

Alexander Credit Income Fund

ARSN 629 915 199

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 Income 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 Income Fund as an individual entity.

The Responsible Entity of Alexander Credit Income 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 Income 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 a diversified portfolio of primarily investment grade Australasian fixed income credit markets 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 4.24% (net of fees) for the half-year ended 31 December 2024. The Fund's benchmark, Bloomberg AusBond Bank Bill Index plus 1% per annum returned 2.76% 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 costs, 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) for the half-year (\$'000)	24,508	14,895
Distributions paid and payable (\$'000)	17,513	11,653
Distributions (cents per unit)	3.0000	2.7700

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



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

As lead auditor for the review of the condensed financial report of Alexander Credit Income 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Jonathan Hall' in a cursive script.

Jonathan Hall
Partner
7 March 2025

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

Condensed statement of comprehensive income

	Half-year ended	
	31 December	31 December
	2024	2023
	\$'000	\$'000
Income		
Interest income from financial assets at fair value through profit or loss	13,535	7,176
Interest income from financial assets at amortised cost	312	290
Distribution income	7,825	5,716
Net foreign exchange gain/(loss)	98	(4)
Net gains/(losses) on financial instruments at fair value through profit or loss	4,694	3,122
Total income/(loss)	26,464	16,300
Expenses		
Management fees and costs	1,956	1,396
Other expenses	-	10
Total expenses	1,956	1,406
Profit/(loss) for the half-year	24,508	14,894
Other comprehensive income	-	-
Total comprehensive income for the half-year	24,508	14,894

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

Alexander Credit Income 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	50,884	33,316
Margin accounts	8 1,570	500
Receivables	4 2,465	6,572
Financial assets at fair value through profit or loss	599,392	515,077
Total assets	654,311	555,465
Liabilities		
Distributions payable	9,062	14,070
Payables	9 557	771
Financial liabilities at fair value through profit or loss	5 1,308	379
Total liabilities	10,927	15,220
Net assets attributable to unit holders - equity	6 643,384	540,245

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

Alexander Credit Income 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
Note	\$'000	\$'000
Total equity at beginning of the half-year	540,245	366,323
Comprehensive income for the half-year		
Profit/(loss) for the half-year	24,508	14,894
Other comprehensive income	-	-
Total comprehensive income	24,508	14,894
Transactions with unit holders		
Applications	146,791	123,527
Redemptions	(53,779)	(28,848)
Reinvestment of distributions	3,132	2,538
Distributions paid and payable	(17,513)	(11,653)
Total transactions with unit holders	78,631	85,564
Total equity at the end of the half-year	643,384	466,781

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes with reference to Note 6.

Alexander Credit Income 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 \$'000	31 December 2023 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	186,638	190,656
Payments for purchase of financial instruments at fair value through profit or loss	(265,330)	(315,028)
Net movement in margin accounts	(1,070)	(270)
Interest income received from financial assets at amortised cost	312	290
Interest income received from financial assets at fair value through profit or loss	13,535	7,220
Distributions received	11,828	2,905
Management fees and costs paid	(2,027)	(1,368)
Other expenses paid	-	(10)
RITC/GST paid	(9)	(62)
Net cash outflow from operating activities	(56,123)	(115,667)
Cash flows from financing activities		
Proceeds from applications by unit holders	146,904	123,851
Payments for redemptions by unit holders	(53,922)	(29,021)
Distributions paid to unit holders	(19,389)	(10,879)
Net cash inflow from financing activities	73,593	83,951
Net increase/(decrease) in cash and cash equivalents	17,470	(31,716)
Cash and cash equivalents at the beginning of the half-year	33,316	44,919
Effects of foreign currency exchange rate changes on cash and cash equivalents	98	(4)
Cash and cash equivalents at the end of the half-year	50,884	13,199
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan		
Dividend and distribution income reinvested	3,132	2,538

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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1 General information

These condensed financial statements cover Alexander Credit Income Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 9 November 2018 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 (ARSN 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 a diversified portfolio of primarily investment grade Australasian fixed income credit markets 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.

Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

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 Note 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 Enhanced Credit 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.

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.

As at 31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Asset backed securities	-	175,240	-	175,240
Corporate bonds	-	108,410	-	108,410
Unlisted unit trust	-	115,480	-	115,480
Subordinated notes	-	134,691	-	134,691
Senior bank bonds	-	65,571	-	65,571
Total financial assets	-	599,392	-	599,392
Financial liabilities				
Swaps	-	1,308	-	1,308
Total financial liabilities	-	1,308	-	1,308
As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Asset backed securities	-	126,015	-	126,015
Corporate bonds	-	94,478	-	94,478
Unlisted unit trust	-	171,297	-	171,297
Subordinated notes	-	82,508	-	82,508
Senior bank bonds	-	40,779	-	40,779
Total financial assets	-	515,077	-	515,077
Financial liabilities				
Swaps	-	379	-	379
Total financial liabilities	-	379	-	379

3 Fair value measurement (continued)

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).

d. Financial instruments not carried at fair value

The carrying value of cash and cash equivalents, applications receivable, interest receivable, GST receivable, management fees and costs payable, redemptions payable approximate their fair values due to their short-term nature.

4 Financial assets at fair value through profit or loss

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
Asset backed securities	175,240	126,015
Corporate bonds	108,410	94,478
Subordinated notes	134,691	82,508
Unlisted unit trust	115,480	171,297
Senior bank bonds	65,571	40,779
Total financial assets at fair value through profit or loss	599,392	515,077

5 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
Swaps	1,308	379
Total financial liabilities at fair value through profit or loss	1,308	379

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

6 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they 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	514,120	540,245	352,564	366,323
Applications	137,525	146,791	117,408	123,527
Redemptions	(50,490)	(53,779)	(27,498)	(28,848)
Reinvestment of distributions	2,974	3,132	2,439	2,538
Distributions paid and payable	-	(17,513)	-	(11,653)
Profit/(loss) for the half-year	-	24,508	-	14,894
Closing balance	604,129	643,384	444,913	466,781

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.

Units are redeemed on demand at the unit holders' option. 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.

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	8,451	1.5000	5,558	1.4000
31 December (payable)	9,062	1.5000	6,095	1.3700
Total distributions	17,513	3.0000	11,653	2.7700

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

8 Receivables

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
Distributions receivable	-	4,003
Applications receivable	2,376	2,489
GST receivable	89	80
Total receivables	2,465	6,572

9 Payables

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
Management fees and costs payable	342	413
Redemptions payable	215	358
Total payables	557	771

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 were 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 16 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



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

Conclusion

We have reviewed the accompanying condensed half-year financial report of Alexander Credit Income 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*.



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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.

Ernst & Young

Ernst & Young

J. Hall

Jonathan Hall
Partner
Sydney
7 March 2025