

# Squirrel Monthly Income Fund

Financial Statements

For the year ended 31 March 2024

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# Directory

<b>The Manager</b>	FundRock NZ Limited Level 2, Woodward House 1 Woodward Street PO Box 25003 Wellington, New Zealand 6140
<b>Investment Manager</b>	Squirrel Money Limited 29 Sale Street PO Box 911254 Auckland, New Zealand 1042
<b>Directors of the Manager</b>	Anthony Edmonds Jeremy Valentine Gareth Fleming Hugh Stevens (from 1 July 2023) Ian Russon (ceased 1 July 2023)
<b>The Supervisor</b>	Public Trust Level 2, 22 Willeston Street Private Bag 5902 Wellington, New Zealand 6140
<b>Administration Manager</b>	Adminis NZ Limited Level 1 125 Featherston Street PO Box 25 555 Wellington, New Zealand 6140
<b>Auditor</b>	KPMG 44 Bowen Street PO Box 996 Wellington, New Zealand 6011
<b>Correspondence</b>	All correspondence and enquiries about the Fund should be addressed to the Manager, Fund Rock NZ Limited, at the above address.



# Independent Auditor's Report

To the unitholders of Squirrel Monthly Income Fund

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Squirrel Monthly Income Fund (the 'fund') on pages 6 to 18 present fairly, in all material respects:

- i. the fund's financial position as at 31 March 2024 and its financial performance and cash flows for the year ended on that date;

in accordance with New Zealand Equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2024;
- the statements of comprehensive income, changes in funds attributable to unit holders and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the fund. Subject to certain restrictions, partners and employees of our firm may also deal with the fund on normal terms within the ordinary course of trading activities of the business of the fund. These matters have not impaired our independence as auditor of the fund. The firm has no other relationship with, or interest in, the fund.

### Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1% of total assets of the fund. We chose the benchmark because, in our view, this is a key measure of the fund's performance.

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## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the unitholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

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### The key audit matter      How the matter was addressed in our audit

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#### Valuation and existence of investments for Squirrel Monthly Income Fund

Refer to Note 2 Summary of significant accounting policies and Note 4 Financial assets and liabilities at fair value through profit and loss (for existence and valuation) of the financial statements.

The Fund portfolio of investments is the most significant asset making up in excess of 93% of total assets. These comprise liquid investments including unlisted unit trusts.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the administration manager by obtaining and reading a report issued by an independent auditor on the design and operation of those controls;
- agreeing investment holdings and valuation of unlisted unit trusts to confirmations received from the custodian and registrar; and
- checking the accuracy of fair value hierarchy disclosure as disclosed in the financial statements.

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## Other information

The Manager, on behalf of the fund, are responsible for the other information included in the entity's financial statements. Other information includes the Directory. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.

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## Use of this independent auditor's report

This independent auditor's report is made solely to the unitholders as a body. Our audit work has been undertaken so that we might state to the unitholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the unitholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

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## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the fund, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Gavin Silva

For and on behalf of



KPMG  
Wellington

18 July 2024

# Statement of comprehensive income

for the year ended 31 March 2024

in New Zealand Dollars

		Squirrel Monthly Income Fund	
		2024	2023
		\$	\$
	Note		
<b>Income</b>			
Interest income - amortised cost		5,137	1,669
Distribution income		665,934	431,361
Net gains on financial assets at fair value through profit or loss	3	8,553	37,197
<b>Total income</b>		<b>679,624</b>	<b>470,227</b>
<b>Expenses</b>			
Management fees	6	35,326	12,176
Supervisor fees	6	-	15,333
<b>Total expenses</b>		<b>35,326</b>	<b>27,509</b>
<b>Net profit attributable to unit holders</b>		<b>644,298</b>	<b>442,718</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year attributable to unit holders</b>		<b>644,298</b>	<b>442,718</b>

This statement is to be read in conjunction with the notes to the financial statements.

# Statement of financial position

as at 31 March 2024

in New Zealand Dollars

		Squirrel Monthly Income Fund	
		2024	2023
		\$	\$
	Note		
<b>Assets</b>			
Cash and cash equivalents		12,392	405,481
Financial assets at fair value through profit or loss	4	10,130,124	5,675,832
<b>Total assets</b>		<b>10,142,516</b>	<b>6,081,313</b>
<b>Liabilities</b>			
Other payables	5	59,155	352,776
Related party payables	6	3,421	2,140
PIE tax payable		35,563	26,383
<b>Total liabilities</b>		<b>98,139</b>	<b>381,299</b>
<b>Net assets</b>		<b>10,044,377</b>	<b>5,700,014</b>
Represented by:			
<b>Net assets attributable to unit holders</b>		<b>10,044,377</b>	<b>5,700,014</b>

These financial statements were authorised for issue by the Manager, FundRock NZ Limited:



Director Anthony Edmonds



Director Gareth Fleming

July 17, 2024 | 10:27 AM BST

Date

July 17, 2024 | 7:09 AM BST

Date

This statement is to be read in conjunction with the notes to the financial statements.



# Statement of changes in funds attributable to unit holders

for the year ended 31 March 2024

in New Zealand Dollars

	Squirrel Monthly Income Fund	
	2024	2023
	\$	\$
<b>Net assets attributable to unit holders at the start of the year</b>	<b>5,700,014</b>	3,154,575
Applications	8,634,277	7,556,328
Redemptions	(4,251,746)	(5,020,851)
Distributions	(643,140)	(406,373)
Unit holders tax	(39,326)	(26,383)
<b>Net increase from unit holder transactions</b>	<b>3,700,065</b>	2,102,721
Total comprehensive income for the year	644,298	442,718
<b>Net assets attributable to unit holders at the end of the year</b>	<b>10,044,377</b>	5,700,014
	2024	2023
	Units	Units
<b>Units on issue at the start of the year</b>	<b>5,639,486</b>	3,137,624
Units issued	8,596,379	8,877,766
Units redeemed	(4,273,082)	(6,375,904)
<b>Units on issue at the end of the year</b>	<b>9,962,783</b>	5,639,486

This statement is to be read in conjunction with the notes to the financial statements.

# Statement of cash flows

for the year ended 31 March 2024  
in New Zealand Dollars

		Squirrel Monthly Income Fund	
		2024	2023
		\$	\$
	Note		
<b>Cash was provided from</b>			
Sale of investments		3,741,648	4,931,925
Interest income		5,137	1,669
Distribution income		665,934	431,361
<b>Cash was provided to</b>			
Purchase of investments		(8,187,387)	(7,411,325)
Operating expenses		(34,045)	(26,361)
<b>Net cash outflow from operating activities</b>	7	<b>(3,808,713)</b>	<b>(2,072,731)</b>
<b>Cash flows from financing activities</b>			
Proceeds from units issued		8,291,669	7,324,444
Redemptions		(4,545,367)	(4,674,526)
Distributions paid		(300,532)	(174,489)
PIE tax paid		(30,146)	-
<b>Net cash inflow from financing activities</b>		<b>3,415,624</b>	<b>2,475,429</b>
<b>Net cash (outflow)/ inflow</b>		<b>(393,089)</b>	<b>402,698</b>
<b>Net cash and cash equivalents at the beginning of the year</b>		<b>405,481</b>	<b>2,783</b>
<b>Net cash and cash equivalents at the end of the year</b>		<b>12,392</b>	<b>405,481</b>

This statement is to be read in conjunction with the notes to the financial statements.

# Notes to the financial statements

## 1. GENERAL INFORMATION

**Reporting entity**

The Squirrel Monthly Income Fund (the "Fund") is a unit trust registered in New Zealand that commenced on 13 October 2021.

The Fund is governed by a Master Trust Deed dated 1 December 2016 between FundRock NZ Limited (the "Manager") and Public Trust (the "Supervisor") and a Scheme Establishment Deed dated 7 May 2021 (together, the "Trust Deed"). The Fund is a for-profit entity.

The Investment Manager is Squirrel Money Limited (the "Investment Manager"). The Investment Manager reviews the Fund's investment mandate for making decisions about what the Fund invests in, and provides promotion and distribution support to the Fund.

The purpose of the Fund is to provide investors with a regular income return generated through exposure to a diversified portfolio of loans predominately secured against registered first mortgages on residential property across New Zealand. Loan exposure is obtained by investing in the Squirrel Wholesale Funds scheme, whose funds obtain their loan exposure through investing via the Squirrel P2P platform operated by the Investment Manager. Assets of the Squirrel Wholesale Funds may include exposure to fractional and/or whole loans, as well as cash and cash equivalents. The Fund's investment objective is to provide an annual return, after fees and before tax, of the Official Cash Rate, that outperforms the 1 Year New Term Deposit Rate (>\$10k) by a margin of 2.00%

The financial statements are for year ended 31 March 2024, with comparatives for the year ended 31 March 2023.

**Statutory Base**

The financial statements for the Fund have been prepared in accordance with the Trust Deed and the Financial Markets Conduct Act 2013 ("FMCA").

**Basis of preparation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and other legislative requirements as appropriate for for-profit entities. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial instruments at fair value through profit or loss. The methods used to measure fair value are discussed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity and are therefore considered current assets/liabilities.

**Standards and amendments to existing standards effective in the current year**

There are no new or amended standards for the year ended 31 March 2024 that have had a material impact on the financial statements.

**New accounting standards and interpretations not adopted**

No new standards or amendments to existing standards and interpretations that are not yet in effect are expected to have a material impact on the financial statements of the Fund.

**Significant accounting estimates and judgements**

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Fund's accounting policies.

## Notes to the financial statements - continued

**1. GENERAL INFORMATION - CONTINUED**

Significant accounting estimates and judgements - continued	The investments of the Fund have been valued at the relevant redemption price established by underlying investment managers, therefore the Manager has not made any material accounting estimates or judgements in relation to the carrying value of these assets.
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Climate related risks and opportunities	<p>The Manager is a Climate Reporting Entity pursuant to the provisions of the Financial Markets Conduct Act 2013, as modified by the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. Climate-related disclosures for the Fund were prepared in accordance with Aotearoa New Zealand Climate Standards and are available at the Climate-Related Disclosures Register.</p> <p>The Fund is exposed to climate related risks, which are managed through the strategies and processes described in the climate-related disclosures available at the Climate-Related Disclosures Register. There are no material climate related impacts relevant to the current year financial statements.</p>
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Functional and presentation currency	The financial statements are presented in New Zealand dollars, which is the Fund's functional currency. All amounts have been rounded to the nearest dollar.
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Financial instruments	<p><b>(a) Classification</b></p> <p><i>Financial assets at fair value through profit or loss</i></p> <p>The Fund classifies its investments in unlisted unit trusts as financial assets at fair value through profit or loss. The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's investment strategies, policies and guidelines are established by the Manager. The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's investment strategies.</p> <p>The Manager and investment manager are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.</p> <p><i>Financial assets and liabilities at amortised cost</i></p> <p>The Fund's cash and cash equivalents and other receivables are classified as financial assets at amortised cost based on the Fund's business models for managing those financial assets and the contractual cash flow characteristics.</p> <p>Financial liabilities at amortised cost comprise related party payables and other payables.</p> <p><b>(b) Recognition</b></p> <p>Purchases and sales of investments are recognised on the trade date, the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value and, subsequent to initial recognition, measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statements of Comprehensive Income when they arise. Interest, dividend and distribution income are separately recognised in the Statements of Comprehensive Income. Transaction costs are expensed as incurred in the Statements of Comprehensive Income.</p> <p><b>(c) Fair Value Measurement</b></p> <p>'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Funds had access at that date. The fair value also includes non-performance risk.</p> <p><i>Fair value of unlisted unit trusts</i></p> <p>The fair value of investments in unlisted unit trusts is determined using the last available redemption unit prices for those funds at balance date. The Manager of the Fund may make adjustments based on considerations such as the liquidity of the underlying investments and any restrictions on redemptions.</p>
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## Notes to the financial statements - continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Financial instruments - continued	<p><b>(d) Derecognition</b></p> <p>Financial assets are derecognised upon maturity or disposal of the asset. Any gain or loss arising on derecognition of the asset is recognised in the Statements of Comprehensive Income in the year the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.</p>
Fair value hierarchy	<p>Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. Transfers between levels of the fair value hierarchy (if any) are deemed to have occurred at the beginning of the period.</p> <p><i>Level one - fair value in an active market</i></p> <p>The fair value of financial assets traded in active markets for the same instruments based on their quoted market prices at balance date without any deduction for estimated future selling costs. Generally, a level one category asset will have the most independent, reliable basis for measurement.</p> <p><i>Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data</i></p> <p>The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.</p> <p>The Fund's investments in unlisted unit trusts are valued at fair value which is based on the latest available redemption prices of the units in each respective underlying fund. The Manager reviews the details of the reported information obtained from each of the underlying investments and considers:</p> <ul style="list-style-type: none"> <li>- the liquidity of the Fund's holding in that investment, or it's underlying investments;</li> <li>- the value date of the net asset value ("NAV") provided; and</li> <li>- any restrictions on withdrawals.</li> </ul> <p><i>Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data</i></p> <p>The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.</p>
Taxation	<p>The Fund is a Portfolio Investment Entity ("PIE"). Under the PIE regime income is effectively taxed in the hands of the unit holders and therefore the Fund has no tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income.</p> <p>Under the PIE regime, the Manager attributes the taxable income of the Fund to unit holders in accordance with the proportion of their interest in the overall Fund. The income attributed to each unit holder is taxed at the unit holder's prescribed investor rate ("PIR") which is currently capped at 28%. Any PIE tax payable/refundable on full withdrawals is paid/received by the Manager on behalf of unit holders and deducted from or added to the withdrawal proceeds paid. Units are cancelled/issued to the value of the tax paid/refunded upon determination of the unit holders' annual PIE tax liabilities/assets at 31 March each year.</p> <p>At 31 March each year, the unit holders' net tax position is accrued and the value of unit holders' funds is adjusted to reflect the impact of tax payable/receivable on the value of the unit holders' interest in the Fund. Unit holders' PIE tax amounts disclosed in the Statements of Changes in Funds Attributable to Unit Holders include withdrawals to meet unit holder tax liabilities and application representing unit holder tax refunds under the PIE regime.</p> <p>The PIE tax attributable to unit holders at balance date is calculated on the basis of the tax laws enacted or substantively enacted at balance date.</p>
Income recognition	<p>Distribution income is recognised in the Statement of Comprehensive Income when the Fund's right to receive payment is established.</p> <p>Distribution income is disclosed net of any foreign tax credits and resident withholding taxes deducted at source, as these tax credits are allocated to unit holders under the PIE regime.</p> <p>Any unrealised gains or losses arising from the revaluation of investments and any realised gains or losses from the sale of investments during the year are included in the Statements of Comprehensive Income.</p>

## Notes to the financial statements - continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Expenses	Expenses include management fees which are accrued for daily, based on the Fund's net asset value ("NAV"). All other expenses are paid for by the Manager out of the management fee.
Cash and cash equivalents	Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity of 90 days or less and are initially measured at fair value. Subsequent to initial recognition, all cash and cash equivalents are measured at amortised cost.
Other payables	Other payables include liabilities and accrued expenses owed by the Fund that are unpaid at balance date. Under NZ IFRS 9 - Financial Instruments ("NZ IFRS 9"), payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.
Related party payables	Payables to related parties include accrued expenses owed to related parties which are unpaid at balance date. Under NZ IFRS 9, related party payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.
Goods and Services tax	The Fund is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.
Statements of cash flows	<p>Definitions of the terms used in the Statements of Cash Flows are:</p> <p>(a) Operating activities comprise all transactions and other events that are not financing activities and includes purchases and sales of investments.</p> <p>(b) Financing activities are those activities that result in changes in the size and composition of unit holders' funds. This includes elements of unit holders' funds not falling within the definition of cash. Distributions paid in relation to unit holders' funds are included in financing activities.</p>
Applications and redemptions	Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at the unit price for that day. The unit price for the Fund is determined as the net asset value ("NAV") divided by the number of units on issue.
Distributions	The income of the Fund is distributed proportionately to unit holders according to number of units held, subject to and in accordance with the Trust Deed.
Unit holders' funds	<p>The units issued by the Fund are puttable instruments and meet the definition of an equity instrument, defined as:</p> <p>(a) unit holders are entitled to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;</p> <p>(b) it is in the class of instruments that is subordinate to all other classes of instruments;</p> <p>(c) all units have identical rights and are puttable;</p> <p>(d) apart from the contractual obligation of the issuer to redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability;</p> <p>(e) the total expected cash flows attributable to the instrument over its life is based substantially on the profit or loss, the change in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.</p> <p>The Fund issues redeemable units which are redeemable at the holder's option and are classified as equity and reported as unit holders' funds.</p>

Notes to the financial statements - continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Related parties A party is related to the Fund if:

- (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Funds;
- (b) it has an interest in or relationship with the Fund that gives it significant influence over the Funds;
- (c) the Funds have an interest in or relationship with the party that gives significant influence over the party; or
- (d) they are a member of the key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Funds. This includes the Board and members of senior leadership team of the Manager, Investment Manager, and the Supervisor.

**3. NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Squirrel Monthly Income Fund	
	2024	2023
	\$	\$
<b>Financial assets and liabilities at fair value through profit or loss</b>		
Unlisted unit trusts	8,553	37,197
<b>Total net gains on financial assets and liabilities at fair value through profit or loss</b>	<b>8,553</b>	<b>37,197</b>

**4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Squirrel Monthly Income Fund	
	2024	2023
	\$	\$
<b>Financial assets at fair value through profit or loss</b>		
Unlisted unit trusts	10,130,124	5,675,832
<b>Total financial assets at fair value through profit or loss</b>	<b>10,130,124</b>	<b>5,675,832</b>

**4(A). FAIR VALUE HIERACHY**

Level 2 fair value determination The fair value of units held by the Fund in unlisted unit trusts is determined by reference to published unit prices calculated by those funds' administration managers and are included within level 2 of the fair value hierarchy.

There have been no transfers between the levels of the fair value hierarchy.

**5. OTHER PAYABLES**

	Squirrel Monthly Income Fund	
	2024	2023
	\$	\$
Redemptions payable	59,155	352,776
<b>Total other payables</b>	<b>59,155</b>	<b>352,776</b>

All other payable balances are current liabilities. Other payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

Notes to the financial statements - continued

**6. RELATED PARTIES**

Related parties comprise the Manager, the Investment Manager, the Supervisor and their related entities.

**Management fees** As outlined in the PDS, the Fund incurs Annual Fund Charges which are capped at 2.00% (31 March 2023: 1.85%) of the net asset value. The Fixed Annual Fund Charges include any fees within underlying funds or securities that the Fund may invest into, as well as fees paid to the Investment Manager, the Supervisor, the Auditor, the Custodian and the Administration Manager, bank charges and other various costs and expenses incurred. Where there is a shortfall, the Manager will pay the shortfall on behalf of the Fund and will recover the shortfall from the Investment Manager.

Total Management fees paid by the Fund for the period are disclosed in the Statement of Comprehensive Income.

**Supervisor fees** The Supervisor is entitled to a fee in relation to the services it provides as the supervisor of the Fund. Supervisor fees paid by the Manager for the year ended 31 March 2024 were \$23,000 (31 March 2023: \$7,667).

	Squirrel Monthly Income Fund	
	2024 \$	2023 \$
Related party payables		
Management fees payable	3,421	2,140
<b>Total related party payables</b>	<b>3,421</b>	<b>2,140</b>

All related party payable balances are current liabilities. Related party payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

**Related party investments** At 31 March the Fund held units or had subscribed for units in other funds managed by the Manager. The balances and movements for the year were as follows:

	Squirrel Monthly Income Fund	
	2024 \$	2023 \$
<b>Squirrel Wholesale Construction Loan Fund</b>		
Opening value	3,980,832	2,638,745
Applications	5,287,571	5,510,855
Redemptions	(2,077,139)	(4,197,423)
Change in fair value	2,375	28,655
Closing value	7,193,639	3,980,832
Distributions received	505,551	331,796
<b>Squirrel Wholesale Home Loan Fund</b>		
Opening value	335,404	124,349
Applications	642,500	245,600
Redemptions	(1,662,011)	(36,225)
Change in fair value	589	1,680
Closing value	(683,518)	335,404
Distributions received	63,625	13,655
<b>Squirrel Wholesale Personal Loan Fund</b>		
Opening value	1,359,596	396,141
Applications	2,257,316	1,654,870
Redemptions	(2,498)	(698,277)
Change in fair value	5,589	6,862
Closing value	3,620,003	1,359,596
Distributions received	96,758	85,910



Notes to the financial statements - continued

**6. RELATED PARTIES - CONTINUED**

Related party holdings in the Funds      Holdings in the Funds by directors and key management personnel of the Manager, Investment Manager and their immediate family members are:

	Squirrel Monthly Income Fund	
	2024 Units	2023 Units
<b>Opening units</b>	<b>523</b>	498
Applications	41	29
Redemptions	(9)	(4)
<b>Closing units</b>	<b>555</b>	523
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Opening fair value</b>	<b>529</b>	501
Applications	41	29
Redemptions	(9)	(4)
Change in fair value	(1)	3
<b>Closing fair value</b>	<b>560</b>	529

**7. RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO UNIT HOLDERS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	Squirrel Monthly Income Fund	
	2024 \$	2023 \$
<b>Net profit attributable to unit holders</b>	<b>644,298</b>	442,718
<b>Adjustments for:</b>		
Purchase of investments	(8,187,387)	(7,411,325)
Sale of investments	3,741,648	4,931,925
Net gains on financial assets at fair value through profit or loss	(8,553)	(37,197)
<b>Changes in payables and receivables:</b>		
Accounts payable	1,281	1,148
<b>Net cash outflow from operating activities</b>	<b>(3,808,713)</b>	(2,072,731)

**8. FINANCIAL RISKS**

Financial risk factors      The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Fund's investment objectives, strategies and guidelines are outlined in the Scheme Establishment Deed, PDS and Statement of Investment Policy and Objectives ("SIPO"). The Manager sets the investment policy and investment guidelines for the Fund and obtains the Supervisor's approval for any material change to these guidelines. The overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

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

Notes to the financial statements - continued

**8(A). MARKET RISK**

**Price risk** Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Fund invests in other unlisted unit trusts and is susceptible to market price risk arising from uncertainties about future values of those underlying funds.

**Price risk - sensitivity analysis** At 31 March, the net fair value of financial instruments is exposed to price risk. The Manager considers the volatility of the fair value of investments in the portfolio to be in the 1% range. If the price of the Fund's investments increased or decreased by 1%, the Fund's net assets attributable to unit holders and net profit/(loss) would increase or decrease as follows:

		Squirrel Monthly Income Fund	
		2024	2023
		\$	\$
<b>Financial assets at fair value through profit or loss</b>			
	Unlisted unit trusts	10,130,124	5,675,832
<b>Total</b>		<b>10,130,124</b>	<b>5,675,832</b>
<b>Sensitivity analysis</b>			
	1% increase in prices	101,301	56,758
	1% decrease in prices	(101,301)	(56,758)

**Currency risk** Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund does not hold cash and cash equivalents or financial assets at fair value through profit or loss denominated in currencies other than New Zealand dollar, the functional currency. The Fund is therefore not exposed to currency risk.

**Interest rate risk** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund holds cash in accordance within agreed limits specified in the Investment Mandate. The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow.

**Interest rate risk - sensitivity analysis** The following table details the interest rate re-pricing profiles of the financial assets held by the Fund. The table also details, based on exposures at 31 March, the effect of an interest rate increase or decrease by 1.50% (31 March 2023: 5.00%) (which is the Manager's assessment of a reasonable movement with regard to the New Zealand Official Cash Rate which has moved 0.75% (2023: 4.50%) over the last twelve months) with all other variables held constant, on the cash flows of cash and cash equivalents, and the related change in net assets attributable to unit holders and net profit/(loss):

		Squirrel Monthly Income Fund	
		2024	2023
		\$	\$
<b>Re-pricing profiles</b>			
<b>Cash and cash equivalents</b>			
	Up to 90 days	12,392	405,481
<b>Total</b>		<b>12,392</b>	<b>405,481</b>
<b>Sensitivity analysis</b>			
<b>Impact on cash flow to changes in interest rates</b>			
	Interest rates increase by 1.50% (5.00%)	186	20,274
	Interest rates decrease by 1.50% (5.00%)	(186)	(20,274)

## Notes to the financial statements - continued

**8(B). LIQUIDITY RISK**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund is exposed to daily redemptions of redeemable units. It therefore invests the majority of their assets in investment funds that can be readily disposed. The Fund will generally retain sufficient cash and cash equivalent balances to satisfy its accrued expenses as they fall due.

The Fund's financial liabilities consist of related party payables and other payables which are short term in nature and classified as current liabilities at balance date.

**8(C). CREDIT RISK**

Credit risk represents the risk that counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Fund to incur a financial loss. Financial instruments that subject the Fund to credit risk are cash and cash equivalents and other receivables.

With respect to credit risk arising from the financial assets of the Fund, the Fund's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statements of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

There is no material risk of default relating to applications receivable by the Fund (if any) as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed.

The Fund does not use credit derivatives to mitigate credit risk.

The Fund's cash and cash equivalents are held with Bank of New Zealand Limited (S&P Global credit rating: AA-) (31 March 2023: AA-).

At 31 March 2024, all cash and cash equivalents are held with counterparties with high credit ratings and all financial instruments measured at amortised cost are short-term in nature (i.e. no longer than 12 months) and of high credit quality. The Manager considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund (31 March 2023: same).

As at 31 March 2024 there were no financial assets past due or impaired (31 March 2023: none).

**8(D). CAPITAL RISK MANAGEMENT**

The Fund's capital is represented by net assets attributable to unit holders. The Manager's objectives when managing capital are to provide returns for unit holders through capital growth. The Fund does this by investing in diversified asset classes and liquid market instruments.

The Fund strives to invest the subscriptions of unit holder funds in investments that meet the Fund's objectives while maintaining sufficient liquidity to meet unit holder redemptions.

The Fund does not have any externally imposed capital requirements. Units may be redeemed on a daily basis, or such other date as the Manager shall from time to time determine.

**9. CONTINGENT LIABILITIES & COMMITMENTS**

The Fund has no material commitments or material contingencies at 31 March 2024 (31 March 2023: nil).

**10. AUDIT FEE**

KPMG are entitled to a fee for the services it provides as auditor of these financial statements. Total fees paid to the auditor for the period ending 31 March 2024 were \$16,646 (31 March 2023: \$16,229).

**11. EVENTS SUBSEQUENT TO BALANCE DATE**

There are no other significant subsequent events that require adjustment to or disclosure in these financial statements.