

Ord Minnett Cash Management Trust
ARSN 090 714 588

Annual Financial Report

For the year ended 30 June 2020

This financial report covers Ord Minnett Cash Management Trust as an individual entity

Ord Minnett Cash Management Trust
Directors' Report
For the year ended 30 June 2020

The directors of Ord Minnett Management Limited, the Responsible Entity of Ord Minnett Cash Management Trust ("the Scheme"), present their report together with the financial report of the Scheme, for the financial year ended 30 June 2020.

Scheme information

The Scheme is an Australian Registered Managed Investment Scheme. Ord Minnett Management Limited (the Responsible Entity) is incorporated and domiciled in Australia. The registered office of the Responsible Entity and the Scheme is located at Level 8 NAB House, 255 George Street, Sydney 2000.

Principal activities and review of operations

During the year, the Scheme continued investing in accordance with the provisions of the Scheme's Constitution and Product Disclosure Statement.

The Scheme maintains an investment strategy of investing in short term liquid assets to provide security of capital with a competitive rate of return.

On 1 July 2019, the Responsible Entity fee charged to the Scheme was decreased by 0.13% per annum to 1.03%. On 9 March 2020 the Responsible Entity fee was further decreased to 0.77% per annum.

During the year, the Reserve Bank of Australia decreased the cash rate from 1.25% on 1 July 2019 to 0.25% as at 30 June 2020.

Directors

The following persons held office as directors of Ord Minnett Management Limited (ABN 55 002 262 240), the Responsible Entity of the Scheme, during the year and up to the date of this report, unless otherwise stated below:

Philip Chu
Karl Morris (appointed 1 January 2020)
Tim Gunning (resigned 31 December 2019)

Results

The results of the operations of the Scheme are disclosed in the Statement of Profit or Loss and Other Comprehensive Income. Profit for the year has been impacted by decreases in the cash rate set by the Reserve Bank of Australia. The decreases in the cash rate have been partially offset by decreases in Responsible Entity fees paid.

The net operating profit before financing costs attributable to unitholders for the year ended 30 June 2020 was \$1,838,000 (2019: \$5,458,000). The distributions paid and payable to unitholders for the year ended 30 June 2020 amounted to \$1,838,000 (2019: \$5,458,000).

Significant changes to the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Scheme during the financial year under review.

Likely developments and expected results

The investment strategy of the Scheme will be maintained in accordance with the Scheme's Constitution and investment objectives.

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

Additionally, the COVID-19 pandemic has significantly impacted and has caused disruption to business and economic activities, both in the global and Australian markets. The impact of the COVID-19 pandemic on the Scheme is constantly being monitored by the Responsible Entity. The Responsible Entity is adhering to all government advice and is cognizant of the potential impacts the pandemic may have on the future performance of the Scheme.

Matters subsequent to the end of the financial year

On 13 August 2020, the Responsible Entity fee charged to the Scheme was decreased to 0.72% per annum. On 3 September 2020, the Responsible Entity fee was further reduced to 0.66% per annum

Indemnities and insurance premiums for Officers or Auditors

No insurance premiums are paid out of the assets of the Scheme for insurance cover provided to either the officers of Ord Minnett Management Limited or the auditors of the Scheme. So long as the Officers of Ord Minnett Management Limited act in accordance with the Scheme's Constitution and the Law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The Auditor of the Scheme is in no way indemnified out of the assets of the Scheme.

Fees paid and payable to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in Note 8 of the Financial Statements. No fees were paid out of Scheme property to the Directors of the Responsible Entity during the year.

The number of interests held by the Responsible Entity or its associates as at the end of the financial year is disclosed in Notes 7 and 8 of the Financial Statements.

Interest in the Scheme and value of the Scheme's assets

The movement in units on issue in the Scheme during the year is disclosed in Note 6 of the financial statements. The value of the Scheme's assets as at 30 June 2020 is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 of the Financial Statements.

Environmental regulations

The operations of the Scheme are not subject to any particular or significant environmental regulations under both Commonwealth and State legislation.

Rounding of amounts to the nearest thousand dollars

The Scheme is of a kind referred to ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191. Amounts in the directors' report and financial report have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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 on page 4 and forms part of this report.

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

Dated on 28 September 2020
For and on behalf of the Responsible Entity



Philip Chu
Director



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

To the Directors of Ord Minnett Management Limited, the Responsible Entity of
Ord Minnett Cash Management Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Ord Minnett Cash Management Trust for the financial year ended 30 June 2020 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

Rachel Milum

Partner

Sydney

28 September 2020

Ord Minnett Cash Management Trust
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Investment Income			
Interest income	3	7,955	12,043
Net investment income		7,955	12,043
Expenses			
Responsible Entity fees		(4,222)	(4,924)
Responsible Entity administration expenses		(1,895)	(1,661)
Operating expenses before finance costs	8	(6,117)	(6,585)
Profit from operating activities		1,838	5,458
Finance costs			
Distribution expenses to unitholders	5	(1,838)	(5,458)
Change in net assets attributable to unitholders/Total comprehensive income		-	-

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

Ord Minnett Cash Management Trust
Statement of Financial Position
As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Cash and cash equivalents	4	694,100	646,770
Receivables		210	96
Other debtors		73	96
Total assets		694,383	646,962
LIABILITIES			
Distribution payable	5	309	1,384
Responsible Entity fees payable	8	1,514	1,970
Total liabilities (excluding net assets attributable to unitholders)		1,823	3,354
Net assets attributable to unitholders	6	692,560	643,608

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Ord Minnett Cash Management Trust
Statement of Changes in Equity
For the year ended 30 June 2020

The Scheme's net assets attributable to unitholders are classified as a liability under *AASB 132 Financial Instruments: Presentation*. As such the Scheme has no equity, and no items of changes in equity have been presented for the current or comparative year.

Ord Minnett Cash Management Trust
Statement of Cash Flows
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Interest received		7,841	12,164
Responsible Entity fees paid		(6,550)	(6,289)
Net cash inflows from operating activities	10	1,291	5,875
Cash flows from financing activities			
Proceeds from applications by unitholders		3,280,850	2,937,304
Payments for redemptions by unitholders		(3,234,693)	(2,825,781)
Distributions paid		(118)	(219)
Net cash inflows from financing activities		46,039	111,304
Net increase in cash and cash equivalents		47,330	117,179
Cash and cash equivalents at the beginning of the financial year		646,770	529,591
Cash and cash equivalents at the end of the financial year	4	694,100	646,770

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Ord Minnett Cash Management Trust
Notes to the Financial Statements
For the year ended 30 June 2020

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Note 1 – Scheme information

This financial report covers Ord Minnett Cash Management Trust (the Scheme) as an individual entity. The Scheme was registered on 5th January 1982. The scheme is a for profit entity.

Ord Minnett Management Limited, the Responsible Entity of the Scheme, is incorporated and domiciled in Australia. The registered office of the Responsible Entity and the Scheme is located at Level 8 NAB House, 255 George Street, Sydney 2000.

The Scheme maintains an investment strategy of investing in short term liquid assets to provide security of capital with a competitive rate of return.

Note 2 – Summary of significant accounting policies

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

(a) Basis of preparation

Statement of Compliance

The Financial Report is a Tier 1 general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001. The Financial Report of the Scheme complies with International Financial Reporting Standards (IFRSs), and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 28 September 2020.

Basis of measurement

The financial statements have been prepared on the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

Functional and presentation currency

The Financial Report is presented in Australian dollars, which is the Scheme's functional currency.

The Scheme is of a kind referred to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Amounts in the financial report have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Use of estimates and judgements

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

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

Note 2 – Summary of significant accounting policies (continued)

(b) Statement of Financial Position presentation

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. Additional information regarding this is included in the relevant notes.

(c) Investment Income

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised once performance obligations have been satisfied at a point in time or over a period of time.

(i) Interest income

Interest income is recognised in the Statement of profit or loss and other comprehensive income as it accrues, using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability.

(d) Distributions

In accordance with the Scheme's Constitution, the Scheme fully distributes its distributable (taxable) income to unitholders by cash or reinvestment. The distributions are recognised in the Statement of profit or loss and other comprehensive income as finance costs attributable to unitholders, and are payable at the end of each quarter (September, December, March and June).

(f) Income tax

Under current legislation, the Scheme is not subject to income tax provided the unitholders are presently entitled to the income of the Scheme and the Scheme fully distributes its taxable income.

(g) Financial instruments

(i) Non-derivative financial assets

Financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed; and 2) the contractual cash flow characteristics of the financial asset. Accordingly financial assets are classified into one of the following categories:

- At amortised cost;
- At fair value through profit or loss; or
- At fair value through other comprehensive income.

The Scheme has the following non-derivative financial assets:

- Trade and other receivables
- Cash and cash equivalents.

The Scheme continues to recognise these financial assets at amortised costs as their contractual cash flow characteristics satisfy solely payments of principal and interest and the Scheme's business model is to hold and collect the contractual cash flows.

Note 2 – Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

The Scheme initially recognises trade receivables and deposits on the date that they are originated.

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Scheme is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Scheme has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments. Such assets are recognised and measured at amortised cost using the effective interest method, less any expected credit losses.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term liquid assets that are readily convertible to known amounts of cash. These assets are classified at amortised cost.

(ii) Non-derivative financial liabilities

AASB 9 does not change the classification of non-financial liabilities. The Scheme initially recognises trade and other payables on the date at which the Scheme becomes a party to the contractual provisions of the instrument.

The Scheme derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Scheme has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Scheme has the following non-derivative financial liabilities:

- Trade and other payables
- Distributions payable
- Net assets attributable to unitholders.

Such financial liabilities are recognised and measured at amortised cost using the effective interest rate method

Trade and other payables

Trade and other payables include liabilities and accrued expenses and Responsible Entity fees owing by the Scheme which are unpaid as at the reporting date.

Distributions payable

The distribution payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position as the Responsible Entity has indicated it will distribute quarterly which constructively results in unitholders being presently entitled to the distributable income as at the reporting date.

Note 2 – Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercised their right to put the units back to the Scheme.

(iii) Impairment of financial assets

The Scheme measures loss allowances using the 'expected credit loss' (ECL) model. For all financial assets at amortised cost, the Scheme measures loss allowances at an amount equal to lifetime ECLs. Lifetime ECLs are losses which result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses using information that is relevant and available without undue cost or effort. ECLs are measured at the present value of estimated future cash flows, discounted at the effective interest rate of the financial asset.

The Scheme considers a financial asset to be in default when:

- The debtors is unlikely to pay its credit obligations to the Scheme in full, without recourse by the Scheme to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

At each reporting date, the Scheme assesses whether financial assets have been credit impaired. Financial assets are credit impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

All impairment losses are recognised separately in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(i) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed. No entry fees or exit fees are currently charged.

(j) Goods and services tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Scheme from the ATO are recognised as receivables in the Statement of Financial Position.

Note 2 – Summary of significant accounting policies (continued)

(j) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Scheme for the annual reporting period ended 30 June 2020. The Scheme's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Scheme, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Scheme has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Scheme may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Scheme's financial statements.

Note 3 – Interest Income

	2020	2019
	\$'000	\$'000
Interest Income from:		
Call deposits	4,838	7,753
Short term liquid assets	3,117	4,290
Total Interest Income	7,955	12,043

Note 4 – Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Balances with banks including call deposits	528,589	372,629
Short term liquid assets		
Term Deposits	165,511	274,141
Total cash and cash equivalents	694,100	646,770

The bank balances and call deposits are interest bearing. The short term liquid assets were purchased at yields of between 0.97% and 1.95% (2019: 1.36% and 2.23%).

Note 5 – Distributions to unitholders

Distributions are paid at the end of each quarter. Distributions for the year are as set out below:

	2020	2019
	\$'000	\$'000
Distributions paid / reinvested	1,529	4,074
Distributions payable	309	1,384
Total	1,838	5,458

Note 6 – Net assets attributable to unitholders

The Scheme considers its capital to be Unitholders' funds. The Scheme manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Responsible Entity manages the Scheme's capital to ensure that it will be able to continue as a going concern with the primary objective being the protection of unitholders' investment value and management of redemption commitments.

The Scheme is not subject to externally imposed capital requirements.

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

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

	2020	2019
	Units	Units
Units on issue of \$1 each	'000	'000
Opening balance	643,608	527,051
Applications	3,280,850	2,937,304
Redemptions	(3,234,693)	(2,825,781)
Units issued upon reinvestment of distributions	2,795	5,034
Closing balance	692,560	643,608

Note 7 – Key management personnel disclosures

The Scheme does not employ personnel in its own right. However it's required to have an incorporated Responsible Entity to manage the activities of the Scheme. The directors of the Responsible Entity are considered key management personnel of the Scheme.

(a) Directors of the Responsible Entity

Philip Chu
 Karl Morris (appointed 1 January 2020)
 Tim Gunning (resigned 31 December 2019)

(b) Key management personnel remuneration

Key management personnel are paid by Ord Minnett Holdings Pty Limited, the parent entity of the Responsible Entity. Payments made by the Scheme to Ord Minnett Management Limited do not include any amounts attributable to the compensation of key management personnel.

Unit Holdings

The number of units in the Scheme held during the year by each key management person, including their personally related entities, is set out below:

2020

	Number of units held at the start of the year	Number of units acquired	Number of units disposed	Reinvested Distributions	Number of units held at the end of the year
P. Chu	105	128,737	128,600	4	246
K. Morris	980,423	30,831,272	25,059,710	5,008	6,756,994

2019

	Number of units held at the start of the year	Number of units acquired	Number of units disposed	Reinvested Distributions	Number of units held at the end of the year
P. Chu	104	-	-	1	105

(At \$1 per unit)

Note 8 – Related party disclosures

• **Responsible Entity**

The Responsible Entity of Ord Minnett Cash Management Trust is Ord Minnett Management Limited (ABN 55 002 262 240).

• **Related party transactions**

Transactions with related parties are conducted on normal commercial terms and conditions.

• **Responsible Entity's remuneration**

The Responsible Entity's management fees are calculated in accordance with the Scheme's Constitution. The Responsible Entity is entitled to a fee of 0.87% per annum of gross asset value of the Scheme, plus 0.29% per annum in respect of expenses for operating the Scheme (both figures shown are inclusive of GST, net of RITC available to the Scheme).

On 1 July 2019, the total fees charged by the Responsible Entity decreased to 1.03%. On 9 March 2020, these fees were further reduced 0.77%.

The aggregate amounts paid and payable to related parties by the Scheme for the year are as follows:

Note 8 – Related party disclosures (continued)

Fees paid and payable	2020	2019
	\$	\$
Aggregate amounts payable to the Responsible Entity at reporting date	1,513,551	1,970,000
Management fees and administration expenses for the year paid and payable by the Fund to the Responsible Entity.	6,117,160	6,585,000

• **Units in the Scheme held by related parties**

Parties related to the Responsible Entity of the Scheme held units in the Scheme as follows (at \$1 per unit):

2020

Unitholder		Number of units held (units) 30/06/2020	Interest held %	Number of units acquired (units)	Number of units disposed (units)	Distributions paid/payable by scheme (including reinvestment) \$
Ord Minnett Limited <PARS Fee Clearing Account>	1	100	-	35,407,702	35,407,702	-
Ord Minnett Limited <Branch Cash A/C>	1	25	-	-	-	-
Contango Nominees Pty Ltd	2	1,162	-	1,062	-	1
AETOML Nominees Pty Limited <Clearing A/C>	2	-	-	-	-	-

2019

Unitholder		Number of units held (units) 30/06/2019	Interest held %	Number of units acquired (units)	Number of units disposed (units)	Distributions paid/payable by scheme (including reinvestment) \$
Ord Minnett Limited <PARS Fee Clearing Account>	1	100	-	34,289,720	34,289,720	251
Ord Minnett Limited <Branch Cash A/C>	1	25	-	-	-	-
Contango Nominees Pty Ltd	2	100	-	-	-	1
AETOML Nominees Pty Limited <Clearing A/C>	2	-	-	-	430	1

¹ Ord Minnett Limited is a wholly owned subsidiary of Ord Minnett Holdings Pty Limited.

² Contango Nominees Pty Ltd and AETOML Nominees Pty Ltd are wholly owned subsidiaries of Ord Minnett Limited.

Note 9 – Auditor’s remuneration

The following fees were paid or payable for services provided by the auditors of the Scheme. These expenses are payable by the Responsible Entity.

	2020	2019
	\$	\$
<u>Auditors of the Scheme – KPMG</u>		
Audit of the financial statements	37,840	39,405
Review of the half year financial statements	11,200	11,200
Other Regulatory audit services	10,000	6,995
	<u>59,040</u>	<u>57,600</u>

Note 10 – Notes to the Statement of Cash Flows

• **Reconciliation of net cash provided by operating activities to net profit**

	2020	2019
	\$'000	\$'000
<u>Profit from operating activities</u>	<u>1,838</u>	<u>5,458</u>
Net change in receivables and other debtors	(91)	107
Net change in Responsible Entity fees payable	(456)	310
<u>Net cash inflows from operating activities</u>	<u>1,291</u>	<u>5,875</u>

• **Non-cash financing and investing activities**

	2020	2019
	\$'000	\$'000
<u>Distribution re-investment by unitholders as part of the distribution re-investment plan</u>	<u>2,795</u>	<u>5,034</u>

Note 11 - Financial risk management objectives and policies

The Scheme’s principal financial instruments comprise cash and short term liquid assets. The main purpose of these financial instruments is to generate a return on the investment made by unitholders and to secure capital.

The Scheme also has other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Scheme’s financial instruments are interest rate risk, credit risk, liquidity risk and market price risk. The Responsible Entity reviews and agrees policies for managing each of these risks in order to minimise the potential adverse effects on the financial performance of the Scheme.

A comprehensive risk management framework process has been documented to assess the key risk categories within the Scheme. This sets out policies, controls, procedures and systems which are in place in order to effectively manage, monitor and control the Scheme’s exposure to risk.

As part of this framework, the Responsible Entity has a number of Committees including an Investment Committee, Compliance Committee and a Group Executive Committee. The Compliance Committee meets on a quarterly basis, and other Committees meet periodically, and as and when required.

Note 11 - Financial risk management objectives and policies (continued)

a) Market risk

The Scheme is exposed to market risks influencing investment valuations. Market risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. This Scheme invests solely in cash and cash equivalent securities, denominated in AUD and therefore its market risk is solely linked to interest rate movements.

Interest rate risk

The Scheme's exposure to interest rate risk is set out below. The weighted average effective interest rate has been calculated using the market yield for the individual securities within the portfolio prevailing at year end.

	Weighted average effective interest rate	Floating Interest	Fixed Interest repricing within 6 months or less	Fixed Interest repricing greater than 6 months	Non interest bearing	Total
30 June 2020	%	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Financial assets						
Bank balances and call deposits	0.73	528,589	-	-	-	528,589
Short term liquid assets	1.51	-	165,511	-	-	165,511
Receivables		-	-	-	210	210
Other debtors		-	-	-	73	73
Total financial assets		528,589	165,511	-	283	694,383
Financial liabilities						
Amount owing to Responsible Entity		-	-	-	1,514	1,514
Distribution payable		-	-	-	309	309
Total financial liabilities		-	-	-	1,823	1,823
Net exposure		528,589	165,511	-	(1,540)	692,560
	Weighted average effective interest rate	Floating Interest rate	Fixed Interest repricing within 6 months or less	Fixed Interest repricing greater than 6 months	Non interest bearing	Total
30 June 2019	%	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Financial assets						
Bank balances and call deposits	1.96	372,629	-	-	-	372,629
Short term liquid assets	1.77	-	274,141	-	-	274,141
Receivables		-	-	-	96	96
Other debtors		-	-	-	96	96
Total financial assets		372,629	274,141	-	192	646,962
Financial liabilities						
Amount owing to Responsible Entity		-	-	-	1,970	1,970
Distribution payable		-	-	-	1,384	1,384
Total financial liabilities		-	-	-	3,354	3,354
Net exposure		372,629	274,141	-	(3,162)	643,608

Note 11 - Financial risk management objectives and policies (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Scheme's investments with the relevant benchmark. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the markets and securities in which the Scheme invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Interest Rate Risk	
	\$'000	\$'000
	-50bps	+50bps
30 June 2020	(3,471)	3,471
	-100bps	+100bps
30 June 2019	(6,468)	6,468

b) Liquidity and cash flow risk

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand and restricting the investment activities of the Scheme to readily realisable assets.

The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- Ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- Applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The table below analyses the Scheme's financial assets and liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month \$ '000	1- 3 months \$'000	4 - 6 months \$'000	Total \$ '000
30 June 2020				
Financial assets				
Balances with banks including call deposits	348,715	126,036	53,838	528,589
Term Deposits	80,303	85,208	-	165,501
Receivables	210	-	-	210
Other debtors	73	-	-	73
Total assets	<u>429,301</u>	<u>211,244</u>	<u>53,838</u>	<u>694,383</u>
Financial liabilities				
Amount owing to Responsible Entity	1,514	-	-	1,514
Distribution payable	309	-	-	309
Net assets attributable to unitholders at call	<u>692,560</u>	<u>-</u>	<u>-</u>	<u>692,560</u>
Total liabilities	<u>694,383</u>	<u>-</u>	<u>-</u>	<u>694,383</u>

Note 11 - Financial risk management objectives and policies (continued)

30 June 2019	Less than 1 month \$ '000	1- 3 months \$'000	4 - 6 months \$'000	Total \$ '000
Financial assets				
Balances with banks including call deposits	155,912	163,630	53,087	372,629
Term Deposits	54,963	119,661	99,517	274,141
Receivables	96	-	-	96
Other debtors	96	-	-	96
Total assets	211,067	283,291	152,604	646,962
Financial liabilities				
Amount owing to Responsible Entity	1,970	-	-	1,970
Distribution payable	1,384	-	-	1,384
Net assets attributable to unitholders at call	643,608	-	-	643,608
Total liabilities	646,962	-	-	646,962

The liquidity and cash balances of the Scheme are monitored consistently by the Responsible Entity. In recent months due to the impact of COVID-19, the liquidity levels of the Scheme have been closely monitored in order to ensure the Scheme has sufficient cash to cover unitholders' demands as they fall due.

Accounting classifications and fair values

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair value. The carrying amounts of trade receivables and other payables approximate their fair values due to their short-term nature. There are no other assets or liabilities held by the Scheme which are measured at fair value.

c) Credit risk exposures

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities. The total credit risk as at 30 June 2020 is therefore limited to the carrying amounts of financial assets in the Statement of Financial Position.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of investments is set out in the table below.

Underlying Funds Credit Profile	30 June 2020	30 June 2019
Rating	(%) of Assets	(%) of Assets
A1+	31	100
A1	18	-
A-2	51	-
	100	100

As at the reporting date, receivables are neither past due nor impaired.

12. Events occurring after the reporting date

On 13 August 2020, the Responsible Entity fee charged to the Scheme was decreased to 0.72% per annum. On 3 September 2020, the Responsible Entity fee was further reduced to 0.66% per annum. No other significant events have occurred since the reporting date that would impact on the financial statements of the Scheme for the year ended 30 June 2020.

13. Contingent assets and liabilities and commitments

The Scheme had no contingent assets and liabilities or commitments as at 30 June 2020 (30 June 2019: Nil)

Directors' Declaration

In the opinion of the directors of Ord Minnett Management Limited, the Responsible Entity of Ord Minnett Cash Management Trust:

1. The financial statements and notes set out on pages 5 to 22 are in accordance with the Corporations Act 2001, including:
 - (a) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the Scheme's financial position as at 30 June 2020 and of its performance for the year ended on that date;
2. There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
3. The Financial Statements also comply with the International Financial Reporting Standards as disclosed note 2(a).

Signed in accordance with a resolution of the directors of Ord Minnett Management Limited.



Philip Chu
Director

28 September 2020



Independent Auditor's Report

To the unitholders of Ord Minnett Cash Management Trust

Opinion

We have audited the **Financial Report** of Ord Minnett Cash Management Trust (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 2020 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 2020;
- 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Ord Minnett Cash Management Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors 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 Ord Minnett Management Limited, the Responsible Entity of Ord Minnett Cash Management Trust, 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

Rachel Milum

Partner

Sydney

28 September 2020