

**BlackRock**<sup>®</sup>



# **Annual Financial Report**

- BlackRock Cash Fund  
090 168 308

# BlackRock Cash Fund

ARSN 090 168 308

## Annual Financial Report - 30 June 2021

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## Directors' Report

The directors of BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) (the "Responsible Entity"), the Responsible Entity of BlackRock Cash Fund (the "Fund"), present their annual report together with the financial statements of the Fund, for the year ended 30 June 2021 and the auditor's report thereon.

### Fund Objectives

The Fund aims to provide investors with the performance of its benchmark, the Bloomberg AusBond Bank Bill Index<sup>SM</sup>, before fees and expenses.

### Principal Activities

The Fund invested in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the year ended 30 June 2021 (30 June 2020: Nil).

There were no significant changes in the nature of the Fund's activities during the year ended 30 June 2021 (30 June 2020: Nil).

### Directors

The following persons held office as directors of the Responsible Entity during the year or since the end of the year and up to the date of this report:

Director	Date appointed
M S McCorry	Appointed 2 December 2009
A Telfer	Appointed 12 December 2013
J Collins	Appointed 29 July 2015
A Landman	Appointed 3 February 2020
I Davila	Appointed 5 March 2020

### Review and Results of Operations

During the year, the Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

### Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Profit/(loss) for the year	659	4,880
Distributions paid and payable	677	4,670

## Directors' Report (continued)

### Review and Results of Operations (continued)

#### Returns

The table below demonstrates the performance of the Fund as represented by the total return.

	Returns*		
	1 Year % p.a.	3 Year % p.a.	5 Year % p.a.
BlackRock Cash Fund	0.12	1.04	1.36

\* Returns (after fees) are calculated on the assumption that all distributions are reinvested in the Fund, and include the effect of compounding.

#### Reconciliation of Net Asset Value for Unit Pricing Purposes to Financial Reporting Purposes

The key differences between net assets for unit pricing purposes and net assets attributed to unitholders as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Net assets for Unit Pricing Purposes	441,844	561,852
<i>Timing differences</i>		
Distribution Payable	(99)	(684)
Other	-	(1)
<b>Net assets attributable to unitholders as at 30 June</b>	<b><u>441,745</u></b>	<b><u>561,167</u></b>

#### Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

#### Matters Subsequent to the End of the Financial Year

Except as disclosed in the financial statements, no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

#### Likely Developments and Expected Results of Operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

## Directors' Report (continued)

### Indemnification and Insurance of Officers and Auditor

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is in no way indemnified out of the assets of the Fund.

### Fees Paid and Interests Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 10 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2020: Nil). Pursuant to ASIC Corporations (Registered Schemes - Differential Fees) Instrument 2017/40, the Responsible Entity may individually negotiate fees with certain sophisticated or professional investors.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in Note 10 of the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 6 of the financial statements.

### Value of Assets

The value of the Fund's assets and liabilities is disclosed on the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

### Environmental Regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

### Rounding of Amounts

The Fund is a registered scheme of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the financial statements have been rounded to the nearest thousand in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

### Additional Disclosure

The Fund has applied the relief available in ASIC Corporations (Directors' Report Relief) Instrument 2016/188 issued by the Australian Securities and Investments Commission in the preparation of this report. Accordingly, the additional information otherwise required to be included in the directors' report has been disclosed in Notes 5, 6 and 10 of the financial statements.

### Outbreak of COVID-19

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has developed into a global pandemic. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to extents that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

## Directors' Report (continued)

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

The financial statements were authorised for issue by the directors on 16 September 2021.

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

A handwritten signature in black ink, appearing to read 'A Telfer', is written over a light grey circular stamp.

Director

A Telfer

Sydney

16 September 2021

16 September 2021

The Board of Directors  
BlackRock Investment Management (Australia) Limited  
Level 34 Olderfleet 477 Collins Street  
MELBOURNE VIC 3000

Dear Directors

### Auditor's Independence Declaration to BlackRock Cash Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BlackRock Investment Management (Australia) Limited as Responsible Entity of BlackRock Cash Fund.

As lead audit partner for the audit of the financial report of BlackRock Cash Fund for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Neil Brown  
Partner  
Chartered Accountants

## Statement of Profit or Loss and Other Comprehensive Income

		Year ended	
		30 June 2021	30 June 2020
	Notes	\$'000	\$'000
<b><i>Investment income</i></b>			
Interest income		253	1,102
Net gains/(losses) on financial instruments held at fair value through profit or loss (including any FX gains/(losses))	4	<u>628</u>	<u>3,993</u>
<b><i>Total net investment income/(loss)</i></b>		<u>881</u>	<u>5,095</u>
<b><i>Expenses</i></b>			
Management fees	10	218	212
Custody movement fees		<u>4</u>	<u>3</u>
<b><i>Total operating expenses</i></b>		<u>222</u>	<u>215</u>
<b><i>Profit/(loss) for the year</i></b>		659	4,880
Other comprehensive income		<u>-</u>	<u>-</u>
<b><i>Total comprehensive income/(loss) for the year</i></b>		<u><u>659</u></u>	<u><u>4,880</u></u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

		As at	
		30 June 2021	30 June 2020
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	12(b)	279,128	440,195
Financial assets held at fair value through profit or loss	7	162,973	184,947
Receivables	8	<u>1,784</u>	<u>18</u>
<b>Total assets</b>		<u><b>443,885</b></u>	<u><b>625,160</b></u>
<b>Liabilities</b>			
Distribution payable	5	99	684
Payables	9	<u>2,041</u>	<u>63,309</u>
<b>Total liabilities</b>		<u><b>2,140</b></u>	<u><b>63,993</b></u>
<b>Net assets attributable to unitholders - equity</b>	6	<u><b>441,745</b></u>	<u><b>561,167</b></u>

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

## Statement of Changes in Equity

	Notes	Year ended	
		30 June 2021 \$'000	30 June 2020 \$'000
<i>Total equity at the beginning of the financial year</i>		561,167	496,976
<i>Comprehensive income for the year</i>			
Profit/(loss) for the year		659	4,880
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<i>Total comprehensive income for the year</i>		<u>659</u>	<u>4,880</u>
<i>Transactions with unitholders</i>			
Applications	6	486,989	568,399
Redemptions	6	(607,655)	(510,898)
Units issued upon reinvestment of distributions	6	1,262	6,480
Distributions paid and payable	5	<u>(677)</u>	<u>(4,670)</u>
<i>Total transactions with unitholders</i>		<u>(120,081)</u>	<u>59,311</u>
<i>Total equity at the end of the financial year</i>		<u>441,745</u>	<u>561,167</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

	Notes	Year ended	
		30 June 2021 \$'000	30 June 2020 \$'000
<b><i>Cash flows from operating activities</i></b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		1,373,018	1,244,357
Purchase of financial instruments held at fair value through profit or loss		(1,350,416)	(1,300,701)
Interest received		263	1,179
Management fees paid		(223)	(217)
Operating expenses paid		<u>(4)</u>	<u>(3)</u>
<b><i>Net cash inflow/(outflow) from operating activities</i></b>	12(a)	<u>22,638</u>	<u>(55,385)</u>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from applications by unitholders		485,211	568,443
Payments for redemptions by unitholders		(668,916)	(447,626)
Distributions paid		<u>-</u>	<u>-</u>
<b><i>Net cash inflow/(outflow) from financing activities</i></b>		<u>(183,705)</u>	<u>120,817</u>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>		<b>(161,067)</b>	<b>65,432</b>
Cash and cash equivalents at the beginning of the year		<u>440,195</u>	<u>374,763</u>
<b><i>Cash and cash equivalents at the end of the year</i></b>	12(b)	<u><u>279,128</u></u>	<u><u>440,195</u></u>
Non cash financing activities	12(c)	<u>1,262</u>	<u>6,480</u>

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

## 1 General Information

These financial statements cover BlackRock Cash Fund (the “Fund”) as an individual entity. The Fund was constituted on 13 August 1997. The Fund will terminate on the eightieth anniversary of the day the Fund commenced, unless terminated in accordance with the provisions of the Fund’s Constitution.

The Responsible Entity of the Fund is BlackRock Investment Management (Australia) Limited (the “Responsible Entity”). The Responsible Entity’s registered office is Level 37 Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

The financial statements were authorised for issue by the directors on 16 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in the Australian currency.

## 2 Summary of Significant Accounting Policies

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

### (a) Statement of Compliance and Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of historical costs, except for financial assets and financial liabilities held at fair value through profit or loss, that are measured at fair value.

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. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

#### (i) Compliance with International Financial Reporting Standards

The financial statements of the Fund also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

#### (ii) New and amended standards adopted by the Fund

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that would be expected to have a material impact on the Fund.

### (b) Financial Instruments

#### (i) Classification

The Fund’s investments are classified as at fair value through profit or loss. They comprise:

- Derivative financial instruments such as futures, forward foreign exchange contracts, options and swaps. The Fund does not designate any derivatives as hedges in a hedging relationship.
- Investments in listed equities, listed unit trusts, unlisted unit trusts, interest bearing securities and money market securities.

Financial assets and financial liabilities held at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund’s documented investment strategy. The Fund’s policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Short sales are classified as financial liabilities at fair value through profit or loss. Short sales are where borrowed securities are sold in anticipation of a decline in the market value of those securities and are made or may be used for various arbitrage transactions.

## 2 Summary of Significant Accounting Policies (continued)

### (b) Financial Instruments (continued)

#### *(ii) Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

#### *(iii) Measurement*

##### *Financial assets and liabilities held at fair value through profit or loss*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and financial liabilities held by the Fund is the last traded market price.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in the Statement of Profit or Loss and Other Comprehensive Income to reflect a change in factors, including time, that market participants would consider in setting a price.

Investments in other unlisted unit trusts are recorded at the net asset value per unit as reported by the Responsible Entity of such funds.

### (c) Offsetting Financial Instruments

Financial assets and liabilities are reported on a gross basis in the Statement of Financial Position. Where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously on default or in the ordinary course of business, the financial assets and liabilities will be offset and reported on a net basis in notes to the financial statements.

### (d) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may 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.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

## 2 Summary of Significant Accounting Policies (continued)

### (d) Net Assets Attributable to Unitholders (continued)

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

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

The Fund's units have been classified as equity as they satisfied all the above criteria.

### (e) Cash and Cash Equivalents

Cash and cash equivalents may include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts and cash will be netted off on the Statement of Financial Position if both are present.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities as movements in the fair value of these securities represent the Fund's main income generating activity.

### (f) Margin Accounts

Margin accounts comprise of cash held for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls. Unrestricted margin account balances and restricted margin accounts balances, where the derivative transactions' original maturities are within three months, are classified as cash and cash equivalents. Restricted margin accounts where the derivative transactions' original maturities are not within three months are classified as cash held on collateral.

### (g) Investment Income and Expenses

Interest income and expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income for all interest bearing securities using the effective interest method. Interest on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

The effective interest 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 exactly 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. When calculating the effective interest rate, the Fund estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but do not consider future credit losses.

The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date. The Fund may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Trust distributions are recognised on an entitlements basis.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

## 2 Summary of Significant Accounting Policies (continued)

### (h) Expenses

All expenses, including management fees and performance fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

### (i) Income Tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is attributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

### (j) Distributions to Unitholders

In accordance with the Fund's Constitution, the Fund attributes its taxable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Distributions are recognised in the Statement of Changes in Equity as distributions paid and payable.

### (k) Increase/Decrease in Net Assets Attributable to Unitholders

Movements in net assets attributable to unitholders are recognised in the Statement of Changes in Equity for the current year ended 30 June 2021.

### (l) Foreign Currency Translation

#### (i) *Functional and presentation currency*

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian Dollar is also the Fund's presentation currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### (m) Receivables

Receivables may include amounts for dividends, interest, trust distributions, amounts due from brokers and applications receivable. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of the reporting date from the time of the last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities that have been contracted for but not yet delivered by the end of the reporting date. Applications receivable are recorded when the applications are made for units in the Fund with the consideration yet to be received as at the end of the reporting date.

## 2 Summary of Significant Accounting Policies (continued)

### (m) Receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Using expected credit loss model, an allowance account (provision for impairment of trade receivables) is recorded. Historical experience, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

### (n) Payables

Payables include liabilities and accrued expenses owing by the Fund and redemptions payable which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at reporting date are included in payables. Redemptions payable are recognised when the unitholder returns their holdings back into the Fund foregoing all rights associated with the units, with the payment yet to be released.

The distribution amount payable to unitholders as at reporting date is recognised separately on the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

### (o) 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.

Unit redemption prices are determined by reference to the net assets for unit pricing purposes of the Fund, divided by the number of units on issue at or immediately prior to close of business each day. Applications and redemptions of units are processed simultaneously.

### (p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) hence, investment management fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable and accrued expenses are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

### (q) New Accounting Standards and Interpretations

There are no standards that are not yet effective and that are expected to have a material impact on the Fund in future reporting periods and on foreseeable future transactions.

## 2 Summary of Significant Accounting Policies (continued)

### (r) Use of Estimates and Critical Accounting Judgments

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over the counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

### (s) Rounding of Amounts

The Fund is a registered scheme of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

### (t) Cash Held on Collateral

Cash held on collateral includes restricted margin accounts where the derivative transactions' original maturities are not within three months as well as restricted cash for short sales. Short positions are taken on securities which have relatively poor return expectations. To facilitate settlement, securities are borrowed with collateral requirements. These requirements are satisfied with cash and/or other securities. Cash used to satisfy collateral requirements is disclosed as cash held on collateral on the Statement of Financial Position.

## 3 Financial Risk Management

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including price risk, currency risk and interest rate risk). The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The Fund may use derivative financial instruments to moderate and create certain risk exposures. Financial risk management is carried out by the Investment Risk Management Working Group (IRMWG) under policies approved by the Board of Directors of the Responsible Entity (the "Board").

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. VaR analysis is explained in Note 3(b).

### (a) Market Risk

Market risk is managed and monitored by the Responsible Entity on a portfolio basis, with risks managed through ensuring that investment activities are undertaken in accordance with the Fund's investment model which is reviewed and updated regularly.

### **3 Financial Risk Management (continued)**

#### **(a) Market Risk (continued)**

##### **(i) Price Risk**

The Fund is exposed to price risk. This arises from investments held by the Fund for which prices in the future are uncertain. They are classified in the Statement of Financial Position as fair value through profit or loss. Where non-monetary financial instruments are denominated in currencies other than the Australian Dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Note 3(a)(ii) below sets out how this component of price risk is managed and measured. All securities investments present a risk of loss of capital. Except for equities sold short and derivative instruments, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and its investments and could result in increased premiums or discounts to the Fund's net asset value.

The Responsible Entity continuously monitors the Fund's holdings relative to the recommended portfolio, and the exposure of the Fund is monitored to ensure that it remains within designated ranges or asset allocation constraints, taking into account any derivative position being used to manage risks.

In addition, the IRMWG regularly reviews the Fund to ensure the Fund is following the appropriate investment model, its portfolio is in accordance with its stated guidelines and restrictions, and the performance of the Fund remains in expected bounds.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

##### **(ii) Foreign Exchange Risk**

The direct investments held by the Fund do not have any direct exposure to foreign exchange risk. This disclosure has not been made on a look through basis for investments held indirectly through underlying investments.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

##### **(iii) Interest Rate Risk**

The Fund's interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

Interest rate risk is mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

The disclosure for the Fund has not been made on a look through basis for investments held indirectly through the underlying fund. The disclosure of interest rate risk may not present the true interest rate risk profile of the Fund where the underlying fund has significant exposure to interest rate risk.

### 3 Financial Risk Management (continued)

(a) Market Risk (continued)

(iii) Interest Rate Risk (continued)

The following tables summarise the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values.

30 June 2021	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	279,128	-	-	279,128
Financial assets held at fair value through profit or loss				
Money market securities	162,973	-	-	162,973
Receivables	-	-	1,784	1,784
<b>Total assets</b>	<b>442,101</b>	<b>-</b>	<b>1,784</b>	<b>443,885</b>
<b>Financial liabilities</b>				
Distribution payable	-	-	99	99
Payables	-	-	2,041	2,041
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,140</b>	<b>2,140</b>
<b>Net assets attributable to unitholders</b>	<b>-</b>	<b>-</b>	<b>441,745</b>	<b>441,745</b>
30 June 2020	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	440,195	-	-	440,195
Financial assets held at fair value through profit or loss				
Money market securities	184,947	-	-	184,947
Receivables	12	-	6	18
<b>Total assets</b>	<b>625,154</b>	<b>-</b>	<b>6</b>	<b>625,160</b>
<b>Financial liabilities</b>				
Distribution payable	-	-	684	684
Payables	-	-	63,309	63,309
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>63,993</b>	<b>63,993</b>
<b>Net assets attributable to unitholders</b>	<b>-</b>	<b>-</b>	<b>561,167</b>	<b>561,167</b>

### 3 Financial Risk Management (continued)

#### (b) Summarised VaR Analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Fund's net asset value position due to movements in interest rates, currency and market prices over a given period and for a specified degree of confidence.

The Responsible Entity uses VaR analysis and/or tracking error estimates to measure and manage risk as these are commonly used and understood models, are easily interpreted and are consistent across different types, asset classes and types of funds. For the purpose of these accounts VaR analysis has been presented. The objective in all cases is to estimate potential losses and manage the downside risk.

The following table summarises the outputs of the VaR model in relation to interest rate, currency and price risk exposures. The total VaR figures are not the sum of individual risk components as this does not include correlations between different risk factors.

The Responsible Entity calculates the VaR relative to the Fund's total value. The analysis implies that the Manager can be 95% confident that the value of the portfolio will not decrease by any more than the figures in the table below over the 5 day period from 30 June.

	2021		2020	
	\$'000 <sup>^</sup>	%	\$'000 <sup>^</sup>	%
Total Portfolio Risk	9	0.002	56	0.01

<sup>^</sup>VaR has been calculated on Net Assets Attributable to Unitholders before rounding.

#### *Detailed information about the models*

There are a number of different VaR models used within the Funds Management industry. The Responsible Entity uses one or more of ex-ante and ex-post estimates of portfolio risk and the Monte Carlo simulation model depending on the fund type. Models are calculated using historical data and a covariance matrix where applicable.

The models used by the Responsible Entity have the following features:

- VaR is calculated to a 95 per cent confidence level. VaR at a confidence level identifies the maximum expected loss under that confidence level;
- VaR is calculated for a 5 day holding period. The time horizon of five days is selected to coincide with the period used to analyse the portfolio positions. The risk data is examined in various daily, weekly and monthly forums; and
- The portfolio VaR is not the simple sum of individual asset stand alone VaRs; the correlations among assets in the portfolio are considered.

Although VaR is a valuable risk management tool it should be interpreted, as with all predictive models, with consideration to its assumptions and limitations. The main assumptions and limitations are listed below:

- Some models assume certain financial variables are normally distributed: The normality assumption allows the Responsible Entity to scale portfolio risk estimates to the appropriate confidence levels. The normality assumption is derived from statistical analysis for examining sample populations of observations and the implications of not assuming normality would preclude the use of most statistical tools including mainstream commercial models for risk measurement.
- The use of historical returns and correlations between assets would not take into account future potential events: It is a commonly stated and well recognised limitation that past performance is not a reliable indicator of future performance.
- Model risk, in general terms, is a known limitation that includes: the quality or accuracy of the underlying data, where significant events occur within the data, the changing sensitivity of the Fund's assets to external market factors over time, and appreciating that using only one model may be limiting in itself to obtaining the best understanding of a Fund's risk position.

The Responsible Entity acknowledges these limitations and thus compares ex-ante and ex-post risk estimates to review expectations versus actual outcomes. Should ex-post values differ significantly from ex-ante returns, an assessment of the reasons for this will be made.

### 3 Financial Risk Management (continued)

#### (b) Summarised VaR Analysis (continued)

##### *Detailed information about the models (continued)*

The Fund's risk is managed with constant review of both performance and risk numbers by the investment professionals within the business. These reviews consist of:

- Weekly meetings between the global members of Risk & Quantitative Analysis (RQA). These meetings include RQA Australia.
- Monthly meetings between RQA and the Fund Managers.
- Monthly meetings between RQA and the Chief Investment Officer.
- Ad hoc presentations to the Investment Risk Management Working Group (IRMWG) to keep IRMWG abreast of RQA processes and latest updates.
- Daily report of performance figures along with a comparison of ex-ante versus ex-post returns sent to RQA London.
- RQA professionals work closely with the Fund Managers every day.

#### (c) Credit Risk Exposure

Credit risk is the risk that the counterparty will fail to perform contractual obligations, either in whole or in part, when they fall due.

Credit risk primarily arises from the Fund's investment in debt instruments and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables. None of these assets are impaired nor past due but not impaired.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market.

#### (i) Interest Bearing Securities

The Fund invests in interest bearing securities which have credit ratings as rated by well-known rating agencies. For unrated interest bearing securities a rating is assigned by the Responsible Entity using an approach that is consistent with the approach used by rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of the financial assets are impaired nor past due but not impaired. An analysis of the directly held interest bearing securities by rating is set out in the table below:

Rating	30 June 2021 % Portfolio	30 June 2020 % Portfolio
A-1	42.33	37.83
A-1+	54.60	56.76
A	<u>3.07</u>	<u>5.41</u>
<b>Total</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

#### (ii) Derivatives

All exchange traded derivatives are executed through brokers, and cleared through a clearing broker and approved by the IRMWG. Over the counter derivative transactions are conducted only with approved counterparties, who meet the applicable specific Fund requirements and where trading documentation is in place.

To minimise credit risk, the Fund only transacts with counterparties of investment grade quality (BBB- or above as rated by Standard & Poor's). The Responsible Entity has a process in place to assess the creditworthiness of counterparties and assess that the risk is evenly distributed. Matters arising in relation to counterparties are reviewed regularly by the RQA.

### 3 Financial Risk Management (continued)

#### (c) Credit Risk Exposure (continued)

##### (iii) Settlement of Securities Transactions

All transactions are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

##### (iv) Other Credit Risk

The exposure to credit risk for cash and cash equivalents, deposits with banks and other financial institutions is considered to be minimal due to the high credit rating of the relevant financial institution. VaR analysis is also used to manage and measure the credit risk of the Fund.

The Fund is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and other financial assets. None of these assets are impaired nor past due but not impaired.

The clearing and depository operations for the Fund's security transactions are mainly concentrated with one counterparty, namely JP Morgan Chase Bank NA ("J.P. Morgan"). J.P. Morgan is a member of a major securities exchange, and at 30 June 2021 had a credit rating of A-1 (30 June 2020: A-1). At 30 June 2021, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by J.P. Morgan.

#### (d) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Statement of Financial Position is presented on a liquidity basis and disclosed in Note 2(a).

The Fund is exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to satisfy usual redemption volumes and restricting the investment activities of the Fund to securities that are actively traded and highly liquid. The Fund also maintains continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Responsible Entity considers and maintains the liquidity of the Fund, in the context of the investment objectives and liquidity requirements of the Fund. Operational procedures are in place to review margin requirements on futures contracts. IRMWG reviews liquidity reports to ensure the Fund has sufficient liquidity to pay client redemptions and meet margin calls as required.

The following tables analyse the Fund's financial liabilities and derivative financial instruments (as appropriate) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the tables are contractual undiscounted cash flows.

At 30 June 2021	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
<b>Liabilities</b>							
Distribution payable	(99)	-	-	-	-	-	(99)
Payables	<u>(2,026)</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,041)</u>
<b>Total liabilities</b>	<b><u>(2,125)</u></b>	<b><u>(15)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(2,140)</u></b>
At 30 June 2020	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
<b>Liabilities</b>							
Distribution payable	(684)	-	-	-	-	-	(684)
Payables	<u>(63,290)</u>	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,309)</u>
<b>Total liabilities</b>	<b><u>(63,974)</u></b>	<b><u>(19)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(63,993)</u></b>

### 3 Financial Risk Management (continued)

#### (e) Fair Values of Financial Assets and Liabilities

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying value of other receivables (less impairment provision) and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

##### (i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their last traded prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2(b). For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and financial liabilities held by the Fund is the last traded market price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by the Responsible Entity to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual regularly occurring market transactions on an arm's length basis.

##### (ii) Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the net asset value per unit as reported by the Responsible Entity of such funds.

#### (f) Fair Value Hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

### 3 Financial Risk Management (continued)

#### (f) Fair Value Hierarchy (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables present the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2021 and 30 June 2020.

As at 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Money market securities	<u>117,993</u>	<u>44,980</u>	-	<u>162,973</u>
<b>Total</b>	<u><u>117,993</u></u>	<u><u>44,980</u></u>	<u>-</u>	<u><u>162,973</u></u>

As at 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Money market securities	<u>149,965</u>	<u>34,982</u>	-	<u>184,947</u>
<b>Total</b>	<u><u>149,965</u></u>	<u><u>34,982</u></u>	<u>-</u>	<u><u>184,947</u></u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, trusts, exchange traded derivatives and money market securities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment grade corporate bonds, certain listed equities, certain unlisted unit trusts, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified as level 2 are money market securities. The fair value of money market securities is derived from industry standard valuation models with published or observable market data.

The Fund's assets and liabilities not measured at fair value on a recurring basis (but fair value disclosures are required) at 30 June 2021 and 30 June 2020 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the end of the reporting date.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these securities, the Responsible Entity has used valuation techniques to derive fair value.

The Fund did not hold any level 3 instruments during the year ended 30 June 2021 (30 June 2020: Nil).

There were no transfers between levels for recurring fair value measurements during the year ended 30 June 2021 (30 June 2020: Nil).

### 3 Financial Risk Management (continued)

#### (g) Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are reported on a gross basis in the Statement of Financial Position. The Fund did not hold any derivative instruments during the year ended 30 June 2021 (30 June 2020: Nil).

#### (h) COVID-19 Impact

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has developed into a global pandemic. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to extents that cannot necessarily be foreseen.

The Responsible Entity has assessed the impact of COVID-19 in preparing the financial statements. As at the reporting date, the carrying value of financial assets and liabilities held at fair value through profit or loss have an appropriate consideration of market conditions as at reporting date on the inputs to valuations, the classification in the fair value hierarchy and credit and liquidity concerns. There has been no impact on other assets and liabilities nor on the going concern ability of the Fund.

The nature of COVID-19 may impact future estimates and outcomes applied to the measuring of the Funds financial performance and position. The impact of events that arise after the reporting period will be accounted for in future reporting periods.

### 4 Net Gains/(Losses) on Financial Instruments Held at Fair Value Through Profit or Loss

The net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss (including any FX gains/(losses))	628	3,993
	628	3,993

### 5 Distributions to Unitholders

The distributions during the year were as follows:

	Year ended			
	30 June 2021		30 June 2020	
	\$'000	CPU	\$'000	CPU
Distributions paid - 30 September	277	0.05	1,419	0.27
Distributions paid - 31 December	208	0.04	1,247	0.26
Distributions paid - 31 March	93	0.02	1,320	0.25
Distributions payable - 30 June	99	0.02	684	0.12
	677		4,670	

### 6 Net Assets Attributable to Unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Refer to Note 2(d) for further details.

The Fund meets the criteria set out under AASB 132 and net assets attributable to unitholders is classified as equity. Refer to Note 2(d) for further details.

## 6 Net Assets Attributable to Unitholders (continued)

As stipulated within the Fund's 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.

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

	30 June 2021 No.'000	30 June 2020 No.'000	30 June 2021 \$'000	30 June 2020 \$'000
Opening balance	551,140	488,415	561,167	496,976
Profit/(loss) for the year	-	-	659	4,880
Applications	478,200	557,621	486,989	568,399
Redemptions	(596,688)	(501,262)	(607,655)	(510,898)
Units issued upon reinvestment of distributions	1,240	6,366	1,262	6,480
Distributions paid and payable	-	-	(677)	(4,670)
<b>Closing balance</b>	<b><u>433,892</u></b>	<b><u>551,140</u></b>	<b><u>441,745</u></b>	<b><u>561,167</u></b>

### Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. As of 30 June 2021 the capital of the Fund is represented in the net assets attributable to unitholders table.

In the event of a significant redemption, the Fund's Constitution allows the delay of payment beyond the usual redemption timeframe but no later than the maximum number of days specified in the Constitution for satisfying redemption requests. Further, in certain circumstances such as disrupted markets, the Constitution allows payment to be delayed beyond the maximum number of days.

## 7 Financial Assets Held at Fair Value Through Profit or Loss

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Money market securities	<u>162,973</u>	<u>184,947</u>
<b>Total financial assets held at fair value through profit or loss</b>	<b><u>162,973</u></b>	<b><u>184,947</u></b>

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 3.

## 8 Receivables

	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Applications receivable	1,778	-
Interest receivable	2	12
Other receivables	<u>4</u>	<u>6</u>
<b>Total</b>	<b><u>1,784</u></b>	<b><u>18</u></b>

There are no past due (not impaired) or expected credit losses included in the above receivables as at 30 June 2021 (30 June 2020: Nil).

## 9 Payables

	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Redemptions payable	2,011	63,272
Management fees payable	<u>30</u>	<u>37</u>
<b>Total</b>	<b><u>2,041</u></b>	<b><u>63,309</u></b>

## 10 Related Party Transactions

### Responsible Entity

The Responsible Entity of the BlackRock Cash Fund is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975, AFSL 230523) whose ultimate holding company is BlackRock, Inc.

BlackRock Investment Management (Australia) Limited is incorporated in Australia and BlackRock, Inc. is incorporated in the United States of America.

### Key management personnel

#### Directors

Key management personnel include persons who were directors of the Responsible Entity at any time during the financial year as follows:

Director	Date appointed
M S McCorry	Appointed 2 December 2009
A Telfer	Appointed 12 December 2013
J Collins	Appointed 29 July 2015
A Landman	Appointed 3 February 2020
I Davila	Appointed 5 March 2020

#### Other key management personnel

No other person had authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year (30 June 2020: Nil).

## 10 Related Party Transactions (continued)

### Key management personnel unitholdings

At 30 June 2021 no key management personnel held units in the Fund (30 June 2020: Nil).

### Key management personnel compensation

Key management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

### Key management personnel loan disclosures

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

### Responsible Entity's fees and other transactions

In accordance with the Fund's Constitution, the Responsible Entity was entitled to receive fees for the provision of services to the Fund.

	<b>Management fees</b>
<b>At 30 June 2021</b>	<b>\$</b>
BlackRock Cash Fund	<b>217,966</b>
<b>At 30 June 2020</b>	<b>Management fees</b>
BlackRock Cash Fund	<b>\$</b>
BlackRock Cash Fund	<b>212,369</b>

### Investments

The Fund did not hold any investments in schemes also managed by the Responsible Entity or its related parties during the reporting year (30 June 2020: Nil).

## 10 Related Party Transactions (continued)

### Related party schemes' unit holdings

Parties related to the Fund including the Responsible Entity, its related parties or other schemes managed by the Responsible Entity held units in the Fund as follows:

30 June 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the fund \$
BlackRock Wholesale Diversified ESG Growth Fund	10,942,864	12,687,535	2.92	43,137,165	41,392,494	16,553
BlackRock Wholesale Diversified ESG Stable Fund	9,557,490	13,717,983	3.16	6,121,174	1,960,681	15,476
BlackRock Fission Fund	32,248,239	12,519,542	2.89	1,869,618	21,598,315	16,363
BlackRock Multi Opportunity Fund	16,079,875	16,707,079	3.85	174,635,587	174,008,383	63,381
BlackRock Balanced Multi-Index Fund	12,290,077	15,930,593	3.67	10,502,624	6,862,108	17,797
BlackRock Moderate Multi-Index Fund	5,502,668	6,050,160	1.39	4,255,116	3,707,624	8,075
BlackRock Growth Multi-Index Fund	4,982,399	5,665,831	1.31	8,587,039	7,903,607	7,241
BlackRock High Growth Multi-Index Fund	122,888	153,578	0.04	448,843	418,153	162
BlackRock Conservative Multi-Index Fund	22,563,542	22,591,400	5.21	7,846,004	7,818,146	32,763

## 10 Related Party Transactions (continued)

### Related party schemes' unit holdings (continued)

30 June 2020 Unitholder	Number of units held opening Units	Number of units held closing Units	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the fund \$
BlackRock Wholesale Diversified ESG Growth Fund	6,286,143	10,942,864	1.99	38,851,999	34,195,278	91,841
BlackRock Wholesale Diversified ESG Stable Fund	7,169,311	9,557,490	1.73	10,142,744	7,754,565	84,706
BlackRock Fission Fund	57,371,889	32,248,239	5.85	19,016,513	44,140,163	559,732
BlackRock Multi Opportunity Fund	3,696,362	16,079,875	2.92	216,896,565	204,513,052	463,773
BlackRock Balanced Multi-Index Fund	-	12,290,077	2.23	12,682,779	392,702	17,403
BlackRock Moderate Multi-Index Fund	-	5,502,668	1.00	5,653,518	150,850	10,128
BlackRock Growth Multi-Index Fund	-	4,982,399	0.90	5,170,781	188,382	6,920
BlackRock High Growth Multi-Index Fund	-	122,888	0.02	143,490	20,602	153
BlackRock Conservative Multi-Index Fund	-	22,563,542	4.09	22,659,707	96,165	28,015

### Other transactions with the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving key management personnel's interests subsisting at year end.

## 11 Remuneration of Auditor

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

	30 June 2021 \$	30 June 2020 \$
<b>Deloitte Touche Tohmatsu</b>		
Audit and review of the financial statements	7,866	7,866
Statutory assurance services required by legislation to be provided by the auditor	<u>1,264</u>	<u>1,264</u>
<b>Total</b>	<u><u>9,130</u></u>	<u><u>9,130</u></u>

The audit fees paid or payable are discharged by the Responsible Entity from the fees earned from the Fund.

## 12 Reconciliation of Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	Year ended	
	30 June 2021 \$'000	30 June 2020 \$'000
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Operating profit/(loss) for the year	659	4,880
Net (gains)/losses on financial assets and liabilities held at fair value through profit or loss (including any FX (gains)/losses)	(628)	(3,993)
Proceeds from sale of financial instruments held at fair value through profit or loss	1,373,018	1,244,357
Purchases of financial instruments held at fair value through profit or loss	(1,350,416)	(1,300,701)
Net change in receivables and other assets	12	75
Net change in accounts payables and accrued liabilities	<u>(7)</u>	<u>(3)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>22,638</u></b>	<b><u>(55,385)</u></b>

### (b) Components of cash and cash equivalents

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

Cash	<u>279,128</u>	<u>440,195</u>
<b>Total cash and cash equivalents</b>	<b><u>279,128</u></b>	<b><u>440,195</u></b>

### (c) Non cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	1,262	6,480
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The changes in this amount each year (as reported in (c) above) represents a non cash financing cost as it is not settled in cash until such time as it becomes attributable (i.e. taxable).

## 13 Events Occurring After the Reporting Period

No significant events have occurred since the end of the reporting period up to the date of signing the Annual Financial Report which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2021 or on the results and cash flows of the Fund for the year ended on that date.

## 14 Contingent Assets, Contingent Liabilities and Commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2021 (30 June 2020: Nil).

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 29 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations; changes in equity and its cash flows, for the financial year ended on that date;
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) 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 Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.



Director  
A Telfer

Sydney  
16 September 2021

## Independent Auditor's Report to the Unitholders of BlackRock Cash Fund

### *Opinion*

We have audited the financial report of BlackRock Cash Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis for Opinion*

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BlackRock Investment Management (Australia) Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Other Information*

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the Directors' Report included in the financial report for the year ended 30 June 2021, but does not include the annual financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Directors for the Financial Report*

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## *Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read "Debbi Toke Tohatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Neil Brown".

Neil Brown  
Partner  
Chartered Accountants

Melbourne, 16 September 2021

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