

IOOF Capital Secure Trust
Final Report on Scheme termination
for the financial year ended 30 June 2022

IOOF Capital Secure Trust
Final Report
for the financial year ended 30 June 2022

Name	ARSN
1. IOOF Capital Secure Trust	122 582 405

**IOOF Capital Secure Trust
Final Report
for the financial year ended 30 June 2022**

TABLE OF CONTENTS

	Page
Directors' Report	4
Financial report	7
Financial Statements	7
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	26
Independent Auditor's Report to the Unitholders	27
Lead Auditor's Independence Declaration	30

**IOOF Capital Secure Trust
Directors' Report
for the financial year ended 30 June 2022**

The Directors of IOOF Investment Services Limited (IISL), the Responsible Entity of IOOF Capital Secure Trust (the 'Scheme'), present its report together with the financial report of the Scheme for the year ended 30 June 2022, and the report of the auditor of the Scheme.

Responsible Entity

The Responsible Entity of the Scheme is IOOF Investment Services Limited. As at reporting date, the registered office and principal place of business of the Responsible Entity and the Scheme is Level 1, 800 Bourke Street, Docklands VIC 3008.

The Directors of IOOF Investment Services Limited during or since the end of the financial period are:

Name	Position Held	Date Appointed
D G Allen	Independent Non-Executive Director, Chairman	19 December 2019
M A Nunan	Independent Non-Executive Director	19 December 2019
J Selak	Independent Non-Executive Director	19 December 2019

Principal activities

The Scheme was a registered managed investment scheme domiciled in Australia.

The Scheme invests in accordance with the Scheme's Constitution up until date of termination. The Scheme was terminated effective 30 June 2022.

Up until termination, the Scheme invested in unlisted unit trusts. Investment assets were realised and transferred to cash prior to termination, and all amounts distributed to unitholders upon termination date.

The Scheme did not have any employees during the period (2021:Nil).

Review of operations and results

The Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution up until the date of termination.

The results of operations of the Scheme are disclosed in the Statement of Comprehensive Income.

The comparative income distributions payable by the Scheme is disclosed in the Statement of Financial Position.

The distributions to unitholders by the Scheme is disclosed in the Statement of Changes in Equity.

**IOOF Capital Secure Trust
Directors' Report
for the financial year ended 30 June 2022**

Significant changes in the state of affairs

Name change of IOOF Holdings Ltd:

The Responsible Entity's ultimate parent entity IOOF Holdings Ltd has changed its name to Insignia Financial Ltd effective 9 December 2021.

In the opinion of the Responsible Entity, there were no other significant changes in the state of affairs of the Schemes that occurred during the year unless otherwise disclosed.

Scheme termination:

The Scheme was approved to be terminated by a Board Resolution passed on 28 June 2022. The termination was finalised on 30 June 2022. As a result, the financial statements of the Scheme have been prepared on a basis other than going concern.

Other than what has been disclosed above, there has been no other significant change in the Scheme's state of affairs for the financial period ended 30 June 2022.

Events subsequent to balance date

There have been no events subsequent to the reporting date which have a material effect on the financial statements.

Likely developments and expected results of operations

There are no likely developments for the Scheme as it was wound up as at 30 June 2022.

Indemnification and insurance premiums for officers and auditor

The Scheme has not indemnified or made a relevant agreement for indemnifying against a liability for any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme during the year. Subject to the relevant Scheme constitution and relevant law, the Responsible Entity is entitled to be indemnified out of the assets of the Scheme for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Scheme. The auditor of the Scheme is in no way indemnified out of the assets of the Scheme.

The ultimate parent company of the responsible Entity, Insignia Financial Ltd, has paid or agreed to pay insurance premiums in respect of the Responsible Entity's officers for liability, legal expenses, insurance contracts, and premiums in respect of such insurance contracts, for the financial year ended 30 June 2022. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the officers of the Responsible Entity. Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

Fees paid to and investments held by the Responsible Entity or its associates

Fees paid and payable to the Responsible Entity and its associates out of the Scheme's property during the year are disclosed in Note 7.4 Responsible Entity fees.

No fees were paid out of the Scheme's property to the Directors of the Responsible Entity during the year. Related party investments held in the Scheme as at the end of the financial year are disclosed in Note 7 Related parties.

**IOOF Capital Secure Trust
Directors' Report
for the financial year ended 30 June 2022**

Interests in the Scheme

The movements in units on issue in the Scheme during the year are disclosed in the Statement of Changes in Equity.

The value of the Scheme's assets and liabilities are disclosed in the Statements of Financial Position and derived using the basis set out in Note 2 Basis of preparation.

Environmental regulation

The operations of the Scheme were not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 30 and forms part of the Directors' Report for the period ended 30 June 2022.

Signed in accordance with a resolution of the Directors of IOOF Investment Services Limited.



D.G Allen

Director

Melbourne

26 September 2022

IOOF Capital Secure Trust
Statement of Financial Position
As at 30 June 2022

	Note	IOOF Capital Secure Trust	
		30 June 2022 \$	30 June 2021 \$
Assets			
Cash and cash equivalents	5.2	-	16,686
Receivables		-	1,199,421
Financial assets held at fair value through profit or loss	4.1	-	29,080,843
Total assets		-	30,296,950
Liabilities			
Distributions payable		-	885,941
Payables		-	126,410
Total liabilities		-	1,012,351
Net assets attributable to unitholders - Equity		-	29,284,599

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

IOOF Capital Secure Trust
Statement of Comprehensive Income
for the financial year ended 30 June 2022

	Note	IOOF Capital Secure Trust	
		Year to 30 June 2022 \$	Year to 30 June 2021 \$
Investment income			
Interest income		1,827	341
Dividend and distribution income		202,806	1,234,601
Net change in fair value of investments		(1,039,922)	235,490
Other income		-	1
Total investment income/(loss)		(835,289)	1,470,433
Expenses			
Responsible Entity fees	7.4	139,108	180,146
Other expenses		2,040	-
Total operating expenses		141,148	180,146
Operating profit/(loss)		(976,437)	1,290,287
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(976,437)	1,290,287

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

IOOF Capital Secure Trust
Statement of Changes in Equity
for the financial year ended 30 June 2022

	Note	IOOF Capital Secure Trust	
		Year to 30 June 2022 \$	Year to 30 June 2021 \$
Total equity at the beginning of the financial year		29,284,599	35,061,378
Profit/(loss) for the financial year/Total comprehensive income		(976,437)	1,290,287
Transactions with unitholders			
Applications		944,905	4,802,114
Redemptions		(29,203,576)	(10,814,455)
Distributions paid and payable		(49,491)	(1,054,725)
Total transactions with unitholders		(28,308,162)	(7,067,066)
Total Equity at the end of the financial year		-	29,284,599
	Note	Year to 30 June 2022 Units	Year to 30 June 2021 Units
Opening balance		29,666,371	35,667,625
Applications		959,150	4,744,280
Redemptions		(30,625,521)	(10,745,534)
Closing balance		-	29,666,371
Cents per Unit (CPU)		0.17	3.50

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

IOOF Capital Secure Trust
Statement of Cash Flows
for the financial year ended 30 June 2022

	Note	IOOF Capital Secure Trust	
		30 June 2022	30 June 2021
		\$	\$
Cash flows from operating activities:			
Interest received		1,827	341
Other income received		-	1
Operating expenses paid		(152,811)	(183,806)
Proceeds from sale of investments		29,440,092	7,332,177
Purchase of investments		-	(400,000)
Net cash flows inflow/(outflow) from operating activities	5.1	29,289,108	6,748,713
Cash flows from financing activities:			
Proceeds from application of units		-	100
Payments for redemption of units		(28,370,362)	(5,937,447)
Distributions paid		(935,432)	(1,044,810)
Net cash flows inflow/(outflow) from financing activities		(29,305,794)	(6,982,157)
Net increase/(decrease) in cash and cash equivalents		(16,686)	(233,444)
Cash and cash equivalents at the beginning of the financial year		16,686	250,130
Cash and cash equivalents at the end of the financial year	5.2	-	16,686

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

1. Reporting entity

The Scheme included in these financial statements is a registered Managed Investment Scheme under the *Corporations Act 2001*. The financial statements of the Scheme are for the financial year ended 30 June 2022 and are the final set of financial statements upon termination.

The financial statements were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 26 September 2022.

2. Basis of preparation

The Statement of Financial Position is prepared on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are recovered or settled as of 30 June 2022 termination date.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

2.1 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Scheme also comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2.2 Basis of consolidation

The Scheme continued to meet the definition of the investment entities under the definition of *AASB 10 Consolidated Financial Statements* as the following criteria were met:

- The Scheme obtains and manage funds for the purpose of providing investors of the Scheme with investment management services;
- The Scheme has committed to its investors that their business purposes are to invest funds solely for return from capital appreciation and investment income; and
- The Scheme measures and evaluates the performance of its investments on a fair value basis.

The Scheme has assessed whether their investments in unlisted related registered managed investment Scheme should be classified as structured entities. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The Scheme has concluded that its investments in unlisted registered managed investment Schemes meet the definition of structured entities as the voting rights of these unlisted registered managed investment Schemes are not substantive in nature as set out in Note 8 Interests in unconsolidated structured entities.

As Such, the Scheme do not consolidate any entities.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for:

- financial assets and liabilities held at fair value through profit or loss, which are measured at fair value; and
- other financial liabilities and term deposits, which are measured at amortised cost.

As at reporting date, the financial statements have been prepared on a basis other than a going concern, which is a realisation basis, as the Scheme was terminated on 30 June 2022.

In the comparative year, the financial statements had been prepared on the historical costs basis except for financial instruments held at fair value through profit and loss, which are measured at fair value and financial liabilities, other than those held at fair value through profit or loss, which are measured at amortised cost.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

2.4 Functional and presentation currency

Items included in the Scheme's financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

2.5 Use of estimates and judgements

The preparation of the financial statements which are in conformity with IFRS, 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 and the disclosure of contingent assets and liabilities. The estimates and associated assumptions can refer to historical experience and various other factors that are believed to be reasonable using market participant assumptions in the current market environment based on what is known and knowable at the measurement date. The results of which forms the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates.

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

Note 6.5 Valuation of financial instruments contains information about the estimation of fair values of financial instruments.

2.6 Changes in accounting policies

There were no changes in the accounting policies of the Scheme during the financial year.

2.7 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 July 2022, and have not been early adopted in preparing these financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

3.1 Financial instruments

3.1.1 Recognition and initial measurement

Financial assets and liabilities held at fair value through profit or loss are recognised initially on the trade date at which the Scheme becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the due date they originated.

Financial assets and financial liabilities held at fair value through the profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of Comprehensive Income. Financial assets or liabilities not held at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

3.1.2 Derecognition

The Scheme derecognises financial assets when the contractual rights to the cash flows from the financial assets expire or they transfer the financial assets and the transfer qualifies for derecognition in accordance with *AASB 9 Financial Instruments*.

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

When there is objective evidence that the Scheme will not be able to collect all amounts due according to the original terms of the receivable, the Scheme will write off the amount by reducing the carrying amount directly in the Statement of Financial Position and also recognise a loss or other expense in the Statement of Comprehensive Income.

3.1.3 Classification

Financial assets and financial liabilities held at fair value through profit or loss are those that meet the definition of held for trading in *AASB 9 Financial Instruments*. These include investments in unlisted unit trusts.

Financial assets measured at amortised cost include cash and cash equivalents and term deposits. Financial liabilities measured at amortised cost include balances due to brokers and accounts payable.

3.1.4 Measurement

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 Statement of Comprehensive Income.

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

Refer to Note 6.5 Valuation of financial instruments for additional disclosures.

3.1.5 Fair value measurement principles

The Scheme has adopted *AASB 13 Fair Value Measurement* and as a result the Scheme has adopted the definition of fair value as set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Scheme has access at that date.

The prices used to value investments include, but are not limited to:

- independent prices obtained for each security;
- quoted 'bid' prices on long securities and quoted 'ask' prices on securities sold short; and
- net asset value prices published by the relevant Responsible Entity, for investments into unlisted unit trusts.

In accordance with the Constitution, the Scheme is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Scheme on disposal of assets required to fund the redemptions. Where a transaction cost factor has been incurred, there will be a difference between the carrying amount of the net assets of the Scheme (excluding the unitholders' funds classified as equity) and the contractual amount payable to unitholders which is based on the redemption price.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

When applicable, the Scheme measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

3.1.6 Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Scheme has a legal right to offset the amounts and they intend either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments held at fair value through profit or loss.

The Scheme uses derivative financial instruments to hedge their exposure to credit, interest rate, foreign exchange and price risks arising from investment activities. In accordance with its investment strategy, the Scheme hold or issue derivative financial instruments for hedging purposes.

3.2 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents may include cash at bank, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the Statement of Financial Position but are included within cash and cash equivalents for cash flow purposes.

3.3 Receivables

Receivables are measured at transaction price and may include amounts for accrued income and other receivables such as Reduced Input Tax Credits (RITC).

Accrued income may include amounts for dividends, trust distributions, interest income and compensation income. Amounts are generally received within 30 days of being recorded as receivables. RITC is the amount of Goods and Service Tax (GST) recoverable from the Australian Taxation Office (ATO).

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

3.4 Distribution payables

The distribution payable to unitholders as at the reporting date is recognised separately in the Statement of Financial Position as unitholders are presently entitled to the distributable income as at the end of the reporting year under the Scheme's Constitution.

3.5 Payables

Payables may include amounts for accrued expenses and other payables such as GST.

Accrued expenses include Responsible Entity fees payable.

3.6 Net assets attributable to unitholders

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders. The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Scheme does not have any externally imposed capital requirements. The units can be put back to the Scheme at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units from the Scheme.

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where the following criteria are met:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- 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 Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The above criteria are satisfied for Scheme with a single unit class and net assets attributable to unitholders are classified as equity. Movements of net assets attributable to unitholders are disclosed in the Statement of Changes in Equity.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

3.7 Terms and conditions of units

All units of a class issued by the Scheme will be of an equal value and confer identical interests and rights to, and be subject to the same conditions as, all other units in that class. A unit does not confer any 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;
- accumulate income, which is reflected in the unit price;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Scheme.

3.8 Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

3.9 Distribution income

Income distributions from unlisted unit trusts are recognised in the Statement of Comprehensive Income on an entitlement basis.

Distributions which are reinvested are disclosed as non-cash transactions within Note 5.3 Reconciliation of cash flows from operating activities.

3.10 Net change in fair value of investments

Changes in the fair value of investments are net gains or losses recognised in relation to financial assets and liabilities at fair value through profit or loss. Changes are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or initial fair value (if the investment was acquired during the year).

3.11 Expenses

All expenses, including Responsible Entity fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

3.12 Distributions to unitholders

Distributions are determined by the Responsible Entity in accordance with the Scheme's Constitution and applicable tax legislation.

Financial instruments held at fair value may include unrealised capital gains or losses. Unrealised gains or losses that are recognised as 'profit or loss from operating activities' are transferred to net assets attributable to unitholders and are not assessable and do not impact distributions until realised.

Under *AASB 132 Financial Instruments: Presentation*, the Scheme that has single class disclose distributions paid and payable in the Statement of Changes in Equity.

Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

3.13 Taxation

Under the Attribution Managed Investment Trust ("AMIT") tax regime, the Scheme is not subject to income tax as taxable income (including assessable realised capital gains) is attributed in full to the unitholders. The Scheme fully attribute their taxable income which is calculated in accordance with the Scheme's Constitution and applicable taxation legislation, to the unitholders on a fair and reasonable basis consistent with their rights.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. Where realised assessable capital gains exceed realised capital losses, the excess will be distributed and attributed to unitholders as assessable income for taxation purposes.

The benefits of imputation credits and foreign taxes paid are passed on to unitholders.

3.14 Goods and services tax

Expenses incurred by the Scheme are recognised net of the amount of GST recoverable from the ATO as Reduced Input Tax Credit.

Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. GST are included in the Statement of Cash Flows on a gross basis.

IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022

4. Financial assets and liabilities

The table below detail the categories of the financial assets and liabilities held by the Scheme at the reporting date:

	IOOF Capital Secure Trust	
	30 June 2022	30 June 2021
	\$	\$
4.1 Financial assets held at fair value through profit or loss		
Unlisted unit trusts	-	29,080,843
Total financial assets held at fair value through profit or loss	-	29,080,843

5. Reconciliation of cash flows from operating activities

The table below detail the reconciliation of cash flows from operating activities for the year. For the purposes of the Statement of Cash Flows, cash includes cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

	IOOF Capital Secure Trust	
	30 June 2022	30 June 2021
	\$	\$
5.1 Operating profit/(loss) for the year	(976,437)	1,290,287
Adjustments for net realised and unrealised (gains)/losses on:		
Change in fair value of investments	1,039,922	(235,490)
Changes in operating assets and liabilities:		
Proceeds from sale of investments	29,440,092	7,332,177
Purchase of investments	-	(400,000)
(Increase)/decrease in receivables	946,647	38,217
Increase/(decrease) in payables	(14,718)	(4,273)
Income reinvested	(1,146,398)	(1,272,205)
Net cash inflow/(outflow) from operating activities	29,289,108	6,748,713
5.2 Cash and cash equivalents		
Cash at bank	-	16,686
Cash and cash equivalents	-	16,686
5.3 Non-cash operating and financing activities		
Distributions reinvested by unitholders in additional scheme units	-	-
Trust income reinvested	1,146,398	1,272,205
Other non-cash activities (in-specie applications)	(944,905)	(4,802,014)
Other non-cash activities (in-specie redemptions)	944,905	4,802,014

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

6. Financial risk management

6.1 Introduction and overview

The Scheme was exposed to a variety of financial risks from investments in financial instruments. These risks include:

- credit risk
- liquidity risk
- market risk

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 risks, and the Scheme's management of unitholder funds.

6.1.1 Risk management framework

The Scheme's activities exposed the scheme to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity price risk), liquidity and cash flow risk. The Scheme's overall risk management programme was aligned to the investment strategy of the Scheme as detailed in its Constitution and Product Disclosure Statement. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

The Responsible Entity monitors the risk management framework, which is performed internally and reported on a quarterly basis. Certain Schemes may use derivative financial instruments to moderate certain risk exposures.

6.1.2 Environmental, Social and Governance risks

The Scheme's risk to Environmental, Social and Governance (ESG) issues were managed in accordance with the 'Responsible Investment Position Statement'. This involves undertaking formal assessment of the investment manager's ESG practices when assessing, selecting and monitoring investment managers to protect investments and manage the risk profile for long-term returns.

6.2 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, resulting in a financial loss to the Scheme. It arises principally from interest bearing securities held, derivative instruments and cash and cash equivalents.

6.2.1 Management of credit risk

The Scheme's policy over credit risk was to minimise its exposure to counterparties with higher risk of default by dealing only with counterparties meeting the credit standards set out in the Scheme PDS and by taking collateral. Credit risk is further minimised by managing the assets of the Scheme within credit rating limits.

Credit risk was monitored by the investment managers in accordance with the policies and procedures in place, including assessing the credit rating and quality of interest bearing instruments relative to their price and yield. The Scheme used derivatives to mitigate their exposure to credit risk.

6.2.3 Derivative financial instruments

The Scheme may enter into two types of derivative transactions: exchange-traded derivatives and over-the-counter (OTC) derivatives. Credit risk arising from exchange-traded derivatives is mitigated by margin requirements. OTC derivatives expose the Scheme to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Scheme.

Derivative financial instruments are transacted with counterparties on arm's length basis and within predetermined limits.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

6.2.4 Cash and cash equivalents

The Scheme's cash and cash equivalents were held mainly by Commonwealth Bank of Australia. The short term credit rating of these banking institutions as determined by Standard & Poor's are A-1+ (2021: A-1+) as at reporting date. Maximum credit risk exposure from cash and cash equivalents is represented by the carrying amount in the Statement of Financial Position. Maximum credit risk exposure from cash and cash equivalents is represented by the carrying amount on the Statements of Financial Position.

6.2.5 Settlement risk

The Scheme's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Scheme mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and monitoring processes described in Note 6.2.1 Management of credit risk.

6.2.6 Past due and impaired assets

No financial assets carried at amortised cost were past due or impaired either at 30 June 2022 and 30 June 2021.

6.3 Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from their financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

6.3.1 Management of liquidity risk

The Scheme's policy and the investment managers' approach to managing liquidity was to have sufficient liquidity to meet their liabilities, including estimated redemptions of units, as and when they fall due, without incurring undue losses.

The Scheme hold investments in unlisted unit trusts, which may be subject to redemption restrictions. As a result, the Scheme may not be able to liquidate some of their investments in these instruments in due time in order to meet their liquidity requirements. If the Scheme is unable to meet liquidity requirements this may impact on unitholder redemptions.

The Scheme's liquidity risk is managed by the Responsible Entity and Scheme was not exposed to liquidity risk as at 30 June 2022 and had no significant liquidity risk at 30 June 2021.

6.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing), will affect the Scheme's income or the fair value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

6.4.1 Management of market risk

The Scheme's strategy for the management of market risk was driven by the Scheme's investment objectives. The Scheme's market risk was managed on a daily basis by the investment managers in accordance with the investment guidelines of the Scheme.

6.4.2 Interest rate risk

The Scheme was exposed to the risk that the fair value or future cash flows of their financial instruments will fluctuate as a result of changes in market interest rates. Financial instruments that would be impacted by changes in market interest rates include cash and cash equivalents, interest bearing securities, derivatives (such as swaps and futures) and deposits with brokers.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

The Scheme's interest rate risk was actively managed in accordance with the defined investment process and within the guidelines and restrictions outlined in the Scheme PDS.

The Scheme is monitored for mandate compliance. Where the interest rate risk exposure moves outside the Scheme's mandate restrictions or guidelines, the investment managers will rebalance the portfolios.

Interest rate risk is not considered to be significant to the Scheme except in relation to investments in interest bearing securities. The Scheme does not have any investments in interest bearing securities at 30 June 2022 and 30 June 2021.

6.4.3 Other price risk

At the reporting date, other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. Other price risk is managed by the investment managers by diversifying the portfolio and economically hedging using derivative financial instruments such as options and future contracts, in accordance with the PDSs.

The Scheme's financial instruments which are carried at fair value, have any change in the fair value of investments recognised in the Statement of Comprehensive Income in the line item 'Net change in fair value of investments'.

6.4.4 Exposure and Sensitivity analysis - other price risk

The other price risk exposure of financial instruments is equal to the fair value of financial instruments as reported in the Statement of Financial Position and in Note 4 Financial assets and liabilities.

A sensitivity analysis reflects how 'Net assets attributable to unitholders' and 'Profit/(loss) for the financial year/Total comprehensive income' would have been affected by changes in the relevant risk at the end of the reporting period.

Changes in price as disclosed in this note set out below are illustrative only and are based on simplified scenarios. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

The table at Note 6.4.5 Other price risk - sensitivity analysis set out the effect on the Scheme's 'Net assets attributable to unitholders' and 'Profit/(loss) for the financial year/Total comprehensive income' of a possible increase or decrease in market prices for 10% at reporting date. As at 30 June 2022, the Scheme had no investment in any financial assets. As such, the Scheme was not exposed to other price risk. In the comparative year, the possible increase or decrease in market prices are subject to the correspondent market index of each Scheme.

6.4.5 Other price risk - sensitivity analysis

At the reporting date, the Scheme's other price risk sensitivity analysis is detailed in the table below:

	IOOF Capital Secure Trust							
	30 June 2022				30 June 2021			
	Change in price		Impact on Profit/loss from operating activities and Net assets attributable to unitholders / Other comprehensive income		Change in price		Impact on Profit/loss from operating activities and Net assets attributable to unitholders / Other comprehensive income	
	Increase %	Decrease %	Increase \$	Decrease \$	Increase %	Decrease %	Increase \$	Decrease \$
Market index	10	(10)	-	-	4	(2)	1,163,234	(581,617)

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

6.5 Valuation of financial instruments

The Scheme's accounting policy on fair value measurement is discussed in Note 3.1.5 Fair value measurement principles

The Scheme measures financial assets and financial liabilities held at fair value through profit or loss using the following fair value hierarchy:

Level 1 - Quoted price (unadjusted) in an active market for an identical instrument.

The quoted market price used for financial assets is the current bid price. The quoted market price used for financial liabilities is the current ask price.

Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs.

This category includes all instruments that use a valuation technique which includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The valuation of managed investment Scheme included in Level 2 and Level 3 is based on the daily net asset value of the managed investment scheme provided by the relevant Responsible Entities.

The Scheme recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. Changes in Level 2 and 3 fair values are analysed at each reporting date and the reasons for the fair value movements are explained. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the period ended 30 June 2022 and 30 June 2021.

6.5.1 Financial instruments hierarchy

6.5.1.1 Recurring fair value measurements

The Scheme invests only in unlisted unit trusts which is classified as Level 2. There have been no transfer between levels during the period ended 30 June 2022 and 30 June 2021.

6.5.1.2 Non - recurring fair value measurements

The Scheme has no assets or liabilities measured at fair value on a non - recurring basis in the current reporting period ended 30 June 2022 and 30 June 2021.

6.5.2 Valuation processes

The Responsible Entity's Unit Pricing and Valuations Forum (UPVF) reviews valuations of the financial instruments.

**IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022**

7. Related parties

7.1 Responsible Entity

The Responsible Entity of the Scheme is IOOF Investment Services Limited (ABN 70 007 350 405). IOOF Investment Services Limited (IISL) is a subsidiary of Insignia Financial Ltd (formerly IOOF Holdings Limited).

7.2 Key management personnel

The Scheme does not employ personnel in its own right. However, the Scheme is required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel, during or since the end of the period are:

Name	Position Held	Date Appointed
D G Allen	Independent Non-Executive Director, Chairman	19 December 2019
M A Nunan	Independent Non-Executive Director	19 December 2019
J Selak	Independent Non-Executive Director	19 December 2019

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

No director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving directors' interests existing at period end.

7.3 Related party transactions

All related party transactions are conducted on commercial terms and conditions.

The Directors of the Responsible Entity may also be employees and/or directors of other companies owned by Insignia. The Responsible Entity may also be involved in activities other than the business of managed investment Scheme.

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity at any time during the reporting period.

During the financial period there was no compensation paid directly by the Scheme to the Directors of the Responsible Entity. Directors compensation was paid by IOOF Service Co Pty Ltd (a wholly owned subsidiary of Insignia Financial Ltd, the ultimate parent company of IOOF Investment Services Ltd).

From time to time the Directors of IOOF Investment Services Limited may invest or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders in the Scheme.

IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022

7.4 Responsible Entity fees

The Responsible Entity is entitled to management fees which are calculated as a proportion of net assets attributable to unitholders. All transactions with related parties are conducted on normal commercial terms and conditions. Management fees are reflected as 'Responsible Entity fees' in the Statement of Comprehensive Income. Fees received by the Responsible Entity for the year ended 30 June 2022 and 30 June 2021 are as follows:

	Total management fees paid and payable to the RE during the financial period	
	Year to 30 June 2022 \$	Year to 30 June 2021 \$
IOOF Capital Secure Trust	139,108	180,146

7.5 Related party investments held by the Scheme

The Scheme may purchase and sell units in other schemes managed by the below related responsible entity in the ordinary course of business at application and redemption prices calculated in accordance with the Constitution of the Scheme. The below responsible entity is wholly owned subsidiaries of Insignia Financial Ltd, the ultimate parent company:

- IOOF Investment Services Limited (IISL);

Details of the Scheme's investments in other schemes operated by the above responsible entity are set out in the table below:

Name of entity	Fair value of investment		% Interest held in the Scheme/Entity		Distributions/Dividends received/receivable (including Return of Capital)		Number of units/shares held	
	2022 \$	2021 \$	2022 %	2021 %	2022 \$	2021 \$	2022	2021

IOOF Capital Secure Trust

IOOF Income Trust	-	9,279,776	-	2.08	-	456,168	-	8,805,177
MultiMix Wholesale Australian Property Trust	-	534,840	-	0.78	-	18,557	-	535,483
MultiMix Wholesale Cash Enhanced Trust	-	9,330,856	-	2.14	-	105,572	-	9,680,316
MultiMix Wholesale Diversified Fixed Interest Trust	-	9,196,241	-	0.76	-	617,224	-	9,416,589
MultiMix Wholesale International Property Trust	-	739,130	-	0.57	-	37,080	-	649,555

IOOF Capital Secure Trust
Notes to Financial Statements
for the financial year ended 30 June 2022

7.6 Units in the Scheme held by related parties

As at the reporting date, details of the unit holdings in the Scheme by related parties are set out in the table below. The below related party are wholly owned subsidiaries of Insignia Financial Ltd, the ultimate parent company:

- IOOF Investment Management Limited (the Trustee for IOOF Portfolio Service Superannuation Fund);

Name of entity	Fair value of investment		% Interest held in the Scheme/Entity		Distributions/Dividends received/receivable (including Return of Capital)		Number of units/shares held	
	2022 \$	2021 \$	2022 %	2021 %	2022 \$	2021 \$	2022	2021

IOOF Capital Secure Trust

IOOF Portfolio Service Superannuation fund†	-	29,154,272	-	99.55	49,480	1,050,012	-	29,534,345
---	---	------------	---	-------	--------	-----------	---	------------

† The information for number of units held shown in this note is sourced from the underlying administration system in IOOF Portfolio Service Superannuation Fund. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service Superannuation Fund.

8. Interests in unconsolidated structured entities

The Scheme's maximum exposure to loss from its investments in unlisted managed investment schemes, which have been assessed to be structured entities, is restricted to their fair value which are disclosed in Note 7.5 Related party investments held by the Scheme. The Scheme have not sponsored or provided support, financial or otherwise to the unlisted managed investment schemes it hold.

9. Auditor's remuneration

During the year, the following Auditor's remuneration fees were paid or payable by the Responsible Entity for services provided by KPMG as the auditor of the Scheme:

	IOOF Capital Secure Trust	
	Year to 30 June 2022 \$	Year to 30 June 2021 \$
KPMG		
- Audit Services		
Audit & Review of financial reports	11,175	11,175
- Other assurance services		
Other compliance & regulatory audit services	3,199	3,199
Total audit fees paid	14,374	14,374

10. Commitments and contingencies

There were no commitments or contingencies for the Scheme as at the reporting date (30 June 2021: Nil).

11: Events subsequent to reporting date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2022 or on the results and cash flows of the Scheme for the financial year ended on that date.

**IOOF Capital Secure Trust
Directors' Declaration
for the financial year ended 30 June 2022**

IOOF Investment Services Limited presents the Directors' Declaration in respect of IOOF Capital Secure Trust:

In the opinion of the Directors:

1. The financial statements and notes to the financial statements of the Scheme, set out on pages 7 to 25 are in accordance with the *Corporations Act 2001* , including:
 - 1.1 giving a true and fair view of the Scheme's financial positions as at 30 June 2022 and its performance for the financial year ended on that date.
 - 1.2 complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* .
2. The financial statements and notes to the financial statements of the Scheme, set out on pages 7 to 25 comply with International Financial Reporting Standards.

This Declaration is made in accordance with a resolution of the Directors of IOOF Investment Services Limited.



D.G Allen

Director

Melbourne

26 September 2022



Independent Auditor's Report

To the respective unitholders of IOOF Capital Secure Trust

Opinion

We have audited the **Financial Report** of IOOF Capital Secure Trust (the Scheme).

In our opinion, the accompanying **Financial Report** of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of Financial Position as at 30 June 2022;
- Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Scheme in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.



Emphasis of matter – Basis of preparation

We draw attention to Note 2.3 of the Financial Report, which indicates that the Financial Report has been prepared on a basis other than going concern as the Responsible Entity resolved to terminate the Scheme on 30 June 2022. The Scheme is no longer considered a going concern. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in the Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of IOOF Investment Services Limited (the Responsible Entity) are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of IOOF Investment Services Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Joshua Pearse
Partner

Melbourne

26 September 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IOOF Investment Services Limited, the Responsible Entity for the following Scheme:

- IOOF Capital Secure Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of the Scheme for the financial year ended 30 June 2022 there have been:

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

KPMG

Joshua Pearse

Partner

Melbourne

26 September 2022