

Palisade Impact Fund-Feeder Trust

ABN 61 390 124 190

Interim report for the half-year ended 31 December 2023

Contents

	Page
Directors' Report	1
Interim Financial Report	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Condensed Consolidated Financial Statements	8
Directors' Declaration	12
Independent Auditor's Report	13

Directors' Report

The directors of Pinnacle Fund Services Limited (ABN 29 082 494 362; AFSL 238371) (the "Trustee"), the trustee of Palisade Impact Fund-Feeder Trust (ABN 61 390 124 190) (the "Fund" or the "Head Trust") present their report together with the interim consolidated financial statements of the Consolidated Entity comprising the Fund as parent entity and its subsidiary, Palisade Impact Fund-Feeder Co Pty Ltd (the "Blocker Company" or the "Subsidiary"). Collectively, the Fund and the Subsidiary are referred to as the "Consolidated Entity".

The financial statements cover the period from 1 July 2023 to 31 December 2023 (the "reporting period").

Trustee

The registered office and principal place of business of the Trustee is Level 19, 307 Queen Street, Brisbane, QLD 4000.

Directors

The names of the directors of the Trustee who held office during the reporting period and up to the date of this report are:

Name	Title
Calvin Kwok	Director
Ian Macoun	Director
Andrew Chambers	Director

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

Principal activities

The Fund is an unregistered wholesale managed investment scheme, constituted and domiciled in Australia. The investment manager of the Fund is Palisade Impact Pty Limited (ABN 11 650 605 164) (the "Investment Manager").

The Fund has a parent and subsidiary relationship and comprises:

- Palisade Impact Fund-Feeder Fund (the "Head Trust")
- Palisade Impact Fund-Feeder Co Pty Ltd (the "Blocker Company")

The principal activity of the Consolidated Entity is to make investments with the intention of generating positive, measurable social and environment benefits alongside a financial return. The Consolidated Entity seeks to achieve commercial returns while delivering reductions in green-house gas emission; reductions in waste and wastewater and increases in access to smart, green and connected infrastructure. The Head Trust's sole purpose is to acquire shares in the Blocker Company and to undertake such tasks and conduct such business as is necessary or incidental to the acquisition, holding and disposal of such shares. The Blocker Company, in turn, will use funds received from the Head Trust to acquire units in both the Palisade Impact Fund Asset Trust and the Palisade Impact Fund Operating Trust in accordance with its constituent documents.

The Consolidated Entity did not have any employees during the half-year.

Distributions

In respect of the half-year ended 31 December 2023, no distribution has been declared to unitholders (31 December 2022: nil).

Directors' Report (continued)

Review and results of operations

The results of the operations of the Consolidated Entity are disclosed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income of the interim consolidated financial report. The profit attributable to unitholders for the half-year ended 31 December 2023 was \$(61,653) (31 December 2022: \$474,613).

Significant changes in state of affairs

In the opinion of the directors, there were no other significant changes in the state of affairs in the Consolidated Entity during the half-year.

Subsequent events

There has been no matter or circumstances occurring subsequent to the end of the half-year ended 31 December 2023 that has significantly affected, or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

Likely developments and expected results of operations

The Consolidated Entity will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Consolidated Entity and in accordance with the provisions of its Constitution.

The results of the Consolidated Entity's operations will be affected by a number of factors, including the performance of investment markets in which the Consolidated Entity invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation and performance

The operations of the Consolidated Entity are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Consolidated Entity.

Indemnification of directors, officers and auditors

During or since the end of the half-year, the Consolidated Entity has not indemnified or made a relevant agreement to indemnify an officer of the Trustee or auditor of the Consolidated Entity or any related corporate body against a liability incurred by an officer of the Trustee or auditor of the Consolidated Entity. In addition, the Consolidated Entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Trustee or auditor of the Consolidated Entity.

Directors' Report (continued)

On behalf of the directors of the Trustee, Pinnacle Fund Services Limited.

A handwritten signature in black ink, appearing to be 'CK' followed by a long horizontal stroke.

Calvin Kwok
Director

Sydney
7 March 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Half-year ended	
	31 December 2023	31 December 2022
	\$	\$
Revenue		
Interest income	20,945	2,648
Net gains on financial assets at fair value through profit or loss	91,507	588,416
Total revenue	112,452	591,064
Expenses		
Administration fees	160,781	113,316
Professional fees	13,324	3,135
Total expenses	174,105	116,451
Operating (loss)/profit for the half-year	(61,653)	474,613
Other comprehensive income	-	-
Total comprehensive (loss)/income for the half-year	(61,653)	474,613

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

		31 December 2023	30 June 2023
	Notes	\$	\$
Assets			
Cash and cash equivalents		1,275,546	139,645
Trade and other receivables		521,422	437,633
Financial assets at fair value through profit or loss	3	60,835,433	28,776,766
Total assets		62,632,401	29,354,044
Liabilities			
Trade and other payables		372,495	362,682
Total liabilities		372,495	362,682
Net assets attributable to unitholders - Equity		62,259,906	28,991,362

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

		31 December 2023	31 December 2022
	Note	\$	\$
Opening balance		28,991,362	11,294,257
Applications		33,330,197	10,350
Total comprehensive (loss)/income		(61,653)	474,613
Total equity at the end of the half-year	5	62,259,906	11,779,220

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	Half-year ended	
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Interest received	2,788	2,648
Administration fees paid	(218,951)	(50,566)
Professional fees paid	(10,973)	-
Purchases of financial assets at fair value through profit or loss	(31,967,160)	-
Net cash used in operating activities	(32,194,296)	(47,918)
Cash flows from financing activities		
Proceeds from issue of units	33,330,197	10,350
Net cash provided by financing activities	33,330,197	10,350
Net increase/(decrease) in cash and cash equivalents	1,135,901	(37,568)
Cash and cash equivalents at the beginning of the half-year	139,645	243,349
Cash and cash equivalents at the end half-year	1,275,546	205,781

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Palisade Impact Fund-Feeder Trust

Notes to the Interim Condensed Consolidated Financial Statements

1. General information

This interim consolidated financial report covers Palisade Impact Fund-Feeder Trust (ABN 61 390 124 190) (the "Fund" or "Head Trust") which is an unregistered managed investment scheme, and its subsidiary, Palisade Impact Fund-Feeder Co Pty Ltd (the "Blocker Company" or the "Subsidiary"). Collectively, the Fund and the Subsidiary are referred to in this report as the "Consolidated Entity."

The Trustee of the Consolidated Entity is Pinnacle Fund Services Limited (the "Trustee"). The Trustee's registered office is Level 19, 307 Queen Street, Brisbane, QLD 4000.

The interim consolidated financial report covers the half-year from 1 July 2023 to 31 December 2023 (the "reporting period").

The Fund was constituted on 21 December 2021, and is an unregistered, wholesale managed investment scheme structured as a unit trust. The Fund commenced operations on 17 June 2022.

The investment manager of the Fund is Palisade Impact Pty Limited (ABN 11 650 605 164) (the "Investment Manager").

The interim consolidated financial report was authorised for issue by the directors of the Trustee on 7 March 2024.

2. Basis of preparation of interim financial statements

The accounting policies applied in this interim report are the same as those applied to the Fund's financial statements for the year ended 30 June 2023.

There are no standards, interpretations or amendments to existing standards that are not yet effective and that are expected to have a material impact on the amounts recognised in the prior periods or will affect current or future reporting periods and on foreseeable future transactions.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

3. Financial assets held at fair value through profit or loss

The following table details the financial assets held by the Fund as at the end of the half-year period:

	31 December 2023	30 June 2023
	\$	\$
Investment in Palisade Impact Fund Asset Trust	26,768,562	12,777,671
Investment in Palisade Impact Fund Operating Trust	34,066,871	15,999,095
Total	60,835,433	28,776,766

Notes to the Interim Condensed Consolidated Financial Statements

4. Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis.

- Financial assets at fair value through profit or loss (FVPL)

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for such financial assets is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

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

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Palisade Impact Fund-Feeder Trust

Notes to the Interim Condensed Consolidated Financial Statements

4. Fair value measurement (continued)

The Fund values its investments in accordance with the accounting policies set out in Note 3 to the financial statements for the year ended 30 June 2023.

The following table presents the Fund's assets measured and recognised at fair value as at 31 December 2023:

As at 31 December 2023

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Unlisted unit trusts	-	60,835,433	-	60,835,433
Total financial assets	-	60,835,433	-	60,835,433

As at 30 June 2023

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Unlisted unit trusts	-	28,776,766	-	28,776,766
Total financial assets	-	28,776,766	-	28,776,766

(iii) Transfers between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2023: nil).

5. Net assets attributable to unitholders

Under AASB 132 Financial Instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

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

Half-year ended 31 December 2023	No of Units	\$
Opening balance as at 1 July 2023	26,844,121	\$28,991,362
Applications	30,610,735	\$33,330,197
Profit/(loss) for the half-year	-	(\$61,653)
Distributions paid to unitholders	-	-
Closing balance as at 31 December 2023	57,454,856	\$62,259,906

Notes to the Interim Condensed Consolidated Financial Statements

5. Net assets attributable to unitholders (continued)

Half-year ended 31 December 2022	No of Units	\$
Opening balance as at 1 July 2022	11,200,414	\$11,294,257
Applications	9,658	\$10,350
Profit/(loss) for the half-year	-	\$474,613
Distributions paid to unitholders	-	-
Closing balance as at 31 December 2022	11,210,072	\$11,779,220

6. Subsequent events

There has not been matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

7. Commitments and contingencies

There are no outstanding contingent assets or commitments as at 31 December 2023 and 30 June 2023.

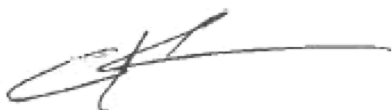
Directors' Declaration

The directors of Pinnacle Fund Services Limited (the "Trustee"), have determined that Palisade Impact Fund-Feeder Trust (the "Fund") is not a reporting entity. The Directors have determined that this interim consolidated financial report should be prepared in accordance with those accounting standards and the basis of accounting outlined in the annual financial report for the year ended 30 June 2023.

The directors of the Trustee declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached interim consolidated financial report and notes set out on pages 4 to 11 are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in the annual financial report for the year ended 30 June 2023 and present fairly the financial position and performance of the Fund.

On behalf of the directors of the Trustee, Pinnacle Fund Services Limited.



Calvin Kwok
Director

Sydney
7 March 2024



Independent auditor's review report to the unitholders of Palisade Impact Fund-Feeder Trust

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Palisade Impact Fund-Feeder Trust (the Unregistered Scheme) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 31 December 2023, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors of the Trustee's declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Palisade Impact Fund-Feeder Trust does not present fairly, in all material respects, the Group's financial position as at 31 December 2023 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies as described in Note 2 to the financial statements.

Basis for conclusion

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

We are independent of the Group 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 the audit of the annual 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 2 in the half-year financial report, which describes the basis of accounting. The half-year financial report has been prepared for internal purposes to assist Palisade Impact Fund-Feeder Trust. As a result, the half-year financial report may not be suitable for another purpose. Our report is intended solely for Palisade Impact Fund-Feeder Trust and its unitholders and should not be used by parties other than Palisade Impact Fund-Feeder Trust and its unitholders. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors of the Trustee for the half-year financial report

The directors of the Trustee (Pinnacle Fund Services Limited) are responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies as described in Note 2 to the financial statements and for such internal control as the directors of the Trustee determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Group as at 31 December 2023 and of its financial performance and its cash flows for the half-year ended on that date in accordance with the accounting policies as described in Note 2 to the financial statements.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A blue ink signature of a PricewaterhouseCoopers representative, written in a cursive style.

PricewaterhouseCoopers

A blue ink signature of Kristy van Horck, written in a cursive style.

Kristy van Horck
Partner

Brisbane
7 March 2024