

Alexander Credit Opportunities Fund

ARSN 156 026 514

Condensed financial report For the half-year ended 31 December 2024

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This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made in respect of Alexander Credit Opportunities Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This condensed financial report covers Alexander Credit Opportunities Fund as an individual entity.

The Responsible Entity of Alexander Credit Opportunities Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Alexander Credit Opportunities Fund (the "Fund"), present their report together with the condensed financial statements of the Fund for the half-year ended 31 December 2024.

These condensed financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund invests in fixed income securities that include corporate bonds, bank loans, hybrids, mortgage-backed and asset-backed securities, and unit trusts in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year ended 31 December 2024.

There were no significant changes in the nature of the Fund's activities during the half-year ended 31 December 2024.

The various service providers for the Fund are detailed below:

Service	Provider
Responsibility Entity	Equity Trustees Limited
Investment Manager	Alexander Funds Management Pty Ltd
Custodian	JPMorgan Chase Bank, N.A.
Administrator	Unity Fund Services Pty Ltd
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the half-year and up to the date of this report:

Michael J O'Brien	Chairman
Russell W Beasley	(resigned 9 October 2024)
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	
Johanna E Platt	(appointed 9 October 2024)

Review and results of operations

During the half-year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 4.44% (net of fees) for the half-year ended 31 December 2024. The Fund's benchmark, Bloomberg AusBond Bank Bill Index plus 2% per annum returned 3.27% for the same period.

The Fund's performance return is based on Global Investment Performance Standards. Performance data is calculated by Unity Fund Services and reviewed by Alexander Funds Management on a weekly basis at a minimum, and at month end or other ad hoc pricing points. The performance return is calculated by dividing the current period's NAV by the previous period's NAV, less any accumulated or paid fees and cost, and accounting for any applications or redemptions from the previous period.

Directors' report (continued)
Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2024	31 December 2023
Profit/(loss) before finance costs attributable to unit holders for the half-year (\$'000)	15,169	11,592
Distributions paid and payable (\$'000)	12,083	8,669
Distributions (cents per unit)	4.5000	4.0000

Significant changes in the state of affairs

On 9 October 2024, Russell W Beasley resigned as a director of Equity Trustees Limited, with Johanna E Platt being appointed as a director on the same date.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2024.

Matters subsequent to the end of the period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may have a significant effect on:

- i. the operations of the Fund in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the state of affairs of the Fund in future financial years.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



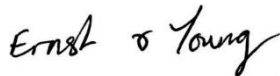
Andrew P Godfrey
Director

Melbourne
7 March 2025

Auditor's Independence Declaration to the Directors of Equity Trustees Limited as Responsible Entity for Alexander Credit Opportunities Fund

As lead auditor for the review of the condensed financial report of Alexander Credit Opportunities Fund for the half-year ended 31 December 2024, I declare 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.



Ernst & Young



Jonathan Hall
Partner
7 March 2025

Alexander Credit Opportunities Fund
Condensed statement of comprehensive income
For the half-year ended 31 December 2024

Condensed statement of comprehensive income

	Half-year ended	
	31 December 2024	31 December 2023
Note	\$'000	\$'000
Income		
Interest income from financial assets at amortised cost	138	163
Interest income from financial assets at fair value through profit or loss	5,710	3,995
Distribution income	11,014	9,074
Net foreign exchange gains/(losses)	32	(1)
Net gains/(losses) on financial instruments at fair value through profit or loss	1,596	964
Total income	18,490	14,195
Expenses		
Management fees and costs	2,390	1,938
Performance fees	930	656
Other expenses	1	9
Total expenses	3,321	2,603
Profit/(loss) before finance costs attributable to unit holders for the half-year	15,169	11,592
Finance costs attributable to unit holders		
Distributions to unit holders	7 (12,083)	(8,669)
(Increase)/decrease in net assets attributable to unit holders	6 (3,086)	(2,923)
Loss for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income for the half-year	-	-

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Alexander Credit Opportunities Fund
Condensed statement of financial position
As at 31 December 2024

Condensed statement of financial position

	As at	
	31 December	30 June
	2024	2024
Note	\$'000	\$'000
Assets		
Cash and cash equivalents	27,647	9,815
Margin accounts	560	290
Receivables	197	5,672
Due from brokers - receivable for securities sold	-	957
Financial assets at fair value through profit or loss	349,582	322,493
Total assets	377,986	339,227
Liabilities		
Distributions payable	6,831	12,063
Payables	1,124	1,817
Financial liabilities at fair value through profit or loss	451	220
Total liabilities (excluding net assets attributable to unit holders)	8,406	14,100
Net assets attributable to unit holders - liability	369,580	325,127

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

Alexander Credit Opportunities Fund
Condensed statement of changes in equity
For the half-year ended 31 December 2024

Condensed statement of changes in equity

	Half-year ended	
	31 December 2024	31 December 2023
	\$'000	\$'000
Total equity at the beginning of the half-year*	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the half-year*	-	-

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

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

Alexander Credit Opportunities Fund
Condensed statement of cash flows
For the half-year ended 31 December 2024

Condensed statement of cash flows

	Half-year ended	
	31 December 2024	31 December 2023
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	115,307	81,524
Payments for purchase of financial instruments at fair value through profit or loss	(139,612)	(111,065)
Interest income received from financial assets at fair value through profit or loss	5,708	4,004
Net movement in margin accounts	(270)	(386)
Interest income received from financial assets at amortised cost	138	163
Distributions received	16,496	4,372
Management fees and costs paid	(2,405)	(1,923)
Performance fees paid	(1,002)	(632)
Other expenses paid	(6)	(37)
Net cash inflow/(outflow) from operating activities	(5,646)	(23,980)
Cash flows from financing activities		
Proceeds from applications by unit holders	58,919	36,145
Payments for redemptions by unit holders	(22,104)	(18,429)
Distributions paid to unit holders	(13,369)	(7,318)
Net cash inflow/(outflow) from financing activities	23,446	10,398
Net increase/(decrease) in cash and cash equivalents	17,800	(13,582)
Cash and cash equivalents at the beginning of the half-year	9,815	21,197
Effects of foreign currency exchange rate changes on cash and cash equivalents	32	(1)
Cash and cash equivalents at the end of the half-year	27,647	7,614
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan		
The following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	3,946	2,865

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

Notes to the condensed financial statements

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Alexander Credit Opportunities Fund
Notes to the condensed financial statements
For the half-year ended 31 December 2024
(continued)

1 General information

These condensed financial statements cover Alexander Credit Opportunities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 29 October 2009 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in fixed income securities that include corporate bonds, bank loans, hybrids, asset-backed securities and unit trusts in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The condensed financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

2 Basis of preparation

These condensed financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2024 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Material accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2024.

i. New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2024 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

ii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025, and have not been early adopted in preparing these condensed financial statements.

None of these are expected to have a material effect on the condensed financial statements of the Fund.

3 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 4 and 5)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the condensed financial statements.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

a. Valuation using level 2 inputs

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included in level 2.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Debt instruments are generally valued using market price valuations provided by ICE and other independent data providers.
- Credit Default Swaps are valued using valuations provided by Bloomberg data provider.
- Investments in unlisted unit trusts are valued at the net asset value per unit as reported by the administrator of such fund.

The Fund's investment in Alexander Funds Finance Trust, (the "Underlying Fund"), is recorded at the net asset value per unit as reported by Alexander Funds Management, the manager of the Underlying Fund.

Alexander Credit Opportunities Fund
Notes to the condensed financial statements
For the half-year ended 31 December 2024
(continued)

3 Fair value measurement (continued)

b. Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2024 and 30 June 2024.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2024				
Financial assets				
Asset backed securities	-	64,790	-	64,790
Corporate bonds	-	88,936	-	88,936
Unlisted unit trust	-	195,856	-	195,856
Total financial assets	-	349,582	-	349,582
Financial liabilities				
Swaps	-	451	-	451
Total financial liabilities	-	451	-	451
As at 30 June 2024				
Financial assets				
Asset backed securities	-	112,271	-	112,271
Corporate bonds	-	36,196	-	36,196
Unlisted unit trust	-	174,026	-	174,026
Total financial assets	-	322,493	-	322,493
Financial liabilities				
Swaps	-	220	-	220
Total financial liabilities	-	220	-	220

c. Transfers between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2024: nil).

Alexander Credit Opportunities Fund
Notes to the condensed financial statements
For the half-year ended 31 December 2024
(continued)

3 Fair value measurement (continued)

d. Financial instruments not carried at fair value

The financial instruments not measured at fair value through profit and loss include:

i. Cash and cash equivalent, margin accounts, and balances due from/to brokers. These are short-term financial assets and financial liabilities whose carrying values approximate fair value, because of their short-term nature and the high credit quality of counterparties; and

ii. Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of the Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current half-year or prior year.

4 Financial assets at fair value through profit or loss

	As at 31 December 2024 \$'000	30 June 2024 \$'000
Asset backed securities	64,790	112,271
Corporate bonds	88,936	36,196
Unlisted unit trust	195,856	174,026
Total financial assets at fair value through profit or loss	349,582	322,493

5 Financial liabilities at fair value through profit or loss

	As at 31 December 2024 \$'000	30 June 2024 \$'000
Swaps	451	220
Total financial liabilities at fair value through profit or loss	451	220

Alexander Credit Opportunities Fund
Notes to the condensed financial statements
For the half-year ended 31 December 2024
(continued)

6 Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	Units '000	\$'000	Units '000	\$'000
Opening balance	242,913	325,127	204,957	273,152
Applications	43,268	58,919	26,719	36,145
Redemptions	(15,842)	(21,498)	(13,951)	(18,797)
Reinvestment of distributions	2,933	3,946	2,140	2,865
Increase/(decrease) in net assets attributable to unit holders	-	3,086	-	2,923
Closing balance	273,272	369,580	219,865	296,288

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 in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

7 Distributions to unit holders

The distributions declared during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	\$'000	CPU	\$'000	CPU
Distributions				
30 September	5,252	2.0000	4,272	2.0000
31 December (payable)	6,831	2.5000	4,397	2.0000
Total distributions	12,083	4.5000	8,669	4.0000

Alexander Credit Opportunities Fund
Notes to the condensed financial statements
For the half-year ended 31 December 2024
(continued)

8 Receivables

	As at	
	31 December 2024	30 June 2024
	\$'000	\$'000
Distributions receivable	-	5,482
GST receivable	185	180
Interest receivable	12	10
Total receivables	197	5,672

9 Payables

	As at	
	31 December 2024	30 June 2024
	\$'000	\$'000
Management fees and costs payable	489	504
Performance fees payable	352	424
Redemptions payable	283	889
Total payables	1,124	1,817

10 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

11 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2024 and 30 June 2024.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The condensed financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey
Director

Melbourne
7 March 2025

Independent Auditor's Review Report to the Unit Holders of Alexander Credit Opportunities Fund

Conclusion

We have reviewed the accompanying condensed half-year financial report of Alexander Credit Opportunities Fund (the Fund), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, 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 half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 of the Responsible Entity's responsibilities for the half-year financial report

The directors of Equity Trustees Limited (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 of the Responsible Entity 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2024 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*.



**Shape the future
with confidence**

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.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature of 'Jonathan Hall' in black ink.

Jonathan Hall
Partner
Sydney
7 March 2025