

**Clime All Cap Australian Equities Fund  
(Wholesale) (formerly Clime CBG Australian Equities  
Fund (Wholesale))**

ABN 73 079 538 335

**Annual report  
For the year ended 30 June 2020**

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## **Annual report For the year ended 30 June 2020**

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These financial statements cover Clime All Cap Australian Equities Fund (Wholesale) as an individual entity.

The Trustee of Clime All Cap Australian Equities Fund (Wholesale) is CBG Asset Management Ltd (ABN 12 098 327 809) (AFSL 246790).

The Trustee's registered office is:  
Level 12  
20 Hunter Street  
Sydney NSW 2000

## Directors' report

The directors of CBG Asset Management Ltd, the Trustee of Clime All Cap Australian Equities Fund (Wholesale) (the "Fund"), formerly Clime CBG Australian Equities Fund (Wholesale), present their report together with the financial statements of the Fund for the year ended 30 June 2020.

### Principal activities

In accordance with the provisions of the Trust Deed, the Fund principally invests in shares of companies listed in the S&P/ASX200 Accumulation Index. It can also hold listed shares outside of the S&P/ASX200 Accumulation Index, and invest in shares in unlisted Australian companies. The Fund will generally hold some cash and cash type investments and some listed interest rate securities.

The Fund did not have any employees during the year.

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

The various service providers of the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Trustee and Investment Manager	CBG Asset Management Ltd
Custodian, Administrator and Registrar	Link Fund Solutions Pty Limited (resigned 30 June 2020)
Custodian, Administrator and Registrar	Mainstream Fund Services Pty Ltd (appointed 1 July 2020)
Statutory Auditor	KPMG

### Directors

The following information of the previous directors is current as at the date of their resignation:

Ronni David Chalmers  
 John Bruce Abernethy  
 Rodney James Bristow

### Review and results of operations

During the year, the Fund continued to invest in accordance with its governing documents and in accordance with the provisions of the Trust Deed.

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

	<b>Year ended</b>	
	<b>30 June 2020</b>	30 June 2019
Operating profit/(loss) for the year (\$)	<b>(3,676,138)</b>	5,207,688
<i>Distributions</i>		
Distributions payable (\$)	<b>449,161</b>	7,885,268
Distributions (cents per unit)	<b>1.2895</b>	25.9273

**Significant changes in the state of affairs**

On 6 March 2020, the Fund changed its name from Clime CBG Australian Equities Fund (Wholesale) to Clime All Cap Australian Equities Fund (Wholesale).

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

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

The Trustee has contracted services to Mainstream Fund Services Pty Ltd to act as Administrator, Custodian and Registrar for the Fund effective 1 July 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may have a significant effect on:

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

**Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in its governing documents and in accordance with the provisions of the Trust Deed.

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

The Fund's future performance is dependent on the performance of the Fund's investments. In addition, a range of external factors including the impact of COVID-19, economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, the directors of the Trustee do not believe it is possible or appropriate to accurately predict the future performance of the Fund's investments and, therefore, the Fund's performance.

**Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of CBG Asset Management Ltd. So long as the officers of CBG Asset Management Ltd act in accordance with the Trust Deed and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

**Indemnification of auditor**

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

**Fees paid to and interests held in the Fund by the Trustee and its associates**

Fees paid to the Trustee and its associates out of Fund property during the year are disclosed in Note 14 to the financial statements.

No fees were paid out of Fund property to the directors of the Trustee during the year.

The number of interests in the Fund held by the Trustee or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

**Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

The value of the Fund'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.

**Environmental regulation**

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

This report is made in accordance with a resolution of the directors of CBG Asset Management Ltd.



Ronni David Chalmers  
Director

Sydney  
27 October 2020

**Clime All Cap Australian Equities Fund (Wholesale)**  
**Statement of comprehensive income**  
**For the year ended 30 June 2020**

**Statement of comprehensive income**

		<b>Year ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
	Notes	\$	\$
<b>Investment income</b>			
Interest income from financial assets at amortised cost		23,300	75,621
Dividend income		1,464,760	1,816,836
Unit trust distributions		96,291	3,085
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(3,989,321)	4,736,940
<b>Total investment income/(loss)</b>		<b>(2,404,970)</b>	<b>6,632,482</b>
<b>Expenses</b>			
Management fees	14	629,164	619,446
Performance fees	14	414,797	578,236
Administration fees		63,217	71,644
Custody fees		45,886	20,153
Transaction costs		99,007	116,543
Withholding tax on foreign dividends		1,162	1,655
Other expenses		17,935	17,117
<b>Total expenses</b>		<b>1,271,168</b>	<b>1,424,794</b>
<b>Operating profit/(loss)</b>		<b>(3,676,138)</b>	<b>5,207,688</b>
<b>Other comprehensive income/(loss)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(3,676,138)</b>	<b>5,207,688</b>

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

**Clime All Cap Australian Equities Fund (Wholesale)**  
**Statement of financial position**  
**As at 30 June 2020**

**Statement of financial position**

		As at	
		30 June 2020	30 June 2019
	Notes	\$	\$
<b>Assets</b>			
Cash and cash equivalents	9	7,715,703	9,517,479
Receivables	11	145,521	302,157
Due from brokers - receivable for securities sold		53,946	422,799
Financial assets at fair value through profit or loss	6	52,133,711	54,102,993
<b>Total assets</b>		<b>60,048,881</b>	<b>64,345,428</b>
<b>Liabilities</b>			
Distributions payable	8	449,161	7,885,268
Payables	12	342,645	849,263
Due to brokers - payable for securities purchased		357,680	574,413
<b>Total liabilities</b>		<b>1,149,486</b>	<b>9,308,944</b>
<b>Net assets attributable to unit holders - equity</b>	7	<b>58,899,395</b>	<b>55,036,484</b>

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

**Clime All Cap Australian Equities Fund (Wholesale)**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

**Statement of changes in equity**

	Year ended	
	30 June 2020	30 June 2019
Notes	\$	\$
<b>Total equity at the beginning of the financial year</b>	<b>55,036,484</b>	60,558,711
<b>Comprehensive income/(loss) for the financial year</b>		
Profit/(loss) for the year	<b>(3,676,138)</b>	5,207,688
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>(3,676,138)</b>	5,207,688
<b>Transactions with unit holders</b>		
Applications	7 <b>4,916,293</b>	4,076,314
Redemptions	7 <b>(3,139,043)</b>	(7,671,000)
Reinvestment of distributions	7 <b>6,210,960</b>	750,039
Distributions paid and payable	7 <b>(449,161)</b>	(7,885,268)
<b>Total transactions with unit holders</b>	<b>7,539,049</b>	(10,729,915)
<b>Total equity at the end of the financial year</b>	<b>58,899,395</b>	55,036,484

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*



**Clime All Cap Australian Equities Fund (Wholesale)**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

**Statement of cash flows**

	<b>Year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
Notes	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	<b>62,954,774</b>	57,228,854
Payments for purchase of financial instruments at fair value through profit or loss	<b>(64,822,693)</b>	(46,673,692)
Interest income received from financial assets at amortised cost	<b>34,288</b>	67,158
Dividends received	<b>1,449,103</b>	1,970,458
Distributions received	<b>96,291</b>	3,085
Management fees paid	<b>(512,133)</b>	(613,509)
Performance fees paid	<b>(993,033)</b>	(386,652)
Transaction costs paid	<b>(97,617)</b>	(114,309)
Other expenses paid	<b>(126,961)</b>	(101,358)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10(a) (2,017,981)</b>	11,380,035
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders	<b>4,916,293</b>	4,076,314
Payments for redemptions by unit holders	<b>(3,025,780)</b>	(7,806,000)
Distributions paid	<b>(1,674,308)</b>	(205,853)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>216,205</b>	(3,935,539)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,801,776)</b>	7,444,496
Cash and cash equivalents at the beginning of the year	<b>9,517,479</b>	2,072,983
<b>Cash and cash equivalents at the end of the year</b>	<b>9 7,715,703</b>	9,517,479
Non-cash financing activities	<b>10(b) 6,210,960</b>	750,039

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

## **Notes to the financial statements**

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## **1 General information**

These financial statements cover Clime All Cap Australian Equities Fund (Wholesale) (the "Fund"), formerly Clime CBG Australian Equities Fund (Wholesale), as an individual entity. The Fund is an Australian unregistered managed investment scheme, was constituted on 3 April 2002 and commenced operations on 19 April 2002. The Fund will terminate on 2 April 2082 unless terminated earlier in accordance with the provisions of the Trust Deed.

On 6 March 2020, the Fund changed its name from Clime CBG Australian Equities Fund (Wholesale) to Clime All Cap Australian Equities Fund (Wholesale).

The Trustee of the Fund is CBG Asset Management Ltd (ABN 12 098 327 809) (AFSL 246790) (the "Trustee"). The Trustee's registered office is Level 12, 20 Hunter Street, Sydney, NSW 2000. The financial statements are presented in Australian currency unless otherwise noted.

In accordance with the provisions of the Trust Deed, the Fund principally invests in shares of companies listed in the S&P/ASX200 Accumulation Index. It can also hold listed shares outside of the S&P/ASX200 Accumulation Index, and invest in shares in unlisted Australian companies. The Fund will generally hold some cash and cash type investments and some listed interest rate securities.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Trustee have the power to amend and reissue the financial statements.

## **2 Summary of significant accounting policies**

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

### **(a) 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). The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements have been prepared on a historical cost basis, 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 12 months, except for investments in financial assets and net assets attributable to unit holders.

The Fund 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 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

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

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

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

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

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### *(iii) New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

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

#### *(i) Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, management fees payable, performance fees payable and other payables).

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

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

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

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

#### *(iii) Measurement*

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures financial assets at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

Cash and cash equivalents, due from/to brokers, and receivables are carried at amortised cost.

For further details on how the fair value of financial instruments is determined, please see Note 4 to the financial statements.

#### *(iv) Impairment*

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and 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 Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

#### *(v) Offsetting financial instruments*

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

As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the statement of financial position.

### **(c) Net assets attributable to unit holders**

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

The units can be put back to the Fund at any time for cash based on the redemption price.

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

### **(c) Net assets attributable to unit holders (continued)**

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

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

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

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

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

### **(e) Investment income**

#### *(i) Interest 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income, included in the net gains/(losses) on financial instruments at fair value through profit or loss. Changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### *(ii) Dividends and distributions*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

### **(f) Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

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

### **(g) Income tax**

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

### **(h) Distributions**

The Fund may distribute its distributable income in accordance with the Trust Deed, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

### **(i) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by year end. Trades are recorded on trade date, and normally settled within two business days.

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

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

### **(k) Receivables**

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

### **(l) Payables**

Payables include liabilities and accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

### **(m) Applications and redemptions**

Applications received for units in the Fund are recorded using unit entry price as determined by reference to the net asset value of the Fund divided by the number of units on issue. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### **(n) Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

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

### **(o) Use of estimates and judgements**

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund estimates the expected credit loss (ECL) using impairment model, which has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated please refer to Note 4 to the financial statements.

## **3 Financial risk management**

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Trust Deed, the offer document and the investment guidelines of the Fund. It seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects of the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equities is limited to the fair value of those positions.

The investments of the Fund, and associated risks, are managed by a specialist investment manager, CBG Asset Management Ltd ("CBGAM"), under an Investment Management Agreement ("IMA") that contains the investment strategy and investment guidelines of the Fund consistent with that stated in the governing documents.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risk and ratings analysis for credit risk.

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

#### *(i) Price risk*

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchange. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Fund uses research and analysis to form a view on these matters and then makes investment decisions in the Fund aiming to reduce the impact. Diversification across a range of securities and sectors also help mitigate this risk.



### 3 Financial risk management (continued)

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

##### (i) Price risk (continued)

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector. The table below is a summary of the significant sector concentrations within the equity portfolio.

Sector	As at	
	30 June 2020 Fund's equity portfolio (%)	30 June 2019 Fund's equity portfolio (%)
Information technology	17.48	12.90
Financial services	26.99	27.65
Energy	-	4.09
Health care	16.48	5.65
Consumer staples	-	8.53
Industrials	8.72	9.44
Consumer discretionary	11.77	13.43
Materials	14.02	18.31
Telecommunications services	4.54	-
<b>Total</b>	<b>100.00</b>	100.00

The table in Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests move by +/- 5% (2019: +/- 5%).

##### (ii) Interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's interest bearing financial assets 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 impact of interest rate risk on net assets attributable to unit holders and operating profit/(loss) is considered immaterial to the Fund.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis (continued)

	Impact on operating profit/(loss)/ Net assets attributable to unit holders	
	Price risk	
	-5%	+5%
	\$	\$
<b>30 June 2020</b>	<b>(2,606,686)</b>	<b>2,606,686</b>
30 June 2019	(2,705,150)	2,705,150

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and amounts due from brokers.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2020 and 30 June 2019, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A+ or higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

#### (d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet monthly unit holders' redemption requests.

In order to manage the Fund's overall liquidity, the Trustee has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemption during 2020 and 2019.

##### (i) *Maturities of non-derivative financial liabilities*

All non-derivative financial liabilities of the Fund in the current and prior year have maturities of less than one month.

### 4 Fair value measurement

The Fund measures and recognises financial assets at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (FVTPL) (see Note 6)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### 4 Fair value measurement (continued)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement 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 or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

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

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities and property trusts) is based on their quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price.

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.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

##### (b) Recognised fair value measurements

The following table presents the Fund's assets measured and recognised at fair value as at 30 June 2020 and 30 June 2019.

<b>As at 30 June 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Financial assets</b>				
Australian listed equity securities	49,011,434	-	-	49,011,434
Australian listed property trusts	3,122,277	-	-	3,122,277
<b>Total financial assets</b>	<b>52,133,711</b>	<b>-</b>	<b>-</b>	<b>52,133,711</b>
At 30 June 2019				
Financial assets				
Australian listed equity securities	54,102,993	-	-	54,102,993
Total financial assets	54,102,993	-	-	54,102,993

##### (c) Transfers between levels

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

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

*(d) Financial instruments not carried at fair value*

The carrying value of cash and cash equivalents, receivables and payables are to approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

#### **5 Net gains/(losses) on financial instruments at fair value through profit or loss**

Net gains/(losses) recognised in relation to financial assets at fair value through profit or loss:

	Year ended	
	30 June 2020	30 June 2019
	\$	\$
Net realised gains/(losses) on financial assets at fair value through profit or loss	1,579,925	5,720,363
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	<u>(5,569,246)</u>	<u>(983,423)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b><u>(3,989,321)</u></b>	<b><u>4,736,940</u></b>

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

	As at	
	30 June 2020	30 June 2019
	\$	\$
Australian listed equity securities	49,011,434	54,102,993
Australian listed property trusts	<u>3,122,277</u>	<u>-</u>
<b>Total financial assets at fair value through profit or loss</b>	<b><u>52,133,711</u></b>	<b><u>54,102,993</u></b>

An overview of the risk exposures and fair value measurements relating to financial assets held at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

**Clime All Cap Australian Equities Fund (Wholesale)**  
**Notes to financial statements**  
**For the year ended 30 June 2020**  
**(continued)**

## 7 Net assets attributable to unit holders

The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in Note 2(c).

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

	Year ended			
	30 June 2020 Units	30 June 2020 \$	30 June 2019 Units	30 June 2019 \$
Opening balance	30,413,016	55,036,484	31,835,498	60,558,711
Applications	2,728,488	4,916,293	2,154,486	4,076,314
Redemptions	(1,722,924)	(3,139,043)	(3,970,712)	(7,671,000)
Reinvestment of distributions	3,414,454	6,210,960	393,744	750,039
Distributions paid and payable	-	(449,161)	-	(7,885,268)
Profit/(loss) for the year	-	(3,676,138)	-	5,207,688
<b>Closing balance</b>	<b>34,833,034</b>	<b>58,899,395</b>	30,413,016	55,036,484

As stipulated within the Trust Deed, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

### Capital risk management

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

Applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a weekly basis by the Trustee/Investment Manager. Under the terms of the Trust Deed, the Trustee has the discretion to reject an application for units and to defer or adjust any redemption of units if the exercise of such discretion is in the best interests of unit holders.

## 8 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2020 \$	30 June 2020 CPU	30 June 2019 \$	30 June 2019 CPU
Distributions payable	449,161	1.2895	7,885,268	25.9273
<b>Total distributions</b>	<b>449,161</b>	<b>1.2895</b>	7,885,268	25.9273

**Clime All Cap Australian Equities Fund (Wholesale)**  
**Notes to financial statements**  
**For the year ended 30 June 2020**  
**(continued)**

**9 Cash and cash equivalents**

	As at	
	30 June 2020	30 June 2019
	\$	\$
Cash at bank	7,715,703	9,517,479
<b>Total cash and cash equivalents</b>	<b>7,715,703</b>	<b>9,517,479</b>

**10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities**

**(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities**

	Year ended	
	30 June 2020	30 June 2019
	\$	\$
Profit/(loss) for the year	(3,676,138)	5,207,688
Proceeds from sale of financial instruments at fair value through profit or loss	62,954,774	57,228,854
Payments for purchase of financial instruments at fair value through profit or loss	(64,822,693)	(46,673,692)
Net (gains)/losses on financial instruments at fair value through profit or loss	3,989,321	(4,736,940)
Net change in receivables	43,373	134,708
Net change in payables	(506,618)	219,417
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(2,017,981)</b>	<b>11,380,035</b>

**(b) Non-cash financing activities**

	30 June 2020	30 June 2019
	\$	\$
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	6,210,960	750,039
	<b>6,210,960</b>	<b>750,039</b>

**11 Receivables**

	As at	
	30 June 2020	30 June 2019
	\$	\$
Dividends receivable	97,095	82,600
Interest receivable	9	10,997
GST receivable	26,680	73,560
Other receivables	21,737	135,000
<b>Total receivables</b>	<b>145,521</b>	<b>302,157</b>

**Clime All Cap Australian Equities Fund (Wholesale)**  
**Notes to financial statements**  
**For the year ended 30 June 2020**  
**(continued)**

**12 Payables**

	As at	
	30 June 2020	30 June 2019
	\$	\$
Management fees payable	288,271	174,106
Performance fees payable	-	620,546
Other payables	54,374	54,611
<b>Total payables</b>	<b>342,645</b>	<b>849,263</b>

**13 Remuneration of auditor**

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

	Year ended	
	30 June 2020	30 June 2019
	\$	\$
<b>KPMG Australian firm</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	8,500	8,500
Total remuneration of audit and other assurance services	8,500	8,500
<b>Total remuneration of KPMG</b>	<b>8,500</b>	<b>8,500</b>

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

**14 Related party transactions**

The Trustee of Clime All Cap Australian Equities Fund (Wholesale) is CBG Asset Management Ltd (ABN 12 098 327 809) (AFSL 246790). Accordingly, transactions with entities related to CBG Asset Management Ltd are disclosed below.

The Trustee has contracted services to Link Fund Solutions Pty Limited to act as Administrator, Custodian and Registrar for the Fund until the end of the financial year. The Trustee has contracted Mainstream Fund Services Pty Ltd to act as Administrator, Custodian and Registrar for the Fund effective 1 July 2020. The contracts are on normal commercial terms and conditions.

**(a) Key management personnel**

*(i) Directors*

Key management personnel include persons who were directors of CBG Asset Management Ltd at any time during or since the end of the financial year and up to the date of this report.

Ronni David Chalmers  
 John Bruce Abernethy  
 Rodney James Bristow

**14 Related party transactions (continued)**

**(a) Key management personnel (continued)**

*(ii) Other key management personnel*

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

**(b) Key management personnel unit holdings**

Movements in key management personnel unit holdings during the year are as follows:

**2020**

Unit holder	No. of units held opening (Units)	No. of units held closing (Units)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Savoir Superannuation Pty Ltd ATF Locopec Superannuation Fund	719,554	719,554	2.07	-	-	9,278

**2019**

Unit holder	No. of units held opening (Units)	No. of units held closing (Units)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Savoir Superannuation Pty Ltd ATF Locopec Superannuation Fund	719,554	719,554	2.37	-	-	186,561

**(c) Key management personnel compensation**

Key management personnel are paid by CBG Asset Management Ltd. Payments made from the Fund to CBG Asset Management Ltd do not include any amounts directly attributable to the compensation of key management personnel.

**(d) Key management personnel loans**

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

**(e) Other transactions within the Fund**

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

**(f) Trustee fees, Investment Manager's fees and other transactions**

Under the terms of the Trust Deed and the current offer document for the Fund, the Investment Manager is entitled to receive management fees of 1% per annum (net of GST) on funds under management, accrued monthly and paid quarterly at the end of each calendar quarter. The Investment Manager is also entitled to performance fee of 20% (net of GST) of the excess return above the Benchmark before fees, expenses and taxes in any performance fee period subject to the Fund's performance being positive. Performance fee accrues monthly in the unit price and is paid semi-annually in arrears.



**14 Related party transactions (continued)**

Transactions with related parties have taken place in the ordinary course of business. The transactions during the year and amounts payable at year end between the Fund and the Investment Manager were as follows:

	<b>Year ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Investment management fees for the year	<b>629,164</b>	619,446
Performance fees for the year	<b>414,797</b>	578,236
Total fees payable to the Investment Manager at year end	<b>288,271</b>	794,652

**(g) Related party unit holdings**

Parties related to the Fund (including CBG Asset Management Ltd, its related parties and other schemes managed by CBG Asset Management Ltd), held no units in the Fund as at 30 June 2020 (2019: Nil).

**(h) Investments**

The Fund did not hold any investments in CBG Asset Management Ltd or its related parties during the year (2019: Nil).

**15 Events occurring after the reporting period**

The Trustee has contracted services to Mainstream Fund Services Pty Ltd to act as Administrator, Custodian and Registrar for the Fund effective 1 July 2020.

No other significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2020 or on the results and cash flows of the Fund for the year ended on that date.

**16 Contingent assets and liabilities and commitments**

There were no contingent assets, liabilities or commitments as at 30 June 2020 and 30 June 2019.

## **Directors' declaration**

In the opinion of the directors of the Trustee:

- (a) The financial statements and notes set out on pages 5 to 24:
  - (i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
  - (ii) represent a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of CBG Asset Management Ltd.



Ronni David Chalmers  
Director

Sydney  
27 October 2020



# Independent Auditor's Report

To the unitholders of Clime All Cap Australian Equities Fund (Wholesale)

## Opinion

We have audited the **Financial Report** of Clime All Cap Australian Equities Fund (Wholesale) (the Fund).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Clime All Cap Australian Equities Fund (Wholesale) as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2020;
- Statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

## Basis for opinion

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

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

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

## Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of Clime All Cap Australian Equities Fund (Wholesale) for the purpose of meeting the needs of unitholders.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors, Trustee and unitholders of Clime All Cap Australian Equities Fund (Wholesale) and should not be used by or distributed to parties other than the Directors, Trustee and unitholders of Clime All Cap Australian Equities Fund (Wholesale). We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors, Trustee and unitholders of Clime All Cap Australian Equities Fund (Wholesale) or for any other purpose than that for which it was prepared.



## Other Information

Other Information is financial and non-financial information in Clime All Cap Australian Equities Fund (Wholesale)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards*;
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error; and
- assessing the Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

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

Our 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: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

A handwritten signature of the KPMG firm, written in dark ink.

KPMG

A handwritten signature of Andrew Reeves, written in dark ink.

Andrew Reeves  
Partner

Sydney  
27 October 2020