

The Mortgage Fund

ARSN 088 928 081

Interim report – for the half-year ended 31 December 2024

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Interim report - 31 December 2024

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made in respect of The Mortgage Fund during the interim report period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

This financial report covers The Mortgage Fund as an individual entity.

The responsible entity of The Mortgage Fund is Stacks Managed Investments Ltd (ABN 81 085 843 125). The responsible entity's registered office is Level 2, 1 Pulteney Street, Taree, NSW 2430.

Directors' report

The directors of Stacks Managed Investments Limited, the responsible entity of The Mortgage Fund, present their report on The Mortgage Fund ("the Fund"), for the half-year ended 31 December 2024.

Directors

The following were directors of Stacks Managed Investments Limited during the whole half-year and up to the date of this report:

Paul Anthony Stack
Raymond Thomas Stack
Peter Bruce Smith
Anthony Donald Barton

Review of operations

There have been no significant changes to the operations of the Fund since the previous financial period. The Fund continued to invest in loans secured by registered mortgages, interest bearing deposits, bank bills and/or other authorised investments as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Results

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

	Half-year 31 December 2024	31 December 2023
Operating profit before finance costs attributable to unitholders (\$'000)	<u>7,046</u>	<u>6,523</u>
Distribution paid and payable (\$'000)	<u>7,155</u>	<u>6,196</u>
Distribution (cents per unit)	<u>3.01</u>	<u>2.58</u>

In accordance with the Fund's Constitution, unitholders become presently entitled to the distributable income of the Fund on the last day of each quarter, being 1 March, 1 June, 1 September and 1 December each year.

Auditors' Independence Declaration

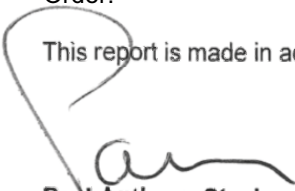
A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding of amounts to the nearest thousand dollars

The Fund has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Order.

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



Paul Anthony Stack
Director
Taree NSW
Dated: 13 March 2025

PARTNERS

Paul Fahey B Bus CA

Bart Lawler B Com CA

Patrick Brennan B Com CA

Alison McKinnon B Bus CA

Auditor's Independence Declaration

**Under Section 307C of the *Corporations Act 2001*
To the Directors of Stacks Managed Investments Limited,
the responsible entity of The Mortgage Fund**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2024 there have been no contraventions of:

- a) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

NorthCorp Accountants



Bart Lawler
Registered Company Auditor

10-12 Short Street
Port Macquarie NSW 2444

Dated: 13 March 2025

Statement of comprehensive income

	Notes	Half-year 2024 \$'000	2023 \$'000
Investment Income			
Interest income		<u>8,313</u>	<u>7,840</u>
Total investment income			
Expenses			
Responsible entity's fees		607	613
Manager's fees		<u>660</u>	<u>704</u>
Total operating expenses		<u>1,267</u>	<u>1,317</u>
Operating profit for the half-year		<u>7,046</u>	<u>6,523</u>
Finance costs attributable to unitholders			
Distributions to unitholders	3	(7,155)	(6,196)
(Increase)/decrease in distributions payable to unitholders	2	<u>109</u>	<u>(327)</u>
Profit for the half-year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

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

Statement of financial position

		Half-year Ended 31 December 2024 \$'000	Half-year Ended 30 June 2024 \$'000
	Notes		
Assets			
Cash and cash equivalents		126,890	103,792
Receivables		482	464
Loans	4	<u>120,068</u>	<u>136,977</u>
Total assets		<u>247,440</u>	<u>241,233</u>
Liabilities			
Payables		<u>225</u>	<u>228</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>225</u>	<u>228</u>
Net assets attributable to unitholders - Liability	2	<u>247,215</u>	<u>241,005</u>

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

Statement of changes in equity

	Half-year	
	2024 \$'000	2023 \$'000
Total equity at the beginning of the half-year	-	-
Profit/(loss) for the half year	-	-
Other comprehensive income	-	-
Total comprehensive income for the half-year	-	-
Transactions with equity holders in their capacity as owners	-	-
Total equity at the end of the financial half-year	-	-

Under Australian Accounting Standards net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

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

Statement of cash flows

	Half-year	
	2024	2023
	\$'000	\$'000
Cash flows from operating activities		
Interest received	8,298	7,800
Responsible entity fees paid - Administration fees	(693)	(734)
Responsible entity fees paid – Management fees (borrowers)	(673)	(696)
Advances of loans	(20,298)	(30,399)
Proceeds from repayment of loans	37,201	27,083
Net GST refunded by ATO	98	115
Net cash inflow/(outflow) from operating activities	<u>23,933</u>	<u>3,169</u>
Cash flows from financing activities		
Proceeds from applications by unitholders	18,801	9,884
Proceeds from reinvestment of distributions	3,529	3,056
Payments for redemptions by unitholders	(16,010)	(15,664)
Distributions paid	<u>(7,155)</u>	<u>(6,196)</u>
Net cash inflow/(outflow) from financing activities	<u>(835)</u>	<u>(8,920)</u>
Net increase/(decrease) in cash and cash equivalents	23,098	(5,751)
Cash and cash equivalents at beginning of the half-year	<u>103,792</u>	<u>108,811</u>
Cash and cash equivalents at the end of the half-year	<u>126,890</u>	<u>103,060</u>

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

1 General Information

a. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with IFRS Accounting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

b. Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund's 2024 annual financial report for the financial year ended 30 June 2024. The accounting policies are consistent with Australian Accounting Standards and with IFRS Accounting Standards.

These interim financial statements were authorised for issue on 13 March 2025.

2 Net assets attributable to unitholders

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

	Half Year ended 31 December 2024 No of Units	Year ended 30 June 2024 No of Units	As at Half Year ended 31 December 2024 \$'000	Year ended 30 June 2024 \$'000
Unitholder funds - opening balance	238,244,292	241,298,780	238,244	241,299
Applications	18,800,870	20,956,363	18,801	20,957
Redemptions	(16,010,408)	(30,385,117)	(16,010)	(30,385)
Units issued upon reinvestment of distributions	3,529,469	6,374,266	3,529	6374
Unitholder funds – closing balance	244,564,223	238,244,292	244,564	238,245
Distributions payable			2,651	2,760
Closing balance			247,215	241,005

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

In accordance with the Fund's Constitution, unitholders become presently entitled to the distributable income of the Fund on the last day of each quarter, being 1 March, 1 June, 1 September and 1 December each year.

3 Distributions to unitholders

	Half-year			
	2024 \$'000	2024 CPU	2023 \$'000	2023 CPU
Distributions paid - September	3,603	1.51	3,070	1.27
Distributions paid - December	<u>3,553</u>	<u>1.50</u>	<u>3,126</u>	<u>1.31</u>
	<u>7,156</u>	<u>3.01</u>	<u>6,196</u>	<u>2.58</u>

4 Loans

	31 December 2024 Amortised Cost \$'000	30 June 2024 Amortised Cost \$'000
Loans secured by mortgages	120,054	136,956
Interest receivable	<u>14</u>	<u>21</u>
Loans (at amortised cost)	<u>120,068</u>	<u>136,977</u>

Material loans

The directors do not believe there is any material loan with any one borrower or group of borrowers that may materially affect the Fund.

5 Contingencies

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2024 and 30 June 2024.

6 Events occurring after the reporting period

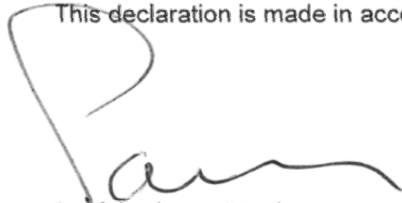
No significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 December 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

Directors' declaration

The Directors of the responsible entity declare that:

1. The financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the registered scheme's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the registered scheme 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.



Paul Anthony Stack
Director
Taree NSW

Dated: 13 March 2025

Independent Auditor's Review Report To the Unitholders of The Mortgage Fund

Conclusion

We have reviewed the half-year financial report of The Mortgage Fund ("the registered scheme"), which comprises the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, material accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the registered scheme does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the registered scheme's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. 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 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 annual 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* has been given to the Directors of the registered scheme's responsible entity, Stacks Managed Investments Ltd, at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the registered scheme's responsible entity are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the registered scheme's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

NorthCorp Accountants



Bart Lawler
Registered Company Auditor

10-12 Short Street
Port Macquarie NSW 2444

Date : 13 March 2025