

# **Pendal Managed Cash Fund**

ARSN 088 832 491

## **Annual Report for the year ended 30 June 2024**

# Pendal Managed Cash Fund

ARSN 088 832 491

## Annual Report for the year ended 30 June 2024

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## **Directors' report**

The directors of Pendal Fund Services Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Pendal Managed Cash Fund (the Scheme), present their report together with the financial statements of the Scheme for the year ended 30 June 2024 and the auditor's report thereon.

### **Responsible Entity**

The Responsible Entity of Pendal Managed Cash Fund is Pendal Fund Services Limited (ABN 13 161 249 332). The Responsible Entity's registered office is Level 18, 123 Pitt Street, Sydney, NSW 2000.

### **Directors**

The following persons held office as directors of Pendal Fund Services Limited during the year or since the end of the year and up to the date of this report:

Amanda Apted (appointed 31 August 2023)  
Simone Mosse (appointed 23 January 2023)  
Anthony Serhan (appointed 6 December 2019)  
Richard Brandweiner (appointed 6 March 2019, resigned 31 July 2023)  
Justin Howell (appointed 7 May 2018, resigned 1 September 2023)

### **Principal activities**

The principal activity of the Scheme is to provide unitholders with an actively managed portfolio of short-term money market securities.

The Scheme did not have any employees during the year.

There were no significant changes in the nature of the Scheme's activities during the year.

### **Review and results of operations**

During the year, the Scheme's assets were invested in accordance with the investment objective and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

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

	<b>30 June 2024</b>	30 June 2023
Operating profit/(loss) (\$'000)	<u><b>37,235</b></u>	<u>34,623</u>
Distributions paid and payable (\$'000)	<u><b>37,233</b></u>	<u>32,811</u>

### **Interests in the Scheme**

The movement in units on issue in the Scheme during the year is disclosed in note 4 to the financial statements.

The value of the Scheme's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

## **Directors' report (continued)**

### **Significant changes in state of affairs**

Effective 9 February 2024, KPMG was appointed as auditor for the Scheme. This appointment followed the outcome of an audit tender process. In accordance with this process and section 329(5) of the *Corporations Act 2001*, the Scheme received the resignation of PricewaterhouseCoopers (PwC) following ASIC's consent to the resignation.

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

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

No matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect:

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

### **Likely developments and expected results of operations**

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

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment market 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.

### **Environmental regulation**

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

### **Fees paid to the Responsible Entity or its related parties**

Fees paid to the Responsible Entity and its related parties out of Scheme property during the year are disclosed in note 10 to the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

### **Indemnity and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Pendal Fund Services Limited or the auditor of the Scheme. So long as the officers of Pendal Fund Services 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.

### **Rounding of amounts to the nearest thousand dollars**

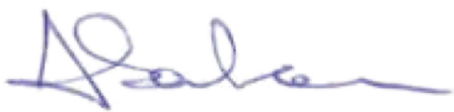
The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with the legislative instrument, unless otherwise indicated.

## **Directors' report (continued)**

### **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 5.

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



Director

Sydney  
17 September 2024



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

To the Directors of Pental Fund Services Limited as the Responsible Entity of  
Pental Managed Cash Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Pental Managed Cash Fund for the financial year ended 30 June 2024 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*

KPMG

*K Hopkins*

Karen Hopkins

*Partner*

Sydney

17 September 2024

**Pendal Managed Cash Fund**  
**Statement of comprehensive income**  
**For the year ended 30 June 2024**

**Statement of comprehensive income**

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
<b>Investment income</b>			
Interest income		16,879	14,900
Net gains/(losses) on financial instruments at fair value through profit or loss		<u>22,248</u>	<u>21,999</u>
<b>Total investment income/(loss)</b>		<u>39,127</u>	<u>36,899</u>
<b>Expenses</b>			
Responsible Entity's fees	10	<u>1,892</u>	<u>2,276</u>
<b>Total expenses</b>		<u>1,892</u>	<u>2,276</u>
<b>Operating profit/(loss)</b>		<u>37,235</u>	<u>34,623</u>
<b>Finance costs</b>			
Distributions to unitholders	3	(37,233)	(32,811)
Changes in net assets attributable to unitholders	4	<u>(2)</u>	<u>(1,812)</u>
<b>Profit/(loss)</b>		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>-</u>	<u>-</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Pendal Managed Cash Fund**  
**Statement of financial position**  
**As at 30 June 2024**

**Statement of financial position**

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
<b>Assets</b>			
Cash and cash equivalents*	8(b)	<b>392,558</b>	569,199
Receivables	6	<b>1,449</b>	1,914
Financial assets at fair value through profit or loss*	5	<b>396,358</b>	499,850
<b>Total assets</b>		<b>790,365</b>	1,070,963
<b>Liabilities</b>			
Distributions payable	3	<b>2,789</b>	3,445
Payables	7	<b>459</b>	602
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>3,248</b>	4,047
<b>Net assets attributable to unitholders - liability</b>	4	<b>787,117</b>	1,066,916

\*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

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



**Statement of changes in equity**

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 period.

**Pendal Managed Cash Fund**  
**Statement of cash flows**  
**For the year ended 30 June 2024**

**Statement of cash flows**

	Notes	30 June 2024 \$'000	30 June 2023 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss*		2,054,093	2,678,518
Payments for purchase of financial instruments at fair value through profit or loss*		(1,928,353)	(1,617,588)
Interest received		17,338	13,685
Other income received		6	2
Responsible Entity's fees paid		(2,025)	(2,299)
Other expenses paid		(10)	-
<b>Net cash inflow/(outflow) from operating activities</b>	8(a)	<u>141,049</u>	<u>1,072,318</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		3,134,117	556,396
Payments for redemptions by unitholders		(3,450,284)	(1,470,906)
Distributions paid		(1,523)	(432)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(317,690)</u>	<u>(914,942)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(176,641)</b>	157,376
Cash and cash equivalents at the beginning of the year*		<u>569,199</u>	411,823
<b>Cash and cash equivalents at the end of the year</b>	8(b)	<u>392,558</u>	<u>569,199</u>

\*The comparatives have been presented to align with the changes adopted for the current year. Refer to note 2.

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

## **1 General information**

These financial statements cover Pendal Managed Cash Fund (the Scheme) as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act 2001*. The Scheme was constituted on 28 November 1995. The Scheme will terminate within 80 years from the date of commencement in accordance with the provisions of the Scheme's Constitution (as amended). The Scheme is domiciled in Australia.

The Responsible Entity of the Scheme is Pendal Fund Services Limited. The Responsible Entity's registered office is Level 18, 123 Pitt Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 17 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Summary of material accounting policies**

The material 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.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Scheme is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Scheme manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however, an estimate of that amount cannot be determined at the reporting date.

### *Compliance with International Financial Reporting Standards*

The financial statements also comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

### *Functional and presentation currency*

The financial statements are presented in Australian dollars, which is the Scheme's functional currency.

### *Use of estimates*

Management makes estimates and assumptions that affect the reported amounts in the financial statements. Estimates and associated assumptions are reviewed regularly and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances. Where applicable to the fair value measurement, the current changing market conditions are assessed and estimated. Actual results may differ from these estimates.

The use of estimates and critical judgements in fair value measurement that can have significant effect on the amounts recognised in the financial statements is described in note 11(d).

## **2 Summary of material accounting policies (continued)**

### **(a) Basis of preparation (continued)**

#### *Comparatives*

Certain comparative figures have been restated to conform with the changes in the classification or presentation for current year.

#### *New standards, amendments and interpretations adopted by the Scheme*

The Scheme has adopted the following Australian Accounting Standards for the reporting period beginning 1 July 2023:

(i) AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* (AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2)

AASB 2021-2 became effective for annual reporting periods beginning on or after 1 January 2023. The amendments require the disclosure of material accounting policies rather than significant accounting policies and clarify the distinction between accounting policies and accounting estimates. The amendments do not result in any changes to the accounting policies.

There are no other new accounting standards, amendments and interpretations that are effective for the first time for the reporting period beginning 1 July 2023 and have a material impact on the financial statements of the Scheme.

#### *New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted*

A number of new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Scheme.

### **(b) Financial instruments**

#### *(i) Classification*

The Scheme classifies its investments based on its business model for managing those financial instruments and their contractual cash flow characteristics. The Scheme's investment portfolio is managed and its performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is to evaluate the information about its investments on a fair value basis together with other related financial information.

For money market securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held for both collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, money market securities are classified as financial assets at fair value through profit or loss.

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

The Scheme recognises its investments on the date it becomes party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial instruments from this date.

Investments are derecognised on the date the Scheme becomes party to the sale contractual agreement (trade date).

## **2 Summary of material accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(iii) Measurement*

At initial recognition, investments are measured at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently, all investments are measured at fair value without any deduction for estimated future selling costs. Gains and losses arising from changes in the fair value measurement are recognised in profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further details of fair value measurement are disclosed in note 11(d).

#### *(iv) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, when 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.

### **(c) Net assets attributable to unitholders**

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

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Scheme does not meet the criteria as it has contractual obligations to distribute. Consequently, the Scheme classifies the net assets attributable to unitholders as financial liability.

The carrying amount of net assets attributable to unitholders is a reasonable approximation of fair value.

### **(d) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and other short term and highly liquid financial assets with a maturity period of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.

### **(e) Receivables**

Receivables include accrued income.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme measures the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

## **2 Summary of material accounting policies (continued)**

### **(e) Receivables (continued)**

The amount of the impairment loss is recognised in profit or loss 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 profit or loss.

The carrying amount of receivables is a reasonable approximation of fair value due to their short term nature.

### **(f) Payables**

Payables include accrued expenses which are unpaid at the end of the reporting period.

The carrying amount of payables is a reasonable approximation of fair value due to their short term nature.

### **(g) Investment income**

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from money market securities.

Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in note 2(b).

### **(h) Expenses**

All expenses, including Responsible Entity's fees, are recognised in profit or loss on an accruals basis.

### **(i) Income tax**

The Scheme is not subject to income tax provided the taxable income of the Scheme is fully distributed either by cash or reinvestment. Unitholders are presently entitled to the income of the Scheme.

### **(j) Distributions**

The Scheme distributes its distributable income in accordance with the Scheme's Constitution.

### **(k) Changes in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Changes in net assets attributable to unitholders are recognised in profit or loss as finance costs.

### **(l) Goods and Services Tax**

The Goods and Services Tax (GST) is incurred on the cost of various services provided to the Scheme by third parties. The Scheme qualifies for Reduced Input Tax Credit (RITC); hence expenses such as Responsible Entity's fees have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

### **(m) Rounding of amounts**

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the legislative instrument, unless otherwise indicated.

### 3 Distributions to unitholders

The distributions for the year were as follows:

	<b>30 June 2024</b>	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>Annualised income rate (%)</b>	<b>\$'000</b>	<b>Annualised income rate (%)</b>
Distributions paid - July	3,465	4.04	1,526	0.89
Distributions paid - August	3,417	4.21	1,701	1.46
Distributions paid - September	3,044	4.45	2,240	2.13
Distributions paid - October	3,090	4.28	2,693	2.47
Distributions paid - November	3,135	4.38	2,791	2.85
Distributions paid - December	3,077	4.44	2,966	3.10
Distributions paid - January	3,042	4.42	2,993	3.28
Distributions paid - February	2,858	4.43	2,753	3.39
Distributions paid - March	3,039	4.37	3,143	3.54
Distributions paid - April	3,109	4.37	3,103	3.60
Distributions paid - May	3,168	4.37	3,457	3.70
Distributions payable - June	2,789	4.36	3,445	3.86
<b>Total distributions</b>	<b>37,233</b>		<b>32,811</b>	

### 4 Net assets attributable to unitholders

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

	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>Units'000</b>	<b>Units'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	1,066,918	1,951,347	1,066,916	1,949,533
Applications	3,134,117	556,396	3,134,117	556,396
Redemptions	(3,450,284)	(1,470,906)	(3,450,284)	(1,470,906)
Units issued upon reinvestment of distributions	36,366	30,081	36,366	30,081
Changes in net assets attributable to unitholders	-	-	2	1,812
<b>Closing balance</b>	<b>787,117</b>	<b>1,066,918</b>	<b>787,117</b>	<b>1,066,916</b>

As stipulated within the Scheme's Constitution, each unit represents a right to an individual unit 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 attached to it as all other units of the Scheme.

#### *Capital risk management*

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and daily redemptions at the discretion of unitholders.

#### **4 Net assets attributable to unitholders (continued)**

##### *Capital risk management (continued)*

Applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application and to defer or adjust a redemption if the exercise of such discretion is in the best interests of unitholders.

#### **5 Financial assets at fair value through profit or loss**

	<b>30 June 2024 \$'000</b>	30 June 2023 \$'000
Money market securities*	<u>396,358</u>	499,850
<b>Total financial assets at fair value through profit or loss</b>	<u><b>396,358</b></u>	<u>499,850</u>

\*The comparatives have been presented to align with changes adopted for current year. Refer to note 2.

#### **6 Receivables**

	<b>30 June 2024 \$'000</b>	30 June 2023 \$'000
Interest receivable	1,447	1,906
Other receivables	<u>2</u>	<u>8</u>
<b>Total receivables</b>	<u><b>1,449</b></u>	<u>1,914</u>

#### **7 Payables**

	<b>30 June 2024 \$'000</b>	30 June 2023 \$'000
Responsible Entity's fees payable	457	590
Other payables	<u>2</u>	<u>12</u>
<b>Total payables</b>	<u><b>459</b></u>	<u>602</u>



## 8 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	30 June 2024 \$'000	30 June 2023 \$'000
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Operating profit/(loss)	37,235	34,623
Proceeds from sale of financial instruments at fair value through profit or loss*	2,054,093	2,678,518
Payments for purchase of financial instruments at fair value through profit or loss*	(1,928,353)	(1,617,588)
(Increase)/decrease in interest receivable	459	(1,215)
(Increase)/decrease in other receivables	6	(8)
Increase/(decrease) in payables	(143)	(13)
Net (gains)/losses on financial instruments at fair value through profit or loss	(22,248)	(21,999)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>141,049</b>	<b>1,072,318</b>
<b>(b) Components of cash and cash equivalents</b>		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash at bank*	132,558	109,199
Deposit at call*	260,000	460,000
<b>Total cash and cash equivalents</b>	<b>392,558</b>	<b>569,199</b>
<b>(c) Non-cash financing activities</b>		
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	36,366	30,081

\*The comparatives have been presented to align with changes adopted for current year. Refer to note 2.

## 9 Remuneration of auditors

	30 June 2024 \$	30 June 2023 \$
<i>Audit and other assurance services - KPMG:</i>		
Audit of financial statements	17,337	-
Other regulatory assurance services	2,854	-
<i>Audit and other assurance services - PricewaterhouseCoopers Australia (PwC):</i>		
Audit of financial statements	-	10,447
Other regulatory assurance services	-	2,602
<b>Total</b>	<b>20,191</b>	<b>13,049</b>

Audit fees were paid or payable by the Responsible Entity.

## **10 Related party transactions**

### **Responsible Entity**

The Responsible Entity of Pendal Managed Cash Fund is Pendal Fund Services Limited (ABN 13 161 249 332), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel.

### **Key management personnel**

#### **(a) Directors**

The directors of Pendal Fund Services Limited during the year or since the end of the year and up to the date of this report were as follows:

Amanda Apted (appointed 31 August 2023)  
 Simone Mosse (appointed 23 January 2023)  
 Anthony Serhan (appointed 6 December 2019)  
 Richard Brandweiner (appointed 6 March 2019, resigned 31 July 2023)  
 Justin Howell (appointed 7 May 2018, resigned 1 September 2023)

#### **(b) Other key management personnel**

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly, during the year or since the end of the year.

### **Transactions with key management personnel**

Key management personnel services are provided by Pendal Fund Services Limited and included in the Responsible Entity's fees. There is no separate charge for these services. There was no compensation paid directly by the Scheme to any of the key management personnel during the year.

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

### **Responsible Entity's fees and other transactions**

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive management fees. The Scheme incurred management fees (inclusive of GST and net of RITC) of 0.22% per annum for the year ended 30 June 2024. The management fees are calculated by reference to the net asset value of the Scheme.

The transactions during the year and amounts payable at the reporting date between the Scheme and the Responsible Entity were as follows:

	<b>30 June 2024</b>	30 June 2023
	<b>\$</b>	<b>\$</b>
Responsible Entity's fees	<b>1,891,652</b>	2,275,851
Responsible Entity's fees payable	<b>457,159</b>	590,427

## **11 Financial risk management**

The Scheme's operating activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

A risk management framework has been established by the Responsible Entity of the Scheme to monitor the Scheme's compliance with its governing documents and to minimise risks in its investment activities. This framework incorporates a regular assessment process to ensure procedures and controls adequately manage the investment activities. The Scheme is permitted to use derivative products. However, the use of derivatives must be consistent with the investment strategy and restrictions specified in the Scheme's governing documents.

All investment securities present a risk of loss of capital. The maximum loss of capital on investment securities is generally limited to the fair values of those positions.

The Scheme's asset managers aim to manage these risks through the use of consistent and carefully considered investment strategy and guidelines specifically tailored for the Scheme's investment objective. Risk management techniques are used in the selection of investments. Asset managers will only purchase securities (including derivatives) which meet the prescribed investment criteria. Risk may also be reduced by diversifying investments across several asset managers, markets, regions or different asset classes and counterparties.

The Scheme uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of currency risk, interest rate risk and price risk; and credit ratings analysis for credit risk.

### **(a) Market risk**

#### *(i) Currency risk*

Currency risk arises as the fair value or future cash flows of monetary assets and liabilities denominated in foreign currency will fluctuate due to changes in exchange rates. The currency risk relating to non-monetary assets and liabilities is a component of price risk and not currency risk. However, management monitors the exposures on all foreign currency denominated assets and liabilities.

The Scheme did not have any exposure to currency risk at the reporting date.

#### *(ii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Scheme to fair value interest rate risk.

The following tables summarise the Scheme's exposure to interest rate risk:

	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non-interest bearing \$'000</b>	<b>Total \$'000</b>
<b>30 June 2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents	<b>392,558</b>	<b>-</b>	<b>-</b>	<b>392,558</b>
Money market securities	<b>-</b>	<b>396,358</b>	<b>-</b>	<b>396,358</b>

## **11 Financial risk management (continued)**

### **(a) Market risk (continued)**

#### *(ii) Interest rate risk (continued)*

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents*	569,199	-	-	569,199
Money market securities*	-	499,850	-	499,850

\*The comparatives have been presented to align with changes adopted for current year. Refer to note 2.

The table presented in note 12(a)(iv) summarises sensitivity analysis to interest rate risk. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. The Scheme uses modified duration as an indicator of the sensitivity of its investments to the interest rate changes.

#### *(iii) Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Scheme is exposed to price risk predominantly through its investments for which prices in the future are uncertain. The price risk arising from investments in money market securities is impacted by movements in interest rates and is reflected in note 12(a)(ii).

#### *(iv) Sensitivity analysis*

The following table summarises the sensitivity of 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 estimates, having regard to a number of factors, including historical levels of changes in interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusual large market movements resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Scheme invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Sensitivity rates	<b>Impact on operating profit/net assets attributable to unitholders</b>	
		<b>30 June 2024 \$'000</b>	<b>30 June 2023 \$'000</b>
<b>Interest rate risk</b>	+1%	<b>7,054</b>	9,469
	-1%	<b>(7,054)</b>	(9,469)

## **11 Financial risk management (continued)**

### **(b) Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The main concentration of counterparty credit risk, to which the Scheme is exposed to, arises predominantly from the Scheme's investments in money market securities. The Scheme is also exposed to counterparty credit risk on cash and cash equivalents. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of these assets are impaired or past due but not impaired.

#### *(i) Money market securities*

Investment management processes include the consideration of counterparty risk. The asset managers may refer to the credit ratings issued by rating agencies to assess the creditworthiness of counterparties. The asset managers consider (among other things) branding, stability and security marketability of counterparties and consistently monitor exposure through electronic systems.

The asset managers monitor the credit ratings of money market securities on a regular basis.

The tables below set out the analysis of money market securities by credit ratings as issued by Standard & Poor's or other rating agencies:

<b>30 June 2024</b>	<b>A+ to A- \$'000</b>	<b>Total \$'000</b>
Money market securities	<u>396,358</u>	<u>396,358</u>
	<b>396,358</b>	<b>396,358</b>
 30 June 2023*	 A+ to A- \$'000	 Total \$'000
Money market securities	<u>499,850</u>	<u>499,850</u>
	<b>499,850</b>	<b>499,850</b>

\*The comparatives have been presented to align with changes adopted for current year. Refer to note 2.

#### *(ii) Cash and cash equivalents*

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high grade credit rating.

### **(c) Liquidity risk**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due.

The Scheme is exposed to daily cash redemptions of redeemable units.

In order to manage the Scheme's overall liquidity, asset managers will only purchase securities (including derivatives) which meet the Scheme's investment criteria, including the assessment of saleability in different market conditions. The Scheme's investment strategy generally defines a minimum liquidity level for the Scheme which is monitored regularly.

## 11 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

30 June 2024	Contractual cash flows			
	Carrying amount \$'000	less than 6 months \$'000	6 - 12 months \$'000	more than 12 months \$'000
<b>Non-derivative financial liabilities</b>				
Distributions payable	2,789	2,789	-	-
Payables	459	459	-	-
Net assets attributable to unitholders - liability	787,117	787,117	-	-
<b>Total</b>	<b>790,365</b>	<b>790,365</b>	<b>-</b>	<b>-</b>

30 June 2023	Contractual cash flows			
	Carrying amount \$'000	less than 6 months \$'000	6 - 12 months \$'000	more than 12 months \$'000
<b>Non-derivative financial liabilities</b>				
Distributions payable	3,445	3,445	-	-
Payables	602	602	-	-
Net assets attributable to unitholders - liability	1,066,916	1,066,916	-	-
<b>Total</b>	<b>1,070,963</b>	<b>1,070,963</b>	<b>-</b>	<b>-</b>

### (d) Fair value measurement

The Scheme classifies fair value measurement of its financial assets and liabilities by level of the following fair value hierarchy:

- 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); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

#### (i) Fair value in an active market (level 1)

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

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 and regularly occurring market transactions on an arm's length basis.

## **11 Financial risk management (continued)**

### **(d) Fair value measurement (continued)**

#### *(ii) Fair value in an inactive or unquoted market (level 2 and level 3)*

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

Valuation 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 the assumptions for these factors could affect the reported fair value of financial instruments. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

Money market securities are generally valued using broker quotes. 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. Management monitors credit spreads closely and conducts regular review to ensure any estimates and assumptions used in the valuation model remain appropriate.

The Scheme did not hold any financial instruments with fair value measurements using significant unobservable inputs (level 3) at 30 June 2024 and 30 June 2023.

#### *Recognised fair value measurements*

The following tables present the Scheme's financial assets and liabilities by fair value hierarchy levels:

<b>30 June 2024</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Money market securities	-	396,358	-	396,358
<b>Total</b>	-	396,358	-	396,358

<b>30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Money market securities*	-	499,850	-	499,850
<b>Total</b>	-	499,850	-	499,850

\*The comparatives have been presented to align with the changes adopted for the current year.

There were no financial liabilities measured and recognised at fair value as at 30 June 2023.

## **11 Financial risk management (continued)**

### **(d) Fair value measurement (continued)**

#### *Transfers between levels*

The Scheme's policy is to recognise transfers into and transfers out of the fair value hierarchy levels at the end of the reporting period.

There were no transfers between levels as at 30 June 2024 and 30 June 2023.

## **12 Events occurring after the reporting period**

No significant events have occurred since the reporting date which would have an impact on the financial position of the Scheme as at 30 June 2024 or on the results and cash flows of the Scheme for the year ended on that date.

## **13 Contingent assets, liabilities and commitments**

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.



## **Directors' declaration**

In the opinion of the directors of Pendal Fund Services Limited, the Responsible Entity of Pendal Managed Cash Fund:

- (a) the financial statements and notes, set out on pages 6 to 23, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- (b) 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
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board.

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



Director

Sydney  
17 September 2024



# Independent Auditor's Report

To the unitholders of Pental Managed Cash Fund

## Opinion

We have audited the **Financial Report** of Pental Managed Cash Fund (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme gives a true and fair view, including of the Scheme's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2024;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

## Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

## Other Information

Other Information is financial and non-financial information in Pental Managed Cash Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Pental Fund Services Limited (the Responsible entity) are responsible for the Other Information.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

### Responsibilities of the Directors for the Financial Report

The Directors of Pendal Fund Services Limited (the Responsible entity) are responsible for:

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

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG  
KPMG

*K Hopkins*  
Karen Hopkins  
Partner  
Sydney  
17 September 2024