

# **Mutual Trust Cash Fund**

**ARSN 108 504 098**

**Financial Report for the Year Ended 30 June 2023**

**Mutual Trust Cash Fund**  
**Contents**  
**30 June 2023**



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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 2023 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: Chair  
Experience and expertise: Former stockbroker with over 35 years' of investment experience, who holds numerous directorships.

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

Name: N. T. Davis  
Title: Director - Non-Executive  
Experience and expertise: Former Partner at an international accounting firm with over 35 years' experience in advisory, audit, governance and risk management services. Chair of the Mutual Trust Pty Ltd Audit Committee and Mutual Trust Cash Fund and Trustee Compliance Committees.

### **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 Product Disclosure Statement.

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 of the Fund amounted to \$11,000,650 (30 June 2022: \$5,793).

From June 2022, interest rates increased allowing Mutual Capital Ltd and its holding company, Mutual Trust Pty Ltd to charge the Management fee of 0.88% p.a. of the net assets of the Fund plus Goods and Service Tax ('GST') as per the Product Disclosure Statement and resulted in the operating profit for the financial year ended 30 June 2023 being higher than the financial year ended 30 June 2022.

Due to the deterioration in the interest rate environment, Mutual Capital Ltd and its holding company, Mutual Trust Pty Ltd capped Management fees (inclusive of investment advisory and custody fees) at the earnings of the Fund from July 2020 until June 2022. This approach to Management fees resulted in Management fees of \$2,584,694 being waived during the financial year ended 30 June 2022 and \$1,370,107 being waived during the financial year ended 30 June 2021.

The Fund distributed \$11,000,650 to Unitholders (30 June 2022: \$5,793).

The net assets attributable to the Unitholders of the Fund decreased by \$1,573,817 in the financial year ended 30 June 2023 (30 June 2022: increased by \$95,974,053) due to net outflows to Unitholders.

### Significant changes in the state of affairs

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

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 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.

### Likely developments

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.

### Distributions paid in respect of the financial year

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Distributions	11,001	6

### Unit redemption prices

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Redemption unit price (ex-distribution) as at 30 June	1.00	1.00

### Net assets attributable to Unitholders

The net assets attributable to Unitholders of the Fund for the year were as follows:

	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
Net assets attributable to Unitholders as at 1 July	460,972	364,998
Number of units issued	4,130,545	3,900,300
Reinvested distributions	11,001	6
Number of units redeemed	(4,143,120)	(3,804,332)
Net assets attributable to Unitholders as at 30 June	459,398	460,972
Value of total Fund assets as at 30 June (\$'000)	459,398	460,972

The basis for valuation of the Fund's assets is disclosed in note 2 to the financial statements.

### Meetings of Directors of the Responsible Entity

	Full Board	
	Held	Attended
M. H. C. Baillieu	2	2
P. A. F. Hay	2	2
N. T. Davis	2	2

### Indemnity and insurance of officers

The ultimate holding company of the Responsible Entity has agreed to indemnify the Directors and Officers against certain 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 auditors

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.

### Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with and forms part of this report.

### Rounding of amounts

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

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:



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P. A. F. Hay  
Director

13 September 2023  
Melbourne



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

To the Directors of Mutual Capital Ltd, the Responsible Entity for the Mutual Trust Cash Fund

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 2023 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

Joshua Pearce

Partner

Melbourne

13 September 2023

**Mutual Trust Cash Fund**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**



	Note	2023 \$'000	2022 \$'000
<b>Interest and other income</b>			
Interest income		15,635	1,278
Other income		6	5
		<u>15,641</u>	<u>1,283</u>
<b>Expenses</b>			
Management fees paid / payable to the Responsible Entity and its holding company	9	(4,539)	(1,201)
Audit fees	12	(82)	(62)
Transaction costs		(12)	(13)
Other expenses		(7)	(1)
		<u>(4,640)</u>	<u>(1,277)</u>
<b>Profit for the year</b>		11,001	6
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>11,001</u></u>	<u><u>6</u></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 2023**



	<b>Note</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents		51,321	67,692
Short term investments		404,000	393,000
Interest and other receivables	4	4,578	641
<b>Total assets</b>		459,899	461,333
<b>Liabilities</b>			
Related parties payables		395	296
Other payables	5	106	65
<b>Total liabilities</b>		501	361
<b>Net assets attributable to Unitholders</b>	7	459,398	460,972
<b>Equity</b>			
Unitholder funds		459,398	460,972
<b>Total equity</b>		459,398	460,972

*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 2023**



	Note	2023 \$'000	2022 \$'000
<b>Total equity at the beginning of the financial year</b>		460,972	364,998
Profit for the year		11,001	6
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		11,001	6
<i>Transactions with Unitholders in their capacity as Unitholders:</i>			
Applications	7	4,130,545	3,900,300
Redemptions	7	(4,143,120)	(3,804,332)
Units issued on reinvestment of distribution	7	11,001	6
Distributions to Unitholders	6	(11,001)	(6)
<b>Total equity at the end of the financial year</b>		<u>459,398</u>	<u>460,972</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 2023**



	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Purchases of term deposits		(147,000)	(117,000)
Proceeds from term deposits		136,000	12,000
Interest received		11,703	793
Other income received		6	5
Payments of management fees to the Responsible Entity and its holding company		(4,418)	(971)
Payments for other expenses		(87)	(53)
		<u>(3,796)</u>	<u>(105,226)</u>
<b>Net cash used in operating activities</b>			
		<u>-</u>	<u>-</u>
<b>Net cash provided by investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from applications	7	4,130,545	3,900,300
Payments for redemptions	7	(4,143,120)	(3,804,332)
		<u>(12,575)</u>	<u>95,968</u>
<b>Net cash (used in) / provided by financing activities</b>			
Net decrease in cash and cash equivalents		(16,371)	(9,258)
Cash and cash equivalents at the beginning of the financial year		<u>67,692</u>	<u>76,950</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u><u>51,321</u></u>	<u><u>67,692</u></u>

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

### **Note 1. General information**

The Directors present the financial statements of the Mutual Trust Cash Fund ('the Fund') for the year ended 30 June 2023. The Fund is a registered Managed Investment Scheme domiciled in Australia. The Fund is a for-profit fund for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

The Responsible Entity of the Fund is Mutual Capital Ltd.

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 13 September 2023. The Directors have the power to amend and reissue the financial statements.

### **Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **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 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current (effective 1 January 2023);
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective 1 January 2023); 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 the adoption of these Accounting Standards and Interpretations did not have a material impact on the financial performance or position of the Fund.

#### **Accounting Standards Issued but not yet effective**

As at the date of authorisation of the financial report, there were no new accounting standards and interpretations that have been published that are not mandatory or have not been early adopted for the 30 June 2023 reporting period.

#### **Basis of preparation**

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

#### *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.

## **Note 2. Significant accounting policies (continued)**

### **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 the Attribution Managed Investment Trust tax regime 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 includes cash at call with financial institutions.

### **Short term investments**

Short term investments include term deposits with 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.

### **Classification and measurement of 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.

## **Note 2. Significant accounting policies (continued)**

### *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 are 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.

### *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 is available to measure fair value are used maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## **Related parties and other 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 35 days of recognition.

## **Note 2. Significant accounting policies (continued)**

### **Net assets attributable to Unitholders**

The Fund's units are puttable financial instruments under AASB 132 *Financial Instruments: Presentation* 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. The Fund does not charge entry or exit fees.

### **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 Australian Taxation Office ('ATO'). 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 ATO 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 ATO, are presented as operating cash flows.

### **Rounding of amounts**

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

**Note 3. Financial risk management**

The Fund is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Market risk; in particular interest rate risk
- Credit risk; and
- Liquidity risk

The risk management program focuses on interest rate and liquidity risk. Risk management is carried out by holding a spread of maturities with fixed, and variable interest bearing exposures across a number of high quality financial institutions. Short term highly liquid investments are held at the prevailing deposit rates.

*Market risk*

Market risk is the risk that changes in market prices will affect the Fund's income or the value of its holdings of financial instruments.

Foreign exchange fluctuations are not a prevalent factor in the Fund's investment portfolio.

*Market risk - interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. These are minimised through the selection of high-quality financial institutions.

The Fund invests in term deposits and at call bank accounts with a spread of maturities with fixed and variable interest bearing exposures. It is generally the intention of the Fund to hold all interest-bearing securities to maturity. As noted below, these are either callable on demand or settled in the short-term.

The Fund's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

30 June 2023	Average interest effective interest 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		
<i>Financial assets</i>							
Cash and cash equivalents	0.34%	51,321	-	-	-	-	51,321
Short term investments and interest receivable*	3.08%	-	404,000	-	-	7,884	411,884
Other receivables	-	-	-	-	-	20	20
		51,321	404,000	-	-	7,904	463,225
<i>Financial liabilities</i>							
Related parties payables	-	-	-	-	-	(395)	(395)
Other payables	-	-	-	-	-	(106)	(106)
		-	-	-	-	(501)	(501)
<b>Net exposure</b>		<b>51,321</b>	<b>404,000</b>	<b>-</b>	<b>-</b>	<b>7,403</b>	<b>462,724</b>

\*Interest receivable of \$7,884,000 includes interest receivable of \$4,558,000 referable to year ended 30 June 2023.

**Note 3. Financial risk management (continued)**

30 June 2022	Average interest effective interest 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		
<i>Financial assets</i>							
Cash and cash equivalents	0.02%	67,692	-	-	-	-	67,692
Short term investments and interest receivable*	0.29%	-	393,000	-	-	2,059	395,059
Other receivables	-	-	-	-	-	15	15
		<u>67,692</u>	<u>393,000</u>	<u>-</u>	<u>-</u>	<u>2,074</u>	<u>462,776</u>
<i>Financial liabilities</i>							
Related parties payables	-	-	-	-	-	(296)	(296)
Other payables	-	-	-	-	-	(65)	(65)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(361)</u>	<u>(361)</u>
<b>Net exposure</b>		<u>67,692</u>	<u>393,000</u>	<u>-</u>	<u>-</u>	<u>1,713</u>	<u>462,405</u>

\*Interest receivable of \$2,059,000 includes interest receivable of \$626,000 referable to year ended 30 June 2022.

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

*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.

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 2023	100	(100)	4,553	(4,553)
30 June 2022	100	(100)	4,607	(4,607)

*Market risk - fair values*

The Fund's financial assets and liabilities in the statement of financial position are measured at amortised cost. If measured at fair value, the financial assets and liabilities would be classified on the fair value hierarchy as level 2 financial instruments.

The Directors of the Responsible Entity consider that the carrying amounts of financial assets and liabilities recorded in the financial statements approximates their fair values.



**Note 3. Financial risk management (continued)**

*Credit risk*

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 (ADIs).

Short term investments are held with financial institution counterparties, which are rated A2 to Aa2, based on Moody's Corporation ratings.

As at 30 June 2023 and 30 June 2022, all receivables are held with high-quality financial institutions and either callable on demand or settled within 12 months. 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.

*Liquidity 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.

The total contractual cash flows for short term investments includes both the principal and interest amounts.

The carrying amount for short term investments is the principal amounts.

<b>30 June 2023</b>	<b>&lt; 6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>1-5 years \$'000</b>	<b>Total contractual cash flows \$'000</b>	<b>Carrying amount \$'000</b>
Cash and cash equivalents	51,321	-	-	51,321	51,321
Short term investments and interest receivable*	411,884	-	-	411,884	408,558
Other receivables	20	-	-	20	20
Related parties payables	(395)	-	-	(395)	(395)
Other payables	(106)	-	-	(106)	(106)
<b>Net maturities</b>	<b>462,724</b>	<b>-</b>	<b>-</b>	<b>462,724</b>	<b>459,398</b>

\*Interest receivable of \$7,884,000 includes interest receivable of \$4,558,000 referable to year ended 30 June 2023.

**Note 3. Financial risk management (continued)**

30 June 2022	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Cash and cash equivalents	67,692	-	-	67,692	67,692
Short term investments and interest receivable*	369,679	25,380	-	395,059	393,626
Other receivables	15	-	-	15	15
Related parties payables	(296)	-	-	(296)	(296)
Other payables	(65)	-	-	(65)	(65)
<b>Net maturities</b>	<u>437,025</u>	<u>25,380</u>	<u>-</u>	<u>462,405</u>	<u>460,972</u>

\*Interest receivable of \$2,059,000 includes interest receivable of \$626,000 referable to year ended 30 June 2022.

**Note 4. Interest and other receivables**

	2023 \$'000	2022 \$'000
Interest receivable	4,558	626
GST receivable	20	15
	<u>4,578</u>	<u>641</u>

**Note 5. Other payables**

	2023 \$'000	2022 \$'000
Withholding tax payable	12	-
Sundry payables and accruals	94	65
	<u>106</u>	<u>65</u>

**Note 6. Distributions**

Distributions paid during the financial year were as follows:

	2023 \$'000	2022 \$'000
Distributions	<u>11,001</u>	<u>6</u>

The distributions are non-cash as they are reinvested into the Fund.

**Note 7. 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:

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Units</b>	<b>Units</b>	<b>\$'000</b>	<b>\$'000</b>
Net assets attributable to Unitholders at the beginning of the financial year	460,972	364,998	460,972	364,998
Profit for the year	-	-	11,001	6
Reinvested distributable units	11,001	6	-	-
Applications	4,130,545	3,900,300	4,130,545	3,900,300
Redemptions	(4,143,120)	(3,804,332)	(4,143,120)	(3,804,332)
Net assets attributable to Unitholders at the end of the financial year	<u>459,398</u>	<u>460,972</u>	<u>459,398</u>	<u>460,972</u>

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.

*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.

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 2023 amounted to nil (2022: nil).

**Note 8. Key management personnel disclosures**

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 key management personnel or their related parties at any time during the period.

The names of Directors and executives of the Responsible Entity who have held office during the year to the date of this report are:

**Note 8. Key management personnel disclosures (continued)**

Name	Positions Held
<b>Directors</b>	
M. H. C. Baillieu (Chair)	Director - Non-Executive
P. A. F. Hay	Director - Non-Executive
N. T. Davis	Director - Non-Executive
<b>Executives</b>	
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 and Company Secretary

**Note 9. 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.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 8 above.

*Transactions with related parties*

Management fees were paid or payable by the Fund to the Responsible Entity and its holding company out of Fund property during the financial year as follows:

	2023 \$'000	2022 \$'000
Management fees	3,880	634
Investment advisory fees	507	436
Custody fees	152	131
	4,539	1,201
	4,539	1,201

*Related parties payables*

The Fund has no investment in the Responsible Entity, its related parties or other Funds managed by the Responsible Entity during the year (2022: nil).

**Note 9. Related party transactions (continued)**

*Terms and conditions*

From June 2022, Management fees ((inclusive of investment advisory (0.1%) and custody fees (0.03%)) have returned to being charged to the Fund at 0.88% p.a. of net assets of the Fund plus GST as per the Product Disclosure Statement.

Due to the low interest rate environment Management fees were capped at the earnings of the Fund from July 2020 until June 2022. This approach to Management fees resulted in Management fees of \$2,584,694 being waived during the financial year ended 30 June 2022 and \$1,370,107 being waived during the financial year ended 30 June 2021.

All transactions were otherwise made on normal commercial terms and conditions.

*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 \$	
	2023	2022	2023	2022
Mutual Trust Pty Ltd	18,206,928	17,368,215	18,206,928	17,368,215
Mutual Capital Ltd	3,539,507	3,019,925	3,539,507	3,019,925
M. H. C. Baillieu or director related entities <sup>1</sup>	58,544,858	51,384,608	58,544,858	51,384,608
P. A. F. Hay or director related entities <sup>1</sup>	21,746,435	20,388,140	21,746,435	20,388,140
N. T. Davis or director related entities <sup>1</sup>	21,746,435	20,388,140	21,746,435	20,388,140

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.

Aggregate 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 2023	51,384,608	58,544,858	12.91	104,156,541	(96,996,291)	1,205,621
30 June 2022	40,638,781	51,384,608	11.15	134,699,558	(123,953,731)	646

\*Aggregate related party unitholdings reflects unique unitholdings held by related parties entities and directors or director related entities.

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 10. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 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 11. Contingent assets, liabilities and commitments**

There were no contingent assets, liabilities or capital commitments as at 30 June 2023 (2022: nil).

**Note 12. Remuneration of auditors**

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Audit and assurance services - KPMG</i>		
Audit or review of the financial report	75	55
Regulatory assurance services	7	7
Total remuneration of auditors - KPMG	82	62

**Note 13. 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

**Note 14. Reconciliation of profit to net cash used in operating activities**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	11,001	6
Change in operating assets and liabilities:		
Increase in short term investments	(11,000)	(105,000)
Increase in interest and other receivables	(3,937)	(496)
Increase in related parties payables	99	242
Increase in other payables	41	22
Net cash used in operating activities	(3,796)	(105,226)

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

1. The financial statements and notes that are set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, and:

- (i) give a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- (ii) comply with Australian Accounting Standards and the *Corporations Regulations 2001*,

2. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and;

3. The Directors draw attention to note 2 to the financial statements, which includes a statement of compliance with International Reporting Standards.

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:



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P. A. F. Hay  
Director

13 September 2023  
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 2023 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 2023;
- 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; and
- 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 ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Joshua Pearse

*Partner*

Melbourne

13 September 2023