



ANNUAL REPORT 2014

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014



**AUSTRALIAN
MASTERS
YIELD**

FUND NO 5 LIMITED

ABN 87 161 255 750

DIRECTORY

DIRECTORS

Mr Thomas Kline (Non-Executive Chairman)

Mr Alexander MacLachlan (Non-Executive Director)

Mr Christopher Brown (Non-Executive Director)

COMPANY SECRETARIES

Ms Hannah Chan

Ms Karen Luu

REGISTERED OFFICE

Level 15, 100 Pacific Highway

North Sydney NSW 2060

T 1300 454 801

F 1300 883 159

PRINCIPAL OFFICE

Level 15, 100 Pacific Highway

North Sydney NSW 2060

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AUDITOR

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BANKS

Macquarie Bank

ANZ Bank

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

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AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2014

Welcome to the Annual Report for the Australian Masters Yield Fund No 5 Limited ('**AMYF5**' or the '**Company**') for the financial year ended 30 June 2014 (**FY14**). The Company is part of the Australian Masters Yield Fund Series ('**AMYF Series**' or '**the Funds**').

At 30 June 2014, the Company was invested in 12 different income securities issued by Australian and international companies, with a face value totalling \$82.1 million. At the time of purchase, the income securities had gross yields to maturity (YTM) of between 5.96% and 12.44%.

The profit of the Company after providing for income tax amounted to \$3,849,882 (2013: \$1,287,465). The net asset value per share of the Company at 30 June 2014 was 100.88 (2013: \$99.98). The earnings per share (EPS) was calculated as \$4.50 (2013: \$1.51).

During the year, the Company paid three fully franked dividends of \$0.75 per share in November 2013, \$1.10 per share in February 2014 and \$1.05 per share in May 2014. The Company also announced a fully franked dividend of \$1.20 per share on 31 July 2014 that has been paid in August 2014.

The table below outlines the holdings of the Company at 30 June 2014. All income securities continue to perform in line with expectations.

ISSUER	CALL DATE	MATURITY	FACE VALUE
BIS INDUSTRIES		31-DEC-15	\$7,500,000
WESTPAC	8-MAR-19	8-MAR-21	\$2,000,000
NAB	19-MAR-19	22-MAR-21	\$2,500,000
SYDNEY AIRPORTS		20-NOV-20	\$6,000,000
LEND LEASE		13-MAY-20	\$25,000,000
ANZ	1-SEP-21	1-SEP-23	\$4,541,000
MIRVAC FINANCE		18-SEP-20	\$10,000,000
NAB CPS II	17-DEC-20	19-DEC-22	\$1,384,000
ANGLO AMERICAN		27-NOV-18	\$10,500,000
ANZ	24-MAR-22	24-MAR-24	\$5,000,000
PRAECO		28-JUL-20	\$4,710,000
IAG SUBDEBT	19-MAR-19	19-MAR-40	\$3,000,000

The expected maturity of the Company is no later than 31 December 2023, after which it is anticipated the Company will be wound up, with all capital returned to shareholders.

COMPANY ACTIVITY

During the first quarter of 2014 (Q114) two new investments were executed by AMYF5. The Company invested in the newly launched NAB CPS II and the Anglo American 5.75% fixed coupon five year issue. AMYF5 is now fully invested.

During the second quarter of 2014 (Q214), AMYF5 approved the sell down of the respective holdings in the Ubiquity Power Maintenance Group Ltd convertible notes and convertible non-cumulative preference shares. This action was undertaken as a result of changing market conditions in which the issuer operated, and a change in risk profile of the issuer.

All income securities held within the portfolio of AMYF5 continue to perform as expected, and pay coupons/dividends accordingly.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2014

GLOBAL MARKETS SUMMARY

Financial markets globally have seen a year marked by low yields, central banks attempting to bolster their respective economies with accommodative monetary policies, and heightened geopolitical events.

In the US, risk assets continue to perform well with the ongoing low rate environment, an improving economic backdrop and ongoing solid corporate results. The measured tapering of the US Federal Reserve (Fed) bond purchase program is expected to be completed in October 2014. As such markets are focusing now on timing of US rate hikes amid a more stable employment environment, inflationary risks and moderate economic growth.

Europe continues to struggle to gain momentum in its recovery, with price stability being a real threat for the region. European Central Bank (ECB) launched its targeted long-term refinancing operation (TLTRO), with the idea to provide banks with cheap funding to help promote credit growth.

The past 12 months have seen increased volatility and tensions in emerging markets, but despite this emerging market equity bourses have rebounded.

DOMESTIC MARKET SUMMARY

The continuation of the low yield environment has continued into FY14, with the RBA maintaining its current approach, electing to leave rates on hold at 2.5%. The central bank remains cautious as a result of mixed domestic and global data. Australian corporate bond yields have continued their downward trend, influenced by high demand globally and domestically for AUD denominated bonds. This has led to a flattening of the interest rate curve and tightening of credit spreads.

New debt issuance at July 2014 remains in line with year to date 2013 numbers. However, a strong theme is the diminishing supply of new bonds below single A rated credits. Furthermore long dated deals have dominated new deal issuance in the kangaroo debt market and with the majority of new issuances being nine years plus in maturities.

As a result of the flattening interest curve and tightening credit spreads, the Bloomberg Australian Corporate Bond BBB five-year composite yield dropped below 5%. Australian corporate debt yields have not been lower since 2000.



Mr Thomas Oliver Kline

Chairman

29 August 2014

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

The Directors present their report, together with the financial statements of, Australian Masters Yield Fund No 5 Limited (**Company**) for the year ended 30 June 2014.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Mr Thomas Oliver Kline – Non-Executive Chairman
Mr Christopher Matthew Brown – Non-Executive Director
Mr Alexander Gen MacLachlan – Non-Executive Director

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Company Secretaries

The names of the Company Secretaries in office at the date of this report are Ms Hannah Chan and Ms Karen Luu.

Principal Activities and Significant Changes in Nature of Activities

The principal activity of the Company during the financial year was investing in Australian dollar denominated income securities.

There were no significant changes in the nature of these activities of the Company that occurred during the year.

Results and Review of Operations

The Company is fully invested in a portfolio of Australian-dollar denominated income securities with a total face value of \$82.1 million.

The profit of the Company for the year ended 30 June 2014, after providing for income tax, amounted to \$3,849,882 (2013: \$1,287,465). Profit has increased significantly as the Company became fully invested over the course of the year.

During the year the Company has distributed, or provided for, fully franked dividends of \$2.90 per share. The net asset value per share was \$100.88 at 30 June 2014 (2013: \$99.98).

The weighted average number of ordinary shares for the year was 1,011,041. The basic and diluted earnings per share after tax was \$3.81, compared to \$1.51 for the previous period.

Further details are included in the Chairman's Letter which forms part of this financial report.

Effective 30 April 2014, the Investment Manager of the Company (**Manager**) changed from Dixon Advisory & Superannuation Services Limited (**DASS**) to Walsh & Company Asset Management Pty Limited (**Walsh AM**). Walsh AM is also a member of the Dixon Advisory Group Limited, the parent company of DASS. Walsh AM utilises the same resources of the Dixon Advisory Group Limited as available to DASS to manage the Company.

The Board of the Company recently agreed to sell down the Company's holdings of convertible notes (**Notes**) and convertible non-cumulative preference shares (**CP Shares**) issued by Ubiquity Power Maintenance Group Ltd (Issuer), as a result of changing market conditions in which the issuer operates.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Results and Review of Operations (cont.)

The sale was executed on the 30 June 2014 and it was agreed between the purchaser (of the Notes and CP Shares) and the Company to settle the trade in two instalments. The first payment being on 31 July 2014 for \$15,000,000 and the second payment being on 31 May 2015 for \$667,077.

Dividends Paid or Recommended

During the year, the Company paid three fully franked dividends of \$0.75 per share on 25 November 2013, \$1.10 dividend per share on 19 February 2014 and \$1.05 per share on 14 May 2014. The total amount of the dividends paid during the year was \$2,932,019 (\$2.90 per share).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company which occurred during the year ended 30 June 2014.

After Balance Date Events

On 31 July 2014, the Company announced a fully franked dividend of \$1.20 per share. The dividend was paid to shareholders on 18 August 2014.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

Future Developments, Prospects and Business Strategies

The Company is now fully invested and intends to hold all existing investments until maturity. The Company may seek shareholder approval from time to time to return capital derived from the maturity of its investments to shareholders.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Options

No options over issued shares or interests in the Company were granted during, or since the end of, the financial year, and there were no options outstanding at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given during, or since the end of, the year for all of the directors of the Company.

No indemnities have been given or insurance premiums paid during, or since the end of the year, for the auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all, or any part of, those proceedings.

The Company was not a party to any such proceedings during the year.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Directors' Meetings

Attendance of individual Directors at board meetings held during the year ended 30 June 2014 was as follows:

	Meetings Held	Meetings Attended
Thomas Kline	4	4
Christopher Brown	4	4
Alexander MacLachlan	4	4

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Information on Directors

Thomas Oliver Kline BCom LLB (Hons) (ANU)

Non-Executive Chairman

Tom Kline is the Chief Operating Officer of the Funds Management division of Dixon Advisory. He works closely with the Dixon Advisory Investment Committee and Corporate Finance teams to deliver investment opportunities for Dixon Advisory clients. He is also a director of Australian Masters Yield Fund No 4 Limited, Australian Masters Yield Fund No 5 Limited and Fort Street Real Estate Capital, and of the Responsible Entity for Emerging Markets Masters Fund, Australian Property Opportunities Fund, Australian Property Opportunities Fund II, US Select Private Opportunities Fund and US Select Private Opportunities Fund II.

Before Dixon Advisory, Tom was an Associate Director at UBS AG in Sydney. During his time at UBS, Tom was a member of the Infrastructure and Utilities team and advised on a wide range of public and private M&A and capital market transactions.

Prior to joining UBS AG, Tom worked at Deloitte in the Corporate Finance team. While at Deloitte, he worked in the Transaction Services, Business Modelling and Valuation Teams within this division. Tom has a Bachelor of Commerce and Bachelor of Laws (with honours) from Australian National University.

- Tom was appointed as non-executive director on 15 November 2012 and non-executive chairman on 28 June 2013.
- He holds no shares in the capital of the Company.
- During the past three years, he has acted as either a non-executive director or a director of the responsible entity of the following Australian listed public entities:
 - Australian Masters Yield Fund No 4 Limited (since 2012)
 - Emerging Markets Master Fund (since 2012)
 - US Select Private Opportunities Fund (since 2014)
 - US Select Private Opportunities Fund II (since 2012).

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Christopher Matthew Brown BChem Eng Hons (USyd), BCom (USyd)

Non-Executive Director

Chris is a director of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series, the Responsible Entity of US Masters Residential Property Fund and serves as Managing Director and Chief Executive Officer at Dixon Advisory Australia.

Prior to joining Dixon Advisory, Chris was an Executive Director at UBS AG in the Investment Banking Division in Sydney. Over his 8 years at UBS, he provided capital markets and mergers & acquisitions advice to many different public and private companies in Australia and overseas. Chris specialised in providing this advice to industrial, utility, infrastructure, property and financial companies. Chris spent several years in the UBS Mergers & Acquisitions Group in New York working on transactions in chemicals, health care, consumer products, media, telecoms, technology, insurance and utilities.

Before joining UBS, Chris also worked in the investment banking division of ABN AMRO where he focused on mergers and acquisitions along with capital markets advice to companies in the Australian property sector.

Before his career in investment banking, Chris worked for a Sydney-based property funds management company and a chemical engineering and design company. Chris has a Bachelor of Chemical Engineering with first class honours and a Bachelor of Commerce, both from University of Sydney.

- Chris was appointed as non-executive director on 15 November 2012.
- He directly holds 1 and beneficially holds 250 fully paid ordinary shares in the capital of the Company
- During the past three years, he has acted as either a non-executive director or a director of the responsible entity of the following Australian listed public entities:
 - Australian Masters Corporate Bond Fund No 1 Limited (since 2009, delisted 14 July 2011)
 - Australian Masters Corporate Bond Fund No 2 Limited (since 2009, delisted 15 July 2011)
 - Australian Masters Corporate Bond Fund No 3 Limited (since 2009, delisted 20 December 2011)
 - Australian Masters Corporate Bond Fund No 4 Limited (since 2008, delisted 14 January 2013)
 - Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
 - Australian Masters Yield Fund No 1 Limited (since 2010)
 - Australian Masters Yield Fund No 2 Limited (since 2010)
 - Australian Masters Yield Fund No 3 Limited (since 2011)
 - Australian Masters Yield Fund No 4 Limited (since 2011)
 - US Masters Residential Property Fund (since 2011)
 - US Select Private Opportunities Fund (since 2011 until 23 April 2014)
 - van Eyk Three Pillars Limited (since 2009 until 31 October 2011).

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Alexander Gen MacLachlan BA (Cornell), MBA (Wharton)

Non-Executive Director

Alex MacLachlan is currently Chairman of the Responsible Entity for Emerging Markets Masters Fund, Australian Property Opportunities Fund, Australian Property Opportunities Fund II, US Select Private Opportunities Fund and US Select Private Opportunities Fund II and Managing Director of Global Resource Masters Fund and Australian Governance Masters Index Fund Limited. Alex also serves as a director of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series and Asian Masters Fund Limited and of the Responsible Entity for US Masters Residential Property Fund.

Alex joined Dixon Advisory in 2008 to lead the Funds Management division. Following his success in growing the division, Alex moved to New York in mid- 2013. He is currently the CEO of Funds Management Dixon Advisory Australia and the Head of Strategy of Dixon Advisory USA.

Before joining Dixon Advisory, Alex was an investment banker specialising in the natural resources sector, most recently serving as head of energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker at Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working with over 30 companies on more than \$100 billion in announced mergers and acquisitions and capital markets transactions.

Before specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

Alex has a Bachelor of Arts from Cornell University and a Master of Business Administration from The Wharton School, University of Pennsylvania.

- Alex was appointed as non-executive director on 15 November 2012.
- He beneficially holds 50 fully paid ordinary shares in the capital of the Company.
- During the past three years, he has acted as either a Non-Executive director or a director of the responsible entity of the following Australian listed public entities:
 - Asian Masters Fund Limited (since 2009)
 - Australian Masters Corporate Bond Fund No 1 Limited (since 2009, delisted 14 July 2011)
 - Australian Masters Corporate Bond Fund No 2 Limited (since 2009, delisted 15 July 2011)
 - Australian Masters Corporate Bond Fund No 3 Limited (since 2009, delisted 20 December 2011)
 - Australian Masters Corporate Bond Fund No 4 Limited (since 2008, delisted 14 January 2013)
 - Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
 - Australian Masters Yield Fund No 1 Limited (since 2010)
 - Australian Masters Yield Fund No 2 Limited (since 2010)
 - Australian Masters Yield Fund No 3 Limited (since 2011)
 - Australian Masters Yield Fund No 4 Limited (since 2011)
 - Emerging Markets Master Fund (since 2012)
 - Global Resource Masters Fund Limited (since 2008)
 - US Masters Residential Property Fund (since 2011)
 - US Select Private Opportunities Fund (since 2011)
 - US Select Private Opportunities Fund II (since 2012)
 - van Eyk Three Pillars Limited (since 2009 until 31 October 2011).

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Information on Company Secretaries

Hannah Chan BCom (UNSW), MCom (USyd), CA
Company Secretary

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia. Prior to joining the Manager, Hannah gained extensive audit experience while working with Deloitte Touche Tohmatsu and Ernst & Young.

Hannah was appointed as Company Secretary on 15 November 2012.

Karen Luu BEc (UNSW), CA
Company Secretary

Karen has a Bachelor of Economics degree, majoring in Accounting and Economics, from the University of NSW and is a Chartered Accountant with the Institute of Chartered Accountants in Australia. Karen is concurrently the Company Secretary of Australian Masters Corporate Bond Fund No 5 Limited, Australian Masters Yield Fund Series, Australian Governance Masters Index Fund Limited, Asian Masters Fund Limited and Global Resource Masters Fund Limited.

Karen was appointed as Company Secretary on 15 November 2012.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Remuneration Report

(a) Remuneration Policy

Under the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. However, Christopher Brown, Alexander MacLachlan and Thomas Kline have agreed not to be paid any remuneration for the services they perform as directors of the Company. They are also directors of the Manager and Issue Manager. Aside from the directors there are no other key management personnel.

(b) Key Management Personnel's Remuneration

Details of remuneration paid during the year to directors and officers are set out in the table below.

2014

Directors	Salary, fees and commission \$	Superannuation Contributions \$	Cash Bonus \$	Non-cash Benefits \$	Other \$	Total \$
Thomas Kline	-	-	-	-	-	-
Christopher Brown	-	-	-	-	-	-
Alexander MacLachlan	-	-	-	-	-	-
Total	-	-	-	-	-	-

2013

Directors	Salary, fees and commission \$	Superannuation Contributions \$	Cash Bonus \$	Non-cash Benefits \$	Other \$	Total \$
Thomas Kline	-	-	-	-	-	-
Christopher Brown	-	-	-	-	-	-
Alexander MacLachlan	-	-	-	-	-	-
Total	-	-	-	-	-	-

(c) Service Agreements

The Company does not presently have formal service agreements or employment contracts with any of the key management personnel.

(d) Directors Protection Deeds

The Company has agreed to provide access to board papers and minutes to current and former directors of the Company while they are directors and for a period of seven years after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a director of the Company.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Remuneration Report (cont.)

(e) Beneficial and Relevant Interest of Directors in Shares

At the date of this report, details of directors who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

Director	No. of shares
Thomas Kline	-
Christopher Brown	251
Alexander MacLachlan	50

(f) Related-Party Transactions

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

Dixon Advisory & Superannuation Services Limited

Mr Alexander MacLachlan, Mr Christopher Brown and Mr Thomas Kline are directors of the Company and directors of the Manager and Issue Manager, Dixon Advisory & Superannuation Services Limited.

Walsh & Company Asset Management Pty Limited

Effective 30 April 2014, the investment manager and issue manager of the Company changed from Dixon Advisory & Superannuation Services Limited (**DASS**) to Walsh & Company Asset Management Pty Limited (**Walsh AM**). Walsh AM is also a member of the Dixon Advisory Group Limited, the parent company of DASS. Walsh AM utilises the same resources of the Dixon Advisory Group Limited as available to DASS to manage the Company. There was no change in the fee structure for the change in investment manager.

Mr Thomas Oliver Kline, Mr Christopher Brown and Mr Alexander MacLachlan are directors of the Company and directors of the Manager and Issue Manager, Walsh AM.

Management Fee

The Manager is entitled to receive an annualised management fee of 0.59% (excluding GST) of the value of the Portfolio. The management fee paid or payable to Dixon Advisory & Superannuation Services Limited for the year was \$545,801 (2013: \$345,693) inclusive of GST. The management fee paid or payable to Walsh & Company Asset Management Pty Limited for the year ended was \$109,160 (2013: Nil). No management fees are outstanding to the Manager at the year-end.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor;
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Deloitte Touche Tohmatsu and its related parties for non-audit services provided during the year ended 30 June 2014.

	<u>\$</u>
Tax Compliance	2,200
Other	<u>5,000</u>
	<u>7,200</u>

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration for the year ended 30 June 2014 as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Made in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



Mr Thomas Oliver Kline

Chairman

29 August 2014

The Board of Directors
Australian Masters Yield Fund No 5 Limited
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

29 August 2014

Dear Board Members

Australian Masters Yield Fund No 5 Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Masters Yield Fund No 5 Limited.

As lead audit partner for the audit of the financial statements of Australian Masters Yield Fund No 5 Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
Revenue	2	5,134,092	2,060,167
Change in fair value on financial assets through profit or loss		665,034	116,831
Net gain on disposal of financial assets		200,123	-
Management and administration fees	14	(708,196)	(322,123)
Accounting and audit fee		(38,100)	(29,143)
Registry fees		(25,760)	-
Custody fees		(15,184)	-
Other expenses		(17,998)	(7,714)
Profit before income tax		5,194,011	1,818,018
Income tax expense	3	(1,344,129)	(530,553)
Profit for the year		3,849,882	1,287,465
Other comprehensive income		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,849,882	1,287,465
Earnings per share			
Basic earnings per share	12	3.81	1.51
Diluted earnings per share	12	3.81	1.51

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
Assets			
<i>Current</i>			
Cash and cash equivalents	5	1,755,342	40,936,584
Trade and other receivables	6	15,684,121	302,834
Total Current Assets		17,439,463	41,239,418
<i>Non-Current</i>			
Financial assets	7	84,860,098	59,826,584
Deferred tax assets	8	108,303	420,120
Total Non-Current Assets		84,968,401	60,246,704
Total Assets		102,407,864	101,486,122
Liabilities			
<i>Current</i>			
Other payables	9	33,537	18,772
Current tax liabilities	10	377,351	388,237
Total Current Liabilities		410,888	407,009
Total Liabilities		410,888	407,009
Net Assets		101,996,976	101,079,113
Equity			
Issued capital	11	99,791,648	99,791,648
Retained earnings		2,205,328	1,287,465
Total Equity		101,996,976	101,079,113

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Issued capital \$	Retained earnings \$	Total \$
Balance at				
Incorporation		-	-	-
Profit for the period		-	1,287,465	1,287,465
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	1,287,465	1,287,465
Share issued	11	101,104,001	-	101,104,001
Issue costs (net of tax)	11	(1,312,353)	-	(1,312,353)
Balance at				
30 June 2013		99,791,648	1,287,465	101,079,113
1 July 2013		99,791,648	1,287,465	101,079,113
Profit for the year		-	3,849,882	3,849,882
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	3,849,882	3,849,882
Dividends paid	4	-	(2,932,019)	(2,932,019)
Balance at				
30 June 2014		99,791,648	2,205,328	101,996,976

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Interest received from bank		531,417	1,188,065
Interest received from investments		3,643,179	303,538
Dividends received		513,456	49,508
Management fees paid		(654,961)	(345,693)
Payments to suppliers		(190,630)	(18,453)
Payments to / Receipts from ATO		(990,706)	166,537
Net cash flows provided by operating activities	13(a)	2,851,755	1,343,502
Cash flows from investing activities			
Payments for purchase of investments		(39,100,978)	(59,498,950)
Net cash flows (used in) investing activities		(39,100,978)	(59,498,950)
Cash flows from financing activities			
Dividends paid		(2,932,019)	-
Proceeds from share issues		-	101,104,001
Payments of issue costs		-	(2,011,969)
Net cash flows (used in) / provided by financing activities		(2,932,019)	99,092,032
Net (decrease) / increase in cash and cash equivalents		(39,181,242)	40,936,584
Cash and cash equivalents at beginning of the year		40,936,584	-
Cash and cash equivalents at end of the year	13(b)	1,755,342	40,936,584

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

The financial report covers Australian Masters Yield Fund No 5 Limited (**Company**) as an individual entity. Australian Masters Yield Fund No 5 Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been approved for issue in accordance with a resolution of the Directors on 29 August 2014.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

1. Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The comparative period is the period from 15 November 2012 (date of incorporation) to 30 June 2013.

Application of new and revised accounting standards

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Company has applied the following new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual improvements 2009-2011 Cycle'
- AASB 2012-9 Amendment to AASB 2048 arising from the Withdrawal of Australian Interpretation 1039'
- AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, materiality and Financial Instruments' (Part A Conceptual Framework)
- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

Application of new and revised accounting standards (cont.)

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements (cont.)

- AASB 12 'Disclosure of Interests in Other Entities and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

With the exception of AASB 13 (refer below) adoption of the above standards had no material impact on the financial statements.

Impact of the application of AASB 13

The Company has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (for example, net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has not made any new disclosures required by AASB 13 for the 2013 comparative period. The application of AASB 13 has not had any material impact on the amounts recognised in the financial statements but has resulted in additional disclosures shown in Note 16.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
ABN 87 161 255 750
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

Application of new and revised accounting standards (cont.)

Standards and interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined, but is not expected to be material.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (amendment issued in 2010 and 2013)	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' <ul style="list-style-type: none"> - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality' 	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

Application of new and revised accounting standards (cont.)

Standards and interpretations issued not yet adopted (cont.)

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016	30 June 2017
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016	30 June 2017
IFRS 9 Financial Instruments (2014) and all related amendments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, at the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted, or substantively enacted, at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off of current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

(b) Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

The Company has elected to adopt "AASB 9 Financial Instruments" early. Issued on 7 December 2009, AASB 9 includes requirements for the classification and measurement of financial assets. The Company has not early adopted subsequent amendments to AASB 9 issued in 2010 and 2013.

(i) Financial assets

Initial recognition and measurement

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition.

Subsequent measurement

Financial assets are subsequently measured at amortised cost using the effective interest rate method, only if the following conditions are met:

- a) where the financial asset is held within a business model for the objective to collect contractual cash flows,
- b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. Financial assets not measured at amortised cost are measured at fair value through profit or loss.

(ii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as derivative and non-derivative instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at amortised cost.

Subsequent measurement

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

(iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is determined based on the bid price for all quoted investments in an active market. Valuation techniques are applied to determine the fair value for all unlisted securities and securities in markets that are not active, including recent arms length transactions, reference to similar instruments and valuation techniques commonly used by market participants.

(c) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

(e) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the right to receive payment is established, provided that it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

In most cases, the Company qualifies for Reduced Input Tax Credits (RITCs) at a rate of 75%; hence expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

The net amount of GST recoverable from the Australian Taxation Office is included in Other Receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis.

(g) Trade and Other Payables

Trade payables and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The balance is unsecured and is recognised as a current liability with the amount normally paid within 30 days of recognition of the liability.

(h) Provisions

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (cont.)

(i) Earnings Per Share

Basic earnings per share is determined by dividing the profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is the same because there are no dilutive potential ordinary shares.

(j) Operating Segments

The Company is engaged in investing activities conducted in Australia and derives revenue from income securities.

(k) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company.

(m) Key Estimates and Judgements

Impairment

The Investment Committee regularly reviews the investments held in the Company's portfolio and where it believes that impairment has occurred, or is likely to occur, it will normally seek to exit the position where possible.

The Company follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement in determining when a financial asset is impaired. This determination requires significant judgement.

In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of, and near-term business outlook for, the investee including factors such as industry and sector performance and operational and financing cash flows.

No impairment has been recognised in respect of financial assets.

Fair value of investments

The fair value of level 3 instruments (refer note 16 (b)(ii)) includes inputs not based on observable market data (unobservable inputs), which require judgement in their selection and application.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. Revenue

	2014	2013
	\$	\$
Interest from investments in financial assets	4,022,980	519,967
Interest from banks	541,697	1,398,722
Dividend income	513,456	49,508
Other income	55,959	91,970
	5,134,092	2,060,167

3. Income Tax Expense

(a) The components of tax expense comprise:

Current tax	1,032,312	388,237
Deferred tax	311,817	142,316
	1,344,129	530,553

(b) Prima facie tax on profit from ordinary activities

before income tax at 30%	1,558,203	1,090,811
Add tax effect of:		
-Franking credits from dividends	(214,074)	(14,852)
	1,344,129	1,075,959

The applicable weighted average effective tax rate is	26%	29%
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AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

4. Dividends Paid

	2014	2013
	\$	\$
Dividends paid		
Fully franked dividend \$0.75 per share paid on 25 November 2013	758,281	-
Fully franked dividend \$1.10 per share paid on 19 February 2014	1,112,145	-
Fully franked dividend \$1.05 per share paid on 14 May 2014	1,061,593	-
	2,932,019	-
 Total dividends per share for the year	2.90	-

The tax rate at which paid dividends have been franked is 30%.

Franking credit balance

The amount of franking credits available for the subsequent financial period are:

- Franking account balance at the end of the financial year at 30%	27,889	21,218
- Franking credits that will arise from payment of income tax payable as at the end of the financial period	377,351	388,237
	405,240	409,455

5. Cash and Cash Equivalents

Current

Cash at bank	1,755,342	40,936,584
	1,755,342	40,936,584

The weighted average interest rate on cash at bank is 2.75% at year-end (2013: 3.00%)

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

6. Other Receivables

	2014	2013
	\$	\$
Current		
Trade receivables	15,000,000	-
Other receivables	668,816	-
GST receivable	2,351	207
Interest receivable	12,954	302,627
	15,684,121	302,834

There are no balances above that contain assets that are impaired and past due. All the receivables above are non-interest bearing.

7. Financial Assets

				2014
				\$
Non-Current				
Amortised Cost				
a) Corporate Bonds	Maturity Date	Coupon Rate	Face Value	Amortised Cost
<i>Fixed Rate</i>				
Lend Lease Finance	13-May-20	6.00%	25,000,000	25,185,313
Sydney Airport Finance	20-Nov-20	3.76%	6,000,000	7,523,819
Anglo American Capital PLC	27-Nov-18	5.75%	5,000,000	4,980,926
Anglo American Capital PLC	27-Nov-18	5.75%	5,500,000	5,479,020
Mirvac Group Finance	18-Sep-20	5.75%	10,000,000	10,060,483
Praeco	28-Jul-20	7.13%	3,710,000	3,852,855
Praeco	28-Jul-20	7.13%	1,000,000	1,051,578
<i>Floating Rate</i>				
IAG	19-Mar-40	BBSW + 2.80%	3,000,000	3,007,992
b) Loan Note				
<i>Floating Rate</i>				
BIS Finance Pty Ltd	31-Dec-15	3M BBSW + 3.50%	7,500,000	7,624,028
Total - Amortised Cost			66,710,000	68,766,014

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

7. Financial Assets (cont.)

			2014	
			\$	
Fair Value				
a) Convertible Preference Shares	Maturity Date	Coupon Rate	Face Value	Fair Value
<i>Floating Rate</i>				
National Australia Bank Ltd	22-Mar-21	3M BBSW + 3.20%	2,500,000	2,579,750
National Australia Bank Ltd	19-Dec-22	3M BBSW + 3.25%	1,384,000	1,431,333
Westpac Banking Corporation	08-Mar-21	3M BBSW + 3.20%	2,000,000	2,060,000
<i>b) Loan Notes</i>				
Australia and New Zealand Bank	01-Sep-23	3M BBSW + 3.40%	4,541,000	4,818,001
Australia and New Zealand Bank	24-Mar-24	3M BBSW + (3.25 - 3.40)%	5,000,000	5,205,000
Total - Fair Value			15,425,000	16,094,084
Total Financial Assets			82,135,000	84,860,098

			2013	
			\$	
Non-Current				
Amortised Cost				
a) Corporate Bonds	Maturity Date	Coupon Rate	Face Value	Amortised Cost
<i>Fixed Rate</i>				
Lend Lease Finance	13-May-20	6.00%	25,000,000	25,183,372
Sydney Airport Finance	20-Nov-20	3.76%	6,000,000	7,495,244
<i>b) Loan Note</i>				
<i>Floating Rate</i>				
BIS Finance Pty Ltd	31-Dec-15	3M BBSW + 3.50%	7,500,000	7,531,137
Total - Amortised Cost			38,500,000	40,209,753

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. Financial Assets (cont.)

			2013	
			\$	
<hr/>				
Fair Value				
a) Convertible Preference Shares	Maturity Date	Coupon Rate	Face Value	Fair Value
<i>Floating Rate</i>				
National Australia Bank Ltd	22-Mar-21	3M BBSW + 3.20%	2,500,000	2,504,250
Westpac Banking Corporation	08-Mar-21	3M BBSW + 3.20%	2,000,000	1,999,800
<i>Fixed Rate</i>				
Ubiquity Power Maintenance Group Ltd	30-Jun-18	8.50%	4,500,000	4,500,000
<i>b) Loan Note</i>				
<i>Fixed Rate</i>				
Ubiquity Power Maintenance Group Ltd	30-Jun-18	8.50%	10,500,000	10,612,781
<hr/>				
Total - Fair Value			19,500,000	19,616,831
<hr/>				
Total Financial Assets			58,000,000	59,826,584
<hr/>				

8. Deferred Tax Assets/(Liabilities)

	2014	2013
	\$	\$
<hr/>		
Non-Current		
Deferred tax assets/(liabilities) comprise:		
Transaction costs on equity issue	337,463	449,949
Fair value of financial assets	(234,560)	(35,049)
Other	5,400	5,220
	<hr/>	<hr/>
	108,303	420,120
	<hr/>	<hr/>

9. Other Payables

Current		
Accrued liabilities	33,031	17,400
Trade creditors	506	1,372
	<hr/>	<hr/>
	33,537	18,772
	<hr/>	<hr/>

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

10. Current Tax Liabilities

	2014	2013
	\$	\$
Current		
Current tax liabilities	377,351	388,237
	377,351	388,237

11. Issued Capital

	\$	\$
(a) Issued capital		
Balance at beginning of year	99,791,648	-
1 fully paid ordinary share for \$1.00	-	1
1,011,040 fully paid ordinary shares for \$100	-	101,104,000
Issue costs	-	(1,874,790)
Tax effect on issue costs	-	562,437
Balance at the end of the year	99,791,648	99,791,648

(b) Movement in ordinary shares

Date	Details	No.	No.
Balance at beginning of year		1,011,041	-
15 November 2012	Ordinary share issues	-	1
20 December 2012	Ordinary share issues	-	1,011,040
Balance at the end of the year		1,011,041	1,011,041

Holders of ordinary shares participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held.

At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

11. Issued Capital (cont.)

Capital Management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital stability over the longer term.

The Company's capital may fluctuate with prevailing market movements, and it may undertake a buyback of its shares in the event that they trade at a sizable discount to NTA backing.

The Company's capital consists of shareholders' equity plus financial liabilities. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2014, financial liabilities were \$410,888 (2013: \$407,009). There are no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

12. Earnings per Share

(a) Calculated earnings per share

	2014	2013
	\$	\$
Basic earnings per share	3.81	1.51
Diluted earnings per share	3.81	1.51

(b) Earnings used in calculating earnings per share

Profit from continuing operations used to calculate basic and diluted earnings per share	3,849,882	1,287,465
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(c) Weighted average number of shares

	No.	No.
Weighted average number of ordinary shares outstanding during the period used to calculate basic earnings per share	1,011,041	855,154
Effect of dilution	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	1,011,041	855,154

There are no instruments that could potentially dilute basic earnings per share in the future.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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FOR THE YEAR ENDED 30 JUNE 2014

13. Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2014	2013
	\$	\$
Profit after tax	3,849,882	1,287,465
Add/(less):		
Accrued interest on corporate bonds	(267,019)	(216,429)
Gain on financial assets at fair value through profit or loss	(665,034)	(116,831)
Gain on disposal of financial assets	(200,123)	-
Changes in assets and liabilities:		
(Increase) in receivables	(181,164)	(302,834)
Decrease in deferred tax asset	311,817	142,316
Increase in other payables and accruals	14,765	18,772
(Decrease)/increase in income tax payable	(11,369)	531,043
Cash flows from operations	2,851,755	1,343,502

The Company does not have any formal loan facilities in place at the date of these financial statements.

(b) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash includes:

- (i) cash at bank and in hand,
- (ii) investments in money market instruments with 30 days or less maturity.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Current		
Cash at bank	1,755,342	40,936,584
	1,755,342	40,936,584

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

14. Related-Party Transactions

The names of the persons who were directors of the Company at any time during the year and to the date of these financial statements are:

Mr Thomas Oliver Kline – Non-Executive Chairman
Mr Christopher Matthew Brown – Non-Executive Director
Mr Alexander Gen MacLachlan – Non-Executive Director

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

Dixon Advisory & Superannuation Services Limited

Mr Alexander MacLachlan, Mr Christopher Brown and Mr Thomas Kline are directors of the Company and directors of the Manager and Issue Manager, Dixon Advisory & Superannuation Services Limited.

Walsh & Company Asset Management Pty Limited

Effective 30 April 2014, the investment manager and issue manager of the Company changed from Dixon Advisory & Superannuation Services Limited (**DASS**) to Walsh & Company Asset Management Pty Limited (**Walsh AM**). Walsh AM is also a member of the Dixon Advisory Group Limited, the parent company of DASS. Walsh AM utilises the same resources of the Dixon Advisory Group Limited as available to DASS to manage the Company. There was no change in the fee structure for the change in investment manager.

Mr Thomas Oliver Kline, Mr Christopher Brown and Mr Alexander MacLachlan are directors of the Company and directors of the Manager and Issue Manager, Walsh AM.

(a) Key Management Personnel Related Entity Transaction

Key management personnel and their related entities hold directly, indirectly or beneficially at the reporting date the following interests in the Company:

Director	No. of shares
Thomas Kline	-
Christopher Brown	251
Alexander MacLachlan	50

(b) Management Fee

The Manager is entitled to receive an annualised management fee of 0.59% (excluding GST) of the value of the Portfolio. The management fee paid or payable to Dixon Advisory & Superannuation Services Limited for the year was \$545,801 (2013: \$345,693) inclusive of GST. The management fee paid or payable to Walsh & Company Asset Management Pty Limited for the year ended was \$109,160 (2013: Nil). No management fees are outstanding to the Manager at the year-end.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

14. Related-Party Transactions (cont.)

(c) Administration costs

Australian Fund Accounting Services Pty Limited

Effective 1 July 2013, Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager consistent with the terms of the existing management agreement with the Company. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year was \$90,000, exclusive of GST.

15. Key Management Personnel

Names and positions held by key management personnel in office at any time during the financial year are:

Mr Thomas Oliver Kline – Non-Executive Chairman
 Mr Christopher Matthew Brown – Non-Executive Director
 Mr Alexander Gen MacLachlan – Non-Executive Director

Key Management Personnel Remuneration

Mr Alexander MacLachlan, Mr Christopher Brown and Mr Thomas Kline have agreed not to be paid any remuneration for the services they perform as directors.

Key management personnel remuneration totals nil and has been included in the Remuneration Report section of the Directors' Report.

Number of shares held by key management personnel

	Balance at 1 July 2013	Received as remuneration	Net change other	Balance at 30 June 2014
	No.	No.	No.	No.
Thomas Kline	-	-	-	-
Christopher Brown	251	-	-	251
Alexander MacLachlan	50	-	-	50
Total	301	-	-	301

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

16. Financial Risk Management

(a) Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks and investments in income securities. The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate financial assets. At 30 June 2014, approximately 69% of the financial assets were at a fixed rate and 31% of the financial assets were at a floating rate.

(ii) Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities when they fall due.

The Company's exposure to liquidity risk is minimal. The Company had no borrowings at 30 June 2014 and cash inflows from coupons from the underlying financial assets are received at regular intervals to meet the obligations of the Company. Financial assets can generally be traded in the over-the-counter market, in the event the Company needs to convert investments into cash to realise underlying financial positions.

(iii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The Company does not have any material credit risk exposure to a single receivable or group of debtors under financial instruments entered into by the Company.

There are no amounts of collateral held as security at 30 June 2014.

(iv) Market price risk

Market price risk is the risk that changes in market prices such as equity prices will affect the Company's income and the value of its holdings of financial instruments.

Inherently, the Company is exposed to market price risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is moderated by ensuring that the Company's investment portfolio is not overexposed to one company or one particular sector. The relative weightings of the individual funds are reviewed by the Investment Committee frequently.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

16. Financial Risk Management (cont.)

(b) Financial Instruments

(i) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. The amounts will not reconcile to the Statement of Financial Position.

	2014	Weighted Average Effective Interest Rate
Financial Assets	\$	
Cash and cash equivalents	1,755,342	2.75%
Other receivables	15,684,121	-
Investment in financial assets	110,414,775	5.92%
	127,854,238	

	2013	Weighted Average
Financial Assets	\$	
Cash and cash equivalents	40,936,584	3.00%
Other receivables	302,834	-
Investment in corporate bonds	77,214,367	6.55%
	118,453,785	

30 June 2014	Within 1 year	1 to 5 years	Over 5 years	Total
Financial Assets	\$	\$	\$	\$
Cash and cash equivalents	1,755,342	-	-	1,755,342
Other receivables	15,684,121	-	-	15,684,121
Investment in financial assets	3,868,194	31,548,651	74,997,930	110,414,775
Total Financial Assets	21,307,657	31,548,651	74,997,930	127,854,238

30 June 2013	Within 1 year	1 to 5 years	Over 5 years	Total
Financial Assets	\$	\$	\$	\$
Cash and cash equivalents	40,936,584	-	-	40,936,584
Other receivables	302,834	-	-	302,834
Investment in corporate bonds	4,349,116	33,645,587	39,219,664	77,214,367
Total Financial Assets	45,588,534	33,645,587	39,219,664	118,453,785

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16. Financial Risk Management (cont.)

(ii) Net fair values

Financial assets measured at fair value through profit or loss

The note below provides information about how the Company determines fair values of various financial assets measured at fair value through profit or loss.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- c) Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial Asset	Fair Value 30 June 2014 \$	Fair Value 30 June 2013 \$	Fair Value Hierarchy	Valuation Approach	Key unobservable inputs	Relationship of unobservable inputs to fair value
Convertible Preference Shares	16,094,084	4,504,050	Level 1	Quoted bid prices in an active market	N/A	N/A
Loan Notes	-	10,612,781	Level 3	(i)	(i)	(i)
Convertible Preference Shares	-	4,500,000	Level 3	(i)	(i)	(i)

(i) Level 3 disclosures for 2013 comparative period not required (refer Note 1: Impact of application of AASB13)

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between fair value hierarchy levels during the financial year ended 30 June 2014.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
ABN 87 161 255 750
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

16. Financial Risk Management (cont.)

(ii) Net fair values (cont.)

	2014	2013
	\$	\$
Reconciliation of Level 3 fair value measurements of financial assets		
Opening balance	15,112,781	-
Interest accrual (receipt)	(112,781)	112,781
Purchases	-	15,000,000
Sales	(15,200,123)	-
Gain on disposals	200,123	-
Closing balance	-	15,112,781

The total gains or losses in respect of level 3 financial assets of \$200,123 has been included in profit or loss.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Fair value hierarchy as at 30 June 2014

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Corporate bonds	-	63,908,189	-	63,908,189
Loan notes	-	7,624,028	-	7,624,028
Total	-	71,532,217	-	71,532,217

The fair values of the financial assets measured at amortised cost included in the level 2 category above have been determined by their redemption price at balance date, or where this is not available, by applying valuation techniques with reference to recent arm's length transactions or by applying market based valuation techniques.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

16. Financial Risk Management (cont.)

(iii) Sensitivity analysis

Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to its interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in these risks on financial asset balances at period end that have a variable interest rate. At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014	2013
	\$	\$
Change in profit before tax and equity		
Increase in interest rate by 1%		
- Cash at bank	17,553	409,366
- Financial assets	47,765	3,170
Decrease in interest rate by 1%		
- Cash at bank	(17,553)	(409,366)
- Financial assets	(46,794)	(4,872)

Market price risk

The Company has performed sensitivity analysis relating to its exposure to its market price risk at balance date. This sensitivity analysis demonstrates the effect on profit and equity which would result from a change in these risks on financial assets.

At 30 June 2014, the effect on profit and equity as a result of changes in the value of equity investments, with all other variables remaining constant, would be as follows:

	2014	2013
	\$	\$
Change in profit before tax and equity		
- Increase in market price by 1%	160,941	196,168
- Decrease in market price by 1%	(160,941)	(196,168)

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
ABN 87 161 255 750
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

17. Auditor's Remuneration

The auditor of the Company is Deloitte Touche Tohmatsu. The fee in connection with the audit and review of the financial statements of the Company received or receivable by Deloitte Touche Tohmatsu is \$26,800 (2013: \$15,300) for the year ended 30 June 2014. Tax and other services received or receivable by Deloitte Touche Tohmatsu and its related parties for the year ended 30 June 2014 amount to \$7,200 (2013: \$26,775).

18. Contingent Liabilities

The directors are not aware of any potential liabilities or claims against the Company at the balance date.

19. Capital Commitments

The Company has no capital commitments at balance date.

20. Events After The Reporting Period

On 31 July 2014, the Company announced a fully franked dividend payment of \$1.20 per share. The dividend was paid to shareholders on 18 August 2014.

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 Directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

21. Company Details

The registered office of the Company is:

Australian Masters Yield Fund No 5 Limited
Level 15, 100 Pacific Highway
North Sydney NSW 2060

The principal place of business is:

Australian Masters Yield Fund No 5 Limited
Level 15, 100 Pacific Highway
North Sydney NSW 2060

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2014

The directors of the Company declare that:

1. The financial report as set out in pages 12 to 40 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 8 to 9, are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the Company's financial position at 30 June 2014 and of its performance, as represented by the results of the operations and the cash flows, for the financial period ended on that date;
 - b. in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
 - c. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - d. the directors have been given the declarations required by s295A of the *Corporations Act 2001*.
2. The directors of the Manager, Walsh & Company Asset Management Pty Ltd, have declared that:
 - a. the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial period comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial period give a true and fair view.
3. At the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*:

On behalf of the Directors



Mr Thomas Oliver Kline
Chairman

29 August 2014

Independent Auditor's Report to the members of Australian Masters Yield Fund No. 5 Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Masters Yield Fund No.5 Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 12 to 41.

Directors' Responsibility for the Financial Report

The directors of the company 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 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Masters Yield Fund No.5 Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Australian Masters Yield Fund No.5 Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Australian Masters Yield Fund No.5 Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 29 August 2014



ANNUAL REPORT **FOR THE YEAR ENDED 30 JUNE 2014**

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