

Verve Money Fund

ARSN 662 622 899

Annual Report - 30 June 2024

**Verve Money Fund
Directors' report
30 June 2024**

The Directors of Melbourne Securities Corporation Limited (Responsible Entity) (ABN 57 160 326 545) (AFSL 428289), the Responsible Entity of Verve Money Fund, present their report together with the financial statements of the Fund for the period 1 July 2023 to 30 June 2024.

Directors

The following persons were directors of the responsible entity since the commencement date of the fund and up to the date of this report, unless otherwise stated:

The names of the directors of the responsible entity during or since the end of the period are:

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

Principal activities

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

The Fund invests in line with the provision of the Fund's constitution. The Fund invests in a diverse mix of defensive assets such as cash, equities, exchange traded funds ('ETFs') and fixed income and comprises a diversified portfolio of liquid, fixed and floating rate bonds and other income assets. Fund provides three investment options to unit holders which are Fixed Income, Balanced and High Growth.

The Fund was constituted on 16 September 2022 and commenced operations on 14 November 2022.

The Fund did not have any employees for the period 1 July 2023 to 30 June 2024.

Review of operations

The profit for the fund amounted to \$83,610 (16 September 2022 to 30 June 2023: \$40,055).

During the period, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

Results

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

	30 June 2024	16 September 2022 to 30 June 2023	
	\$	\$	
Operating profit/(loss)	83,610	40,055	
Distribution paid and payable	38,126	4,940	
	Balanced Fund \$	Fixed Income Fund \$	High Growth Fund \$
30 June 2024			
Distribution paid and payable	16,003.00	8,695.00	13,428.00
Distribution (cents per unit)	1.9452	3.1341	1.2584
30 June 2023			
Distribution paid and payable	2,068.00	1,432.00	1,440.00
Distribution (cents per unit)	0.5233	1.6155	0.3645

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the fund during the financial period.

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Matters subsequent to the end of the financial period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2024 or on the results and cash flows of the Fund for the year ended on that date

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the fund's operations, the results of those operations, or the fund's state of affairs in future financial years.

Likely developments and expected results of operations

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

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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

Environmental regulation

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

Indemnity and insurance of directors and officers

Responsible entity pays the insurance premium of the officers.

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity and insurance of auditor

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the fund by the responsible entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund's property during the year are disclosed in Note 11 of the financial statements. Fees are paid by the Investment Manager to the Responsible Entity.

No fees were paid out of the Fund property to the directors of the responsible entity during the year.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the period are disclosed in Note 11 of the financial statements.

Interests in the fund

The movement in units on issue in the fund during the period is disclosed in note 9 to the financial statements.

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

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 immediately after this directors' report.

This report is made in accordance with a resolution of the directors of Melbourne Securities Corporation Limited.

**Verve Money Fund
Directors' report
30 June 2024**

On behalf of the directors



Shelley Brown
Director

19 September 2024
Melbourne Securities Corporation Limited



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DECLARATION OF INDEPENDENCE

BY ANDREW TICKLE

TO THE DIRECTORS OF MELBOURNE SECURITIES CORPORATION LIMITED AS THE
RESPONSIBLE ENTITY OF VERVE MONEY FUND

As lead auditor of Verve Money Fund for the year ended 30 June 2024, 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.

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a light blue horizontal line.

Andrew Tickle
Director

BDO Audit Pty Ltd

Adelaide, 20 September 2024

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Verve Money Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	2024	16 September 2022 to 30 June 2023
	\$	\$
Income		
Dividend and distribution income	22,687	15,935
Interest income from financial assets at amortised cost	3,679	924
Bank interest	6,545	3,104
Net gains/(losses) on financial instruments held at fair value	50,699	20,092
	<u>83,610</u>	<u>40,055</u>
Profit for the period	83,610	40,055
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>83,610</u>	<u>40,055</u>
Distribution to unitholders		
Total Comprehensive income for the period	(83,610)	(40,055)
Distribution to unitholders	38,126	4,940
Profit attributable to unitholders	<u>45,484</u>	<u>35,115</u>
Undistributed profits for the period	<u>-</u>	<u>-</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Verve Money Fund
Statement of financial position
As at 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Assets			
Cash and cash equivalents	4	95,454	41,652
Dividend and interest receivable	5	-	14,113
Financial assets at fair value through profit or loss	6	2,283,511	886,798
Interest receivable		-	910
		<u>2,378,965</u>	<u>943,473</u>
Total assets			
Liabilities			
Redemption payable	7	5,931	3,966
Distribution payable	8	38,126	4,940
		<u>44,057</u>	<u>8,906</u>
Total liabilities			
Net assets attributable to unitholders	9	<u><u>2,334,908</u></u>	<u><u>934,567</u></u>

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

Verve Money Fund
Statement of changes in equity
For the year ended 30 June 2024

	Note	2024	16
		\$	September
			2022 to 30
			June 2023
			\$
Total equity at the beginning of the financial period		934,567	-
Profit for the period		83,610	40,055
Other comprehensive income for the period		-	-
		<u>83,610</u>	<u>40,055</u>
Total comprehensive income for the period		83,610	40,055
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Applications	9	2,855,288	1,445,922
Distribution to unitholders	9	(38,126)	(4,940)
Distribution reinvestment	9	4,230	-
Management fee related redemptions	9	(27,902)	(2,798)
Redemptions	9	<u>(1,476,759)</u>	<u>(543,672)</u>
Total equity at the end of the financial period		<u><u>2,334,908</u></u>	<u><u>934,567</u></u>

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

Verve Money Fund
Statement of cash flows
For the period ended 30 June 2024

	Note	2024 \$	16 September 2022 to 30 June 2023 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		393,433	21,167
Purchase of financial instruments held at fair value through profit or loss		(1,737,150)	(887,873)
Dividends and distributions received		39,091	1,836
Interest received		6,545	3,104
		<u> </u>	<u> </u>
Net cash used in operating activities	13	<u>(1,298,081)</u>	<u>(861,766)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders	9	2,855,288	1,445,922
Payments for redemptions by unitholders	9	(1,474,793)	(539,706)
Withholding tax related to distributions paid		(710)	-
Management fee related redemptions		(27,902)	(2,798)
		<u> </u>	<u> </u>
Net cash from financing activities		<u>1,351,883</u>	<u>903,418</u>
Net increase in cash and cash equivalents		53,802	41,652
Cash and cash equivalents at the beginning of the financial period		<u>41,652</u>	<u>-</u>
Cash and cash equivalents at the end of the financial period	4	<u><u>95,454</u></u>	<u><u>41,652</u></u>

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

Verve Money Fund
Notes to the financial statements
30 June 2024

1. General Information

These financial statements cover Verve Money Fund ('the Fund') as an individual entity. The Scheme is an Australian registered managed scheme under the Corporations Act 2001, which was constituted on 16 September 2022 and commenced operations on 14 November 2022.

The Responsible Entity of the Fund is Melbourne Securities Corporation Limited. The registered office of the Responsible Entity is located at Level 2, 395 Collins Street, Melbourne VIC, 3000. The Responsible Entity is incorporated and domiciled in Australia.

The investment manager of the Fund is Verve Money Pty Ltd (the "Investment Manager").

The investment objective of the Fund is to earn long term returns by investing in diverse mix of assets with a balance between investments, and in accordance with the provisions of the Fund's Constitution. The Fund invests primarily in securities of entities listed on the Australian Securities Exchange.

The financial statements of the Fund are for the period 1 July 2023 to 30 June 2024. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on September 19, 2024. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Material accounting policy information

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 in Australia. The Fund is a for-profit entity for the purpose 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 expected to be recovered or settled within twelve months, except for investments in financial assets and financial liabilities at fair value through profit or loss and net assets attributable to unitholders.

The Fund 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 twelve months, however, an estimate of that amount cannot be determined as at the period end.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder's option.

(i) New and amended standards adopted by the Fund

The Fund has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Standards did not result in significant changes to the Fund's accounting policies and had no material impact to the Fund's financial statements, except as disclosed below.

2. Material accounting policy information (continued)

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosures of Accounting Policies and Definition of Accounting Estimates

The amendment took effect from 1 January 2023, requiring entities to disclose only 'material accounting policy information' rather than all 'significant accounting policies'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Fund adopted the amendment for the first time this financial year.

(ii) New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted

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

(b) Comparative Information

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been just adjusted to conform with changes in presentation in the current period.

(c) Financial instruments

(i) Classification

Assets

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

The financial assets are subject to the expected credit loss ("ECL") model impairment model under AASB 9.

Liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (Responsible Entity's fees payable, management fees payable, administration and custody fees payable, due to brokers, distributions payable and other payables).

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

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

(ii) Recognition/derecognition

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Measurement

At initial recognition, the Fund measures financial assets at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

2. Material accounting policy information (continued)

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 at fair value through profit or loss category are presented in the Statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair values of financial instruments are determined are disclosed in note 3.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of financial position.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Fund. This amount represents the expected cash flows on redemption of these units.

The rights, obligations and restrictions attached to each unit are identical in all respects. For the purpose of calculating the net assets attributable to unitholders in accordance with Fund's Constitution, the Fund's assets and liabilities are valued at fair value.

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 Fund'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 unfavorable conditions to the Fund, and it is not a contract settled in the Fund'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 Fund's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the period.

(e) Distributions

Distributions must be reinvested into additional units as per the Fund's offering document. Unit holders can withdraw the amount of any distribution that has been automatically reinvested into units by making a withdrawal request.

Distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

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 Fund is not subject to capital gains tax.

2. Material accounting policy information (continued)

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits are passed on to unitholders.

(f) Applications and redemptions

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

(g) 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 income 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 distribution income when the Fund's right to receive payments is established.

Dividend and distribution income is recognised on the ex-dividend date.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(c) to the financial statements. Other income is recognised on an accrual basis.

(h) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income including realised capital gains to its unitholders.

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equities, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

(j) Receivables

Receivables may include amounts for interest and trust distributions. Interest is accrued at each dealing date in accordance with policy set out in Note 2(g) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

The Fund has applied a simplified approach to measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, receivables have been grouped based on days overdue.

The amount of the impairment loss, if any, is recognised in the Statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of comprehensive income.

(k) Payables

Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

The distribution amount payable to unitholders declared which are unpaid as at the end of the reporting period is recognised separately in the Statement of Financial Position.

Distributions declared effective 30 June 2024 are recognised as reinvested effective 1 July 2024.

2. Material accounting policy information (continued)

(l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC"), hence fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO").

(m) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

For the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

3. Financial risk management

(a) Overview

The Fund's objective in managing risk is the creation and protection of unitholder value. Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk and credit risk arising from the financial instruments it holds or issues.

Risk management structure

The Fund's Investment Manager is responsible for identifying and controlling risks. The Responsible Entity oversees the Investment Manager and is ultimately responsible for the overall risk management approach within the Fund.

Risk measurement and reporting system

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Risk monitoring

Monitoring and controlling risks is primarily performed based the investment manager with oversight by the Responsible Entity. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

3. Financial risk management (continued)

Excessive risk concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The Investment Manager manages concentration risk with having maximum target weighting for each investment position and further investment manager has ability to reduce exposures, if necessary.

(b) Market risk

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's interest-bearing financial assets and liabilities 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.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund will only hold securities that are denominated in a foreign currency when they are dual listed. Such exposure does not give rise to a material currency risk.

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, market and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on Operating profit/Net assets attributable to unit holders	
	Price risk	
	-10%	+10%
30 June 2024	(228,351)	228,351
30 June 2023	(88,680)	88,680

3. Financial risk management (continued)

	Impact on Operating profit/Net assets attributable to unit holders	
	Interest rate risk	
	-1%	+1%
30 June 2024	-955	955
30 June 2023	(417)	417

(d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets.

(e) Liquidity risk

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

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during 2024.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 month \$	1-6 months	6-12 months	1-2 years	No stated maturity
At 30 June 2024					
Financial liabilities					
Payables	5,931	-	-	-	-
Distribution payable	38,126	-	-	-	-
Net assets attributable to unit holders	-	-	-	-	2,334,908
	<u>44,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,334,908</u>
	Less than 1 month \$	1-6 months	6-12 months	1-2 years	No stated maturity
At 30 June 2023					
Financial liabilities					
Payables	3,966	-	-	-	-
Distributions payable	4,940	-	-	-	-
Net assets attributable to unit holders	-	-	-	-	934,567
	<u>8,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>934,567</u>

4. Cash and cash equivalents

	30 June 2024	30 June 2023
	\$	\$
Cash at bank	<u>95,454</u>	<u>41,652</u>

5. Dividend and interest receivable

	30 June 2024	30 June 2023
	\$	\$
Dividends receivable	<u>-</u>	<u>14,113</u>

6. Financial assets at fair value through profit or loss

The Fund measures financial assets at fair value through profit or loss, at fair value at each balance sheet date.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In active markets for the asset or liability; or
- In the absence of an active market, in the most advantageous market for the asset or liability.

The Fund values its investments in accordance with accounting policies set out in Note 2 to the financial statements. For all of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(i) Fair value in an active market (level 1)

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded 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.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

6. Financial assets at fair value through profit or loss (continued)

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the Investment Manager. Investment Manager 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.

Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2024.

As at 30 June 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed securities	2,283,511	-	-	2,283,511
Total	<u>2,283,511</u>	<u>-</u>	<u>-</u>	<u>2,283,511</u>
As at 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed securities	886,798	-	-	886,798
Total	<u>886,798</u>	<u>-</u>	<u>-</u>	<u>886,798</u>

(i) *Transfers between levels*

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between the levels in the fair value hierarchy for the period ended 30 June 2024.

(ii) *Fair value measurements using significant unobservable inputs (level 3)*

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the period ended 30 June 2024.

(iii) *Valuation processes*

Portfolio reviews are undertaken regularly by Investment Manager to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, Investment Manager performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

Verve Money Fund
Notes to the financial statements
30 June 2024

6. Financial assets at fair value through profit or loss (continued)

(iv) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

7. Redemption payable

	30 June 2024	30 June 2023
	\$	\$
Redemption payable	<u>5,931</u>	<u>3,966</u>

8. Distribution payable

Distributions are payable at the end of each financial period. Such distributions are determined by reference to the net taxable income of the Fund.

The distributions for the period as follows:

	30 June 2024	30 June 2023
	\$	\$
Distribution payable	<u>38,126</u>	<u>4,940</u>

	Balanced \$	Balanced Cents per unit (CPU)	Fixed Income \$	Fixed Income Cents per unit (CPU)	High Growth \$	High Growth Cents per unit (CPU)
As at 30 June 2024						
Distribution payable	16,003	1.9452	8,695	3.1341	13,428	1.2584
As at 30 June 2023						
Distribution payable	2,068	0.5233	1,432	1.6155	1,440	0.3645

9. Net assets attributable to unitholders

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

	30 June 2024	30 June 2024	16 September 2022 to 30 June 2023	16 September 2022 to 30 June 2023
	Units	\$	Units	\$
Opening balance	878,941	934,567	-	-
Applications	2,712,668	2,855,288	1,415,831	1,445,922
Redemptions	(1,402,208)	(1,476,759)	(534,083)	(543,672)
Management fee through redemptions of unitholder units	(26,262)	(27,902)	(2,807)	(2,798)
Distribution to unit holders	-	(38,126)	-	(4,940)
Distribution reinvestment	4,044	4,230	-	-
Profit/(loss) for the period	-	83,610	-	40,055
Closing balance	<u>2,167,183</u>	<u>2,334,908</u>	<u>878,941</u>	<u>934,567</u>

As stipulated within the Fund's Constitution, each unit represents a proportionate beneficial interest in the Fund's assets attributable to the investment option but not a right to any particular asset.

9. Net assets attributable to unitholders (continued)

Capital risk management

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets by the Investment Manager. Under the terms of the Fund'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.

10. Remuneration of auditors

During the year the following fees were paid or payable for services provided by BDO Audit Pty Ltd (BDO) as the auditor of the Fund.

	2024	2023
	\$	\$
Audit and review of financial reports	<u>24,000</u>	<u>15,000</u>

11. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Responsible Entity

The Responsible Entity of Verve Money Fund is the Melbourne Securities Corporation Limited (Responsible Entity) (ABN 57 160 326 545) (AFSL 428289).

Key management personnel

(a) Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during this period as follows:

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

(b) Other key management personnel

Investment Manager of the Fund, is considered to be a Key Management Personnel with the authority for the strategic direction and management of the Fund.

Key management personnel unitholdings

During or since the end of the period, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund at the end of the period.

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

11. Related party transactions (continued)

(c) Responsible Entity and Investment Manager's fees

Verve Money Pty Ltd provides management services to Verve Money Fund and some administrative functions to third party entities. Responsible Entity outsources custodial services. Fees are calculated based on the terms of Fund's Constitution.

The Responsible Entity is entitled to receive the following fees:

Account Fee

Account fee is \$54 per annum. The account fee accrues on each day unit prices are calculated and is charged to investors on the first Business Day of each month in arrears. This fee is charged on a per investor basis and if the investor holds investments in multiple Investment Options, then it is pro-rated across those different Investment Options in proportion to the balance the investor holds in each Investment Option.

Management Fee

Investment management fee is 0.50% per annum of the investment balance. The investment management fee accrues on each day unit prices are calculated and is charged to investors on the first business day of each month in arrears. If the investment balance is less than \$1,000 on any day unit prices are calculated, then the investment management fee and account fee calculated for that day are waived and will not be accrued.

Indirect Costs

Indirect costs is 0.40% per annum of the net assets attributable to the Balanced Option. Indirect costs are generally deducted from the assets of the relevant Investment Option as and when incurred. The indirect costs are an estimate.

Management and account fees are paid through redemptions. Please refer Note 9.

(d) Key management personnel loan disclosures

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

(e) Related Party unitholding

There were no related parties hold units in the Fund during the financial period.

12. Events after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at June 30, 2024 or on the results and cash flows of the Fund for the year ended on that date

13. Reconciliation of profit to net cash used in operating activities

	2024 \$	16 September 2022 to 30 June 2023 \$
Profit for the period	83,610	40,055
Adjustments for:		
Proceeds from sale of financial instruments held at fair value through profit or loss	393,433	21,167
Purchase of financial instruments held at fair value through profit or loss	(1,737,150)	(887,873)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(50,699)	(20,092)
Net change in receivables	12,725	(15,023)
Net cash used in operating activities	<u>(1,298,081)</u>	<u>(861,766)</u>

14. Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

**Verve Money Fund
Directors' declaration
30 June 2024**

In the opinion of the directors of the responsible entity:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the fund's financial position as at 30 June 2024 and of its performance for the year ended 30 June 2024; and
- there are reasonable grounds to believe that the fund will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Shelley Brown
Director

19 September 2024
Melbourne Securities Corporation Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VERVE MONEY FUND

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Verve Money Fund (the Registered Scheme) which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information and the directors' declaration.

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

- (i) Giving a true and fair view of the Registered Scheme's financial position as at 30 June 2024 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 Company 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 Responsible Entity of the Registered 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 Melbourne Securities Corporation Limited, as the Responsible Entity of the Registered Scheme are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' 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.



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 of the Registered Scheme for the Financial Report

The directors of Melbourne Securities Corporation Limited, as the Responsible Entity of the Registered Scheme 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 of the Responsible Entity for the Registered Scheme are responsible for assessing the Registered Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity for the Registered Scheme either intend to liquidate the Registered 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.

A handwritten version of the BDO logo in blue ink, with the letters 'BDO' in a stylized, cursive font.

BDO Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', written over a faint, larger version of the signature.

Andrew Tickle

Director

Adelaide, 20 September 2024