Offsetting financial instruments

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

(c) Net assets attributable to unitholders

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

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

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

The Scheme classifies the net assets attributable to unitholders as equity as they satisfy the above criteria.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the statement of financial position.

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

(e) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and trust distributions when the Scheme's right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b) to the financial statements.

(f) Expenses

All expenses, including Responsible Entity fees, are recognised in the statement of comprehensive income on an accrual's basis.

2 Summary of significant accounting policies (continued)

(g) Income tax

Under current legislation, the Scheme is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

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

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

The Scheme currently incurs withholding tax imposed by certain countries on investment income and capital gains. Such income is recorded net of withholding tax in the statement of comprehensive income.

(h) Distributions

The Scheme may distribute its distributable income, in accordance with the Scheme’s Constitution and/or Scheme's Product Disclosure Statement ("PDS"), to unitholders by cash or reinvestment. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Scheme.

(i) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(j) Receivables

Receivables may include amounts for dividends, interest, trust distributions, Reduced Input Tax Credits (RITC) and application monies receivable from unitholders. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each year from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

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

2 Summary of significant accounting policies (continued)

(k) Payables

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

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

The distribution amount payable to unitholders at the end of each year is recognised separately in the statement of financial position.

Amounts are generally paid within 30 days of being recorded as payables.

(l) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

(m) Goods and services tax (GST)

Expenses of various services provided to the Scheme by third parties such as investment management fees etc. are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expenses or cost item.

Accounts payable and receivable are stated inclusive of GST receivable and payable. The net amount of GST recoverable from or to, the taxation authority is included in receivables or payables in the statement of financial position.

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(n) Use of estimates

The Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

For the years ended 30 June 2023 and 30 June 2022, the fair values of the majority of the Scheme's financial assets and financial liabilities were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

(o) New accounting standards, interpretations and other authoritative pronouncements

There are no new accounting standards and other authoritative pronouncements that are expected to have a material impact on the Scheme.

(p) Other legislative/government developments

Climate related and other emerging risk disclosure

The need to provide a global, consistent and comparable sustainability framework continues to gain momentum. In June 2023 the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Both standards will become effective for annual reporting periods beginning on or after 1 January 2024.

(q) Rounding of amounts

The Scheme is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, unless otherwise indicated.

(r) Comparatives

Where relevant, prior year comparatives have been restated to conform with current year presentation.

3 Interest income

	For the year ended	
	30 June 2023 $'000	30 June 2022 $'000
Cash and cash equivalents	**43**	1
Fixed interest bonds	**351**	366
	394	367

Income on fixed interest bonds is in respect of financial assets at fair value through profit or loss.

4 Trust distributions income

	For the year ended	
	30 June 2023 $'000	30 June 2022 $'000
Unrelated managed investment schemes	**220**	1,044
Related managed investment schemes	**2,909**	3,693
	3,129	4,737

5 Net (losses)/gains on financial instruments at fair value through profit or loss

Net (losses)/gains recognised in relation to financial instruments at fair value through profit or loss:

	For the year ended	
	30 June 2023 $'000	30 June 2022 $'000
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	**6,704**	(10,549)
Net realised gains on financial instruments at fair value through profit or loss	**256**	2,564
Total net gains/(losses) on financial instruments at fair value through profit or loss	**6,960**	(7,985)

6 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Scheme:

	For the year ended	
	30 June 2023 $	30 June 2022 $
Audit and other assurance services		
Audit and review of financial statements	**27,819**	25,664
Other services under the *Corporations Act 2001*	**3,170**	3,019
Total remuneration for audit and other assurance services	**30,989**	28,683
Total auditor's remuneration	**30,989**	28,683

Total remuneration is paid directly by the Responsible Entity.

7 Net assets attributable to unitholders

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

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

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

	For the year ended			
	30 June 2023 No. '000	30 June 2022 No. '000	**30 June 2023 $'000**	30 June 2022 $'000
Balance as at 1 July	**59,491**	81,797	**89,218**	139,351
Applications	**1,351**	8,674	**2,191**	15,628
Redemptions	**(3,961)**	(33,524)	**(6,286)**	(44,669)
Units issued upon reinvestment of distributions	**2,888**	2,544	**4,354**	4,433
Distributions paid and payable	**-**	-	**(3,816)**	(22,754)
Profit/(loss) for the year	**-**	-	**10,313**	(2,771)
Closing balance at 30 June	**59,769**	59,491	**95,974**	89,218

Capital risk management

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

The Scheme's strategy is to hold a certain portion of the net assets attributable to unitholders in liquid investments. As such, the Scheme will meet any capital requirements from the liquidation of liquid assets which include cash and cash equivalents, listed equities, listed property trusts, unlisted unit trusts and fixed interest investments. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

8 Distributions to unitholders

The distributions for the year were as follows:

	For the year ended			
	30 June 2023 $'000	**30 June 2023 CPU**	30 June 2022 $'000	30 June 2022 CPU
Distributions				
Single investor distribution paid*	**-**	**-**	15,567	-
31 December distribution paid	**539**	**0.8917**	1,622	1.8212
30 June distribution payable	**3,277**	**5.4829**	5,565	9.3540
Total distributions	**3,816**	**6.3746**	22,754	11.1752

* This represents the distribution paid to a single investor on redemption to ensure that any tax consequences go with the redeeming investor. This is excluded from the CPU calculation.

9 Cash and cash equivalents

	As at	
	30 June 2023 $'000	30 June 2022 $'000
Cash at bank	**2,269**	1,716
	2,269	1,716

10 Receivables

	As at	
	30 June 2023 $'000	30 June 2022 $'000
Accrued income	**2,633**	3,161
RITC receivable	**11**	9
	2,644	3,170

11 Financial assets at fair value through profit or loss

	As at	
	30 June 2023 $'000	30 June 2022 $'000
Financial assets at fair value through profit or loss		
Listed unit trusts	**132**	107
Listed property trusts	**5,459**	5,360
Unrelated managed investment schemes	**19,435**	17,579
Related managed investment schemes	**60,012**	56,907
Fixed interest bonds	**9,378**	10,022
Total financial assets at fair value through profit or loss	**94,416**	89,975

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 13.

12 Payables

	As at	
	30 June 2023 $'000	30 June 2022 $'000
Accrued expenses	**78**	78
	78	78

13 Financial risk management

(a) Objectives, strategies, policies and processes

The Scheme's activities may expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's PDS and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by Ausbil Investment Management Limited, as Investment Manager, under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price, interest rate and foreign exchange risks, ratings analysis for credit risk and maturity analysis for liquidity risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign exchange risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

Market disruptions associated with current economic volatility and geopolitical events have had a global impact and uncertainty exists as to their implications. Such disruptions can adversely affect assets of the Scheme and thus performance of the Scheme. Management is continuing to monitor this development and evaluate its impact on the Scheme.

The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held in the Scheme.

13 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk

The Scheme is exposed to equity securities price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. Where non monetary financial instruments are denominated in currencies other than the Australian dollar, the price will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured. These instruments are classified on the statements of financial position at fair value through profit or loss. All investments present a risk of loss of capital and the maximum risk resulting from financial assets is determined by the fair value of the financial instruments.

The Investment Manager mitigates the securities price risk through a careful selection of securities within specified limits set by the Investment Committee in accordance with mandates and overall investment strategy. Between 60% and 100% of the net assets attributable to unitholders are invested in publicly listed equities and unlisted unit trusts that primarily hold Australian equity, Australian property and International equity. Compliance with the Scheme's policy is reported to the Board on a monthly basis.

As at 30 June 2023, if the securities prices had increased by 10% (2022: 10%) with all other variables held constant, this would have increased net assets attributable to unitholders of the Scheme (and net operating profit/(loss) of the Scheme) by $8,503,840 (2022: $7,995,349). Conversely, if the securities prices had decreased by 10% (2022: 10%), this would have decreased net assets attributable to unitholders of the Scheme (and net operating profit/(loss) of the Scheme) by $8,503,840 (2022: $7,995,349). The analysis is performed on the same basis for 2023 and 2022.

(ii) Foreign exchange risk

The Scheme invests in the Candriam Sustainable Global Equity Fund, Ausbil Global SmallCap Fund, Ausbil Global Essential Infrastructure Fund and the Vanguard International Shares Index Fund (Hedged), which are denominated in Australian dollars but which hold investments in financial instruments denominated in foreign currencies. The total investment in these unit trusts at the year end was $27,596,905 (2022: $24,999,180). These unit trusts do not themselves hedge any of their foreign exchange exposure and therefore the values of these unit trusts reflect changes in exchange rates when the underlying investments denominated in foreign currencies are translated to Australian Dollars. The risk of changes in the value of non-monetary instruments is a component of price risk.

As at 30 June 2023, the Scheme had no net exposure to foreign currency forwards hence no sensitivity analysis is performed (2022: Nil).

(iii) Interest rate risk

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

The Scheme's interest bearing financial instruments expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

A reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ‘IBOR reform’). The Scheme did not hold any securities that are exposed to LIBOR's as at 30 June 2023.

The Investment Manager monitors and manages the Scheme's transition to alternative rates if required. The Investment Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

13 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's assets and liabilities at fair values:

As at 30 June 2023	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Cash and cash equivalents	**2,269**	**-**	**-**	**2,269**
Receivables	**-**	**-**	**2,644**	**2,644**
Listed unit trusts	**-**	**-**	**132**	**132**
Listed property trusts	**-**	**-**	**5,459**	**5,459**
Unrelated managed investment schemes	**-**	**-**	**19,435**	**19,435**
Related managed investment schemes	**-**	**-**	**60,012**	**60,012**
Fixed interest bonds	**-**	**9,378**	**-**	**9,378**
Total assets	**2,269**	**9,378**	**87,682**	**99,329**
Liabilities				
Distributions payable	**-**	**-**	**3,277**	**3,277**
Payables	**-**	**-**	**78**	**78**
Total liabilities	**-**	**-**	**3,355**	**3,355**
Net exposure	**2,269**	**9,378**	**84,327**	**95,974**

As at 30 June 2022	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	$'000	$'000	$'000	$'000
Assets				
Cash and cash equivalents	1,716	-	-	1,716
Receivables	-	-	3,170	3,170
Listed unit trusts	-	-	107	107
Listed property trusts	-	-	5,360	5,360
Unrelated managed investment schemes	-	-	17,579	17,579
Related managed investment schemes	-	-	56,907	56,907
Fixed interest bonds	-	10,022	-	10,022
Total assets	1,716	10,022	83,123	94,861
Liabilities				
Distributions payable	-	-	5,565	5,565
Payables	-	-	78	78
Total liabilities	-	-	5,643	5,643
Net exposure	1,716	10,022	77,480	89,218

13 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

As at 30 June 2023, should interest rates have lowered by 25 basis points (2022: 25 basis points) with all other variables held constant, increase/(decrease) in net operating profit/(loss) for the year would amount to approximately $116,649 (2022: $135,422). If interest rates had risen by 25 basis points (2022: 25 basis points), (decrease)/increase in net operating profit/(loss) for the year would amount to approximately $116,649 (2022: $135,422). These increases/(decreases) in net assets attributable to unitholders are calculated on an undiscounted basis. The analysis is performed on the same basis as for 2023 and 2022.

(c) Credit risk

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

The Scheme's exposure to credit risk arises from cash deposited with National Australia Bank (NAB), which has a Standard & Poor's investment rating of AA- (2022: AA-), and from amounts due from brokers. The credit risk arising from amounts due from brokers is mitigated by the contractual settlement arrangement with the Scheme's custodian, NAB Asset Servicing.

The Scheme is exposed to counterparty credit risk on fixed interest bonds.

The Scheme may invest in debt securities which have a credit rating of BBB or higher as determined by Standard & Poor's rating agency.

The ECL model under AASB 9 applies to the financial assets classified at amortised cost and measured at FVOCI, contract asset, lease receivable, loan commitments and certain financial guarantee contracts. Financial assets are assessed for indicators of expected credit losses at each balance sheet date. The Scheme has concluded that there are no impairment indicators subject to the impairment requirements of AASB 9 and thus the impact on credit risk is immaterial.

The maximum exposure of the Scheme to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of debt securities by rating is set out in the table below.

	AAA	**AA**	**Total**
	$'000	**$'000**	**$'000**
As at 30 June 2023			
Fixed interest bonds	**2,704**	**6,674**	**9,378**

	AAA	AA	Total
	$'000	$'000	$'000
As at 30 June 2022			
Fixed interest bonds	2,741	7,281	10,022

(d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by Ausbil Investment Management Limited, as Investment Manager, to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

13 Financial risk management (continued)

(d) Concentrations of risk (continued)

The table below outlines individual investments greater than 5% of total financial assets at fair value through profit or loss.

	30 June 2023 **$'000**	**%**	30 June 2022 $'000	%
Ausbil Australian Active Equity Fund	**16,164**	**17.12**	16,667	18.52
Ausbil Australian Concentrated Equity Fund	**24,446**	**25.89**	21,127	23.48
Ausbil Global Essential Infrastructure Fund	**5,000**	**5.30**	5,621	6.25
Ausbil Australian SmallCap Fund	**6,080**	**6.44**	6,128	6.81
ISPT Core Fund	**4,949**	**5.24**	5,227	5.81
Vanguard International Shares Index Fund (Hedged)	**14,483**	**15.34**	12,349	13.72
Ausbil Global SmallCap Fund	**6,521**	**6.91**	5,589	6.21
Total	**77,643**	**82.24**	72,708	80.80

(e) Liquidity risk

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

The Scheme's Constitution provides for the daily application and redemption of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time. The Scheme's Constitution allows the Responsible Entity to delay a redemption by up to 28 days after the date of receiving the redemption notice, if within 14 days of receiving the notice, the Responsible Entity receives, over a period of two consecutive business days, request for redemption in respect of 10% or more of the units issued in the Scheme, or, there is a fall in the S&P/ASX 300 Accumulation Index of the Australian Securities Exchange Limited of 5% or more compared to the level of that index at the date of receipt of the notice.
Maturity analysis for non-derivative financial liabilities

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

	Less than 1 month **$'000**	**1-3 months** **$'000**	**4-12 months** **$'000**	**More than 12 months** **$'000**
As at 30 June 2023				
Distributions payable	**3,277**	**-**	**-**	**-**
Accrued expenses	**78**	**-**	**-**	**-**
Total financial liabilities	**3,355**	**-**	**-**	**-**

	Less than 1 month $'000	1-3 months $'000	4-12 months $'000	More than 12 months $'000
As at 30 June 2022				
Distributions payable	5,565	-	-	-
Accrued expenses	78	-	-	-
Total financial liabilities	5,643	-	-	-

13 Financial risk management (continued)

(f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Scheme's financial assets and financial liabilities at the year ended approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

The fair values of the Scheme's financial assets and liabilities for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

(g) Fair value hierarchy

The Scheme is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

The table below sets out the Scheme's financial assets measured at fair value according to the fair value hierarchy at the end of the year.

As at 30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at fair value through profit or loss:				
Listed unit trusts	**132**	**-**	**-**	**132**
Listed property trusts	**5,459**	**-**	**-**	**5,459**
Unrelated managed investment schemes	**-**	**19,435**	**-**	**19,435**
Related managed investment schemes	**-**	**60,012**	**-**	**60,012**
Fixed interest bonds	**-**	**9,378**	**-**	**9,378**
Total	**5,591**	**88,825**	**-**	**94,416**

As at 30 June 2022	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed unit trusts	107	-	-	107
Listed property trusts	5,360	-	-	5,360
Unrelated managed investment schemes	-	17,579	-	17,579
Related managed investment schemes	-	56,907	-	56,907
Fixed interest bonds	-	10,022	-	10,022
Total	5,467	84,508	-	89,975

13 Financial risk management (continued)

(g) Fair value hierarchy (continued)

Investments, the values of which are based on quoted market prices in active markets, e.g. recognised stock exchanges, and therefore classified within level 1, include listed unit trusts and listed property trusts.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include certain managed investment schemes and debt instruments.

As at 30 June 2023 and 30 June 2022, there were no financial assets classified as level 3, and for the years then ended, there were no transfers between levels for the Scheme during the year.

14 Related party transactions

(a) Responsible Entity

The Responsible Entity of Ausbil Balanced Fund is Ausbil Investment Management Limited.

(b) Directors

Key management personnel includes persons who were directors of Ausbil Investment Management Limited at any time during the financial year.

(c) Other key management personnel

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

(d) Related party Schemes' unitholdings

Parties related to the Scheme (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity), held Nil units in the Scheme (2022: Nil).

(e) Other transactions within the Scheme

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

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity have entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving director's interests at the end of the year.

The following transactions occurred with key management personnel during the year:

	30 June 2023 $	30 June 2022 $
Application for units	**40,334**	313,022

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

(f) Responsible entity's/manager's fees and other transactions

Under the terms of the Scheme's PDS, the Responsible Entity is entitled to receive management fees of 0.82%, a Responsible Entity fee of 0.05125% and to recover indirect expenses up to a maximum of 0.02875%, calculated by reference to the daily gross asset value of the Scheme.

The Responsible Entity does not charge any contribution fees to the Scheme.

14 Related party transactions (continued)

(f) Responsible entity's/manager's fees and other transactions (continued)

The transactions during the year and amounts payable at year end between the Scheme and the Responsible Entity were as follows:

	30 June 2023 $	30 June 2022 $
Management fees for the year paid by the Scheme to the Responsible Entity	**874,009**	1,225,775
Aggregate amounts payable to the Responsible Entity at the end of the year	**(78,370)**	76,876

Management fee rebates of $773,933 were received from the Responsible Entity during the year (2022: $1,341,189).

(g) Investments

The Scheme held investments in the following schemes which are also managed by Ausbil Investment Management Limited or its related parties:

As at 30 June 2023	**Fair value of investment $**	**Interest held %**	**Distributions received/ receivable $**	**No. of units acquired Units**	**No. of units disposed Units**
Ausbil 130/30 Focus Fund	-	-	-	-	-
Ausbil Australian Active Equity Fund	**16,163,712**	**1.01**	**1,223,038**	**538,034**	**968,935**
Candriam Sustainable Global Equity Fund	**1,592,753**	**1.67**	**14,216**	**30,864**	**173,150**
Ausbil MicroCap Fund	**208,188**	**0.08**	**17,845**	**6,090**	**37,862**
Ausbil Australian Concentrated Equity Fund	**24,446,511**	**89.89**	**1,377,240**	**997,234**	-
Ausbil Global SmallCap Fund	**6,520,667**	**9.22**	-	**61,646**	-
Ausbil Global Essential Infrastructure Fund	**5,000,268**	**2.34**	**248,354**	**254,536**	**609,482**
Ausbil Australian SmallCap Fund	**6,079,701**	**10.17**	**28,736**	**98,794**	**491,816**
	60,011,800		**2,909,429**	**1,987,198**	**2,281,245**

As at 30 June 2022	Fair value of investment $	Interest held %	Distributions received/ receivable $	No. of units acquired Units	No. of units disposed Units
Ausbil 130/30 Focus Fund	-	-	43,837	35,740	2,047,355
Ausbil Australian Active Equity Fund	16,666,826	1.19	2,158,622	539,038	3,924,363
Candriam Sustainable Global Equity Fund	1,440,054	1.79	15,928	545,898	1,117,959
Ausbil MicroCap Fund	333,991	0.12	170,199	1,269,368	91,281
Ausbil Australian Concentrated Equity Fund	21,127,351	96.53	1,024,127	2,184,450	-
Ausbil Global SmallCap Fund	5,588,973	8.75	-	1,006,950	1,080,548
Ausbil Global Essential Infrastructure Fund	5,621,395	3.15	280,599	1,088,425	1,924,453
Ausbil Australian SmallCap Fund	6,128,391	17.63	-	279,155	-
	56,906,981		3,693,312	6,949,024	10,185,959

15 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements. The Scheme has assessed whether the funds in which it invests should be classified as structured entities and considers all investments in unrelated managed investment schemes to be structured entities. For related managed investment schemes, refer to note 14 (g).

The Scheme invests in unrelated managed funds for the purpose of capital appreciation and or earning investment income.

The exposure to investments in investee at fair value, by strategy, is disclosed in the following table:

	Strategy number of investee funds	**Total net assets value of investee funds $'000**	**Fair value of investment $'000**	**% of net assets attributable to holders of redeemable shares**
As at 30 June 2023				
ISPT Core Fund	**1**	**14,410,000**	**4,949**	**0.03**
Vanguard International Share Index Fund	**1**	**8,761,000**	**14,483**	**0.17**
			19,432	

	Strategy number of investee funds	Total net assets value of investee funds $'000	Fair value of investment $'000	% of net assets attributable to holders of redeemable shares
As at 30 June 2022				
ISPT Core Fund	1	15,200,000	5,230	0.03
Vanguard International Share Index Fund	1	7,183,200	12,349	0.17
			17,579	

The fair value of financial assets of $19,432,392 is included in financial assets at fair value through profit or loss in the statement of financial position (2022: $17,579,239).

The Scheme's maximum exposure to loss from its investee funds is equal to their total fair value as there are no off balance sheet exposures relating to any of the investee schemes.

16 Investments in unconsolidated entities

The Scheme has the following unconsolidated entities:

Name of entity	**Country of domicile**	**Fair value**		**% of net assets attributable to holders of redeemable shares**	
		30 June 2023 $'000	30 June 2022 $'000	**30 June 2023 %**	30 June 2022 %
Ausbil Australian Concentrated Equity Fund	Australia	**24,481**	21,160	**89.89**	96.53
Ausbil Australian SmallCap Fund	Australia	**6,065**	6,136	**10.17**	17.63

The proportion of ownership holding is equal to the proportion of voting power held and the exposure noted above.

The Scheme acquires units in the above entities at their redemption price which reflects the fair value of the investments.

The Scheme qualifies for and has applied the investment entity exemption and therefore is no longer required to consolidate its subsidiaries.

The Scheme accounts for the above investments at fair value through profit or loss and includes them as part of the financial statement caption of 'Financial assets at fair value through profit or loss', with any changes in fair value taken to profit or loss and recorded as part of 'Net (losses)/gains on financial instruments at fair value through profit or loss'.

17 Reconciliation of (loss)/profit to net cash inflow from operating activities

	For the year ended 30 June 2023 $'000	30 June 2022 $'000
(a) Reconciliation of (loss)/profit to net cash inflow from operating activities		
Profit/(loss) for the year	**10,313**	(2,771)
Proceeds from sale of financial instruments at fair value through profit or loss	**8,945**	74,326
Purchase of financial instruments at fair value through profit or loss	**(3,299)**	(32,108)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(6,960)**	7,985
Net change in receivables and other assets	**526**	781
Net change in payables and other liabilities	**-**	(35)
Reinvested income	**(3,126)**	(4,960)
Net cash inflow from operating activities	**6,399**	43,218
(b) Components of cash and cash equivalents		
Cash as at the end of the year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	**2,269**	1,716
(c) Non-cash operating and financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**4,354**	4,433
During the year, the following distributions received by the Scheme were reinvested	**3,126**	4,960

18 Events occurring after the year end

There are no items, transactions or events of a material and unusual nature have arisen between the end of the financial period and the date of this report, which are likely, in the opinion of the Directors, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 5 - 28 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

(c) the financial statements are in accordance with the Scheme's Constitution.

(d) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Mark Knight
Director

Sydney
27 September 2023

Independent auditor's report

To the unitholders of Ausbil Balanced Fund

Our opinion

In our opinion:

The accompanying financial report of Ausbil Balanced Fund (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2023
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors of the Responsible Entity's declaration.

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

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Other information

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

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

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 on the other information that we 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 of the Responsible Entity determines 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 ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered 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 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 the 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 at:http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

BSS Tompsett
Partner

Sydney
27 September 2023