

Healthbridge Capital

ARSN 622 702 818

Annual report

For the year ended 30 June 2024

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Contents	Page
Directors' report	2
Auditor's independence declaration	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	24
Independent auditor's report to the unit holders of Healthbridge Capital	25

This annual report covers Healthbridge Capital as an individual entity.

The Responsible Entity of Healthbridge Capital is Quay Fund Services Limited (ABN 84 616 465 671 AFSL 494886)

The Responsible Entity's registered office is:
Suite 3701 Level 37
1 Macquarie Place
Sydney, NSW 2000

Directors' report

The Directors of Quay Fund Services Limited, the Responsible Entity of Healthbridge Capital (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

Principal activities

The Fund was constituted on 16 November 2017, registered with the Australian Securities and Investments Commission on 20 November 2017 and commenced operations on 2 December 2019.

On 26 April 2019 the Fund changed its name from Selfwealth SMSF200 to Healthbridge Ethical Income Fund. On 2 September 2019 based on the Deed of Amendment and Restatement the fund changed its name from Healthbridge Ethical Income Fund to Healthbridge Capital.

The Fund operates in the health services sector predominantly in the business of facilitating the creation, and supporting the operation, of health services businesses in the Australian market.

Distribution income arose from Capital Facility (Inventory) and Facility Agreement (Financial Accommodation). The asset allocation as at 30 June 2024 is as follows:

Asset	Type	Amount \$'000	Percentage Asset Allocation at 30 June 2024
Capital Facility	Inventory	11,651	34%
Facility Finance	Financial Accommodation	22,166	66%
Total Assets		33,817	100%

Asset	Type	Amount \$'000	Percentage Asset Allocation at 30 June 2023
Capital Facility	Inventory	12,053	35%
Facility Finance	Financial Accommodation	22,166	65%
Total Assets		34,219	100%

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Quay Fund Services Limited
Investment Manager	Healthbridge Investment Management Pty Ltd Chaaban Omran (Chief Executive Officer & Compliance Officer)
Custodian	Certane Pty Ltd
Administrator	ASCENT Fund Services (Australia) Pty Ltd
Statutory Auditor	Grant Thornton Audit Pty Ltd

Directors

The following persons held office as directors of Quay Fund Services Limited from 1 July 2023 and up to the date of this report:

William John Ballhausen
Simon Angus Lindsay
Oliver John Morgan (resigned on 31 May 2024)
Caleb Gibbins (appointed on 31 May 2024)

Directors' report (continued)

Review and results of operations

During the year, the Fund invested its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 9.09% (net of fees) for the year ended 30 June 2024. The Fund does not operate against a benchmark.

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

	Year ended 30 June 2024 \$'000	Year end 30 June 2023 \$'000
Operating profit for the year (\$)	3,123	3,221
Distributions		
Distributions paid and payable (\$)	3,118	3,216
Distributions (cents per unit)	9.13	9.77

Significant changes in the state of affairs

In the opinion of the directors, the current liquidity of the Fund is not sustainable. Accordingly, the directors are of the opinion that the Fund should be restructured over the next 12 month to improve liquidity and to reduce credit risks.

Matters subsequent to the end of the financial year

The current liquidity of the Fund becomes strained when there are large redemptions or where the number of redemptions are numerous. Accordingly, Management is of the opinion that the Fund should be restructured over the next 12 month to improve liquidity and to reduce credit risks. On this basis, restructure proposals are being considered by Management and include measures intended to:

- offer new unit classes with different liquidity profiles and associated rates of return
- change the approach of managing the liquidity of the Fund and its investment portfolio
- improve the operational processes and structure of the capital facility.

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 Product Disclosure Statement and 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.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Quay Fund Services Limited. So long as the officers of Quay Fund Services Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

Directors' report (continued)

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 12 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 6 to the financial statements.

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

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.



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 5.

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



Caleb Gibbins
Director

Sydney
[Date Month Year]

Auditor's Independence Declaration

Healthbridge Capital
Statement of comprehensive income
For the year ended 30 June 2024

Statement of comprehensive income

		Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
	Note		
Investment income			
Facility fee		3,803	3,873
Total investment income		<u>3,803</u>	<u>3,873</u>
Other income			
Other income		2	-
Total other income		<u>2</u>	<u>-</u>
Expenses			
Management expenses	12	681	652
Other expenses		1	-
Total expenses		<u>682</u>	<u>652</u>
Operating profit for the year		<u>3,123</u>	<u>3,221</u>
Finance costs attributable to unit holders			
Distributions to unit holders		3,118	3,216
Increase in net assets attributable to unit holders		5	5
Profit for the year		<u>3,123</u>	<u>3,221</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>3,123</u>	<u>3,221</u>

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

Healthbridge Capital
Statement of financial position
As at 30 June 2024

Statement of financial position

	Note	As at 30 June 2024 \$'000	As at 30 June 2023 \$'000
Assets			
Cash and cash equivalents		68	848
Receivables	9	973	1,016
Financial assets at amortised cost	5	33,817	34,219
Total assets		34,858	36,083
Liabilities			
Distributions payable	7	750	815
Payables	10	1,501	2,584
Total liabilities (excluding net assets attributable to unit holders)		2,251	3,399
Net assets attributable to unit holders – liability	6	32,607	32,684

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

Healthbridge Capital
Statement of changes in equity
For the year ended 30 June 2024

Statement of changes in equity

	Note	Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
Total equity at the beginning of the financial year			-
Profit for the year		3,123	3,221
Other comprehensive income		-	-
Total comprehensive income		<u>3,123</u>	<u>3,221</u>
Transactions with owners in their capacity as owners		<u>(3,123)</u>	<u>(3,221)</u>
Total equity at the end of the financial year*		<u>-</u>	<u>-</u>

*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 statement of changes in equity should be read in conjunction with the accompanying notes.

Healthbridge Capital
Statement of cash flows
For the year ended 30 June 2024

Statement of cash flows

		Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
Cash flows from operating activities	Note		
Facility fees received		3,846	3,708
Management expenses paid		(606)	(590)
Net cash inflow from operating activities	8(a)	<u>3,240</u>	<u>3,118</u>
Cash flows from investing activities			
Payments for purchase of financial instruments at amortised cost		(154,775)	(117,003)
Proceeds on disposal for sale of financial instruments at amortised cost		155,178	109,912
Net cash inflow/(outflow) from investing activities		<u>403</u>	<u>(7,091)</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		2,946	8,015
Payments for redemptions by unit holders		(4,186)	(255)
Distributions paid to unit holders		(3,183)	(3,111)
Net cash (outflow)/inflow from financing activities		<u>(4,423)</u>	<u>4,649</u>
Net (decrease)/increase in cash and cash equivalents		<u>(780)</u>	<u>676</u>
Cash and cash equivalents at the beginning of the year		848	172
Cash and cash equivalents at the end of the year		<u>68</u>	<u>848</u>
Non-cash operating and financing activities	8(b)	-	-

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

Notes to the financial statements

Contents	Page
1. General information	11
2. Summary of material accounting policies	11
3. Financial risk management	16
4. Fair value measurement	18
5. Financial assets at amortised cost	19
6. Net assets attributable to unit holders- liability	19
7. Distributions to unit holders	20
8. Reconciliation of profit to net cash inflow/(outflow) from operating activities	20
9. Receivables	20
10. Payables	21
11. Remuneration of auditor	21
12. Related party transactions	21
13. Events occurring after the reporting year	23
14. Contingent assets and liabilities and commitments	23

1. General information

These financial statements cover Healthbridge Capital (the "Fund") as an individual entity. The Fund is an Australian unit trust regulated as a managed investment scheme, which was constituted on 16 November 2017 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Quay Fund Services Limited (ABN 84 616 465 671) (AFSL 494886) (the "Responsible Entity"). The Responsible Entity's registered office is Suite 3701 Level 37, 1 Macquarie Place, Sydney, NSW 2000. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund operates in the health services sector predominantly in the business of facilitating the creation, and supporting the operation, of health services businesses in the Australian market.

The 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 financial statements.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets at amortised cost based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable subject to the terms of the Product Disclosure Statement. All unit holders are subject to a minimum investment term of 12 months.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. 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 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

iii. 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 July 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

2. Summary of material accounting policies (continued)

b. Financial instruments

i. Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost;
- those to be measured at fair value through profit or loss; and
- those to be measured at fair value through other comprehensive income.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

For Capital Facility and Facility finance financial assets, the contractual cash flows of these instruments represent solely payments of principal and interest. Consequently, these investments are measured at amortised cost.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fees payable and audit fees payable).

ii. Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

iii. Measurement

- Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Capital Facility and Facility finance assets, cash and cash equivalents and receivables are held at amortised cost.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

2. Summary of material accounting policies (continued)

b. Financial instruments (continued)

iii. Measurement (continued)

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

iv. Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker, financial assets at amortised cost and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

v. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting year, there are no financial assets or financial liabilities offset or with the right to offset in the statement of financial position.

c. Net assets attributable to unit holders

Units are redeemable at the unit holder's option after a minimum investment period of 12 months; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

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 redeemed from the Fund at any time after the minimum investment period of 12 months for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

d. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Fund's main income generating activity.

2. Summary of material accounting policies (continued)

e. Investment income

i. Facility fees

Facility fees from financial assets at amortised cost is recognised using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

ii. Distributions

Trust distributions are recognised on an entitlement basis.

f. Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

g. Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income within other operating expenses.

h. Distributions

The Fund distributes its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

i. Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

j. Functional and presentation currency

i. Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates. Such fluctuations are included within the net gains/(losses) on financial instruments at fair value through profit or loss.

2. Summary of material accounting policies (continued)

k. Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables. For more information on impairment, refer to Note 2(b) to the financial statements.

l. Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

A separate distributions payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders are paid subsequent to year end.

m. Applications and redemptions

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

n. Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

o. Use of estimates and judgments

The Fund makes estimates, assumptions and judgments that affect the reported amounts of assets and liabilities within the current and next financial period. Estimates are continually evaluated and are based on other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

The Fund estimates the ECL impairment model. Please see Note 3 for more information on credit risk.

p. Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollar, unless otherwise indicated.

3. Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. 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. There are no changes on the Fund's objectives, policies, and processes for managing the risk and the overall risk management programme.

All securities investments present a risk of loss of capital. The maximum loss of capital on unlisted unit trusts is limited to the fair value of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Healthbridge Investment Management Pty Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

a. Market risk

i. Price risk

The Fund is exposed to price risk on Australian domiciled unit trusts. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the investment portfolio in which the Fund invests moves by +/- 10%.

ii. Interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk. The majority of the Fund's financial assets are non-interest bearing. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	+10% \$'000	+10% \$'000
As at 30 June 2024	(3,382)	3,382
As at 30 June 2023	(3,422)	3,422

c. Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund has a significant concentration of credit risk as all financial accommodation provided by the Fund is to pharmacy businesses and to assist financing pharmacy inventory. Accordingly, the Fund has exposure to counterparties having similar characteristics. None of these financial assets are impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of the Facility Finance and Capital Facility. All financial accommodation is secured by security deeds, charges and guarantees.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss.

3. Financial risk management (continued)

c. Credit risk (continued)

Financial assets at amortised cost

The tables below detail the credit risk exposures of the Fund's loans and interest receivable, which are subject to ECL assessment:

As at 30 June 2024	Note	External credit rating	Internal credit management and assessment	Gross carrying amount \$'000
Financial assets at amortised cost				
Loans and interest receivable	5	N/A	Note 2(b)(iv)	34,409
As at 30 June 2023	Note	External credit rating	Internal credit management and assessment	Gross carrying amount \$'000
Financial assets at amortised cost				
Loans and interest receivable	5	N/A	Note 2(b)(iv)	34,811

Please refer to Note 5 for the reconciliation of loss allowance that has been recognised for loans and interest receivable.

Cash and cash equivalents and receivables

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Annual assessments undertaken consider market value of assets and determine any exposure based on a mix of these considerations as well as factors of performance. The current Capital Facility model becomes strained when there are large redemptions or where the number of redemptions are numerous. Accordingly, Management are of the opinion that to reduce credit risk the Fund should be restructured to offer better options to manage the liquidity offering higher rates for longer held duration of investments. On this basis, the Fund restructure in progress becomes paramount and we believe it's in the best interest in the unitholders and the next 12 months will be an opportunity to improve the liquidity and reduce the credit risk of the Capital Facility. Additionally, as at 30 June 2024, all cash on deposit was held with counterparties with a credit rating of AA- or higher.

d. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement meet unit holder redemption requests. However, redemptions are processed quarterly in accordance with the Fund's PDS. Unitholders are required to invest for a minimum 12 month period.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject any redemptions during the period, and all redemption requests payable during the period have been paid.

iii. Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2024					
Redemptions payable	-	1,233	-	-	1,233
Distributions payable	750	-	-	-	750
Payables	268	-	-	-	268
Contractual cash flows (excluding derivatives)	1,018	1,233	-	-	2,251
As at 30 June 2023					
Redemptions payable	-	2,391	-	-	2,391
Distributions payable	815	-	-	-	815
Payables	193	-	-	-	193
Contractual cash flows (excluding derivatives)	1,008	2,391	-	-	3,399

4. Fair value measurement

The Fund measures and recognises financial assets and liabilities at amortised cost on a recurring basis.

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 financial statements.

a. Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

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. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

b. Transfer 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.

i. Valuation processes

Portfolio reviews are undertaken regularly by management to identify assets that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

ii. Security

Both capital facility and facility finance financial assets are fully secured in the event in the event of default. Security interests of the underlying business to which the financial assets are held are detailed in security deeds on establishment and deeds of guarantee over the assets.

c. Financial instruments not carried at fair value

The carrying value of cash and cash equivalents, receivables and payables are assumed to approximate their fair values due to their short- term nature.

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current period.

5. Financial assets at amortised cost

	As at 30 June 2024 \$'000	As at 30 June 2023 \$'000
Capital facility	11,651	12,053
Facility finance	22,166	22,166
Total financial assets at amortised cost	33,817	34,219
	As at 30 June 2024 \$'000	As at 30 June 2023 \$'000
Gross financial assets		
Opening balance	34,811	27,720
Additions	154,775	117,003
Disposals	(155,177)	(109,912)
	34,409	34,811
Expected credit loss allowance		
Opening balance	(592)	(592)
Additions	-	-
	(592)	(592)
Total financial assets at amortised cost	33,817	34,219

An overview of the risk exposures relating to financial assets at amortised cost is included in Note 3 to the financial statements.

6. Net assets attributable to unit holders- liability

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

	Year ended 30 June 2024		Year ended 30 June 2023	
	Units	\$'000	Units	\$'000
Opening balance	33,266	32,684	27,732	27,145
Applications	2,946	2,946	8,015	8,015
Redemptions	(3,028)	(3,028)	(2,481)	(2,481)
Distributions paid and payable	-	(3,118)	-	(3,216)
Profit for the year	-	3,123	-	3,221
Closing balance	33,184	32,607	33,266	32,684

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 holder's option subject to terms detailed in the Fund's PDS. However, holders of these instruments typically retain them for the medium to long term. All unit holders are subject to a minimum investment term of 12 months.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

Applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

7. Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	\$'000	CPU	\$'000	CPU
Distributions				
July	270	0.80	252	0.85
August	267	0.78	258	0.83
September	266	0.76	264	0.84
October	265	0.78	269	0.85
November	269	0.79	265	0.83
December	267	0.77	277	0.84
January	253	0.75	261	0.80
February	255	0.75	273	0.81
March	256	0.75	282	0.81
April (payable)	249	0.73	281	0.80
May (payable)	247	0.72	283	0.80
June (payable)	254	0.77	251	0.71
Total distributions	3,118	9.13	3,216	9.77

8. Reconciliation of profit to net cash inflow/(outflow) from operating activities

	Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
a. Reconciliation of profit to net cash inflow/(outflow) from operating activities		
Profit for the year	3,123	3,221
Impairment provision	-	-
Net change in receivables	43	(165)
Net change in payables	74	62
Net cash inflow from operating activities	3,240	3,118
b. Non-cash operating and financing activities		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	-	-
Total non-cash operating and financing activities	-	-

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the period (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

9. Receivables

	As at 30 June 2024 \$'000	As at 30 June 2023 \$'000
Distributions receivable	974	992
GST (payable)/receivable	(1)	24
Total receivables	973	1016

10. Payables

	As at 30 June 2024 \$'000	As at 30 June 2023 \$'000
Management fees payable	268	193
Redemptions payable	1,233	2,391
Total payables	1,501	2,584

Redemption payable represents the amount the Fund has to pay to shareholders for redemptions of shares of the Fund.

11. Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Grant Thornton Audit Pty Ltd		
<i>Audit and other assurance services</i>		
Audit of financial statements	20,900	26,750
Audit of compliance plan	5,610	5,100
Total remuneration for audit and other assurance services	26,510	31,850
Total remuneration of Grant Thornton	26,510	31,850

The auditor's remuneration is borne by the Investment Manager and presented in the statement of comprehensive income as "management expenses". Fees are stated exclusive of GST.

12. Related party transactions

The Responsible Entity of Healthbridge Capital for the year ended 30 June 2024 is Quay Fund Services Limited (ABN 84 616 465 671) (AFSL 494886). Accordingly, the transactions with entities related to Quay Fund Services Limited for the period then ended are disclosed below.

The Responsible Entity has contracted services to Healthbridge Investment Management, to act as Investment Manager for the Fund and Certane Pty Ltd to act as Custodian and ASCENT Fund Services (Australia) Pty Ltd to act as Administrator for the Fund. The contracts are on normal commercial terms and conditions.

Mr Feras Karem is a director of Gains Retail Group Pty Ltd. Gains Retail Group Pty Ltd (trading as Pharmacy 4 Less) supplies inventories to franchisees.

Mr Feras Karem, under common directorship, has four facilities with the Healthbridge Capital:

CCS Pharmacy Pty Ltd - In2health Chatswood \$1.250m
F K Personnel Pty Ltd - Pharmacy 4 Less Frankston \$2.150m
Discount Compound Pharmacy - Pharmacy 4 Less Maroubra \$1.850m
P4L Balaclava Pty Ltd - Pharmacy 4 Less Balaclava \$2.000m

Mr Assad Karem is an investment committee member of Investment Manager and a shadow director of Gains Retail Group Pty Ltd.

Mr Assad Karem, has one facilities with the Healthbridge Capital:
AK Personnel No.2 Pty Ltd - Pharmacy 4 Less Cranbourne Central \$2.250m

a. Key management personnel

i. Directors

Key management personnel include persons who were directors of Quay Fund Services Limited at any time during or since the end of the financial year and up to the date of this report.

William John Ballhausen
Simon Angus Lindsay
Oliver John Morgan (resigned on 31 May 2024)
Caleb Gibbins (appointed on 31 May 2024)

12. Related party transactions (continued)

a. Key management personnel (continued)

ii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial year.

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2024 (30 June 2023: nil).

d. Key management personnel compensation

Key management personnel are paid by Quay Fund Services Limited. Payments made from the Fund to Quay Fund Services Limited do not include any amounts directly attributable to the compensation of key management personnel.

e. Key management personnel loans

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

f. Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving management personnel's interests existing at period end.

g. Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees. The Responsible Entity's fee is paid by the Investment Manager.

The investment manager is not entitled to a performance fee.

The transactions during the year and amounts payable as at year end between the Fund and the Investment Manager were as follows:

	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Management expenses for the year	681,079	651,382
Management fees payable at year end	267,736	193,359

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

h. Related party unit holdings

The following parties related to the Fund (including Quay Fund Services Limited, its related parties and other schemes managed by Quay Fund Services Limited and the Investment Manager) held units in the Fund as at 30 June 2024 and 2023.

As at 30 June 2024

Unitholder	No. of Units Held	Value of Units Held	% of Total Unitholder Funds
Omran Family Superfund	54,100	54,100	0.17%
Other Omran family interest	15,000	15,000	0.05%

As at 30 June 2023

Unitholder	No. of Units Held	Value of Units Held	% of Total Unitholder Funds
Omran Family Superfund	60,000	60,000	0.18%
Other Omran family interest	75,000	75,000	0.23%

12. Related party transactions (continued)

i. Investments

The Fund did not hold any investments in Quay Fund Services Limited or its related parties during the year.

13. Events occurring after the reporting year

The current liquidity of the Fund becomes strained when there are large redemptions or where the number of redemptions are numerous. Accordingly, Management is of the opinion that the Fund should be restructured over the next 12 month to improve liquidity and to reduce credit risks. On this basis, restructure proposals are being considered by Management and include measures intended to:

- offer new unit classes with different liquidity profiles and associated rates of return
- change the approach of managing the liquidity of the Fund and its investment portfolio
- improve the operational processes and structure of the capital facility.

14. Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 23 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 30 June 2024 and of its performance for the financial 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; and
- c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Caleb Gibbins
Director

Sydney
[Date Month Year]

Independent Auditor's Report
To the Unitholders of Healthbridge Capital

Independent Auditor's Report
To the Unitholders of Healthbridge Capital

