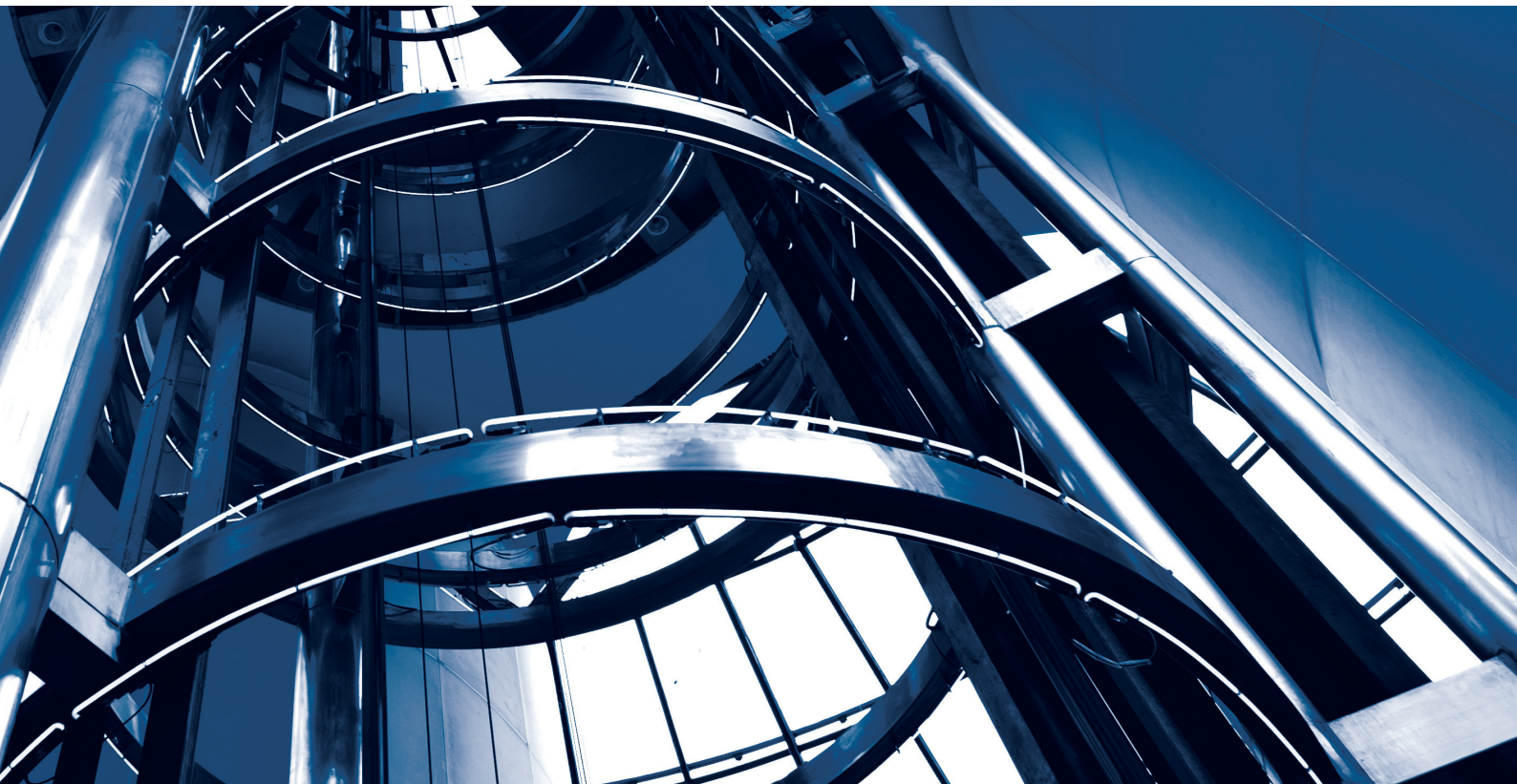


# Antares Cash Fund

ARSN 168 028 831

## Financial Report

For the period ending 30 June 2018



**Antares Cash Fund**

**(ARSN 168 028 831)**

**Financial Report**

**For the year ended 30 June 2018**

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## **Directors' report**

The Directors of Antares Capital Partners Limited, the Responsible Entity of Antares Cash Fund, (the 'Scheme') present their report together with the financial report of the Scheme for the year ended 30 June 2018 and the independent audit report thereon.

### **Directors of the Responsible Entity**

The names of the persons who were Directors of Antares Capital Partners Limited during or since the year ended 30 June 2018 are as follows:

<b>Name</b>	<b>Appointment/Resignation Date</b>
J G Duffield	Appointed 7 July 2014
P Gupta	Appointed 7 July 2014
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

The registered office of Antares Capital Partners Limited is located at Ground Floor, MLC Building, 105-153 Miller St, North Sydney NSW 2060.

### **Principal activities**

The Scheme is an unlisted registered managed investment scheme domiciled in Australia.

The Scheme invests and transacts in money market securities and unlisted managed investment schemes in accordance with the provisions of the Constitution of the Scheme.

The Scheme did not have any employees during the year (2017: Nil).

There have been no significant changes to the activities of the Scheme during the year.

The Scheme is a for profit entity for the purposes of preparing financial statements.

### **Results and review of operations**

The results of the operations of the Scheme is disclosed in the Statement of Profit or Loss and Other Comprehensive Income. The result is affected by the performance of the markets to which the Scheme has exposure.

For details in relation to the Scheme's investment exposure and strategy, information can be obtained from the Product Disclosure Statement.

### **Distributions**

The distribution for the year ended 30 June 2018 was as follows:

	<b>\$'000</b>	<b>c/unit</b>
Distributions paid and payable	<b>592</b>	<b>1.91</b>

### **Units on issue**

Units on issue as at year end and movements during the year are shown in Statement of Changes in Net Assets Attributable to Unitholders.

The total assets of the Scheme are set out in the Statement of Financial Position. The basis for valuation of the Scheme's assets is disclosed in Note 1 to the financial statements.

### **State of affairs**

On the 5 May 2016, the Attribution Managed Invest Trust ('AMIT') regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has amended the Scheme's Constitution to allow the Scheme to operate as an AMIT. By 29 June 2018, the Responsible Entity sent notice to unitholders on the Scheme's intention to elect into the AMIT regime for the financial year ended 30 June 2018 (and for subsequent financials years). As of 30 June 2018, the Scheme meets the other conditions to adopt the AMIT tax regime and consequently, in accordance with the requirements of AASB 132 - Financial Instruments: Presentation relating to puttable instruments, the net assets available to unitholders have been re-classified from a financial liability to equity on 30 June 2018.

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the year end unless otherwise disclosed.

### **Likely developments**

The Scheme will continue to pursue its policy of competitive returns through a selection process that identifies investment managers in each asset class.

Further information about likely developments in the operations of the Scheme and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Scheme.

### **Auditor's independence**

The Directors received a declaration of independence from the auditor of the Scheme, a copy of which is attached to the Directors' report on page 4.

### **Events subsequent to the balance date**

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

**Interests of the Responsible Entity**

Units held by Antares Capital Partners Limited and its related parties in the Scheme during the financial year ended 30 June 2018 are detailed in Note 7(h) to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 30 June 2018 are detailed in Note 7(e) to the financial statements.

**Environmental Regulation**

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

**Indemnities and insurance premiums for Officers or Auditors**

*Indemnification*

The Scheme has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme during the year.

*Insurance premiums*

During the year, the ultimate parent company of the Responsible Entity, National Australia Bank Limited, has paid, or agreed to pay, premiums in respect of its officers for liability, legal expenses, insurance contracts, and premiums in respect of such insurance contracts, for the financial year ended 30 June 2018. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

**Rounding**

The Scheme meets the criteria set out in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, and in accordance with that Corporations Instrument, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors of Antares Capital Partners Limited:

Director: CLARE KEATING

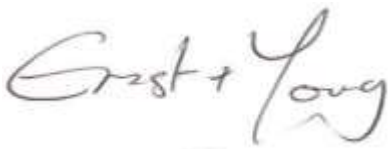
Signature: 

Dated at Sydney this 20th day of September 2018

## Auditor's Independence Declaration to the Directors of Antares Capital Partners Limited, as Responsible Entity for Antares Cash Fund

As lead auditor for the audit of Antares Cash Fund for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Darren Handley-Greaves  
Partner  
Sydney  
20 September 2018

**Antares Cash Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
<b>Investment income</b>			
Interest income		9	10
Changes in the fair value of financial assets and liabilities as designated at fair value through profit or loss		<u>700</u>	<u>1,311</u>
<b>Total investment income</b>		<u>709</u>	<u>1,321</u>
<b>Expenses</b>			
Responsible Entity's fees	7(e)	67	133
Other expenses		<u>41</u>	<u>1</u>
<b>Total operating expenses</b>		<u>108</u>	<u>134</u>
<b>Operating profit/(loss)</b>		<u>601</u>	<u>1,187</u>
<b>Financing costs</b>			
Distributions	3	<u>592</u>	<u>1,190</u>
<b>Net profit/(loss)</b>		<u>9</u>	<u>(3)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Changes in net assets attributable to unitholders</b>		<u>9</u>	<u>(3)</u>

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

**Antares Cash Fund**  
**Statement of Financial Position**  
**As at 30 June 2018**

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	Notes	2018 \$'000	2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	9(b)	1,333	368
Receivables	5	3	-
Financial assets designated at fair value through profit or loss	4	<u>24,383</u>	<u>54,056</u>
<b>Total assets</b>		<u><b>25,719</b></u>	<u>54,424</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	6	14	27
Distributions payable	3	<u>195</u>	<u>365</u>
<b>Total liabilities excluding net assets attributable to unitholders</b>		<u><b>209</b></u>	<u>392</u>
<b>Net assets attributable to unitholders - Liability</b>		<u>-</u>	<u>54,032</u>
<b>Net assets attributable to unitholders - Equity</b>		<u><b>25,510</b></u>	<u>-</u>

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



**Antares Cash Fund**  
**Statement of Changes in Unitholders Funds**  
**For the year ended 30 June 2018**

	\$'000	No. of units '000
<b>Net assets attributable to unitholders</b>		
<b>Total Liability at 30 June 2016</b>	58,310	58,507
Applications	45,469	45,558
Redemptions	(49,744)	(49,750)
Change in net assets attributable to unitholders	(3)	-
<b>Total Liability at 30 June 2017</b>	54,032	54,315
<b>Total Liability at 30 June 2017</b>	<b>54,032</b>	<b>54,315</b>
Applications	<b>4,646</b>	<b>4,660</b>
Redemptions	<b>(33,177)</b>	<b>(33,253)</b>
Change in net assets attributable to unitholders	<b>9</b>	<b>-</b>
<b>Total Equity at 30 June 2018 *</b>	<b>25,510</b>	<b>25,722</b>

\* Reclassified due to AMIT Tax implementation see Note 1

The above Statement of Changes in Unitholders Funds is to be read in conjunction with the accompanying notes.

**Antares Cash Fund**  
**Statement of Cash Flows**  
**For the year ended 30 June 2018**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Interest received	9	11
Responsible Entity's fees paid	(70)	(133)
Other expenses paid	<u>(37)</u>	<u>(1)</u>
<b>Net cash provided by/(used in) operating activities</b>	9(a) <u>(98)</u>	<u>(123)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	172,233	311,946
Purchases of investments	<u>(141,878)</u>	<u>(307,627)</u>
<b>Net cash provided by/(used in) investing activities</b>	<u>30,355</u>	<u>4,319</u>
<b>Cash flows from financing activities</b>		
Applications received	3,989	44,712
Redemptions paid	(33,177)	(49,744)
Distributions paid	<u>(104)</u>	<u>(429)</u>
<b>Net cash provided by/(used in) financing activities</b>	<u>(29,292)</u>	<u>(5,461)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	965	(1,265)
Cash and cash equivalents at the beginning of the financial year	<u>368</u>	<u>1,633</u>
<b>Cash and cash equivalents at end of financial year</b>	9(b) <u>1,333</u>	<u>368</u>

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

## **NOTE 1 - 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.

The financial report of the Scheme for the financial year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 20 September 2018.

On the 5 May 2016, the Attribution Managed Invest Trust ('AMIT') regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has amended the Scheme's Constitution to allow the Scheme to operate as an AMIT. By 29 June 2018, the Responsible Entity sent notice to unitholders on the Scheme's intention to elect into the AMIT regime for the financial year ended 30 June 2018 (and for subsequent financial years). As of 30 June 2018, the Scheme meets the other conditions to adopt the AMIT tax regime and consequently, in accordance with the requirements of AASB 132 - Financial Instruments: Presentation relating to puttable instruments, the net assets available to unitholders have been re-classified from a financial liability to equity on 30 June 2018.

### **(a) Statement of compliance**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB').

### **(b) Basis of preparation**

The Scheme's financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report has been prepared on the basis of historical costs, except for financial assets and financial liabilities at fair value and held for trading, that have been 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 financial assets and liabilities as designated at fair value and net assets attributable to unitholders are expected to be settled upon contractual requirements.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial statements are presented in Australian Dollars, and all values are rounded to the nearest \$'000 except where otherwise indicated.

### **(c) Basis of consolidation**

The Scheme is an investment entity and, as such, does not consolidate any entities subject to its control. Instead, interests in controlled entities are classified at fair value through profit or loss, and measured at fair value. The Scheme does not hold a controlling interest in any of its underlying investments and therefore is not required to provide additional disclosures.

### **(d) Unit prices**

The unit price for the units of the Scheme is calculated as at the close of business on each business day.

### **(e) Terms and conditions on units**

Each unit issued confers upon the unitholders of the Scheme an equal interest in the Scheme, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the *Corporations Act 2001*, including the right to:

- (i) have their units redeemed;
- (ii) accumulate income, which is reflected in the unit price;
- (iii) attend and vote at meetings of unitholders; and
- (iv) participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to any unit of the Scheme are identical in all respects.

### **(f) Financial assets and liabilities designated at fair value through profit or loss**

The Scheme has classified all of its investments as designated at fair value through profit or loss. Securities designated at fair value through profit or loss are initially recognised at fair value.

Investments are valued at their fair value as at reporting date. Gains and losses arising from changes in the fair value of the financial assets and liabilities designated at fair value through profit or loss are included in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they arise.

### **(g) Fair value measurement**

Assets and liabilities measured at fair value in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety as detailed below:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### **(h) Significant accounting judgements, estimates or assumptions**

The Scheme may make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

#### *Estimates and assumptions*

Estimates are continually evaluated and based on historical experience, available information and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Significant accounting judgements, estimates or assumptions (continued)**

*Fair value of financial assets and liabilities as designated through profit or loss*

Fair value is the price that would be received from disposing an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Scheme measures investments in financial assets and financial liabilities designated at fair value through profit or loss. Management applies judgement in selecting valuation techniques where there is no market price available for an instrument. Further details on the determination of fair values of financial instruments are set out in Note 8(e).

*Judgements*

(i) The Scheme meets the definition criteria of an investment entity under AASB 10 and therefore is required to measure its interests in controlled entities at fair value through profit or loss. The criteria which define an investment entity are as follows:

- (a) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
  - (b) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
  - (c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.
- (ii) The Scheme has assessed whether its investments in unlisted registered managed investment schemes should be classified as structured entities. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The Scheme has considered the voting rights and other similar rights and concluded on whether these rights are the dominant factor in determining control. The Scheme has concluded that its investments in unlisted registered managed investment schemes meets the definition of structured entities as the voting rights of these unlisted registered managed investment schemes are not substantive in nature.

**(i) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise of cash at bank and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, such as units held in a cash trust.

**(j) Receivables**

Receivables may include amounts for interest, distributions, outstanding settlements and other income and are measured initially at fair value plus transaction costs. Amounts are generally received within 30 days of being recorded as a receivable.

**(k) Accounts payable and accrued expenses**

Payables include outstanding settlements and accrued expenses owing by the Scheme which are unpaid as at balance date. They are measured initially at fair value plus transaction costs.

**(l) Foreign currency transactions**

Transactions during the year denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and monetary items held, together with any accrued income, are translated at the exchange rate prevailing at the year end.

Foreign currency transaction gains and losses on financial instruments classified as designated at fair value through profit or loss are included in the Statement of Profit or Loss and Other Comprehensive Income as part of the 'Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss'.

**(m) Income and expenses**

Revenue is brought to account on an accrual basis except where otherwise stated.

Dividend and distribution income from listed securities and unlisted registered managed schemes is recognised on the date the shares or trust units are quoted ex dividend/distribution. Income on fixed interest securities and money market securities is recognised on an ex interest accrual basis.

Interest income on discount securities is brought to account on brought to account on an effective interest rate basis and is derived from interest earned and amortised premium or discount to face value on investments.

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the year).

Expenses are brought to account on an accrual basis.

The Responsible Entity is entitled to receive a fee, calculated in accordance with the Scheme's Constitution, for the provision of management services to the Scheme. The Responsible Entity is entitled to be reimbursed, under the Scheme's Constitution, for certain expenses incurred in administering the Scheme. The amount reimbursed has been calculated in accordance with the Scheme's Constitution.

Other expenses also include government duties and bank interest expense. Auditors' remuneration has not been charged against the Scheme's income as this cost is borne by the Responsible Entity.

**(n) Taxation**

The Schemes have elected to have the new taxation regime (AMIT) for the taxation of managed investment schemes apply for the 2018 tax year and later years of income. The Scheme is not subject to income tax as the taxable income (including assessable realised net capital gains) is fully attributed to the unitholders each year. Unitholders are taxed on the income attributed to them.

The unit price is based upon fair values of underlying assets and thus may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. Where realised assessable capital gains exceed realised capital losses, the excess is distributed to unitholders as assessable income for taxation purposes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Distributions to unitholders**

The income of the Scheme is accumulated and reinvested or paid to unitholders on the last day of September, December, March and June.

Distributable income does not include unrealised gains and losses arising on movements in the fair value of investments; as such, unrealised gains and losses are transferred to net assets attributable to unitholders and are not assessable or distributable until realised.

Distributions are expressed as cents per unit for the distribution period.

**(p) Goods and services tax**

Responsible Entity fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office ('ATO') as a reduced input tax credit ('RITC').

Creditors and accruals are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in payables in the Statement of Financial Position.

**(q) Derecognition of financial instruments**

The derecognition of financial instruments takes place when the Scheme no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

**(r) Capital management**

The Responsible Entity manages its net assets attributable to unitholders as capital. As at 30 June 2017, the net assets attributable to unitholders were classified as a liability. As of 30 June 2018, the Schemes meet the conditions required to adopt the AMIT tax regime and consequently the units in the Schemes have been re-classified from a financial liability to equity on 30 June 2018 in accordance with the requirements of AASB 132 - Financial Instruments: Presentation relating to puttable instruments.

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Scheme does not have any externally imposed capital requirements.

**(s) Net assets attributable to unitholders**

Units are redeemable at the unitholders' option and are classified as equity due to removal of mandatory distributions as a result of entering the AMIT regime. Further as of 30 June 2018, and subsequent years, as a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Schemes' distributions will no longer be classified as a finance cost in the statement of comprehensive income, but rather as dividends paid in the Statement of Changes in Unitholders Funds.

The units can be put back to the Schemes at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the financial year, if unitholders exercised their right to put the units back to the Schemes.

**(t) Application of accounting standards**

**Changes in Accounting Policy**

**Australian Accounting Standards issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Scheme for the year ended 30 June 2018. The impact of these standards and interpretations has been assessed, to the extent applicable to the Scheme and are discussed below.

***AASB 9 Financial Instruments***

This standard makes changes to the way financial assets and liabilities are classified for the purpose of determining their measurement basis. AASB 9 applies to annual reporting periods beginning on or after 1 January 2018 and will therefore apply to the Scheme from 1 July 2018. The Scheme does not intend to early adopt AASB 9 as permitted by the standard. The application of the standard is not expected to change the measurement basis of any of the Scheme's current financial instruments.

***AASB 15 Revenue from Contracts with Customers***

This standard requires an entity to measure revenue from contracts with customers at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. AASB 15 applies to annual reporting periods beginning on or after 1 January 2018 and will therefore apply to the Scheme from 1 July 2018. The Scheme does not intend to early adopt AASB 15 as permitted by the standard. The application of the standard is still being assessed, but it is expected that it will have no significant changes to the Scheme's current financial instruments.

**NOTE 2 - AUDITOR'S REMUNERATION**

	2018	2017
	\$	\$
<b>Auditor of the Scheme:</b>		
Ernst & Young audit and review of financial reports	7,000	7,000
Other assurance engagements	<u>3,624</u>	<u>3,624</u>
	<u><b>10,624</b></u>	<u>10,624</u>

Audit fees for the Scheme have been paid by the Responsible Entity.

**NOTE 3 - DISTRIBUTIONS**

Distributions paid/payable during the year by the Scheme were as follows:

	\$'000	c/unit
<b>2018</b>		
September	129	0.32
December	138	0.41
March	130	0.42
June payable	<u>195</u>	<u>0.76</u>
	<u><b>592</b></u>	<u><b>1.91</b></u>
<b>2017</b>		
September	246	0.30
December	302	0.40
March	277	0.40
June payable	<u>365</u>	<u>0.67</u>
	<u><b>1,190</b></u>	<u><b>1.77</b></u>

**NOTE 4 - FINANCIAL ASSETS AS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2018	2017
	\$'000	\$'000
<b>Money Market Securities</b>		
Money market securities	<u>24,383</u>	<u>54,056</u>
<b>Total financial assets as designated at fair value through profit or loss</b>	<u><b>24,383</b></u>	<u>54,056</u>

**NOTE 5 - RECEIVABLES**

	2018	2017
	\$'000	\$'000
Outstanding settlements	<u>3</u>	<u>-</u>
	<u><b>3</b></u>	<u>-</u>

**NOTE 6 - ACCOUNTS PAYABLE & ACCRUED EXPENSES**

	2018	2017
	\$'000	\$'000
Outstanding settlements	-	14
Amounts owing to Responsible Entity	10	13
Other payables	<u>4</u>	<u>-</u>
	<u><b>14</b></u>	<u>27</u>

**NOTE 7 - RELATED PARTIES**

**(a) Responsible Entity**

The Responsible Entity of the Scheme is Antares Capital Partners Limited ABN 85 066 081 114, whose immediate holding company is National Wealth Management Services Limited ABN 97 071 514 264 and the ultimate parent company is National Australia Bank Limited ABN 12 004 044 937.

The Responsible Entity is incorporated and domiciled in Australia.

**(b) Key management personnel**

**Directors**

The names of the persons who were Directors of Antares Capital Partners Limited at any time during the financial year were as follows:

<b>Name</b>	<b>Appointment / Resignation Date</b>
J G Duffield	Appointed 7 July 2014
P Gupta	Appointed 7 July 2014
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

In addition to the Directors noted above, the Responsible Entity provides Key Management Personnel services to the Scheme.

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Scheme to the Responsible Entity do not include any amounts directly attributable to key management personnel remuneration.

**(c) Other related party transactions with the Scheme**

From time to time the Directors of Antares Capital Partners Limited, or their Director related entities, may invest into or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

**(d) Amounts payable to/(receivable from) the Responsible Entity**

The net amount of payables to Antares Capital Partners Limited by the Scheme at balance date are as follows:

	<b>2018</b>	2017
	<b>\$</b>	\$
Antares Cash Fund	<b>10,429</b>	13,025

**(e) Responsible Entity's fees**

The Responsible Entity's fees have been calculated in accordance with the Scheme's Constitution. Total fees paid and payable (net of rebates where applicable) are as follows:

	<b>2018</b>	2017
	<b>\$</b>	\$
Antares Cash Fund	<b>67,136</b>	132,652

**(f) Expense reimbursement**

The Responsible Entity is entitled, under the Scheme's Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursable is defined in the Constitution. There were no expense reimbursements during the year (2017: Nil).

**(g) Related party investments**

The Scheme may purchase and sell units in other unlisted managed investment schemes managed by Antares Capital Partners Limited or its related parties in the ordinary course of business at application and redemption prices calculated in accordance with the Constitution.

The Scheme did not hold any shares in National Australia Bank Limited. Details of any investments in unlisted managed investment schemes operated by the Responsible Entity and held by the Scheme is set out below. Cash and cash equivalents in the Statement of Financial Position for the Scheme are held with the National Australia Bank Limited.

The principal activity of the below named Scheme is to invest and transact in money market securities in accordance with the provisions of the Scheme's Constitution. Investment activities may include the use of hedging instruments to reduce the volatility of investment returns.

The Scheme is an unlisted registered managed investment scheme and along with its related parties are domiciled in Australia.

**NOTE 7 - RELATED PARTIES (continued)**

**(g) Related party investments (continued)**

From time to time, the Scheme may invest in money market securities issued or guaranteed by National Australia Bank Limited. These investments are in the normal course of business and on normal terms and conditions. Details of these investments held by the Scheme are set out below:

	Fair value of investment \$
<b>2018</b>	
<b>Money Market Securities - National Australia Bank</b>	<b>5,979,839</b>
2017	
Money Market Securities - National Australia Bank	12,963,816

**(h) Unitholder investing activities**

Details of holdings in the Scheme by Antares Capital Partners Limited and its related parties or other schemes managed by Antares Capital Partners Limited and its related parties are set out below:

	Number of units held	Interest held in the Scheme %	Fair value of investment \$	Distributions paid/payable \$
<b>2018</b>				
<b>MLC Limited</b>	<b>25,722,080</b>	<b>100.00</b>	<b>25,510,000</b>	<b>701,244</b>
<b>MLC Super Fund</b>	-	-	-	<b>86,115</b>
2017				
MLC Limited	29,431,382	54.19	29,277,692	622,336
MLC Super Fund	12,853,043	23.66	12,785,925	234,044

**NOTE 8 - FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Objectives, Policies and Processes**

The Scheme's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity and other price risk), liquidity and cash flow risk. The Scheme's overall risk management programme is aligned to the investment strategy of the Scheme as detailed in its Constitution and Product Disclosure Statement. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance. The Responsible Entity monitors the risk management framework, which is performed internally and reported on a quarterly basis.

**(b) Credit Risk**

The Scheme takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Scheme had significant concentrations of exposure to counterparties as at 30 June 2018. The concentrations are all held with authorised deposit-taking institutions. There is no exposure to an individual counterparty in excess of 29% of the net assets attributable to unitholders at 30 June 2018 (2017: not in excess of 24%).

All transactions in money market securities 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 obligations.

The Scheme restricts its exposure to credit losses on trading derivative instruments by entering into master netting arrangements with counterparties (approved brokers). The credit risk associated with contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, there is the opportunity to settle outstandings on a net basis.

The Scheme minimises its exposure to credit risk on cash equivalents by only holding instruments with top-tier financial institutions.

In accordance with the Scheme's mandate, the Scheme's credit positions are monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis. Credit quality of debt instruments is managed using Standard & Poor's rating categories, in accordance with the investment mandate of the Scheme.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the year end date. The table below shows the credit quality by class of asset for debt instruments.

**2018**

	AAA to AA- \$'000	A+ to A- \$'000	BBB + to BBB - \$'000	Total \$'000
Money market securities	21,894	2,489	-	24,383
Total	21,894	2,489	-	24,383

2017

	AAA to AA- \$'000	A+ to A- \$'000	BBB + to BBB - \$'000	Total \$'000
Money market securities	50,869	3,185	-	54,054
Total	50,869	3,185	-	54,054



**NOTE 8 - FINANCIAL RISK MANAGEMENT (continued)**

**(c) Market Risk**

**(i) Currency Risk**

Currency risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate due to changes in foreign exchange rates.

There was no significant foreign exchange risk in the Scheme as at 30 June 2018 (2017: Nil).

**(ii) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Scheme's interest-bearing financial assets and 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 Scheme is exposed to varying levels of interest rate risk as a result of differences in its investment strategies. The risk focused investment process actively assesses the level of interest rate risk and seeks to manage the interest rate exposure accordingly.

The changes in interest rates as disclosed in this note are based on assumed fluctuations in interest rates on floating rate financial assets. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

The following table demonstrates the sensitivity of the Scheme's financial assets as designated at fair value through profit or loss contained in the Statement of Financial Position to a reasonably possible change in interest rates on discount securities.

	2018				2017			
	Change in interest rate (basis points)		Effect on net profit attributable to unitholders \$'000		Change in interest rate (basis points)		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
AUD	100	(100)	55	(55)	100	(100)	86	(86)

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

The Scheme is exposed to daily cash redemptions of redeemable units. Therefore, it invests the majority of its assets either in unlisted schemes with daily redemptions, or in investments that are readily disposed of in an active market, which under normal market conditions are readily convertible to cash.

Net assets attributable to unitholders are repayable on demand, subject to redemption freeze provisions. In addition the Scheme's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

In accordance with the Scheme's policies, the Scheme's liquidity position is monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis.

The Scheme's liabilities are expected to be settled within less than one month, except for amounts owing to the Responsible Entity which are expected to be settled within one to three months.

**(e) Fair value of financial instruments**

The Scheme's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table details how the fair values of these financial assets and financial liabilities are determined in particular, the valuation techniques applied where valuation techniques involve the use of non-market observable inputs.

Financial assets / (financial liabilities)	Fair Value Hierarchy	Valuation Techniques
Money market securities	2	Valued by sourcing appropriate yield curves based on credit rating, security type and term to maturity.

Financial Instruments	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money market securities	-	24,383	-	-	54,056	-
Total	-	24,383	-	-	54,056	-

There have been no movements between the levels during the year.

**NOTE 9 - NOTES TO THE STATEMENTS OF CASH FLOWS**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>		
Net operating profit/(loss)	<b>601</b>	1,187
Income reinvested	-	-
Changes in the fair value of investments	<b>(700)</b>	(1,311)
Changes in assets and liabilities during the financial year:		
Decrease/(increase) in other receivables	-	1
Increase/(decrease) in other accounts payable	<u>1</u>	<u>-</u>
<b>Net cash provided by/(used in) operating activities</b>	<b><u>(98)</u></b>	<b><u>(123)</u></b>

**(b) Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank	<u>1,333</u>	368
	<b><u>1,333</u></b>	<b><u>368</u></b>

**(c) Non-cash financing and investing activities**

Distributions to unitholders reinvested	<u>658</u>	757
	<b><u>658</u></b>	<b><u>757</u></b>

**NOTE 10 - EVENTS OCCURRING AFTER THE BALANCE DATE**

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES**

The Scheme had no known commitments or contingent liabilities as at 30 June 2018 (2017: Nil).

**Directors' declaration**

In the opinion of the Directors of Antares Capital Partners Limited, the Responsible Entity of the Scheme:

The financial statements and notes set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the financial positions of the Scheme as at 30 June 2018 and of its performance for the year ended on that date;
- (b) complying with Accounting Standards and Corporations Regulations 2001;
- (c) 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
- (d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

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

Director: CLARE KEATING

Signature: 

Dated at Sydney this 20th day of September 2018

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

### Opinion

We have audited the financial report of Antares Cash Fund, (the 'Scheme'), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statement, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- b) 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 Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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 of the Scheme 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

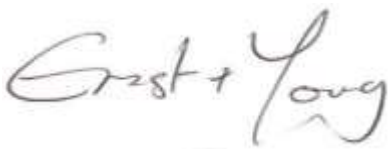
## **Auditor's Responsibilities for the Audit of the Financial Report**

Our 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 judgment 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 Company'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 Company'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 Company 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.



Ernst & Young



Darren Handley-Greaves  
Partner  
Sydney  
20 September 2018

