



# MoneySpot Investment Fund

---

## Half Year Report

ARSN 616 929 849

Consolidated Financial Statements for the six-month period ended 31  
December 2023

## Index to the Financial Statements

<b>Contents</b>	<b>Page</b>
Responsible Entity's Report	1
Auditor's Independence Declaration	6
Independent Auditor's Report	6
Directors' Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Net Assets Attributable to Unitholders	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14
1. General information	14
2. Adoption of new and revised accounting standards	14
3. Critical accounting estimates and judgements	14
4. Financial risk management objectives and policies	14
5. Interest income	19
6. Management fees	19
7. Administration costs and recoverable expenses	19
8. Cash and cash equivalents	20
9. Financial assets at amortised cost	21
10. Net assets attributable to unitholders	21
11. Capital management	22
12. Related party transactions	22
13. Commitments and contingencies	25
14. Subsequent events	25

### 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 2023.

### Directors

The names of the directors of the Responsible Entity, in office during the reporting period ending 31 December 2023 are:

<b>Name</b>	<b>Title</b>
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 (the "Note Issuer"), 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-subsiary 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 C (the "Sub Trust C").

On 26 April 2022, Class C of the MoneySpot Investment Fund was created by Directors' resolution, and the first units were issued on 4 May 2022.

### Responsible Entity's Report (continued)

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

<b>Fund Service</b>	<b>Provider</b>
Responsible Entity	MSI Funds Management Limited (ABN 31 614 077 995)
Custodians	One Managed Investment Funds Limited (ABN 47 117 400 987) Perpetual Corporate Trust Limited (ABN 99 000 341 533)
Auditor	LNP Audit and Assurance Pty Ltd (ABN 65 155 188 837)
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 the Note Issuer, a participant in the Australian small and medium personal loan segment of the credit market. Throughout the period, the Fund's assets were largely invested in Unsecured Loan Notes and cash balances deposited with Australian Deposit Taking Institutions.

The Unsecured Loan Notes issued by the Note Issuer and held by the Fund attract coupon rates of between 7% 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 and the Consolidated Statement of Cash Flows.

During the period, the Fund achieved its targeted returns and net gain attributable to unitholders for the reporting period was \$8,133,586 (2022: \$5,224,845). 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 approximately \$89m to \$103m.

**Responsible Entity's Report (continued)**

Investment Result and Distributions (continued)

Income and distributions attributable to each Unit Class for the six-month period to 31 December 2023 compared to the previous corresponding period are set out in the table below:

	<b>1 July 2023 to 31 December 2023</b>	1 July 2022 to 31 December 2022
<b>Net gain attributable to unitholders before finance costs</b>	<b>\$8,133,586</b>	\$5,224,845
Distribution Paid & Payable (\$)	<b>\$8,133,586</b>	\$5,224,845
Class A	<b>\$1,905,792</b>	\$1,790,939
Class B	<b>\$1,705,405</b>	\$1,670,642
Class C	<b>\$4,522,387</b>	\$1,763,264
Distribution (cents per unit)		
Class A	<b>7.1420</b>	6.4603
Class B	<b>7.8016</b>	7.4511
Class C	<b>10.0059</b>	9.8425
Returns (1)		
Class A	<b>6.6%</b>	6.6%
Class B	<b>7.6%</b>	7.7%
Class C	<b>10.4%</b>	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.

## MoneySpot Investment Fund

### Responsible Entity's Report (continued)

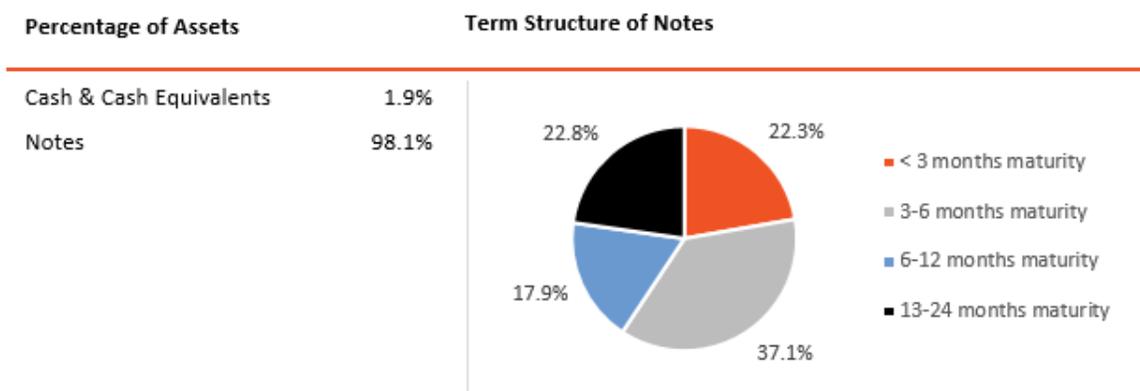
#### Value of Assets and Units Issued

The table below sets out the value of units on issue and the corresponding assets of the Fund at the end of reporting period:

	31 December 2023		30 June 2023	
	Assets (\$) <sup>(1)</sup>	No. of Units	Assets (\$) <sup>(1)</sup>	No. of Units
Class A	29,961,227	30,044,977	28,635,892	28,925,999
Class B	26,262,180	26,267,084	20,910,038	20,910,098
Class C	46,980,706	46,983,631	38,923,359	38,933,361
<b>Total</b>	<b>103,204,113</b>	<b>103,295,692</b>	<b>88,469,289</b>	<b>88,769,458</b>

Notes: <sup>(1)</sup> Refer to Note 9 of the Notes to the Financial Statements.

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, 2023 were invested as illustrated below:



**Responsible Entity's Report (continued)**

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

The Constitution of the Fund allows for all properly incurred expenses incurred by the Responsible Entity 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 2023:

- Total management fees for the six-month reporting period were \$686,201 (31 December 2022: \$464,311).
- Management fees payable as at 31 December 2023 were \$348,764 (30 June 2023: \$299,387).

**Subsequent events**

There have been no matters or circumstances occurring subsequent for the period ended 31 December 2023 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 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).

**Responsible Entity's Report (continued)**

**Indemnification of directors and 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  
18 April 2024

ABN 65 155 188 837

L8 309 Kent Street Sydney NSW 2000

L24 570 Bourke Street Melbourne VIC 3000

L14 167 Eagle Street Brisbane QLD 4000

L28 140 St Georges Terrace Perth WA 6000

1300 551 266

[www.lnpaudit.com](http://www.lnpaudit.com)

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF MONEYSLOT INVESTMENT FUND

As lead auditor of MoneySpot Investment Fund for the period ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

LNP Audit and Assurance Pty Ltd



David Sinclair

Director

Sydney, 18 April 2024

INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF MONEYSLOT INVESTMENT FUND

REPORT ON THE HALF-YEAR FINANCIAL REPORT

**Conclusion**

We have reviewed the half-year financial report of MoneySpot Investment Fund (the Fund), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors of the Trustee Company's Declaration.

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

- (a) Giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) Complying with Australian Accounting Standard 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**Responsibility of the Directors of the Trustee Company for the half year Financial Report**

The Directors of the Trustee Company of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility for the Review of the half year Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

LNP Audit and Assurance Pty Ltd



David Sinclair

Director

Sydney, 18 April 2024

**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 period ended 31 December 2023 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  
18 April 2024

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the reporting period ending 31 December 2023**

		<b>1 July 2023 to 31 December 2023</b>	1 July 2022 to 31 December 2022
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Interest income	5	<u>9,081,851</u>	5,936,363
<b>Total revenue</b>		<u>9,081,851</u>	5,936,363
<b>Expenses</b>			
Management fee	6	<u>686,201</u>	464,311
Administration costs	7	<u>262,064</u>	247,207
<b>Total expenses</b>		<u>948,265</u>	711,518
<b>Net gain attributable to unit holders</b>		<u>8,133,586</u>	5,224,845
<b>Finance costs attributable to unitholders</b>			
Distribution to unitholders		<u>(8,133,586)</u>	(5,224,845)
<b>Net gain attributable to unit holders 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.

**Consolidated Statement of Financial Position as at 31 December 2023**

		<b>31 December 2023</b>	30 June 2023
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents	8(a)	<b>365,273</b>	563,280
GST receivable		<b>32,041</b>	26,477
Interest receivable		<b>1,598,440</b>	1,320,473
Financial assets at amortised cost	9	<b>103,204,113</b>	88,469,289
<b>Total assets</b>		<b>105,199,867</b>	90,379,519
<b>Liabilities</b>			
Distributions payable		<b>1,443,959</b>	1,185,147
Redemption payable		<b>24</b>	-
Other payables		<b>459,966</b>	424,880
Withholding tax payable		<b>228</b>	34
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>1,904,177</b>	1,610,061
<b>Net assets attributable to unitholders</b>	10	<b>103,295,690</b>	88,769,458

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 for the reporting period ending 31 December 2023**

	<b>31 December 2023</b>	31 December 2022
<b>Note</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the period	<b>88,769,458</b>	61,987,218
Issue of units	<b>13,759,016</b>	14,898,357
Distributions reinvested in units	<b>2,301,251</b>	985,611
Redemptions	<b>(1,534,035)</b>	(1,767,110)
Net gain attributable to unitholders	<b>8,133,586</b>	5,224,845
Distributions paid and payable	<b>(8,133,586)</b>	(5,224,845)
<b>Balance at the end of the period</b>	<b>10 103,295,690</b>	<b>76,104,076</b>

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

**Consolidated Statement of Cash Flows for the reporting period ending 31 December 2023**

	<b>1 July 2023 to 31 December 2023</b>	<b>1 July 2022 to 31 December 2022</b>
<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	<b>8,803,885</b>	5,697,188
Payment to suppliers	<b>(918,803)</b>	(484,736)
<b>Net cash provided by operating activities</b>	<b>8(b) 7,885,082</b>	5,212,452
<b>Cash flows from investing activities</b>		
Payments for Loan Notes	<b>(16,074,949)</b>	(15,103,332)
Redemption of Loan Notes	<b>2,785,155</b>	996,100
<b>Net cash used in investing activities</b>	<b>(13,289,794)</b>	(14,107,232)
<b>Cash flows from financing activities</b>		
Receipts from unitholders	<b>13,759,016</b>	14,954,357
Redemptions to unitholders	<b>(1,534,011)</b>	(1,767,110)
Distributions paid to unitholders	<b>(7,018,300)</b>	(4,034,794)
<b>Net cash provided by financing activities</b>	<b>5,206,705</b>	9,152,453
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(198,007)</b>	257,673
Cash and cash equivalents at the beginning of the reporting period	<b>563,280</b>	104,044
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8(a) 365,273</b>	361,717

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 2023 to 31 December 2023 and is authorised for issue by the directors of the Responsible Entity on 3 April 2024. 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.

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
Commencement	13 April 2017	27 April 2021	4 May 2022
Units on Issue	30,044,977	26,267,084	46,983,631

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 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

The Directors of the Responsible Entity have reviewed all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board for annual reporting periods beginning or after 1 July 2023. The Directors have concluded that there is no impact, material or otherwise for MoneySpot Investment Fund from these new and revised accounting standards and interpretations.

**3. Critical accounting estimates and judgements**

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

**4. 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 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.

#### 4. Financial risk management objectives and policies (continued)

Historically, the Note Issuer's portfolio default rates have ranged from 4% to 10% of loan receivables 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.

The key risks applicable to the Fund includes:

##### **(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 Administrative 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) Credit risk**

There is a risk that either the entities in which the Fund invests, for example, the Note Issuer, or the borrowers to whom entities, such as the Note Issuer, 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, the Note Issuer had approximately \$17m in secured debt. This amount may fluctuate up and down over time. The Note Issuer has granted a general security deed over all of its present and after acquired assets other than real property for \$15m. The Note Issuer 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 the Note Issuer must repay the secured debt.

Notes to the Financial Statements

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

**(b) Credit risk (continued)**

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

The Note Issuer 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 took effect on 12 June 2023.

Under the requirements of the Credit Act, Providers of small amount credit contracts (SACCs) 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 SACCs 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, and
- Small amount credit contract providers are prohibited from making referrals in certain circumstances.

**(d) Concentration risk**

Currently, the Fund invests substantially in Unsecured Loan Notes issued by the Note Issuer for the primary purpose of funding the loan book of the Note Issuer.

#### 4. Financial risk management objectives and policies (continued)

##### *(d) Concentration risk (continued)*

The Note Issuer 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, the Note Issuer. The Fund will therefore depend on the performance of the Note Issuer 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 the Note Issuer's loans will become delinquent as a result of borrowers' failure or inability to pay, despite diligent credit assessment measures undertaken by the Note Issuer. Therefore, investors should be aware the Fund will bear some risk in this regard.

Historically, the Note Issuer has incurred portfolio default rates ranging from 4% to 10% of loan receivables 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 the Note Issuer 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.

##### *(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 the Note Issuer 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 the Note Issuer and the Fund is the sole holder of the Unsecured Loan Notes issued by the Note Issuer. There is a risk that decision-making between the entities may not be impartial. This may adversely affect the viability of the Fund.

Notes to the Financial Statements

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

**(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 is 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 the Note Issuer 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 and that they have no intention of paying off their loan. Although the Note Issuer has procedures in place to detect fraudulent applications, the risk of fraud cannot be completely discounted.

**(l) 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.

**Notes to the Financial Statements**

**5. Interest income**

The following table provides information about the interest income generated from different sources during the reporting period ending 31 December 2023.

	<b>1 July 2023 to 31 December 2023</b>	<b>1 July 2022 to 31 December 2022</b>
	\$	\$
Unsecured Loan Notes	<b>9,071,060</b>	5,929,792
Bank	<b>10,791</b>	6,571
<b>Total for the period</b>	<b>9,081,851</b>	5,936,363

**6. 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 half-year ended 31 December 2023:

- Total management fees accrued for the reporting period ending 31 December 2023: \$686,201 (31 December 2022: \$464,311)
- Management fees payable as at 31 December 2023: \$348,764 (30 June 2023: \$299,387).

**7. 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 2023 amounted to \$261,961 (31 December 2022: \$247,087).

**Notes to the Financial Statements**

**8. 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:

	<b>31 December 2023</b>	30 June 2023
	\$	\$
Cash at bank	<b>365,273</b>	563,280

- (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 2023 to 31 December 2023</b>	1 July 2022 to 31 December 2022
	\$	\$
<b>Net gain attributable to unitholders before finance costs</b>	<b>8,133,586</b>	5,224,845
<b>Change in assets and liabilities:</b>		
Net changes in receivables	<b>(283,883)</b>	168,461
Net changes in payables	<b>35,379</b>	(180,854)
<b>Net cash result from operating activities</b>	<b>7,885,082</b>	5,212,452

**Notes to the Financial Statements**

**9. Financial assets at amortised cost**

	<b>31 December 2023</b>	30 June 2023
	\$	\$
Unsecured Loan Notes at amortised cost - current - 15%	<b>29,961,227</b>	28,635,892
Unsecured Loan Notes at amortised cost - current - 17%	<b>26,262,180</b>	20,910,038
Unsecured Loan Notes at amortised cost - current - 22.2%	<b>46,980,706</b>	38,923,359
<b>Total</b>	<b>103,204,113</b>	88,469,289

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.

**10. Net assets attributable to unitholders**

**Six-month period ended 31 December 2023**

	<b>No. of Units</b>	<b>\$</b>
Opening balance	<b>88,769,458</b>	<b>88,769,458</b>
Applications for units by unitholders	<b>13,759,016</b>	<b>13,759,016</b>
Units re-invested	<b>2,301,251</b>	<b>2,301,251</b>
Redemptions	<b>(1,534,035)</b>	<b>(1,534,035)</b>
Net gain attributable to unitholders	-	<b>8,133,586</b>
Distributions paid and payable to unitholders	-	<b>(8,133,586)</b>
<b>Balance as at 31 December 2023</b>	<b>103,295,690</b>	<b>103,295,690</b>

**Notes to the Financial Statements**

**10. Net assets attributable to unitholders (continued)**

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
Redemptions	(1,767,110)	(1,767,110)
Units re-invested	985,611	985,611
Net gain attributable to unitholders	-	5,224,845
Distributions paid and payable to unitholders	-	(5,224,845)
Balance as at 31 December 2022	<u>76,104,076</u>	<u>76,104,076</u>

**11. 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.

**12. 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 AFSL 491 268. It is wholly owned by the Note Issuer 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 2023 are:

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

Holding of units by key management personnel and their associated entities for MSI Funds Management Limited as at 31 December 2023 are as follows:

## MoneySpot Investment Fund

### Notes to the Financial Statements

#### 12. Related party transactions (continued)

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

###### 31 December 2023

	Units held	% of the Fund
David Trew and associated entities	1,000,000	0.97
David Spessot and associated entities	758,177	0.74
Total	1,758,177	1.71

###### 30 June 2023

	Units Held	% of the Fund
David Trew and associated entities	950,000	1.07
David Spessot and associated entities	727,886	0.82
Total	1,677,886	1.89

Distributions paid and payable to key management personnel and their associated entities for the reporting period ending 31 December 2023:

###### 31 December 2023

	Paid	Payable	Gross
	\$	\$	\$
David Trew and associated entities	52,352	10,897	63,249
David Spessot and associated entities	39,769	8,262	48,031
Total	92,121	19,159	111,280

**Notes to the Financial Statements**

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

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

30 June 2023

	Paid \$	Payable \$	Gross \$
David Trew and associated entities	77,432	8,739	86,171
David Spessot and associated entities	84,287	7,757	92,044
Total	161,719	16,496	178,215

No fees or remuneration were paid directly to the key management personnel from the Fund during the reporting period ending 31 December 2023. Refer to Note 6 for the fees paid to the Responsible Entity.

- Total management fees for the reporting period ended 31 December 2023: \$686,201 (31 December 2022: \$464,311)
- Management fees payable as at 31 December 2023: \$348,764 (30 June 2023: \$299,387)

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

As at 31 December 2023, the Fund has a contingent liability to the Responsible Entity of \$19,650 representing historical costs of administering the Fund incurred by the Responsible Entity that may be recovered.

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

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

The key management personnel of MSI Funds Management Limited in relation to the Fund for the reporting period ended 31 December 2023 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 2023.

Notes to the Financial Statements

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

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

As at 31 December 2023, the Fund has invested \$29,961,227 in Unsecured Loan Notes earning a coupon rate between 7% and 15% per annum, respectively issued by the Note Issuer (30 June 2023: \$28,635,892). The Sub Trusts have invested \$26,262,180 in Unsecured Loan Notes earning a coupon of between 7% and 17% (30 June 2023: \$20,910,038), and \$46,980,706 in Unsecured Loan Notes earning a coupon of rate between 21.9% and 22.2% (30 June 2023: \$38,923,359).

On a consolidated basis, the Fund received a combined total of \$9,071,060 in interest income from its Unsecured Loan Note investments (31 December 2022: \$5,929,792).

**13. Commitments and contingencies**

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

The Custodians are 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 Agreements. Either party may terminate an agreement immediately on the occurrence of certain events, including, acts of insolvency, and material breaches of the agreement.

However, the terms of the Custody Agreements 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).

At the date of this report, the relevant remaining Initial Term and Fees for the Custody Agreement is set out below:

- MSI Fund Sub Trust C - Initial Term expires 29 June 2024. Minimum Annual Fee \$20,000

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.

As at 31 December 2023, the Fund has a contingent liability to the Responsible Entity of \$19,650 representing historical costs of administering the Fund incurred by the Responsible Entity that may be recovered.

Other than as mentioned above, there were no other commitments or contingencies at 31 December 2023 (2022: \$72,000).

**14. Subsequent events**

There have been no matters or circumstances occurring subsequent for the period ended 31 December 2023 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 financial periods.