



Instrument
Fund

2022/23
ANNUAL REPORT



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Appendix I: Annual Directors' and Financial Report for the year ended 30 June 2023

COVER PHOTO: ACO PRINCIPAL CELLO TIMO-VEIKKO VALVE
1616 Amati violin kindly on loan from the ACO Instrument Fund.

PHOTO: GEORGES ANTONI

ACO PRINCIPAL VIOLIN SATU VÄNSKÄ

Satu currently plays the ACO Instrument Fund's
1728/29 Stradivarius.

PHOTO: GEORGES ANTONI

ACOIF CHAIR'S REPORT

Like many of the investors in the ACO Instrument Fund and supporters of the Australian Chamber Orchestra, my involvement with the acclaimed ACO began with an admiration of its groundbreaking performances. As a current Director on the ACO Board and Chair of the ACOIF Trustee Board, I feel privileged to have a role in supporting the Orchestra and its administrative team along its continued path of excellence. I am particularly pleased to have a role to play in the Instrument Fund – an entity with genuine cultural impact. It is truly heartening to note that because of the Fund, four incredible artefacts of history are able to regularly make their way around Australia to enrich the lives of so many.

On that note, our search to acquire a fifth instrument continues, a process that can take several years in order to ensure a suitable match with both the Fund and the Orchestra. Compatibility is regarded namely from the viewpoint of the instrument's sound, and the passing of all due diligence tests as an investment asset. Moreover there is also the connection between the musician and instrument to consider. I think of the ACO's Principal Viola Stefanie Farrands, who said, whilst trialling several violas during the ACO 2022 European tour, "It's such a personal connection between the instrument and the player... It's an extension of your arms, which feeds from your heart." We look forward to keeping our investors and other stakeholders updated on any material developments in this area.

At the Fund's last valuation meeting on 26 May 2023, the Directors of the ACOIF Trustee resolved to maintain the Fund's unit price at \$1.50, comparable to the unit price of \$1.00 at the Fund's inception in 2011. The current unit price is in consideration of the instruments' total underlying value at US\$7.45 million with a provision for liquidity and currency exchange rates.

I thank all Instrument Fund investors for their commitment to the ACO and the Fund. Over the past 12 months, we have been joined by several new investors and it is pleasing to see that the Fund continues to have appeal amongst ACO supporters and savvy investors alike.

I acknowledge my fellow Directors of the Trustee Board, Jessica Block, Edward Gilmartin, John Leece, Julie Steiner and Erin Flaherty. I also acknowledge our Australian Financial Services License holder, JBWere Ltd and the ACO team – Managing Director Richard Evans, Chief Financial Officer (and AML/ CTF Compliance Officer) Fiona McLeod, ACO's Financial Controller Bonnie Ikeda and Manager, ACO Instrument Fund, Yeehwan Yeoh.



JoAnna Fisher
Chair
ACO Instrument Fund

ACO MANAGING DIRECTOR'S REPORT

The ACO is in an incredibly fortunate position to have access to some of the finest instruments ever made. The luthiers who expertly fabricated the four instruments that are housed within the Instrument Fund – Antonio Stradivari, Giuseppe Guarneri filius Andreae, the brothers Hieronymus and Antonio Amati – are today still regarded as being at the pinnacle of this highly specialised craft. The subtle but bold improvements which they incorporated into their designs remain as archetypes for the violins, violas and cellos made today.

The ACO pays tribute to their legacy of originality and innovation through our commitment to continually push boundaries. Our ambitious programming under the direction of Artistic Director Richard Tognetti has the Orchestra moving fluidly between modern and traditional instruments; in exciting collaborations with contemporary as well as composers from across nearly a millenia. As I write this report, we are touring the final concert of our 2023 season with *Chopin & the Mendelssohns*. It is yet another ACO performance which celebrates artistic courage, particularly in the work of Fanny Mendelssohn Hensel whose compositions are critically recognised for their avant-garde attributes.

It is the patronage of the ACO's many benefactors and supporters, including the ACO Instrument Fund investors, that allows the Orchestra to excel to its full potential. I would like to also acknowledge the Directors of the ACOIF Trustee Board, Chair JoAnna Fisher, Jessica Block, Edward Gilmartin, John Leece, Julie Steiner and Erin Flaherty, for their continued oversight of the Fund and its objectives.



Richard Evans
Managing Director
Australian Chamber Orchestra

ACO CELLO JULIAN THOMPSON

1729 'Weiss' Guarneri cello kindly gifted
to the ACO by the late Peter Weiss AO

PHOTO: GEORGES ANTONI



INSTRUMENT FUND OVERVIEW

The Australian Chamber Orchestra Instrument Fund (the "Fund") was established to offer investors the opportunity to participate in ownership of a bank of historical stringed instruments. The instruments the Fund owns and targets have a history of increasing in value, or have the capacity to do so in the future. Each instrument is identified, assessed and verified by expert opinion before being considered for purchase.

The Fund lends instruments which it has purchased to the ACO without charge for use by its players in concerts, recordings and rehearsals in Australia and on the ACO's international tours. The ACO is responsible for insurance and maintenance of the Fund's instruments.

THE INVESTMENT OBJECTIVE

The Fund's investment objective is to achieve long-term capital gains from investing in high quality stringed instruments. The Fund is not expected to generate income returns.

THE INVESTMENT STRATEGY

Australian Chamber Orchestra Instrument Fund Pty Ltd (the "Trustee") will acquire for the Fund, from local and international sources, specified stringed instruments which meet the requirements for the ACO's playing standards and commitments. There is no intention for the Fund to borrow, or to hold investments other than instruments and cash.

COMMENT FROM JBWERE LIMITED

JBWere is pleased to act as arranger for investments in the Fund. JBWere believes that as a leader in delivering first class investment advice and philanthropic services, managing and growing people's wealth is very important, but when we are able to do this in a way that benefits the community, there is an even greater degree of satisfaction. We are delighted to see the progress and performance of the Fund since its inception and look forward to being a part of its continuing success.

ASSETS OF THE FUND

THE 1728/29 STRADIVARIUS VIOLIN



ABOUT THE VIOLIN

The Fund acquired its first instrument in 2011 – a 1728/29 Stradivarius violin. This instrument is a composite of two instruments made by Antonio Stradivari in 1728 and 1729. This is not unusual: in the 18th century it was common to repair instruments by replacing sections. In this case, two Stradivarius violins, one with an original front, the other with an original back and sides, have been united to form an all-Stradivarius instrument that displays all the hallmarks of great Stradivarius violins. It has powerful projection and evenness of tone throughout its full range, with equality across all four strings. It has a rich and well-projected lower register on the G-string and a finely balanced middle register that soars to a sweet-toned, singing quality in the upper register which, in the right hands, intensifies to brilliance. It is capable of great dynamic variety and can be heard distinctly in solo lines above an ensemble or orchestral accompaniment. It is also equally able to blend elegantly with an instrumental section. The Fund's 1728/29 Stradivarius violin is played by ACO Violinist Satu Vänskä.

ABOUT ANTONIO STRADIVARI

Antonio Stradivari (1644–1737) is widely acknowledged as the greatest violin maker of all time. His instruments exhibit a unique blend of tonal excellence, design, beauty to the eye and accuracy of workmanship. Stradivari was born in Cremona, Italy, one of the recognised traditional centres of violin making. Even in that elite field, he was quickly recognised as a master. His instruments bear the hallmarks of his superiority: innovations such as wider and more intricate inlays, bolder sound-holes, stronger arching in the tables and a broader, squarer centre. Mystery still surrounds the recipe for his unique varnish.

ASSETS OF THE FUND

THE 1714 GUARNERI VIOLIN



ABOUT THE VIOLIN

The Fund acquired its second instrument in March 2014 – a beautiful violin made in 1714 by Giuseppe Guarneri filius Andreæ. The Fund's 1714 Guarnerius violin is played by ACO Violinist Maja Savnik.

A 1937 certificate of authentication from W.E. Hill & Sons describes the Guarnerius violin in detail: "The back, in one piece, is of wood cut on the slab and marked by a broad, irregular curl, that of the sides, cut on the quarter by a handsome, small curl, the head being plain: the table is of pine of fine grain at centre, opening slightly on the flanks and the varnish, of an orange-red colour. This violin, in a fine state of preservation, is a handsome example of the maker's work."

Not only is the Guarnerius a beautiful instrument, it comes with an impeccable provenance, having been previously owned by Isolde Menges (1893–1976), a renowned English violinist and pedagogue. A 1990 letter from Charles Beare, British violin expert, craftsman and dealer, describes her thus: "Isolde was a great character as well as a great musician. She loved her Guarneri and I always loved seeing it, especially the varnish on the back".

ABOUT GIUSEPPE GUARNERI FILIUS ANDREÆ

By 1698, Giuseppe Guarneri filius Andreæ (1666–1740) had inherited his father's shop, where he had worked as an assistant for most of his life. The Guarneri workshop was just down the road from Antonio Stradivari's shop and the two competed to produce high quality instruments. Guarneri showed great originality in his designs, and expert craftsmanship. His outline tended to be narrow-waisted, the f-holes low and elegant, and he used a rich varnish, often described as deep orange-red in colour.

Guarneri's sons Pietro and Giuseppe del Gesù followed their grandfather and father into the family business, creating one of the greatest dynasties of Italian luthiers ever known. Pietro moved to Venice in 1717 to continue making violins, while del Gesù remained in Cremona, helping his father produce characteristic violins, and eventually inherited the Guarneri family workshop.

ASSETS OF THE FUND

THE 1616 AMATI CELLO



ABOUT THE CELLO

The 1616 Brothers Amati 'ex-Fleming' cello is a rare and characteristic example of its makers and has a reputation for its magnificent tonal qualities amongst the historical stringed instrument dealing world. The Fund's 1616 Amati cello is played by ACO Principal Cello Timo-Veikko Valve.

The description on the J&A Beare certificate of authenticity reads: "The back in two pieces of maple with quite narrow flames ascending slightly from the centre joint; the sides of similar wood; the scroll of later date with flames of medium width; the table in two pieces of spruce of medium grain; the varnish of an orange-brown colour on a lighter ground."

The cello is named after the celebrated British cellist Amaryllis Fleming who owned the instrument in the late 20th century. Hers was "an extraordinary life lived amongst uncommon people" according to journalist June Ducas, for her private life as much as her musical career. Fleming was the first modern cellist to return to performing Baroque music in "historically-informed style".

ABOUT THE BROTHERS AMATI

"(Hieronymus) Amati created the warmest, most beautiful and sweet sound with an amazing clarity in its centre, a real core. The way Amati cellos are constructed means the sound can carry very well in large halls. They allow to radiate a long wave with a certain softness that reaches out into the auditorium." Florian Leonhard, 2015

ASSETS OF THE FUND

THE 1590 AMATI VIOLIN



ABOUT THE VIOLIN

In December 2018, the Fund acquired a fourth instrument, a 1590 Brothers Amati violin – a sibling instrument to the Fund's third acquisition. Like the 1616 Brothers Amati cello, this violin has a stunning tone of incredible warmth and clarity, and an incredible capacity for amplitude.

The violin is in a remarkable state of preservation for its age, with all parts still original. Its back, scroll and ribs are made of maple, and the table from spruce. A significant trace of the light orange varnish originally laid by its makers can still be found on the instrument.

Known owners of the 1590 Brothers Amati violin include the English noblewoman and amateur violinist Lady Margaret Cecil and Hendrik Willem van Loon, the once celebrated author of 'The Story of Mankind'. The Fund's 1590 Amati violin is played by ACO Violinist Ilya Isakovich.

ABOUT THE BROTHERS AMATI (CONTINUED FROM PREVIOUS PAGE)

The famous Amati legacy was established by Andrea Amati (c1511–1577), like both the Stradivari and Guarneri families, from Cremona, Italy. His two sons were Antonio (c1540–1607) and his half-brother Girolamo (Hieronymus) (c1561–1630), or the 'brothers Amati' as they are commonly known. Although it is noted that Hieronymus bought out Antonio around 1588, most productions until 1630 bore labels which indicated that the two continued to work together, improving the design of the instruments of the violin family in subtle ways, such as the form of the soundhole and the outlines of the instruments.

The influence of the work of the Brothers Amati spread far and wide, in Italy and abroad. The Amati legacy was sealed by Hieronymus' son, Nicolò, whom many believe have taught Stradivari and Andrea Guarneri the craft of instrument making.

ACO VIOLIN ILYA ISAKOVICH

1590 Amati violin kindly on loan from the
ACO Instrument Fund

PHOTO: GEORGES ANTONI

ANTI-MONEY LAUNDERING/ COUNTER-TERRORISM FINANCING REPORT

The Instrument Fund is defined as a reporting entity for the purposes of the Anti-Money Laundering/Counter-Terrorism Financing Act. It is therefore required to report on its compliance with the provisions of the AML/CTF Act in each calendar year by 31 March of the following year.

The last independent review of the ACOIF's AML/CTF Program Part A was conducted by Initialism Pty Ltd in March 2022 on the compliance of the Fund's administration with the AML/CTF Act. The auditor concluded that Part A of the Fund's AML/CTF program in all "material" respects:

- > is effective having regard to the ML/TF risks posed to the Fund;
- > complies with the Rules;
- > has been effectively implemented; and
- > has been complied with.

The next review is scheduled to take place in November 2025.

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement relates to the Australian Chamber Orchestra Instrument Fund (“the Fund”). The Fund is an unregistered managed investment fund, the trustee of which is Australian Chamber Orchestra Instrument Fund Pty Ltd (“the Trustee”).

The ASX Corporate Governance Council has published Corporate Governance Principles and Recommendations which specify the disclosures that should be made by an ASX Listed Entity. In view of its structure, the Fund is not required to make any disclosures relating to its corporate governance framework and practices.

The Trustee Board has a commitment to maintain long term unitholder value and recognises the benefits of good corporate governance in achieving this aim. The Board is committed to best practice in corporate governance where these practices are appropriate and add value for unitholders in the Fund. The Trustee Board is of the opinion that, subject to certain departures which are not justified for adoption due to the nature and scale of the Fund’s activities and size of the Board, its policies and practices are in compliance with the ASX Corporate Governance Principles and Recommendations.

This statement is provided to outline the Trustee’s current corporate governance practices and the steps being taken to implement the recommendations and guidelines as outlined by the ASX Corporate Governance Council.

PRINCIPLE 1

Lay solid foundations for management and oversight

The Trustee has delegated all management and administration of the Fund to Australian Chamber Orchestra Pty Ltd (“ACO”) under a Fund Administration Agreement. The Board and senior management functions are therefore kept separate. The Board meets regularly to perform its prescribed functions, including formal meetings held thrice a year as well as additional ad hoc meetings where required.

Each of the Board members is in regular contact with the ACO Managing Director and Chief Financial Officer (CFO) / Company Secretary and the Manager, ACO Instrument Fund. The ACO has a process for evaluating the performance of senior executives, including the evaluation of performance against key performance indicators.

The Trustee has entered into a Licence Services Agreement with JBWere Limited under which they have agreed to provide certain services to the Fund in connection with offers made to wholesale clients to invest in the Fund.

PRINCIPLE 2

Structure the Board to add value

The Board seeks to ensure that its membership represents an appropriate balance between directors with experience and knowledge of the Fund and the investment market in which it operates, and directors with an external or fresh perspective, and that the size of the Board is conducive to effective discussion and efficient decision making.

The composition of the Board of Directors is prescribed by the Trustee’s Constitution and currently comprises six board members, three of whom are not considered independent directors. As such, the Board composition is not in accordance with ASX corporate governance principles however, the Board considers that the individuals on the Board can and do make quality and independent judgements in the best interests of the unit holders on all relevant issues.

The Board members are all non-executive directors and a description of the skills and experience of each of the directors is contained within *Appendix 1: Annual Directors and Financial Report (page 21)*.

The task of developing and implementing policies and procedures for nomination, selection and appointment of new directors as well as the re-election of incumbent directors is dealt with by the full Board. The Trust is yet to implement a formal process for evaluating the performance of the Board and individual directors.

PRINCIPLE 3

Instil a culture of acting lawfully, ethically and responsibly

The ACO has a Code of Conduct for directors that provides policy and guidance on matters of conduct as directors. The aim of the code is to guide directors in the execution of their responsibilities, to ensure all legal obligations and stakeholder requirements are considered, and to provide all stakeholders with confidence in the integrity of the Board. The Trustee actively complies with this policy.

PRINCIPLE 4

Safeguard integrity in corporate reporting

Having regard to the current size and activities of the Fund, the Board will retain responsibility for the duties of the audit committee, including the tasks of the selection and appointment of external auditors and the rotation of external audit engagement partners.

The Board has the power to make call upon the attendance of the ACO Managing Director and CFO, the external auditor or any other person to meetings of the Board. The directors also have access to professional advisors to provide advice and assistance as requested.

The Board will require the ACO Managing Director and CFO to state in writing to the Board that the company’s financial reports present fairly, in all material respects, the company’s financial condition and operational results and are in accordance with relevant accounting standards.

PRINCIPLE 5

Make timely and balanced disclosure

Although not required to do so by any corporate or stock exchange regulation, the Board has a policy of complying with disclosure requirements as if the Fund were a registered fund. The Fund actively complies with this policy.

PRINCIPLE 6

Respect the rights of security holders

The Fund has a policy of promoting effective communication with unitholders. The Fund actively complies with this policy by way of regular newsletters posted to unitholders, unitholder presentations and its annual report. The Fund does not maintain a website but has a presence on

the ACO website which is regularly updated. The ACO has a dedicated staff member employed as Manager, ACO Instrument Fund who is seconded to the Fund.

PRINCIPLE 7:

Recognise and manage risk

The Board of the Trustee does not have a risk committee and itself oversees the Fund's risk management. It takes the management of risk seriously and has established and documented an enterprise risk management program for the oversight and management of the Fund's material business risks. This enterprise risk management program is based on the International Risk Management Standard AS/NZS ISO 31000:2009.

The area of risk considered under the risk policy include: Strategic and Market; Financial; Health & Safety; Reputational; Business Process & Systems; Property & Environmental and Legal & Regulatory Compliance risks. The Fund's Information Memorandum addresses General Risks including Market, Regulatory, Business, Counterparty, Tax and Foreign Exchange and Individual Instrument risk. It also addresses Specific Risks such as Manager and Key Person risk, Investment Strategy risk, Liquidity risk and Realisation of Asset risk.

The Fund has also established a Complaints Handling Program, based upon the international and Australian Standard AS ISO 10002-2006. The Board of the Trustee reviews the Risk and Complaints Registers at each of its regular meetings.

PRINCIPLE 8

Remunerate fairly and responsibly

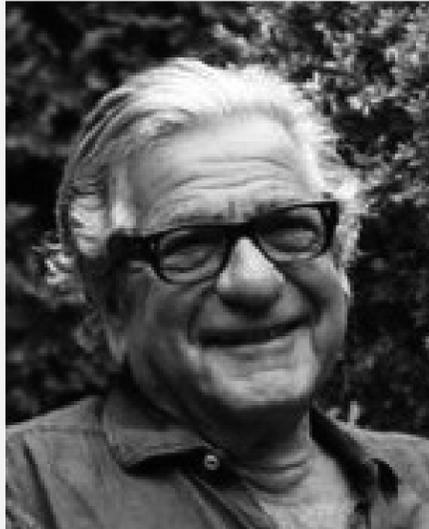
The directors of the Trustee receive no remuneration for their services on the Board. The management and administration of the Fund is under the care of executive officers of the ACO who, with the exception of the Manager, ACO Instrument Fund receive no additional remuneration for these services. The remuneration of the Manager, ACO Instrument Fund is set by the ACO Managing Director having regard to comparative salaries for equivalent positions within the industry in which it operates.



ACO PRINCIPAL VIOLIN HELENA RATHBONE
1732 'ex-Dollfus' Stradivarius violin kindly on loan
from anonymous Australian private benefactors

PHOTO: GEORGES ANTONI

FOUNDING PATRONS OF THE ACO INSTRUMENT FUND



FOUNDING PATRON AND VISIONARY \$1M +

The late Peter Weiss AO

CONCERTO \$200,000 – \$999,999

The late Amina Belgiorno-Nettis
Naomi Milgrom AO

OCTET \$100,000 – \$199,999

John Taberner

QUARTET \$50,000 – \$99,999

John Leece AM

CORPORATE DIRECTORY

REGISTERED OFFICE

Australian Chamber Orchestra
Instrument Fund Pty Ltd
Suite 3, 13A Hickson Road
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SYDNEY NSW 2000
Ph: 02 8274 3800
www.aco.com.au/support-us/aco-instrument-fund

ADMINISTRATION

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Ph: 02 8274 3800
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Ph: 02 8274 9555
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AUDITOR

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
BARANGAROO NSW 2000
Ph: 02 8266 0000
www.pwc.com.au

ANNUAL DIRECTORS' AND FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

ACO VIOLIN LIISA PALLANDI

1759 Guadagnini violin kindly on loan from the ACO

PHOTO: GEORGES ANTONI

Australian Chamber Orchestra Instrument Fund
ABN 17 968 443 499

Annual report- 30 June 2023

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**Australian Chamber Orchestra
Instrument Fund**

ABN 17 968 443 499

**Annual Report
for the year ended 30 June 2023**

Directors' report

The directors of Australian Chamber Orchestra Instrument Fund Pty Limited (a controlled entity of Australian Chamber Orchestra Pty Limited), the trustee of Australian Chamber Orchestra Instrument Fund, present the financial statements of Australian Chamber Orchestra Instrument Fund ("the Fund") for the year ended 30 June 2023.

The Australian Financial Services Licence Holder ("AFSL Holder") of Australian Chamber Orchestra Instrument Fund is JBWere Pty Limited (ABN 68 137 978 360, Level 18, 101 Collins Street, Melbourne VIC, 3000).

Directors

The following persons held office as directors of Australian Chamber Orchestra Instrument Fund Pty Limited ("the Trustee") during the financial year and up to the date of this report, unless otherwise stated:

E Flaherty (appointed 23 February 2023)

E N Gilmartin

J Block

J D Leece

J Fisher

J Steiner

S Yeo (resigned 23 February 2023)

Information on directors

Ms E Flaherty

Non-Executive Director since 23 February 2023

Erin Flaherty's career spans over 30 years in both private and Government sectors, with extensive experience in corporate governance, finance, major infrastructure projects and law. She is a past Board and Council member of the Australian Youth Orchestra and was also a member of the Sydney Symphony Council. Erin is currently the Chair of National Intermodal Corporation, with responsibility for the construction of the Moorebank Intermodal Logistics Park in Southwestern Sydney and associated Intermodal terminals to support Inland Rail. She is a non-executive director of The Infrastructure Fund, Venues NSW, the NSW Police Citizens Youth Clubs and an independent member of the Mott MacDonald Shareholder's Committee. Her previous roles included Deputy CEO at Reliance Rail, Executive Director at Infrastructure NSW, Guardian of the Board for the Commonwealth Future Fund, and a founding Board Member of the Sydney Metro Authority - Australia's largest public transport infrastructure program. Erin was appointed a Director of the Australian Chamber Orchestra Instrument Fund Pty Ltd on 23 February 2023.

Mr E N Gilmartin

Non-Executive Director since 29 November 2017

Edward Gilmartin runs his family's private investment company. He worked as an investment banker in London until 1993 and with Macquarie Bank in Sydney and Melbourne until 1998. Edward has a degree in Engineering and a Masters' degree in Economics.

Ms J Block

Non-Executive Director since 10 December 2010

Jessica Block is Director of Development at the Museum of Contemporary Art Australia, a development consultant and former Deputy Managing Director of the Australian Chamber Orchestra Pty Limited. She is now a Director of the Australian Chamber Orchestra Instrument Fund Pty Limited and the Australian Youth Orchestra. She practised as a solicitor with King & Wood Mallesons and the Nine Network and has held senior management positions with The Bell Shakespeare Company, Sydney Festival and most recently the Art Gallery of New South Wales. Jessica has a degree in Arts/Law from the University of Sydney and is a Graduate of the Australian Institute of Company Directors.

Information on directors (continued)

Mr J D Leece AM

Non-Executive Director since 20 May 2011

John Leece has been a Partner of Boroughs Chartered Accountants for more than 35 years. He has served for many years on Committees and Boards of the Australian Accounting Profession and served as a Captain in the Australian Army Reserve. He is a Board member of the World Scout Foundation based in Geneva; a Trustee of the Charlie Perkins Trust for Children and Students; a Trustee of the Charlie Perkins Scholarships Trust awarding scholarships to Indigenous Australians to attend university at Oxford or Cambridge; a Councillor of the Australian Geographic Society; a Life Benefactor of the Westmead Medical Research Foundation; a Patron of the ACO and the Art Gallery of NSW. He is the initiator of the International Defence and Security Dialogues which are held biennially. John is also a member of the Explorers Club of New York and has been awarded the Australian Geographic Silver Medallion Spirit of Adventure. He has been recognised in the Order of Australia as a Member in the General Division for significant service to the community, particularly to the Scouting Movement, and to philanthropy.

Ms J Fisher

Chair

Non-Executive Director since 23 November 2021

JoAnna Fisher is a company and not for profit director with extensive international financial services experience in investment management, institutional banking, capital markets, superannuation, and corporate transactions. JoAnna is a Director of the Australian Chamber Orchestra Instrument Fund Pty Limited and Chairman since 15 March 2022. She is also Chairman of Colonial First State Investments Limited. JoAnna was previously a Non-Executive Director of Mainstream Group (MAL.ASX) and Quantum Funds Management and Chairman of Morpich Ethical Equities (MEC.ASX) and Independent Member of the Australian Catholic Superannuation and Retirement Fund's Investment Committee. Prior executive roles included Senior executive at Commonwealth Wholesale Bank and Bankers Trust in Tokyo, New York, and London.

Ms J Steiner AM

Non-Executive Director since 27 April 2017

After roles as CEO in public and private sector firms, some Australian and others internationally owned, Julie Steiner moved from her executive commitments to working as a consultant advisor and NED with public and private sector Boards. Julie is a specialist in Governance and, with her senior executive search experience, is sought after for advice to Nomination and Remuneration Committees and Chairs about overall Committee structure and performance. Julie is a graduate of Melbourne University and the Australian Institute of Company Directors. In addition to the Board of the Australian Chamber Orchestra Pty Ltd and the ACO Instrument Fund Board, Julie is affiliated with specialist Risk, Board and Governance advisory firm, Blackhall and Pearl.

Mr S Yeo

Non-Executive Director since 24 June 2022

Simon Yeo has worked in the Stockbroking industry since 1993 and holds a Bachelor of Commerce from the University of Western Australia. He was the Executive Producer of *The Reef*, being instrumental in conceptualising, financing, and arranging logistics, when the Australian Chamber Orchestra first launched the project in 2012 and also for *The Reef* redux undertaken in 2015 for the 2016 The Reef tour of the USA. He was previously a Director of Tura New Music.

Principal activities

The Fund is an unregistered, wholesale, managed investment fund.

The Fund invests in rare, historical stringed instruments which are loaned to the Australian Chamber Orchestra Pty Limited for use by its players. The Fund intends to generate long term capital gains and is not expected to generate a return on income in the short term.

The Fund did not have any employees during the year.

Distributions

No distributions have been paid during the financial year. The directors do not recommend that a distribution be paid in respect of the financial year (2022: \$nil).

Review of operations

The profit from ordinary activities after income tax amounted is \$nil (2022: \$243,999).

The Fund continues to hold its investment in four rare, historical stringed instruments; a 1728/29 Stradivarius violin, 1714 Guarneri violin, 1616 Brothers Amati cello and a 1590 Brothers Amati violin across the entire year. Throughout the year, the Fund continued its search for future investments in accordance with the governing documents of the Fund and the provisions of the Fund's trust deed. The performance of the Fund, as represented by the results of its operations, was a net profit for the year ended 30 June 2023 of \$nil (2022: \$243,999).

Unit prices

Unit prices are shown as follows:

	2023	2022
Unit prices	\$1.50	\$1.50

It should be noted that redemptions will only be possible during periodic withdrawal windows (in accordance with note 1(k)).

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	2023	2022
	\$	\$
Net assets for unit pricing purposes	7,319,983	7,319,983
Effect of classification of net assets to unitholders as liabilities	(7,319,983)	(7,319,983)
Net assets under Australian Accounting Standards	-	-

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Fund during the year.

Event since the end of the financial year

During the July 2023 withdrawal window, the Fund accepted applications totalling \$482,193 (321,462 units at \$1.50 per unit) from four unitholders to withdraw from the Fund during the July 2023 withdrawal window.

On 9 August 2023, the Trustee approved the transfer and purchase of the 321,462 units to the Australian Chamber Orchestra Pty Limited. The value of the applications did not exceed the \$500,000 withdrawal limit and none of the applications were required to be pro-rated.

Event since the end of the financial year (continued)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected the Fund's operations, results or state of affairs, nor may do so in future years.

Likely developments and expected results of operations

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

The results of the Fund's operations will be affected by a number of factors, including the performance of the historical stringed instrument market in which the Fund is invested in. 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.

Further information on likely developments in the operations of the Fund and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Fund.

Environmental regulation

The Fund is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers and indemnities

No insurance premiums are paid for out of the assets of the Fund with regard to insurance cover provided to either the officers of Australian Chamber Orchestra Instrument Fund Pty Limited or the auditors of the Fund.

(a) Insurance of officers

The officers of the Australian Chamber Orchestra Instrument Fund Pty Limited are in no way indemnified out of the assets of the Fund. Insurance premiums have been paid to provide insurance cover to the officers of the Australian Chamber Orchestra Instrument Fund Pty Limited by the Australian Chamber Orchestra Pty Limited.

(b) Indemnity of auditors

The auditor of the Fund is PricewaterhouseCoopers. The auditor is not indemnified out of the assets of the Fund.

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

No fees were paid out of Fund to the Trustee or its associates during the year.

No fees were paid out of Fund to the directors of the Trustee during the year.

The number of interests in the Fund held by the Trustee or its associates as at the end of the financial year are disclosed in note 15 Related party transactions to the financial statements.

Fees paid to the AFSL holder

Fees paid to the AFSL holder in the year ended 30 June 2023 were \$nil (2022: \$nil).

Interests in the Fund

The movement in the number of units on issue in the Fund during the year is disclosed in note 10 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 1 to the financial statements.

Rounding of amounts

The Fund is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of the directors.



J Fisher
Director

Sydney
3 November 2023

Australian Chamber Orchestra Instrument Fund

ABN 17 968 443 499

Financial report - 30 June 2023

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These financial statements are the financial statements of Australian Chamber Orchestra Instrument Fund as an individual entity.

The financial statements are presented in Australian dollars which is Australian Chamber Orchestra Instrument Fund's functional and presentation currency.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest dollar unless otherwise stated.

The trustee of Australian Chamber Orchestra Instrument Fund is Australian Chamber Orchestra Instrument Fund Pty Limited (ABN 63 147 806 424). Its registered office and principal place of business is:

Suite 3,
13A Hickson Road
Dawes Point NSW 2000

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 3, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 3 November 2023. The directors have the power to amend and reissue the financial statements.

Australian Chamber Orchestra Instrument Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Investment income	4	1,129,782	1,124,370
Expenses			
Provision for liquidity risk expense		<u>(790,847)</u>	<u>(543,060)</u>
Profit before income tax		338,935	581,310
Income tax expense	5	<u>(338,935)</u>	<u>(337,311)</u>
Profit for the year		-	243,999
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>243,999</u>
Changes in net assets for the year attributable to:			
Unitholders of Australian Chamber Orchestra Instrument Fund		<u>-</u>	<u>243,999</u>

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

Australian Chamber Orchestra Instrument Fund
Statement of financial position
As at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	<u>40,754</u>	<u>40,754</u>
Total current assets		40,754	40,754
Non-current assets			
Rare, historical stringed instruments	7	<u>11,236,803</u>	<u>10,107,021</u>
Total non-current assets		11,236,803	10,107,021
Total assets		<u>11,277,557</u>	<u>10,147,775</u>
LIABILITIES			
Current liabilities			
Payables		<u>1</u>	<u>1</u>
Total current liabilities		1	1
Non-current liabilities			
Provision for liquidity risk	8	<u>2,292,499</u>	<u>1,501,652</u>
Deferred tax liabilities	9	<u>1,665,074</u>	<u>1,326,139</u>
Total non-current liabilities		3,957,573	2,827,791
Total liabilities (excluding liability to unitholders)		<u>3,957,574</u>	<u>2,827,792</u>
Net assets attributable to unitholders		<u>7,319,983</u>	<u>7,319,983</u>
Liability to unitholders			
Outstanding units	10	<u>7,319,983</u>	<u>7,319,983</u>
Liability to unitholders		<u>7,319,983</u>	<u>7,319,983</u>

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

**Australian Chamber Orchestra Instrument Fund
Statement of changes in equity
For the year ended 30 June 2023**

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such, the Fund has no equity and no items of change in equity have been presented for the current or comparative year.

**Australian Chamber Orchestra Instrument Fund
Statement of cash flows
For the year ended 30 June 2023**

	2023	2022
Notes	\$	\$
Cash flows from operating activities		
Net cash inflow (outflow) from operating activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Proceeds from purchases of units by unitholders	30,000	113,117
Payments for redemptions by unitholders	<u>(30,000)</u>	<u>(113,117)</u>
Net cash inflow (outflow) from investing activities	-	-
Cash flows from financing activities		
Net cash outflow from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the financial year	40,754	40,754
Cash and cash equivalents at the end of the financial year	6 <u>40,754</u>	<u>40,754</u>

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

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

Contents of the notes to the financial statements

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1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Australian Chamber Orchestra Instrument Fund as an individual entity.

(a) General information

These financial statements cover Australian Chamber Orchestra Instrument Fund ("the Fund") as an individual entity. The Fund was established on 14 July 2011. The Fund reached its 10-year anniversary on 14 July 2021. On 15 July 2021, per the information memorandum; the unitholders unanimously voted and resolved to continue the Fund for another five years. The Fund is required within a three-month window of its 15-year anniversary to put a resolution to unitholders to continue the Fund for a further five years. Unless such a resolution is passed at the meeting by more than 50% of unitholders (by value) attending the meeting, the Fund will terminate and, in accordance with the Fund's trust deed, its assets will be realised and the net proceeds (after meeting all Fund liabilities) will be distributed to unitholders.

The Trustee of the Fund is Australian Chamber Orchestra Instrument Fund Pty Limited ("the Trustee"). The Trustee's office is Suite 3, 13A, Hickson Road, Dawes Point, NSW 2000. The Manager of the Fund is Australian Chamber Orchestra Pty Limited, and the Australian Financial Services Licence holder is JBWere Pty Limited ("AFSL holder").

The Fund aims to generate long term capital growth in accordance with the objectives stated in the governing documents of the Fund and in accordance with the provisions of the Fund's trust deed. It aims to achieve this objective by investing in rare, historical stringed instruments.

(b) 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. Australian Chamber Orchestra Instrument Fund is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Simplified Disclosure Requirements

The financial statements of the Fund comply with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment, and investment property - measured at fair value or revalued amount.

(iii) New and amended standards adopted by the Fund

None of the new standards and amendments to standards that are mandatory for the first time for the financial period beginning 1 July 2022 affected any of the amounts recognised in the current period and are not likely to affect future periods.

The Fund has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2022.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ('the functional currency'). The financial statements are presented in Australian dollars (\$), which is Australian Chamber Orchestra Instrument Fund's functional and presentation currency.

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rare, historical stringed instruments

Musical instruments are held for long term capital growth. The directors of the Trustee Company considers the reasonableness of the valuation of the instruments each year. They are shown at fair value based on periodic, at least triennial, valuations by reputable valuers and the reasonableness of the value is assessed annually. Independent valuers; *Tarisio, NY and London, J & A Beare Limited, London and Peter Biddulph Limited, London*, valuations are based on active market prices, adjusted for any difference in craftsmanship, age and/or condition of the instrument, if necessary.

There is no definitive accounting standard which deals with investments in rare, historical stringed instruments held for long term capital growth. The Board of Directors considers the most appropriate and reliable method is to record changes in fair value in profit or loss, rather than other comprehensive income. The musical instruments are not depreciated.

(f) Income tax

The Fund accounts for the current and future tax consequences of its own assets and liabilities and other events, as the Fund is currently a public trading trust. The Trustee is liable to pay tax on the net income of the Fund.

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in Australia where the Fund operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Fund measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 Summary of significant accounting policies (continued)

(g) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) 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, 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.

(i) Expenses

The Fund may reimburse the Trustee for fees paid by it to the AFSL holder and any other costs incurred by it in connection with the Fund. All expenses are brought to account on an accrual basis.

(j) Provisions for liquidity risk

The provision for liquidity risk estimates the future cash outflows relating to the transaction costs and the liquidity risk of units in the Australian Chamber Orchestra Instrument Fund at the reporting date. The estimate of these outflows may vary from the actual outflows.

(k) Net assets attributable to unitholders

Units can be applied for at any time but are redeemable in limited withdrawal windows that the Trustee provide every three years. The last withdrawal window (and fourth over life of the Fund commenced on 1 July 2023 and closed on 21 July 2023.

Net assets attributable to unitholders are classified as financial liabilities as units are redeemable at the option of the unitholder periodically. The fair value of redeemable units is measured at the redemption amount that is payable (based on the unit price) at the end of the reporting period if unitholders were to redeem their units in the Fund.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Rounding of amounts

The Fund is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

2 Financial risk management

Investment risk

The Fund's investment objective is the achievement of long-term capital gains from investing in rare, historical stringed instruments. Accordingly, the Fund is not expected to generate regular income returns.

Further, there is a risk that the investment strategy will fail to perform as expected in which case the investment objective for the Fund may not be achieved.

In accordance with the investment strategy, the Fund does not intend to hold investments other than musical instruments and cash.

3 Critical estimates and judgements

The Fund makes estimates and assumptions that affect the carrying values of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experiences and other factors; including expectations of future events and expert opinions that are considered to be reasonable under the circumstances, which are not readily apparent from other sources. Actual results may differ from these estimates.

Value of rare, historical stringed instruments

Management uses valuation techniques to determine the fair value of its rare, historical stringed instruments. These values are supported by market evidence. Management relies on the advice of external professional valuers that have recognised expertise, knowledge and experience with respect to the available market and the condition of the instruments. The fair value may vary from the actual market price that would be achieved in an arm's length transaction at the reporting date.

4 Investment income

	2023 \$	2022 \$
Fair value gains on rare, historical stringed instruments	<u>1,129,782</u>	1,124,370

5 Income tax expense

(a) Income tax expense

	2023 \$	2022 \$
Deferred tax expense	<u>338,935</u>	337,311
Total deferred tax expense	<u>338,935</u>	<u>337,311</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2023 \$	2022 \$
Profit from continuing operations before income tax expense	338,935	581,310
Tax at the Australian tax rate of 30.0% (2022: 30.0%)	101,681	174,393
Tax effect of amounts which are not deductible in calculating taxable income:		
Provision for liquidity risk	<u>237,254</u>	162,918
Income tax expense	<u>338,935</u>	<u>337,311</u>

6 Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and in hand	<u>40,754</u>	40,754

7 Rare, historical stringed instruments

	2023 \$	2022 \$
Rare, historical stringed instruments	<u>11,236,803</u>	10,107,021

	2023 \$	2022 \$
Rare, historical stringed instruments	<u>11,236,803</u>	10,107,021

Rare, historical stringed instruments

Fair value at 1 July	10,107,021	8,982,651
Net gain from fair value adjustment	<u>1,129,782</u>	1,124,370
Fair value at 30 June	<u>11,236,803</u>	<u>10,107,021</u>

The \$1,129,782 gain in 2023 from the fair value adjustment was due to favourable exchange rate movements of \$394,829 and a revaluation increment of \$734,953 (USD 487,274). Similarly, the 2022 gain from the fair value adjustment was due to favourable exchange rate movements of \$820,161 and a revaluation increment of \$304,209 (USD 209,569).

Valuation basis

The Fund values its musical instruments at fair value which it reviews at least annually. Musical instruments are held for long term capital growth. The directors of the Trustee Company considers the reasonableness of the valuation of the instruments each year.

External valuations from reputable valuers are requested on at least a triennial basis and are based on active market prices, adjusted for any difference in craftsmanship, age and/or condition of each instrument, if necessary. The fair value is the amount which a willing party in an arm's length transaction would be willing to pay, based on current prices in an active market for similar instruments with similar qualities. These valuations were provided in US dollars.

On 26 May 2023, the directors approved a valuation from updates provided by three reputable valuers for all its musical instruments. Peter Biddulph Limited (London); J & A Beare Limited (London) and Tarisio Fine instruments and Bows (London and New York) provided valuations as described by the Information Memorandum. This valuation was conducted in advance of the financial year end, which remained effective as at 30 June 2023. The valuation resulted in a revaluation increment of \$734,953 (USD 487,274) as at 30 June 2023.

The USD exchange rate as at 30 June:

	2023 \$	2022 \$
US Dollar exchange rates	<u>0.6630</u>	0.6889

7 Rare, historical stringed instruments (continued)

Contractual obligations

Pursuant to clause 3.6 of the Fund Administration Agreement, the Fund is obligated to hire musical instruments to the Australian Chamber Orchestra Pty Limited for specified hiring periods as agreed in writing. The four rare, historical stringed musical instruments; 1728/29 *Stradivarius* violin, 1714 *Guarneri* violin, 1616 *Amati Brothers* cello and the 1590 *Brothers Amati* violin will continue to be hired by the Australian Chamber Orchestra Pty Limited until 14 July 2026 as per current arrangements.

8 Provision for liquidity risk

The Fund is an unlisted investment and invests in rare, historical stringed instruments with the intention of generating long term capital gains. Therefore, it is not expected to generate a return on income in the short term. Musical instruments are an illiquid investment. They are not traded in an organised public market and are not easily realisable. The unit price is calculated by reference to the net asset value of the Fund as determined by the Trustee and the number of units issued.

In the event of termination or winding up of the Fund, the future cashflows relating to the realisation of the assets are distributed to the unitholders. The provision for liquidity risk reflects the unpriced changes to the unit price comprised of selling costs to dispose of the assets in the Fund, any revaluation increment of the assets of the Fund and other factors relating to the realisation of the assets.

While the Fund carries a provision for liquidity risk, there is limited liquidity risk. The Fund's trust deed provides for limited periodic withdrawal windows every three years. The Australian Chamber Orchestra Pty Limited will purchase up to \$500,000 value of units on a pro-rata basis from unitholders wishing to participate in a withdrawal opportunity. Therefore, the Fund is not exposed to liquidity risk to meet unitholders' redemptions at these times. In the first three withdrawal periods in July 2014, July 2017 and July 2020; the redemption value did not exceed \$500,000 and require redemptions to be allocated on a pro-rated basis. Further, the Trustee may approve or disallow a transfer of a unitholder's units in its absolute discretion.

The fourth withdrawal window commenced on 1 July 2023 and closed on 21 July 2023.

	2023	Per Unit 2023	2022	Per Unit 2022
	\$	\$	\$	\$
Provision for liquidity risk	<u>2,292,499</u>	0.47	1,501,652	0.31

9 Deferred tax liabilities

	2023	2022
	\$	\$
Fair value gain on musical instruments	1,675,369	1,336,434
Future income tax benefits attributable to tax losses	(10,295)	(10,295)
Net deferred tax liabilities	<u>1,665,074</u>	<u>1,326,139</u>

	Total
	\$
Movements	
At 1 July 2021	988,828
Charged/(credited)	
Credited - profit or loss	337,311
At 30 June 2022	<u>1,326,139</u>
At 1 July 2022	1,326,139
Charged/(credited)	
Charged - profit or loss	338,935
At 30 June 2023	<u>1,665,074</u>

10 Net assets attributable to unitholders

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

	2023	2022	2023	2022
	Number	Number	\$	\$
Opening balance 1 July	4,879,989	4,879,989	7,319,983	7,075,984
Application	20,690	78,012	30,000	113,117
Redemption	(20,690)	(78,012)	(30,000)	(113,117)
Unit Price Revaluation	-	-	-	243,999
Closing balance at 30 June	<u>4,879,989</u>	<u>4,879,989</u>	<u>7,319,983</u>	<u>7,319,983</u>

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

The Board undertook a valuation of the current units and agreed at the 26 May 2023 Board meeting to maintain the value of the unit price at \$1.50 from this date onwards (2022: \$1.50 per unit was confirmed at valuation on 26 May 2022). The value of \$1.50 per unit, continues to be an appropriate unit value as at 30 June 2023.

10 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amounts of net assets attributable to unitholders is subject to daily applications and periodical redemptions.

A unit in the Fund is an illiquid investment. The Trustees are provided with periodic withdrawal opportunities under which a limited number of units will be purchased by the Australian Chamber Orchestra Pty Limited from investors who wish to participate in the relevant withdrawal opportunity. The Trustee provides withdrawal opportunities every three years. The withdrawal opportunity for redemption since the Fund's inception occurred in 2014, 2017 and 2020. 50,000 units were redeemed during the first withdrawal window, none in the second window and 263,094 units were redeemed in the third withdrawal opportunity in July 2020.

Additionally, if the Trustee determines that the Fund's cash levels materially exceed its forecast requirements, it will offer a pro rata redemption opportunity or make a pro rata capital distribution to unitholders.

The Fund reached its 10-year anniversary on 14 July 2021. On 15 July 2021, the 10-year anniversary unitholder meeting was held to vote in consideration of continuing the Fund. The unitholders present, in person and by proxy at the meeting, unanimously voted and resolved to continue the Fund for another five years. The Fund will be required within a three month window of the 15-year anniversary to put a resolution to unitholders to continue the Fund for a further five years. Unless such a resolution is passed at the meeting by more than 50% of unitholders (by value) attending the meeting, the Fund will terminate and, in accordance with the Fund's trust deed, its assets will be realised and the net proceeds (after meeting all Fund liabilities) will be distributed to unitholders.

11 Distributions to unitholders

There were no distributions paid or payable during the financial year (2022: \$nil).

12 Remuneration of auditors

The Australian Chamber Orchestra Pty Limited provides various general administrative and secretarial services to the Trustee at no cost under the Fund Administration Agreement, an agreement between the Australian Chamber Orchestra Pty Limited and the Trustee. These services include cost of engaging Auditors to complete the annual financial audit of the Fund.

All audit fees of the Fund are expensed to and paid by the Australian Chamber Orchestra Pty Ltd for the year ended 30 June 2023 and 30 June 2022, therefore \$nil audit fees are reported in the Fund for 30 June 2023 (2022: \$nil).

13 Contingencies

(a) Contingent liabilities

No other contingent liabilities as at 30 June 2023 (2022: \$nil)

(b) Contingent assets

There are no contingent assets as at 30 June 2023 (2022: \$nil).

14 Commitments

The Fund had no commitments at 30 June 2023 (2022: \$nil).

15 Related party transactions

(a) Trustee

The trustee of Australian Chamber Orchestra Instrument Fund is Australian Chamber Orchestra Instrument Fund Pty Limited ("the Trustee"). The Trustee is a controlled entity of Australian Chamber Orchestra Pty Limited.

Australian Chamber Orchestra Pty Limited is the Manager of the Fund. JBWere Pty Limited is the AFSL holder (AFSL 341162).

(b) Key management personnel compensation

Key management personnel include persons who were directors of Australian Chamber Orchestra Instrument Fund Pty Limited at any time during the financial year as disclosed in the directors' report.

There is no compensation paid to key management personnel from the Fund. The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

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

The key management personnel holds units in the Fund as follows:

2023 Unitholder	Units opening Number	Units acquired Number	Units disposed Number	Units closing Number	Fair value \$1.50/unit	Interest held	Distributions paid
Aljebra Pty Ltd ATF Aljebra Investment Trust*	214,285	-	-	214,285	321,428	4.39%	-
J Block	34,482	-	-	34,482	51,723	0.71%	-
J Steiner	15,000	-	-	15,000	22,500	0.31%	-
Total	263,767	-	-	263,767	395,651	5.41%	-

2022 Unitholder	Units opening Number	Units acquired Number	Units disposed Number	Units closing Number	Fair value \$1.50/unit	Interest held	Distributions paid
Aljebra Pty Ltd ATF Aljebra Investment Trust*	214,285	-	-	214,285	321,428	4.39%	-
J Block	34,482	-	-	34,482	51,723	0.71%	-
J Steiner	15,000	-	-	15,000	22,500	0.31%	-
Total	263,767	-	-	263,767	395,651	5.41%	-

* Director of Aljebra Pty Ltd ATF Aljebra Investment Trust is Mr E N Gilmartin

(c) Related party holdings

Parties related to the Fund, held units in the Fund as follows:

2023 Unitholder	Units opening Number	Units acquired Number	Units disposed Number	Units closing Number	Fair value \$1.50/unit	Interest held	Distributions paid
Australian Chamber Orchestra Pty Ltd	185,082	50,000	20,690	214,392	321,588	4.39%	-
Wyargine Holdings Pty Ltd*	200,000	-	-	200,000	300,000	4.10%	-
Total	385,082	-	20,690	414,392	621,588	8.49%	-

15 Related party transactions (continued)

(c) Related party holdings (continued)

2022 Unitholder	Units opening Number	Units acquired Number	Units disposed Number	Units closing Number	Fair value \$1.50/unit	Interest held	Distributions paid
Australian Chamber Orchestra Pty Ltd	263,094	-	78,012	185,082	277,623	3.79%	-
Wyargine Holdings Pty Ltd*	200,000	-	-	200,000	300,000	4.10%	-
Total	463,094	-	78,012	385,082	577,623	7.89%	-

* Wyargine Holdings Pty Ltd is a related entity of Mr G Belgiorno-Nettis AM a director of the Australian Chamber Orchestra Pty Ltd

Trustees fees and other transactions

Neither the Trustee nor the Australian Chamber Orchestra Pty Limited charge fees for operating or managing the Fund.

The Trustee may be reimbursed from the Fund for costs incurred by it in connection with the Fund. No costs were reimbursed from the Fund to the Trustee during the year ended 30 June 2023 (2022: \$nil).

The Australian Chamber Orchestra Pty Limited provides various general administrative and secretarial services to the Trustee at no cost under the Fund Administration Agreement, an agreement between the Australian Chamber Orchestra Pty Limited and the Trustee.

The Fund and the Australian Chamber Orchestra Pty Limited have signed an Instrument Hire Agreement, whereby for a nominal fee the Australian Chamber Orchestra Pty Limited can utilise the instruments held by the Fund. However, in consideration of the general administrative and secretarial services provided by the Australian Chamber Orchestra Pty Limited, the fee has been waived.

The Trustee is responsible for fees paid to the Australian Financial Services Licence (AFSL) Holder under the Licence Service Agreement, an agreement between the Trustee and JBWere Pty Limited. The Trustee may recover these fees from the Fund. The fees due are paid direct by the Fund, hence there was no recovery by the Trustee during the year ended 30 June 2023 (2022: \$nil).

16 Events occurring after the reporting period

During the July 2023 withdrawal window, the Fund accepted applications totalling \$482,193 (321,462 units at \$1.50 per unit) from four unitholders to withdraw from the Fund during the July 2023 withdrawal window.

On 9 August 2023, the Trustee approved the transfer and purchase of the 321,462 units to the Australian Chamber Orchestra Pty Limited. The value of the applications did not exceed the \$500,000 withdrawal limit and none of the applications were required to be pro-rated.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations or the state of affairs of the Fund or economic entity in subsequent financial years.

In the opinion, of the directors of the Australian Chamber Orchestra Instrument Fund Pty Limited as Trustee for the Australian Chamber Orchestra Instrument Fund:

- (a) the financial statements and notes set out on pages 6 to 21 are in accordance with:
 - (i) Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) present fairly of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (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.



J Fisher
Director

Sydney
3 November 2023

Independent auditor's report

To the members of Australian Chamber Orchestra Instrument Fund

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Australian Chamber Orchestra Instrument Fund (the Fund) as at 30 June 2023 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Simplified Disclosures.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2023
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the declaration of the directors.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes to assist Australian Chamber Orchestra Instrument Fund and its members. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Australian Chamber Orchestra Instrument Fund and its members and should not be used by parties other than Australian Chamber Orchestra Instrument Fund and its members. Our opinion is not modified in respect of this matter.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

K.L. Woombell-Perry

Kerryn Woombell-Perry
Partner

Sydney
3 November 2023