ASCF Premium Capital Fund

ARSN 637 973 409

Interim-Financial Report - 31 December 2022

ASCF Premium Capital Fund
Directors' Report
For the half-year ended 31 December 2022

The Directors of Australian Secure Capital Fund Ltd (the 'Responsible Entity'), the Responsible Entity of ASCF Premium Capital Fund (the 'Fund'), submit their report together with the interim-financial statements of the Fund for the half-year ended 31 December 2022.

Directors

The following persons were Directors of the Responsible Entity during the whole of the financial period and up to the date of this report, unless otherwise stated:

Richard John Taylor
Kosta Nicholas Giovanos
Filippo Sciacca

Information on Directors

Name:	Richard Taylor (Company Secretary)
Title:	Mr
Qualifications:	Mr Taylor has a Bachelor of Economics from Bournemouth University, a Diploma in Commercial Management from Bournemouth University, a Diploma of Financial Services (Financial Planning) from Tribeca, a Certificate IV in Financial Services (Finance/Mortgage Broking), a Diploma of financial Services (Finance/Mortgage Broking Management) from Intellitrain, and a Certificate IV in Property Services (Real Estate) from the Australian School of Business & Law and is RG146 compliant. Mr Taylor is also an accredited Financial Broker (no. 16714) of the Mortgage and Finance Association of Australia and is a licensed Real Estate Agent, Qld (no.3981311).
Experience and expertise:	Mr Taylor has extensive experience in the finance and credit industries, working across both industries for more than 41 years.
Special responsibilities:	Chief Executive Officer & Director of Finance
Name:	Kosta Giovanos
Title:	Mr
Age:	Director of Business Development
Qualifications:	Mr Giovanos holds a Certificate IV in Finance and Mortgage Broking from the Finance and Related Services Training Academy.
Experience and expertise:	Mr Giovanos commenced his career in 2005 as a Sales Manager for home and investment lending for National Fidelity Mortgage, a residential mortgage lender operating in the United States of America before becoming a Branch Manager and Private Client Manager at Bankwest. After three years with Bankwest, Mr Giovanos worked as a Relationship Manager at ANZ specialising in: business banking, commercial lending, franchising, unsecured business lending, low doc commercial loans, and start-up business lending.
Special responsibilities:	Director of Business Development
Name:	Filippo Sciacca
Title:	Mr
Qualifications:	Mr Sciacca has a Bachelor of Laws from the Queensland University of Technology and commenced his career as a property lawyer at Sciaccas Lawyers and Consultants in 1987 before pursuing a career in property development. Mr Sciacca has also completed RG146 Tier 1 Securities and Managed Investments course.
Experience and expertise:	Mr Sciacca was a director of Kozmic Developments, a property development group between 1997 and 2016, during which time the Kozmic group developed over 400 apartments in and around the Brisbane Area. Mr Sciacca has worked across the property development industry for over 23 years and has extensive expertise in relation to the property market.
Special responsibilities:	Director of Investor Relations, Asset Management & Compliance

Review of operations

Revenue of $2,179,740 less expenses of $1,422,755 resulted in a distribution to Unitholders of $756,985 (6 months to December 2021: $585,378).

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Fund during the half-year.

Principal activities

The principal activity of the Fund during the half-year was the provision of regular monthly income through a selection of investments in short-term registered first mortgage loans. Unitholders are provided with a fixed rate, fixed term interest only investment.

Matters subsequent to the end of the reporting period

No matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial periods.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity and insurance of officers

The Responsible Entity has indemnified the Directors and executives of the Responsible Entity for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The Responsible Entity has paid a premium in respect of a contract to insure the Directors and executives of the Responsible Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Responsible Entity has not, during or since the end of the half-year, indemnified or agreed to indemnify the auditor of the Responsible Entity or any related entity against a liability incurred by the auditor.

During the half-year, the Responsible Entity has not paid a premium in respect of a contract to insure the auditor of the Responsible Entity or any related entity.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the half-year are disclosed in note 13 of the interim-financial statements.

No fees were paid out of Fund property to the Directors of the Responsible Entity during the half-year.

The number of interests in the Fund held by the Responsible Entity or its associates for the period ended 31 December 2022 are disclosed in note 14 of the interim-financial statements.

Interests in the Fund

The movement of units on issue in the Fund during the half-year are disclosed in note 10 of the interim-financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 to the interim-financial statements.

Proceedings on Behalf of the Fund

The Fund was not a party to any such proceedings during the half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included in these interim-financial statements.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Richard Taylor Director	Kosta Giovanos Director	Filippo Sciacca Director

15 March 2023

Grant Thornton Audit Pty Ltd
King George Central
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Brisbane QLD 4000
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Brisbane QLD 4001

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Auditor's Independence Declaration

To the Directors of Australian Secure Capital Fund Ltd, the Responsible Entity of ASCF Premium Capital Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of ASCF Premium Capital Fund for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M C Bragg
Partner – Audit & Assurance

Brisbane, 15 March 2023

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General information

The financial statements cover ASCF Premium Capital Fund as an individual entity. The interim-financial statements are presented in Australian dollars, which is ASCF Premium Capital Fund's functional and presentation currency.

The Fund is an Australian Registered Scheme and was constituted on the 20th December 2019. Australian Secure Capital Fund Ltd (the 'Responsible Entity' for the Fund) is incorporated and domiciled in Australia and acts as the manager of the Fund. The Fund's registered office and principal place of business are:

Registered office

Level 1, 50 Park Road
MILTON
QLD 4064

Principal place of business

Level 1, 50 Park Road
MILTON
QLD 4064

A description of the nature of the Fund's operations and its principal activities are included in the Directors' report, which is not part of the interim-financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 March 2023.

ASCF Premium Capital Fund
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Revenue			
Interest Income		1,823,868	1,080,101
Mortgage Income		355,872	58,962
Total revenue & other income		2,179,740	1,139,063
Expenses			
Legal & Compliance Fees		(133,932)	(2,384)
Performance Fees	13	(1,278,568)	(543,032)
Other Expenses		(10,255)	(8,269)
Total expenses		(1,422,755)	(553,685)
Operating profit/(loss)		756,985	585,378
Finance Costs Attributed to Unitholders			
Distributions to Unitholders	3	(756,985)	(585,378)
Profit/(loss) for the period		-	-
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income attributable to Unitholders		-	-

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

ASCF Premium Capital Fund
Statement of financial position
As at 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
Assets			
Cash and Cash Equivalents	5	1,729,927	2,473,514
Loans Receivable	6	29,965,434	26,893,477
Other Receivables	7	101,660	65,878
Total assets		31,797,021	29,432,869
Liabilities			
Trade and Other Payables	8	857,594	84,561
Borrowings	9	9,063	13,544
Total liabilities (excluding net assets attributable to Unitholders)		866,657	98,105
Net assets attributable to Unitholders-liability	17	30,930,364	29,334,764

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

ASCF Premium Capital Fund
Statement of changes in equity
For the half-year ended 31 December 2022

	31 December 2022 $	31 December 2021 $
Total equity at the beginning of the period	-	-
Profit/(Loss) for the period	-	-
Other comprehensive income for the period	-	-
Transactions with unitholders in their capacity as owners	-	-
Total equity at the end of the financial period	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above statement of changes in equity should be read in conjunction with the accompanying notes

ASCF Premium Capital Fund
Statement of cash flows
For the half-year ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Borrower interest repayments		1,797,570	1,076,548
Interest received on cash		26,300	3,552
Management fees on mortgages		391,460	64,859
Other operating expenses		(333,510)	(82,042)
Performance fees paid to the Responsible Entity		(365,277)	(404,945)
Loans advanced to Borrowers		(20,257,264)	(19,814,272)
Loans repaid by Borrowers		17,163,000	5,611,135
Net cash used in operating activities	11	(1,577,721)	(13,545,165)
Cash flows from financing activities			
Distributions paid	3	(756,985)	(585,378)
Advances from/(Repayments to) Responsible Entity		(4,481)	(2,420)
Unitholders funds received from Investors	17	4,910,600	11,399,013
Unitholders funds paid to Investors	17	(3,315,000)	(4,306,767)
Net cash inflow from financing activities		834,134	6,504,448
Net decrease in cash and cash equivalents		(743,587)	(7,040,717)
Cash and cash equivalents at the beginning of the financial half-year		2,473,514	8,094,711
Cash and cash equivalents at the end of the financial half-year	5	1,729,927	1,053,994

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

Note 1. General Information

Basis of Preparation
These interim-financial statements for the reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim-financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022.

Unless otherwise stated, the interim-financial statements have been prepared under the historical cost convention and the accounting policies adopted are consistent with those of the previous financial year. Assets and liabilities have been presented in order of liquidity, providing reliable and more relevant information, due to the nature of activities of the Fund. The amounts presented in the interim-financial statements have been rounded to the nearest dollar.

Note 2. Significant Accounting Policies

The preparation of the interim-financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the interim-financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed in note 2(m).

(a) Redeemable Units
All redeemable units issued by the Fund provide investors with the right to require redemption for cash. The Fund's obligation to redeem units is set out in the Product Disclosure Statement.

(b) Capital Management
The Responsible Entity manages its net assets attributable to Unitholders as capital. The amount of net assets attributable to Unitholders can change on a daily basis in accordance with the provisions of the Product Disclosure Statement.

The Fund is not subject to any externally imposed capital requirements.

(c) Net assets attributable to Unitholders
Units are redeemable at the Unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the Unitholders. The Units are classified as financial liabilities as the Fund is required to distribute its distributable income, in accordance with the Fund's constitution.

The Units can be put back to the Fund based in line with the requirements outlined in the Product Disclosure Statement of the Fund.

The Units are carried at the redemption amount that is payable at reporting date if the holder exercises the right to put the unit back to the Fund.

(d) Expenses
All expenses, including Responsible Entity's fees, are recognised in the statement of profit or loss and other comprehensive income (profit or loss) on an accrual basis.

(e) Income Tax
Under current legislation, the Fund is not subject to income tax as unit holders are presently entitled to the income of the Fund.

(f) Distributions
The Fund distributes its distributable income, in accordance with the Fund's constitution, to Unitholders by cash or reinvestment. The distributions are recognised in the profit or loss as finance costs attributable to Unitholders.

Note 2. Significant Accounting Policies (continued)

(g) Increase/decrease in net assets attributable to Unitholders
Income not distributed is included in net assets attributable to Unitholders. Movements in net assets attributable to Unitholders are recognised in the profit or loss as finance costs.

(h) Financial Instruments

Recognition & Derecognition
Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Fund commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income;
- or fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset;
- and the business model for managing the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

After initial recognition these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Fund's loans receivable fall into this category of financial instruments.

Subsequent measurement of financial liabilities
Non−derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 2. Significant Accounting Policies (continued)

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non−cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:
- the right to receive cash flows from the asset has been expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss and other comprehensive income.

Impairment of financial assets
The Fund recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

ECL's are the probability−weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Impairment of loans receivable
The Fund uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

Shortfalls on the amount invested in mortgage investments are borne by Fund investors as ordinary investment risk.

For impairment provisioning purposes, the Responsible Entity allocates all mortgage investments into three distinct classifications: performing, under−performing and non−performing. In assessing the classification of mortgage investments, the Responsible Entity has defined a default as the point in time it forms a view that the principal loan balance owed to the Fund on any loan receivable will not be repaid in full and has assessed the risk of such default in determining the categorisation of each loan.

Loans receivable migrate through the following classifications based on the change in credit risk since initial recognition:

Performing
The Fund collectively assesses ECL's on exposures, where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Fund recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. Expected shortfalls (credit losses) are forecast based on historical loss experience for a 12−month period, the loan to valuation ratio, security location and borrower exit strategy. The Fund assesses loans monthly and does not provide mortgage investments with terms greater than 12 months. Since inception, the Fund has not incurred a charge nor provisioned for a loss and the principal of all loans have been recovered in full.

Note 2. Significant Accounting Policies (continued)

The fund classifies a mortgage investment as Past Due and Performing when the investment is in arrears and interest greater than 30 days is outstanding and one or more of the following applies:

- The Fund has received notice of refinance of the mortgage investment or sale of the secured property; or
- An assessment has been made that as at the date of the assessment the Responsible Entity forms the view that the principal loan amount owed to the Fund will be repaid in full; or
- The loan to valuation ratio applicable to the mortgage investment is sufficiently low based on the location of the security property that the Responsible Entity forms the view that the principal loan amount owed to the Fund will be repaid in full.

The Fund also considers forward looking information to assess whether the historical loss rate is inconsistent with expectations taking into account future economic conditions such as unemployment rates, inflation, interest rates and other macro−economic data both nationally and internationally.

Under−Performing
The Fund collectively assesses ECL's on exposures where there has been a significant deterioration in credit risk since initial recognition but are not credit impaired. The Fund classifies a mortgage investment as under-performing when the following occurs:
i) they are in arrears and interest greater than 30 days is outstanding;
ii) the Fund has received no notice of refinance of the mortgage investment or sale of the secured property; and
iii) whilst the Fund has assessed the mortgage investment as part of the expected credit loss allowance at year end, further analysis is required before the mortgage investment is able to be transitioned to one of the other credit risk classifications.

The Fund will conduct an individual assessment on under−performing loans and the increase in credit risk is not, of itself, an event that could have detrimental impact on future cash flows. The Fund does not hold mortgage investments with an initial term greater than 12 months.

Non−Performing
The Fund identifies individually, ECL's on those exposures that are assessed as credit impaired based on objective evidence of impairment. The Fund estimates loss provisioning on a non−performing categorised investment when there are quantitative or qualitative factors indicating that an individual mortgage investment may be impaired. The provision is determined as the expected shortfall between the outstanding balance and the mortgage security after accounting for cost of realisation.

Quantitative factors that trigger the Fund to assess the potential specific impairment of mortgages include:
i) the mortgage investment is in arrears and interest greater than 90 days is outstanding;
ii) the Fund has received no notice of refinance of the mortgage investment or sale of the secured property; and
iii) an assessment has been made that as at the date of the assessment the Responsible Entity forms the view that the principal loan amount owed to the Fund on any loan receivable will not be repaid in full.

Qualitative factors that trigger the Fund to assess the potential specific impairment of mortgages include:
i) the nature and substance of communication with borrowers in arrears; and
ii) assessment of past performance of similar loans, including characteristics such as collateral location, loan purpose and exit strategy.

Impairments are offset by the recognition of charge-offs against performance fees payable to the Responsible Entity. The charge-offs are crystallised as a reduction in performance fees at the same time as the shortfall on the investment (loan) is crystallised. The provision for charge-offs is ordinarily funded by reserves maintained by the Responsible Entity to offset credit risk.

Determining the stage for impairment
At each reporting date, the Fund assesses whether there has been a significant increase in credit risk for exposure since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Fund considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, where appropriate, forward−looking analysis.

Note 2. Significant Accounting Policies (continued)

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses a previously assessed significant increase in credit risk since origination, then the allowance for expected credit losses reverts from its lifetime ECL to a 12−month ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The allowance for credit losses for these loans receivable are based on a 12−month ECL.

Loans that are credit impaired at the reporting date are presented at the value of the difference between estimated future cash flows discounted by the effective interest rate and the gross carrying amount. This difference is reported as an impairment provision.

Credit quality of loans receivable
The Fund has an internally developed credit rating scale derived from historical data to assess the potential default risk in lending. The Fund has a pre−defined counterparty probabilities of default across loans receivable.

Inputs, assumptions and techniques used for estimating impairment
In assessing the impairment of loans receivable under the ECL model, the Fund defines default generally when the Responsible Entity (Australian Secure Capital Fund Ltd) forms the view that it is unlikely that the principal loan amount owed to the Fund on any loan receivable will be repaid in full.

Recognition of expected credit losses in interim-financial statements
At each reporting date, the Fund recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

In assessing these risks, the directors rely on readily available information such as loan to valuation ratios (LVR's). In addition, the directors consider other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Fund recognises for this instrument lifetime expected credit losses.

(i) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short−term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Recognition of Revenue and Expenses on Borrowing Services
Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All mortgage revenue is stated net of the amount of goods and services tax. Revenue earned on loans receivable (not recognised on the Fund’s Balance Sheet, but the cash flows of which pass through the Fund), are measured at the fair value of the consideration received or receivable. Fees on loans receivable are recognised as revenue in the period during which the related services are provided to the borrower or the determining event or circumstance is completed.

Loan management fees charged and costs recoverable by the Fund are brought to account on an accruals basis. These include expenses related to the acquisition and management of loans receivable (broker and recovery fees) which are onchargeable by the Fund to third parties. These expenses are accounted for in full in the period in which the expense becomes due. Similarly, application fees and extension fees are recognised as revenue when the loan is either disbursed or renegotiated.

Note 2. Significant Accounting Policies (continued)

(k) Goods and Services Tax (GST)
Management fees and other expenses are recognised net of the amount of Goods and Services Tax (GST) recoverable from the Australian Tax Office (ATO) as a Reduced Input Tax Credit (RITC) at a rate of 75% of GST.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in payments for operating expenses.

(l) Critical Accounting Estimates and Judgements
The directors evaluate estimates and judgements incorporated into the interim-financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

Key Estimates

(m) Impairment
The Fund assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Fund that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed in accordance with key assumptions outlined in note 2(i).

AASB 9 requires the Fund to recognise an impairment provision for loans receivable that are not in default. Any applicable financial impact of the application of AASB 9 is disclosed in Note 6. As a result of the Fund's performance and lack of historical trading information, there has been no recognition of an impairment provision within loans receivables in the statement of financial position. Recognised impairment provisions are offset by an additional charge-off against the performance fees payable to the Responsible Entity. Any charge-offs are disclosed in Note 8.

No impairment has been recognised in respect of loans receivable for the period ended 31 December 2022.

(n) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Note 3. Unitholders' Distributions

Distributions paid and payable by the Fund for the half-year are:

	31 December 2022 $	31 December 2021 $
Distributions paid during the period	756,985	585,378
Total distributions paid during the period	756,985	585,378

Note 4. Auditor's Remuneration

Remuneration of the auditor is only disclosed in the annual financial statements.

Note 5. Cash and Cash Equivalents

	31 December 2022 $	30 June 2022 $
Cash on hand	10	10
Cash at bank	1,729,917	2,473,504
Total cash and cash equivalents	1,729,927	2,473,514

Cash at bank is restricted, as the Funds are either investor Funds not yet invested in a mortgage or borrowers Funds held in the Fund.

Reconciliation of cash

Cash at end of the half-year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31 December 2022 $	30 June 2022 $
Cash on hand	10	10
Cash at bank	1,729,917	2,473,504
Total cash and cash equivalents	1,729,927	2,473,514

Note 6. Loans Receivable

	31 December 2022 $	30 June 2022 $
Loans Receivable	29,965,434	26,893,477

a. Financial Commitments

As at the half-year end, the Fund had no undrawn loan commitments.

b. Credit Risk

The Fund has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Fund is considered to relate to the class of assets described as "loans receivable."

Assessed on terms of principal outstanding	31 December 2022 No. of Loans	31 December 2022 $	30 June 2022 No. of Loans	30 June 2022 $
Loan to Valuation Ratio >81%	-	-	-	-
Loan to Valuation Ratio 71 - 80%	-	-	-	-
Loan to Valuation Ratio 61 - 70%	16	18,111,500	13	8,546,045
Loan to Valuation Ratio 51 - 60%	9	8,097,000	10	9,235,750
Loan to Valuation Ratio 41 - 50%	5	2,609,500	4	1,765,000
Loan to Valuation Ratio 25 - 40%	7	1,547,000	4	6,135,000
Loan to Valuation Ratio 25%	2	201,441	4	1,279,581
	39	30,566,441	35	26,961,376

Note 6. Loans Receivable (continued)

Assessed on terms of total amounts outstanding	31 December 2022 No.	31 December 2022 $	30 June 2022 No.	30 June 2022 $
Loan to Valuation Ratio >81%	-	-	-	-
Loan to Valuation Ratio 71 - 80%	3	4,886,467	4	1,819,108
Loan to Valuation Ratio 61 - 70%	11	11,897,420	10	7,499,467
Loan to Valuation Ratio 51 - 60%	11	8,951,783	9	8,321,211
Loan to Valuation Ratio 41 - 50%	4	2,194,680	4	1,778,934
Loan to Valuation Ratio 25 - 40%	8	1,706,680	4	6,154,563
Loan to Valuation Ratio 25%	2	328,404	4	1,320,194
	39	29,965,434	35	26,893,477

c. Impairment of Financial Assets

Expected credit losses are assessed by the Fund in accordance with the accounting policies outlined in Note 2(i). The directors have performed an assessment of expected credit losses in relation to loans receivable in the statement of financial position as at the end of the reporting period, and have determined that there has been no significant increase in credit risk during the period.

As at 31 December 2022, the Fund had no Loans Receivable that had been classified as impaired (31 December 2021: Nil).

d. Collateral Held as Security

All loans receivable are secured with registered mortgages against real Australian property, as defined in the Fund's Product Disclosure Statement.

e. Collateral Pledged

No trade and other receivable balances have been pledged as collateral.

f. Fair Value

Loans receivable are expected to be recovered within a short term and fair value is therefore equivalent to carrying amount.

Note 6. Loans Receivable (continued)

g. Loans Receivable Performance Analysis

An analysis of the outstanding loans receivable is detailed below:

	31 December 2022 No.	31 December 2022 $	30 June 2022 No.	30 June 2022 $
Past due but performing:				
Performing				
31 −90 days	-	-	2	4,292,244
91 − 180 days	3	3,052,718	1	969,660
181 +days	1	241,375	1	230,705
Mortgage in possession	3	4,330,864	-	-
Past due but performing	7	7,624,957	4	5,492,609
Past due and under-performing:				
Under−performing				
31 − 90 days	-	-	-	-
91 −180 days	-	-	-	-
181 +days	-	-	-	-
Mortgage in possession	-	-	-	-
Past due and under-performing	-	-	-	-
Impaired and past due (non-performing):				
Non−performing				
31 − 90 days	-	-	-	-
91 −180 days	-	-	-	-
181 +days	-	-	-	-
Mortgage in possession	-	-	-	-
Total non-performing	-	-	-	-
Total past due	7	7,624,957	4	5,492,609

Only loans and receivables that are past due in excess of 30 days are assessed and allocated into the above three categories. Three of the above loans have either been repaid in full or are no longer classified as past due since balance date, equating to $3,412,129 thereby reducing the total past due as at 31 December 2022 to $4,212,828.

Note 7. Other Receivables

	31 December 2022 $	30 June 2022 $
GST Refundable	40,598	38,754
Management Fees Receivable	61,062	27,124
Total other receivables	101,660	65,878

Note 8. Trade and Other Payables

	31 December 2022 $	30 June 2022 $
Performance Fees Payable	856,302	83,650
Foreign Withholding Tax Payable	750	369
Other Creditors	542	542
Total trade and other payables	857,594	84,561

a. Financial liabilities at amortised cost classified as trade and other payables:

	31 December 2022 $	30 June 2022 $
Trade & Other Payables		
- Total	857,594	84,561

b. The fair value of financial liabilities (including trade and other payables) is equivalent to their carrying amount.

Note 9. Borrowings

	31 December 2022 $	30 June 2022 $
Loan - Australian Secure Capital Fund Ltd	9,063	13,544
Total Borrowings	9,063	13,544

Note 10. Issued Units

a. Units on Issue
The Fund has authorised 30,930,364 (30 June 2022: 29,334,764) units on issue at $1 each amounting to $30,930,364 (30 June 2022: $29,334,764).

	31 December 2022 No.	30 June 2022 No.
Number of fully paid units		
At beginning of the reporting period	29,334,764	24,735,486
Units issued during the period	4,910,600	9,786,278
Units redeemed during the period	(3,315,000)	(5,187,000)
At the end of the reporting period	30,930,364	29,334,764

Note 10. Issued Units (continued)

Units are of equal value and Unitholders are entitled to share in the income of ASCF Premium Capital Fund in proportion to their Unitholding. Upon liquidation each Unitholder is entitled to a pro rata share of the Fund's net assets.

b. Capital Management

Management controls the capital of the Fund to ensure that adequate cash flows are generated to fund its lending portfolio programs and that returns from investments are maximised. The board ensures that the overall risk management strategy is in line with this objective.

As a result of the ability to issue and redeem Units, the capital of the Fund can vary depending on the demand for redemptions and applications to the Fund. The Fund is not subject to externally imposed capital requirements and issues and redeems units in accordance with the constitution and product disclosure statement.

The Fund's objectives for managing capital, being net assets attributable to Unitholders is to manage the recoverability of the loans in consultation with Unitholders and Borrowers such that capital value of Unitholders Funds is not compromised.

The board operates under policies approved by it. Risk management policies are approved and reviewed by the board on an annual basis. These include credit risk policies and future cash flow requirements. The Fund's capital consists of financial liabilities, supported by financial assets.

Note 11. Cash Flow Information

	6 Months to 31 December 2022 $	6 Months to 31 December 2021 $
Reconciliation of profit to unitholders with net cash provided by operating activities		
- Profit/(loss) for the period	-	-
- Profit/(loss) before investor distributions	756,985	585,378
- (Increase)/decrease in loans receivable	(3,071,957)	(14,203,138)
- (Increase)/decrease in other receivables	(35,782)	(12,513)
- Increase/(decrease) in trade and other payables	773,033	85,108
Net cash used in operating activities	(1,577,721)	(13,545,165)

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Note 13. Related Party Transactions

The Fund's main related parties are as follows:

a. Responsible Entity

The Responsible Entity of ASCF Premium Capital Fund is Australian Secure Capital Fund Ltd.

b. Key Management Personnel:

The Directors of the Responsible Entity at Note 13(a) are considered to be Key Management Personnel (KMP) of the Fund. The following Directors of the Responsible Entity were in office during the period and up to the date of the report:

Richard John Taylor
Kosta Nicholas Giovanos
Filippo Sciacca

Key management personnel services are provided by Australian Secure Capital Fund Ltd and are included in the performance fees disclosed in note 13(c) below.

Note 13. Related Party Transactions (continued)

c. Other related parties

Other related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP, individually or collectively with their close family members.

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:

Performance fees are paid to the Responsible Entity for the management of the loans and Investors. The performance fee is calculated and payable monthly. The Performance fee is calculated as the balance of the Fund's returns after the payment of all fixed interest payments to Investors and other expenses of the Fund. Total performance fees paid in the 31 December 2022 financial half-year equate to $1,278,568 (6 months to 31 December 2021: $543,032).

There is an unsecured loan from the Responsible Entity for $9,063 in relation to Auditing fees paid by the Responsible Entity at 31 December 2022 (30 June 2022: $13,544).

Note 14. Key Management Personnel Unitholdings

Associates of Key Management Personnel of Filippo Sciacca, Kosta Giovanos & Richard Taylor held units in the Fund as follows:

	6 months to 31 December 2022 $	6 months to 31 December 2021 $
Opening investments by related parties	-	-
Investments placed by related parties during the period	-	-
Redemptions paid to related parties during the period	-	-
Investments in the Fund at balance date	-	-
Distributions received by related parties from the Fund	-	-

No key management personnel have entered into any transactions with the Fund during the year and there were no material balances involving key management personnel's interests outstanding at period end.

Note 15. Financial Risk Management

Introduction

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk Management Structure

The Fund's Responsible Entity is responsible for identifying and controlling risks. The Board of Directors supervises the Responsible Entity and is ultimately responsible for the overall risk management approach within the Fund.

Risk Measurement and Reporting System

Monitoring and controlling risks is primarily performed based on policies established by the Responsible Entity. These policies reflect the business strategy and market environment of the Fund, as well as the level of risk the Fund is willing to accept.

Risk Mitigation

The Fund has developed investment guidelines as part of its overall business strategies and its general risk management.

Note 15. Financial Risk Management (continued)

Excessive Risk
Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or loans and advances are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include guidelines to focus on maintaining a diversified portfolio. The board will manage excessive risk concentrations when they arise.

Market Risk
Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Fund is not exposed to currency risk and other price risk; and the Fund does not trade in the financial instruments it holds on its books.

The Fund is not materially exposed to movements in interest rates as Loans Receivable and Unitholders Funds are on fixed interest terms, with only minimal cash and cash equivalents on variable interest rates.

Credit Risk - Loans
Credit risk is the risk that a borrower will cause a financial loss for the Fund, by failing to discharge an obligation (loan default). The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. The compliance plan only allows loans to borrowers on initial application at a maximum loan to valuation ratio of 70%. Valuers are selected from a panel approved by the board of directors of the Responsible Entity that meet strict criteria.

The Fund minimises concentrations of credit risk in relation to Loans Receivable by undertaking transaction with a large number of customers within the specified category.

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

Liquidity Risk
Liquidity risk is the risk that the Fund will not be able to meet its short-term payment commitments as they fall due. Mortgage loans are relatively illiquid compared to some other asset classes and delays may occur in converting these investments into cash. This may affect distributions and/or redemptions to investors. The Responsible Entity maintains a policy to minimise liquidity risk by holding assets of the Fund in liquid investments such as cash. Quarterly and annual cashflow forecasting is also used to help monitor future cash flow requirements.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cashflows. Units are redeemed at the end of the investment term in line with the Product Disclosure Statement. The Directors do not envisage that the contractual maturity disclosed in the table will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

As at 31 December 2022	Less than 1 Month	1 - 6 Months $	6 - 12 Months $	1 - 2 Years $	Carrying Amount $
Performance fees payable	-	856,302	-	-	856,302
Withholding tax payable	-	750	-	-	750
Unsecured liabilities	-	9,063	-	-	9,063
Other creditors	-	542	-	-	542
Net assets attributable to unitholders	885,000	19,115,810	9,084,066	1,845,488	30,930,364
	885,000	19,982,467	9,084,066	1,845,488	31,797,021

Note 15. Financial Risk Management (continued)

As at June 2022	Less than 1 Month $	1 - 6 Months $	6 - 12 Months $	1 - 2 Years $	Carrying Amount $
Performance fees payable	-	83,650	-	-	83,650
Withholding tax payable	-	369	-	-	369
Unsecured Liabilities	-	13,544	-	-	13,544
Other creditors	-	542	-	-	542
Net assets attributable to Unitholders	272,000	13,632,935	11,329,010	4,100,819	29,334,764
	272,000	13,731,040	11,329,010	4,100,819	29,432,869

Note 16. Fair Value Measurements

Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurement based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The valuation techniques selected by the Fund are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Loans and Receivables

The carrying value less expected credit losses of loans receivable is a reasonable approximation of their fair values. The allowance for expected credit losses are assessed each financial year by Directors as disclosed at note 2. Financial assets and liabilities are recorded at amortised cost.

The Responsible Entity of the Fund has a control framework in place to monitor the measurement of fair value, particularly in relation to Level 3 instruments. The principles of this control framework are based on the following activities:

- Compliance Committee Meeting;
- Compliance Plan guidelines to determine appointment and engagement of approved registered valuers;
- Compliance Monitoring;
- Review of the Fund's Strategy; and
- Due diligence over new loans and rollover of loan facilities.

Note 17. Net Assets Attributable to Unitholders

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

	6 Months to 31 December 2022 No.	6 Months to 31 December 2022 $	6 Months to 30 June 2022 No.	6 Months to 30 June 2022 $
Opening Balance	29,334,764	29,334,764	24,735,486	24,735,486
Applications	4,910,600	4,910,600	9,786,278	9,786,278
Redemptions	(3,315,000)	(3,315,000)	(5,187,000)	(5,187,000)
Closing Balance	30,930,364	30,930,364	29,334,764	29,334,764

As stipulated within the Fund's Constitution, each Unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes on units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed at the end of the investment term in line with the Product Disclosure Statement, however, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

ASCF Premium Capital Fund
Directors' declaration
For the half-year ended 31 December 2022

In accordance with a resolution of the directors of ASCF Premium Capital Fund, the Directors of the Responsible Entity declare that:

- The interim-financial statements and notes, present fairly the Fund's financial position as at 31 December 2022 and its performance for the half-year ended on that date in accordance with the Corporations Act 2001, including:
- Giving a true and fair view of its financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Australian Accounting Standards AASB 134 Interim Financial Reporting; and
- There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Richard Taylor Director	Kosta Giovanos Director	Filippo Sciacca Director

15 March 2023

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Independent Auditor's Review Report

To the Members of ASCF Premium Capital Fund

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of ASCF Premium Capital Fund (the Scheme), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

a giving a true and fair view of the ASCF Premium Capital Fund financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's responsibility for the review of the half-year financial report section of our report. We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the ASCF Premium Capital Fund's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M C Bragg
Partner – Audit & Assurance

Brisbane, 15 March 2023