



**Sandhurst**Trustees

# **Bendigo Socially Responsible Growth Fund**

ARSN 613 933 430

**Annual Report 2019**

The responsible entity and issuer of this product is Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879

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**Responsible Entity**

Sandhurst Trustees Limited  
AFSL 237906  
ABN 16 004 030 737

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Bendigo, VIC, 3550  
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**Secretary of the Responsible Entity**

Rochelle Paige Parker

**Financial Report Auditors**

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Ernst & Young Building  
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Melbourne, VIC, 3000

**Administration and Registry**

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Telephone: 1800 634 969  
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**Bendigo Socially Responsible Growth Fund  
ARSN 613 933 430**

**Directors' Report**

The directors of Sandhurst Trustees Limited (the Responsible Entity), present this report on the Bendigo Socially Responsible Growth Fund (the Fund) for the year ended 30 June 2019.

**Directors**

The name of each person who has been a director of Sandhurst Trustees Limited during the financial year and to the date of this report are:

Jennifer Lynn Dawson	Chairman
Paul Gerard Rohan	(appointed 2 October 2018)
Antony David Robinson	(resigned 23 July 2019)
Deborah Lorraine Radford	(appointed 23 July 2019)
Bruce James Speirs	(resigned 27 September 2018)
Richard John Baker	

**Principal activities**

The principal activity of the Fund during the year was to invest via a selection of high quality investment managers that predominantly specialise in managing specific assets classes which incorporate socially responsible investment elements in the selection, retention or realisation of investments relating to the Fund.

The underlying investment managers of the Funds during the year are:

Australian Unity Funds Management Ltd	Russell Investments
AXA Investment Managers	Vanguard Investments Australia Ltd
Pendal Fund Services Ltd	Sandhurst Trustees Ltd

No significant change in the nature of these activities occurred during the year. The Fund did not have any employees during the year.

**Managed investment scheme**

The Fund is an Australian registered managed investment scheme, and was constituted on 22 July 2016. Sandhurst Trustees Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

**Net assets attributable to unitholders**

Net assets attributable to unitholders are classified and disclosed as a liability in the Statement of Financial Position. Consequently, the Fund has recognised distributions to unitholders as a finance cost in the Statement of Comprehensive Income.

**Review of Results and Operations**

<b>Results and distributions</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit/(loss) attributable to unitholders (before finance costs)	<b>1,520</b>	706

Distributions to unitholders paid and payable in respect of the financial year were:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim distributions paid	<b>105</b>	107
Final distribution payable	<b>1,106</b>	573
	<b>1,211</b>	680

Distribution (cents per unit)	<b>CPU</b>	CPU
31 December	<b>0.82</b>	1.10
30 June	<b>7.54</b>	5.18
	<b>8.36</b>	6.28

**Directors' Report (continued)**

**Performance**

The performance of the Fund during the year are summarised in the following table.

<b>2019</b>	<b>1 Year %</b>
Growth return	<b>4.27</b>
Distribution return	<b>8.26</b>
Total return	<b>12.53</b>
Peer Performance	<b>8.63</b>

Morningstar Peer Performance Category

Morningstar Multisector Growth

The Fund returned 12.53% for the year ended 30 June 2019, this result is extremely positive and is now ranked 1st out of 209 peer funds. The Fund returned almost 6% more than the average peer fund over the same period. This was aided by overweight positions in global equities and the strong performance of the global manager, AXA. Furthermore, the unhedged positions to global equity worked well for the Fund with the AUD falling over the year. Allocations to Australian property also strengthened relative returns with Pandal performing well in a high returning sector.

The Bendigo Socially Responsible Growth Fund exceeded its target of 75% of the Fund allocated to investment managers who incorporate environmental, social and corporate governance considerations into their asset selection throughout the year. ESG considerations were primarily applied to listed shares (both Australian and International) and fixed interest assets.

The Bendigo Socially Responsible Growth Fund continued to be certified by the Responsible Investment Association of Australasia (RIAA) according to the strict disclosure practices required under the Responsible Investment Certification Program.

Disclaimer: 'Morningstar Rating' is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. 'Peer Comparison' performance refers to the performance of the relevant 'Morningstar Category' for the stated period. Investments are placed into Morningstar Categories based on their compositions and portfolio statistics so that investors can make meaningful comparisons. 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category. © 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution.

**Significant changes in state of affairs**

No significant changes in the Fund's state of affairs occurred during the year.

**Significant events after the reporting date**

There has been no matter or circumstance that has arisen since the end of the financial year that significantly affected, or may affect, the Fund's operation in future financial years, the results of those operations or the Fund's state of affairs in future financial years.

**Likely developments and expected results**

The investment strategy of the Fund will be maintained in accordance with the Fund's Constitution and investment objectives as detailed in the most recent Product Disclosure Statement.

**Environmental regulation and expected results**

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

**Options**

No options over units in the Funds were granted during or since the end of the year and there were no options outstanding at the date of this report.

**Directors' Report (continued)**

**Indemnities and insurance premiums for officers or directors**

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Fund has not indemnified any auditor of the Fund.

During the financial year each director and officer of the Responsible Entity was insured against liability and legal expenses incurred in their respective capacities. This insures against certain liability (subject to specified exclusions) for persons who are or have been directors of the Responsible Entity or executive officers of the Responsible Entity.

The Responsible Entity has not provided any insurance to a related body corporate or to an auditor of the Responsible Entity.

**Units on Issue**

The movement in units on issue of the Fund for the year was as follows:

	2019 Units	2018 Units
Units issued	5,069,434	5,913,991
Units redeemed	(1,471,042)	(787,446)
Units on issue as at 30 June	14,666,776	11,068,384

	2019 \$	2018 \$
Value of total Fund assets as at 30 June	16,699,556	11,845,318

The basis for valuation of the Fund's assets is disclosed in Note 2 to the financial statements.

**Interests of the Responsible Entity**

The interests in the Fund held by the Responsible Entity at the end on the year are disclosed in Note 12(d) to the financial statements.

The following fees were paid to Sandhurst Trustees Limited and its associates out of the Fund during the financial year:

	2019 \$	2018 \$
Management fees paid/payable to the Responsible Entity.	80,713	56,840

**Directors' Report (continued)**

**Auditor's Independence Declaration**

A copy of the auditors' independence declaration is set out on the following page.

**Rounding**

The amounts contained in the financial report and the Directors' Report have been rounded off under the option available to the Fund under ASIC Class Order 2016/191. The Fund is an entity to which the Class Order applies, and in accordance with that Class Order, amounts in the Directors' Report and the financial report have been rounded to the nearest thousand dollars (where rounding is appropriate).

Signed in accordance with a resolution of the board of directors:

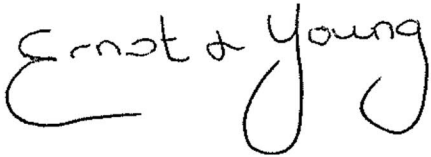
A handwritten signature in black ink that reads "Jennifer Dawson". The signature is written in a cursive style with a large, looped initial 'J'.

Jennifer L Dawson  
Chairman  
Bendigo  
9 September 2019

## Auditor's Independence Declaration to the Directors of Sandhurst Trustees Limited, as Responsible Entity for the Bendigo Socially Responsible Growth Fund

As lead auditor for the audit of the financial report of Bendigo Socially Responsible Growth Fund for the financial year ended 30 June 2019, 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



Hayley Watson  
Partner  
Melbourne  
9 September 2019



**Statement of Comprehensive Income**  
**For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Investment income</b>			
Interest income	3(a)	4	2
Distribution income		1,115	581
Net gains/(losses) on financial instruments at fair value through profit or loss	13	325	26
Other income		157	154
		1,601	763
<b>Expenses</b>			
Management fees	12(c)	(81)	(57)
<b>Net profit/(loss) attributable to Unitholders (before finance costs)</b>		1,520	706
<b>Finance Costs</b>			
Distributions to unitholders	3(b)	(1,211)	(680)
<b>Change in Net Assets attributable to Unitholders</b>		309	26

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

**Statement of Financial Position**  
**As at 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
Cash and cash equivalents	4	691	362
Other receivables	5	1,118	583
Financial assets at fair value through profit or loss	6	14,981	10,900
<b>Total Assets</b>		<b>16,790</b>	11,845
<b>Liabilities</b>			
Management fees payable	7	25	17
Other payables	7	218	-
Distribution payable	3(b)	1,106	573
<b>Total liabilities</b> <b>(excluding Net Assets Attributable to Unitholders)</b>		<b>1,349</b>	590
<b>Net Assets Attributable to Unitholders (Liability)</b>	<b>8(b)</b>	<b>15,441</b>	11,255

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

**Statement of Changes in Net Assets Attributable to Unitholders  
For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Opening balance</b>		<b>11,255</b>	5,958
Net profit/(loss) attributable to unitholders (before finance costs)		<b>1,520</b>	706
Distribution to unitholders		<b>(1,211)</b>	(680)
Application for units		<b>5,332</b>	6,083
Redemption of units		<b>(1,455)</b>	(812)
<b>As at 30 June 2019</b>	<b>8(b)</b>	<b>15,441</b>	11,255

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes to the financial statements.

**Statement of Cash Flows  
For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from the sale of financial instruments at fair value through profit or loss		250	120
Purchase of financial instruments at fair value through profit or loss		(4,005)	(5,606)
Interest received		4	2
Distributions received		735	466
GST received		6	3
Management fee rebates		1	1
Management fees paid		(79)	(50)
<b>Net cash flows from/(used in) operating activities</b>	<b>9(b)</b>	<b>(3,088)</b>	<b>(5,064)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		5,206	6,053
Payments for redemptions by unitholders		(1,237)	(812)
Distributions paid to unitholders		(552)	(389)
<b>Net cash flows (used in)/provided by financing activities</b>		<b>3,417</b>	<b>4,852</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>329</b>	<b>(212)</b>
Cash and cash equivalents at the beginning of the year		362	574
<b>Cash and cash equivalents at the end of the year</b>	<b>9(a)</b>	<b>691</b>	<b>362</b>

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

## **Notes to the Financial Statements**

### **1. Corporate information**

The financial report of the Fund for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 9 September 2019. The Fund is a Managed Investment Scheme, constituted on 22 July 2016. Sandhurst Trustees Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

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

#### **(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared in accordance with the historical cost convention, except for the valuation of investments in financial assets, which have been measured at fair value.

The financial report has been prepared in accordance with the historical cost convention, except for the valuation of investments in financial assets and liabilities, which 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. Additional information regarding this is included in the relevant notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Fund under ASIC Class Order 2016/191. The Fund is an entity to which the class order applies.

The Fund is a for-profit entity for the purpose of preparing financial statements.

#### **(b) Statement of compliance**

The financial reporting complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### **(c) Changes in Accounting Policies**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended Previous Year except for the adoption of new standards effective as of 1 July 2018. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### **AASB 9 Financial Instruments (and applicable amendments)**

AASB 9 became effective for annual periods beginning on or after 1 July 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139.

Classification and measurement is driven by the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Fund without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or prior periods. The Fund has elected to restate the comparative period to comply with AASB 9. The Fund's investment portfolio continued to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

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

AASB 15 Revenue from Contracts with Customers became effective for annual periods beginning on or after 1 July 2018 which supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The revenue earned by the Fund includes interest, dividends/distributions and gains on financial instruments at fair value through profit or loss, which do not fall under the scope of AASB 15. Accordingly, there is no significant impact to the Fund's Financial Statements as a result of adopting AASB 15 Revenue with Contracts from Customers.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 30 June 2018.

## Notes to the Financial Statements (Continued)

### (d) *Financial instruments*

#### *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 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 Responsibility Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For financial instruments that are measured at fair value through profit or loss, they do not represent solely payments of principal and interest. This category includes investment in unlisted managed investment schemes.

For cash and cash equivalents and other receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows 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 that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable and management fees payable).

#### *Recognition and derecognition*

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

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.

#### *Measurement*

##### **Financial instruments at fair value through profit or loss**

At initial recognition, the Fund measures financial assets and financial liabilities 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 the 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income 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 using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is recognised as realised gains and losses from the sale of financial instruments in the Statement of Comprehensive Income.

#### *Impairment*

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash and cash equivalents and other 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 credit risk may have significantly increased. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

**Notes to the Financial Statements (Continued)**

**(e) Comparative revisions**

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**(f) Income Tax**

Under current legislation, the Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Fund and the Fund fully distributes its net taxable income.

**(g) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents, in the Statement of Financial Position comprise cash on hand, demand deposits and short term deposits in banks with original maturities of three months or less which are subject to an insignificant risk of changes in value.

**(h) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Distribution income*

Distribution income is recognised when the Fund's right to receive the payment is established.

*(ii) Interest income*

Interest income on cash deposits is recognised on an accrual basis, using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

*(iii) Investment income*

Gains and losses on investments are calculated as the difference between the fair value at sale, or at the period end, and the fair value at the previous valuation point. This includes both realised gains and losses and unrealised gains and losses, but does not include interest or distribution income.

**(i) Other receivables**

Receivables are recognised and carried at the nominal amount, less a provision for any uncollectible debts. Amounts are generally received within 30 days of being recorded as receivables. Outstanding other receivables are usually settled within three days.

**(j) Distributions paid /payable**

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders. Distributions are payable at the end of each quarter period. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses on investments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. Distributions to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

**(k) Other payables**

Fees, commissions and other expenses are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund. Payables include outstanding settlements on the purchase of investments. The carrying period is dictated by market conditions and is generally less than 30 days. Outstanding other payables are usually settled within three days.

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

Non-distributable income is retained in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses or tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously retained in net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period as it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance cost.

**(m) Unit Prices**

Unit Prices are determined in accordance with the Fund's Constitution and are calculated on the net assets attributable to unitholders of the Fund, less estimated costs divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

## **Notes to the Financial Statements (Continued)**

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

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

- have their units redeemed;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unitholder are identical in all respects.

#### *Redeemable units*

Redeemable units are redeemable at the unitholder's option at anytime for cash equal to a proportionate share of the Fund net asset value (calculated in accordance with redemption requirements) and are classified as financial liabilities. The financial liability is disclosed on the Statement of Financial Position as 'Net Assets attributable to Unitholders (Liability)'. The units are classified as financial liabilities due to the fact that, in addition to the contractual obligation to pay cash to unitholders' upon redemption, the Fund also has compulsory distribution clauses in the Fund constitution.

The liabilities arising from the redeemable units are carried at the redemption amount being the net asset value calculated in accordance with redemption requirements. The Fund net asset value per unit is calculated by dividing the net assets attributable to unitholders (calculated in accordance with redemption requirements) by the number of units on issue.

This valuation of net assets is different from the International Financial Reporting Standards valuation requirements. The difference between the two valuations is presented in Note 8(b) as 'Adjustment from nav-market prices to bid-market prices'.

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

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Expenses incurred by the Fund are recognised net of the amount of GST which is able to be recovered from the Australian Taxation Office (ATO). Reduced input tax credits (RITC) recoverable by the Fund from the ATO are recognised as receivables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

### **(p) Significant accounting judgments and estimates**

The preparation of the Fund's financial statements does not require management to make any significant judgments, estimates and assumptions, except for the following, that affect the amounts recognised in the financial statements.

#### *(i) Fair value of financial instruments.*

The fair value of financial assets and financial liabilities recorded in the Statement of Financial Position is derived from active markets or from fund managers in relation to unlisted managed investment schemes.

#### *(ii) Assessment as investment entity*

The Fund elected to early adopt AASB 2013-5 from 1 July 2013. This standard provides an exception to the consolidation requirement which is mandatory for entities that meet the definition of an "investment entity". Entities that meet the definition of an investment entity within AASB 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them.

Management has concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changes.

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

The Fund's functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

### **(r) Capital Management**

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

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



	2019	2018
	\$'000	\$'000

**3. Interest income and distributions to unitholders**

<b>(a) Interest income</b>	<b>4</b>	<b>2</b>
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	2019	2019	2018	2018
	\$'000	CPU*	\$'000	CPU*

**(b) Distributions to unitholders**

Interim distributions paid - 31 December	105	0.82	107	1.10
Final distribution payable - 30 June	1,106	7.54	573	5.18
<b>Distributions to unitholders</b>	<b>1,211</b>	<b>8.36</b>	<b>680</b>	<b>6.28</b>

	2019	2018
	\$'000	\$'000

**4. Cash and cash equivalents**

Cash at bank	691	362
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**5. Other Receivables**

Sundry debtors	3	2
Distribution receivables	1,115	581
	<b>1,118</b>	<b>583</b>

**6. Investments**

Unlisted Managed Investment Schemes	14,981	10,900
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**Fair value of financial instruments**

The fair value of units in unlisted managed investment schemes is determined by reference to published bid prices at the close of business on the reporting date, being the redemption price as established by the underlying scheme's responsible entity.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Valuation technique**

*Unlisted managed investment schemes*

The Fund invests in managed funds which are not quoted in an active market. The Fund's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the Net Asset Value (NAV) of these funds may be used as an input into measuring their fair value. In measuring fair value, consideration is also paid to any transactions in the units of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classifies these funds as Level 2.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the year ended 30 June 2019.

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
<b>As at 30 June 2019</b>			
Financial assets at fair value through profit or loss			
Unlisted managed investment schemes	-	14,981	-
	-	14,981	-
<b>As at 30 June 2018</b>			
Financial assets at fair value through profit or loss			
Unlisted managed investment schemes	-	10,900	-
	-	10,900	-

	2019	2018
	\$'000	\$'000
<b>7. <u>Other payables</u></b>		
Management fees payable	25	17
Redemption payable	218	-
	243	17

Refer to Note 2(k) for terms and conditions of other payables.

	2019	2018
	Units	Units
	'000	'000

**8. Net assets attributable to unitholders**

The terms and conditions attached to units in the Fund can be found in Note 2(n).

**(a) Units on issue**

Balance at the beginning of the year	11,068	5,942
Applications		
- Cash	4,947	5,886
- Reinvested distributions	123	27
Redemptions	(1,471)	(787)
<b>Balance at the end of the period</b>	<b>14,667</b>	<b>11,068</b>

	2019	2018
	\$	\$

**(b) *Reconciliation of net assets attributable to unitholders***

Net assets attributable to unitholders (calculated in accordance with redemption requirements)	15,414	11,253
Adjustment from nav-market prices to bid-markets prices	27	2
Net assets attributable to unitholders (calculated in accordance with Australian Accounting Standards)	<b>15,441</b>	<b>11,255</b>

**9. Notes to the Statement of Cash Flows**

**(a) *Reconciliation of cash***

Cash at bank	691	362
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**(b) *Reconciliation of net profit attributable to unitholders to net cash flows from operating activities***

Change in net assets attributable to unitholders	309	26
Adjustments for:		
Distributions to unitholders	1,211	680
Net gains/(losses) on financial instruments at fair value through profit or loss	(325)	(26)
Proceeds from the sale of financial instruments at fair value through profit or loss	250	120
Purchases of financial instruments at fair value through profit or loss	(4,005)	(5,606)
(Increase)/decrease in distributions receivable	(534)	(267)
(Increase)/decrease movements in sundry debtors	1	2
Increase/(decrease) in sundry creditors	8	10
Participation in dividend reinvestment plans	(3)	(3)
<b>Net cash provided by operating activities</b>	<b>(3,088)</b>	<b>(5,064)</b>

**10. Financial Risk Management Objectives and Policies**

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

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to market risk, liquidity risk and credit risk. Financial instruments of the Fund comprise investments in financial assets for the purpose of generating a return on the investment for unitholders.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and the net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is discussed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflects the investment strategy and market environment of the Fund, as well as the level of risk the Fund is willing to accept.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

**(b) Credit Risk**

Credit risk represents the risk that a counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, the Fund's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date. The risk of counterparty default is deemed to be low as investments are held with reputable organisations and the receivables disclosed in the Statement of Financial Position are mainly distributions receivable.

*Financial assets subject to AASB 9's impairment requirements*

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 2019 and 30 June 2018, cash and cash equivalents and other receivables are held with counterparties with a credit rating of AA/Aa 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.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Funds will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. To control liquidity and cash flow risk, the Funds invests in financial instruments, which under normal market conditions are readily convertible into cash. In addition, the Funds invests within established limits in order to avoid excessive concentration of risk to specific asset classes.

*Net assets attributable to unitholders are entirely payable on demand subject to the terms of the constitutions of the Funds.*

*Maturity analysis for financial liabilities*

Financial liabilities of the Fund comprise other payables, distributions payable, derivative instruments and net assets attributable to unitholders. Other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

The following table summarises the maturity profile of the Funds' financial liabilities based on contractual undiscounted cash flows.

The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 6 months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month \$'000	1 to 3 months \$'000	3 to 6 months \$'000	6 to 12 months \$'000	Total \$'000
<b>As at 30 June 2019</b>					
<b>Financial liabilities</b>					
Other payables	243	-	-	-	243
Distribution payable	1,106	-	-	-	1,106
Net assets attributable to unitholders	15,441	-	-	-	15,441
	<b>16,790</b>	-	-	-	<b>16,790</b>
<b>As at 30 June 2018</b>					
<b>Financial liabilities</b>					
Other payables	17	-	-	-	17
Distribution payable	573	-	-	-	573
Net assets attributable to unitholders	11,255	-	-	-	11,255
	<b>11,845</b>	-	-	-	<b>11,845</b>

**(d) Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Sandhurst, in appointing and allocating to the investment managers, considers these risks and the processes each investment manager uses to address the impact of these risks.

**(e) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Funds have established limits on investments in interest bearing asset classes, which are monitored monthly.

**(f) Equity Risk**

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the markets. Equity price risk exposure arises from the Fund's investment portfolio.

The effect on the net assets attributable to unitholders and operating profit before distribution due to reasonably possible changes in market factors, as represented by the equity indices, with all other variables held constant as indicated in the following table.

**Accounting assumptions-Variability of equity prices**

The sensitivity is based on the volatility of change in the individual indices over the last 5 years. The volatility is the standard deviation of the index on a monthly basis. The Fund invests indirectly in shares and securities from these indices however this analysis is an indication only of the effect on net assets attributable to unitholders. It cannot be assumed that the Fund will move exactly in line with the respective indices.

2019	Changes in equity price		Effect on net assets attributable to unitholders/effect on net profit/(loss)	
	Increase %	Decrease %	Increase \$'000	Decrease \$'000
<b>Market Index</b>				
S&P/ASX 300 Accumulation Index	11	(11)	586	(586)
MSCI World ex Australia Index Accumulation (\$A)	11	(11)	707	(707)
S&P/ASX 300 Property Trust Accumulation Index	12	(12)	141	(141)
Bloomberg AusBond Composite Index 0 + Years	3	(3)	78	(78)
Bloomberg Ausbond Bank Bill Index AUD	3	(3)	5	(5)

**11. Segment information**

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location, being Australia, from where its investing activities are managed. The Fund has no direct control over the underlying investments.

**12. Related party disclosures**

**(a) Responsible Entity**

The Responsible Entity of the Fund is Sandhurst Trustees Limited (Sandhurst).

The controlling entity of Sandhurst is Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

**(b) Details of Key Management Personnel**

Sandhurst Trustees Limited, the Responsible Entity of the Fund, is considered to be Key Management Personnel with the authority for the strategic direction and management of the Fund.

**(c) Fees and other related party transactions**

	2019 \$'000	2018 \$'000
Management fees paid/payable to Sandhurst Trustees Limited as the Responsible Entity in accordance with the provisions of the Fund's Constitution	81	57
Other fees payable to Sandhurst Trustees Limited as at reporting date	Nil	Nil
Loans, shares, options and other equity holdings to directors of the Responsible Entity	Nil	Nil

Details of units held by the Responsible Entity in the Fund is set out below:

	Units held '000	Fair value of units \$'000	Interest held (%)	Units purchased '000	Units sold '000	Distribution received or receivable \$'000
<b>30 June 2019</b>	<b>1,995</b>	<b>2,136</b>	<b>13.60%</b>	-	-	<b>166</b>
30 June 2018	1,995	2,048	18.02%	-	-	125

**(d) Related party investments held by the Funds**

Details of investments held by the Fund in other funds, for which Sandhurst Trustees Limited is also the Responsible Entity are set out below:

	Units held	Fair value of units \$'000	Interest held (%)	Units purchased '000	Units sold '000	Distribution received or receivable \$'000
<b>30-Jun-19</b>						
Sandhurst Strategic Income Fund B	491	507	0.77%	144	-	13
<b>30-Jun-18</b>						
Sandhurst Strategic Income Fund B	347	359	0.38%	145	115	7

**(e) Loans, shares, options and other equity holdings to directors of the Responsible Entity**

The Funds have not made or given, guaranteed or secured, directly or indirectly, any loans, shares, options and other equity holdings to the directors or their personally-related entities at any time during the reporting year.

Cash assets of the Funds are held in a cash management account with Bendigo and Adelaide Bank Limited, the parent entity of Sandhurst Trustees Limited as Responsible Entity of the Funds. All interest earned as disclosed in Note 3(a) to the accounts is derived from this account.

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

	2019 \$'000	2018 \$'000
Unrealised capital gains/(losses) during the year	309	26
Revised capital gains/(losses) during the year	16	-
	<b>325</b>	<b>26</b>

**14. Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Fund holds investments in managed investment funds which are considered to be structured entities. The structured entities over which control can be exercised would be consolidated.

The managed investment funds in which the Funds holds units, but do not consolidate, have the purpose of generating a range of investment opportunities for investors. These vehicles are financed through the issue of units to investors. For these investments, the maximum exposure to loss is the current carrying value of these interests representing the fair value at reporting date per Note 6.

**15. Auditors' remuneration**

For the year ended 30 June 2019 audit fees and other service fees were paid by the Responsible Entity.

**16. Contingent asset and liabilities and commitments**

No contingent assets and liabilities or commitments existed at, or have arisen since, reporting date.

**17. Events after the reporting date**

Since 30 June 2019 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

**Responsible Entity's declaration to the Unitholders of the Bendigo Socially  
Responsible Growth Fund**

The directors of the Responsible Entity declare that:

- (a) the financial statements and notes of the Fund are in accordance with the *Corporations Act 2001* (Cth), including:
  - (i) giving a true and fair view of the financial position of the Fund as at 30 June 2019 and its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth);
- (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;
- (c) the financial statements are in accordance with the provisions of the Fund's Constitution; and
- (d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

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



Jennifer L Dawson  
Chairman  
Bendigo  
9 September 2019

## Independent Auditor's Report to the Unitholders of Bendigo Socially Responsible Growth Fund

### Opinion

We have audited the financial report of Bendigo Socially Responsible Growth Fund (the Fund), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the declaration to unitholders.

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

- a) giving a true and fair view of the Fund's financial position as at 30 June 2019 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 Fund 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 of Sandhurst Trustees Limited, as the responsible entity of the Fund, 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 Sandhurst Trustees Limited, as the responsible entity, 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 Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

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

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

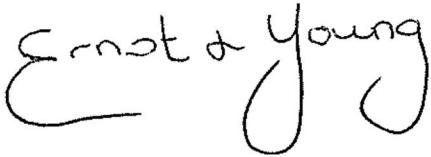
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Hayley Watson  
Partner  
Melbourne  
9 September 2019

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(09/19)