

**MoneySpot Investment Fund (Consolidated)**

**ARSN 616 929 849**

Financial report for the six-month period ended 31 December 2021

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### Directors' Report

The directors of MSI Funds Management Limited (ACN 31 614 077 995; AFSL 491 268) (the "Responsible Entity"), the responsible entity of MoneySpot Investment Fund (the "Fund") submit their report for the Fund for the six-month period ("reporting period") from 1 July 2021 to 31 December 2021.

### Information about the Directors and Senior Management

The names of the directors of the Responsible Entity, in office during the reporting period ending 31 December 2021 are:

| <b>Name</b>   | <b>Title</b>       |
|---------------|--------------------|
| David Trew    | Executive Director |
| David Spessot | Executive Director |
| Michael Prior | Director           |

The registered office and principal place of business of the Responsible Entity is Level 1, 7-11 Little Buckingham Street, Surry Hills NSW 2010.

### Principal activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 2 February 2017, registered as a managed investment scheme on 3 February 2017 and commenced operations on 13 April 2017.

On 30 June 2021, the Fund created a new class of units (Class B) with differing entitlements to the existing units. As required under the Fund's Constitution, the assets relating to differing classes of units must be segregated. The typical structure employed to achieve segregation is by establishing a sub-trust in which all units are held by the Fund.

For this purpose, the Responsible Entity established the MSI Fund Sub Trust B and the Responsible Entity acts as Trustee. As this structure creates a parent-subsidiary relationship between the Fund and the Sub Trust B, the financial statements accompanying this report have been prepared on a consolidated basis, comprising:

- MoneySpot Investment Fund ("Fund")
- MSI Fund Sub Trust B ("Sub Trust")

The comparative data for the reporting period from 1 July 2020 to 31 December 2020 pertain to those of the Fund only prior to the establishment of the Sub Trust.

The principal activity of the Fund during the reporting period was to invest in accordance with the provisions of the Fund's Constitution and the current Product Disclosure Statement, dated 30 May 2021. A Supplementary Product Disclosure Statement relating to the Class B Units was issued on 27 April 2021 and supplements the Fund's current PDS.

During the reporting period, the Fund invested in unsecured notes issued by MoneySpot Finance Pty Ltd, a related-party of the Responsible Entity and Australian Credit Licencees (ACL). The unsecured notes issued by MoneySpot Finance Pty Ltd have a duration of between 6 to 12 months and pay interest on a monthly basis.

The Fund did not have any employees during the reporting period.

## MoneySpot Investment Fund

### Directors' Report (continued)

| <b>Fund Service</b> | <b>Provider</b>   |
|---------------------|---|
| Responsible Entity  | MSI Funds Management Limited (ABN 31 614 077 995)         |
| Custodian           | One Managed Investment Funds Limited (ABN 47 117 400 987) |
| Note issuer         | MoneySpot Finance Pty Ltd (ACN 166 488 197)               |
| Auditor             | Mazars Assurance Pty Ltd (ACN 132 902 188, AAC 338599)    |
| Fund Administrator  | Unity Fund Services Pty Ltd (ABN 16 146 747 122)          |

### Review of operations

#### **Results**

The results of the operations of the Fund are disclosed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income of the financial statements. The consolidated profit attributable to unitholders for the six-month period ended 31 December 2021 was \$2,253,880 (31 December 2020: \$1,225,407).

#### **Distributions**

In respect of the reporting period ending 31 December 2021, distributions totalling \$2,253,880 was paid to unitholders (30 June 2021: \$5,162,691) and \$400,307 was payable as at 31 December 2021 (30 June 2021: \$342,403).

#### **Value of Assets and Units Issued**

The total value of the Fund's assets as at 31 December 2021 was \$36,810,947 (30 June 2021: \$31,070,236). The total number of units on issue as at 31 December 2021 was 26,586,728 for Class A and 9,718,202 for Class B (30 June 2021: 22,817,392 units for Class A and 7,797,859 units for Class B).

#### **Expense recovery fees paid and payable to the Responsible Entity**

The Constitution of the Fund allows for all properly incurred expenses to be recovered directly from the Fund and does not place any limit on the amount or types of expenses that can be recovered. If applicable, when expenses are paid by the Fund, they will be deducted from the Fund's assets and reflected in the Fund's unit price. Expenses are generally paid when incurred.

Commencing 1 April 2021, the Fund started to pay certain expenses incurred by the Fund directly. However, there are still some expenses incurred by the Responsible Entity and attributable to the Fund such as Compliance Costs, Insurance and Investor Services that continue to be recovered from the Fund.

### Directors' Report (continued)

#### Management fees paid and payable to the Responsible Entity

The following fees were paid or payable to the Responsible Entity out of the Fund's assets during the reporting period ending 31 December 2021:

- Total management fees for the reporting period were \$230,357 (31 December 2020: \$99,626).
- Management fees payable as at 31 December 2021 were \$41,626 (30 June 2021: \$25,796).

#### Changes in state of affairs

As the impact of the COVID-19 pandemic is continuing, the Responsible Entity has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and remains in close contact with the Note Issuer and service providers in assessing the ongoing operations, liquidity, and lending arrangements and the basis of the values and estimates reported.

The Responsible Entity will continue to closely monitor market situations to ensure that valuations remain appropriate.

Other than the issuing of Class B units, there were no other significant changes in the state of affairs of the Fund during the reporting period.

#### Subsequent events

There has been no matter or circumstances occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

#### Future developments

The Fund will be managed in accordance with the Constitution and investment objectives as detailed in its current Product Disclosure Statement (PDS) dated 30 May 2021 which came into effect on 1 July 2021, and the Supplementary PDS dated 27 April 2021 for B Class Units.

#### Environmental regulation and performance

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

#### Indemnification of directors, officers and auditors

During the reporting period, the Responsible Entity paid premiums in respect of contracts insuring the directors and officers of the Responsible Entity against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Responsible Entity has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred by such an officer or auditor.

**Directors' Report (continued)**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

The report is made in accordance with a resolution of the directors of the Responsible Entity, MSI Funds Management Limited.



David Spessot  
Executive Director  
Sydney  
15 March 2022



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## Auditor's Independence Declaration to the Directors of MoneySpot Investment Fund

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

**Mazars Assurance Pty Ltd**  
**Authorised Audit Company: 338599**

**Matthew J. Green**  
Director  
Brisbane, 15 March 2022

## Independent auditor's review report to the members of MoneySpot Investment Fund

### Conclusion

We have reviewed the accompanying half-year financial report of MoneySpot Investment Fund, which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of MoneySpot Investment Fund is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 Company 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)* ("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.

### Directors' responsibility for the financial report

The directors of the 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.

In preparing the financial report, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.




## **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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Fund's financial position as at 31 December 2021 and its performance for the half-year year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



**Mazars Assurance Pty Ltd**  
**Authorised Audit Company: 338599**

  
**Matthew J. Green**  
Director

Brisbane, 15 March 2022

**Directors' declaration**

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable,
- (b) in the directors' opinion, the attached financial statements and notes set out on pages 9 to 22 are in compliance with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in the annual financial report for the year ended 30 June 2021 and present fairly the financial position and performance of the Fund.
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 303(4) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity, MSI Funds Management Limited.



David Spessot  
Executive Director  
Sydney  
15 March 2022

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the reporting period ending 31 December 2021**

|   |              | <b>1 July 2021 to<br/>31 December<br/>2021</b> | 1 July 2020 to<br>31 December<br>2020 |
|---|--------------|--|---------------------------------------|
|   | <b>Notes</b> | <b>\$</b>                                      | <b>\$</b>                             |
| <b>Revenue</b>  |              |  |                                       |
| Interest income   | 4            | <u>2,636,939</u>                               | 1,423,687                             |
| <b>Total revenue</b>  |              | <u>2,636,939</u>                               | 1,423,687                             |
| <b>Expenses</b>   |              |  |                                       |
| Management fee  | 5            | 230,357  | 99,626                                |
| Administration costs and recoverable expenses                   | 6            | 152,660  | 98,654                                |
| Bank fee  |              | <u>42</u>                                      | -                                     |
| <b>Total expenses</b>   |              | <u>383,059</u>                                 | 198,280                               |
| <b>Net gain attributable to unitholders</b>                     |              | <u>2,253,880</u>                               | 1,225,407                             |
| <b>Finance costs attributable to unitholders</b>                |              |  |                                       |
| Distribution to unitholders                                     |              | <u>(2,253,880)</u>                             | (1,225,407)                           |
| <b>Net gain attributable to unitholders after finance costs</b> |              | <u>-</u>                                       | -                                     |
| <b>Profit for the reporting period</b>                          |              | -  | -                                     |
| <b>Other comprehensive income</b>                               |              | <u>-</u>                                       | -                                     |
| <b>Total comprehensive income</b>                               |              | <u>-</u>                                       | -                                     |

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Condensed Consolidated Statement of Financial Position as at 31 December 2021**

|   |              | <b>31 December<br/>2021</b> | 30 June<br>2021 |
|---|--------------|-----------------------------|-----------------|
|   | <b>Notes</b> | <b>\$</b>                   | <b>\$</b>       |
| <b>Assets</b>   |              |                             |                 |
| Cash and cash equivalents   | 7(a)         | <b>107,597</b>              | 514,252         |
| GST receivable  |              | <b>12,159</b>               | 7,324           |
| Interest receivable   |              | <b>464,682</b>              | -               |
| Receivables   |              | -                           | 8,500           |
| Financial assets  | 8            | <b>36,226,509</b>           | 30,540,160      |
| <b>Total assets</b>   |              | <b>36,810,947</b>           | 31,070,236      |
| <b>Liabilities</b>  |              |                             |                 |
| Distributions payable   |              | <b>400,307</b>              | 342,403         |
| Interest payable  |              | -                           | 2,258           |
| Redemption payable  |              | -                           | 8,500           |
| Withholding tax payable   |              | <b>45</b>                   | 87              |
| Payable to MoneySpot Finance  |              | <b>15,371</b>               | -               |
| Other payable   |              | <b>90,294</b>               | 97,719          |
| <b>Total liabilities (excluding net assets attributable to unitholders)</b> |              | <b>506,017</b>              | 450,967         |
| <b>Net assets attributable to unitholders</b>                               | 9            | <b>36,304,930</b>           | 30,619,269      |

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders for the reporting period ending 31 December 2021**

|                                       | Notes    | Net assets attributable to unitholders of the Fund<br>\$ |
|---------------------------------------|----------|--|
| Balance as at 1 July 2021             |          | 30,619,269   |
| Issue of units                        |          | 6,403,607  |
| Reinvestment                          |          | 386,456  |
| Redemption                            |          | (1,104,402)  |
| Net gain attributable to unitholders  |          | 2,253,880  |
| Distributions paid                    |          | (2,253,880)  |
| <b>Balance as at 31 December 2021</b> | <b>9</b> | <b>36,304,930</b>  |
|                                       |          |  |
|                                       | Notes    | Net assets attributable to unitholders of the Fund<br>\$ |
| Balance as at 1 July 2020             |          | 14,336,257   |
| Issue of units                        |          | 9,786,951  |
| Reinvestment                          |          | 243,238  |
| Redemption                            |          | (937,485)  |
| Net gain attributable to unitholders  |          | 1,225,407  |
| Distributions paid                    |          | (1,225,407)  |
| <b>Balance as at 31 December 2020</b> | <b>9</b> | <b>23,428,961</b>  |

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Condensed Consolidated Statement of Cash Flows for the reporting period ending 31 December 2021**

|   | <b>1 July 2021 to<br/>31 December<br/>2021</b> | 1 July 2020 to<br>31 December<br>2020 |
|---|--|---------------------------------------|
| <b>Notes</b>  | <b>\$</b>                                      | <b>\$</b>                             |
| <b>Cash flows from operating activities</b>                         |  |                                       |
| Interest received   | <b>2,169,999</b>                               | 1,423,700                             |
| Payment to suppliers  | <b>(361,497)</b>                               | (183,923)                             |
| <b>Net cash provided by operating activities</b>                    | <b>1,808,502</b>                               | 1,239,777                             |
| <b>Cash flows from investing activities</b>                         |  |                                       |
| Payments for Loan Notes   | <b>(6,813,701)</b>                             | (9,048,472)                           |
| Redemption of Loan Notes  | <b>1,112,902</b>                               | -                                     |
| <b>Net cash used in investing activities</b>                        | <b>(5,700,799)</b>                             | (9,048,472)                           |
| <b>Cash flows from financing activities</b>                         |  |                                       |
| Receipts from unitholders   | <b>6,387,928</b>                               | 9,786,951                             |
| Redemptions to unitholders  | <b>(1,092,902)</b>                             | (937,485)                             |
| Distributions paid to unitholders                                   | <b>(1,809,384)</b>                             | (874,066)                             |
| <b>Net cash provided by financing activities</b>                    | <b>3,485,642</b>                               | 7,975,400                             |
| <b>Net (decrease)/increase in cash and cash equivalents</b>         | <b>(406,655)</b>                               | 166,705                               |
| Cash and cash equivalents at the beginning of the reporting period  | <b>514,252</b>                                 | 206,563                               |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>107,597</b>                                 | 373,268                               |

The accompanying notes to the financial statements should be read in conjunction with this statement.

### Notes to the Financial Statements

#### 1. General information

MoneySpot Investment Fund (the "Fund") is an unlisted registered managed investment scheme. The Responsible Entity of the Fund is MSI Funds Management Limited (ACN 31 614 077 995; AFS 491 268) (the "Responsible Entity"). The registered office and principal place of business of the Responsible Entity is Level 1, 7-11 Little Buckingham Street, Surry Hills NSW 2010.

The Fund was constituted on 2 February 2017, registered as a managed investment scheme on 3 February 2017 and commenced operations on 13 April 2017. The financial statements cover the six-month period from 1 July 2021 to 31 December 2021 (reporting period).

The financial statements accompanying this report have been prepared on a consolidated basis, comprising:

- MoneySpot Investment Fund ("Fund")
- MSI Fund Sub Trust B ("Sub Trust")

The comparative data for the reporting period from 1 July 2020 to 31 December 2020 pertain to those of the Fund only prior to the establishment of the Sub Trust.

This interim 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 International Financial Reporting Standard IAS 34 Interim Financial reporting. The principal activity of the Fund is disclosed in the Directors' Report.

The accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted and disclosed in the Fund's annual financial report for the year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

This general purpose interim report does not include all the notes of the type normally included in the annual financial report. Accordingly, this interim report is to be read in conjunction with the annual financial report for the year ended 30 June 2021.

The financial statements were authorised for issue by the directors of the Responsible Entity on \_\_ March 2022. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

#### 2. Adoption of new and revised accounting standards

There are no standards, interpretations or amendments to existing standards that are not yet effective and that are expected to have a material impact on the Fund in the prior periods or will affect the current or future reporting periods and on foreseeable future transactions.

#### 3. Financial risk management objectives and policies

The Fund is primarily exposed to the risks of the business model of MoneySpot Finance Pty Ltd (the “Note Issuer”). MoneySpot Finance Pty Ltd takes steps to reduce its exposure to fraud and other risks inherent to the nature of its business. MoneySpot Finance Pty Ltd operates various controls to minimise vulnerability to fraud and other risks including:

- Online borrower identity verification utilising the Dun & Bradstreet e-Dentity Check service;
- Undertaking fraud matching checks using a proprietary database prior to approving credit applications;
- Carrying out a comprehensive credit assessment to determine the suitability of the loan;
- Contacting borrowers for further information or clarification of issues arising from the credit assessment;
- Assessment of the bone fide nature of any documents provided to support the loan application;
- An assessment of the applicants’ bank statement information, in particular the last 90 days’ worth of transaction history from their income account;
- Verification procedures to ensure that loan funds being disbursed are paid into the correct bank account, for example either an account belonging to the relevant borrower or to the account of the debt provider being refinanced in the case of a loan for debt consolidation.

Risks arising from investing in financial instruments are inherent in the Fund’s activities and cannot be completely mitigated by the Responsible Entity and the Fund’s appointed service providers. The Fund is exposed to a number of risks that could affect the performance of the Fund, the level of income distributions and the repayment of capital.

While the Responsible Entity cannot completely eliminate all risks, the Responsible Entity aims to manage the impact of these risks through the use of consistent and carefully considered investment guidelines and compliance procedures.

##### **(a) Return risk**

This is the risk that the entities the Fund invests in may not be able to provide an adequate return and hence the Fund may not be able to return its targeted distribution to its investors. An investment in the Fund is not the same as depositing money in an account with a bank and an investment in the Fund is riskier than depositing money in a transactional bank account or term deposit with a bank. An investment in the Fund is also not covered by the depositor protections available to depositors that make a deposit with an Australian ADI. Returns are not guaranteed.

There is a risk that either the entities in which the Fund invests, for example, MoneySpot Finance Pty Ltd, or the borrowers to whom entities, such as MoneySpot Finance Pty Ltd, lend may not be able to meet their financial obligations to pay interest and/or principal in respect of the Fund’s investments or loans when they fall due, which could impact upon the Fund’s performance and the value of Units.

##### **(b) Regulation risk**

The entities that the Fund invests in, issue loans that are usually unsecured, smaller, of a shorter duration and attract a higher fee or interest rate than standard secured loans usually offered by a bank. As a result, the consumer loan sector has attracted attention from government regulators and consumer advocates in the past who have argued for tighter regulation and a reduced fee structure. While the consumer loan sector generally and small and medium amount credit contracts specifically are subject to prescriptive government regulation, there is a risk that changes to the regulatory framework may affect the Fund meeting its investment return objective.



**3. Financial risk management objectives and policies (continued)**

**(c) Diversification risk**

The Fund will invest the first \$100m it raises in unsecured notes issued by MoneySpot Finance Pty Ltd. MoneySpot Finance Pty Ltd is a related entity of the Responsible Entity and participates in the small and medium loans segment of the credit market. It will use the funds it receives from the Fund to further participate in the small and medium loans segment of the market. While this segment can be especially profitable with a lower overall default risk due to the spread of loans over thousands of borrowers, all the loans are being made by one entity, MoneySpot Finance Pty Ltd. The Fund will therefore depend on the performance of MoneySpot Finance Pty Ltd to be able to lend and collect interest and principal repayments from its borrowers, and this risk is not borne across different small amount lenders for the first \$100 million of investment monies raised.

**(d) Defaults and non-performing loans**

Investors should note the Responsible Entity believes it is inevitable that some of MoneySpot Finance Pty Ltd's loans will become delinquent as a result of borrowers' failure or inability to pay, despite diligent credit assessment measures undertaken by MoneySpot Finance Pty Ltd. Therefore, Investors should be aware the Fund will bear some risk in this regard. If defaults were to occur on a larger than expected scale, there may be a negative effect upon the Fund's returns as a result of MoneySpot Finance Pty Ltd's borrowers' failure or inability to repay their loans impacting on MoneySpot Finance Pty Ltd's ability to pay the coupon rate and principal repayments under the unsecured notes it issues to the Fund. MoneySpot Finance Pty Ltd's historic loan default rate is approximately 5% of the principal amounts lent. Past performance is not necessarily indicative of future performance.

**(e) Loan origination risk**

A failure by MoneySpot Finance Pty Ltd to deploy funds to its borrowers may result in an application to invest in the Fund being rejected by the Responsible Entity, in whole or in part. If an application is refused, then the Application Money will be refunded. No interest will be paid on the Application Money for the period it is in the applications bank account.

**(f) Legal & regularity change**

Changes in laws (including taxation laws) or their interpretation, including changes in the practice and policy of regulators, may have a negative impact on the Fund. In addition, if the AFSL of the Responsible Entity or the ACL of MoneySpot Finance Pty Ltd is suspended or revoked, then this could impact adversely on the Fund. A deficiency in loan documentation could also, in some circumstances, adversely affect the return from the Fund's investments.

**(g) Related parties and conflicts of interest**

The Responsible Entity has significant roles and responsibilities in relation to the Fund. It is a related party and is a wholly-owned entity of MoneySpot Finance Pty Ltd. There is a risk that decision-making between the entities may not be impartial. This may adversely affect the viability of the Fund.

**3. Financial risk management objectives and policies (continued)**

**(h) Operational and Procedural risk**

The success of the Fund is dependent upon the operational stability of the Fund, in particular the operating and administration procedures and operational controls established by the Responsible Entity. A breakdown in the administrative procedures or operational controls may cause a disruption of day-to-day Fund operations. Such interruptions may arise internally through human error or technology and infrastructure failure or possible external events such as natural disasters or regulatory changes. Whilst procedures to address such occurrences are in place and the procedures are monitored, these risks cannot be mitigated entirely

**(i) Liquidity risk**

The Fund will be illiquid. This means investors will only be able to redeem units from the Fund in response to a withdrawal offer made by the Responsible Entity. The Responsible Entity can only make withdrawal offers if there are sufficient assets available to it to satisfy any withdrawal requests made in response to the offer. The availability of assets is primarily affected by the returns the Fund receives from its investments, in particular, the payment of coupon amounts by MoneySpot Finance Pty Ltd and repayment of unsecured notes on maturity.

**(j) Fraud**

There is a risk that borrowers may deliberately fabricate evidence to support their loan applications and that they have no intention of paying off their loan. Although MoneySpot Finance Pty Ltd has procedures in place to detect fraudulent applications, the risk of fraud cannot be completely discounted.

**4. Interest income**

The following table provides information about the interest income generated from different sources during the reporting period ending 31 December 2021.

|                                       | <b>1 July 2021 to<br/>31 December<br/>2021</b> | <b>1 July 2020 to<br/>31 December<br/>2020</b> |
|---------------------------------------|--|--|
|                                       | \$   | \$   |
| Loan Notes                            | <b>2,636,704</b>                               | 1,423,383                                      |
| Bank                                  | <b>235</b>                                     | 304  |
| <b>Total for the reporting period</b> | <b>2,636,939</b>                               | 1,423,687                                      |

**5. Management fees**

In accordance with the Fund's Constitution, the Responsible Entity is entitled to an ongoing management fee of up to three percent per annum of the Net Asset Value. This fee is accrued daily and is payable quarterly in arrears out of the assets of the Fund from the commencement of the Fund to the date of the final distribution following a winding up of the Fund in accordance with its Constitution. The value of the assets will be determined as at the most recent valuation time.

The ongoing management fee comprise of an investment management fee of 1.4% per annum of the net value of the Fund's assets.

**Notes to the Financial Statements**

**5. Management fees (continued)**

Management fees are the fees payable under the Constitution to the Responsible Entity for the management of the Fund.

The following fees were payable to the Responsible Entity out of the Fund’s assets during the year ended 31 December 2021:

- Total management fees accrued for the reporting period ending 31 December 2021: \$230,357 (31 December 2020: \$99,626)
- Management fees payable as at 31 December 2021: \$41,626 (30 June 2021: \$25,796).

**6. Administration costs and recoverable expenses**

The Constitution of the Fund allows for all properly incurred expenses to be recovered directly from the Fund and does not place any limit on the amount or types of expenses that can be recovered. If applicable, when expenses are paid by the Fund, they will be deducted from the Fund’s assets and reflected in the Fund’s unit price. Expenses are generally paid when incurred.

Commencing 1 April 2021 the Fund started to pay for certain expenses directly. Some expenses incurred by the Responsible Entity and attributable to the Fund continue to be recovered from the Fund.

The estimated annual administrative expenses of the Fund is estimated to be 0.8% per annum of the Fund's assets.

Administration costs and recoverable expenses for the reporting period ending 31 December 2021 amounted to \$152,660 (31 December 2020: \$98,654).

**7. Cash and cash equivalents**

- (a) Cash and cash equivalents include cash at bank net of any outstanding overdrafts. Cash at the end of the reporting period as shown in the Condensed Consolidated Statement of Cash Flows is reconciled to the related items in the Condensed Consolidated Statement of Financial Position as follows:

|              | <b>31 December<br/>2021</b> | 30 June<br>2021 |
|--------------|-----------------------------|-----------------|
|              | \$                          | \$              |
| Cash at bank | <u><b>107,597</b></u>       | <u>514,252</u>  |

**Notes to the Financial Statements**

**7. Cash and cash equivalents (continued)**

- (b) Reconciliation of net gain attributable to unitholders before finance costs for the reporting period to net cash flows provided by operating activities:

|  | <b>1 July<br/>2021<br/>to<br/>31 December<br/>2021<br/>\$</b> | 1 July<br>2020<br>to<br>31 December<br>2020<br>\$ |
|--|---|---|
| <b>Net gain attributable to unitholders before finance costs</b> | <b>2,253,880</b>  | 1,225,407   |
| <b>Change in assets and liabilities:</b>                         |   |   |
| Net changes in receivables                                       | <b>(469,516)</b>  | 13  |
| Net changes in payables  | <b>24,138</b>   | 14,357  |
| <b>Net cash result from operating activities</b>                 | <b>1,808,502</b>  | 1,239,777   |

**8. Financial assets at amortised cost**

|  | <b>31 December<br/>2021<br/>\$</b> | 30 June<br>2021<br>\$ |
|--|------------------------------------|-----------------------|
| Unsecured Loan Notes at amortised cost - current-15% | <b>26,508,312</b>                  | 22,742,301            |
| Unsecured Loan Notes at amortised cost - current-17% | <b>9,718,197</b>                   | 7,797,859             |
|  | <b>36,226,509</b>                  | 30,540,160            |

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 to the financial statements.

## MoneySpot Investment Fund

### Notes to the Financial Statements

#### 9. Net assets attributable to unitholders

##### Six-month period ended 31 December 2021

|                                       | No. of Units | \$          |
|---------------------------------------|--------------|-------------|
| Opening balance                       | 30,619,269   | 30,619,269  |
| Applications for units by unitholders | 6,403,607    | 6,403,607   |
| Redemption of units by unitholders    | (1,104,402)  | (1,104,402) |
| Units re-invested                     | 386,456      | 386,456     |
| Distributions paid to unitholders     | -            | (2,253,880) |
| Profit for the period                 | -            | 2,253,880   |
| Closing balance                       | 36,304,930   | 36,304,930  |

##### Six-month period ended 31 December 2020

|                                       | No. of Units | \$          |
|---------------------------------------|--------------|-------------|
| Opening balance                       | 14,336,257   | 14,336,257  |
| Applications for units by unitholders | 9,786,951    | 9,786,951   |
| Redemption of units by unitholders    | (937,485)    | (937,485)   |
| Units re-invested                     | 243,238      | 243,238     |
| Distributions paid to unitholders     | -            | (1,255,407) |
| Profit for the period                 | -            | 1,255,407   |
| Closing balance                       | 23,428,961   | 23,428,961  |

#### 10. Capital management

As a result of the ability to issue, redeem and transfer units, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable units. The Fund's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in the Fund's product disclosure statement;
- to achieve consistent returns while safeguarding capital by investing in unsecured notes issued by the Note Issuer
- to maintain sufficient liquidity to meet the ongoing expenses of the Fund; and
- to maintain sufficient size to make the operation of the Fund cost-efficient.

#### 11. Commitments and contingencies

There were no commitments or contingencies as at 31 December 2021.

**Notes to the Financial Statements**

**12. Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the reporting period ending 31 December 2021 that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial periods.

**13. Related party transactions**

**(a) MSI Funds Management Limited (the Responsible Entity)**

MSI Funds Management Limited is an unlisted public company which holds AFS Licence number 491 268. It is wholly owned by MoneySpot Finance Pty Ltd, a small and medium amount credit contract provider which holds an Australian Credit Licence.

The key management personnel of the Responsible Entity for the reporting period ending 31 December 2021 are:

| <b>Name</b>   | <b>Title</b>       |
|---------------|--------------------|
| David Trew    | Executive Director |
| David Spessot | Executive Director |
| Michael Prior | Director           |

Holding of units by key management personnel and their associated entities for MSI Funds Management Limited as at 31 December 2021 are as follows:

**31 December 2021**

|                                       | <b>Units held</b> | <b>% of the Fund</b> |
|---------------------------------------|-------------------|----------------------|
| David Trew and associated entities    | <b>650,000</b>    | <b>1.79</b>          |
| David Spessot and associated entities | <b>400,000</b>    | <b>1.10</b>          |
| <b>Total</b>                          | <b>1,050,000</b>  | <b>2.89</b>          |

**30 June 2021**

|                                       | <b>Units Held</b> | <b>% of the Fund</b> |
|---------------------------------------|-------------------|----------------------|
| David Trew and associated entities    | 650,000           | 2.12                 |
| David Spessot and associated entities | 653,668           | 2.14                 |
| <b>Total</b>                          | <b>1,303,668</b>  | <b>4.26</b>          |

Distributions paid and payable to key management personnel and their associated entities for the reporting period ending 31 December 2021:

**Notes to the Financial Statements**

**13. Related party transactions (continued)**

**(a) MSI Funds Management Limited (the Responsible Entity) (continued)**

**31 December 2021**

|                                       | Paid<br>\$ | Payable<br>\$ | Gross<br>\$ |
|---------------------------------------|------------|---------------|-------------|
| David Trew and associated entities    | 34,205     | 7,053         | 41,258      |
| David Spessot and associated entities | 21,326     | 4,340         | 25,666      |
| Total                                 | 55,531     | 11,393        | 66,924      |

**30 June 2021**

|                                       | Paid<br>\$ | Payable<br>\$ | Gross<br>\$ |
|---------------------------------------|------------|---------------|-------------|
| David Trew and associated entities    | 61,401     | 7,075         | 68,476      |
| David Spessot and associated entities | 71,727     | 7,115         | 78,842      |
| Total                                 | 133,128    | 14,190        | 147,318     |

No fees or remuneration were paid directly to the key management personnel from the Fund during the reporting period ending 31 December 2021. Refer to Note 5 for the fees paid to the Responsible Entity.

- Total management fees for the reporting period ended 31 December 2021: \$230,357 (31 December 2020: \$99,626)
- Management fees payable as at 31 December 2021: \$41,626 (30 June 2021: \$25,796)

Commencing 1 April 2021, the Fund started to pay for certain expenses incurred by the Fund directly. However, there are still some expenses incurred by the Responsible Entity and attributable to the Fund such as Compliance Costs, Insurance and Investor Services that continue to be recovered from the Fund.

**(b) Moneyspot Finance Pty Ltd (the Note Issuer)**

MoneySpot Finance Pty Ltd is the sole shareholder of the Responsible Entity, MSI Funds Management Limited. Two directors of MoneySpot are also directors of MoneySpot Finance Pty Ltd and interests associated with them collectively own all of the capital of MoneySpot Finance Pty Ltd.

The key management personnel of MoneySpot Finance Pty Ltd in relation to the Fund for the reporting period ended 31 December 2021 is:

| <b>Name</b>   | <b>Title</b>       |
|---------------|--------------------|
| David Trew    | Executive Director |
| David Spessot | Executive Director |

No fees or remuneration were paid directly to the key management personnel from the Fund during the reporting period ending 31 December 2021.

**13. Related party transactions (continued)**

***(b) Moneyspot Finance Pty Ltd (the Note Issuer) (continued)***

As at 31 December 2021, the Fund has invested \$26,508,312 in Loan Notes earning a coupon rate of 15% issued by MoneySpot Finance Limited (30 June 2021: \$22,742,301). The Sub Trust, on the other hand, has invested \$9,718,197 in Loan Notes earning a coupon of 17% (30 June 2021: \$7,797,859).

On a consolidated basis the Fund received a combined total of \$2,636,704 in interest income from the Loan Note investments (31 December 2020: \$1,423,383).

As at 31 December 2021, the Fund owed \$15,371 to MoneySpot Finance Pty Ltd in relation to reinvestments in 17% loans which remain unpaid as at the end of the reporting period (30 June 2021: \$2,578).