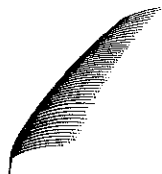


**WARATAH SELECT MORTGAGE FUND**  
ARSN 089 601 052

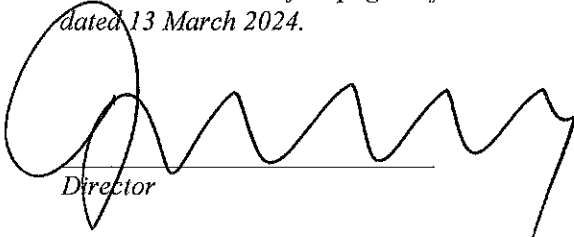
INTERIM FINANCIAL REPORT  
31 DECEMBER 2023



**S H A K E S P E A R E   H A N E Y**  
**S E C U R I T I E S   L I M I T E D**

SECURITIES DEALERS LICENCE NO. 188395  
ACN 087 435 783

*This is Annexure A of 11 pages referred to in Form 7051 "Half-Yearly Reports", signed by me and dated 13 March 2024.*

  
\_\_\_\_\_  
Director

13/3/24  
\_\_\_\_\_  
Date

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**DIRECTORS' REPORT**

The directors of Shakespeare Haney Securities Limited, the responsible entity of Waratah Select Mortgage Fund ("the Scheme"), present their report together with the financial report of the Scheme, for the half-year ended 31 December 2023 and the review report thereon.

**Responsible entity**

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 11, 50 Cavill Avenue, Surfers Paradise, Queensland.

The directors of Shakespeare Haney Securities Limited during or since the end of the half-year are:

<b>Name</b>	<b>Period of directorship</b>
Mr Thomas John Haney	Appointed 12 May 1999
Mr David John Williams	Appointed 12 May 1999
Mr Nicholas John Haney	Appointed 15 October 2014

**Principal activities**

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

The investment activities of the Scheme continued to be in accordance with the investment policy of the Scheme as outlined in the current Product Disclosure Statement. The Scheme invests in first mortgages (including joint first mortgages) over freehold property (including development and construction loans).

**Economic Factors**

High interest rates have continued across Australia, reaching the highest they have been for the past several years. While the Reserve Bank of Australia has paused on the focus for interest rate hikes recently, households continue to feel pressures due to the high cost of living. This has resulted in a decline of loan applications across the country that is being felt across the major banks and the non-bank lending space. The Australian Property market, however, seems to have remained stable and in some locations provided an increase in the valuations of underlying securities.

The Fund continues to manage its security exposure and maintain a conservative LVR requirement to preserve the capital of our investors during times of economic uncertainty. We manage our exposure across states, security types, LVR and borrower risk to deliver on our investor distributions.

**Review and results of operations**

The Scheme's net income from operations before distributions paid to investors for the half-year ended 31 December 2023 was \$983,300 (2022: \$901,378).

**Distributions**

Distributions paid or payable by the Scheme for the half-year ended 31 December 2023 were \$983,300 (2022: \$901,378).

**Subsequent events**

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

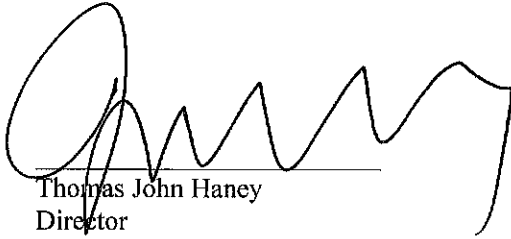
**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**DIRECTORS' REPORT (CONTINUED)**

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

The lead auditor's independence declaration is set out on page 2 and forms part of the directors' report for the half-year ended 31 December 2023.

Signed in accordance with a resolution of the directors of Shakespeare Haney Securities Limited.

A handwritten signature in black ink, appearing to read 'Thomas Haney', written over a horizontal line.

Thomas John Haney  
Director  
13 March 2024



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

To the Directors of Shakespeare Haney Securities Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Waratah Select Mortgage Fund for the half-year ended 31 December 2023 there have been:

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

KPMG

Adam Twemlow  
Partner  
Gold Coast  
13 March 2024

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

	Note	31 December 2023 \$	31 December 2022 \$
<b>Revenue</b>			
Interest income – mortgage loans		1,299,146	1,337,578
Interest income – bank		<u>65,277</u>	<u>-</u>
<b>Net investment income</b>		<u>1,364,423</u>	<u>1,337,578</u>
<b>Expenses</b>			
Management fees		(362,064)	(416,487)
Custodial fees		(10,007)	(9,301)
Other expenses		<u>(9,052)</u>	<u>(10,412)</u>
<b>Total expenses</b>		<u>(381,123)</u>	<u>(436,200)</u>
<b>Profit from operating activities</b>		<u>983,300</u>	<u>901,378</u>
<b>Finance costs</b>			
Distribution expense to investors	2	<u>(983,300)</u>	<u>(901,378)</u>
<b>Change in net assets attributable to investors / Total comprehensive income</b>		<u>-</u>	<u>-</u>

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

The Scheme's net assets attributable to investors are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As the Scheme has no equity, the Scheme has not included any items of changes in equity for the current or comparative period.

*The accompanying notes are an integral part of these financial statements.*

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2023**

	<b>Note</b>	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
<b>Assets</b>			
Cash and cash equivalents		12,433,384	3,389,639
Loans and receivables:			
Interest receivable		90,614	123,161
Mortgage loans	4	17,625,158	29,156,479
Other assets		375,900	72,100
<b>Total assets</b>		<u>30,525,056</u>	<u>32,741,379</u>
<b>Liabilities</b>			
Member distributions payable		90,311	91,797
Interest received in advance		69,636	56,974
<b>Total liabilities (excluding net assets attributable to investors)</b>		<u>159,947</u>	<u>148,771</u>
<b>Net assets attributable to investors – liability</b>	3	<u>30,365,109</u>	<u>32,592,608</u>

*The accompanying notes are an integral part of these financial statements.*

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	869,080	829,826
Distributions paid	(834,387)	(732,326)
Management fees and other expenses paid, including GST	(684,922)	(410,863)
	<u>(650,229)</u>	<u>(313,363)</u>
<b>Net cash flows from/(used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Mortgage loans made	(9,265,712)	(26,152,328)
Mortgage loans repaid	21,337,584	27,729,258
	<u>12,071,872</u>	<u>1,576,930</u>
<b>Net cash flows from/(used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from receipt of investor applications	512,538	1,739,463
Redemption of investor funds	(2,890,436)	(1,561,078)
	<u>(2,377,898)</u>	<u>178,385</u>
<b>Net cash flows from/(used in) financing activities</b>		
Net increase/(decrease) in cash and cash equivalents	9,043,745	1,441,952
<b>Cash and cash equivalents at 1 July</b>	<u>3,389,639</u>	<u>2,710,770</u>
<b>Cash and cash equivalents at 31 December</b>	<u>12,433,384</u>	<u>4,152,722</u>

*The accompanying notes are an integral part of these financial statements.*

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

**1. REPORTING ENTITY**

Waratah Select Mortgage Fund (“the Scheme”) is a registered managed investment scheme under the Corporations Act 2001. The interim financial report of the Scheme is for the six months ended 31 December 2023.

**(a) Statement of compliance**

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Scheme as at and for the year ended 30 June 2023.

The interim financial report was authorised for issue by the directors on 13 March 2024.

**(b) Significant accounting policies**

The accounting policies applied by the Scheme in this interim financial report are the same as those applied by the Scheme for the year ended 30 June 2023.

**(c) Estimates and judgements**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Scheme’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2023.

**2. DISTRIBUTIONS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	\$	\$
Distribution expense to investors for the interim period comprise:		
Distributions paid	892,989	799,779
Distributions payable	90,311	101,599
	<u>983,300</u>	<u>901,378</u>

As investors are presently entitled to the distributable income of the Scheme, no income tax is payable by the Scheme.



**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

**3. NET ASSETS ATTRIBUTABLE TO INVESTORS - LIABILITY**

**Classified as a liability**

	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	\$
Opening balance	32,592,608	33,832,596
Applications	512,538	3,433,511
Reinvestments	150,399	312,717
Redemptions	<u>(2,890,436)</u>	<u>(4,986,216)</u>
Closing balance	<u>30,365,109</u>	<u>32,592,608</u>
 Units on issue	 30,365,109	 32,592,608

The Scheme manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Scheme is to provide unitholders with returns in accordance with the Product Disclosure Statement (“PDS”). The Scheme is not subject to any externally imposed capital requirements.

The Scheme aims to invest in products that meet the Scheme’s investment objectives while maintaining sufficient liquidity to meet unitholders’ redemptions.

**4. MORTGAGE LOANS**

	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	\$
Mortgage loans – contractual terms:		
Past due	-	-
Maturing < 1 year	17,625,158	29,156,479
Maturing 1-2 years	-	-
Maturing > 2 years	-	-
	<u>17,625,158</u>	<u>29,156,479</u>

At 31 December 2023, no mortgage loans were past due (30 June 2023: nil). The directors consider all loans to be fully recoverable.

***Fair value versus carrying value***

The Directors consider that the fair value of financial assets and liabilities of the Scheme are represented by their carrying amount given their variable interest rates and short term to maturity.

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

**5. LIQUIDITY RISK**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The liquidity risk associated with the need to satisfy investors' requests for redemptions is mitigated by offering fixed term investment periods for investors and by maintaining cash funds to satisfy usual levels of demand. The Responsible Entity is required to make payments within 180 days of the receipt of redemption requests or such longer period as allowed by the Constitution. The Constitution states that if all reasonable steps have been taken to realise sufficient assets to satisfy a redemption request and the responsible entity is unable to do so due to one or more circumstances outside its control, such as the Scheme is not liquid, the period allowed for satisfaction of the redemption request may be extended by the number of days during which the circumstances apply.

The Responsible Entity manages its liquidity by:

- Offer investments with fixed maturity terms of 12 to 36 months;
- Lending to borrowers with first mortgage security for periods generally not exceeding 12 to 24 months only where borrowers meet the schemes lending criteria; and
- Having the ability under the Scheme's constitution to defer redemptions payments in certain circumstances as noted above.

**6. RELATED PARTIES**

There have been no significant changes to the related party transactions disclosed in the last Annual Report.

From time to time, Shakespeare Haney Securities Limited or its director related entities may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

**7. EVENTS SUBSEQUENT TO REPORTING DATE**

There has not arisen in the interval between the end of the interim reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of the affairs of the Scheme, in future financial years.

**WARATAH SELECT MORTGAGE FUND  
ARSN 089 601 052**

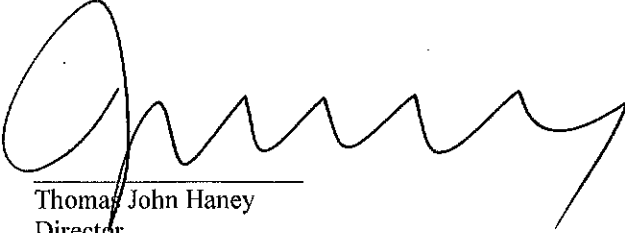
**DIRECTOR'S DECLARATION**

In the opinion of the directors of Shakespeare Haney Securities Limited, the Responsible Entity of Waratah Select Mortgage Fund ("the Scheme"):

1. the financial statements and notes set out on pages 3 to 8 are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the Scheme as at 31 December 2023, and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Shakespeare Haney Securities Limited.

Dated at Gold Coast this 13<sup>th</sup> day of March 2024.



Thomas John Haney  
Director



# Independent Auditor's Review Report

To the members of Waratah Select Mortgage Fund

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Waratah Select Mortgage Fund.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Waratah Select Mortgage Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Registered Scheme's financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed interim statement of financial position as at 31 December 2023
- Condensed interim statement of comprehensive income, Condensed interim statement of changes in equity and Condensed interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 7 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Registered Scheme are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim 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 Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Registered Scheme's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Interim 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.

KPMG

Adam Twemlow

*Partner*

Gold Coast

13 March 2024