

Solaris Core Australian Equity Fund

ARSN 128 859 898

Interim report for the half-year ended 31 December 2023

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of Solaris Core Australian Equity Fund during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers the Solaris Core Australian Equity Fund as an individual entity.

The Responsible Entity of the Solaris Core Australian Equity Fund is Pinnacle Fund Services Limited (ACN 082 494 362, AFSL 238371). The Responsible Entity's registered office is Level 19, 307 Queen St, Brisbane, QLD 4000.

Directors' report

The directors of Pinnacle Fund Services Limited, the Responsible Entity of the Solaris Core Australian Equity Fund, present their report together with the interim financial report of the Solaris Core Australian Equity Fund (the "Fund"), for the half-year ended 31 December 2023.

Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The Fund may hold between 40 and 70 listed Australian securities, as well as securities expected to be listed on an Australian exchange, in accordance with the provisions of the Fund's Product Disclosure Statement and Fund Constitution.

In addition, the Fund will seek to remain fully invested with an allowable maximum cash exposure of 5% of total assets at any one time.

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

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

Directors

The following persons held office as directors of Pinnacle Fund Services Limited during the half-year or since the end of the half-year and up to the date of this report.

Mr Ian Macoun
Mr Calvin Kwok
Mr Andrew Chambers

The Responsible Entity also has a Compliance Committee consisting of one non-external member and three external members. The committee's role is to oversee the compliance requirements of the Fund operated by the Responsible Entity.

The committee met two times during the year.

Review and results of operations

The broader share market, represented by the S&P ASX200 returned 7.57% over the period. The Fund outperformed its benchmark for the half-year by 0.35%. Overweight holdings in South32 Limited, Atlas Arteria and Woodside Energy Group Limited made a positive contribution to relative performance. The main detractors were overweight holdings in Sezzle Inc. and James Hardie Industries PLC as well as an underweight position in Sydney Airport.

There have been no significant changes to the operations of the Fund since the previous financial period. The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

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

	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
Total comprehensive income for the half-year	74,858	90,212
Distribution paid and payable		
Class A	4,884	8,891
Class B	1,551	1,801
Class C	-	42
Class D	15,621	15,832
	<u>22,056</u>	<u>26,566</u>
Distribution (cents per unit)		
Class A	3.0397	3.4850
Class B	2.8665	3.3613
Class C	-	6.0080
Class D	3.7385	4.6270

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2023.

Matters subsequent to the end of the period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial 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.

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

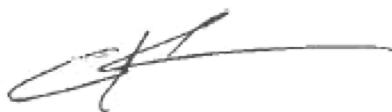
Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



Mr C. Kwok
Director
Pinnacle Fund Services Limited

Brisbane
7th March 2024



Auditor's Independence Declaration

As lead auditor for the review of Solaris Core Australian Equity Fund for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, reading 'Kristy van Horck'.

Kristy van Horck
Partner
PricewaterhouseCoopers

Brisbane
7 March 2024

Condensed statement of comprehensive income

	Notes	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
Investment income			
Interest income from financial assets at amortised cost		616	198
Dividend/Trust distribution income		15,854	21,135
Net gains/(losses) on financial instruments at fair value through profit or loss	4	59,225	69,745
Other operating income		-	22
Total net investment income/(loss)		75,695	91,100
Expenses			
Management fees		280	293
Transaction costs		547	595
Other operating expenses		10	-
Total operating expenses		837	888
Profit/(loss) for the half-year		74,858	90,212
Other comprehensive income		-	-
Total comprehensive income for the half-year		74,858	90,212

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

Condensed statement of financial position

	Notes	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Assets			
Cash and cash equivalents		36,370	30,411
Receivables	7	1,382	4,839
Financial assets at fair value through profit or loss	6	947,421	789,246
Total assets		<u>985,173</u>	<u>824,496</u>
Liabilities			
Distributions payable	5	22,056	21,888
Payables	8	2,353	2,379
Total liabilities		<u>24,409</u>	<u>24,267</u>
Net assets attributable to unitholders – equity		<u>960,764</u>	<u>800,229</u>

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

Condensed statement of changes in equity

	Notes	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
Total equity at the beginning of the half-year	9	800,229	859,563
Comprehensive income for the half-year			
Profit/(loss) for the half-year		74,858	90,212
Total comprehensive income		<u>74,858</u>	<u>90,212</u>
Transactions with unitholders			
Applications	9	170,963	97,598
Redemptions	9	(66,493)	(120,781)
Reinvestment of distributions	9	3,263	7,609
Distributions paid and payable	5,9	(22,056)	(26,566)
Total transactions with unitholders		<u>85,677</u>	<u>(42,140)</u>
Total equity at the end of the half-year	9	<u>960,764</u>	<u>907,635</u>

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

Condensed statement of cash flows

	Notes	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
Cash flows from operating activities			
Proceeds from sales of financial instruments at fair value through profit or loss		142,504	221,596
Purchases of financial instruments at fair value through profit or loss		(241,917)	(217,612)
Dividends/Trust distributions received		19,749	24,739
Interest received		616	198
Transaction costs paid		(547)	(595)
Management fees paid		(278)	(293)
Other income received		(13)	15
Net cash inflow/(outflow) from operating activities		(79,886)	28,048
Cash flows from financing activities			
Proceeds from applications by unitholders		170,963	97,598
Payments for redemptions by unitholders		(66,493)	(120,781)
Distributions paid from operating activities		(18,625)	(22,694)
Net cash inflow/(outflow) from financing activities		85,845	(45,877)
Net increase/(decrease) in cash and cash equivalents		5,959	(17,829)
Cash and cash equivalents at the beginning of the half-year		30,411	33,892
Cash and cash equivalents at the end of the half-year		36,370	16,063
Non-cash financing activities	9	3,263	7,609

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

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1 General information

This interim financial report covers the Solaris Core Australian Equity Fund (the "Fund") as an individual entity. The Fund was constituted on 7 December 2007. The Fund will terminate on the day immediately preceding the 80th anniversary of the commencement date unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Pinnacle Fund Services Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, 307 Queen Street, Brisbane, QLD 4000. The interim financial report is presented in the Australian currency.

The Responsible Entity is incorporated and domiciled in Australia. Solaris Investment Management Limited acts as investment manager of the Fund.

The Custodian of the Fund is Citigroup Pty Limited.

The Fund may hold between 40 and 70 listed Australian securities, as well as securities expected to be listed on an Australian exchange, in accordance with the provisions of the Fund's Product Disclosure Statement and Fund Constitution.

The interim financial report was authorised for issue by the directors on 7th March 2024. The directors of the Responsible Entity have the power to amend and reissue the interim financial report after it has been issued.

2 Basis of preparation

This interim financial report has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in annual report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of the Fund during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current half-year.

(a) Significant accounting policies

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

(b) New accounting standards and interpretations not yet adopted

There are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(c) Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the interim financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

3 Fair value measurements

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

Classification of financial assets and financial liabilities

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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).

3 Fair value measurements (continued)

(a) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in the annual financial report for the year ending 30 June 2023. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the last traded 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.

(b) 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 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 calculations, 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.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The foreign currency contracts are valued at the forward rate.

Investments in other unlisted unit Funds are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

3 Fair value measurements (continued)

(c) Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value according to the fair value hierarchy at 31 December 2023 and 30 June 2023:

At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed equities	880,214	-	-	880,214
Listed unit trust	66,978	-	-	66,978
Derivatives - futures	229	-	-	229
Total financial assets	947,421	-	-	947,421

At 30 June 2023

Financial assets at fair value through profit or loss

Listed equities	740,629	-	-	740,629
Listed unit trust	48,472	-	-	48,472
Derivatives - futures	145	-	-	145
Total financial assets	789,246	-	-	789,246

4 Net gains/(losses) on financial instruments at fair value through profit or loss

	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
Financial assets		
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	51,515	58,433
Net realised gains/(losses) on financial assets at fair value through profit or loss	7,710	11,312
Net gains/(losses) on financial assets at fair value through profit or loss	59,225	69,745
Total net gains/(losses) on financial instruments at fair value through profit or loss	59,225	69,745

5 Distributions to unitholders

The distributions were paid/payable as follows:

	Half-year ended 31 December 2023 \$'000		Half-year ended 31 December 2022 CPU	
Class A				
31 December (payable)	4,884	3.0397	8,891	3.4850
	<u>4,884</u>		<u>8,891</u>	
Class B				
31 December (payable)	1,551	2.8665	1,801	3.3613
	<u>1,551</u>		<u>1,801</u>	
Class C				
31 December (payable)	-	-	42	6.0080
	<u>-</u>		<u>42</u>	
Class D				
31 December (payable)	15,621	3.7385	15,832	4.6270
	<u>15,621</u>		<u>15,832</u>	
Total distributions	22,056		26,566	

6 Financial instruments at fair value through profit or loss

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Financial assets at fair value through profit or loss		
Listed equities	880,214	740,629
Listed unit trusts	66,978	48,472
Futures	229	145
Total financial assets at fair value through profit or loss	947,421	789,246

7 Receivables

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Due from brokers - receivable for securities sold	874	439
Accrued income	479	4,374
GST receivable	29	26
Total receivables	1,382	4,839

8 Payables

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Due to brokers - payable for securities purchased	2,305	2,333
Accrued expenses	48	46
Total payables	2,353	2,379

9 Net assets attributable to unitholders

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

	Half-year ended		Half-year ended	
	31 December 2023 Units	31 December 2022 Units	31 December 2023 \$'000	31 December 2022 \$'000
Class A				
Net assets attributable to unitholders				
Opening balance	158,493,211	253,763,845	188,677	284,274
Applications	4,345,421	-	5,500	-
Redemptions	(4,495,044)	(4,931,009)	(5,316)	(6,244)
Reinvestment of distributions	2,321,506	6,295,899	2,766	7,056
Profit/(loss) for the half-year	-	-	15,833	30,399
Distributions paid and payable	-	-	(4,884)	(8,891)
Closing balance	160,665,094	255,128,735	202,576	306,594
Class B				
Net assets attributable to unitholders				
Opening balance	53,277,966	56,251,654	59,830	59,839
Applications	3,415,455	2,815,979	3,896	3,198
Redemptions	(2,867,951)	(5,894,244)	(3,212)	(6,682)
Reinvestment of distributions	313,218	412,557	352	439
Profit/(loss) for the half-year	-	-	4,747	5,823
Distributions paid and payable	-	-	(1,551)	(1,801)
Closing balance	54,138,688	53,585,946	64,062	60,816

9 Net assets attributable to unitholders (continued)

Class C

Net assets attributable to unitholders

Opening balance	679,683	724,808	1,370	1,384
Redemptions	(679,683)	(29,612)	(1,455)	(61)
Profit/(loss) for the half-year	-	-	85	134
Distributions paid and payable	-	-	-	(42)
Closing balance	-	695,196	-	1,415

Class D

Net assets attributable to unitholders

Opening balance	351,440,851	350,070,019	550,352	514,066
Applications	101,962,241	60,087,970	161,567	94,400
Redemptions	(35,651,069)	(68,071,160)	(56,510)	(107,794)
Reinvestment of distributions	92,617	77,304	145	114
Profit/(loss) for the half-year	-	-	54,193	53,856
Distributions paid and payable	-	-	(15,621)	(15,832)
Closing balance	417,844,640	342,164,133	694,126	538,810

Total

Net assets attributable to unitholders

Opening balance	563,891,711	660,810,326	800,229	859,563
Applications	109,723,117	62,903,949	170,963	97,598
Redemptions	(43,693,747)	(78,926,025)	(66,493)	(120,781)
Reinvestment of distributions	2,727,341	6,785,760	3,263	7,609
Profit/(loss) for the half-year	-	-	74,858	90,212
Distributions paid and payable	-	-	(22,056)	(26,566)
Closing balance	632,648,422	651,574,010	960,764	907,635

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are four separate classes of units. As at 21 December 2023, the remaining unit holders in Class C switched all of their units into Class B. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

10 Events occurring after the reporting period

No other significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as at 31 December 2023 or on the results and cash flows of the Fund for the half-year ended on that date.

11 Contingent assets and liabilities and commitments

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

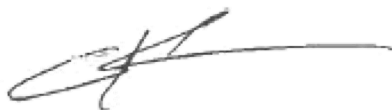
Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the interim financial report and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the interim financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Mr C. Kwok
Director
Pinnacle Fund Services Limited

Brisbane
7th March 2024



Independent auditor's review report to the unitholders of Solaris Core Australian Equity Fund

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Solaris Core Australian Equity Fund (the Registered Scheme) which comprises the Condensed statement of financial position as at 31 December 2023, the Condensed statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors of the Responsible Entity's declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Solaris Core Australian Equity Fund does not comply with the *Corporations Act 2001* including:

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

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 Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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.

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



Auditor's responsibilities for the review of the 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 we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Registered Scheme's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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