



MoneySpot Investment Fund

Half Year Report

ARSN 616 929 849

Consolidated Financial Statements for the six-month period ended 31
December 2022

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Responsible Entity's Report

The directors of MSI Funds Management Limited (ABN 31 614 077 995; AFSL 491 268) ("MSI"), the Responsible Entity of MoneySpot Investment Fund (the "Fund") submit their report to the unitholders for the half-year ended 31 December 2022.

Directors

The names of the directors of the Responsible Entity, in office during the reporting period ending 31 December 2022 are:

Name	Title
David Trew	Executive Director
David Spessot	Executive Director
Michael Prior	Director

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

Principal activities

The Fund is a registered managed investment scheme, domiciled in Australia, with the principal place of business at Level 1, 7-11 Little Buckingham Street, Surry Hills NSW 2010. MSI is both the Responsible Entity and the Investment Manager of the Fund.

The Fund was constituted on 2 February 2017 and commenced operations on 13 April 2017 and is an open-ended multi-class fund.

The Fund seeks to deliver targeted returns for each Unit Class by investing in Unsecured Loan Notes issued by MoneySpot Finance Pty Ltd ("MoneySpot Finance"), a related party of the Responsible Entity. The Fund has invested its assets in a manner consistent with this investment objective and achieved the targeted returns over the medium term in accordance with the current Product Disclosure Statement (PDS) dated 29 September 2022.

The multi-class structure of the Fund and the provisions of the Fund Constitution created a parent-subsidiary relationship between the Fund, the MSI Fund Sub Trust B and the MSI Fund Sub Trust C. Consequently, the financial statements accompanying this report have been prepared on a consolidated basis, comprising:

- MoneySpot Investment Fund (the "Head Trust")
- MSI Fund Sub Trust B (the "Sub Trust B"), and
- MSI Fund Sub Trust (the "Sub Trust C").

Responsible Entity's Report (continued)

During the reporting period, the following organisations provided services to the Fund.

Fund Service	Provider
Responsible Entity	MSI Funds Management Limited (ABN 31 614 077 995)
Custodian	One Managed Investment Funds Limited (ABN 47 117 400 987)
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

Investment Activities

During the period, the Fund invested in Unsecured Loan Notes issued by MoneySpot Finance, a participant in the Australian small and medium personal and business loan segment of the credit market. Throughout the period, the Fund's assets were wholly invested in Unsecured Loan Notes and cash balances were retained only for the purpose of meeting the ongoing costs of administering the Fund.

The Unsecured Loan Notes issued by MoneySpot Finance and held by the Fund attract coupon rates of between 15% and 22.2% per annum.

Investment result and distributions

The financial performance of the Fund is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the financial statements.

During the period, the Fund achieved its targeted returns and income attributable to unitholders for the reporting period was \$5,224,845 (2021: \$2,253,880). All income was either distributed to unitholders during the period or was paid subsequent to the balance date.

The increase in income reflects the increase in Fund Assets over the period from \$62m to approximately \$70m as described elsewhere in this report.

Responsible Entity's Report (continued)

Income and distributions attributable to each Unit Class for the six-month period to 31 December 2022 against the previous corresponding period are set out in the table below:

		1 July 2022 to 31 December 2022	1 July 2021 to 31 December 2021
Net Income		\$5,224,845	\$2,253,880
Distribution Paid & Payable (\$)		\$5,224,845	\$2,253,880
	Class A	\$1,790,939	\$1,614,939
	Class B	\$1,670,642	\$638,941
	Class C	\$1,763,264	-
Distribution (cents per unit)			
	Class A	6.46	6.35
	Class B	7.45	7.25
	Class C	9.84	-
Returns ⁽¹⁾			
	Class A	6.6%	6.5%
	Class B	7.7%	7.3%
	Class C	10.3%	-

Notes: (1) Investment returns are unaudited and calculated using the NAV unit price for respective classes (i.e., pre-tax, net of fees and costs) and assume reinvestment of distributions

Value of assets and units issued

During the period, the Assets of the Fund increased materially since the previous reporting period. As the value of the Unsecured Loan Notes held by the Fund have not been revalued, the increase in the value of Assets is wholly due to an increase in Units on Issue.

Approximately half of the inflow of funds since June 30, 2022 is due to the Wholesale Class of Units. The remainder reflects continued steady inflows from new and established unit holders in Class A and Class B. At the end of the period there were 613 unitholders (June 2022: 580).

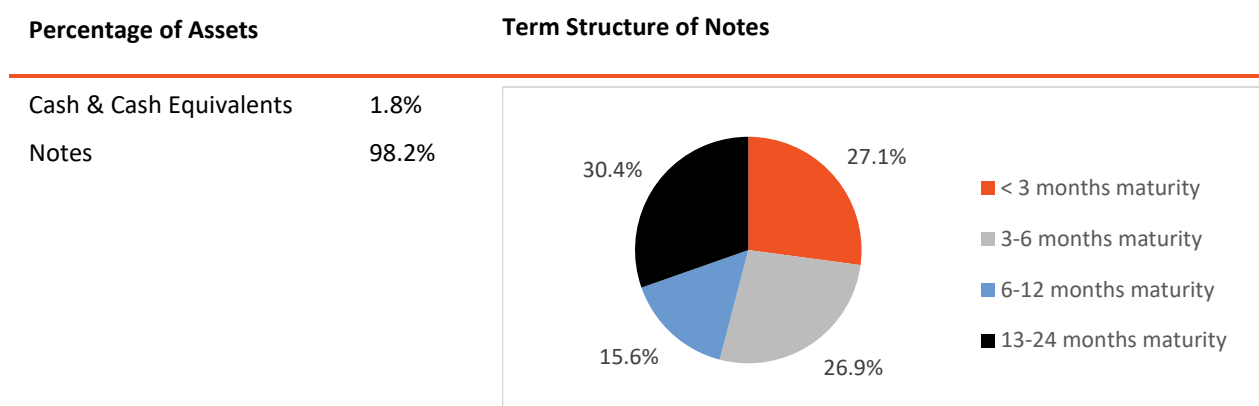
The table below sets out the value of units on issue and the corresponding Financial Assets of the Fund at financial year end:

	2022		June 30, 2022	
	Assets (\$) ⁽¹⁾	No. of Units	Assets (\$) ⁽¹⁾	No. of Units
Class A	28,958,045	28,643,846	26,126,868	26,626,642
Class B	24,641,015	24,339,730	20,781,568	20,360,575
Class C	23,481,047	23,120,500	15,000,000	15,000,000
Total	77,080,107	76,104,076	61,908,436	61,987,217

Notes: ⁽¹⁾ Refer to Note 9 of the Notes to the Financial Statements.

Responsible Entity's Report (continued)

Unsecured Loan Notes purchased throughout the period ranged in maturity between 7 days and 2 years. The Assets of the Fund's as at December 31, 2022 were invested as illustrated below:



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.

Expenses incurred by the Responsible Entity during the reporting period and attributable to the Fund relate to the costs of maintaining the Compliance Committee, Insurance and Investor Services.

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 2022:

- Total management fees for the six-month reporting period were \$464,311 (31 December 2021: \$230,357).
- Management fees payable as at 31 December 2022 were \$247,274 (30 June 2022: \$68,780).

Subsequent events

On December 9, 2022 the Responsible Entity gave notice to One Managed Investment Funds Limited of its intention to terminate the Custody Agreement relating to the Class A assets of the Fund. On January 4, 2023 the Responsible Entity entered into a Custody Agreement with Perpetual Corporate Trustee.

The Responsible Entity intends to, on or about 1 April 2023, transfer the Class A assets of the Fund from One Managed Investment Funds Limited to Perpetual Corporate Trustee.

Responsible Entity's Report (continued)

The Responsible Entity has formed the view that it is in the best interests of unitholders to separate the custody arrangements of the Fund from those of the Sub Trust B and Sub Trust C although there is no obligation to do so. These arrangements will ensure there is no conflict of interest between the Custodian of the Class A assets and the Custodian of the Sub Trusts.

Other than disclosed above, there have been no other matters or circumstances occurring subsequent to the year ended 30 June 2022 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.

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 Auditors

To the extent permitted by law, the Fund has agreed to indemnify its auditors, as part of the normal terms of its engagement agreement, against claims by third parties arising from the audit (for an unspecified amount).

Indemnification of directors, officers

During the reporting period, the Responsible Entity paid premiums in respect of contracts insuring the directors 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 an officer of the Responsible Entity or any related body corporate against a liability of such an officer or auditor.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is provided in the Consolidated Financial Statements.

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



David Spessot

Executive Director Sydney


9 March 2023

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 2022, 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



M. J. Green
Director

Brisbane, 9 March 2023

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 2022, 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 2022 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 Fund 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.

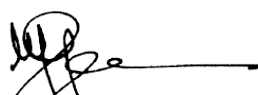
Auditor's responsibility for the review of the financial report

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 2022 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.

The logo for Mazars, featuring the word "Mazars" in a stylized, handwritten-style font.

Mazars Assurance Pty Ltd

A handwritten signature in black ink, appearing to read "M. J. Green", with a horizontal line extending to the right.

M. J. Green
Director

Brisbane, 9 March 2023

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 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 2022 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 295(4) of the Corporations Act 2001.

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



David Spessot

Executive Director Sydney

9 March 2023

Financial Statements
Six months to 31 December 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	1 July 2022 to 31 December 2022 \$	1 July 2021 to 31 December 2022 \$
Revenue			
Interest income	4	5,936,363	2,636,939
Total revenue		5,936,363	2,636,939
Expenses			
Management fee	5	464,311	230,357
Administration costs	6	247,087	152,660
Bank Fees		120	42
Total expenses		711,518	383,059
Net gain attributable to unitholders		5,224,845	2,253,880
Finance costs attributable to unitholders			
Distributions to unitholders		(5,224,845)	(2,253,880)
Net gain attributable to unitholders after finance costs		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

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

Consolidated Statement of Financial Position

As at 31 December 2022

	31 December	30 June
	2022	2022
Note	\$	\$
Assets		
Cash and cash equivalents	7a) 361,717	104,044
GST receivable	22,941	14,393
Interest receivable	1,109,790	875,106
Other receivables	50	-
Financial assets	0 76,015,668	61,908,436
Total Assets	77,510,166	62,901,979
Liabilities		
Distributions payable	976,030	771,775
Payable MoneySpot Finance	-	4,449
Other payable	429,945	138,423
Withholding tax payable	115	114
Total liabilities (excl. net assets attributable to unitholders)	1,406,090	914,761
Net assets attributable to unitholders	9 76,104,076	61,987,218

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

Consolidated Statement of Changes in Net Assets Attributable to Unitholders

	31 December 2022	31 December 2021
Note	\$	\$
Balance at the beginning of the period	61,987,218	30,619,269
Issue of units	14,898,357	6,403,607
Reinvestments	985,611	386,456
Redemptions	(1,767,110)	(1,104,402)
Net gain attributable to unitholders	5,224,845	2,253,880
Distributions paid and payable	(5,224,845)	(2,253,880)
Balance at the end of the period	9 76,104,076	36,304,930

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

Consolidated Statement of Cash Flows

	1 July 2022 to 31 December 2022	1 July 2021 31 December 2021
Note	\$	\$
Cash flows from operating activities		
Interest received	5,697,188	2,169,999
Payment to suppliers	(484,736)	(361,497)
Net cash provided by operating activities	5,212,452	1,808,502
Cash flows from investing activities		
Payments for Loan Notes	(15,103,332)	(6,813,701)
Redemption of Loan Notes	996,100	1,112,902
Net cash used in investing activities	(14,107,232)	(5,700,799)
Cash flows from financing activities		
Receipts from unitholders	14,954,357	6,387,928
Redemptions to unitholders	(1,767,110)	(1,092,902)
Distributions paid to unitholders	(4,034,794)	(1,809,384)
Net cash provided by financing activities	9,152,453	3,485,642
Net (decrease)/increase in cash and cash equivalents	257,673	(406,655)
Cash and cash equivalents at the beginning of the year	104,044	514,252
Cash and cash equivalents at the end of the reporting period	361,717	107,597

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

Notes to the Financial Statements

1. General information

This financial report is for the MoneySpot Investment Fund (ARSN 616 929 849) (referred to as “the Fund”), an unlisted registered managed investment scheme, domiciled in Australia. MSI Funds Management Limited (“MSI”) is the Responsible Entity of the Fund.

This financial report covers the period from 1 July 2022 to 31 December 2022 and is authorised by the directors of the Responsible Entity. The directors have the power to amend the report after the issue.

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.

	Class A	Class B	Class C
Commencement	13 April 2017	27 April 2021	4 May 2022
Units on Issue	28.6m	24.3m	23.1m

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 Responsible Entity's 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 report for the year ended 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 material impact on the amounts recognised in the prior periods or will affect current or future reporting periods and on foreseeable future transactions.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

3. Financial risk management objectives and policies

The Fund seeks to maintain the capital value of all investments made. The principal risk to this objective is the default of a Note Issuer on maturity of a Note due to a lack of liquidity or insolvency.

As the Fund invests wholly in Notes issued by MoneySpot Finance (the “Note Issuer”), the Assets of the Fund and the principal investments made by investors are exposed to the underlying operational and credit risk management of the Note Issuer.

Notes (continued)

Historically, MoneySpot Finance's portfolio default rates have ranged from 4% to 10% of the principal amount lent with default rates at the higher end of the range typically experienced during periods of high growth in the loan portfolio.

Were the Note Issuer to experience actual default rates significantly above this level for an extended period of time, then the risk of default on the maturity of a note will be increased.

In this situation, the options for the Fund include, but may not be limited to, suspending interest payments for a specified period and/or extending the maturity date of all or a proportion of the maturing Unsecured Loan Notes where the Custodian is satisfied the credit provider can recover or exercising the Fund's rights granted in the security deed

In the event of the Note Issuer failing to make an interest payment or repaying a maturing note, the Note Issuer will be considered in default. It is likely in this event that the Fund would revalue the Unsecured Loan Notes held by the Fund. A devaluation of the assets held by the Fund would result in a decrease in the unit price of the respective classes of the Fund.

(a) Return risk

This is the risk that the Assets the Fund acquires may not be able to provide sufficient income to cover the Fund's Administration Costs. As a result, the Fund may not generate an income and may not meet its targeted return rate or in some circumstances make a loss.

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 Depository Institution ("ADI"). Returns are not guaranteed.

(b) Creditor risk

There is a risk that either the entities in which the Fund invests, for example, MoneySpot Finance, or the borrowers to whom entities, such as MoneySpot Finance, 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.

As at the close of the reporting period, MoneySpot Finance had approximately \$6.9m in secured debt. Please note this amount may fluctuate up and down over time. MoneySpot Finance has granted a general security deed over all of its present and after acquired assets other than real property for \$4.9m. MoneySpot Finance has granted an additional \$2m security over real property. This security ranks ahead of the security granted to Note Holders under the note deed poll until such time as the security is released. When repaid, the security granted to the lenders will be released and the Note Holders' security should rank first. There is no prescribed time frame within which MoneySpot Finance must repay the secured debt.

Notes (continued)

As disclosed above, MoneySpot Finance, including its operating subsidiaries has entered into external finance arrangements other than its Note Issuance program to fund its loan book growth.

MoneySpot Finance may undertake additional significant borrowings to accommodate the growth of the loan book and the conditions of those arrangements are likely to include granting security over all present and after acquired property other than land in favour of the lenders of that debt.

The ranking of such security to external borrowers may be higher than that granted to the Fund.

(c) 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.

The Financial Sector Reform Bill 2022 was passed by both houses of Parliament on 2 December 2022. The Bill includes amendments to the Credit Act relating to small amount credit contracts which take effect on 12 June 2023.

Under the existing requirements of the Credit Act, Providers of small amount credit contracts (SACC's) must comply with the responsible lending obligations that require lenders to determine that the credit is not unsuitable for the consumer before providing the loan.

The legislated changes seek to enhance general compliance with the Credit Act and enhance protections for consumers. The changes include:

- A presumption that a consumer loan is unsuitable to a consumer who has entered into two or more SACC's in the past 90 days,
- Small amount credit contracts must have equal repayments and equal repayment intervals over the life of the loan, subject to certain limited exceptions,
- Prohibition against licensees from charging monthly fees in respect of the residual term of the SACC where the consumer fully repays the loan early,
- Prohibition against Licensees making unsolicited communications to a consumer to apply for or enter into a SACC in certain circumstances.
- Requirements for Licensees to document in writing their assessment that a small amount credit contract is not unsuitable for a consumer.
- Small amount credit contract providers are prohibited from making referrals in certain circumstances.

Notes (continued)

(d) Concentration risk

Currently, the Fund invests substantially in Unsecured Loan Notes issued by MoneySpot Finance for the primary purpose of funding the loan book of MoneySpot Finance. The Fund's stated strategy is to invest the first \$100 million it raises in Unsecured Loan Notes issued by MoneySpot Finance.

MoneySpot Finance 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. The Fund will therefore depend on the performance of MoneySpot Finance to be able to lend and collect interest and principal repayments from its borrowers, and this risk is not spread across different note issuers for the first \$100 million of investment monies raised.

(e) 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 default rates in the consumer loan portfolio were to occur on a larger than expected scale, the Note Issuer's ability to pay the coupon rate and principal repayments under the Unsecured Loan Notes it issues the Fund may be negatively affected.

Historically, MoneySpot Finance has incurred portfolio default rates ranging from 4% to 10% of the principal amounts lent with default rates at the higher end of the range typically experienced during periods of high growth in the loan portfolio. Historical default rates, however, may not be repeated in the future and there is a risk that default rates in the future could vary significantly.

(f) Loan origination risk

A failure by MoneySpot Finance or Other Credit Provider to deploy funds to its borrowers may compromise the Note Issuers' ability to make interest payments on the Unsecured Loan Notes held by the Fund.

If there is insufficient demand for funds from the credit providers the Fund may not be fully invested. Significant cash balances on the Fund's balance sheet or investments in assets that earn less than the targeted return rate would compromise the ability of the Fund to meet the targeted returns for the respective unit classes.

Notes (continued)

(g) Legal and regulatory 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.

(h) 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 and the Fund is the sole holder of the Unsecured Loan Notes issued by MoneySpot Finance. There is a risk that decision-making between the entities may not be impartial. This may adversely affect the viability of the Fund.

(i) 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.

(j) 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 Loan Notes on maturity.

(k) Fraud

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

(I) Multi-unit class risk

Interests in the Fund are divided into Units and the units are further divided into Unit Classes. Each Unit Class receives the net distributable income attributable to its assets, being the interest income on Unsecured Loan Notes less expenses. However, there is a risk that the expenses or liabilities of one Unit Class may affect the value of the other Unit Classes in the Fund and if one Unit Class is unable to pay its expenses or there is a default on a Note held by another Class, the Fund as a whole may be impacted.

Although Class Assets are segregated in the Sub-Trusts, there is legally no separation between the assets and liabilities of each Unit Class and investors have only a beneficial interest in those assets.

4. Interest income

The following table provides information about the interest income generated from different sources during the reporting period ending 31 December 2022.

	1 July 2022 to 31 December 2022	1 July 2021 to 31 December 2021
	\$	\$
Unsecured Loan Notes	5,929,793	2,636,704
Bank	6,570	235
Total	5,936,363	2,636,939

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 monthly 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.

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 2022:

- Total management fees accrued for the reporting period ending 31 December 2022: \$464,311 (31 December 2021: \$230,357)
- Management fees payable as at 31 December 2022: \$247,274 (30 June 2022: \$68,780).

Notes (continued)

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.

Expenses incurred by the Responsible Entity during the reporting period and attributable to the Fund relate to the costs of maintaining the Compliance Committee, Insurance and Investor Services.

The estimated annual administrative expenses of the Fund is estimated to be 0.8% per annum of the Fund's assets. Administration costs for the reporting period ending 31 December 2022 amounted to \$247,087 (31 December 2021: \$152,660).

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 Consolidated Statement of Cash Flow is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	31 December 2022	30 June 2022
	\$	\$
Cash at bank	361,717	104,044

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

	1 July 2022 to 31 December 2022	1 July 2021 to 31 December 2021
	\$	\$
Net gain attributable to unitholders before finance costs	5,224,845	2,253,880
Change in assets and liabilities:		
Net changes in receivables	168,461	(469,516)
Net changes in payables	(180,854)	24,138
Net cash result from operating activities	5,212,452	1,808,502

Notes (continued)

8. Financial assets at amortised cost

	31 December 2022	30 June 2022
	\$	\$
Unsecured Loan Notes at amortised cost - current - 15%	28,555,438	26,126,868
Unsecured Loan Notes at amortised cost - current - 17%	24,339,730	20,781,568
Unsecured Loan Notes at amortised cost - current - 22.2%	23,120,500	15,000,000
Total	76,015,668	61,908,436

The Fund's original Unsecured Loan Notes have a face value of \$1 per note with a coupon rate of 15% per annum and a fixed term of six months. In April 2021, Unsecured Loan Notes with a coupon rate of 17% per annum were issued to Sub Trust B for the benefit of Class B unitholders and in May 2022, Unsecured Loan Notes with a coupon rate of 22.2% per annum were issued to Sub Trust C for the benefit of Class C unitholders. The carrying amounts of Unsecured Loan Notes are a reasonable approximation of the fair value at the reporting date.

9. Net assets attributable to unitholders

Six-month period ended 31 December 2022	No. of Units	\$
Opening balance	61,987,218	61,987,218
Applications for units by unitholders	14,898,357	14,898,357
Units re-invested	985,611	985,611
Redemptions	(1,767,110)	(1,767,110)
Net gain attributable to unitholders	-	5,224,845
Distributions paid to unitholders	-	(5,224,845)
Balance as at 31 December 2022	76,104,076	76,104,076

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
Redemptions	(1,104,402)	(1,104,402)
Units re-invested	386,456	386,456
Net gain attributable to unitholders	-	2,253,880
Distributions paid to unitholders	-	(2,253,880)
Balance as at 31 December 2021	36,304,930	36,304,930

Notes (continued)

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 PDS;
- to achieve consistent returns while safeguarding capital by investing in Unsecured Loan 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. 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 2022 are:

Name	Title
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 2022 are as follows:

	31 December		30 June	
	2022		2022	
	Units Held	% of Fund	Units Held	% of Fund
David Trew and associated entities	650,000	0.85	650,000	1.05
David Spessot and associated entities	707,398	0.93	688,185	1.11
Total	1,357,398	1.78	1,338,185	2.16

Notes (continued)

Distributions paid and payable to key management personnel and their associated entities for the reporting period ending 31 December 2022:

	Paid	Payable	Gross
	\$	\$	\$
31 December 2022			
David Trew and associated entities	35,267	7,162	42,429
David Spessot and associated entities	37,852	7,794	45,646
Total	73,119	14,956	88,075

	Paid	Payable	Gross
	\$	\$	\$
30 June 2022			
David Trew and associated entities	76,292	6,912	83,204
David Spessot and associated entities	78,705	7,317	86,022
Total	154,997	14,229	169,226

No fees or remuneration were paid directly to the key management personnel from the Fund during the reporting period ending 31 December 2022. Refer to Note 5 for the fees paid to the Responsible Entity.

- Total management fees for the reporting period ended 31 December 2022: \$464,311 (31 December 2021: \$230,357)
- Management fees payable as at 31 December 2022: \$247,274 (30 June 2022: \$68,780)

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.

Notes (continued)

(b) MoneySpot Finance Pty Ltd (the Note Issuer)

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

The key management personnel of MoneySpot Finance in relation to the Fund for the reporting period ended 31 December 2022 is:

Name	Title
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 2022.

As at 31 December 2022, the Fund has invested \$28,555,438 in Unsecured Loan Notes earning a coupon rate of 15% issued by MoneySpot Finance Limited (30 June 2022: \$26,126,868). The Sub Trusts, on the other hand, has invested \$24,339,730 in Unsecured Loan Notes earning a coupon of 17% (30 June 2022: \$20,781,568), and

\$23,120,500 in Unsecured Loan Notes earning a coupon of 22.2% (30 June 2022: \$15,000,000).

On a consolidated basis, the Fund received a combined total of \$5,929,793 in interest income from its Unsecured Loan Note investments (31 December 2021: \$2,636,704).

12. Commitments and contingencies

The Responsible Entity has entered into a Custody Agreement in respect of the Fund. The Custodian has been appointed under the Custody Agreement to hold the Fund's assets. The Custodian's duties also include maintaining certain records relating to the assets and providing quarterly reports to the Responsible Entity. The Custodian's liability under the Custody Agreement is limited, except in the case of fraud, wilful default, negligence or breach of the Custody Agreement by the Custodian.

The Custodian is entitled to be indemnified or reimbursed for expenses incurred in connection with the performance of its duties and the exercise of its powers under the Custodian Agreement. Either party may terminate the agreement immediately on the occurrence of certain other events, including, acts of insolvency, and material breaches of the agreement.

However, the terms of the Custody Agreement include minimum initial terms and should the Responsible Entity wish to terminate the Agreement without cause within the Initial Term the Fund shall be liable for any Custody Fees for the remaining period within the Initial Term (Termination Fee).

Notes (continued)

At the date of this report, the Initial Term and Fees for the Custody Agreements are set out below:

- MoneySpot Investment Fund - Initial Term expired 9 December 2020. Minimum Annual Fee \$28,000
- MSI Fund Sub Trust B - Initial Term expires 19 May 2023. Minimum Annual Fee \$24,000
- MSI Fund Sub Trust C - Initial Term expires 29 June 2024. Minimum Annual Fee \$20,000

Should the Unit Classes of the Fund undergo a reorganisation that results in the consolidation of sub-trusts and the termination of a Sub Trust Custody Agreement, then the Fund Custody Agreement will be subject to a new minimum term of two years (Restructure Term) and will become liable for termination fees should the Responsible Entity then terminate the Fund Custody Agreement within the restructure term.

On January 4, 2023 the Responsible Entity into a Custody Agreement with Perpetual Corporate Trustee. This Custody Agreement is not subject to any minimum term.

Other than as mentioned above, there were no other commitments or contingencies at 31 December 2022 (2021: nil).

13. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the reporting period ending 31 December 2022 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.