

# Sandhurst Diversified Funds

Annual Report 2023

**Sandhurst Conservative Fund**

ARSN 100 172 665

**Sandhurst Balanced Fund**

ARSN 100 172 718

**Sandhurst Growth Fund**

ARSN 100 172 736

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

**Sandhurst Trustees**

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		<b>Sandhurst Conservative Fund</b> <b>ARSN 100 172 665</b>
		<b>Sandhurst Balanced Fund</b> <b>ARSN 100 172 718</b>
		<b>Sandhurst Growth Fund</b> <b>ARSN 100 172 736</b>

## Directors' Report

The directors of Sandhurst Trustees Limited (the Responsible Entity), present this report on the Sandhurst Conservative Fund, Sandhurst Balanced Fund and Sandhurst Growth Fund, (the Funds) for the year ended 30 June 2023.

### 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	Chair (retired 1 July 2022)
Vicki Carter	Chair (appointed 1 July 2022)
Richard John Baker	
Alexandra Maris Tullio	
Luke Davidson	

### Company Secretary

The name of the Company Secretary at the end of the financial year and at the date of this report is:

Susan Kamler	(appointed 23 January 2023)
Melissa Lovell	(resigned 23 January 2023)

### Principal activities

The principal activities of the Funds during the year was the investment in a range of underlying managed investment schemes managed by Sandhurst. The Funds provide an ongoing investment opportunity to participate in a portfolio comprising a mix of asset classes including Australian and International equities, listed property, Australian and International fixed interest, alternatives and cash.

The Funds invest in managed investment schemes managed by Sandhurst which had the following underlying investment managers during the year.

AllianceBernstein Investment Management Australia Ltd	Grant Samuel Fund Services Limited
Antipodes Partners Limited	Janus Henderson Investors
Bennelong Australian Equity Partners	Metric Credit Partners Automatic Group
Betashares Capital Limited	Pinnacle Fund Services Limited
BlackRock Investment Management (Australia) Limited	Riparian Capital Partners Pty Ltd
DNR Capital Pty Ltd	Sandhurst Trustees Limited
Duxton Capital (Australia) Pty Ltd	Spire Capital Pty Ltd
Ellerston Capital Limited	T. Rowe Price Australia Pty Ltd
Franklin Templeton Investments Australia Ltd	Vaneck Australia Pty Ltd
FIL Investment Management (Australia) Limited	Vanguard Investments Australia Ltd

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

### Managed investment scheme

The Funds are Australian registered managed investment schemes, and were constituted on 5 April 2002. Sandhurst Trustees Limited, the Responsible Entity of the Funds, 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 Funds have recognised distributions to unitholders as a finance cost in the Statement of Comprehensive Income.

### Review of Results and Operations

Results and distributions	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Net profit/(loss) attributable to unitholders (before finance costs)	<b>461,797</b>	(1,308,409)	<b>942,112</b>	(1,980,159)	<b>587,817</b>	(1,234,479)

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

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Interim distributions paid	-	32,050	-	52,790	-	33,995
Final distributions payable	<b>80,483</b>	-	<b>133,662</b>	585,010	<b>61,458</b>	733,305

The cents per unit of these distributions is disclosed below:

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	CPU*	CPU*	CPU*	CPU*	CPU*	CPU*
Interim distributions paid	-	0.23	-	0.31	-	0.32
Final distributions paid	<b>0.77</b>	-	<b>0.78</b>	3.15	<b>0.58</b>	6.71

\* Denotes Cents Per Unit

**Directors' Report (continued)**

**Performance**

The performance of the Funds during the periods are summarised in the following tables.

<b>Sandhurst Conservative Fund</b>			
<b>2023</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
	%	%	%
Growth return	<b>3.25</b>	<b>(0.91)</b>	<b>(0.68)</b>
Distribution return	<b>0.83</b>	<b>3.18</b>	<b>3.17</b>
Total return	<b>4.08</b>	<b>2.27</b>	<b>2.49</b>
Peer Performance	<b>4.41</b>	<b>2.16</b>	<b>2.32</b>

Morningstar Peer Performance Category                      Morningstar Multisector Moderate

<b>2022</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
	%	%	%
Growth return	(8.30)	(3.18)	(0.90)
Distribution return	0.20	4.18	3.67
Total return	(8.10)	1.00	2.77
Peer Performance	(5.84)	0.62	2.33

Morningstar Peer Performance Category                      Morningstar Multisector Moderate

<b>Sandhurst Balanced Fund</b>			
<b>2023</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
	%	%	%
Growth return	<b>4.49</b>	<b>(0.91)</b>	<b>(0.23)</b>
Distribution return	<b>0.81</b>	<b>4.76</b>	<b>3.56</b>
Total return	<b>5.30</b>	<b>3.85</b>	<b>3.33</b>
Peer Performance	<b>7.51</b>	<b>4.89</b>	<b>3.88</b>

Morningstar Peer Performance Category                      Morningstar Multisector Balanced

<b>2022</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
	%	%	%
Growth return	(12.33)	(3.04)	(0.14)
Distribution return	3.11	4.90	3.96
Total return	(9.22)	1.86	3.82
Peer Performance	(6.15)	2.00	3.76

Morningstar Peer Performance Category                      Morningstar Multisector Balanced

<b>Sandhurst Growth Fund</b>			
<b>2023</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
	%	%	%
Growth return	<b>5.17</b>	<b>(0.70)</b>	<b>(0.58)</b>
Distribution return	<b>0.63</b>	<b>6.22</b>	<b>4.73</b>
Total return	<b>5.80</b>	<b>5.52</b>	<b>4.15</b>
Peer Performance	<b>9.15</b>	<b>6.83</b>	<b>4.90</b>

Morningstar Peer Performance Category                      Morningstar Multisector Growth

<b>2022</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
	%	%	%
Growth return	(15.88)	(3.79)	(0.29)
Distribution return	6.50	6.74	5.27
Total return	(9.38)	2.95	4.98
Peer Performance	(7.08)	2.83	4.74

Morningstar Peer Performance Category                      Morningstar Multisector Growth

**Environmental, social and governance (ESG)**

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.

**Significant changes in state of affairs**

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

**Directors' Report (continued)**

**Significant events after the balance 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 Funds will be maintained in accordance with the Funds' Constitutions and investment objectives as detailed in the most recent Product Disclosure Statement.

**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.

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

Under the Funds' Constitutions, the Responsible Entity, including its officers and employees, is indemnified out of the Funds' 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 Funds.

The Funds have not indemnified any auditor of the Funds.

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.

**Units on Issue**

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

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	Units	Units	Units	Units	Units	Units
Units issued	589,609	7,651,997	2,167,063	9,734,443	2,642,278	5,662,178
Units redeemed	(3,223,042)	(2,769,572)	(3,568,332)	(2,062,551)	(2,898,150)	(1,821,902)
Units on issue as at 30 June	10,406,560	13,039,993	17,162,849	18,564,118	10,673,873	10,929,745
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Value of total Fund assets as at 30 June	10,226,613	12,179,899	17,517,222	18,671,905	10,247,429	10,646,079

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

**Interests of the Responsible Entity**

The interests in the Funds held by the Responsible Entity at the end of the year are disclosed in Note 12 to the financial statements.

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

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Management fees paid/payable to the Responsible Entity	97,187	123,834	146,607	158,815	82,620	89,671

**Single set of financial statements**

The Funds are entities of the kind referred to in ASIC Corporations (Related Scheme Reports) Instrument 2015/839 issued by the Australian Securities and Investments Commission ("ASIC") and in accordance with that ASIC Instrument. Funds with a common Responsible Entity (or related Responsible Entities) can include their financial statements in adjacent columns in a single set of financial statements.

**Auditor's Independence Declaration**

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

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



Vicki Carter  
Chair  
Melbourne  
18 September 2023



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Sandhurst Trustees Limited, as Responsible Entity for Sandhurst Conservative Fund, Sandhurst Balanced Fund and Sandhurst Growth Fund**

As lead auditor for the audit of the financial report of Sandhurst Conservative Fund, Sandhurst Balanced Fund and Sandhurst Growth Fund for the financial year ended 30 June 2023, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Hayley Watson', written in a cursive style.

Hayley Watson  
Partner  
Melbourne  
18 September 2023

## Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
		2023	2022	2023	2022	2023	2022
		\$	\$	\$	\$	\$	\$
<b>Income</b>							
Interest income	3(a)	2,809	69	4,729	109	2,769	26
Distribution income	3(b)	177,731	273,294	277,023	769,427	142,941	559,587
Net gains/(losses) on financial instruments at fair value through profit or loss	13	381,313	(1,457,938)	808,451	(2,590,880)	526,359	(1,704,421)
		<b>561,853</b>	<b>(1,184,575)</b>	<b>1,090,203</b>	<b>(1,821,344)</b>	<b>672,069</b>	<b>(1,144,808)</b>
<b>Expenses</b>							
Management fees	12(c)	97,187	123,834	146,607	158,815	82,620	89,671
Administration fees		2,869	-	1,484	-	1,632	-
		<b>100,056</b>	<b>123,834</b>	<b>148,091</b>	<b>158,815</b>	<b>84,252</b>	<b>89,671</b>
<b>Net profit/(loss) attributable to unitholders (before finance costs)</b>		<b>461,797</b>	<b>(1,308,409)</b>	<b>942,112</b>	<b>(1,980,159)</b>	<b>587,817</b>	<b>(1,234,479)</b>
<b>Finance costs</b>							
Distributions to unitholders	3(c)	80,483	32,050	133,662	637,800	61,458	767,300
<b>Change in Net Assets attributable to Unitholders</b>		<b>381,314</b>	<b>(1,340,459)</b>	<b>808,450</b>	<b>(2,617,959)</b>	<b>526,359</b>	<b>(2,001,779)</b>

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 2023

	Note	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
		2023	2022	2023	2022	2023	2022
		\$	\$	\$	\$	\$	\$
<b>Assets</b>							
Cash and cash equivalents	4	111,938	106,134	167,985	258,645	63,282	101,007
Other receivables	5	150,379	186,999	253,156	645,157	113,003	485,388
Financial assets at fair value through profit or loss	6	9,964,296	11,886,766	17,096,081	17,768,103	10,071,144	10,059,684
<b>Total Assets</b>		<b>10,226,613</b>	12,179,899	<b>17,517,222</b>	18,671,905	<b>10,247,429</b>	10,646,079
<b>Liabilities</b>							
Management fees payable	7	24,010	34,468	37,722	45,191	21,555	24,920
Other payables	7	136,311	30,000	10,000	106,780	5,000	878
Distribution payable	3(c)	80,483	-	133,662	585,010	61,458	733,305
<b>Total liabilities excluding Net Assets attributable to Unitholders</b>		<b>240,804</b>	64,468	<b>181,384</b>	736,981	<b>88,013</b>	759,103
<b>Net Assets attributable to Unitholders (Liability)</b>	8(b)	<b>9,985,809</b>	12,115,431	<b>17,335,838</b>	17,934,924	<b>10,159,416</b>	9,886,976

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 2023

	Sandhurst Conservative Fund \$	Sandhurst Balanced Fund \$	Sandhurst Growth Fund \$
<b>As at 1 July 2021</b>	8,267,671	12,007,468	7,625,875
Net loss attributable to unitholders (before finance costs)	(1,308,409)	(1,980,159)	(1,234,479)
Distribution to unitholders	(32,050)	(637,800)	(767,300)
Application for units	7,851,242	10,777,546	6,216,259
Redemption of units	(2,663,023)	(2,232,131)	(1,953,379)
<b>As at 30 June 2022</b>	<b>12,115,431</b>	<b>17,934,924</b>	<b>9,886,976</b>
Net profit attributable to unitholders (before finance costs)	<b>461,797</b>	<b>942,112</b>	<b>587,817</b>
Distribution to unitholders	<b>3(c) (80,483)</b>	<b>(133,662)</b>	<b>(61,458)</b>
Application for units	<b>556,427</b>	<b>2,129,982</b>	<b>2,441,396</b>
Redemption of units	<b>(3,067,363)</b>	<b>(3,537,518)</b>	<b>(2,695,315)</b>
<b>As at 30 June 2023</b>	<b>8(b) 9,985,809</b>	<b>17,335,838</b>	<b>10,159,416</b>

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

## Statement of Cash Flows

For the year ended 30 June 2023

	Note	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
		2023	2022	2023	2022	2023	2022
		\$	\$	\$	\$	\$	\$
<b>Cash flows from operating activities</b>							
Proceeds from the sale of financial instruments at fair value through profit or loss		4,115,000	3,604,000	3,182,500	3,671,000	1,498,001	3,080,000
Purchase of financial instruments at fair value through profit or loss		(1,599,000)	(8,034,000)	(1,034,000)	(10,944,000)	(468,000)	(6,713,150)
Interest received		4,943	69	5,226	109	2,993	26
GST received		6,929	8,009	10,472	10,243	5,899	5,922
Management fees paid		(114,574)	(120,374)	(164,548)	(154,002)	(91,884)	(89,011)
Administration fees paid		(2,869)	-	(1,484)	-	(1,632)	-
<b>Net cash flows provided by/(used in) operating activities</b>	<b>9(b)</b>	<b>2,410,429</b>	<b>(4,542,296)</b>	<b>1,998,166</b>	<b>(7,416,650)</b>	<b>945,377</b>	<b>(3,716,213)</b>
<b>Cash flows from financing activities</b>							
Proceeds from applications by unitholders		556,427	7,287,725	1,681,003	9,777,988	1,758,071	5,380,899
Payments for redemptions by unitholders		(2,961,052)	(2,663,023)	(3,634,298)	(2,184,449)	(2,691,193)	(1,682,928)
Distributions paid to unitholders		-	(99,941)	(135,531)	(136,299)	(49,980)	(13,059)
<b>Net cash (used in)/provided by financing activities</b>		<b>(2,404,625)</b>	<b>4,524,761</b>	<b>(2,088,826)</b>	<b>7,457,240</b>	<b>(983,102)</b>	<b>3,684,912</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,804</b>	<b>(17,535)</b>	<b>(90,660)</b>	<b>40,590</b>	<b>(37,725)</b>	<b>(31,301)</b>
Cash and cash equivalents at the beginning of the year		106,134	123,669	258,645	218,055	101,007	132,308
<b>Cash and cash equivalents at the end of the year</b>	<b>9(a)</b>	<b>111,938</b>	<b>106,134</b>	<b>167,985</b>	<b>258,645</b>	<b>63,282</b>	<b>101,007</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 Funds is for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 18 September 2023.

The Funds are managed investment schemes, constituted on 5 April 2002. Sandhurst Trustees Limited, the Responsible Entity of the Funds, 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* (Cth), 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 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 are included in the relevant notes. The financial statements are prepared on a going concern basis.

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

#### (b) Statement of compliance

The financial report 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

##### New and amended standards and interpretations

The Fund applied for the first-time certain standards and amendments, which are effective for the year ended 30 June 2023. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

No amendment had an impact on the financial statements for the year ended 30 June 2023.

#### (d) Financial instruments

##### Classification

##### Financial assets

The Funds classify their 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 Funds classify their assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Funds portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds documented investment strategies. The Funds policies are 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 Funds recognise 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 Funds have 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 as part of management fees and expense recoveries by the Responsible Entity.

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

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

**(d) Financial instruments (continued)**

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. Interest earned on these instruments are recorded separately in interest revenue in the Statement of Comprehensive Income.

**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 assets and 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 Funds estimate 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 Funds 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 Funds 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.

*Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount 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 with the right to offset in the Statement of Financial Position.

**(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. No changes to comparative information have been made.

**(f) Income tax**

Under current legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute its 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 comprises of current deposits with banks.

**(h) Income**

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

*(i) Distribution income*

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

*(ii) Interest income*

Interest income from all interest bearing financial instruments are recognised on an accrual basis, using the effective interest rate method.

*(iii) Investment income*

Gains and losses on investments are calculated as the difference between the fair value at sale, or at the year 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. These are included in the Statement of Comprehensive Income in the period they are incurred in accordance with the policies described in Note 2(d).

**(i) Expenses**

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(j) **Other receivables**

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

(k) **Distributions paid/payable**

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each half year. Such distributions are determined by reference to the taxable income of the Funds. 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.

(l) **Other payables**

Liabilities for creditors and other amounts 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 Funds. Payables include outstanding settlements on the purchase of investments and management fees payable. The credit and payment terms are in line with market practice and is generally less than 30 days. Outstanding other payables are usually settled within three days.

(m) **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 or net capital losses. 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 year as it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance cost.

(n) **Unit prices**

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

(o) **Terms and conditions on units**

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

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

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 any time for cash equal to a proportionate share of the Funds' 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 Funds also have compulsory distribution clauses in the Funds' 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 Funds' net asset value per unit are 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 Australian Accounting 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'.

(p) **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 Funds 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. 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.

(q) **Significant accounting judgments and estimates**

The preparation of the Funds' 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.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(q) Significant accounting judgments and estimates (continued)

(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 both active markets and valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

For financial instruments quoted in an active market (level 1 in the fair value hierarchy), the market price at measurement date provides the most reliable evidence of fair value. When fair value is based on an observable market price (level 2 in the fair value hierarchy), the quoted price at the measurement date provides the most reliable input.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) quoted prices for similar assets or liabilities in active markets.
- b) quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) inputs other than quoted prices that are observable for the asset or liability, for example:
  - i) interest rates and yield curves observable at commonly quoted intervals;
  - ii) implied volatilities; and
  - iii) credit spreads.
- d) market-corroborated inputs.

(r) Functional and presentation currency

The Funds functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which it operates. The Funds 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.

(s) Capital management

The Responsible Entity manages its net assets attributable to unitholders as capital; not withstanding 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 Funds are subject to daily applications and redemptions at the discretion of unitholders.

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

3. Income and distributions to unitholders

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
<b>(a) Interest income</b>						
Interest income	2,809	69	4,729	109	2,769	26
<b>(b) Distribution income</b>						
Distribution income	177,731	273,294	277,023	769,427	142,941	559,587
<b>(c) Distributions to unitholders</b>						
Distributions to unitholders	80,483	32,050	133,662	637,800	61,458	767,300
			2023		2022	
			\$	CPU*	\$	CPU*
<b>Sandhurst Conservative Fund</b>						
<b>Interim distributions paid</b>						
31 December			-	-	32,050	0.23
<b>Final distribution payable</b>						
30 June			80,483	0.77	-	-
Distributions to unitholders			<u>80,483</u>	<u>0.77</u>	32,050	0.23
<b>Sandhurst Balanced Fund</b>						
<b>Interim distributions paid</b>						
31 December			-	-	52,790	0.31
<b>Final distribution payable</b>						
30 June			133,662	0.78	585,010	3.15
Distributions to unitholders			<u>133,662</u>	<u>0.78</u>	637,800	3.46
<b>Sandhurst Growth Fund</b>						
<b>Interim distributions paid</b>						
31 December			-	-	33,995	0.32
<b>Final distribution payable</b>						
30 June			61,458	0.58	733,305	6.71
Distributions to unitholders			<u>61,458</u>	<u>0.58</u>	767,300	7.03

\* Denotes Cents Per Unit

Notes to the Financial Statements (continued)

#### 4. Cash and cash equivalents

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Cash at bank	111,938	106,134	167,985	258,645	63,282	101,007

#### 5. Other receivables

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Other receivables	1,598	3,732	2,510	3,007	1,434	1,658
Distribution receivable	148,781	183,267	250,646	642,150	111,569	483,730
	<b>150,379</b>	<b>186,999</b>	<b>253,156</b>	<b>645,157</b>	<b>113,003</b>	<b>485,388</b>

Refer to note 2(j) for terms and conditions of other receivables.

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

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Unlisted managed investment schemes	9,964,296	11,886,766	17,096,081	17,768,103	10,071,144	10,059,684

##### 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).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at 30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Unlisted Managed Investment Schemes				
Sandhurst Conservative Fund	-	9,964,296	-	9,964,296
Sandhurst Balanced Fund	-	17,096,081	-	17,096,081
Sandhurst Growth Fund	-	10,071,144	-	10,071,144
<b>As at 30 June 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Unlisted Managed Investment Schemes				
Sandhurst Conservative Fund	-	11,886,766	-	11,886,766
Sandhurst Balanced Fund	-	17,768,103	-	17,768,103
Sandhurst Growth Fund	-	10,059,684	-	10,059,684

##### Valuation technique

###### Unlisted managed investment schemes

The Funds invests in managed funds which are not quoted in an active market. The Funds investment managers 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. The fair value of units held in Unlisted Managed Investment Schemes is based on their bid prices (redemption price) at the close of business on the reporting date. Depending on the nature and level of adjustments needed to the bid prices and the level of trading in the fund, the Funds classifies these funds as Level 2.

The Funds recognise 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 2023.

#### 7. Management fees and other payables

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Other payables	136,311	30,000	10,000	106,780	5,000	878
Management fees payable	24,010	34,468	37,722	45,191	21,555	24,920
	<b>160,321</b>	<b>64,468</b>	<b>47,722</b>	<b>151,971</b>	<b>26,555</b>	<b>25,798</b>

Refer to note 2(l) for terms and conditions of other payables.



Notes to the Financial Statements (continued)

## 8. Net assets attributable to unitholders

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023 Units	2022 Units	2023 Units	2022 Units	2023 Units	2022 Units
<b>(a) Units on issue</b>						
Balance at the beginning of the year	13,039,993	8,157,568	18,564,118	10,892,226	10,929,745	7,089,469
Applications						
- Cash	589,609	7,097,350	1,702,672	8,873,390	1,888,367	4,968,687
- Reinvested distributions	-	554,647	464,391	861,053	753,911	693,491
Redemptions	(3,223,042)	(2,769,572)	(3,568,332)	(2,062,551)	(2,898,150)	(1,821,902)
Balance at the end of the year	10,406,560	13,039,993	17,162,849	18,564,118	10,673,873	10,929,745

The terms and conditions attached to units in the Funds can be found in note 2(o).

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>(b) Reconciliation of net assets attributable to unitholders</b>						
Net assets attributable to unitholders (calculated in accordance with redemption requirements)	9,998,765	12,133,025	17,359,151	17,963,323	10,174,246	9,904,251
Adjustment from nav-market prices to bid-markets	(12,956)	(17,594)	(23,313)	(28,399)	(14,830)	(17,275)
Net assets attributable to unitholders (calculated in accordance with Australian Accounting Standards)	9,985,809	12,115,431	17,335,838	17,934,924	10,159,416	9,886,976

## 9. Notes to the Statement of Cash Flows

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>(a) Reconciliation of cash</b>						
Cash at bank	111,938	106,134	167,985	258,645	63,282	101,007
<b>(b) Reconciliation of change in net assets attributable to unitholders to net cash flows used in operating activities</b>						
Change in net assets attributable to unitholders	381,314	(1,340,459)	808,450	(2,617,959)	526,359	(2,001,779)
Adjustments for:						
Distributions to unitholders	80,483	32,050	133,662	637,800	61,458	767,300
Net gains/(losses) on financial instruments at fair value through profit or loss	(381,313)	1,457,938	(808,451)	2,590,880	(526,359)	1,704,421
Proceeds from the sale of financial instruments at fair value through profit or loss	4,115,000	3,604,000	3,182,500	3,671,000	1,498,001	3,080,000
Payments for purchase of financial instruments at fair value through profit or loss	(1,599,000)	(8,034,000)	(1,034,000)	(10,944,000)	(468,000)	(6,713,150)
Decrease in distribution receivable	34,486	467,588	391,504	394,473	372,161	193,940
Decrease/(increase) in other receivables	2,134	(2,256)	497	(1,073)	224	(469)
(Decrease)/increase in management fees payable	(10,458)	12,287	(7,469)	16,129	(3,365)	7,052
Participation in dividend reinvestment plans	(212,217)	(739,444)	(668,527)	(1,163,900)	(515,102)	(753,528)
Net cash provided by/(used in) operating activities	2,410,429	(4,542,296)	1,998,166	(7,416,650)	945,377	(3,716,213)

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

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

-	563,517	449,479	951,876	683,325	748,454
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## 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 Funds activities, and are managed through a process of ongoing identification, measurement and monitoring. The Funds are exposed to market risk, liquidity risk and credit risk. Financial instruments of the Funds 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 Funds 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 Funds, as well as the level of risk the Funds are willing to accept.

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

Notes to the Financial Statements (continued)

10. Financial risk management objectives and policies (continued)

(b) Credit Risk

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

With respect to credit risk arising from the financial assets of the Funds, the Funds 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 2023 and 30 June 2022, cash and cash equivalents and other receivables 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 Funds.

The Funds hold 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 Funds comprise other payables, distributions payable 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.

Sandhurst Conservative Fund	Less than 1 month \$	1 to 3 months \$	3 to 6 months \$	6 to 12 months \$	Total \$
<b>As at 30 June 2023</b>					
<b>Financial liabilities</b>					
Management fees payable	24,010	-	-	-	24,010
Other payables	136,311	-	-	-	136,311
Distribution payable	80,483	-	-	-	80,483
Net assets attributable to unitholders	9,985,809	-	-	-	9,985,809
	<b>10,226,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,226,613</b>
<b>As at 30 June 2022</b>					
<b>Financial liabilities</b>					
Management fees payable	34,468	-	-	-	34,468
Other payables	30,000	-	-	-	30,000
Distribution payable	-	-	-	-	-
Net assets attributable to unitholders	12,115,431	-	-	-	12,115,431
	<b>12,179,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,179,899</b>
<b>Sandhurst Balanced Fund</b>					
	Less than 1 month \$	1 to 3 months \$	3 to 6 months \$	6 to 12 months \$	Total \$
<b>As at 30 June 2023</b>					
<b>Financial liabilities</b>					
Management fees payable	37,722	-	-	-	37,722
Other payables	10,000	-	-	-	10,000
Distribution payable	133,662	-	-	-	133,662
Net assets attributable to unitholders	17,335,838	-	-	-	17,335,838
	<b>17,517,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,517,222</b>
<b>As at 30 June 2022</b>					
<b>Financial liabilities</b>					
Management fees payable	45,191	-	-	-	45,191
Other payables	106,780	-	-	-	106,780
Distribution payable	585,010	-	-	-	585,010
Net assets attributable to unitholders	17,934,924	-	-	-	17,934,924
	<b>18,671,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,671,905</b>

Notes to the Financial Statements (continued)

10. Financial risk management objectives and policies (continued)

Sandhurst Growth Fund	Less than 1 month \$	1 to 3 months \$	3 to 6 months \$	6 to 12 months \$	Total \$
<b>As at 30 June 2023</b>					
<b>Financial liabilities</b>					
Management fees payable	21,555	-	-	-	21,555
Other payables	5,000	-	-	-	5,000
Distribution payable	61,458	-	-	-	61,458
Net assets attributable to unitholders	10,159,416	-	-	-	10,159,416
	10,247,429	-	-	-	10,247,429
<b>As at 30 June 2022</b>					
<b>Financial liabilities</b>					
Management fees payable	24,920	-	-	-	24,920
Other payables	878	-	-	-	878
Distribution payable	733,305	-	-	-	733,305
Net assets attributable to unitholders	9,886,976	-	-	-	9,886,976
	10,646,079	-	-	-	10,646,079

(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) **Currency Risk**

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The underlying managed investment schemes into which the Funds invests into intend to prudently manage foreign currency exposures to minimise adverse movements in the dollar arising from changes in exchange rates.

The currency risk disclosures have been prepared on the basis of the Funds direct investments and not on a look-through basis for the investments held indirectly through unit trusts, consequently the Funds do not have a direct exposure or concentration of currency risk.

(f) **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 interest financial instruments. The Funds have established limits on investments in interest bearing asset classes, which are monitored monthly with Bloomberg AusBond Bank Bill Index as interest rate benchmark.

(g) **Equity Price 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.

**Accounting assumptions - Variability of equity prices**

The following table summarises the sensitivity of changes in fair value of investments to equity price risk. The reasonable possible movements in the individual indices have been based on the volatility of change in these indices over the last 5 years. This analysis is an estimate only, as actual movements in these indices may be greater or less than anticipated due to a number of factors, including unusually larger market shocks resulting from changes in the performance of the markets and securities in which the Funds invest.

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 indices, with all other variables held constant as indicated in the following table.

	2023				2022			
	Changes in equity price		Sensitivity of changes in fair value of investments		Changes in equity price		Sensitivity of changes in fair value of investments	
	Increase %	Decrease %	Increase \$	Decrease \$	Increase %	Decrease %	Increase \$	Decrease \$
<b>Sandhurst Conservative Fund</b>								
<b>Market Index</b>								
S&P/ASX 300 Property Trust Accumulation Index	25	(25)	67,761	(67,761)	22	(22)	82,542	(82,542)
S&P/ASX 300 Accumulation Index	17	(17)	208,659	(208,659)	16	(16)	256,100	(256,100)
MSCI World ex Australia Index Accumulation (\$A)	18	(18)	325,922	(325,922)	11	(11)	218,170	(218,170)
Bloomberg AusBond Composite Index 0 + Years	6	(6)	158,375	(158,375)	4	(4)	189,118	(189,118)
Barclays Capital Global Aggregate (\$A Hedged)	5	(5)	12,026	(12,026)	3	(3)	808	(808)
<b>Sandhurst Balanced Fund</b>								
<b>Market Index</b>								
S&P/ASX 300 Property Trust Accumulation Index	25	(25)	159,319	(159,319)	22	(22)	191,043	(191,043)
S&P/ASX 300 Accumulation Index	17	(17)	574,539	(574,539)	16	(16)	575,598	(575,598)
MSCI World ex Australia Index Accumulation (\$A)	18	(18)	835,653	(835,653)	11	(11)	496,263	(496,263)
Bloomberg AusBond Composite Index 0 + Years	6	(6)	192,968	(192,968)	4	(4)	202,468	(202,468)
Barclays Capital Global Aggregate (\$A Hedged)	5	(5)	13,456	(13,456)	3	(3)	1,208	(1,208)

Notes to the Financial Statements (continued)

10. Financial risk management objectives and policies (continued)

(g) Equity Price Risk (continued)

Sandhurst Growth Fund	2023				2022			
	Changes in equity price		Sensitivity of changes in fair value of investments		Changes in equity price		Sensitivity of changes in fair value of investments	
	Increase %	Decrease %	Increase \$	Decrease \$	Increase %	Decrease %	Increase \$	Decrease \$
<b>Market Index</b>								
S&P/ASX 300 Property Trust Accumulation Index	25	(25)	114,146	(114,146)	22	(22)	126,189	(126,189)
S&P/ASX 300 Accumulation Index	17	(17)	437,101	(437,101)	16	(16)	427,235	(427,235)
MSCI World ex Australia Index Accumulation (\$A)	18	(18)	627,373	(627,373)	11	(11)	381,886	(381,886)
Bloomberg AusBond Composite Index 0 + Years	6	(6)	53,938	(53,938)	4	(4)	56,666	(56,666)
Barclays Capital Global Aggregate (\$A Hedged)	5	(5)	6,870	(6,870)	3	(3)	342	(342)

11. Segment information

The principal activities of the Funds are the investment in one market segment being investment management. The Funds are all domiciled in one geographic segment being Australia. The Funds achieve their diversified exposure by investing in underlying managed investment schemes which invest in Australian and international equities, Australian and international fixed interest, Australian & International property and cash. The Funds have no direct control over these underlying investments.

12. Related party disclosures

(a) Responsible Entity

The Responsible Entity of the Funds 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 Funds, is considered to be Key Management Personnel with the authority for the strategic direction and management of the Funds.

(c) Fees and other related party transactions

The Responsible Entity holds no units in the Funds (\$: Nil).

(i) Management Fees

Management fees paid/payable to Sandhurst Trustees Limited as the Responsible Entity in accordance with the provisions of the Funds' Constitution:

	2023	2022
	\$	\$
<b>Management Fees expense</b>		
Sandhurst Conservative Fund	97,187	123,834
Sandhurst Balanced Fund	146,607	158,815
Sandhurst Growth Fund	82,620	89,671
<b>Management fees payable</b>		
	\$	\$
Sandhurst Conservative Fund	24,010	34,468
Sandhurst Balanced Fund	37,722	45,191
Sandhurst Growth Fund	21,555	24,920

The Responsible Entity is entitled to receive a total management fee of 1.41% of the net asset value of Sandhurst Conservative Fund, 1.43% of the net asset value of Sandhurst Balanced Fund, and 1.46% of the net asset value of Sandhurst Growth Fund (inclusive of GST, net of reduced input tax credits available to the Fund).

(ii) Cash at Bank

Cash at Bank held with Bendigo and Adelaide Bank Limited, the parent entity of Sandhurst Trustees Limited as Responsible Entity of the Fund.

	2023	2022
	\$	\$
Sandhurst Conservative Fund	111,938	106,134
Sandhurst Balanced Fund	167,985	258,645
Sandhurst Growth Fund	63,282	101,007

Notes to the Financial Statements (continued)

12. Related party disclosures (continued)

(d) Investments

Details of the investments held by the Funds, of which Sandhurst Trustees Limited is also the Responsible Entity are set out below:

	Units held	Fair value of units \$	Interest held (%)	Units purchased	Units sold	Distribution received or receivable \$
<b>30 June 2023</b>						
<b>Sandhurst Conservative Fund</b>						
Bendigo Conservative Wholesale Fund	5,059,555	5,028,016	4.21	22,596	1,380,324	103,219
Bendigo Conservative Index Fund	3,967,249	4,936,280	1.34	1,297,031	2,218,111	74,511
<b>Sandhurst Balanced Fund</b>						
Bendigo Balanced Wholesale Fund	9,728,454	9,083,534	5.75	-	-	117,866
Bendigo Balanced Index Fund	5,756,638	8,012,547	1.88	790,804	2,352,899	159,157
<b>Sandhurst Growth Fund</b>						
Bendigo Growth Wholesale Fund	5,942,278	5,191,102	7.44	-	-	33,111
Bendigo Growth Index Fund	3,048,788	4,880,042	1.16	321,296	960,077	109,830
<b>30 June 2022</b>						
<b>Sandhurst Conservative Fund</b>						
Bendigo Conservative Wholesale Fund	6,417,283	6,267,382	4.38	2,450,510	-	145,454
Bendigo Conservative Index Fund	4,888,329	5,820,251	1.38	4,253,549	2,847,694	127,818
<b>Sandhurst Balanced Fund</b>						
Bendigo Balanced Wholesale Fund	9,728,454	8,857,952	5.06	3,444,995	-	395,920
Bendigo Balanced Index Fund	7,318,733	9,580,697	2.15	5,495,171	2,503,042	373,507
<b>Sandhurst Growth Fund</b>						
Bendigo Growth Wholesale Fund	5,942,278	5,065,655	7.11	2,135,861	-	282,104
Bendigo Growth Index Fund	3,687,569	5,495,031	1.48	2,841,879	1,785,926	277,483

(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 cash management accounts 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) is derived from these accounts.

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

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Realised capital gains/(losses)	(328,407)	(211,355)	(394,735)	27,080	(148,570)	297,358
Unrealised capital gains/(losses)	709,720	(1,246,583)	1,203,186	(2,617,960)	674,929	(2,001,779)
	<b>381,313</b>	<b>(1,457,938)</b>	<b>808,451</b>	<b>(2,590,880)</b>	<b>526,359</b>	<b>(1,704,421)</b>

14. Auditors' remuneration

	Sandhurst Conservative Fund		Sandhurst Balanced Fund		Sandhurst Growth Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Fees of the year due to Ernst & Young for:						
- an audit and review of the financial report of the Fund	13,799	11,396	13,799	11,396	13,799	11,396
- compliance plan audit	5,428	5,109	5,428	5,109	5,428	5,109
	<b>19,227</b>	<b>16,505</b>	<b>19,227</b>	<b>16,505</b>	<b>19,227</b>	<b>16,505</b>

15. Contingent asset and liabilities and commitments

There are no contingent assets and liabilities or commitments as at 30 June 2023 and 30 June 2022.

16. Events after the reporting date

Since 30 June 2023 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 Funds.

## Responsible Entity's declaration to the Unitholders of the Sandhurst Conservative Fund, Sandhurst Balanced Fund and Sandhurst Growth Fund

The directors of the Responsible Entity declare that:

- (a) the financial statements and notes of the Funds are in accordance with the *Corporations Act 2001* (Cth), including:
  - (i) giving a true and fair view of the financial position of the Funds as at 30 June 2023 and of their performance for the year 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 Funds 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 Funds' Constitutions; 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.



Vicki Carter  
Chair  
Melbourne  
18 September 2023



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## **Independent Auditor's Report to the Unitholders of Sandhurst Conservative Fund, Sandhurst Balanced Fund and Sandhurst Growth Fund**

### **Opinion**

We have audited the financial report of Sandhurst Conservative Fund, Sandhurst Balanced Fund and Sandhurst Growth Fund (the Funds), which comprises the statement of financial position as at 30 June 2023, 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 Funds is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Funds' financial position as at 30 June 2023 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 Funds 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 (including Independence Standards)* (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 Funds 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 Funds' 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 Funds 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.





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- 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 Funds' 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 Funds 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that appears to read 'Hayley Watson'.

Hayley Watson  
Partner  
Melbourne  
18 September 2023

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