

U Ethical Enhanced Cash Portfolio

Identification Statement

Issued 07 January 2020

Issuer details

UCA Cash Management Fund Limited (ABN 41 075 948 444) (**UCACMFL**), a public company limited by guarantee incorporated under the *Corporations Act 2001*, Level 5, 130 Little Collins Street Melbourne VIC 3000 is the Issuer of the U Ethical Enhanced Cash Portfolio (the **Portfolio**).



Identification of relevant exemption

UCACMFL relies on the exemptions under sections 5(1) and 5(2) of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 (**ASIC Instrument**).

The Offer Document for the Portfolio includes information that meets the requirements in section 5 and the conditions in section 7 of the ASIC Instrument for the exemptions contained in subsection 5(1) and (2) of the ASIC Instrument to apply.

Compliance arrangements

- The Offer Document is reviewed by legal counsel before it is issued to ensure it contains the information required by section 7 of the ASIC Instrument.
- This Identification Statement was reviewed by external legal counsel to ensure compliance with section 7(2) of the ASIC Instrument.
- Identification Statements are published on (Uniting Ethical Investors Limited trading as) U Ethical's website at www.ueethical.com for at least five (5) years from the date they are accepted by ASIC and relied on by UCACMFL.
- The Risk and Compliance Manager of UCACMFL will review any promotional material and the Offer Document before they are released to ensure that there is no reference to the charitable investment fundraiser, the Offer Document, the promotional material or the debentures having been approved by ASIC.
- No retail, non-associated client holds or is issued a short term investment product.
- The Company Secretary of UCACMFL diarises the date when audited financial statements for the Portfolio are due to be lodged with the Australian Charities and Not-for-profits Commission (**ACNC**).
- Application forms for the debentures will require applicants to attest to their charitable status and that they are either a wholesale client or a Uniting Church in Australia (the Church) associate.
- The status of all investors has been reviewed to confirm that they are either wholesale clients or retail associated clients. Debentures are not offered to non-associated retail clients or individuals.
- The Risk and Compliance Manager monitors proposed changes to the Terms and Conditions and the Identification Statement to ensure that it is up to date and does not contain any misleading statements or material omissions. If changes are to be made or it is considered that the Identification Statement inadvertently contains any misleading statement or material omission, a replacement Identification Statement will be lodged with ASIC and published on U Ethical's website at www.ueethical.com once ASIC has accepted it.
- UCACMFL has arrangements in place to identify and report to ASIC a failure to comply with the conditions in section 7 of the ASIC Instrument within 15 days of becoming aware of it.

Product type - debenture

UCACMFL will issue debentures in relation to a portfolio of UCACMFL assets known as the U Ethical Enhanced Cash Portfolio. The debentures do not confer any beneficial interest in the assets of UCACMFL generally.

Financial year

The Financial year for the Portfolio is 1 July to 30 June.

AFS Licence

UCACMFL does not hold and will not be required to hold an AFS Licence.

Charitable purpose

UCACMFL is a charity registered with the ACNC.

The charitable purpose of UCACMFL is 'advancing religion'. More specifically, UCACMFL's objectives are:

- To provide an investment medium for the Uniting Church in Australia Synod of Victoria and Tasmania (**Synod**) parishes, congregations, presbyteries, schools, programs and agencies of the Church;

- To provide an investment medium for other non-profit organisations with a religious, charitable or educational purpose;
- To further the mission of the Church by making an annual grant to the Synod;
- To make payments and provide benefits to the Uniting Church in Australia Property Trust (Victoria) and to the Uniting Church in Australia Property Trust (Tas.) for the religious and charitable work of the Church; and
- To do all such other lawful things as are incidental or conducive to the attainment of the above objects or which may be calculated to advance directly or indirectly the interests of the Church.

The issue of debentures will promote this charitable purpose by:

- Providing an ethical investment treasury function for its investors;
- Maximising the use of financial resources within the Church by pooling those resources;
- Encouraging members, adherents, associates, parishes, agencies and programs of the Church to save and invest their funds ethically;
- Benefiting the Church as a whole by setting aside a proportion of funds raised for the provision of low interest or no interest loans to Church parishes, programs or agencies to assist the general mission of the Church;
- Providing grants from surplus returns of the Portfolio to assist the general mission of the Church;
- Helping treasurers and administrators within the Church use money effectively by providing investment management; and
- Lending up to 15% of the portfolio to parishes, agencies and divisions within the Church to further the general mission of the Church.

Key terms

The terms of the Portfolio are annexed as Schedule A. In particular:

Rate of Return

- Returns are distributed to investors based on the rate of return every half-year, being 1 January – 30 June and 1 July – 31 December (**Distribution Period**). Distributions will be made within one month after each Distribution Period. The return is calculated daily and applied proportionately according to the number of days in the Distribution Period the debenture have been held by the investor.
- U Ethical determines the rate of return payable to investors for each Distribution Period by identifying the gross average earning rate of the underlying investments, less Management costs (refer below), with reference to the investment goals of U Ethical, RBA official rates in conjunction with comparison to relevant competitive market rates of similar cash investment products along with the amount of funds held for investment.
- The rate of return for each Distribution Period is determined by U Ethical in accordance with the above and notified to investors, in writing and via U Ethical's website, 30 days before it is effective.
- UCACFML maintains a reserve account within the Portfolio. The purpose of the reserve account is to smooth returns to investors in current and future Distribution Periods. The reserve account comprise total earnings of the Portfolio less Management costs.
- Funds will only be added to the reserve account after all returns, in accordance with the rate of return for each Distribution Period, has been set and distributed to investors for that Distribution Period.
- The reserve account increases or decreases depending on whether it is used to increase or decrease returns to investors per Distribution Period relative to the rate of return set by U Ethical for each Distribution Period. The following are scenarios on when the reserve account is used:

Scenario 1: Excess returns are transferred to the reserve account due to U Ethical exceeding net earnings rate payable to investors for the relevant Distribution Period.

Gross average earning rate	3.35%
Less management costs	(0.70%)
Net earnings rate	2.65%
Less rate of return payable to investors	(2.60%)
Excess transferred to reserve	0.05%

Scenario 2: Reserve account used to increase rate of return to investors due to net earnings rate being lower than rate of return set by U Ethical for the relevant Distribution Period.

Gross average earning rate	2.35%
Less management costs	(0.70%)
Net earnings rate	1.65%
Less rate of return payable to investors	(2.60%)
Amount withdrawn from reserve (0.95%)	

Fees and costs

- Fees and costs are deducted from the return of the Portfolio. The management costs are deducted before the return is distributed to investors.
- Management costs comprise a management fee and any recoverable expenses, determined as follows:
 - Management fees – estimated to be up to 0.65% p.a. of the net asset value of the Portfolio
 - Recoverable expenses – estimated to be up to 0.05% p.a. of the net asset value of the Portfolio.
- The management fee is payable to the U Ethical, for managing the Portfolio and providing service to clients in a professional manner. It also covers operating costs and the grant to Synod.
- Recoverable expenses are expenses incurred directly by the Portfolio manager, U Ethical, on behalf of the Portfolio. These expenses typically include any costs or expenses incurred to generate returns within the Portfolio.

Investor information

- Debentures will be offered to:
 - wholesale clients, including wholesale clients that may not be associated with UCACMFL; or
 - retail associated clients, such as congregations and agencies of the Church, that have the Taxation Concession Charity endorsement from the Australian Tax Office.
- These clients include, but are not limited to, church parishes, programs and agencies and associated external religious, charitable and educational not for profit organisations.
- Debentures will not be offered to:
 - retail, non-associated clients; or
 - individuals.
- Debentures are offered through the Offer Document and written application form.
- Investments in the Portfolio will be used to support the charitable purposes of the Portfolio as detailed in the charitable purpose section of this Identification Statement. This Identification Statement may be viewed on U Ethical's website at www.uethical.com.
- UCACMFL is required by law to notify investors that the debentures and their offering, are not subject to the usual protections for investors under the Corporations Act or regulation by ASIC.
- UCACMFL does not hold an AFS Licence.
- UCACMFL is required by law to notify investors that investment in the Portfolio is designed for investors who wish to promote the religious, educational and charitable purposes of the Church. Investors may be unable to get back some or all of their money when expected or at all. Investment in the Portfolio is not comparable to investment with banks, finance companies or fund managers.

Audited financial statements

UCACMFL is a charity registered with ACNC. UCACMFL will within six (6) months after the end of the financial year have a registered company auditor audit the financial statements and provide an auditor's report and lodge the audited financial statements and auditor's report with ACNC. Following acceptance by ACNC the audited financial statements and auditor's report will be published on U Ethical's website at www.uethical.com for at least three (3) years. UCACMFL, as a reporting entity, will ensure that the financial statements comply with the accounting standards.

Asset Types

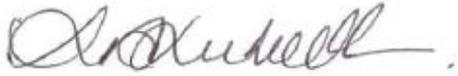
The Portfolio is invested in a diversified combination of cash, cash securities, fixed interest securities (including debentures, corporate bonds and mortgage backed securities), hybrid securities, commercial mortgage loans and community impact investments (including loans). All assets will be held in Australia.

Consent

UCACMFL consents to the examination of its application to register this Identification Statement on request to ASIC.

Authorised Signatory

I, Leeanne Allouise Lukaitis, am authorised to sign this identification statement on behalf of UCA Cash Management Fund Limited in the capacity of Company Secretary.

A handwritten signature in black ink, appearing to read 'Leeanne Lukaitis', with a small flourish at the end.

Leeanne Lukaitis
Company Secretary
UCA Cash Management Fund Limited
07 January 2020

Schedule A

Terms and conditions

UCA Cash Management Fund Limited ABN 41 075 948 444

Your investment in the debentures relating to the U Ethical Enhanced Cash Portfolio (**the Portfolio**) is governed by the terms and conditions set out below:

1. UCA Cash Management Fund Limited (**UCACMFL**) may amend the Terms and Conditions from time to time, subject to the procedure outlined on page 2 of this ID Statement.
2. The debentures represent an obligation of UCACMFL to repay your investment as a debt of UCACMFL.
3. UCACMFL relies on *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813*. The normal protections that would apply under the *Corporations Act 2001* do not apply.
4. Returns derived from the investments are distributed to investors subject to:
 - a) deduction of the applicable management fee and any expenses; and
 - b) allocation, at UCACMFL's discretion, of a portion of the return derived from the Portfolio or from the reserve, for the purpose of smoothing returns to investors.
5. Investors may receive a written acknowledgment for each investment.
6. Additional investments of any amount may be made at any time.
7. An investor may arrange for distribution income to be either:
 - a) reinvested;
 - b) credited to the investor's valid nominated bank account; or
 - c) dealt with in a manner otherwise agreed with UCACMFL.
8. If under paragraph 7(a), an investor elects to have their investment rolled over, the Portfolio will recognize their current holdings including any distributions added at the end of the Distribution Period and issue them with a new extended term.
9. If an investor elects under paragraph 7(b), to have all their investments redeemed at the end of a Distribution Period, they will have all their investments converted into cash less the management costs and paid into their nominated bank account.
10. Investments can be made by negotiable instruments (for example cheques) or electronically. Cash will not be accepted.
11. UCACMFL reserves the right to refuse any initial investments without providing a reason.
12. Investments in debentures relating to the Portfolio are not transferable without the approval of UCACMFL.
13. Investment in the debenture is represented by the full face value of the debenture at application and the rate of return as determined by UCACMFL, minus any applicable fees and expenses, calculated each business day.
14. The rate of return is determined as a percentage of the net asset value of the Portfolio. The net asset value of the Portfolio is the value of all assets, accrued income and other property held in the Portfolio less all amounts required to repay borrowings and to meet liabilities of accrued charges for fees and expenses, excluding the liability to repay investors or debenture holders. The assets of the Portfolio must be valued at their market value unless UCACFML determines there is no applicable market value or the market value does not represent the fair value of a part of the assets.
15. UCACFML reserves the right to revalue the Portfolio's investments at any time to reflect major disruptions or changes in the financial markets.
16. UCACFML may determine a forecast rate of return for each distribution period. UCACFML may determine different rates of return for different distribution period.
17. Investors receive distributions based on the rate of return determined by UCACFML during each distribution period, being each period of six months ending 30 June and 31 December in each year.
18. Returns will be distributed within one (1) month after 30 June and 31 December each year. Investors whose investments were partly repaid during the period will receive returns at the normal distribution date. For an investor whose investment was repaid in full during the period, returns will be calculated and paid at the date of the repayment, based on the forecast rate of return.
19. On a daily basis, UCACFML calculates returns payable based on the rate of return applicable from the date of receipt of monies, provided valid applications are received before 11 a.m. on that day. Upon redemption, returns will be calculated to the day prior to the date of redemption.

20. A valid redemption form, signed by the registered signatories, is required in order to release funds. Investors requiring repayment of their investment will receive the full face value of their debenture plus any accrued returns in the redemption price.
21. Valid application forms and valid redemption requests received before 11.00 a.m. on a business day are processed at the price applicable on the date of receipt.
22. Valid application forms and valid redemption requests received after 11.00 a.m. are processed at the price applicable on the next business day.
23. Valid redemption requests of less than \$1 million received on a business day before 11 a.m. are repayable on the next business day. Valid redemption requests of less than \$1 million received after 11 a.m. are repayable on the business day following the next business day. Valid redemption requests of \$1 million or more are repayable within ten (10) business days of receiving a valid redemption request.
24. UCACMFL reserves the right to unilaterally repay investments, in full or in part, together with any accrued return entitlements up to the date of repayment without prior notice. However, UCACMFL will generally provide an investor with one (1) calendar months' notice of its intention to do so by letter forwarded to the last known address of the investor.
25. Investments in the Portfolio are made in accordance with U Ethical's Ethical Investment Policy, details of which are available at www.uethical.com or can be provided upon request.
26. Written communications may be delivered by mail or electronically.
27. The liability of investors is limited to the amount invested with UCACMFL.
28. UCACMFL does not guarantee a return on money invested in debentures relating to the Portfolio, the performance of any investment or that the capital/principal invested will be repaid.

07 January 2020

State of Victoria

Statutory Declaration

I, Leeanne Allouise Lukaitis of UCA Cash Management Fund Limited, 130 Little Collins Street Melbourne Victoria, 3000, Company Secretary, do solemnly and sincerely declare that:

1. I am the Company Secretary of UCA Cash Management Fund Limited ABN 41 075 948 444.
2. UCA Cash Management Fund Limited is a charity as defined in ASIC RG 87.

I acknowledge that this declaration is true and correct, and I make it with the understanding and belief that a person who makes a false declaration is liable to the penalties of perjury.

Declared at Melbourne this 7th day of January 2020.



Leeanne Allouise Lukaitis

Before me:



JUN HUI NG
130 LITTLE COLLINS STREET, MELBOURNE VIC 3000
An Australian Legal Practitioner within the meaning of
the Legal Profession Uniform Law (vic)

07 January 2020