

# Trilogy Monthly Income Trust

Annual Financial Report  
30 June 2024

**ARSN 121 846 722**

Issued by Trilogy Funds Management Limited  
in its capacity as Responsible Entity

## A Message from the Non-Executive Chairman

Welcome to the 2024 Trilogy Monthly Income Trust Annual Report.

The 2024 financial year was a year of growth for Trilogy Funds and the Trilogy Monthly Income Trust (Trust), despite mixed economic conditions.

Over the financial year, the Trilogy Funds team grew by 12%. This necessitated a move to larger offices in both Brisbane and Melbourne. We were also pleased to establish an on-the-ground presence in Perth.

The Trilogy Funds headquarters remain at the iconic Gold Tower - 10 Eagle Street, Brisbane. However, during the financial year, our headquarters relocated from the southern half of level 23, to the entirety of level 26. Even more excitingly, during the financial year, our name and logo were unveiled on top of this iconic building, adding our brand to the Brisbane CBD skyline.

In a year that marked Trilogy's 25th anniversary, it seemed fitting to adorn one of Brisbane's most recognisable buildings with the name of a local mainstay, solidifying our presence and commitment to the city's rich history.

On the economic front, the ramifications of COVID-19 persisted, with mixed conditions experienced across FY24. We also saw a changing of the guard at the Reserve Bank of Australia (RBA), with Philip Lowe's seven-year tenure as Governor coming to an end in September 2023 and former Deputy, Michelle Bullock, taking over.

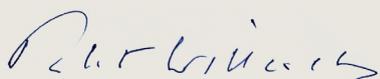
The cash rate was 4.1% at the start of the financial year, rising 25 basis points to 4.35% at the 7 November 2023 RBA board meeting and holding firm for the remainder of the financial year. The rationale for the November rise was the persistence of inflation. This theme remained throughout the year, albeit with inflation having moderated substantially from its 2022 peak and continuing to lower incrementally.

The cash rate sitting at its highest point in over a decade impacted construction activity across the financial year. The total number of dwellings that had commenced construction was 38,954 in the December 2023 quarter, the lowest total since the June 2012 quarter. Year-on-year building permits decreased for nine of the 12 months across FY24, with the three positive months seeing only a marginal rise.

The Federal Government's National Housing Accord, which commenced in mid-2024 with the aim of building 1.2 million new, well-located homes over the next five years. This will require an average of 60,000 new homes to come online each quarter over this period. As the cash rate will come down sooner rather than later, new construction activity will likely pick up in FY25.

Thank you for your continued support of Trilogy Funds and the Trilogy Monthly Income Trust. As we proceed into FY25 and beyond, we remain committed to seizing opportunities and helping you achieve your financial goals.

Yours sincerely,



**Robert Willcocks**

Independent Non-Executive Chairman  
Trilogy Funds Management Limited

**Trilogy Monthly Income Trust**  
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**Trilogy Monthly Income Trust**  
**Directors' report**  
**30 June 2024**

The Directors of Trilogy Funds Management Limited (Responsible Entity), the Responsible Entity of the Trilogy Monthly Income Trust (Scheme), present their report together with the financial statements of the Scheme for the year ended 30 June 2024.

**Responsible Entity**

The Responsible Entity is incorporated and domiciled in Australia. The registered office and principal place of business of the Responsible Entity and the Scheme is Level 26, 10 Eagle Street, Brisbane, QLD, 4000.

**Directors**

The names of the directors in office at any time during, or since the end of the financial year are:

<b><i>Name and qualifications</i></b>	<b><i>Age</i></b>	<b><i>Experience and special responsibilities</i></b>
Robert M Willcocks Independent Non-Executive Chairman BA, LL.B, LL.M	75	Member of the Audit & Risk Committee Former partner with Mallesons Stephen Jaques (now King & Wood Mallesons) Mr Willcocks has been a non-executive director (sometimes Chairman) of a number of listed companies Chairman – Responsible Entity since 9 October 2009
Rodger I Bacon Non-Executive Deputy Chairman BCom(Merit), AICD, SFFin	78	Former executive director of Challenger International Limited Mr Bacon is a former director of several companies including, Financial Services Institute of Australasia Director – Responsible Entity until 30 June 2023 Non-Executive Director – Responsible Entity since 30 June 2023
John C Barry Executive Director BA, FCA	72	Chairman of the Audit & Risk Committee Former executive director of Challenger International Limited Mr Barry is a director of several companies, including former Chairman of Westpac RE Limited Director – Responsible Entity since 9 July 2004
Philip A Ryan Executive Director and Company Secretary LL.B, Grad Dip Leg Prac, FTIA, FFIN	63	Mr Ryan is a solicitor and member of the Queensland Law Society Inc. Former partner of a Brisbane law firm Mr Ryan is a director of several companies Director – Responsible Entity since 13 October 1997
Rohan C Butcher Non-Executive Director Grad Dip PM, BAsc(QS), Registered Builder, Licensed Real Estate Agent	55	Member of the Lending Committee Consultant to several major companies providing development management services Director – Responsible Entity since 29 July 2008
Justin J Smart Executive Director and Company Secretary BCom, CPA	52	Member of the Audit & Risk Committee Mr Smart is a director of several private companies and has over 20 years experience in the financial services industry Director – Responsible Entity from 1 January 2023 Company Secretary – Responsible Entity from 11 July 2013

**Trilogy Monthly Income Trust**  
**Directors' report**  
**30 June 2024**

**Directors (continued)**

Henry F Elgood Executive Director MAICD	29	Member of the Audit & Risk Committee, and Compliance Committee Mr Elgood is a non-executive director of several private companies Director – Responsible Entity from 1 January 2023
Clinton B Arentz Executive Director MBA, SIA (Aff)	61	Chairman of the Workout Committee Head of Lending & Property Mr Arentz is a former director of Winston Development Services, and has over 25 years experience in property development, asset management, project delivery, construction lending and property finance Director – Responsible Entity from 1 January 2023
Patrice A Sherrie Independent Non-Executive Director GAICD, FCA, B Bus	61	Member of the Audit & Risk Committee Patrice has over 35 years' experience in chartered accounting and commerce and is, and has been, a non executive director of listed and unlisted organisations across multiple industries Independent Non-Executive Director – Responsible Entity from 25 February 2024

**Principal activities**

The Scheme is a registered managed investment scheme domiciled in Australia. During the year the Scheme invested in loans secured by registered first mortgages over real property in Australian states and territories, with funds also held in financial institutions for liquidity purposes. The investment strategy of the Scheme is to invest in loans secured by registered first mortgages, and to utilise excess liquidity in fixed income investments, in accordance with the Scheme's Product Disclosure Statement (PDS). The Scheme did not have any employees during the year.

The Scheme's loans to borrowers were limited to a maximum loan amount of \$40 million (2023: \$40 million) and a maximum loan-to-value (LVR) ratio of 70% (2023: 70%).

*Financial overview*

The Scheme produced an average net return for the year ended 30 June 2024 of 8.04% p.a. (2023: 6.78% p.a.). Net investor inflows less movement in the provision for expected credit losses (ECL) (Note 9) resulted in net assets attributable to unitholders of \$753,542,680 (2023: \$646,465,591). Whilst the total number of active loans at year end declined, the total drawn balance of current loans increased by \$911,734 to \$633,808,873 (2023: 632,897,139).

The net profit before finance costs for the year ended 30 June 2024 was \$53,130,325 (2023: \$46,026,339).

*Distributions to unitholders*

The return to unitholders of the Scheme was as follows (refer Note 5):

	<b>2024</b>	2023
	<b>\$</b>	\$
Distributions paid during the year	<b>53,650,320</b>	41,468,895
Distributions payable at year end	<b>5,165,729</b>	4,450,489
	<b>58,816,049</b>	45,919,384
Average net return to unitholders p.a.	<b>8.04%</b>	6.78%

The basis for valuation of the Scheme's major asset, mortgage loans, is disclosed in Note 9 to the financial statements.

**Trilogy Monthly Income Trust**  
**Directors' report**  
**30 June 2024**

**Principal activities (continued)**

*Net assets attributable to unitholders*

	Note	2024	2023
<i>Net asset value per unit</i>		\$	\$
Net assets attributable to unitholders		<b>753,542,680</b>	646,465,591
Add ECL general provision (i)	9	<b>1,111,947</b>	1,073,843
Add ECL specific provision (i)	9	<b>5,647,619</b>	-
Adjusted net assets attributable to unitholders		<b><u>760,302,246</u></b>	<u>647,539,434</u>
Net asset value per unit as at 30 June		<b>\$1.00</b>	\$1.00

(i) It is the policy of the Responsible Entity to add back the ECL general and specific provision to the net asset value of the Scheme.

*Indirect cost ratio (ICR)*

The ICR is the ratio of the Scheme's management costs over the Scheme's average net assets for the year, expressed as a percentage.

Management costs include management fees and other expenses or reimbursements deducted in relation to the Scheme, but do not include transactional and operational costs. Management costs are deducted from distributions to unitholders. The ICR for the Scheme for the year ended 30 June 2024 is 3.33% p.a. (2023: 3.56% p.a.).

**Interests of the Responsible Entity**

The following fees were paid to the Responsible Entity and its associates out of the Scheme property during the financial year (refer Note 14(c)(i)).

	2024	2023
	\$	\$
<i>Fees paid directly by the Scheme</i>		
Responsible Entity management fees	<b>6,785,949</b>	6,212,776
Responsible Entity management fees rebated	<b>(2,737,080)</b>	(2,225,599)
	<b><u>4,048,869</u></b>	<u>3,987,177</u>
Mortgage investment management fees	<b>24,867,428</b>	22,004,690
	<b><u>28,916,297</u></b>	<u>25,991,867</u>
<i>Other fees and expenses</i>	\$	\$
Expenses incurred by the Responsible Entity and not reimbursed by the Scheme	<b><u>1,110,163</u></b>	<u>1,410,712</u>

The Responsible Entity (including its associates) does not hold any units in the Scheme as at 30 June 2024 (2023: nil).

**Significant changes in the state of affairs**

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Scheme that occurred during the financial year.

**Events subsequent to the end of the reporting year**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

**Likely developments and expected results of operations**

The Scheme will continue to pursue its principal activities in the next financial year in order to achieve a competitive return for unitholders.

**Environmental regulation**

The operations of the Scheme 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 Scheme.

**Options**

No options were:

- (i) Granted over unissued units in the Scheme during or since the end of the financial year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Scheme were under option as at the date on which this report is made.

No units were issued in the Scheme during or since the end of the financial year as a result of the exercise of an option over unissued units in the Scheme.

**Indemnification of officers or auditor**

*Indemnification*

Under the Scheme's constitution the Responsible Entity is required to indemnify all current and former officers of the Responsible Entity (but not including auditors) out of the property of the Responsible Entity against:

- (a) any liability for costs and expenses which may be incurred by that person in defending civil or criminal proceedings in which judgement is given in that person's favour, or in which the person is acquitted, or in the connection with an application in relation to any such proceedings in which the court grants relief to the person under the Corporations Act 2001; and
- (b) a liability incurred by the person, as an officer of the Responsible Entity or of a related body corporate, to another person (other than the Responsible Entity or a related body corporate) unless the liability arises out of conduct involving a lack of good faith.

*Insurance premiums*

During the financial year, the Responsible Entity paid an insurance premium in respect of a contract insuring each of the officers of the Responsible Entity. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or related body corporates. This insurance premium does not cover the auditors. The Scheme has not indemnified any auditor of the Scheme.

**Trilogy Monthly Income Trust**  
**Directors' report**  
**30 June 2024**

**Proceedings on behalf of the Responsible Entity**

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity in relation to Scheme, or intervene in any proceedings to which the Responsible Entity in relation to the Scheme is a party, for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings. The Responsible Entity was not a party to any such proceedings during the year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



Philip A Ryan  
Managing Director

26 September 2024  
Brisbane



Justin J Smart  
Executive Director

26 September 2024  
Brisbane



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**DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF TRILOGY FUNDS  
MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF TRILOGY MONTHLY INCOME TRUST**

As lead auditor of Trilogy Monthly Income Trust for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

T J Kendall  
Director

**BDO Audit Pty Ltd**

Brisbane, 26 September 2024

**Trilogy Monthly Income Trust**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**

	Note	2024 \$	2023 \$
<b>Revenue and other income</b>			
Interest revenue - mortgage loans	4	<b>57,536,570</b>	48,747,961
Distribution revenue - investments	4	<b>3,903,343</b>	2,394,124
Net gain on change in fair value of financial assets	10	<b>1,564,084</b>	279,324
Impairment loss recovery	9	-	106,955
		<b>63,003,997</b>	51,528,364
<i>Borrower fees:</i>			
• Application and extension fees	4	<b>12,141,794</b>	9,274,640
• Variation fees	4	<b>1,055,427</b>	558,656
• Exit and release fees	4	<b>385,210</b>	304,635
• Progress draw fees	4	<b>223,350</b>	205,869
• Administration and monitoring fees	4	<b>11,061,647</b>	11,166,566
		<b>24,867,428</b>	21,510,366
		<b>87,871,425</b>	73,038,730
<b>Expenses</b>			
Responsible Entity management fees	14(c)	<b>(4,048,869)</b>	(3,987,177)
Mortgage investment management fees	14(c)	<b>(24,867,428)</b>	(22,004,690)
Impairment loss expense	9	<b>(5,685,723)</b>	-
Other expense	14(c)	<b>(139,080)</b>	(1,020,524)
		<b>(34,741,100)</b>	(27,012,391)
<b>Profit for the year</b>		<b>53,130,325</b>	46,026,339
<b>Profit for the year attributable to unitholders</b>		<b>53,130,325</b>	46,026,339
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>53,130,325</b>	46,026,339

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

**Trilogy Monthly Income Trust**  
**Statement of financial position**  
**As at 30 June 2024**

	Note	2024 \$	2023 \$
<b>Assets</b>			
Cash and cash equivalents	7	45,523,194	13,366,959
Trade and other receivables	8	7,828,741	3,242,019
Mortgage loans	9	627,049,308	631,823,296
Financial assets	10	84,679,127	7,377,493
<b>Total assets</b>		<u>765,080,370</u>	<u>655,809,767</u>
<b>Liabilities</b>			
Trade and other payables	11	6,371,961	4,893,687
Distributions payable	5	5,165,729	4,450,489
<b>Total liabilities</b>		<u>11,537,690</u>	<u>9,344,176</u>
<b>Net assets attributable to unitholders - Equity</b>		<u>753,542,680</u>	<u>646,465,591</u>

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

**Trilogy Monthly Income Trust**  
**Statement of changes in net assets attributable to unitholders**  
**For the year ended 30 June 2024**

	Note	Total equity \$
<b>Balance at 1 July 2022</b>		644,106,680
<i>Comprehensive income:</i>		
Profit for the year		46,026,339
Other comprehensive income for the year		-
<b>Total comprehensive income for the year</b>		<u>46,026,339</u>
<i>Transactions with unitholders in their capacity as owners:</i>		
Applications		201,670,381
Redemptions		(209,313,514)
Units issued upon reinvestment of distributions		9,903,702
Adviser fees paid from capital		(8,613)
Distributions paid/payable	5	<u>(45,919,384)</u>
<b>Balance at 30 June 2023</b>		<u><b>646,465,591</b></u>
<b>Balance at 1 July 2023</b>		<b>646,465,591</b>
<i>Comprehensive income:</i>		
Profit for the year		53,130,325
Other comprehensive income for the year		-
<b>Total comprehensive income for the year</b>		<u>53,130,325</u>
<i>Transactions with unitholders in their capacity as owners:</i>		
Applications		240,447,606
Redemptions		(140,982,466)
Units issued upon reinvestment of distributions		13,314,953
Adviser fees paid from capital		(17,280)
Distributions paid/payable	5	<u>(58,816,049)</u>
<b>Balance at 30 June 2024</b>		<u><b>753,542,680</b></u>

The statement of changes in net assets attributable to unitholders should be read in conjunction with the accompanying notes

**Trilogy Monthly Income Trust**  
**Statement of cash flows**  
**For the year ended 30 June 2024**

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Interest received - mortgage loans		57,536,570	48,747,961
Distributions received - investments		2,905,990	1,031,080
Borrower fees received		24,867,428	21,510,366
Mortgage loan funds advanced		(427,189,430)	(452,513,549)
Mortgage loan funds repaid		423,279,695	375,182,901
Fees paid to the Responsible Entity		(29,151,723)	(24,602,180)
Net GST received/(paid)		(56,565)	38,995
<b>Net cash provided by/(used in) operating activities</b>	13	<b>52,191,965</b>	<b>(30,604,426)</b>
<b>Cash flows from investing activities</b>			
Investments in MIS and fixed income instruments		(146,935,257)	(21,004,601)
Disposals of MIS and fixed income instruments		71,197,708	69,941,600
<b>Net cash (used in)/provided by investing activities</b>		<b>(75,737,549)</b>	<b>48,936,999</b>
<b>Cash flows from financing activities</b>			
Payments for redemption of units		(140,999,746)	(208,783,472)
Distributions paid to unitholders		(58,099,649)	(44,256,038)
Receipts from issue of units		254,906,406	210,395,195
Receipts to be refunded		(105,192)	105,192
<b>Net cash provided by/(used in) financing activities</b>		<b>55,701,819</b>	<b>(42,539,123)</b>
Net increase/(decrease) in cash and cash equivalents		32,156,235	(24,206,550)
Cash at beginning of the reporting period		13,366,959	37,573,509
<b>Cash and cash equivalents at end of year</b>	7	<b>45,523,194</b>	<b>13,366,959</b>

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

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 1 Reporting entity**

Trilogy Monthly Income Trust (Scheme) is a registered managed investment scheme (MIS) under the Corporations Act 2001 (Act), and is an Attribution Managed Investment Trust (AMIT) under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The financial statements of the Scheme are for the year ended 30 June 2024. As stipulated by the Scheme's constitution, the life of the Scheme is limited to a period of not more than 80 years from the anniversary of the commencement of the Scheme. At this time, the Scheme is to realise the assets and distribute all surplus funds to unitholders. The Scheme is a for-profit entity.

**Note 2 Basis of preparation**

**(a) Statement of compliance**

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards and interpretations in their entirety.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of financial assets. Assets and liabilities have been presented in decreasing order of liquidity, providing more reliable and more relevant information, due to the nature of activities of the Scheme.

The financial statements were approved by the Board of Directors of Trilogy Funds Management Limited (Responsible Entity) on 26 September 2024.

**(b) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Scheme's functional currency.

**(c) Key assumptions and sources of estimation**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised are disclosed in:

- Note 8: Impairment losses (interest receivable);
- Note 9: Impairment losses (mortgage loans); and
- Note 15(a): Financial risk management (credit risk).

**Note 3 Material accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Scheme has not early adopted any accounting standard.

**(a) Cash and cash equivalents**

Cash and cash equivalents include deposits at call with financial institutions and other highly liquid investments with periods of maturity of 90 days or less which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value on conversion.

**Note 3 Material accounting policies (continued)**

**(b) Financial instruments**

*(i) Classification*

The Scheme classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is measured at amortised cost if it meets the following conditions:

- It is held within a business model whose objective is to hold assets and collect contractual cash flows;
- Its contractual term give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding; and
- It is not designated at fair value through profit or loss (FVTPL).

A majority of the Scheme's assets, within the scope of AASB 9 Financial Instruments, are loans secured by first mortgages. These loans and receivables are held at amortised cost.

The majority of Scheme's portfolio of financial assets are loans secured by first mortgages and they are held to contractual cashflows at a specified date therefore the loans meet the solely payments of principal and interest on interest requirement and are measured at amortised cost. Loans managed and its performance is evaluated on amortised cost basis in accordance with the Scheme's documented investment strategy.

Equity securities, investments in unlisted managed investment Schemes and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

*(ii) Recognition*

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

*(iii) Measurement*

Financial instruments are measured initially at fair value plus transaction costs except where the instrument is classed at fair value through profit or loss in which the transaction costs are expensed immediately. Transaction costs on financial assets and financial liabilities are amortised over the life of the asset or liability using the effective interest method.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

**Note 3 Material accounting policies (continued)**

**(b) Financial instruments (continued)**

*(iv) Impairment*

The Scheme measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument was purchased as a credit impaired financial asset. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Scheme is required to measure the loss allowance for that financial instrument at an amount equal to the 12-month ECL.

The Scheme has applied a three-stage model based on the change in credit risk since initial recognition to determine the loss allowance of its loan receivables.

*Stage 1: 12-month ECL*

On initial recognition, ECL is collectively assessed and measured by classes of loan receivables, with the same level of credit risk as a product of the probability of default (PD) within the next 12 months and the loss given defaults (LGDs). In doing so consideration is given to forward looking economic indicators. Loss allowance for loan receivables are deducted from the gross carrying amount of the loan receivables.

*Stage 2: Lifetime ECL*

When the Scheme determines that there has been a significant increase in credit risks since initial recognition but not considered to be credit impaired, the Scheme recognised a lifetime ECL for the remaining lifetime of the financial asset. In doing so consideration is given to forward looking economic indicators. Similar to stage 1 loss allowances for loan receivables, the lifetime ECL amounts are deducted from the gross carrying amount of the loan receivables.

*Stage 3: Lifetime ECL - credit impaired*

At each reporting date, the Scheme assess whether loan receivables are credit impaired. A financial asset is credit impaired when one or more events that have a determination impact on the estimated future cash flows of the financial asset have occurred. For loan receivables that have been assessed as credit impaired, a lifetime ECL is recognised as a specific provision, and interest revenue is calculated by applying the effective interest rate to the amortised cost instead of the carrying amount.

A loan receivable balance is fully impaired when the borrower is unlikely to pay their obligation and the Scheme determines there is no reasonable expectation of recovery. In assessing whether reasonable expectation of recovery exists, multiple factors are considered including days past due without repayment, recourse available to the Scheme such as realisability of security, insurance payout and other related factors.

*(v) Derecognition*

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 9 Financial instruments.

The Scheme uses the weighted average method to determine realised gains and losses on derecognition of financial assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**Note 3 Material accounting policies (continued)**

**(b) Financial instruments (continued)**

*(vi) Specific instruments - cash and cash equivalents*

Cash comprises of current deposits with ADIs (Authorised Deposit-Taking Institutions). Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Revenue and income recognition**

*(i) Interest revenue - mortgage loans*

Revenue is recognised as the interest accrues (using the effective interest rate method) to the gross carrying amount of the financial asset except for impaired financial assets. All revenue is stated net of the amount of goods and services tax (GST).

*(ii) Changes in the fair value of investments*

Net gains or losses on investments are fair valued through profit or loss and calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend revenue.

*(iii) Amortisation of application fees*

In accordance with *AASB 9 Financial Instruments*, the Scheme recognises the revenue derived from loan applications over the term of the loan period.

*(iv) Administration and monitoring fees*

The Scheme charges a set percentage for each loan as agreed at the time of entering into the loan agreement as administration and monitoring fees. These fees are set on drawn loan amount or the limit of the loan facility.

**(d) Expenses**

All expenses, including management fees, are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

**(e) Taxation**

Under current legislation the Scheme is not subject to income tax as its taxable income including assessable realised capital gains is distributed in full to the unitholders. The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

Realised capital losses are not distributed to unitholders but are retained in the Scheme to be offset against any future realised capital gains. If realised capital gains exceeds realised capital losses the excess is distributed to the unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

**Note 3 Material accounting policies (continued)**

**(f) Unit prices**

The unit price is based on unit price accounting outlined in the Scheme's Constitution and Product Disclosure Statement (PDS).

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- (i) the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- (ii) the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- (iii) the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- (iv) the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

**(g) Distributions to unitholders**

Distributions to unitholders on units issued are recognised in the Statement of changes in equity as distributions paid/payable. Distributions unpaid at the end of the financial year are recognised in the Statement of financial position as a financial liability. Distributions paid to unitholders are included in cash flows from financing activities in the Statement of cash flows.

**(h) Applications and redemptions**

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

The application and redemption prices are determined as the net asset value of the Scheme per the Constitution adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

**(i) Terms and conditions of units on issue**

The Scheme holds assets consisting of mortgages and fixed income investment products. Unitholders are issued units based on the application price at the time of investment.

Each unit confers upon the unitholder an equal interest in the Scheme and is of equal value. A unit does not confer an interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income and capital distributions where the Scheme has distributable income;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Scheme.

**(j) Finance costs**

Interest expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the interest-bearing financial liability and its amount at maturity calculated on an effective interest rate basis.

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
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**Note 3 Material accounting policies (continued)**

**(k) Trade and other receivables**

Receivables are recorded at amortised cost less impairment and may include amounts for distributions and interest. Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

**(l) Goods and services tax**

Management fees and other expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included.

The GST recoverable from the ATO is included in trade and other receivables, while GST payable to the ATO is included in trade and other payables, both of which are presented in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis.

**(m) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Scheme during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(n) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

**Note 4 Revenue from operations**

	2024	2023
	\$	\$
<b>Interest from mortgage loans</b>		
Interest from mortgage loans	<u>57,536,570</u>	48,747,961
	<u>57,536,570</u>	48,747,961
<b>Distribution revenue from investments</b>		
Interest on cash and cash equivalents	1,679,269	851,213
MIS (i)	2,224,074	1,522,379
Recovered funds (ii)	-	20,532
	<u>3,903,343</u>	2,394,124

(i) MIS represents investments held in unlisted managed investment schemes.

(ii) Recovered funds is comprised of funds recovered from previously discharged loans.

	2024	2023
	\$	\$
<b>Borrower fees received</b>		
Application and extension fees	12,141,794	9,274,640
Variation fees	1,055,427	558,656
Exit and release fees	385,210	304,635
Progress draw fees	223,350	205,869
Administration and monitoring fees	11,061,647	11,166,566
	<u>24,867,428</u>	21,510,366

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
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**Note 5 Distributions to unitholders**

	2024		2023	
	\$	Cents/unit	\$	Cents/unit
<i>Ordinary units</i>				
Distribution paid during the year	<b>53,650,320</b>	<b>8.04</b>	41,468,895	6.67
Distribution payable at year end	<b>5,165,729</b>	<b>8.05</b>	4,450,489	8.00
<b>Total distributions to unitholders</b>	<b>58,816,049</b>	<b>8.04</b>	45,919,384	6.78

**Note 6 Auditor's remuneration**

During the year the following fees were paid or payable for services provided by the auditor of the Scheme, BDO Audit Pty Ltd (i):

	2024	2023
	\$	\$
<i>Audit and other assurance services</i>		
• Audit and review of the financial statements	<b>89,800</b>	84,000
• Audit of the compliance plan	<b>24,100</b>	22,500
Total remuneration for audit and other services	<b>113,900</b>	106,500

(i) Auditor's remuneration is paid by The Trustee for the Trilogy Financing Trust, a related entity to the Responsible Entity, not by the Scheme (refer Note 14(c)(i)).

**Note 7 Cash and cash equivalents**

	2024	2023
	\$	\$
Cash and cash equivalents	<b>45,523,194</b>	13,366,959
	<b>45,523,194</b>	13,366,959

**Note 8 Trade and other receivables**

	2024	2023
	\$	\$
Distributions and redemptions receivable - MIS	<b>44,897</b>	54,192
Deferred loan management fees	<b>3,659,452</b>	3,029,397
GST receivable	<b>210,269</b>	153,704
Receivable from related entities (i)	<b>914,123</b>	4,726
Other receivables (ii)	<b>3,000,000</b>	-
	<b>7,828,741</b>	3,242,019

(i) A limited indemnity was provided by a related party to the Scheme to compensate losses incurred from investments in financial assets. The indemnity was provided as required to meet distribution payments. Receivables from related entities are also comprised of distributions receivable from a related party, see Note 14(c)(ii).

(ii) Funds receivable from a related party in relation to a joint lending agreement over a registered first mortgage. The amount is recoverable at the earlier of 30 September 2024, or the first sale settlement date.

**(a) Impairments**

The Scheme assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables the scheme applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Management has determined that assessment of expected credit loss associated with trade receivables is not material.

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 8 Trade and other receivables (continued)**

**(b) Collateral pledged**

No collateral is held over trade and other receivables.

**Note 9 Mortgage loans**

	2024	2023
	\$	\$
<i>Held directly</i>		
Pooled mortgage loans	633,808,874	632,897,139
<i>Impairment losses:</i>		
Less: Allowance for impairment losses - general	(1,111,947)	(1,073,843)
Less: Allowance for impairment losses - specific	(5,647,619)	-
	<u>(6,759,566)</u>	<u>(1,073,843)</u>
	<u>627,049,308</u>	<u>631,823,296</u>

**Movement in allowance for impairment losses**

	Opening balance	Increase / (reduction) in provision	Closing balance	Increase / (reduction) in provision	Realised Impairment	Impairment expense
	\$	\$	\$	\$	\$	\$
30 June 2024	1,073,843	5,685,723	6,759,566	5,685,723	-	5,685,723
30 June 2023	1,180,798	(106,955)	1,073,843	(106,955)	-	(106,955)

The Scheme holds a pool of registered first mortgage loans, with funds being provided for the purchase, development, construction or re-financing of Australian property.

**(i) Impairment provision - general**

Using the explicit "probability of default" approach the Scheme applies the following formula to all loans:

- Loan balance x probability of default (%) x loss given default (%)

**2024**

Ranking	Probability of default	Loss given default	AxB	Exposure at default	Exposure at default %	ECL Provision
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>		<u>CxD=E</u>
Platinum	1.00%	5.00%	0.05%	-	-	-
Gold	1.50%	5.00%	0.08%	254,793,786	32.09%	191,095
Silver	2.00%	7.50%	0.15%	464,487,284	58.50%	696,731
Bronze	3.00%	10.00%	0.30%	74,707,135	9.41%	224,121
				<u>793,988,206</u>	<u>100.00%</u>	<u>1,111,947</u>

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 9 Mortgage loans (continued)**

**(i) Impairment provision - general (continued)**

**2023**

Ranking	Probability of default	Loss given default	AxB	Exposure at default	Exposure at default %	ECL Provision
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>		<u>CxD=E</u>
Platinum	1.00%	5.00%	0.05%	18,270,000	2.07%	9,135
Gold	1.50%	5.00%	0.08%	342,261,714	38.86%	256,696
Silver	2.00%	7.50%	0.15%	501,696,663	56.97%	752,545
Bronze	3.00%	10.00%	0.30%	18,489,136	2.10%	55,467
				<u>880,717,513</u>	<u>100.02%</u>	<u>1,073,843</u>

The Scheme applies a probability of default based on historical performance of loans and the expected performance of loans based on the future economic environment that impacts the loans.

Exposure at default relates to the Approved value of the each loan per category.

**Expected credit loss factors**

AASB 9 Financial Instruments requires the expected credit loss model to determine whether the reported loan balances are impaired. Loan portfolio managers assess the credit quality of each loan by way of a scoring system out of 200 points based on key factors that effect the risk of a loan, listed as follows:

- LVR (higher of approved vs drawn);
- Type of Instrument;
- Risk of builder failure;
- Stage of completion;
- Stage of sell-down;
- Strength of borrower;
- Length of loan; and
- Market conditions.

The following total scores determine which category the loan is placed:

Category	Score
Platinum	181, plus
Gold	between 131 and 180
Silver	between 81 and 130
Bronze	80 or less

**Quality classification definitions**

- 'Platinum' exposures demonstrates a very strong capacity to meet financial commitments, with negligible probability of default.
- 'Gold' exposures demonstrates a good capacity to meet financial commitments, with negligible to low default risk.
- 'Silver' exposures require closer monitoring but have an expected capacity to meet financial commitments, with low default risk.
- 'Bronze' exposures have a higher propensity to default risk.

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 9 Mortgage loans (continued)**

**(i) Impairment provision - general (continued)**

Management applied its experience and judgement in determining the probability of a Platinum, Gold, Silver or Bronze loan going into default. Consideration was applied to the collateral held over the assets. All loans are secured by registered first mortgages, as well as personal guarantees provided by directors or controlling parties related to the borrower. The Scheme also obtains a guarantee from a related entity for loans that are credit impaired at the reporting date.

**(ii) Impairment provision - specific**

Discounted cash flows were prepared for loans which the Lending Committee noted had exhibited impairment indicators, which are discounted at the current interest rate as per the loan agreement. The discounted net returns from the sale of all security is compared against the balance advanced on the loan as at the reporting date in order to determine impairments.

It was determined to include the specific provision in impairment losses to better reflect the true value of the loan portfolio. A related party provides a limited indemnity to the Scheme to the extent of the specific provision, in the event an impacted loan experiences a default.

**(iii) Impairment provision**

	Number of loans	Weighted average approved LVR	Loans approved balance \$	Loans drawn balance \$	ECL - general provision \$	ECL - specific provision \$
<b>2024</b>						
Platinum	-	-	-	-	-	-
Gold	35	59%	254,720,611	201,618,650	191,095	-
Silver	74	65%	481,157,926	343,240,382	696,731	1,433,989
Bronze	16	74%	98,665,675	88,949,841	224,121	4,213,630
	<u>125</u>		<u>834,544,212</u>	<u>633,808,873</u>	<u>1,111,947</u>	<u>5,647,619</u>

	Number of loans	Weighted average approved LVR	Loans approved balance \$	Loans drawn balance \$	ECL - general provision \$	ECL - specific provision \$
<b>2023</b>						
Platinum	1	59%	18,270,000	16,728,367	9,135	-
Gold	39	58%	342,093,849	246,884,198	256,696	-
Silver	84	64%	500,334,147	332,195,833	752,545	-
Bronze	7	75%	37,641,754	37,088,741	55,467	-
	<u>131</u>		<u>898,339,750</u>	<u>632,897,139</u>	<u>1,073,843</u>	<u>-</u>

	2024 \$	2023 \$
<b>Three Stage Model</b>		
Stage 1 12-Month ECL	887,826	1,018,376
Stage 2 Lifetime ECL	224,121	55,467
	<u>1,111,947</u>	<u>1,073,843</u>
Stage 3 Lifetime ECL - credit impaired	5,647,619	-
	<u>6,759,566</u>	<u>1,073,843</u>

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
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**Note 9 Mortgage loans (continued)**

**(iv) LVR**

The following tables identify credit exposures from loans by using ranges of LVR. LVR is calculated as the ratio of the approved amount of the loan against the value of the security on either an "as is" or "as if complete" basis as determined by an external valuer. The valuation of the security excludes any costs associated with its disposal.

	<b>Loan Drawn Balance</b>			
	<b>2024</b>		<b>2023</b>	
	\$	%	\$	%
<b>Current LVR</b>				
50% and less	<b>14,336,319</b>	<b>2%</b>	21,852,086	3%
50-60%	<b>108,135,256</b>	<b>17%</b>	162,517,729	26%
60-65%	<b>261,669,499</b>	<b>42%</b>	279,681,668	44%
65-70%	<b>217,064,176</b>	<b>34%</b>	146,163,847	23%
Above 70%	<b>32,603,623</b>	<b>5%</b>	22,681,809	4%
	<b>633,808,873</b>	<b>100%</b>	632,897,139	100%

	<b>ECL - Provision</b>			
	<b>2024</b>		<b>2023</b>	
	\$	%	\$	%
<b>Expected credit loss on loans</b>				
50% and less	<b>442,732</b>	<b>7%</b>	27,165	3%
50-60%	<b>120,881</b>	<b>2%</b>	219,812	20%
60-65%	<b>2,094,630</b>	<b>31%</b>	498,978	47%
65-70%	<b>1,510,550</b>	<b>22%</b>	320,056	30%
Above 70%	<b>2,590,773</b>	<b>38%</b>	7,832	-
	<b>6,759,566</b>	<b>100%</b>	1,073,843	100%

**Note 10 Financial assets**

	<b>2024</b>	<b>2023</b>
	\$	\$
Investments in unlisted managed investment schemes (MIS) (i)	<b>8,237,797</b>	7,377,493
Investments in asset back securities mandate (ABSM)	<b>34,756,187</b>	-
Investments in bonds	<b>39,999,131</b>	-
	<b>82,993,115</b>	7,377,493
Investments held at amortised cost (IHAC)	<b>1,686,012</b>	-
	<b>84,679,127</b>	7,377,493

(i) MIS includes a direct investment amount in Trilogy Enhanced Income Fund (TEIF), an unlisted Managed Investment Scheme also operated by the Responsible Entity, which in turn maintains an investment of approximately 65% of its net assets in cash and cash style products, with the balance invested in the Scheme. The Scheme's investment in TEIF is carried at cost, which is also equivalent to fair value. This also includes investments in management investment portfolios that the Scheme provides a mandate for.

The Scheme also invests its surplus liquidity in unlisted managed investment schemes. The Scheme's investment in these financial instruments are held at fair value, with movements recorded at FVTPL. The Scheme also invests in directly held debt instruments which are held at amortised cost.

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
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**Note 10 Financial assets (continued)**

	<b>2024</b>	2023
	\$	\$
Balance at beginning of year	<b>7,377,493</b>	56,035,168
Investment/(disposal) in MIS	<b>157,597</b>	(27,381,817)
Investment/(disposal) in ABSM	<b>34,320,089</b>	-
Investment/(disposal) in bonds	<b>39,573,852</b>	(21,555,182)
Fair value gain/(loss) on investments	<b>1,564,084</b>	279,324
Balance at end of year	<b>82,993,115</b>	7,377,493

*(i) Fair value hierarchy*

This section explains the judgements and estimates made in determining the fair value of the Scheme's investment in unlisted managed investment schemes. To provide an indication about the reliability of the inputs used in determining fair value, the Scheme has classified its investments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2024</b>				
Investments in unlisted managed investment schemes	-	<b>8,237,797</b>	-	<b>8,237,797</b>
Investments in ABSM	-	<b>34,756,187</b>	-	<b>34,756,187</b>
Investments in bonds	-	<b>39,999,131</b>	-	<b>39,999,131</b>
	-	<b>82,993,115</b>	-	<b>82,993,115</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2023</b>				
Investments in unlisted MIS	-	7,377,493	-	7,377,493
Investments in bonds	-	-	-	-
	-	7,377,493	-	7,377,493

There were no transfers between levels 1, 2 or 3 during the year.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

**Level 1:** the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); and

**Level 3:** a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

*(ii) Valuation techniques used to determine level 2 fair values*

The fair value of investments in unlisted managed investment schemes is equal to the quoted closing value of the units in those schemes at any point in time multiplied by the total units held. The fair value of the portfolio of directly held corporate bonds and asset back securities mandate is equivalent to the sum of the market value at any point in time of each individual asset in the respective portfolio.

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
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**Note 11 Trade and other payables**

	2024	2023
	\$	\$
Loan management fees	953,589	1,056,277
Deferred application fee liability	3,659,452	3,029,397
Responsible Entity management fees and costs	220,719	353,458
Other payables (i)	1,538,201	454,555
	<u>6,371,961</u>	<u>4,893,687</u>

(i) Primarily represents incomplete investor application monies.

**Note 12 Net assets attributable to unitholders**

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

	2024		2023	
	Ordinary units	Contributed capital	Ordinary units	Contributed capital
	No	\$	No	\$
Balance - 1 July	647,539,434	646,465,591	645,287,478	644,106,680
Units issued	240,447,606	240,447,606	201,670,381	201,670,381
Units issued upon reinvestment of distributions	13,314,953	13,314,953	9,903,702	9,903,702
Units redeemed	(140,982,466)	(140,982,466)	(209,313,514)	(209,313,514)
Adviser fees paid from capital	(17,280)	(17,280)	(8,613)	(8,613)
Distributions paid and payable	-	(58,816,049)	-	(45,919,384)
Profit/(loss) for the year	-	53,130,325	-	46,026,339
Balance - 30 June	<u>760,302,247</u>	<u>753,542,680</u>	647,539,434	646,465,591

**Note 13 Reconciliation of cash flows from operating activities**

	2024	2023
	\$	\$
Profit for the year attributable to unitholders	53,130,325	46,026,339
<i>Adjustments for:</i>		
Impairment loss expense/(recovery)	5,685,723	(106,955)
Net (increase)/decrease movement in fair value of financial instruments	(1,564,084)	(279,324)
<i>Changes in operating assets and liabilities:</i>		
Mortgage loan funds advanced	(427,189,432)	(452,513,549)
Mortgage loan funds repaid	423,279,695	375,182,901
(Increase)/decrease in trade and other receivables	(4,586,722)	3,439,459
Increase/(decrease) in trade and other payables	1,478,274	(2,884,525)
(Increase)/decrease in trade and other receivables: investing activities	2,998,000	(5,304)
Increase/(decrease) in trade and other payables: financing activities	(1,039,814)	536,532
Net cash provided by/(used in) operating activities	<u>52,191,965</u>	<u>(30,604,426)</u>

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
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**Note 14 Related party transactions**

**(a) Responsible Entity**

The Responsible Entity of the Trilogy Monthly Income Trust is Trilogy Funds Management Limited ABN 59 080 383 679.

**(b) Key management personnel**

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Scheme. The Executive Directors of the Responsible Entity are key personnel of that entity and their names are John C Barry, Philip A Ryan, Justin J Smart, Henry F Elgood and Clinton B Arentz. The Responsible Entity also has four Non-Executive Directors being Rodger I Bacon, Robert M Willcocks, Rohan C Butcher and Patrice A Sherrie.

The Responsible Entity is entitled to a management fee which is determined on a daily basis, calculated on the total value of units on issue in the Scheme.

No compensation is paid to the Directors of the Responsible Entity or to the key management personnel of the Responsible Entity by the Scheme.

**(c) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

**i. Transactions recorded in the statement of profit or loss and other comprehensive income**

	<b>2024</b>	<b>2023</b>
	\$	\$
<i>Fees paid directly by the Scheme</i>		
Responsible Entity management fees (i)	<b>6,785,949</b>	6,212,776
Responsible Entity management fees rebated	<b>(2,737,080)</b>	(2,225,599)
	<b>4,048,869</b>	3,987,177
Other expenses (ii)	<b>(139,080)</b>	(1,020,524)
Mortgage investment management fees (iii)(iv)	<b>24,867,428</b>	22,004,690
	<b>28,777,217</b>	24,971,343
	<b>2024</b>	<b>2023</b>
	\$	\$
<i>Fees not paid directly by the Scheme (iv)</i>		
Audit and other assurance services (refer Note 6)	<b>113,900</b>	106,500
Compliance fees	<b>3,729</b>	13,511
Custodian fees	<b>213,073</b>	198,067
Legal fees	<b>37,883</b>	7,126
Marketing costs	<b>459,207</b>	803,311
Platform fees	<b>-</b>	5,582
Registry fees	<b>203,525</b>	214,846
Research fees	<b>43,800</b>	38,500
Taxation fees	<b>35,045</b>	23,269
	<b>1,110,163</b>	1,410,712

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 14 Related party transactions (continued)**

**(c) Transactions with related parties (continued)**

**ii. Balances recorded in the statement of financial position**

	2024	2023
	\$	\$
<i>Receivables</i>		
Trade and other receivables - distributions receivable (v)	5,178	4,726
Trade and other receivables - indemnity guarantee (vi)	908,945	-
	<u>914,123</u>	<u>4,726</u>
<i>Payables</i>		
Trade and other payables (i)(iii)	<u>1,174,308</u>	1,409,734

(i) The Responsible Entity is entitled to a management fee of 0.96% p.a. (plus GST). These fees are calculated on the total gross value of units held by the Scheme.

(ii) Other expenses were comprised of non-recoverable funds related to a loan facility, as well as other costs incurred to the fund.

(iii) The Responsible Entity or a related party to it is entitled to receive various fees on mortgage investments made by the Scheme including application, exit and release fees as stipulated in the borrower's loan agreement. These fees are subsequently recovered from the borrowers by the Scheme.

(iv) Costs are paid for by the Responsible Entity, or a related party to it, on behalf of the Scheme.

(v) Receivable distributions from related parties are accrued on a monthly basis.

(vi) A limited indemnity was provided by a related party to the Scheme to compensate losses incurred from investments in financial assets.

**(d) Related party investments held by the Scheme**

	Fair value of investments		Interest held		Distributions received (i)	
	2024	2023	2024	2023	2024	2023
	\$	\$	%	%	\$	\$
TEIF	<u>1,000,000</u>	1,000,000	1.64	1.54	61,533	304,210

(i) As at 30 June 2024, \$5,178 of distributions are receivable from TEIF (30 Jun 2023: \$4,726).

**(e) Units in the Scheme held by other related parties**

Details of holdings in the Scheme by the Responsible Entity, other schemes operated by the Responsible Entity and entities associated with Directors of the Responsible Entity are as follows:

	Unitholding	Interest held	Units issued	Units redeemed	Distributions paid and/or payable
	\$	%	No.	No.	\$
<b>2024</b>					
TEIF	18,274,412	2.40	4,034,500	10,019,000	2,011,370
TWIF (i)	8,768,327	1.15	1,032,793	1,800,000	845,408
Rojacan Pty Ltd	82,500	0.01	-	-	7,452
Aimwin Pty Ltd Super Fund	10,000	0.00	-	-	903
Clarebrook Superannuation Fund	172,547	0.02	32,279	-	13,994
The Bacon Family Trust	25,000	0.00	-	-	2,258
Wengen Capital Pty Ltd	-	-	-	10,000	180
	<u>27,332,786</u>	3.58	5,099,572	11,829,000	2,881,565

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 14 Related party transactions (continued)**

**(e) Units in the Scheme held by other related parties (continued)**

<b>2023</b>					
TEIF	24,258,912	3.75	-	12,074,456	2,478,918
TWIF (i)	9,535,534	1.47	2,829,088	7,863,285	1,185,136
TIPT (ii)	-	-	-	3,500,000	54,722
Rojacan Pty Ltd	82,500	0.01	-	-	6,386
Aimwin Pty Ltd Super Fund	10,000	0.00	-	-	774
Clarebrook Superannuation Fund	140,268	0.02	8,830	-	10,516
The Bacon Family Trust	25,000	0.00	-	-	1,935
Wengen Capital Pty Ltd	10,000	0.00	10,000	-	27
	<u>34,062,214</u>	<u>5.26</u>	<u>2,847,918</u>	<u>23,437,741</u>	<u>3,738,414</u>

(i) Trilogy Wholesale Income Fund, and

(ii) Trilogy Industrial Property Trust.

**(f) Key management personnel loan disclosures**

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

**(g) Other transactions within the Scheme**

No Director has entered into a material contract with the Scheme from inception to the end of the financial year and there were no material contracts involving Directors' interests subsisting at year end.

**Note 15 Financial risk management**

**Overview**

The Scheme's assets principally consist of investments in cash and in loans secured by registered mortgages over real property. It holds these investment assets at the discretion of the Responsible Entity in accordance with the Scheme's constitution and PDS.

**Specific financial risk exposures and management**

The main risks the Scheme is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Board is responsible for developing and monitoring the Scheme's risk management policies. The Responsible Entity's risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Responsible Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 15 Financial risk management (continued)**

The Responsible Entity's Compliance Committee and its Audit & Risk Committee oversees how management monitors compliance with the Scheme's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Scheme.

Changes to the regulatory environment relating to financial services, taxation and other regimes may adversely affect investors in the Scheme. Government policies can affect the Scheme in a number of ways that could be detrimental or beneficial to investors. Similarly, changes in the health or social environment can impact the Scheme and cause short term or long term market disruption to investments made by the Scheme that would be detrimental to investors. The general economic, health, social and political climates in which the Scheme operates or other like events are outside the control of Responsible Entity. Note 9 includes further detail of how these risks are provisioned as at 30 June 2024.

**(a) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme and cause a loss. The Responsible Entity manages the exposure to credit risk on an ongoing basis.

The carrying amount of the Scheme's financial assets represents the maximum credit exposure. A reduction in the value of an investment may be from a political, social or economic events. The Scheme's maximum exposure to credit risk at the reporting date is as follows:

	Note	2024 \$	2023 \$
<b>Mortgage assets</b>			
Mortgage loans	9	<b>627,049,308</b>	631,823,296
<b>Total mortgage assets</b>		<b>627,049,308</b>	631,823,296
<b>Financial assets</b>			
Investments in MIS	10	<b>8,237,797</b>	7,377,493
Investments in ABSM	10	<b>34,756,187</b>	-
Investments in bonds	10	<b>39,999,131</b>	-
Investments held at amortised cost	10	<b>1,686,012</b>	-
<b>Total financial assets</b>		<b>84,679,127</b>	7,377,493

All cash held by the Scheme is invested with major Australian financial institutions.

**Mortgage assets**

The Scheme's mortgage assets consist of construction and development loans which require a high degree of experience in their assessment and management. The Responsible Entity has a specialised management team which focuses on each proposed loan and the credentials of the borrower and associated entities. The Responsible Entity primarily relies on an external valuation of the underlying security property for its loans. This risk is minimised by prudent assessment of loans and valuations of each security property by independent approved valuers from the Responsible Entity's panel of valuers.

Pursuant to the Scheme's investment strategy, loans to borrowers are limited to a maximum loan amount of \$40 million (2023: \$40 million) per loan.

The Scheme's exposure to credit risk for mortgage loans at the reporting date by geographical location, is as follows (including impairments):

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 15 Financial risk management (continued)**

**(a) Credit risk (continued)**

Location	2024			2023		
	Loans No.	Drawn balance \$	Total %	Loans No.	Drawn balance \$	Total %
QLD	34	185,603,143	29.28	31	187,465,844	29.62
NSW	44	240,436,619	37.93	53	260,687,536	41.19
VIC	46	200,564,308	31.64	44	175,410,301	27.72
TAS	1	7,204,804	1.14	2	6,588,456	1.04
SA	-	-	0.00	1	2,745,002	0.43
	<b>125</b>	<b>633,808,874</b>	<b>100.00</b>	<b>131</b>	<b>632,897,139</b>	<b>100.00</b>

The Scheme's exposure to credit risk for mortgage loans at the reporting date by loan type, is as follows:

Loan type	2024			2023		
	Loans No.	Drawn balance \$	Total %	Loans No.	Drawn balance \$	Total %
LDR (iii)	37	153,143,842	24.16	41	187,742,758	29.66
RDD (iv)	67	404,626,706	63.84	75	360,588,168	56.98
ICD (v)	21	76,038,326	12.00	15	84,566,213	13.36
	<b>125</b>	<b>633,808,874</b>	<b>100.00</b>	<b>131</b>	<b>632,897,139</b>	<b>100.00</b>

- (i) LDR = Land Development Residential
- (ii) RDD = Residential Dwellings Development
- (iii) ICD = Industrial Commercial Development

**Financial assets**

The Scheme's financial assets consist of investments in short and medium term fixed income products that are predominately investment grade assets. These may be held directly or indirectly through listed and unlisted mortgage investment schemes and other investment vehicles. Investments held directly are operated under an investment mandate with a specialised manager of fixed income securities.

Risks associated with fluctuations in the fair value of the Scheme's fixed income investments are mitigated by daily monitoring of performance of investment products and the utilisation of a specialised manager of fixed income securities. This is in conjunction with continual management oversight to ensure the financial assets remain in line with the investment strategy. This includes robust internal risk management liquidity forecasts to ensure the Scheme's contractual liquidity requirements are always able to be met.

Investment grade assets are assets that are graded as BBB- or higher using industry standard credit rating scores. The Scheme's deemed credit risk for its financial assets are as follows:

**Trilogy Monthly Income Trust**  
**Notes to the financial statements**  
**30 June 2024**

**Note 15 Financial risk management (continued)**

**(a) Credit risk (continued)**

	2024			2023		
	Amount \$	Total %	Credit rating weighted avg	Amount \$	Total %	Credit rating weighted avg
MIS (i)	8,237,797	9.73%	N/A (iii)	7,377,493	100.00%	N/A (iii)
ABSM (ii)	34,756,187	41.04%	BBB+	-	-	
Bonds (ii)	39,999,131	47.24%	BBB+	-	-	
IHAC (iii)	1,686,012	1.99%	N/A (iii)	-	-	
	<b>84,679,127</b>	<b>100.00%</b>		<b>7,377,493</b>	<b>100.00%</b>	

(i) Investments in unlisted managed investment schemes;

(ii) Assets are managed by an investment manager under a mandate to trade investment grade assets;

(iii) The managed investment scheme held non-rated assets, sufficient that a weighted average credit rating would not be reflective of the asset's credit risk.

**(b) Liquidity risk**

Liquidity risk arises from the possibility that the Scheme might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Scheme manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table summaries the undrawn loan commitments which represent the balance of loans approved and not in default but not fully drawn, as well as the maturity profile of loans approved.

Maturity	2024			2023		
	Loans No.	Undrawn balance \$	Total %	Loans No.	Undrawn balance \$	Total %
< 3 months	69	73,744,555	36.73	64	87,256,862	32.87
4 to 6 months	23	39,898,559	19.88	30	28,881,298	10.88
7 to 11 months	13	19,606,330	9.77	15	39,735,637	14.97
> 1 year	20	67,485,893	33.62	22	109,568,814	41.28
	<b>125</b>	<b>200,735,337</b>	<b>99.99</b>	<b>131</b>	<b>265,442,611</b>	<b>100.00</b>

No maturity analysis of contractual cash flows has been presented as all obligations are predominantly due within twelve months and therefore are not discounted.

Given that the predominate underlying assets of the Scheme are real property mortgages which are relatively illiquid, risk management guidelines adopted by the Responsible Entity, as detailed in the note, are designed to minimise liquidity and cash flow risk.

**Note 15 Financial risk management (continued)**

**(b) Liquidity risk (continued)**

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

	Carrying amount	Contractual cash flows	< 6 months	6-12 months	On call (i)
	\$	\$	\$	\$	\$
<b>2024</b>					
<b>Financial liabilities</b>					
Distributions payable	5,165,729	5,165,729	5,165,729	-	-
Unitholder funds	760,302,247	760,302,247	-	-	760,302,247
Trade and other payables	6,371,961	6,371,961	6,371,961	-	-
	<b>771,839,937</b>	<b>771,839,937</b>	<b>11,537,690</b>	-	<b>760,302,247</b>
<b>2023</b>					
<b>Financial liabilities</b>					
Distributions payable	4,450,489	4,450,489	4,450,489	-	-
Unitholder funds	647,539,434	647,539,434	-	-	647,539,434
Trade and other payables	4,893,687	4,893,687	4,893,687	-	-
	<b>656,883,610</b>	<b>656,883,610</b>	<b>9,344,176</b>	-	<b>647,539,434</b>

(i) Subject to terms and conditions of the Scheme's PDS.

**(c) Capital management**

The Scheme's capital management strategy seeks to maximise unitholder value through optimising the level and use of capital resources and the mix of debt funding.

The Scheme's capital management objectives aim to:

- Ensure that the Scheme complies with capital and distribution requirements of its Constitutions and PDS;
- Ensure sufficient capital resources to support the Scheme's operational requirements;
- Continue to support the scheme's credit worthiness; and
- Safeguard the Scheme's ability to continue as a going concern.

In a stable economic environment the Scheme is generally able to alter its capital mix by adjusting distributions paid to unitholders.

**(d) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the Scheme's income or the value of its holdings of financial instruments. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

*i. Interest rate risk*

The majority of the Scheme's financial assets are interest-bearing. Interest bearing financial assets and interest bearing financial liabilities are subject to both fixed and variable interest rates. The Scheme is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Scheme's interest rate risk is managed on a daily basis by management in accordance with policies and procedures in place.

**Note 15 Financial risk management (continued)**

**(d) Market risk (continued)**

**Interest rate sensitivity analysis**

An increase or decrease of 100 basis points in interest rates as at the reporting date would have no effect on the net assets attributable to unitholders and operating results. This is due to the fact that interest revenue earned on the Scheme's financial assets is paid to unitholders as a monthly distribution (net of fees paid to the Responsible Entity) and consequently any increase or decrease in interest rates would be inversely reflected in the value of distributions paid by the Scheme.

*ii. Property value risk*

All of the Scheme's financial assets (with the exception of cash and cash equivalents and receivables) are secured by registered mortgages over real property in Australia. As a result, the Scheme is subject to property value risk in the prevailing levels of market property values. Property value risk is managed on a regular basis by the Responsible Entity in accordance with policies and procedures in place, including but not limited to:

- The adoption of maximum loan to valuation ratios of 70.00% for new loans (2023: 70.00%); and
- Regular valuations of security properties by registered valuers.

**Property value sensitivity analysis**

Due to the relatively short term nature of the loans originated by the Responsible Entity on behalf of the Scheme, the Scheme is not overtly exposed to fluctuations in property values.

**(e) Fair value estimation**

The fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form. The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**Note 16 Custodian of the Scheme**

The Scheme's custodian is The Trust Company (Australia) Limited. The custodian holds title to the assets of the Scheme in its name on behalf of the Scheme. The net value of assets held by the custodian at cost as at 30 June 2024 totals \$753,542,680 (2023: \$646,465,591).

The custodian is entitled to an annual administration fee of 3bps (plus GST) of total assets with a minimum of \$15,000 (2023: 3bps of total assets, minimum \$15,000) (plus GST). These fees are paid by the Responsible Entity.

The relationship between the custodian and Responsible Entity is set out in the Custodial Agreement.

**Note 17 Litigation and contingent liabilities**

There are no contingent liabilities or contingent assets at 30 June 2024 (2023: nil).

**Note 18 Events subsequent to reporting date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

**Trilogy Monthly Income Trust**  
**Directors' declaration**

In the opinion of the Directors of Trilogy Funds Management Limited (Responsible Entity), the Responsible Entity of Trilogy Monthly Income Trust (Scheme):

- (a) The financial statements and notes, as set out on pages 7 to 31 are in accordance with the Corporations Act 2001,
  - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards and interpretations as disclosed in Note 2; and
- (c) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity.



Philip A Ryan  
Managing Director

26 September 2024  
Brisbane



Justin J Smart  
Executive Director

26 September 2024  
Brisbane

## INDEPENDENT AUDITOR'S REPORT

To the members of Trilogy Monthly Income Trust

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Trilogy Monthly Income Trust (the Registered Scheme) which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information and the directors' declaration of Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust

In our opinion the accompanying financial report of Trilogy Monthly Income Trust, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Registered Scheme's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Registered Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors of Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Registered Scheme's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

The directors of Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

BDO



**T J Kendall**

Director

Brisbane, 26 September 2024



## Find out more.

Start a conversation with us today.

Call 1800 230 099 or

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This report is issued by Trilogy Funds Management Limited ABN 59 080 383 679 AFSL 261425 (Trilogy Funds) as responsible entity for the Trilogy Monthly Income Trust ARSN 121 846 722. Application for investment can only be made on the application form accompanying the Product Disclosure Statement (PDS) dated 3 May 2024 and by considering the Target Market Determination (TMD) dated 3 May 2024 for the Trilogy Monthly Income Trust ARSN 121 846 722 available at [www.trilogyfunds.com.au](http://www.trilogyfunds.com.au). The PDS and the TMD contain full details of the terms and conditions of investment and should be read in full, particularly the risk section, prior to lodging any application or making a further investment. All investments, including those with Trilogy Funds, involve risk which can lead to no or lower than expected returns, or a loss of part or all of your capital. Trilogy Funds is licensed to provide only general financial product advice about its products and therefore recommends you seek personal advice on the suitability of this investment to your objectives, financial situation and needs from a licensed financial adviser. Investments with Trilogy Funds are not bank deposits and are not government guaranteed. Past performance is not a reliable indicator of future performance.