

Annual Report 2025

**TRILOGY MONTHLY
INCOME TRUST**

ARSN 121 846 722

Issued by Trilogy Funds Management Limited
in its capacity as Responsible Entity

 **Trilogy Funds**



Your Annual Financial Report

We're pleased to provide you with the Annual Report for the Trilogy Monthly Income Trust for the year ended 30 June 2025.

This report completes the suite of investor information relating to the 2024-2025 financial year.

If you have any questions about the Annual Report, please contact our Investor Relations team on 1800 230 099 between 8.30am and 5.00pm AEST, Monday to Friday.

Kind regards,

A handwritten signature in black ink that reads "Robert Willcocks".

Robert Willcocks

Independent Non-Executive Chairman
Trilogy Funds Management Limited

TRILOGY MONTHLY INCOME TRUST

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TRILOGY MONTHLY INCOME TRUST

DIRECTORS' REPORT



For the year ended 30 June 2025

The Directors of Trilogy Funds Management Limited (Responsible Entity), the Responsible Entity of the Trilogy Monthly Income Trust (Scheme), present their report together with the financial statements of the Scheme for the year ended 30 June 2025.

Responsible Entity

The Responsible Entity is incorporated and domiciled in Australia. The registered office and principal place of business of the Responsible Entity and the Scheme is Level 26, 10 Eagle Street, Brisbane, QLD, 4000.

Directors

The names of the directors of the Responsible Entity in office at any time during, or since the end of the financial year are:

Name and qualifications	Age	Experience and special responsibilities
Robert M Willcocks Independent Non-Executive Chairman BA, LL.B, LL.M	76	Member of the Audit & Risk Committee Former partner with Mallesons Stephen Jaques (now King & Wood Mallesons) Mr Willcocks has been a non-executive director (sometimes Chairman) of a number of listed companies Chairman – Responsible Entity since 9 October 2009
Rodger I Bacon Non-Executive Deputy Chairman BCom(Merit), AICD, SFFin	79	Former Executive Director of Challenger International Limited Mr Bacon is a former director of several companies including, Financial Services Institute of Australasia Director – Responsible Entity until 30 June 2023 Non-Executive Director – Responsible Entity until 1 May 2025
John C Barry Executive Director BA, FCA	73	Former Executive Director of Challenger International Limited Mr Barry is a director of several companies, including former Chairman of Westpac RE Limited Director – Responsible Entity until 1 May 2025
Philip A Ryan Executive Director and Company Secretary LL.B, Grad Dip Leg Prac, FTIA, FFIN	64	Mr Ryan is a solicitor and member of the Queensland Law Society Inc. Former partner of a Brisbane law firm Mr Ryan is a director of several companies Director – Responsible Entity until 1 May 2025
Rohan C Butcher Independent Non-Executive Director Grad Dip PM, BASc(QS), Registered Builder, Licensed Real Estate Agent	56	Member of the Lending Committee Consultant to several major companies providing development management services Director – Responsible Entity since 29 July 2008

TRILOGY MONTHLY INCOME TRUST

DIRECTORS' REPORT



For the year ended 30 June 2025

Directors (continued)

Name and qualifications	Age	Experience and special responsibilities
Justin J Smart Executive Director and Company Secretary BCom, CPA	53	Member of the Audit & Risk Committee Mr Smart is a director of several private companies and has over 25 years' experience in the financial services industry Director – Responsible Entity from 1 January 2023 Company Secretary – Responsible Entity since 11 July 2013
Henry F Elgood Executive Director MAICD	29	Member of the Audit & Risk Committee, Mr Elgood is a non-executive director of several private companies Director – Responsible Entity since 1 January 2023
Clinton B Arentz Executive Director MBA, SIA (Aff)	62	Chairman of the Workout Committee, Head of Lending & Property Mr Arentz is a former director of Winston Development Services, and has over 25 years' experience in property development, asset management, project delivery, construction lending and property finance Director – Responsible Entity until 1 May 2025
Patrice A Sherrie Independent Non-Executive Director GAICD, FCA, B Bus	62	Chairman of the Audit & Risk Committee Patrice has over 35 years' experience in chartered accounting and commerce and is, and has been, a non executive director of listed and unlisted organisations across multiple industries Independent Non-Executive Director – Responsible Entity from 25 February 2024

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia. During the year the Scheme invested in loans secured by registered first mortgages over real property in Australian states and territories, with funds also held in financial institutions and various fixed income investments and listed securities for liquidity purposes. The investment strategy of the Scheme is to invest in loans secured by registered first mortgages, and to utilise excess liquidity in fixed income investments, in accordance with the Scheme's Product Disclosure Statement (PDS). The Scheme did not have any employees during the year.

The Scheme's loans to borrowers were limited to a maximum loan amount of \$50 million (2024: \$40 million) and a maximum loan-to-value (LVR) ratio of 70% (2024: 70%).

Financial overview

The Scheme produced an average net return for the year ended 30 June 2025 of 7.72% p.a. (2024: 8.04% p.a.). Net investor inflows less movement in the provision for expected credit losses (ECL) (Note 9) resulted in net assets attributable to unitholders of \$931,136,566 (2024: \$753,542,680). The total drawn balance of current loans increased by \$88,515,276 to \$722,324,150 (2024: 633,808,874).

The net profit before distributions to unitholders for the year ended 30 June 2025 was \$63,396,476 (2024: \$53,130,325).

TRILOGY MONTHLY INCOME TRUST

DIRECTORS' REPORT



For the year ended 30 June 2025

Principal activities (continued)

Distributions to unitholders

The return to unitholders of the Scheme was as follows (refer Note 5):

	2025	2024
	\$	\$
Distributions paid during the year	62,342,868	53,650,320
Distributions payable at year end	5,724,968	5,165,729
	68,067,836	58,816,049
Average net return to unitholders p.a.	7.72%	8.04%

The basis for valuation of the Scheme's major asset, mortgage loans, is disclosed in Note 9 to the financial statements.

Net assets attributable to unitholders

	Note	2025	2024
		\$	\$
<i>Net asset value per unit</i>			
Net assets attributable to unitholders		931,136,566	753,542,680
Add ECL general provision (i)	9	1,411,032	1,111,947
Add ECL specific provision (i)	9	10,019,895	5,647,619
Adjusted net assets attributable to unitholders		942,567,493	760,302,246
Net asset value per unit as at 30 June		\$1.00	\$1.00

- (i) It is the policy of the Responsible Entity to add back the value of the specific provision to the NAV of the Scheme, as a related party of the Responsible Entity has provided an indemnity to the Scheme for the quantum of this provision. The Scheme's balance of the ECL general provision has also been added back to the net assets of the Scheme as per the Responsible Entity's policy when determining the NAV per unit.

Indirect cost ratio (ICR)

The ICR is the ratio of the Scheme's management costs over the Scheme's average net assets for the year, expressed as a percentage.

Management costs include management fees and other expenses or reimbursements deducted in relation to the Scheme, but do not include transactional and operational costs. Management costs are deducted from distributions to unitholders. The ICR for the Scheme for the year ended 30 June 2025 is 2.72% p.a. (2024: 3.33% p.a.).

TRILOGY MONTHLY INCOME TRUST

DIRECTORS' REPORT



For the year ended 30 June 2025

Interests of the Responsible Entity

The following fees were paid to the Responsible Entity and its associates out of the Scheme property during the financial year (refer Note 14(c)(i)).

	2025	2024
	\$	\$
<i>Fees paid directly by the Scheme</i>		
Responsible Entity management fees	6,495,272	6,785,949
Responsible Entity management fees rebated	(2,116,797)	(2,737,080)
	4,378,475	4,048,869
Mortgage investment management fees	28,086,678	24,867,428
Mortgage investment management fees rebated	(3,768,727)	-
	24,317,951	24,867,428
	28,696,426	28,916,297
	2025	2024
	\$	\$
<i>Other fees and expenses</i>		
Expenses incurred by the Responsible Entity, and other related entities, not reimbursed by the Scheme	1,571,158	1,110,163

The Responsible Entity (including its associates) held units in the Scheme as at 30 June 2025, (refer Note 14(c)).

Significant changes in the state of affairs

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Scheme that occurred during the financial year.

Events subsequent to the end of the reporting year

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

Likely developments and expected results of operations

The Scheme will continue to pursue its principal activities in the next financial year in order to achieve a competitive return for unitholders.

Environmental regulation

The operations of the Scheme 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 Scheme.

TRILOGY MONTHLY INCOME TRUST

DIRECTORS' REPORT



For the year ended 30 June 2025

Options

No options were:

- (a) Granted over unissued units in the Scheme during or since the end of the financial year; or
- (b) Granted to the Responsible Entity.

No unissued units in the Scheme were under option as at the date on which this report is made.

No units were issued in the Scheme during or since the end of the financial year as a result of the exercise of an option over unissued units in the Scheme.

Indemnification of officers or auditor

Indemnification

Under the Scheme constitution the Responsible Entity is required to indemnify all current and former officers of the Responsible Entity (but not including auditors) out of the property of the Responsible Entity against:

- (a) any liability for costs and expenses which may be incurred by that person in defending civil or criminal proceedings in which judgement is given in that person's favour, or in which the person is acquitted, or in the connection with an application in relation to any such proceedings in which the court grants relief to the person under the Corporations Act 2001; and
- (b) a liability incurred by the person, as an officer of the Responsible Entity or of a related body corporate, to another person (other than the Responsible Entity or a related body corporate) unless the liability arises out of conduct involving a lack of good faith.

Insurance premiums

During the financial year, the Responsible Entity paid an insurance premium in respect of a contract insuring each of the officers of the Responsible Entity. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or related body corporates. This insurance premium does not cover the auditors. The Scheme has not indemnified any auditor of the Scheme.

Proceedings on behalf of the Responsible Entity

The Responsible Entity is involved in several legal cases arising in the normal course of business. The outcome of these cases is currently uncertain. Management is unable to determine whether a present obligation exists or to reliably estimate any potential financial impact. Therefore, no provision has been recognised in the financial statements. The Responsible Entity will continue to monitor these matters and update the disclosures if new information becomes available.

TRILOGY MONTHLY INCOME TRUST DIRECTORS' REPORT



For the year ended 30 June 2025

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 7.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.

A handwritten signature in black ink that reads "Henry F Elgood".

Henry F Elgood
Co-Managing Director

29 September 2025
Sydney

A handwritten signature in black ink that reads "Justin J Smart".

Justin J Smart
Co-Managing Director

29 September 2025
Brisbane



AUDITORS INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY N I BATTERS TO THE DIRECTORS OF TRILOGY FUNDS MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF TRILOGY MONTHLY INCOME TRUST

As lead auditor of Trilogy Monthly Income Trust for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'N I Batters'.

N I Batters
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2025

TRILOGY MONTHLY INCOME TRUST

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue and other income			
Interest revenue - mortgage loans	4	60,276,045	57,536,570
Distribution revenue - investments	4	9,674,601	3,903,343
Net gain on change in fair value of financial assets	10	316,210	1,564,084
		70,266,856	63,003,997
Borrower fees	4	28,086,678	24,867,428
		98,353,534	87,871,425
Expenses			
Responsible Entity management fees	14(c)	(4,378,475)	(4,048,869)
Mortgage investment management fees	14(c)	(24,317,951)	(24,867,428)
Impairment loss expense	9	(4,671,361)	(5,685,723)
Other expense	14(c)	(1,589,271)	(139,080)
		(34,957,058)	(34,741,100)
Profit for the year		63,396,476	53,130,325
Profit for the year attributable to unitholders		63,396,476	53,130,325
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		63,396,476	53,130,325

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

TRILOGY MONTHLY INCOME TRUST

STATEMENT OF FINANCIAL POSITION



For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Cash and cash equivalents	7	96,456,039	45,523,194
Trade and other receivables	8	10,045,016	7,828,741
Mortgage loans	9	710,893,223	627,049,308
Financial assets	10	127,065,924	84,679,127
Total assets		944,460,202	765,080,370
Liabilities			
Trade and other payables	11	7,598,668	6,371,961
Distributions payable	5	5,724,968	5,165,729
Total liabilities		13,323,636	11,537,690
Net assets attributable to unitholders - Equity		931,136,566	753,542,680

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

TRILOGY MONTHLY INCOME TRUST

STATEMENT OF CHANGES IN NET ASSETS

ATTRIBUTABLE TO UNITHOLDERS



For the year ended 30 June 2025

	Note	Total equity \$
Balance at 1 July 2023		646,465,591
<i>Comprehensive income:</i>		
Profit for the year		53,130,325
Other comprehensive income for the year		-
Total comprehensive income for the year		<u>53,130,325</u>
<i>Transactions with unitholders in their capacity as owners:</i>		
Applications		240,447,606
Redemptions		(140,982,466)
Units issued upon reinvestment of distributions		13,314,953
Adviser fees paid from capital		(17,280)
Distributions paid/payable	5	<u>(58,816,049)</u>
Balance at 30 June 2024		<u>753,542,680</u>
Balance at 1 July 2024		753,542,680
<i>Comprehensive income:</i>		
Profit for the year		63,396,476
Other comprehensive income for the year		-
Total comprehensive income for the year		<u>63,396,476</u>
<i>Transactions with unitholders in their capacity as owners:</i>		
Applications		305,556,913
Redemptions		(140,078,992)
Units issued upon reinvestment of distributions		16,811,225
Adviser fees paid from capital		(23,900)
Distributions paid/payable	5	<u>(68,067,836)</u>
Balance at 30 June 2025		<u>931,136,566</u>

The statement of changes in net assets attributable to unitholders should be read in conjunction with the accompanying notes

TRILOGY MONTHLY INCOME TRUST

STATEMENT OF CASH FLOWS



For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Interest received - mortgage loans		60,276,045	57,536,570
Distributions received - investments		8,361,733	2,905,990
Borrower fees received		28,086,678	24,867,428
Mortgage loan funds advanced		(573,983,575)	(427,189,430)
Mortgage loan funds repaid		485,462,300	423,279,695
Fees paid to the Responsible Entity		(28,578,077)	(29,151,723)
Net GST received/(paid)		63,731	(56,565)
Net cash (used in)/provided by operating activities	13	(20,311,165)	52,191,965
Cash flows from investing activities			
Investments in MIS and fixed income instruments		(372,834,646)	(146,935,257)
Disposals of MIS and fixed income instruments		330,764,058	71,197,708
Net cash used in investing activities		(42,070,588)	(75,737,549)
Cash flows from financing activities			
Payments for redemption of units		(140,102,892)	(140,999,746)
Distributions paid to unitholders		(67,508,597)	(58,099,649)
Receipts from issue of units		320,879,064	254,906,406
Payment of borrowing costs		-	-
Receipts to be refunded		47,023	(105,192)
Net cash provided by financing activities		113,314,598	55,701,819
Net increase in cash and cash equivalents		50,932,845	32,156,235
Cash at beginning of the reporting period	7	45,523,194	13,366,959
Cash and cash equivalents at end of year		96,456,039	45,523,194

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

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 1 Reporting entity

Trilogy Monthly Income Trust (Scheme) is a registered managed investment scheme (MIS) under the Corporations Act 2001 (Act), and is an Attribution Managed Investment Trust (AMIT) under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The financial statements of the Scheme are for the year ended 30 June 2025. As stipulated by the Scheme's constitution, the life of the Scheme is limited to a period of not more than 80 years from the anniversary of the commencement of the Scheme. At this time, the Scheme is to realise the assets and distribute all surplus funds to unitholders. The Scheme is a for-profit entity.

Note 2 Basis of preparation

(a) Statement of compliance

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards and interpretations in their entirety.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of financial assets. Assets and liabilities have been presented in decreasing order of liquidity, providing more reliable and more relevant information, due to the nature of activities of the Scheme.

The financial statements were approved by the Board of Directors of Trilogy Funds Management Limited (Responsible Entity) on 29 September 2025.

(b) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Scheme's functional currency.

(c) Key assumptions and sources of estimation

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised are disclosed in:

- Note 8: Impairment losses (interest receivable);
- Note 9: Impairment losses (mortgage loans);
- Note 10: Financial Assets (financial investments); and
- Note 15(a): Financial risk management (credit risk).

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Scheme has not early adopted any accounting standard.

(a) Cash and cash equivalents

Cash and cash equivalents include deposits at call with financial institutions and other highly liquid investments with periods of maturity of 90 days or less which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value on conversion.

(b) Financial instruments

Classification

The Scheme classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is measured at amortised cost if it meets the following conditions:

- It is held within a business model whose objective is to hold assets and collect contractual cash flows;
- Its contractual term give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding; and
- It is not designated at fair value through profit or loss (FVTPL).

A majority of the Scheme's assets, within the scope of AASB 9 Financial Instruments, are loans secured by first mortgages. These loans and receivables are held at amortised cost.

The majority of Scheme's portfolio of financial assets are loans secured by first mortgages and they are held to contractual cashflows at a specified date therefore the loans meet the solely payments of principal and interest on interest requirement and are measured at amortised cost. Loans managed and its performance is evaluated on amortised cost basis in accordance with the Scheme's documented investment strategy.

Equity securities, investments in unlisted managed investment Schemes and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

Recognition

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Measurement

Financial instruments are measured initially at fair value plus transaction costs except where the instrument is classed at fair value through profit or loss in which the transaction costs are expensed immediately. Transaction costs on financial assets and financial liabilities are amortised over the life of the asset or liability using the effective interest method.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 3 Material accounting policies (continued)

(b) Financial instruments (continued)

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

Impairment

The Scheme measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument was purchased as a credit impaired financial asset. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Scheme is required to measure the loss allowance for that financial instrument at an amount equal to the 12-month ECL.

The Scheme has applied a three-stage model based on the change in credit risk since initial recognition to determine the loss allowance of its loan receivables.

Stage 1: 12-month ECL

On initial recognition, ECL is collectively assessed and measured by classes of loan receivables, with the same level of credit risk as a product of the probability of default (PD) within the next 12 months and the loss given defaults (LGDs). In doing so consideration is given to forward looking economic indicators. Loss allowance for loan receivables are deducted from the gross carrying amount of the loan receivables.

Stage 2: Lifetime ECL

When the Scheme determines that there has been a significant increase in credit risks since initial recognition but not considered to be credit impaired, the Scheme recognised a lifetime ECL for the remaining lifetime of the financial asset. In doing so consideration is given to forward looking economic indicators. Similar to stage 1 loss allowances for loan receivables, the lifetime ECL amounts are deducted from the gross carrying amount of the loan receivables.

Stage 3: Lifetime ECL - credit impaired

At each reporting date, the Scheme assess whether loan receivables are credit impaired. A financial asset is credit impaired when one or more events that have a determination impact on the estimated future cash flows of the financial asset have occurred. For loan receivables that have been assessed as credit impaired, a lifetime ECL is recognised as a specific provision, and interest revenue is calculated by applying the effective interest rate to the amortised cost instead of the carrying amount.

A loan receivable balance is fully impaired when the borrower is unlikely to pay their obligation and the Scheme determines there is no reasonable expectation of recovery. In assessing whether reasonable expectation of recovery exists, multiple factors are considered including days past due without repayment, recourse available to the Scheme such as realisability of security, insurance payout and other related factors.

Refer Note 9 *Mortgage Loans* for impairment assessments of loans.

Derecognition

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 9 Financial instruments.

The Scheme uses the weighted average method to determine realised gains and losses on derecognition of financial assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 3 Material accounting policies (continued)

(b) Financial instruments (continued)

Specific instruments - cash and cash equivalents

Cash comprises of current deposits with ADIs (Authorised Deposit-Taking Institutions). Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Revenue and income recognition

Interest revenue - mortgage loans

Revenue is recognised as the interest accrues (using the effective interest rate method) to the gross carrying amount of the financial asset except for impaired financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Changes in the fair value of investments

Net gains or losses on investments are fair valued through profit or loss and calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend revenue.

Amortisation of application fees

In accordance with *AASB 9 Financial Instruments*, the Scheme recognises the revenue derived from loan applications over the term of the loan period.

Administration and monitoring fees

The Scheme charges a set percentage for each loan as agreed at the time of entering into the loan agreement as administration and monitoring fees. These fees are set on drawn loan amount or the limit of the loan facility.

(d) Expenses

All expenses, including management fees, are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

(e) Taxation

Under current legislation the Scheme is not subject to income tax as its taxable income including assessable realised capital gains is distributed in full to the unitholders. The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

Realised capital losses are not distributed to unitholders but are retained in the Scheme to be offset against any future realised capital gains. If realised capital gains exceeds realised capital losses the excess is distributed to the unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 3 Material accounting policies (continued)

(f) Unit prices

The unit price is based on unit price accounting outlined in the Scheme's Constitution and Product Disclosure Statement (PDS).

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(g) Distributions to unitholders

Distributions to unitholders on units issued are recognised in the Statement of changes in net assets attributable to unitholders as distributions paid/payable. Distributions unpaid at the end of the financial year are recognised in the Statement of financial position as a financial liability. Distributions paid to unitholders are included in cash flows from financing activities in the Statement of cash flows.

(h) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemption prices are determined as the net asset value of the Scheme per the Constitution adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

(i) Terms and conditions of units on issue

The Scheme holds assets consisting of mortgages and fixed income investment products. Unitholders are issued units based on the application price at the time of investment.

Each unit confers upon the unitholder an equal interest in the Scheme and is of equal value. A unit does not confer an interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income and capital distributions where the Scheme has distributable income;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Scheme.

(j) Finance costs

Interest expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the interest-bearing financial liability and its amount at maturity calculated on an effective interest rate basis.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 3 Material accounting policies (continued)

(k) Trade and other receivables

Receivables are recorded at amortised cost less impairment and may include amounts for distributions and interest. Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(l) Goods and services tax

Management fees and other expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included.

The GST recoverable from the ATO is included in trade and other receivables, while GST payable to the ATO is included in trade and other payables, both of which are presented in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis.

(m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Scheme during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

Note 4 Revenue from operations

	2025	2024
	\$	\$
Interest from mortgage loans		
Interest from mortgage loans	60,276,045	57,536,570
	60,276,045	57,536,570
Distribution revenue from investments		
Interest on cash and cash equivalents	1,887,351	1,679,269
MIS (i)	6,774,063	2,224,074
Listed securities (ii)	1,013,187	-
	9,674,601	3,903,343

(i) MIS represents investments held in unlisted managed investment schemes.

(ii) Investments held in listed securities.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 4 Revenue from operations (continued)

	2025	2024
	\$	\$
Borrower fees received		
Application and extension fees	14,948,345	12,141,794
Variation fees	566,614	1,055,427
Exit and release fees	370,760	385,210
Progress draw fees	185,800	223,350
Administration and monitoring fees	12,015,159	11,061,647
	<u>28,086,678</u>	<u>24,867,428</u>

Note 5 Distributions to unitholders

	2025		2024	
	\$	Cents/unit p.a.	\$	Cents/unit p.a.
Ordinary units				
Distribution paid during the year	62,342,868	7.77	53,650,320	8.04
Distribution payable at year end	5,724,968	7.15	5,165,729	8.05
Total distributions to unitholders	<u>68,067,836</u>	<u>7.72</u>	<u>58,816,049</u>	<u>8.04</u>

Note 6 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Scheme, BDO Audit Pty Ltd (i):

	2025	2024
	\$	\$
Audit and other assurance services		
Audit and review of the financial statements	93,800	89,800
Audit of the compliance plan	25,000	24,100
Total remuneration for audit and other services	<u>118,800</u>	<u>113,900</u>

- (i) Auditor's remuneration is paid by The Trustee for the Trilogy Financing Trust, a related entity to the Responsible Entity, not by the Scheme (refer Note 14(c)(i)).

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 7 Cash and cash equivalents

	2025	2024
	\$	\$
Cash and cash equivalents	96,456,039	45,523,194
	96,456,039	45,523,194

Note 8 Trade and other receivables

	2025	2024
	\$	\$
Distributions and redemptions receivable - MIS	167,768	44,897
Deferred loan management fees	6,227,072	3,659,452
GST receivable	146,538	210,269
Receivable from related entities (i)	503,638	914,123
Other receivables (ii)	3,000,000	3,000,000
	10,045,016	7,828,741

- (i) A limited indemnity was provided by a related party to the Scheme to compensate losses incurred from investments in mortgage loans. Receivables from related entities are also comprised of distributions receivable from a related party, see Note 14(c)(ii).
- (ii) Funds receivable from a related party in relation to a joint lending agreement over a registered first mortgage.

(a) Impairments

The Scheme assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables the scheme applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Management has determined that assessment of expected credit loss associated with the trade and other receivables is not material.

(b) Collateral pledged

No collateral is held over trade and other receivables.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 9 Mortgage loans

	2025	2024
	\$	\$
Held directly		
Pooled mortgage loans	722,324,150	633,808,874
Impairment losses:		
Less: Allowance for impairment losses - general	(1,411,032)	(1,111,947)
Less: Allowance for impairment losses - specific	(10,019,895)	(5,647,619)
	<u>(11,430,927)</u>	<u>(6,759,566)</u>
	<u>710,893,223</u>	<u>627,049,308</u>

Movement in allowance for impairment losses

	Opening balance	Increase / (reduction) in provision	Closing balance	Increase / (reduction) in provision	Realised Impairment	Impairment expense
	\$	\$	\$	\$	\$	\$
30 June 2025	6,759,566	4,671,361	11,430,927	4,671,361	-	4,671,361
30 June 2024	1,073,843	5,685,723	6,759,566	5,685,723	-	5,685,723

The Scheme holds a pool of registered first mortgage loans, with funds being provided for the purchase, development, construction or re-financing of Australian property.

(a) Impairment provision – general

Using the explicit “probability of default” approach the Scheme applies the following formula to all loans:

- Loan balance x probability of default (%) x loss given default (%)

2025						
Ranking	Probability of default	Loss given default	AxB	Exposure at default	Exposure at default %	ECL Provision
	A	B	C	D		CxD=E
Platinum	1.00%	5.00%	0.05%	5,791,069	0.59%	2,896
Gold	1.50%	5.00%	0.08%	329,032,798	32.67%	246,775
Silver	2.00%	7.50%	0.15%	569,953,060	56.60%	854,930
Bronze	3.00%	10.00%	0.30%	102,143,738	10.14%	306,431
				<u>1,006,920,665</u>	<u>100.00%</u>	<u>1,411,032</u>

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 9 Mortgage loans (continued)

(a) Impairment provision – general (continued)

2024

Ranking	Probability of default	Loss given default	AxB	Exposure at default	Exposure at default %	ECL Provision
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>		<u>CxD=E</u>
Platinum	1.00%	5.00%	0.05%	-	-	-
Gold	1.50%	5.00%	0.08%	254,793,786	32.09%	191,095
Silver	2.00%	7.50%	0.15%	464,487,284	58.50%	696,731
Bronze	3.00%	10.00%	0.30%	74,707,135	9.41%	224,121
				793,988,205	100.00%	1,111,947

The Scheme applies a probability of default based on historical performance of loans and the expected performance of loans based on the future economic environment that impacts the loans.

Exposure at default relates to the Approved value of the each loan per category.

Expected credit loss factors

AASB 9 Financial Instruments requires the expected credit loss model to determine whether the reported loan balances are impaired. Loan portfolio managers assess the credit quality of each loan by way of a scoring system out of 200 points based on key factors that effect the risk of a loan, listed as follows:

- LVR (higher of approved vs drawn);
- Type of Instrument;
- Risk of builder failure;
- Stage of completion;
- Stage of sell-down;
- Strength of borrower;
- Length of loan; and
- Market conditions.

The following total scores determine which category the loan is placed:

Category	Score
Platinum	181, plus
Gold	between 131 and 180
Silver	between 81 and 130
Bronze	80 or less

Quality classification definitions

- 'Platinum' exposures demonstrates a very strong capacity to meet financial commitments, with negligible probability of default.
- 'Gold' exposures demonstrates a good capacity to meet financial commitments, with negligible to low default risk.
- 'Silver' exposures require closer monitoring but have an expected capacity to meet financial commitments, with low default risk.
- 'Bronze' exposures have a higher propensity to default risk.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 9 Mortgage loans (continued)

(a) Impairment provision – general (continued)

Management applied its experience and judgement in determining the probability of a Platinum, Gold, Silver or Bronze loan going into default. Consideration was applied to the collateral held over the assets. All loans are secured by registered first mortgages, as well as personal guarantees provided by directors or controlling parties related to the borrower. The Scheme also obtains a guarantee from a related entity for loans that are credit impaired at the reporting date.

(b) Impairment provision - specific

Discounted cash flows were prepared for loans which the Lending Committee noted had exhibited impairment indicators, which are discounted at the current interest rate as per the loan agreement. The discounted net returns from the sale of all security is compared against the balance advanced on the loan as at the reporting date in order to determine impairments.

A related party provides a limited indemnity to the Scheme to the extent of the specific provision, in the event an impacted loan experiences a realised loss.

(c) Impairment provision

	Number of loans	Weighted average approved LVR	Loans approved balance \$	Loans drawn balance \$	ECL - general provision \$	ECL - specific provision \$
2025						
Platinum	1	60%	5,791,069	3,577,132	2,896	-
Gold	37	61%	328,946,551	263,973,243	246,775	-
Silver	74	65%	574,710,372	358,762,125	854,930	601,956
Bronze	21	76%	126,387,734	96,011,650	306,431	9,417,939
	133		1,035,835,726	722,324,150	1,411,032	10,019,895
	Number of loans	Weighted average approved LVR	Loans approved balance \$	Loans drawn balance \$	ECL - general provision \$	ECL - specific provision \$
2024						
Platinum	-	-	-	-	-	-
Gold	35	59%	254,720,611	201,618,650	191,095	-
Silver	74	65%	481,157,926	343,240,382	696,731	1,433,989
Bronze	16	74%	98,665,675	88,949,841	224,121	4,213,630
	125		834,544,212	633,808,873	1,111,947	5,647,619

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 9 Mortgage loans (continued)

(c) Impairment provision (continued)

	2025	2024
	\$	\$
Three Stage Model		
Stage 1 12-Month ECL	1,104,601	887,826
Stage 2 Lifetime ECL	306,431	224,121
	1,411,032	1,111,947
Stage 3 Lifetime ECL - credit impaired	10,019,895	5,647,619
	11,430,927	6,759,566

(d) LVR

The following tables identify credit exposures from loans by using ranges of LVR. LVR is calculated as the ratio of the approved amount of the loan against the value of the security on either an "as is" or "as if complete" basis as determined by an external valuer. The valuation of the security excludes any costs associated with its disposal.

	Loan Drawn Balance		Loan Drawn Balance	
	2025		2024	
	\$	%	\$	%
Current LVR				
50% and less	21,806,642	3%	14,336,319	2%
50-60%	114,667,577	16%	108,135,256	17%
60-65%	225,003,294	31%	261,669,499	42%
65-70%	310,666,473	43%	217,064,176	34%
Above 70%	50,180,164	7%	32,603,623	5%
	722,324,150	100%	633,808,873	100%
	ECL - Provision		ECL - Provision	
	2025		2024	
	\$	%	\$	%
Expected credit loss on loans				
50% and less	36,828	>1%	442,732	7%
50-60%	167,317	1%	120,881	2%
60-65%	423,583	4%	2,094,630	31%
65-70%	3,772,100	33%	1,510,550	22%
Above 70%	7,031,099	62%	2,590,773	38%
	11,430,927	100%	6,759,566	100%

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 10 Financial Assets

	2025	2024
	\$	\$
Investments in managed investment schemes (MIS) (i)	12,500,000	8,237,797
Investments in listed securities (ii)	25,874,129	-
Investments in asset back securities mandate (ABSM)	34,860,006	34,756,187
Investments in bonds	51,931,927	39,999,131
	125,166,062	82,993,115
Investments held at amortised cost (IHAC)	1,899,862	1,686,012
	127,065,924	84,679,127

- (i) MIS is a direct investment amount in Trilogy Enhanced Income Fund (TEIF), an unlisted Managed Investment Scheme also operated by the Responsible Entity, which in turn maintains an investment of approximately 65% of its net assets in cash and cash style products, with the balance invested in the Scheme. The Scheme's investment in TEIF is carried at cost, which is also equivalent to fair value.
- (ii) The Scheme maintains investments in several listed securities. These entities hold portfolios similar in nature to the Scheme's, comprising mortgage loans secured by first mortgages over real Australian property, along with various fixed income instruments.

	2025	2024
	\$	\$
Balance at beginning of year	82,993,115	7,377,493
Investment/(disposal) in MIS	11,500,000	157,597
Investment/(disposal) in listed securities	18,320,561	-
Investment/(disposal) in ABSM	(3,840)	34,320,089
Investment/(disposal) in bonds	12,040,016	39,573,852
Fair value gain/(loss) on investments	316,210	1,564,084
Balance at end of year	125,166,062	82,993,115

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of the Scheme's investment in unlisted managed investment schemes and listed securities. To provide an indication about the reliability of the inputs used in determining fair value, the Scheme has classified its investments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 10 Financial Assets (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2025				
Investments in unlisted managed investment schemes	-	12,500,000	-	12,500,000
Investments in listed securities	25,874,129	-	-	25,874,129
Investments in ABSM	-	34,860,006	-	34,860,006
Investments in bonds	-	51,931,927	-	51,931,927
	<u>25,874,129</u>	<u>99,291,933</u>	<u>-</u>	<u>125,166,062</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2024				
Investments in unlisted managed investment schemes	-	8,237,797	-	8,237,797
Investments in ABSM	-	34,756,187	-	34,756,187
Investments in bonds	-	39,999,131	-	39,999,131
	<u>-</u>	<u>82,993,115</u>	<u>-</u>	<u>82,993,115</u>

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

Level 1: the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); and

Level 3: a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

Valuation techniques used to determine level 1 fair values

The fair value of investments in listed securities is equal to number of units held multiplied by the listed market price, as quoted on the Australian Securities Exchange (ASX) as at the reporting date.

Valuation techniques used to determine level 2 fair values

The fair value of investments in unlisted managed investment schemes is equal to the quoted closing value of the units in those schemes at any point in time multiplied by the total units held. The fair value of the portfolio of directly held corporate bonds and asset back securities mandate is equivalent to the sum of the market value at any point in time of each individual asset in the respective portfolio.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 11 Trade and other payables

	2025	2024
	\$	\$
Loan management fees	1,172,506	953,589
Deferred application fee liability	6,227,072	3,659,452
Responsible Entity management fees and costs	120,150	220,719
Other payables (i)	78,940	1,538,201
	7,598,668	6,371,961

(i) Primarily represents incomplete investor application monies & funds to be returned to investors.

Note 12 Net assets attributable to unitholders

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

	2025		2024	
	Ordinary units No	Contributed capital \$	Ordinary units No	Contributed capital \$
Balance - 1 July	760,302,247	753,542,680	647,539,434	646,465,591
Units issued	305,556,913	305,556,913	240,447,606	240,447,606
Units issued upon reinvestment of distributions	16,811,225	16,811,225	13,314,953	13,314,953
Units redeemed	(140,078,992)	(140,078,992)	(140,982,466)	(140,982,466)
Adviser fees paid from capital	(23,900)	(23,900)	(17,280)	(17,280)
Distributions paid and payable	-	(68,067,836)	-	(58,816,049)
Profit/(loss) for the year	-	63,396,476	-	53,130,325
Balance - 30 June	942,567,493	931,136,566	760,302,247	753,542,680

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 13 Reconciliation of cash flows from operating activities

	2025	2024
	\$	\$
Profit for the year attributable to unitholders	63,396,476	53,130,325
<i>Adjustments for:</i>		
Impairment loss expense/(recovery)	4,671,361	5,685,723
Net (increase)/decrease movement in fair value of financial instruments	(316,210)	(1,564,084)
<i>Changes in operating assets and liabilities:</i>		
Mortgage loan funds advanced	(573,983,575)	(427,189,432)
Mortgage loan funds repaid	485,462,300	423,279,695
(Increase)/decrease in trade and other receivables	(2,216,275)	(4,586,722)
Increase/(decrease) in trade and other payables	1,226,707	1,478,274
(Increase)/decrease in trade and other receivables: investing activities	6,000	2,998,000
Increase/(decrease) in trade and other payables: financing activities	1,442,051	(1,039,814)
Net cash (used in)/provided by operating activities	(20,311,165)	52,191,965

Note 14 Related party transactions

(a) Responsible Entity

The Responsible Entity of the Trilogy Monthly Income Trust is Trilogy Funds Management Limited ABN 59 080 383 679.

(b) Key management personnel

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Scheme. The Executive Directors of the Responsible Entity are key personnel of that entity and their names are Justin J Smart and Henry F Elgood. The Responsible Entity also has three Non-Executive Directors being Robert M Willcocks, Rohan C Butcher and Patrice A Sherrie.

The Responsible Entity is entitled to a management fee which is determined on a daily basis, calculated on the total value of units on issue in the Scheme.

No compensation is paid to the Directors of the Responsible Entity or to the key management personnel of the Responsible Entity by the Scheme.

(c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Transactions recorded in the statement of profit or loss and other comprehensive income

	2025	2024
	\$	\$
<i>Fees paid directly by the Scheme</i>		
Responsible Entity management fees (i)	6,495,272	6,785,949
Responsible Entity management fees rebated	<u>(2,116,797)</u>	<u>(2,737,080)</u>
	4,378,475	4,048,869
Other expenses (ii)	<u>(1,589,271)</u>	<u>(139,080)</u>
Mortgage investment management fees (iii)	28,086,678	24,867,428
Mortgage investment management fees rebated (iv)	<u>(3,768,727)</u>	<u>-</u>
	<u>24,317,951</u>	<u>24,867,428</u>
	<u>27,107,155</u>	<u>28,777,217</u>

	2025	2024
	\$	\$
<i>Fees not paid directly by the Scheme (v)</i>		
Audit and other assurance services (refer Note 6)	118,800	113,900
Compliance fees	2,273	3,729
Custodian fees	291,738	213,073
Legal fees	124,814	37,883
Legal settlement	625,000	-
Marketing costs	164,756	459,207
Registry fees	190,909	203,525
Research fees	34,000	43,800
Taxation fees	18,868	35,045
	<u>1,571,158</u>	<u>1,110,163</u>

Balances recorded in the statement of financial position

	2025	2024
	\$	\$
<i>Receivables</i>		
Trade and other receivables - distributions receivable (vi)	53,938	5,178
Trade and other receivables - indemnity guarantee (vii)	449,699	908,945
Trade and other receivables - joint lending agreement (viii)	<u>3,000,000</u>	<u>3,000,000</u>
	<u>3,503,637</u>	<u>3,914,123</u>
<i>Payables</i>		
Trade and other payables (i)(iii)	<u>1,292,656</u>	<u>1,174,308</u>
	<u>1,292,656</u>	<u>1,174,308</u>

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 14 Related party transactions (continued)

(c) Transactions with related parties (continued)

- (i) The Responsible Entity is entitled to a management fee of 0.96% p.a. (plus GST). These fees are calculated on the total gross value of units held by the Scheme.
- (ii) Other expenses were comprised of non-recoverable costs incurred to operate the fund.
- (iii) The Responsible Entity or a related party to it is entitled to receive various fees on mortgage investments made by the Scheme including application, exit and release fees as stipulated in the borrower's loan agreement. These fees are subsequently recovered from the borrowers by the Scheme.
- (iv) A related party to the Responsible Entity elected to rebate a portion of the fees on mortgage investments it is entitled to receive from the Scheme during the year.
- (v) Costs are paid for by the Responsible Entity, or a related party to it, on behalf of the Scheme.
- (vi) Receivable distributions from TEIF are accrued on a monthly basis.
- (vii) A limited indemnity was provided by a related party to the Scheme to compensate losses incurred from investments in mortgage loans.
- (viii) Funds receivable from a related party in relation to a joint lending agreement over a registered first mortgage.

(d) Related party investments held by the Scheme

	Fair value of investments		Interest held		Distributions received (i)	
	2025	2024	2025	2024	2025	2024
	\$	\$	%	%	\$	\$
TEIF	12,500,000	1,000,000	14.39	1.64	425,680	61,533

- (i) As at 30 June 2024, \$53,938 of distributions are receivable from TEIF (30 Jun 2024: \$5,178).

(e) Units in the Scheme held by other related parties

Details of holdings in the Scheme by the Responsible Entity, other schemes operated by the Responsible Entity and entities associated with Directors of the Responsible Entity are as follows:

	Unitholding	Interest held	Units issued	Units redeemed	Distributions paid and/or payable
	\$	%	No.	No.	\$
2025					
TEIF	32,074,412	3.40	13,800,000	-	2,294,003
TWIF (i)	10,417,766	1.11	3,499,439	1,850,000	887,425
Rojacan Pty Ltd	-	-	-	82,500	6,707
Aimwin Pty Ltd Super Fund	10,000	>0.01	-	-	869
Clarebrook Superannuation Fund	187,305	0.02	14,758	-	15,629
The Bacon Family Trust	-	-	-	25,000	2,032
	42,689,483	4.53	17,314,197	1,957,500	3,206,665

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 14 Related party transactions (continued)

(e) Units in the Scheme held by other related parties (continued)

	Unitholding \$	Interest held %	Units issued No.	Units redeemed No.	Distributions paid and/or payable \$
2024					
TEIF	18,274,412	2.40	4,034,500	10,019,000	2,011,370
TWIF (i)	8,768,327	1.15	1,032,793	1,800,000	845,408
Rojacan Pty Ltd	82,500	0.01	-	-	7,452
Aimwin Pty Ltd Super Fund	10,000	>0.01	-	-	903
Clarebrook Superannuation Fund	172,547	0.02	32,279	-	13,994
The Bacon Family Trust	25,000	>0.01	-	-	2,258
Wengen Capital Pty Ltd	-	-	-	10,000	180
	27,332,786	3.58	5,099,572	11,829,000	2,881,565

(i) Trilogy Wholesale Income Fund.

(f) Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(g) Other transactions within the Scheme

No Director has entered into a material contract with the Scheme from inception to the end of the financial year and there were no material contracts involving Directors' interests subsisting at year end.

Note 15 Financial risk management

Overview

The Scheme's assets principally consist of investments in cash and in loans secured by registered mortgages over real property. It holds these investment assets at the discretion of the Responsible Entity in accordance with the Scheme's constitution and PDS.

Specific financial risk exposures and management

The main risks the Scheme is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Board is responsible for developing and monitoring the Scheme's risk management policies. The Responsible Entity's risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Responsible Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 15 Financial risk management (continued)

Specific financial risk exposures and management (continued)

The Responsible Entity's Compliance Committee and its Audit & Risk Committee oversees how management monitors compliance with the Scheme's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Scheme.

Changes to the regulatory environment relating to financial services, taxation and other regimes may adversely affect investors in the Scheme. Government policies can affect the Scheme in a number of ways that could be detrimental or beneficial to investors. Similarly, changes in the health or social environment can impact the Scheme and cause short term or long term market disruption to investments made by the Scheme that would be detrimental to investors. The general economic, health, social and political climates in which the Scheme operates or other like events are outside the control of Responsible Entity. Note 9 includes further detail of how these risks are provisioned as at 30 June 2025.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme and cause a loss. The Responsible Entity manages the exposure to credit risk on an ongoing basis.

The carrying amount of the Scheme's financial assets represents the maximum credit exposure. A reduction in the value of an investment may be from a political, social or economic events. The Scheme's maximum exposure to credit risk at the reporting date is as follows:

	Note	2025 \$	2024 \$
Mortgage assets			
Mortgage loans	9	<u>710,893,223</u>	627,049,308
Total mortgage assets		<u>710,893,223</u>	627,049,308
Financial assets			
Investments in MIS		12,500,000	8,237,797
Investments in listed securities		25,874,129	-
Investments in ABSM		34,860,006	34,756,187
Investments in bonds		51,931,927	39,999,131
Investments held at amortised cost		1,899,862	1,686,012
Total financial assets		<u>127,065,924</u>	84,679,127

All cash held by the Scheme is invested with major Australian financial institutions.

Mortgage assets

The Scheme's mortgage assets consist of construction and development loans which require a high degree of experience in their assessment and management. The Responsible Entity has a specialised management team which focuses on each proposed loan and the credentials of the borrower and associated entities. The Responsible Entity primarily relies on an external valuation of the underlying security property for its loans. This risk is minimised by prudent assessment of loans and valuations of each security property by independent approved valuers from the Responsible Entity's panel of valuers.

Pursuant to the Scheme's investment strategy, loans to borrowers are limited to a maximum loan amount of \$50 million (2024: \$40 million) per loan.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 15 Financial risk management (continued)

(a) Credit risk (continued)

The Scheme's exposure to credit risk for mortgage loans at the reporting date by geographical location, is as follows (including impairments):

The Scheme's exposure to credit risk for mortgage loans at the reporting date by loan type, is as follows:

- (i) LDR = Land Development Residential
- (ii) RDD = Residential Dwellings Development
- (iii) ICD = Industrial Commercial Development

Financial assets

The Scheme's financial assets consist of investments in short and medium term fixed income products that are predominately investment grade assets. These may be held directly or indirectly through listed and unlisted mortgage investment schemes and other investment vehicles. Investments held directly are operated under an investment mandate with a specialised manager of fixed income securities.

Location	2025			2024		
	Loans No.	Drawn balance \$	Total %	Loans No.	Drawn balance \$	Total %
QLD	43	204,777,155	28.36	34	185,603,143	29.28
NSW	50	327,617,340	45.36	44	240,436,619	37.93
VIC	37	165,734,604	22.94	46	200,564,308	31.64
TAS	1	5,538,399	0.76	1	7,204,804	1.14
SA	1	17,184,388	2.38	-	-	-
ACT	1	1,472,264	0.20	-	-	-
	133	722,324,150	100.00	125	633,808,874	100.00

Loan type	2025			2024		
	Loans No.	Drawn balance \$	Total %	Loans No.	Drawn balance \$	Total %
LDR (i)	41	150,523,140	20.84	37	153,143,842	24.16
RDD (ii)	66	436,454,946	60.42	67	404,626,706	63.84
ICD (iii)	26	135,346,064	18.74	21	76,038,326	12.00
	133	722,324,150	100.00	125	633,808,874	100.00

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 15 Financial risk management (continued)

(a) Credit risk (continued)

	2025			2024		
	Amount \$	Total %	Credit rating weighted avg	Amount \$	Total %	Credit rating weighted avg
QRI (ii)	15,190,996		N/A (vi)	4,566,120	-	N/A (vi)
GCI (iii)	10,683,133		N/A (vi)	-	-	N/A (vi)
MXT (iv)	-		N/A (vi)	2,671,677		N/A (vi)
Listed securities (ii,iii,iv)	25,874,129	20.36%	N/A (vi)	7,237,797	8.55%	N/A (vi)
MIS (i)	12,500,000	9.84%	N/A (vi)	1,000,000	1.18%	N/A (vi)
ABSM (v)	34,860,006	27.43%	BBB+	34,756,187	41.04%	BBB+
Bonds (v)	51,931,927	40.87%	BBB+	39,999,131	47.24%	BBB+
IHAC	1,899,862	1.50%	N/A (vi)	1,686,012	1.99%	N/A (vi)
	127,065,924	100.00%		84,679,127	100.00%	

- (i) Investments in TEIF
- (ii) Investment in Qualitas Real Estate Income Fund (ASX:QRI)
- (iii) Investment in Gryphon Capital Income Trust (ASX:GCI)
- (iv) Investment in Metrics Master Income Trust (ASX:MXT)
- (v) Assets are managed by an investment manager under a mandate to trade investment grade assets;
- (vi) The managed investment scheme held non-rated assets, sufficient that a weighted average credit rating would not be reflective of the asset's credit risk.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Scheme might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Scheme manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.
- The following table summarises the undrawn loan commitments which represent the balance of loans approved and not in default but not fully drawn, as well as the maturity profile of loans approved.

Maturity profile	2025			2024		
	Loans No.	Undrawn balance \$	Total %	Loans No.	Undrawn balance \$	Total %
< 3 months	59	17,695,075	5.65	69	73,744,555	36.73
4 to 6 months	29	42,419,981	13.53	23	39,898,559	19.88
7 to 11 months	15	39,661,732	12.65	13	19,606,330	9.77
> 1 year	30	213,734,789	68.17	20	67,485,893	33.62
	133	313,511,577	100.00	125	200,735,337	100.00

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 15 Financial risk management (continued)

(b) Liquidity risk (continued)

No maturity analysis of contractual cash flows has been presented as all obligations are predominantly due within twelve months and therefore are not discounted.

Given that the predominate underlying assets of the Scheme are real property mortgages which are relatively illiquid, risk management guidelines adopted by the Responsible Entity, as detailed in the note, are designed to minimise liquidity and cash flow risk.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

	Carrying amount	Contractual cash flows \$	< 6 months \$	6-12 months \$	On call (i) \$
2025					
Financial liabilities					
Distributions payable	5,724,968	5,724,968	5,724,968	-	-
Unitholder funds	942,567,493	942,567,493	-	-	942,567,493
Trade and other payables	7,598,668	7,598,668	7,598,668	-	-
	955,891,129	955,891,129	13,323,636	-	942,567,493
2024					
Financial liabilities					
Distributions payable	5,165,729	5,165,729	5,165,729	-	-
Unitholder funds	760,302,247	760,302,247	-	-	760,302,247
Trade and other payables	6,371,961	6,371,961	6,371,961	-	-
	771,839,937	771,839,937	11,537,690	-	760,302,247

(i) Subject to terms and conditions of the Scheme's PDS.

(c) Capital management

The Scheme's capital management strategy seeks to maximise unitholder value through optimising the level and use of capital resources and the mix of debt funding.

The Scheme's capital management objectives aim to:

- Ensure that the Scheme complies with capital and distribution requirements of its Constitutions and PDS;
- Ensure sufficient capital resources to support the Scheme's operational requirements;
- Continue to support the scheme's credit worthiness; and
- Safeguard the Scheme's ability to continue as a going concern.

In a stable economic environment the Scheme is generally able to alter its capital mix by adjusting distributions paid to unitholders.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 15 Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Scheme's income or the value of its holdings of financial instruments. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The majority of the Scheme's financial assets are interest-bearing. Interest bearing financial assets and interest bearing financial liabilities are subject to both fixed and variable interest rates. The Scheme is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Scheme's interest rate risk is managed on a daily basis by management in accordance with policies and procedures in place.

Interest rate sensitivity analysis

An increase or decrease of 100 basis points in interest rates as at the reporting date would have no effect on the net assets attributable to unitholders and operating results. This is due to the fact that interest revenue earned on the Scheme's financial assets is paid to unitholders as a monthly distribution (net of fees paid to the Responsible Entity) and consequently any increase or decrease in interest rates would be inversely reflected in the value of distributions paid by the Scheme.

Property value risk

All of the Scheme's financial assets (with the exception of cash and cash equivalents and receivables) are secured by registered mortgages over real property in Australia. As a result, the Scheme is subject to property value risk in the prevailing levels of market property values. Property value risk is managed on a regular basis by the Responsible Entity in accordance with policies and procedures in place, including but not limited to:

- The adoption of maximum loan to valuation ratios of 70.00% for new loans (2024: 70.00%); and
- Regular valuations of security properties by registered valuers.

Property value sensitivity analysis

Due to the relatively short term nature of the loans originated by the Responsible Entity on behalf of the Scheme, the Scheme is not overtly exposed to fluctuations in property values.

(e) Fair value estimation

The fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form. The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 16 Custodian of the Scheme

The Scheme's custodian is The Trust Company (Australia) Limited. The custodian holds title to the assets of the Scheme in its name on behalf of the Scheme. The net value of assets held by the custodian at cost as at 30 June 2025 totals \$931,136,566 (2024: \$753,542,680).

The custodian is entitled to an annual administration fee of 3bps (plus GST) of total assets with a minimum of \$15,000 (2024: 3bps of total assets, minimum \$15,000) (plus GST). These fees are paid by the Responsible Entity.

The relationship between the custodian and Responsible Entity is set out in the Custodial Agreement.

TRILOGY MONTHLY INCOME TRUST

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2025

Note 17 Litigation and contingent liabilities

There are no contingent liabilities or contingent assets at 30 June 2025 (2024: nil).

Note 18 Events subsequent to reporting date

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

TRILOGY MONTHLY INCOME TRUST

DIRECTORS' DECLARATION



For the year ended 30 June 2025

In the opinion of the Directors of Trilogy Funds Management Limited (Responsible Entity), the Responsible Entity of Trilogy Monthly Income Trust (Scheme):

- (a) The financial statements and notes, as set out on pages 8 to 36 are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Scheme's financial position as at 30 June 2025 and of its performance, for the financial year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards and interpretations as disclosed in Note 2; and
- (c) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity.

A handwritten signature in black ink that reads "Henry F Elgood".

Henry F Elgood
Co-Managing Director

29 September 2025
Sydney

A handwritten signature in black ink that reads "Justin J Smart".

Justin J Smart
Co-Managing Director

29 September 2025
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Trilogy Monthly Income Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Trilogy Monthly Income Trust (the Registered Scheme), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information and the directors' declaration of as Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust.

In our opinion the accompanying financial report of Trilogy Monthly Income Trust, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Registered Scheme's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust Fund, are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust are responsible for the preparation of the 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 Trilogy Funds Management Limited as Responsible Entity of Trilogy Monthly Income Trust determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



N I Batters
Director

Brisbane, 29 September 2025



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Find out more.

Start a conversation with us today.

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This report is issued by Trilogy Funds Management Limited ABN 59 080 383 679 AFSL 261425 (Trilogy Funds) as responsible entity for the Trilogy Monthly Income Trust ARSN 121 846 722. Application for investment can only be made on the application form accompanying the Product Disclosure Statement (PDS) dated 3 May 2024 and by considering the Target Market Determination (TMD) dated 3 May 2024 for the Trilogy Monthly Income Trust ARSN 121 846 722 available at www.trilogyfunds.com.au. The PDS and the TMD contain full details of the terms and conditions of investment and should be read in full, particularly the risk section, prior to lodging any application or making a further investment. All investments, including those with Trilogy Funds, involve risk which can lead to no or lower than expected returns, or a loss of part or all of your capital. Trilogy Funds is licensed to provide only general financial product advice about its products and therefore recommends you seek personal advice on the suitability of this investment to your objectives, financial situation and needs from a licensed financial adviser. Investments with Trilogy Funds are not bank deposits and are not government guaranteed. Past performance is not a reliable indicator of future performance.