

Mutual Trust Cash Fund

ARSN 108 504 098

Financial Report for the Year Ended 30 June 2021

Mutual Trust Cash Fund
Contents
30 June 2021



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The Directors of Mutual Capital Ltd, the Responsible Entity of Mutual Trust Cash Fund (the 'Fund'), present their report, together with the financial statements of the Fund for the year ended 30 June 2021 and the lead auditor's report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

Information on Directors

The names and information of the Directors of the Responsible Entity in office at any time during or since the end of the financial year and up to the date of this report, unless otherwise stated, are:

Name: M. H. C. Baillieu
Title: Chairman
Experience and expertise: Former stockbroker with over 35 years of investment experience, who holds numerous directorships

Name: J. L. C. McInnes
Title: Director - Non-Executive
Experience and expertise: Founding Partner of accounting firm McInnes, Graham & Gibbs (now merged with Mutual Trust Pty Ltd), who holds numerous directorships

Name: P. A. F. Hay
Title: Director - Non-Executive
Experience and expertise: Current Chairman of a prominent international mining corporation and former Chief Executive Officer of an Asia Pacific commercial law firm, who holds numerous directorships

Principal activities

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

The investment activities of the Fund continued to be in accordance with the investment policy of the Fund as outlined in the constitution.

The Fund has been established to provide its unitholders with security through holding a portfolio of quality interest-bearing securities.

The Fund did not have any employees during the year.

Review of operations and financial results

The profit for the Fund amounted to \$9K (30 June 2020: \$1.8M).

The operating profit of the Fund decreased as a result of the low interest rate environment negatively impacting the yield provided to the Fund by financial institutions as well as the reduction in unitholders' funds.

Management fees (inclusive of investment advisory and custody fees) have historically been charged at the rate disclosed in the Product Disclosure Statement (2020: 0.88% p.a).

Due to the deterioration in the interest rate environment Management fees were capped at the earnings of the Fund from July 2020.

Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars or, in certain cases, the nearest dollar.

Distributions paid in respect of the financial year

	2021 \$'000	2020 \$'000
Distributions	9	1,809

Unit redemption prices

	2021 \$	2020 \$
Redemption unit price (ex-distribution) as at 30 June	1.00	1.00

Units on Issue

The movement in units on issue of the Fund for the year was as follows:

	2021 '000	2020 '000
Units on issue as at 1 July	508,590	410,410
Number of units issued	3,832,065	3,512,115
Reinvested distributions	9	1,809
Number of units redeemed	(3,975,666)	(3,415,744)
Number of units on issue as at 30 June	364,998	508,590
Value of total Fund assets as at 30 June (\$'000)	364,998	508,590

The basis for valuation of the Fund's assets is disclosed in note 1 to the financial statements.

Remuneration

The Directors are not provided with any remuneration by the Fund itself. Directors are not entitled to any equity interests in the Fund or any rights to or options for equity interests in the Fund as a result of any remuneration provided by the related party of the Responsible Entity.

The Directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to Directors of the Responsible Entity and the management fees paid by the Fund to the Responsible Entity in accordance with the Fund Constitution and Product Disclosure Statement.

Interests of the Responsible Entity

The Fund paid the following management fees to the Responsible Entity out of Fund property during the financial year:

	2021 \$'000	2020 \$'000
Management fees	1,786	3,450
Investment advisory fees	421	451
Custody fees	126	135
	<u>2,333</u>	<u>4,036</u>

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are as follows:

	Number of units held	Total value of units held \$
Mutual Trust Pty Ltd	18,117,752	18,117,752
Mutual Capital Ltd	2,268,291	2,268,291
M. H. C. Baillieu or director related entities ¹	38,644,842	38,644,842
J. L. C. McInnes or director related entities ¹	22,379,982	22,379,982
P. A. F. Hay or director related entities ¹	20,386,043	20,386,043

1. Director or director related entities balance of number of units held includes the number of units held by Mutual Trust Pty Ltd and Mutual Capital Ltd

Derivatives and other financial instruments

The Fund's investments and trading activities expose it to changes in interest rates as well as credit and liquidity risk. The Responsible Entity has approved policies and procedures in each of these areas to manage these exposures.

Significant changes in the state of affairs

The decrease in unitholder funds is due to clients withdrawing funds to seek better returns elsewhere. The decrease in interest rates provided by financial institutions also negatively impacted the operating profit of the Fund.

Management fees (inclusive of investment advisory and custody fees) have historically been charged at the rate disclosed in the Product Disclosure Statement (2020: 0.88% p.a).

Due to the deterioration in the interest environment Management fees were capped at the earnings of the Fund from July 2020.

There were no other significant changes in the state of affairs of the Fund during the financial year.

Likely developments and expected results of operations

The Fund will continue to pursue its policy of providing investors with security through investment in a portfolio of quality interest-bearing investments in accordance with the Product Disclosure Statement. In the opinion of the Directors there are no other likely developments that will influence the operations or the expected results of the Fund.

Environmental regulation

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Matters subsequent to the end of the financial year

COVID-19 continues to generate significant volatility in global and domestic financial markets. Refer to note 9 financial instruments disclosure.

As at the date of signing the financial statements there is significant uncertainty on the likely duration and impact of COVID-19 on world economies. Given the high degree of estimation uncertainty, the Responsible Entity cannot reasonably assess or quantify the potential short or longer term financial impact on the Fund.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the Fund's operations, the results of those operations or the Fund's state of affairs in future financial years.

Indemnity and insurance of officers

The ultimate holding company of the Responsible Entity has agreed to indemnify the Directors and Officers against all liabilities whilst acting in their capacity as a Director or Officer of the Responsible Entity. Insurance premiums have been paid during or since the end of the financial year for Directors and Officers. Premiums are paid by the ultimate holding company, Mutual Trust Pty Ltd on a group wide basis.

Indemnity and insurance of auditor

During the financial year the Fund has not paid a premium in respect of a contract to insure the auditor of the Fund or any related entity.

Meetings of Directors of the Responsible Entity

	Full Board	
	Held	Attended
M. H. C. Baillieu	3	3
J. L. C. McInnes	3	3
P. A. F. Hay	3	3

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of the Board of Directors of the Responsible Entity, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Board of Directors of the Responsible Entity:



Director

15 September 2021
Melbourne



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Mutual Capital Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Mutual Trust Cash Fund for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG



Partner

Sydney

15 September 2021

Mutual Trust Cash Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021



	Note	2021 \$'000	2020 \$'000
Income			
Interest income		2,400	5,893
Other income		7	7
		<u>2,407</u>	<u>5,900</u>
Expenses			
Management fees paid to the Responsible Entity	10	(2,333)	(4,036)
Accounting and audit fees		(51)	(38)
Transaction costs		(13)	(16)
Filing fees		(1)	(1)
		<u>(2,398)</u>	<u>(4,091)</u>
Profit for the year		9	1,809
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>9</u>	<u>1,809</u>

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

Mutual Trust Cash Fund
Statement of financial position
As at 30 June 2021



	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	3	76,950	167,993
Short term investments	4	288,000	340,000
Interest and other receivables	5	145	1,042
Total assets		365,095	509,035
Liabilities			
Payables	6	97	445
Total liabilities		97	445
Net assets attributable to unitholders	8	364,998	508,590
Equity			
Unitholder funds		364,998	508,590
Total equity		364,998	508,590

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

Mutual Trust Cash Fund
Statement of changes in equity
For the year ended 30 June 2021



	Note	2021 \$'000	2020 \$'000
Total equity at the beginning of the financial year		508,590	410,410
Profit for the year		9	1,809
Other comprehensive income for the year		-	-
Total comprehensive income for the year		9	1,809
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Applications	8	3,832,065	3,512,115
Redemptions	8	(3,975,666)	(3,415,744)
Units issued on reinvestment of distribution	8	9	1,809
Distributions to unitholders	7	(9)	(1,809)
Total equity at the end of the financial year		<u>364,998</u>	<u>508,590</u>

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

Mutual Trust Cash Fund
Statement of cash flows
For the year ended 30 June 2021



	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Net proceeds from sale / (purchases) of term deposits		52,000	(67,000)
Interest received		3,280	6,125
Other income received		7	7
Payments of management fees to the Responsible Entity		(2,670)	(3,908)
Payments for other expenses		(59)	(59)
		<u>52,558</u>	<u>(64,835)</u>
Net cash provided by / (used in) operating activities			
		<u>52,558</u>	<u>(64,835)</u>
Net cash provided by investing activities			
		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from applications	8	3,832,065	3,512,115
Payments for redemptions	8	<u>(3,975,666)</u>	<u>(3,415,744)</u>
		<u>(143,601)</u>	<u>96,371</u>
Net cash (used in) / provided by financing activities			
		<u>(143,601)</u>	<u>96,371</u>
Net (decrease) / increase in cash and cash equivalents		(91,043)	31,536
Cash and cash equivalents at the beginning of the financial year		<u>167,993</u>	<u>136,457</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>76,950</u></u>	<u><u>167,993</u></u>

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

Note 1. Significant accounting policies

The financial report has been prepared for the Mutual Trust Cash Fund ('the Fund') as an individual entity. The Fund is a registered managed investment fund domiciled in Australia. The Fund is a for-profit fund for the purpose of preparing the financial statements.

The Responsible Entity of the Fund is Mutual Capital Ltd.

The financial report is presented in Australian dollars.

The Fund's principal activity is to provide its unitholders with security through holding a portfolio of quality interest-bearing securities.

The financial statements were authorised for issue, in accordance with a resolution of Directors on 15 September 2021. The Directors have the power to amend and reissue the financial statements.

New or amended Accounting Standards and Interpretations adopted

The Fund has adopted the following new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and are most relevant to the Fund:

- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (effective 1 July 2020);
- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia (effective 1 July 2020); and
- Conceptual Framework for Financial Reporting (effective 1 July 2020).

The Directors have assessed that the adoption of these Accounting Standards and Interpretations did not have a material impact on the financial performance or position of the Fund.

A number of other new and amended mandatory Accounting Standards and Interpretations were issued and effective from 1 July 2020 but they did not have any significant impact on the financial performance or position of the Fund.

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

Accounting Standards Issued but not yet Effective

As at the date of authorisation of the financial report, the following new accounting standard has been published that is not mandatory for 30 June 2021 reporting periods:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current;
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments (effective 1 January 2022); and
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (effective 1 January 2023).

The Directors have assessed that this accounting standard on issue but not yet effective is not expected to have a material impact on the financial performance or position of the Fund.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

Note 1. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention except for where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Income recognition

The Fund recognises income as follows:

Interest

Interest income is recognised as interest accrues using the effective interest method.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Expenses

Expenses are brought to account on an accruals basis.

Income tax

Under current legislation the Fund is not subject to income tax provided it attributes the entirety of its taxable income, including realised capital gains, to its unitholders.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank or financial institutions which the Responsible Entity uses in its day to day management of the Fund's cash requirements.

Short term investments

Short term investments include deposits held at call or in term deposits with a bank or financial institutions which the Responsible Entity uses in its day to day management of the Fund's investments requirements.

Interest and other receivables

Receivables include accrued income on interest-bearing securities.

Interest is accrued at the reporting date from the time of last payment.

Note 1. Significant accounting policies (continued)

Other financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Fund has transferred substantially all of the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Payables

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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 assuming that the transaction will take place in either the principal market or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Net assets attributable to unitholders

The Funds units are puttable financial instruments that have been classified as equity, as they have all of the following features:

- entitle the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation;
- are in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- do not include any contractual obligation 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 units over the life are based substantially on the profit or loss.

The units are redeemable at the unitholders' option. Applications and redemptions may, however, be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

Applications and redemptions

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

Distributions

Distributions are recognised when declared during the financial year.

Goods and Services Tax ('GST')

Management fees and other expenses are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Payables are stated inclusive of GST. The net amount of GST recoverable from the tax authority is included in other receivables in the statement of financial position.

Cash flows are presented on a gross basis inclusive of GST. The GST components of cash flows which are recoverable from the tax authority, are presented as operating cash flows.

Note 1. Significant accounting policies (continued)

Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars or, in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial report requires the use of certain estimates and judgements in applying the Fund's accounting policies. The judgement significant to the financial report is disclosed below.

COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Fund based on known information. This consideration extends to the nature of the products and services offered.

Other than as addressed in specific notes, Management cannot reasonably assess or quantify the short term or longer term financial impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Note 3. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Short term deposits - variable rates	76,950	167,993

Note 4. Short term investments

	2021	2020
	\$'000	\$'000
Short term deposits - fixed rates	288,000	340,000

Note 5. Interest and other receivables

	2021	2020
	\$'000	\$'000
Interest receivable	141	1,021
GST receivable	4	21
	<u>145</u>	<u>1,042</u>

Note 6. Payables

	2021	2020
	\$'000	\$'000
Sundry creditors	97	445
	97	445

Note 7. Distributions

Distributions paid during the financial year were as follows:

	2021	2020
	\$'000	\$'000
Distributions	9	1,809
	9	1,809

Reconciliation of net profit to distributable income

Net profit from ordinary activities	9	1,809
Distributable income	9	1,809

Note 8. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the current financial year are set out below:

	2021	2020	2021	2020
	Units	Units	\$'000	\$'000
Net assets attributable to unitholders at the beginning of the financial year	508,590	410,410	508,590	410,410
Profit for the year	-	-	9	1,809
Reinvested distributable units	9	1,809	-	-
Applications	3,832,065	3,512,115	3,832,065	3,512,115
Redemptions	(3,975,666)	(3,415,744)	(3,975,666)	(3,415,744)
Net assets attributable to unitholders at the end of the financial year	364,998	508,590	364,998	508,590

In accordance with the provisions of the Fund constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

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

Note 8. Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders changes on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. In accordance with the provisions of the Fund constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The capital risk management policy remains unchanged.

Net unrealised capital gains

Net unrealised gains which would be assessable if realised as at 30 June 2021 amounted to nil (2020: nil).

Note 9. Financial instruments

The Fund's investment activities expose it to a variety of financial risks:

- Market risk (including fair value interest rate risk and price risk);
- Credit risk;
- Liquidity risk; and
- Cash flow interest rate risk

The overall risk management program focuses on interest rate and liquidity risk. Risk management is carried out by holding a spread of maturities with fixed, variable and non-interest bearing exposures. Short term highly liquid investments are held at the prevailing bank rates per the deposit term.

Market risk

The Fund invests in a spread of maturities with fixed, variable and non-interest bearing exposures. It is generally the intention of the Fund to hold all interest-bearing securities to maturity. The Fund may liquidate interest-bearing securities when unitholders redeem their units in large quantities. Market volatility and foreign exchange fluctuations are not a prevalent factor in the Fund's investment portfolio.

Market risks are minimised through the selection of high-quality financial institutions and therefore there are no material market risks in the current or prior years.

Liquidity and cash flow risk

The Fund is restricted by provisions of the Fund constitution from entering into derivative contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total unitholders' funds. The risk management guidelines adopted by the Responsible Entity require coverage to be composed of funds of short term highly liquid investments to ensure the maintenance of the Fund's asset liquidity.

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of short term highly liquid investments to satisfy usual levels of demand.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and Management's expectation for settlement of undiscounted maturities.

Note 9. Financial instruments (continued)

	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
30 June 2021					
Cash and cash equivalents	76,950	-	-	76,950	76,950
Short term investments	256,000	32,000	-	288,000	288,000
Other financial assets	145	-	-	145	145
Payables	(97)	-	-	(97)	(97)
Net maturities	332,998	32,000	-	364,998	364,998
	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
30 June 2020					
Cash and cash equivalents	167,993	-	-	167,993	167,993
Short term investments	250,000	90,000	-	340,000	340,000
Other financial assets	1,042	-	-	1,042	1,042
Payables	(445)	-	-	(445)	(445)
Net maturities	418,590	90,000	-	508,590	508,590

Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of statement of financial position financial assets and liabilities. The total credit risk for statement of financial position items is therefore limited to the amount carried on the statement of financial position. Credit risk is managed by dealing only with authorised deposit taking institutions (ADI's).

The short term investments are held with bank and financial institution counterparties, which are rated A3 to Aa3, based on Moody's Corporation ratings.

As at 30 June 2021 and 30 June 2020, all receivables are held with high-quality financial institutions and either callable on demand or settled in the short term. Management considers the probability of default to be limited as these instruments have a low risk of default and the counterparties have the capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be insignificant to the Fund.

Note 9. Financial Instruments (continued)

Interest rate risk

The Fund's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at balance date are as follows:

	Average interest effective rate %	Variable interest rate \$'000	Fixed interest rate maturing in:			Non- interest bearing \$'000	Total \$'000
			< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000		
30 June 2021							
<i>Financial assets</i>							
Net short-term liquids	0.56%	76,950	288,000	-	-	-	364,950
Sundry debtors and income accrued	-	-	-	-	-	145	145
		<u>76,950</u>	<u>288,000</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>365,095</u>
<i>Financial liabilities</i>							
Sundry creditors and expenses accrued	-	-	-	-	-	(97)	(97)
Net exposure		<u>76,950</u>	<u>288,000</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>364,998</u>

The Fund's exposure to interest rate risks and the effective interest rates of financial assets and liabilities as at 30 June 2020 were as follows:

	Average interest effective rate %	Variable interest rate \$'000	Fixed interest rate maturing in:			Non- interest bearing \$'000	Total \$'000
			< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000		
30 June 2020							
<i>Financial assets</i>							
Net short-term liquids	1.28%	167,993	340,000	-	-	-	507,993
Sundry debtors and income accrued	-	-	-	-	-	1,042	1,042
		<u>167,993</u>	<u>340,000</u>	<u>-</u>	<u>-</u>	<u>1,042</u>	<u>509,035</u>
<i>Financial liabilities</i>							
Sundry creditors and expenses accrued	-	-	-	-	-	(445)	(445)
Net exposure		<u>167,993</u>	<u>340,000</u>	<u>-</u>	<u>-</u>	<u>597</u>	<u>508,590</u>

Interest rate sensitivity analysis

Cashflow interest rate risks are managed through a spread of maturities with fixed, variable and non-interest bearing exposures. There has been no change to the level of exposure to interest rate risks or the manner in which the Fund manages and measures the risk from the previous period.

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible change in interest rates with all other variables held constant is indicated in the table below.

Note 9. Financial instruments (continued)

Interest rates	Change in interest rate		Effect on net assets attributable to unitholders and profit or loss	
	Increase basis point	Decrease basis point	Increase \$'000	Decrease \$'000
30 June 2021	10	-	-	-
30 June 2020	25	(10)	1,270	(508)

Management fees (inclusive of investment advisory and custody fees) have historically been charged at the rate disclosed in the Product Disclosure Statement (2020: 0.88% p.a).

Due to the deterioration in the interest rate environment Management fees were capped at the earnings of the Fund from July 2020. Therefore as at 30 June 2021, if the interest changed by 10 basis points, the effect on net assets attributable to unitholders and profit and loss is nil.

The Fund only holds cash for liquidity and transactional purposes and this cash is held at floating rates of interest.

Fair values of financial assets and liabilities

The Fund's financial assets in the statement of financial position are carried at fair value except for short term investments, loans and receivables which are stated at amortised cost. The short term investments have been classified as level 1 of the fair value hierarchy.

Financial liabilities included in the statement of financial position are carried at amortised cost. The Directors of the Responsible Entity consider that the carrying amount of financial assets and liabilities recorded in the financial statements approximates their fair values.

Note 10. Related party transactions

Responsible Entity

The Responsible Entity of the Fund is Mutual Capital Ltd whose immediate and ultimate holding company is Mutual Trust Pty Ltd.

Compensation of key management personnel (KMP) of the Responsible Entity

The names of Directors of the Responsible Entity and other key management personnel during the year to the date of this report are:

Name	Positions Held
Directors	
M. H. C. Baillieu (Chairman)	Director - Non-Executive
J. L. C. McInnes	Director - Non-Executive
P. A. F. Hay	Director - Non-Executive
Executives	
P. L. L. Harkness	Chief Executive Officer
J. L. Smith	Head of Corporate Services and Chief Financial Officer
P. M. Marshall	Head of Legal, Risk, Compliance and Governance
A. J. Wood	Head of Tax, Accounting, Consulting and Superannuation (TACS) and Operations

Note 10. Related party transactions (continued)

Details of remuneration provided to Directors of the Responsible Entity are disclosed in the Directors' report of the Responsible Entity.

No Directors of the Responsible Entity were paid or were due to be paid income directly or indirectly from the Fund or any related party, in connection with the management of the affairs of the Fund.

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

The Fund paid the following management fees to the Responsible Entity out of Fund property during the financial year:

	2021	2020
	\$'000	\$'000
Management fees	1,786	3,450
Investment advisory fees	421	451
Custody fees	126	135
	<u>2,333</u>	<u>4,036</u>

Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021	2020
	\$'000	\$'000
Management fees payable to to the Responsible Entity	54	409

Related party investments held by the Fund

The Fund has no investment in the Responsible Entity, its related parties or other Funds managed by the Responsible Entity during the year (2020: nil).

Terms and conditions

Management fees (inclusive of investment advisory and custody fees) have historically been charged at the rate disclosed in the Product Disclosure Statement (2020: 0.88% p.a).

Due to the deterioration in the interest rate environment Management fees were capped at the earnings of the Fund from July 2020. All transactions were otherwise made on normal commercial terms and conditions.

Note 10. Related party transactions (continued)

Unitholdings

The number of units held in the Fund by key management personnel and their related entities are as follows:

Unitholder	Units held No.		Total value of units held \$	
	2021	2020	2021	2020
Mutual Trust Pty Ltd	18,117,752	16,423,193	18,117,752	16,423,193
Mutual Capital Ltd	2,268,291	2,868,393	2,268,291	2,868,393
M. H. C. Baillieu or director related entities ¹	38,644,842	38,720,068	38,644,842	38,720,068
J. L. C. McInnes or director related entities ¹	22,379,982	50,660,024	22,379,982	50,660,024
P. A. F. Hay or director related entities ¹	20,386,043	19,291,586	20,386,043	19,291,586
G. W. Dickinson or director related entities ^{1,2}	-	22,064,756	-	22,064,756

1. Director or director related entities balance of number of units held includes the number of units held by Mutual Trust Pty Ltd and Mutual Capital Ltd.

2. G. W. Dickinson resigned as a Director on 12 March 2020.

Aggregate total of related party unitholdings	Number of units held opening No.	Number of units held closing No.	Interest held %	Number of units acquired* No.	Number of units disposed** No.	Distributions paid / payable by the Fund \$
30 June 2021	130,736,434	81,410,867	22.30	222,063,115	(271,390,585)	1,903
30 June 2020	70,726,785	130,736,434	25.71	241,512,454	(181,939,383)	436,578

*Related parties unitholdings acquired as at 30 June 2020 include the acquired unitholdings of P. A. F. Hay who was appointed as a director on 1 March 2020.

**Related parties unitholdings disposed as at 30 June 2021 include the disposed unitholdings of G. W. Dickinson who resigned as a director on 12 March 2020.

Except as noted above, none of the key management personnel or related entities held units in the Fund, either directly, indirectly or beneficially either during or since the end of the financial period.

Note 11. Events after the reporting period

COVID-19 continues to generate significant volatility in global and domestic financial markets. Refer to note 9 financial instruments disclosure.

As at the date of signing the financial statements there is significant uncertainty on the likely duration and impact of COVID-19 on world economies. Given the high degree of estimation uncertainty, the Responsible Entity cannot reasonably assess or quantify the potential short or longer term financial impact on the Fund.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the Fund's operations, the results of those operations or the Fund's state of affairs in future financial years.

Note 12. Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or capital commitments as at 30 June 2021 (2020: nil).

Note 13. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Fund:

	2021	2020
	\$	\$
<i>Audit and assurance services - KPMG</i>		
Audit or review of the financial report	34,155	34,155
Regulatory assurance services	<u>7,245</u>	<u>7,245</u>
Total remuneration of auditors - KPMG	<u><u>41,400</u></u>	<u><u>41,400</u></u>

Note 14. Responsible Entity Details

The registered office of the Responsible Entity is:

Level 32, 360 Collins Street
Melbourne VIC 3000

The principal place of business is:

Level 32, 360 Collins Street
Melbourne VIC 3000

Mutual Trust Cash Fund
Directors' declaration
30 June 2021

In the opinion of the Board of Directors of the Responsible Entity:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund 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 made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity:



Director

15 September 2021
Melbourne



Independent Auditor's Report

To the unitholders of Mutual Trust Cash Fund

Opinion

We have audited the **Financial Report** of Mutual Trust Cash Fund (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2021;
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Scheme in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Mutual Capital Ltd (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Mutual Capital Ltd (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



KPMG



Partner

Sydney

15 September 2021