



To be the trusted financial services provider of the Diocese of Grafton,
enabling ministry growth.

ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING
Thursday 19th April 2018
AGENDA

1. 9am Opening Prayer
2. Confirm attendees and apologies
3. Conflict of Interest Declarations
Current standing register of interests:
 - David Ford – Chair of Bishop Druitt College Council
 - Ted Clarke – Agreement with Clarence Valley Anglican School
 - Chris Nelson – involved on various Diocesan boards and committees
4. Confirmation of Minutes
 - a. Meeting of 22 February 2018
 - b. Flying Minute of 9 April 2018 – Engaging Legal Services
 - c. Flying Minute of 10 April 2018 – Renewal of Westpac Line of Credit
5. Call for additional agenda items and close of agenda
6. Financial and performance reports
 - a) Finance reports
 - b) Report from Blaine Fitzgerald
7. Matters for discussion and/or decision
 - a) Changes to retail banking
 - i. Status
 - ii. ASIC responses
 - b) AFGD staffing - vacancy
 - c) Ord Minnett Advice and Portfolio Management
 - d) Meeting of Development Funds
8. Matters for noting and status updates
 - a) Approval of Emmanuel Anglican College loan
 - b) Amendment of delegation schedule
 - c) Amendment of Diocesan Governance Ordinance
9. Correspondence
In:
Out:
10. Next meeting scheduled for 17 May 2018 which includes joint meeting with Corporate Trustees and auditor.

Further meetings scheduled for 28 June, 23 August, 25 October and 20 December fulfilling requirement for at least 8 meetings per year
11. Meeting close



BOARD MEETING DATE:

19/04/2018

No 4 Confirmation of Minutes

Item: a

Title: Meeting of 22 February 2018

No of Pages. 5 incl Header



To be the trusted financial services provider of the Diocese of Grafton,
enabling ministry growth.

Minutes
Thursday 22 February 2018

1. **Opening Prayer** - Meeting opened at 9.02am with prayers from Mr Gary Boyd

2. **Attendees:** Mr David Ford (Chair), Mr Chris Nelson, Mr Phil Crandon, Mr Terry Hunt,
Mr Ted Clarke (until 12.23pm), Mr Gary Boyd, Mr John Adlington.
Ms Annette Dent attended for parts of the meeting.

Apologies: Bishop Sarah Macneil (attended for farewell), Mr James Flavin, Ms Lisa Mulvaney

3. **Conflict of Interest Declarations**

The current standing register of interests as follows was noted:

- Bishop Sarah Macneil – involved on various Diocesan boards and committees
- Chris Nelson - involved on various Diocesan boards and committees
- David Ford – Chair of Bishop Druitt College Council
- Ted Clarke – Agreement with Clarence Valley Anglican School

Mr Chris Nelson advised that with the Registrar position now including responsibilities for AFGD staff and some operations that he would abstain from voting for all items in this meeting. Mr Nelson declared involvement on behalf of The Corporate Trustees of the Diocese of Grafton dealing with Mr Bill Adler/ Imagine Education on the South Grafton Early Learning Centre.

4. **Confirmation of Minutes**

That the minutes of the meeting of 24 January 2018 be accepted as true and correct.

Moved: Mr Terry Hunt

Seconded: Mr Gary Boyd

CARRIED

5. **Call for additional Agenda items and close of Agenda**

With the exception of the late paper on a possible loan to Imagine Education, no additional agenda items were proposed. A new agenda item on a national Anglican meeting was raised later in the meeting.

6. **Financial and Performance Reports**

Balance Sheet and Profit & Loss reports for YTD 31 January 2018 were discussed. These did not include a comparison with budget due to budget being set prior to significant changes.

Revision of budget to be considered in the April meeting.

Request reports also show comparison with previous YTD figures.

That the minutes of the financial reports as presented be adopted.

Moved: Mr Terry Hunt

Seconded: Mr Gary Boyd

CARRIED

7. **Matters for Discussion and or Decision:**

a. **Changes to retail banking**

Ms Annette Dent reported to the meeting that in response to the letters mailed to retail account holders, there have been to date:

101 client contacts

21 declarations of 'associate' representing \$514K of accounts

18 pending declarations of 'associate' representing \$777K of accounts (includes couples where only one is an 'associate')

9 non-associate who have instructed account closure representing \$15K of accounts

53 non-associates whose instructions to close accounts are pending representing \$1,306K of accounts

Majority of respondents are disappointed but understanding

Only one letter returned-to-sender

Ms Dent also reported 58 accounts that are inactive representing \$21K.

The Board discussed the inactive accounts and agreed that an advertisement be placed in the North Coast Anglican.

The circumstances of inactive accounts will be reviewed in the April meeting.

That this meeting recognizes the significant input and output rendered by Ms Annette Dent during the recent changes to staff and organizational processes.

Moved: Mr Terry Hunt

Seconded: Mr Phil Crandon

CARRIED WITH ACCLAMATION

The circumstances of joint account holders where only one of the account holders is an 'associate' was considered.

That the AFGD Board requests the Registrar to update the AFGD Identification Statement to show that only one account holder needs to have associate status and lodge the updated statement with the Australian Securities and Investment Commission.

Moved: Mr David Ford

Seconded: Mr Phil Crandon

CARRIED

b. AFGD Staffing

i. Amendment of delegation schedule

A revised delegation schedule that included the Registrar was discussed.

That the revised schedule of delegation be recommended to The Corporate Trustees noting that the Registrar and the AFGD Chair will confer with staff regarding the duties of the AFGD Manager while this position is vacant.

Moved: Mr Terry Hunt

Seconded: Mr John Adlington

CARRIED

ii. Amendment of Diocesan Governance Ordinance

The meeting considered extracts of the Diocesan Governance Ordinance 2008 marked up with amendments that remove the Registrar as a member of the AFGD Board and confirm the Registrar's role with regard to management over both Registry and AFGD operations.

That the AFGD Board recommends the ordinance changes as presented for the approval of the Bishop-in-Council.

Moved: Mr John Adlington

Seconded: Mr Ted Clarke

CARRIED

iii. Vacancy

That the AFGD Board defers consideration of the AFGD Manager vacancy to a future meeting.

Moved: Mr Terry Hunt

Seconded: Mr Phil Crandon

CARRIED

A draft service agreement with Mr Blaine Fitzgerald was discussed.

That the AFGD Board approves that a service agreement be established with Mr Blaine Fitzgerald with charges on the basis of \$2,000 per month and an additional \$1,000 per quarter to cover travel and accommodation expenses.

Moved: Mr Terry Hunt

Seconded: Mr David Ford

CARRIED

The Chair requested that each member of the Board review the text of the draft service agreement and respond with feedback on the wording of the agreement.

c. Ord Minnett Advice and Portfolio Management

Ms Alison Perrott of Ord Minnett joined the meeting by video-conference at 10.35am to provide a presentation on investment management. Ms Perrott noted that since the proposal was written the MSC project had been cancelled and she suggested that this action made the recommendation more important.

That the AFGD Board requests a draft revision of the AFGD Investment Policy based on the information from Ms Allison Perrott's proposal and this be presented to the next AFGD Board meeting.

Moved: Mr John Adlington

Seconded: Mr Ted Clarke

CARRIED

That upon the receipt from Ord Minnett of revised conditions for portfolio management that the document be reviewed by Mr Phil Crandon, Mr David Ford and Mr Chris Nelson and then put to the AFGD Board for adoption.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd

CARRIED

d. Possible loan to Imagine Education

The Board considered information passed on by Mr Blaine Fitzgerald about contact from Mr Bill Adler enquiring about a loan facility for Imagine Education's South Grafton ELC project.

That the Board requests Mr Blaine Fitzgerald to evaluate the loan request from Imagine Education on behalf of the AFGD Board.

Moved: Mr David Ford

Seconded: Mr Terry Hunt

CARRIED

e. National meeting

Mr Chris Nelson advised the meeting that at the instigation of Anglican Diocesan Registrars a meeting was being organized to discuss possibilities for cooperation between dioceses concerning religious development funds. This meeting is scheduled to 22 March 2018 in Adelaide. The Chair and Registrar are unavailable to attend.

The AFGD Board asked Mr Nelson to convey to the organisers that Grafton is interested but unable to attend and would welcome feedback from the meeting. It was also agreed that Mr Blaine Fitzgerald should be asked for feedback after his attendance.

8. Matters for noting and status updates

At 11.13am Bishop Sarah Macneil joined the meeting which is her last opportunity before retiring as Bishop of Grafton.

Bishop Sarah spoke on the activities and achievements of AFGD over her 4 years and thanked the Board for their good work. Bishop Sarah encouraged the Board to maintain renewal as a priority.

The Board members responded by thanking Bishop Sarah for her guidance and contribution and expressed good wishes for her future.

Bishop Sarah Macneil left the meeting at 11.29am

9. Correspondence

- In:**
- i. **Anglican Church of Australia General Synod** – Confirmation on Risk Weighted Assets Allocation.
 - ii. **Anglican Church of Australia General Synod** - regarding Anglican Diocesan Development Fund and ASIC Charitable Investment Fundraiser.
 - iii. **Melbourne Securities Corporation** – Anglican Investment Trust
- Out:**
- i. **Anglican Church of Australia – General Synod** – AFGD response regarding Anglican Diocesan Development Fund and ASIC Charitable Investment Fundraiser.
 - ii. **'ASIC'** – Decision not to proceed with the 'Anglican Investment Trust' and planned exist of 'Retail Non-Associated' clients.
 - iii. **'Managed Investment Scheme Anglican Investment Trust'** – Board decision not to proceed to: Melbourne Securities Corporation; Mills Oakley Solicitors; Pitcher Partners; Sandhurst Trustees Limited
 - iv. **'Blaine Fitzgerald and AFGD'**
Sent to: Alison Perrott (Ord Minnett), Troy Mountain, Les Murray, Mark Parry & Andrew David (Westpac); Business Manager of each of the five Diocesan Schools (EAC, SCAS, BDC, LAGS & CVAS); Estelle Graham (Anglicare North Coast); Heather Lewis (St Cuthbert's Retirement Living Complexes Inc.)
 - v. **Letter to all 'Retail Clients' regarding Important Changes to AFGD.**
 - vi. **Letter to 'Student Account' holders regarding closure of Student Account Program.**

That the report on inward and outward correspondence be adopted.

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

CARRIED

10. Next Meeting: 9am 19 April 2018

Further meetings scheduled for 17 May, 28 June, 23 August, 25 October and 20 December.

11. Meeting Close

The meeting closed at 12.52pm with the saying of the Grace.

CONFIRMED- As a true and correct record of proceedings of Anglican Funds Grafton Diocese (AFGD) meeting of 22 February 2018.

Chair – David Ford



BOARD MEETING DATE:

19/04/2018

No 4 Confirmation of Minutes

Item: b

Title: Flying Minute of 9 April 2018 – Engaging Legal Services

No of Pages. 4 incl Header



Chris Nelson <chris.nelson@graftondiocese.org.au>

AFGD Board Flying Minute: Engaging Legal Services

Chris Nelson <chris.nelson@graftondiocese.org.au>

9 April 2018 at 15:26

To: David Ford <fordie@mac.com>, Philip Crandon <phil_crandon@bigpond.com>, John Adlington <jadlington2@gmail.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Terence Hunt <t_s_hunt@bigpond.com>, Gary Boyd <garyandcilla@outlook.com>, James Flavin <james.flavin@generate.org.au>, Lisa Mulvaney <lisamulvaney1@icloud.com>
Cc: Annette Dent <office@afgd.com.au>, Gail Hagon <mdo@graftondiocese.org.au>

Dear AFGD Board members,

As you would remember at the last Board meeting, we discussed the situation where a joint account was held by an associate and a non-associate. To get guidance on this matter, it was resolved:

"That the AFGD Board requests the Registrar to update the AFGD Identification Statement to show that only one account holder needs to have associate status and lodge the updated statement with the Australian Securities and Investment Commission."

This resolution was actioned on 27 February 2018 and a copy is attached.

On 22 March 2018, an email from an ASIC officer Remziye Hussein was received (see attached). The content of the email indicated a challenge to a number of matters at were accepted by ASIC in their May 2017 advice that the AFGD Identification Statement has been accepted.

There has been some phone calls and emails since 22 March 2018 which has settled the situation somewhat and seems to have revealed a lack of good communication within ASIC between Stephanie Rickard and Remziye Hussein. However, the matter is still not settled.

It is proposed that AFGD continues along the lines decided in January 2018 and engages a lawyer to assist with the ASIC relationship.

David Ford of Emil Ford (a different person from David Ford, AFGD Chair) assisted AFGD with obtaining the May 2017 approval from ASIC for the Identification Statement so it would be logical to engage him for this work. A quote or estimate for these services are not available because it depends on an unknown which is ASIC's response. If the matter proves straightforward then Emil Ford's charge will be \$1,000.

Please response by Reply All email whether you support the following draft resolution:

That the AFGD Board approves the engagement of Mr David Ford of Emil Ford Lawyers to assist AFGD in resolving the matters raised by ASIC in their 22 March 2018 email.

--

Regards,

Chris Nelson


General Manager/Registrar

Anglican Diocese of Grafton

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient or the person responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing or copying this e-mail or any file attachments is strictly prohibited. If you have received this e-mail in error, please immediately notify us by telephone at 02 6642 4122 or by reply e-mail to the sender.

2 attachments

ASIC Correspondence.pdf
169K

 **Email AFGD to ASIC 27 February 2018 (1).pdf**
342K

**Flying Minute: Engaging Legal Services
Circulated 9 April 2018**

Member	Support	Reject	Abstain/No Response
Mr David Ford	Yes		
Mr Gary Boyd	Yes		
Mr Phillip Crandon	Yes		
Mr John Adlington	Yes		
Mr Terry Hunt	Yes		
Mr Ted Clarke	Yes		
Ms Lisa Mulvaney			No response
Mr James Flavin			No response

The motion has been carried.

Compiled by Chris Nelson 13 April 2018



BOARD MEETING DATE:

19/04/2018

No 4 Confirmation of Minutes

Item: c

**Title: Flying Minute of 10 April 2018 – Renewal of Westpac
Line of Credit**

No of Pages. 4 incl Header



Chris Nelson <chris.nelson@graftondiocese.org.au>

AFGD Board Flying Minute: Renewal of Westpac Line of Credit

Chris Nelson <chris.nelson@graftondiocese.org.au>

10 April 2018 at 11:07

To: David Ford <fordie@mac.com>, John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, James Flavin <james.flavin@generate.org.au>, Lisa Mulvaney <lisamulvaney1@icloud.com>, TERRY HUNT <huntts@outlook.com>, Terence Hunt <t_s_hunt@bigpond.com>
Cc: Annette Dent <office@afgd.com.au>

Dear AFGD Board members,

As you would know, AFGD has a line of credit arrangement to provide added security for its operations to provide a buffer against adverse circumstances. The provider of this credit is Westpac and the facility is for \$1.5 million.

Fortunately, circumstances have not arisen where AFGD has needed to call upon this facility but the reason for having this facility remains.

This arrangement has expired and needs renewal and this Flying Minute seeks the approval of the AFGD Board to renew the line of credit with Westpac.

Please find attached the agreements to be signed and copies of the expired agreement.

Why are we doing this by Flying Minute? Westpac was expecting to renew this arrangement by 28 February 2018. Unfortunately, this was overlooked when setting the agenda for our meetings earlier this year and as the documents require signatures of The Corporate Trustees it is helpful to get those signatures when The Corporate Trustees meet this Thursday 12 April.

Could you please respond by Reply All email whether you support the following proposed resolution?

That the AFGD Board recommends to The Corporate Trustees that the Westpac Line of Credit of \$1.5 million be renewed and the agreement signed.

If you can provide a response by 9am Thursday 12 April it will help us make a timely response to Westpac.

--

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient or the person responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing or copying this e-mail or any file attachments is strictly prohibited. If you have received this e-mail in error, please immediately notify us by telephone at 02 6642 4122 or by reply e-mail to the sender.

4 attachments

 **Business Finance Corporate Trustees Guarantee Feb2018.pdf**
56K

 **Business Finance Agreement Feb2018.pdf**
1946K

 **RTR Ref# 102147201.pdf**
391K

 **BFA 20150116 ADOG Inv Fund.pdf**
1166K

**Flying Minute: Renewal of Westpac Line of Credit
Circulated 10 April 2018**

Member	Support	Reject	Abstain/No Response
Mr David Ford	Yes		
Mr Gary Boyd	Yes		
Mr Phillip Crandon	Yes		
Mr John Adlington	Yes		
Mr Terry Hunt	Yes		
Mr Ted Clarke	Yes		
Ms Lisa Mulvaney	Yes		
Mr James Flavin			No response

The motion has been carried.

Compiled by Chris Nelson 13 April 2018



BOARD MEETING DATE:

19/04/2018

No 6 Financial and performance reports

Item: a

Title: Finance reports

No of Pages. 12 incl Header

Anglican Funds Grafton Diocese
Level 1 - 50 Victoria Street
Grafton 2460
NSW

Profit & Loss Statement

January to December 2018

	Jan	Feb	YTD	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Forecast	Budget	Variance
4-0000																
Income																
Interest Recd - Investments	11,890	21,539	33,429	24,500	18,900	14,175	9,975	11,512	10,329	11,550	17,500	14,000	7,875	173,744	184,240	(10,496)
Interest Recd - Borrowers	85,818	59,795	145,613	109,349	105,822	109,349	105,822	109,349	109,349	105,822	109,349	105,822	109,349	1,033,446	1,000,771	(32,675)
Sundry Income - Other Asset Classes and Ser	35,913	44,837	81,750	84,282	39,417	43,000	87,875	43,000	38,787	87,875	43,000	59,304	59,304	638,730	634,022	4,708
Total Income	134,621	126,171	280,792	218,141	164,139	166,524	203,672	163,861	161,956	205,247	169,849	150,253	175,269	1,845,920	1,819,033	(26,887)
Cost Of Sales	77,895	70,828	148,712	82,654	76,891	75,154	74,752	75,696	76,409	75,738	75,632	76,018	76,250	915,908	923,412	7,504
Total Interest Paid to Investors	56,736	55,343	112,080	135,487	85,247	91,370	128,920	88,165	69,478	129,509	94,217	74,235	99,019	930,013	895,621	(34,392)
Gross Profit	7,726	55,343	168,712	135,487	85,247	91,370	128,920	88,165	69,478	129,509	94,217	74,235	99,019	930,013	895,621	(34,392)
Expenses																
Total Employee Benefits	7,586	9,073	16,659	22,531	22,531	22,531	22,531	22,531	22,531	22,531	22,531	22,531	22,331	243,570	271,973	28,403
Total Professional fees	1,942	1,742	3,684	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	34,184	40,600	6,416
Total Banking and Indue Costs	15,559	16,979	32,538	28,005	15,203	15,650	29,741	19,447	16,159	27,852	20,962	17,002	29,589	252,146	254,761	2,615
Total Insurance costs	1,096	780	1,876	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	340	340	12,636	13,280	644
Total General Operations costs	3,334	3,327	6,661	3,735	3,635	3,635	3,735	4,250	3,635	3,735	3,635	3,635	3,135	43,436	44,070	634
Total Expenses	29,517	31,901	61,418	59,981	45,679	46,126	60,717	50,548	45,200	58,928	51,439	46,558	59,045	595,972	624,584	28,612
Total Net Profit	27,220	23,442	50,662	76,506	39,568	45,244	68,203	37,617	24,278	70,881	42,779	27,677	39,375	344,041	270,337	73,704
Distribution to Diocese																
Total Other Expenses	14,600	14,600	29,200	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	
Net Profit(Loss) after distribution	12,620	8,842	21,462	61,906	24,968	30,644	53,603	23,017	9,678	56,081	28,179	13,077	25,575	169,041	95,337	73,704

Anglican Funds Gratton Diocese
Level 1 - 50 Flinders Street
Gratton 2460
NSW

Profit & Loss Statement

January to December 2018

	January Actual	February Actual	YTD Actual	March Budget	April Budget	May Budget	June Budget	July Budget	August Budget	September Budget	October Budget	November Budget	December Budget	Forecast	Budget	Variance
Income																
4-1010 4-1010	0	0	0	24,500	18,900	14,175	9,975	11,512	10,328	11,550	17,500	14,000	7,875	140,315	184,240	(43,925)
4-1011 4-1011	406	1,895	2,301	0	0	0	0	0	0	0	0	0	0	2,301	0	2,301
4-1012 4-1012	351	320	671	0	0	0	0	0	0	0	0	0	0	671	0	671
4-1013 4-1013	6,443	11,910	18,353	0	0	0	0	0	0	0	0	0	0	18,353	0	18,353
4-1014 4-1014	2,179	1,930	4,109	0	0	0	0	0	0	0	0	0	0	4,109	0	4,109
4-1015 4-1015	2,511	5,485	7,996	0	0	0	0	0	0	0	0	0	0	7,996	0	7,996
Interest Recd - Investments	11,890	21,539	33,429	24,500	18,900	14,175	9,975	11,512	10,329	11,550	17,500	14,000	7,875	173,744	184,240	(10,496)
4-1020 4-1020	24,827	5,422	30,249	70,054	73,054	80,429	91,054	86,554	95,971	93,263	86,971	98,971	107,513	918,082	1,000,771	(82,689)
4-1021 4-1021	20,939	19,118	40,057	0	0	0	0	0	0	0	0	0	0	40,057	0	40,057
4-1022 4-1022	40,052	35,255	75,307	0	0	0	0	0	0	0	0	0	0	75,307	0	75,307
Interest Recd - Borrowers	85,818	59,795	145,613	70,054	73,054	80,429	91,054	86,554	95,971	93,263	88,971	98,971	107,513	1,033,446	1,000,771	32,675
4-1055 4-1055	13,010	20,706	33,716	15,373	15,373	16,770	16,770	16,770	16,770	16,770	16,770	16,770	16,770	198,621	194,951	3,670
4-1056 4-1056	24,794	23,973	48,768	24,044	24,044	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	306,696	304,924	1,772
4-1057 4-1057	-907	0	-907	0	0	0	0	0	-4,213	0	0	-12,569	-28,571	-45,353	-45,353	(0)
4-1058 4-1058	0	150	150	0	0	0	0	0	0	0	0	0	0	-907	0	(907)
4-2000 4-2000	0	0	0	0	0	0	0	0	0	0	0	0	0	150	0	150
4-2100 4-2100	16	7	23	0	0	0	0	0	0	0	0	0	0	179,500	179,500	-
4-3000 4-3000	36,913	44,837	81,750	84,292	39,417	43,000	87,875	43,000	38,787	87,875	43,000	30,431	59,304	638,730	634,022	4,708
Sundry Income - Other Asset classes and Serv	134,621	126,171	260,792	178,846	131,371	137,604	188,904	143,066	145,086	192,888	149,471	143,401	174,692	1,846,920	1,819,033	37,883
Total Income	77,885	70,828	148,712	82,654	78,891	75,154	74,752	75,696	76,409	75,738	75,632	76,018	76,250	915,908	923,412	7,504
Interest Paid to Investors	77,885	70,828	148,712	82,654	78,891	75,154	74,752	75,696	76,409	75,738	75,632	76,018	76,250	915,908	923,412	7,504
Total Cost Of Sales	77,885	70,828	148,712	82,654	78,891	75,154	74,752	75,696	76,409	75,738	75,632	76,018	76,250	915,908	923,412	7,504
Gross Profit	56,736	55,343	112,080	96,191	52,479	62,450	114,152	67,370	68,677	116,949	73,839	67,384	98,442	930,013	895,621	44,888
Expenses																
6-1100 6-1100	-7,440	452	-6,988	0	0	0	0	0	0	0	0	0	0	-6,988	0	6,988
6-1200 6-1200	-11,595	0	-11,595	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	75	14,004	13,929
6-1300 6-1300	24,445	7,629	32,074	18,780	18,780	18,780	18,780	18,780	18,780	18,780	18,780	18,780	18,780	219,874	225,360	5,486
6-1500 6-1500	1,767	725	2,491	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	20,332	21,409	1,077
6-1600 6-1600	409	267	676	800	800	800	800	800	800	800	800	800	800	1,600	1,600	-
6-1700 6-1700	7,586	9,073	16,659	22,931	22,931	22,931	22,931	22,931	22,931	22,931	22,931	22,931	22,931	243,570	271,973	28,403
6-4200 6-4200	1,742	1,742	3,484	200	200	200	200	200	200	200	200	200	200	2,000	2,400	400
6-4300 6-4300	200	0	200	500	500	500	500	500	500	500	500	500	500	26,984	28,200	1,216
6-4360 6-4360	1,942	1,742	3,684	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	5,200	10,000	4,800
Total Professional fees	535	476	1,011	650	650	650	650	650	650	650	650	650	650	34,184	40,600	6,416
6-4400 6-4400	20	31	51	0	0	0	0	0	0	0	0	0	0	51	0	51
6-4410 6-4410	0	3,833	3,833	12,500	0	0	12,500	1,850	0	12,500	0	0	12,500	55,683	56,850	1,167
6-4412 6-4412	828	748	1,576	950	950	950	950	950	950	950	950	950	950	5,000	5,000	-
6-4440 6-4440	3,675	3,331	7,006	3,667	3,667	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	11,076	11,400	324
6-4442 6-4442	0	0	0	0	0	0	0	0	0	0	0	0	0	46,339	46,500	161

Anglican Funds Grafton Diocese
 Level 1 - 50 Victoria Street
 Grafton, 2460
 NSW

Month and YTD Budget Variance

October 2017

	Feb	Feb	Feb	YTD	YTD	YTD	YTD	YTD	Reason
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	%	
4-0000									
Income									
Interest Recd - Investments	21,539	24,500	(2,961)	33,429	43,825	(10,496)		-24%	
Interest Recd - Borrowers	59,795	55,813	3,983	145,613	112,938	32,675		29%	
Sundry Income - Other Asset classes and Ser	44,837	39,417	5,420	81,750	77,041	4,559		6%	
Total Income	126,171	119,729	6,442	260,792	233,904	26,738		11%	
Total Cost Of Sales	70,828	77,108	6,281	148,712	156,218	7,506		5%	
Gross Profit	55,343	42,621	12,722	112,080	77,686	34,394		44%	
5-0000									
Expenses									
Total Employee Benefits	9,073	22,531	13,458	16,659	45,063	28,404		63%	
Total Professional Fees	5,575	11,850	6,275	7,517	14,700	7,183		49%	
Total Banking Costs	13,146	15,107	1,962	28,704	30,151	1,447		5%	
Total Insurance Costs	780	1,260	480	1,876	2,520	644		26%	
Total General Operations Costs	3,327	3,835	508	6,661	7,695	1,034		13%	
Total Expenses	31,901	54,584	22,682	61,418	100,129	38,711		39%	
Total Net Profit	23,442	-11,963	35,405	50,662	-22,443	73,105		-326%	
Distribution to Diocese	14,600	14,600	-	29,200	29,200	-			
Net Profit(Loss) after distribution	8,842	-26,563	35,405	21,462	-51,643	73,105		-133%	

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street

Grafton 2460

NSW

Profit & Loss [Budget Analysis]

January 2018 To February 2018

Account No.		Selected Period	Budgeted	\$ Difference	% Difference
4-0000	Income				
4-1010	Interest Received - Investment	\$0.00	\$43,925.00	(\$43,925.00)	-100.00%
4-1011	Interest Recd - NAB	\$2,300.82	\$0.00	\$2,300.82	NA
4-1012	Interest Recd - AFSA	\$671.06	\$0.00	\$671.06	NA
4-1013	Interest Recd - Melb CF7963	\$18,352.74	\$0.00	\$18,352.74	NA
4-1014	Interest Recd - WBC	\$4,108.56	\$0.00	\$4,108.56	NA
4-1015	Interest Recd - AMP	\$7,995.89	\$0.00	\$7,995.89	NA
4-1020	Overdraft/LOC INT INC	\$30,248.64	\$112,938.00	(\$82,689.36)	-73.20%
4-1021	Interest Only Loans INT INC	\$40,057.00	\$0.00	\$40,057.00	NA
4-1022	Princ & Int Loans INT INC	\$75,307.34	\$0.00	\$75,307.34	NA
4-1055	Ord Min List Interest Income	\$33,716.04	\$30,045.00	\$3,671.04	12.20%
4-1056	Ord Min U/List Interest Income	\$48,767.73	\$46,996.00	\$1,771.73	3.80%
4-1058	Profit/Loss Sale Fixed Assets	(\$906.89)	\$0.00	(\$906.89)	NA
4-2000	Service Fees Received	\$150.00	\$0.00	\$150.00	NA
4-3000	Sundry Income	\$23.18	\$0.00	\$23.18	NA
	Total Income	\$260,792.11	\$233,904.00	\$26,888.11	11.50%
5-0000	Cost Of Sales				
5-2100	Interest Paid to Investors	\$148,712.40	\$156,218.00	(\$7,505.60)	-4.80%
	Total Cost Of Sales	\$148,712.40	\$156,218.00	(\$7,505.60)	-4.80%
	Gross Profit	\$112,079.71	\$77,686.00	\$34,393.71	44.30%
6-0000	Expenses				
6-1100	Provision for Annual Leave	(\$6,987.63)	\$0.00	(\$6,987.63)	NA
6-1200	Provision Long Service Leave	(\$11,595.32)	\$2,334.00	(\$13,929.32)	-596.80%
6-1300	Salaries and Wages	\$32,074.14	\$37,560.00	(\$5,485.86)	-14.60%
6-1500	Superannuation	\$2,491.34	\$3,569.00	(\$1,077.66)	-30.20%
6-1700	Fund Manager Vehicle	\$676.42	\$1,600.00	(\$923.58)	-57.70%
6-4200	Advertising	\$0.00	\$400.00	(\$400.00)	-100.00%
6-4300	Audit Fees	\$3,484.00	\$4,700.00	(\$1,216.00)	-25.90%
6-4360	Legal Fees	\$200.00	\$5,000.00	(\$4,800.00)	-96.00%
6-4400	WBC Bank Charges	\$1,010.74	\$1,300.00	(\$289.26)	-22.30%
6-4402	Indue Fees	\$51.00	\$0.00	\$51.00	NA
6-4410	Consultancy Fees	\$3,833.33	\$5,000.00	(\$1,166.67)	-23.30%
6-4425	Depreciation Expense	\$1,252.80	\$1,300.00	(\$47.20)	-3.60%
6-4440	WBC Line of Credit Charges	\$1,576.02	\$1,900.00	(\$323.98)	-17.10%
6-4442	Ord Minnett Brokerage/Advice	\$7,005.52	\$7,166.00	(\$160.48)	-2.20%
6-4450	AFSA Service Agreement Fees	\$19,061.10	\$19,785.00	(\$723.90)	-3.70%
6-4510	Insurance - Workers Comp	\$473.45	\$680.00	(\$206.55)	-30.40%
6-4530	Insurance - General	\$1,402.75	\$1,840.00	(\$437.25)	-23.80%
6-4600	Meeting Expenses	\$395.96	\$280.00	\$115.96	41.40%
6-4610	Marketing	\$0.00	\$800.00	(\$800.00)	-100.00%
6-4700	Postage	\$184.47	\$975.00	(\$790.53)	-81.10%
6-4800	Printing & Stationery	\$863.68	\$1,200.00	(\$336.32)	-28.00%
6-4900	Rent/Victoria Street	\$866.66	\$900.00	(\$33.34)	-3.70%
6-5100	Telephone	\$330.97	\$440.00	(\$109.03)	-24.80%
6-5200	Travel & Accommodation - Board	\$2,212.98	\$600.00	\$1,612.98	268.80%
6-5300	Travel & Accommodation - AFGD	\$309.31	\$800.00	(\$490.69)	-61.30%

6-5310	AFGD Staff Expenses Other	\$244.14	\$0.00	\$244.14	NA
	Total Expenses	\$61,417.83	\$100,129.00	(\$38,711.17)	-38.70%
	Operating Profit	\$50,661.88	(\$22,443.00)	\$73,104.88	325.70%
9-0000	Other Expenses				
9-2200	Contribution to Diocese	\$29,200.00	\$29,200.00	\$0.00	0.00%
	Total Other Expenses	\$29,200.00	\$29,200.00	\$0.00	0.00%
	Net Profit/(Loss)	\$21,461.88	(\$51,643.00)	\$73,104.88	141.60%

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet

As of February 2018

Assets			
Current Assets			
WBC 032537 247819 Operating Ac	\$19,157.40		
WBC 032537 120455 Client Chq	\$130,574.91		
AFSA Float SAV00000202	\$2,016,756.42		
Daily Txns Unproc'd in Phoenix	(\$539,948.69)		
WBC 032537 163017 Cash Managem	\$473,538.64		
Melb DIF 30 day term	\$6,750,000.00		
Accrued Int Receivable Investm	\$40,963.01		
Ord Min List Accrued Int Rec	\$186.91		
Ord Min U/List Accrued Int Rec	(\$153.77)		
Prepaid Insurance	\$5,824.99		
Trade Debtors		\$150.00	
Vehicles			
Vehicles - at Cost	\$30,536.49		
Vehicles - Accum dep	(\$4,950.10)		
Furniture & Fixtures			
Furniture & Fixtures Orig Cost	\$4,852.56		
Furniture & Fixtures Accum Dep	(\$1,056.70)		
Plant & Equipment			
Computer Hardware	\$26,730.39		
Acc Depn Computer Hardware	(\$24,496.25)		
Intangible Assets			
Computer Software	\$60,500.00		
Acc Depn - Compnr Software	(\$60,500.00)		
Financial Assets - Current			
NAB Term Investment	\$1,000,000.00		
AMP Term Investment	\$2,750,000.00		
AFSA Security Dep SAV00000203	\$243,933.16		
WBC Term Invested Funds	\$900,000.00		
Ord Minnett-Listed Investments	\$4,353,131.62		
Ord Minnett-List Cash Account	\$53,165.43		
Ord Minnett-Global Cash Trust	\$48,990.55		
Ord Minn-Global Investments	\$6,440,906.00		
Loan Assets			
Line of Credit - O/D	\$2,000,521.65		
Loan Advances	\$4,371,552.02		
Loan Advances - P & I	\$8,854,972.28		
Accrued Interest Loans			
Financial Assets Current - Adj	(\$15,104,496.17)		
Financial Assets - Non Current			
Financial Assets Non Current	\$15,104,496.17		
Total Assets			\$39,945,838.92
Liabilities			
Current Liabilities			
Audit Costs	\$24,384.00		
Accrued Interest payable			
2243130 Access Acc INT PAY	\$99.07		
2243131 Inst Acc INT PAY	\$136.70		

2243132 Student Acc INT PAY	\$0.63		
2243133 Parish Prov INT PAY	\$65.85		
Accounts payable		\$4,296.60	
2243310 Term 90 Days INT PAY		\$10,141.67	
2243320 Term 180 days INT PAY		\$92,242.43	
2243330 Term 365 days INT PAY		\$170,425.77	
235 Fixed Inv - 18 Month INT P		\$2,535.72	
Investor Funds Fin Liab Curren			
2103300 Access Accounts	\$310,914.34		
2103310 Institution Access	\$204,091.23		
2103320 Student Access	\$3,842.87		
2103330 Parish Provider Access	\$3,408.50		
2103350 Interest Free Deposits	\$7,139.46		
2103370 Chq Acc Parishes	\$805,746.28		
2103380 Chq Acc Ministry	\$2,313,672.06		
2103400 Anglican Affiliates	\$1,871,265.22		
139 Parishes CMA	\$778,669.58		
Next Gen Bonus Saver	\$49,067.24		
2183310 Term Inv 90 days	\$3,451,388.43		
2103420 Clergy Access Account	\$188,153.04		
2183320 Term Inv 180 days	\$12,979,535.83		
2183330 Term Inv 365 days	\$15,010,294.46		
Other Current Liabilities			
Accrued Annual Leave	\$2,323.31		
Accrued Long Service Leave	\$7,048.19		
Accrued Expenses	\$30,891.19		
Other Long Term Liabilities			
2183350 Fixed 18 Mths	\$218,049.64		
GST from purchases		(\$3,051.67)	
Westpac Unknown transactions		\$223.68	
Total Liabilities			\$38,537,001.32
Net Assets			\$1,408,837.60
Equity			
Revaluation Financial Assets		\$129,059.76	
Retained Earnings		\$1,258,315.96	
Current Earnings		\$21,461.88	
Total Equity			\$1,408,837.60

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street

Grafton 2460

NSW

Balance Sheet [Multi-Period]

January 2018 To February 2018

Account No.	Account Name	January	February
	Assets		
	Current Assets		
		989,695	1,021,313
		13,432,487	12,824,854
		10,794,038	10,794,038
		46,158	46,821
	Fixed Assets	32,243	31,616
	Loan Assets	15,885,109	15,227,046
		0	0
	Total Assets	41,179,729	39,945,839
	Liabilities		
	Current Liabilities	66,960	59,572
		153	302
		266,741	275,346
	Investor Funds Fin Liab Current	7,265,036	6,535,970
		30,442,346	31,441,219
	Sundry Liabilities		
	Sundry Liabilities	6,549	6,320
		1,731,948	218,273
	Total Liabilities	39,779,734	38,537,001
	Equity		
	Total Equity	1,399,995	1,408,838

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet [Multi-Period]

January 2018 To February 2018

Account No.	Account Name	January	February
Assets			
Current Assets			
1-1105	WBC 032537 247819 Operating Ac	27,875	19,157
1-3130	WBC Term Invested Funds	900,000	900,000
1-3146	Ord Minnett-List Cash Account	36,538	53,165
1-3147	Ord Minnett-Global Cash Trust	25,282	48,991
		989,695	1,021,313
1-1110	WBC 032537 120455 Client Chq	132,596	130,575
1-1130	AFSA Float SAV00000202	2,149,924	2,016,756
1-1137	Daily Txns Unproc'd in Phoenix	-86,997	-539,949
1-1160	WBC 032537 163017 Cash Managem	493,350	473,539
1-1165	Melb DIF 30 day term	6,750,000	6,750,000
1-3110	NAB Term Investment	1,000,000	1,000,000
1-3111	AMP Term Investment	2,750,000	2,750,000
1-3120	AFSA Security Dep SAV00000203	243,613	243,933
		13,432,487	12,824,854
1-3145	Ord Minnett-Listed Investments	4,353,132	4,353,132
1-3148	Ord Minn-Global Investments	6,440,906	6,440,906
		10,794,038	10,794,038
1-1170	Accrued Int Receivable Investm	39,936	40,963
1-1171	Ord Min List Accrued Int Rec	150	187
1-1172	Ord Min U/List Accrued Int Rec	-419	-154
1-1400	Prepaid Insurance	6,491	5,825
		46,158	46,821
1-2510	Vehicles - at Cost	30,536	30,536
1-2520	Vehicles - Accum dep	-4,441	-4,950
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,022	-1,057
1-2810	Computer Hardware	26,730	26,730
1-2820	Acc Depn Computer Hardware	-24,413	-24,496
1-2910	Computer Software	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500
	Fixed Assets	32,243	31,616
Loan Assets			
1-3155	Line of Credit - O/D	2,443,808	2,000,522
1-3160	Loan Advances	4,373,373	4,371,552
1-3170	Loan Advances - P & I	9,067,928	8,854,972
	Loan Assets	15,885,109	15,227,046
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496
		0	0
	Total Assets	41,179,729	39,945,839

Liabilities			
Current Liabilities			
2-1004	Audit Costs	22,642	24,384
2-1200	Accounts payable	11,143	4,297
2-1915	Accrued Expenses	33,175	30,891
	Current Liabilities	66,960	59,572
2-1101	2243130 Access Acc INT PAY	51	99
2-1102	2243131 Inst Acc INT PAY	70	137
2-1103	2243132 Student Acc INT PAY	0	1
2-1104	2243133 Parish Prov INT PAY	32	66
		153	302
2-1221	2243310 Term 90 Days INT PAY	17,361	10,142
2-1222	2243320 Term 180 days INT PAY	71,387	92,242
2-1223	2243330 Term 365 days INT PAY	157,176	170,426
2-1225	235 Fixed Inv - 18 Month INT P	20,817	2,536
		266,741	275,346
Investor Funds Fin Liab Current			
2-1710	2103300 Access Accounts	293,928	310,914
2-1715	2103310 Institution Access	187,618	204,091
2-1720	2103320 Student Access	4,009	3,843
2-1725	2103330 Parish Provider Access	4,777	3,409
2-1730	2103350 Interest Free Deposits	7,377	7,139
2-1735	2103370 Chq Acc Parishes	836,181	805,746
2-1740	2103380 Chq Acc Ministry	2,888,969	2,313,672
2-1745	2103400 Anglican Affiliates	1,933,893	1,871,265
2-1750	139 Parishes CMA	847,234	778,670
2-1751	Next Gen Bonus Saver	57,529	49,067
2-1756	2103420 Clergy Access Account	203,523	188,153
	Investor Funds Fin Liab Current	7,265,036	6,535,970
2-1755	2183310 Term Inv 90 days	5,148,920	3,451,388
2-1760	2183320 Term Inv 180 days	11,515,889	12,979,536
2-1765	2183330 Term Inv 365 days	13,777,538	15,010,294
		30,442,346	31,441,219
Sundry Liabilities			
2-1910	Accrued Annual Leave	1,871	2,323
2-1911	Accrued Long Service Leave	7,048	7,048
2-3030	GST from purchases	-2,371	-3,052
	Sundry Liabilities	6,549	6,320
2-2310	2183350 Fixed 18 Mths	1,731,725	218,050
2-9999	Westpac Unknown transactions	224	224
		1,731,948	218,273
	Total Liabilities	39,779,734	38,537,001
Equity			
3-7000	Revaluation Financial Assets	129,060	129,060
3-8000	Retained Earnings	1,258,316	1,258,316
3-9000	Current Earnings	12,620	21,462
	Total Equity	1,399,995	1,408,838



BOARD MEETING DATE:

19/04/2018

No 6 Financial and performance reports

Item: b

Title: Report from Blaine Fitzgerald

No of Pages. 8 incl Header

Anglican Funds Grafton Diocese Service Agreement Report

Report Date: 12/4/18 to the period ending 31/3/18.

Prepared by: Blaine Douglas Fitzgerald ABN 98 966 145 256
43 Perry Drive, Coffs Harbour, NSW, 2450

Service Agreement Clause 3. Services

a. In consideration for the Client paying the Fees, and subject to the provisions of this Agreement, the Service Provider hereby agrees to provide the Client with the following services:

i. *The provision of Portfolio Management Services for AFGD's loan portfolio for the following Anglican bodies corporate:*

School portfolio

St Columba Anglican School

Bishop Druitt College

Clarence Valley Anglican School

Emmanuel Anglican College

Lindisfarne Anglican Grammar School

Other Anglican bodies corporate

Anglicare North Coast Inc

St Cuthbert's Retirement Living Complexes Inc

St Columba Anglican School

- I have been involved in restructure follow up discussions with Westpac's Les Murray and with SCAS Business Manager Garry Clifton in relation to the existing portfolio.
- Numerous emails and phone calls have been made between SCAS and Westpac to bring the restructure to finalisation that AFGD agreed on in December 17.
- Westpac have dropped the ball and I have conveyed that too them.
- I would anticipate their sign off on the restructure by 20/4/18.

Bishop Druitt College

- I have been involved in restructure follow up discussions with Westpac's Troy Mountain and with BDC's Business Manager Shane Oxley in relation to the existing portfolio and the market share we are to acquire.
- Prior to my resignation significant work was put in to assist the college with its business modelling. AFGD assessed its position and supported a 50/50 split on existing facilities with Westpac with confidence BDC would comply with all underwriting standards and agreed to a

Anglican Funds Grafton Diocese Service Agreement Report

50/50 split under a Pari Passu agreement with Westpac up to \$12M in total with a AFGD capped at \$6M

- Numerous emails and phone calls have been made between Westpac's Troy Mountain and AFGD's legal representative Jay Clowes at Fishburn Watson O'Brien to finalise the documentation and settle the deal.
- All documents have been agreed between the respective solicitors and I would expect them to be distributed to BDC for execution by 13/4/18.
- I would anticipate the restructure to be finalized by 30/4/18.

Emmanuel Anglican College

- Refer email below all schools
- Kelly is seeking the formal Letter of Offer for their new funding that was approved by the AFGD Board in January 18.
- This should be available for distribution to EAC by say 16/4/18.

14/3/18 Kelley Malaba

Hi Blaine

That all sounds good. Let me know closer to the date and I can work in my travel arrangements so we can catch up in person.

We have just received formal notification from the AIS that our grant application for \$850,000 has been approved. I have today sent a letter to the Schools Commission asking for them to approve and forward to BiC as soon as possible. We are currently running the tender process and are working towards signing a contract in the coming weeks.

The College has started the year well and things are on track as planned.

Hope all is going well for you.

Regards
Kelley

Lindisfarne Anglican Grammar School

- Refer below to variable interest rate review email.

Dear Graham,

In line with the Pari Passu agreement and AFGD's interest rate setting policy I am writing to confirm the new variable interest rate applicable to your Line of Credit effective 2/4/18 until 30/6/18.

Existing rate:

3.24% per annum

1.10% Line fee

4.34%

Anglican Funds Grafton Diocese Service Agreement Report

New rate:
3.51% per annum
1.10% Line fee
4.61%

The 90 day BBSW - base rate has experienced some upward pressure since mid February 2018 and this has led to the resulting variable interest rate rise.

All schools

14/3/18 Blaine Fitzgerald

to Garry, soxley, Ian, Kelley, Graham, Chris, David, Annette

Dear Garry, Shane, Ian, Kelley and Graham,

Best of luck with the DSN meeting in Coffs Harbour starting tomorrow
I apologise for not being able to make it there to catch up with you all.

I will however be travelling through the region from the 3rd May 2018 to 13th May 2018, which will coincide with the next DSN meeting in Grafton commencing 10/5 & 11/5 which I am planning to attend.

As I will be travelling down from Newcastle I am tentatively proposing

4/5/18 Friday - Garry - SCAS from 10.30am onwards
7/5/18 Monday - Shane - BDC from 8.30am onwards

10/5 Thursday Grafton all day & 11/5 Friday Grafton all day to attend DSN and catch up with Ian Kelley and Graham on a one on one basis if that can be worked into the agenda. Or if its considered something that you would like to occur.

I'm happy to work in with whatever works for yourselves.

I look forward to catching up in person soon.

In the interim if there's any way I can be of assistance do not hesitate to give me a call or just send me an email and I will get back to you

II. The provision of reports and recommendations to the Client every two months on the interest rate position of AFGD relative to the market and with regard to sustainability of AFGD funds under management in accordance with AFGD's Interest Rate Risk Management Policy.

Lending Interest Rate Review as at 31/3/18

- No variable rate change recommended on existing benchmark base rates.
- Existing base rates are considered above current market rates and unless borrowing customers are seeking a reduction AFGD is under no pressure to reduce this rate.
- With significant movement in the variable mid range BBSY 90 day rate over the past 60 days a base rate change as at 30/6/18 may be appropriate.

Anglican Funds Grafton Diocese Service Agreement Report

- Under the Pari Passu agreement entered into with Lindisfarne Anglican Grammar School their rate was reviewed and a new rate applicable 2/4/18 was put in place.
- This will generate an increase in revenue from this entity as the facility is utilised throughout the remainder of the year.
- AFGD's current lending rate benchmarks are summarized in the table below.

AFGD Monthly Lending Rates	
Mar-18	
AFGD Business Reference Rate (ABVR)	6.05%
AFGD Fixed Business Reference Rate (ABFR)	6.32%
AFGD Parish Reference Rate (APRR)	5.05%
AFGD Fixed Parish Reference Rate (APFR)	5.32%
RBA Cash Rate	1.50%

Investor Interest Rate Review as at 31/3/18.

- Below is a table representing a spread of financial institutions who offer Term Investments in Australia. There is also a small table of the rates currently on offer at AFGD. Red cells are where AFGD is below market.
- The interest rates currently on offer at AFGD are favorable to rates on offer by the wider financial market in Australia.
- However, there has been an upward shift in these rates over the past 60 days after many months of stable fixed interest rates.
- Unless under pressure to retain investors funds the Board could hold for a further period on any rate increase or may consider it prudent to adjust them slightly.

AFGD Current Rates	2.50	2.60	2.65
---------------------------	-------------	-------------	-------------

Anglican Funds Grafton Diocese Service Agreement Report

Term (months)	3	6	12
WESTPAC	2.55	2.64	2.73
ST GEORGE	2.55	2.64	2.73
BANK OF MELBOURNE	2.55	2.64	2.73
BANK SA	2.55	2.64	2.73
NAB	2.60	2.60	2.60
SUNCORP BANK			
AMP BANK	2.30	2.60	2.45
MACQUARIE	2.40	2.40	2.45
ING Direct - Middle Market		2.39	2.51
ING Direct - Adviser		2.60	2.70
BENDIGO&ADELAIDE BANK	2.35	2.50	2.60
BANK OF QLD	2.55	2.70	2.70
ME BANK	2.55	2.73	2.73

III. Assistance as required with enquiries from parishes and external organisations seeking a loan facility from AFGD as requested by either the Chair of AFGD or the Registrar of the Anglican Diocese of Grafton.

Imagine Education/Bill Adler

21/2/18 Email Bill Adler to gauge AFGD's appetite to assess proposal for South Grafton circa \$1.2M.

21/2/18 Email BF to CN and DF to seek permission to discuss with Bill.

26/2/18 CN response to BF advising AFGD consent to discuss.

4/3/18 BF email to Bill Adler advising I will call to discuss proposal and requirements.

14/3/18 Phone discussion BF/Bill Adler regarding proposal

14/3/18 AFGD last update

Hi David & Chris,

Bill Adler & I have had a conversation and have agreed to keep discussing the proposal.

Standard greenfield site for a childcare centre is a 60% exposure.
Based on a rough cost of \$2M - contribution by Bill's entity \$800K. - which he has.
He's hoping DA comes out late April early May.

I am to send him my wish list for information and he'll put a pack together from there.

5% exposure on AFGD's total assets is around \$2M
This lend at \$1.2M if it comes together keeps you under the threshold from a capital adequacy risk weighting. (this is a good thing)

Anglican Funds Grafton Diocese Service Agreement Report

You will need to monitor your liquidity and too that end I have asked if Annette can do some work on the monthly redemption timelines to ensure the fund does not over commit. Chris/David you may want to check in with Annette just to see how she is going with this. Speaking with her last week and Monday she was keen to get her head around it before she goes on holidays. Ord Minnett are keen to understand the impact as well in case some securities need to be sold.

As information comes to light. I'll keep you in the loop.

b) The Services may include any other tasks which the Parties may agree on.

Assist Diocese Finance Manager Terry Luce, Senior CSO AFGD Anette Dent and the auditors TNR Kevin Franey with information in regard to loan portfolio analysis to finalise 31/12/17 audit.

Many emails have been exchanged during late February 18 and March 18 with various requests on assistance with the loan portfolio structuring, pricing and credit policy.

Email confirmation can be made available if required.

Assist Senior CSO Annette Dent with prudential benchmarking and associated reporting for the board finance papers.

Annette and I have had several conversations and emails regarding many of the day to day operations of the Fund.

Together we now have clarity on updating the financial tracking worksheet that assists in the culmination of the Finance Report.

All of our conversations have had learnings where knowledge and skill is being shared. I am confident that the work being produced by Annette is of high quality and accurate and ask that you continue to support her.

c) The Client reserves the right to review the Services at any time and reduce the scope of Services at any time. Fees will remain unchanged unless a change is agreed by both Parties.

No comments.

Anglican Funds Grafton Diocese Service Agreement Report

Yours faithfully

Blaine Fitzgerald
Mobile: 0450 924 448
Email: blaine.fitzgerald@afgd.com.au



BOARD MEETING DATE:

19/04/2018

No 7 Matters for discussion and/or decision

Item: a) Changes to retail banking

Title: i. Status

No of Pages. 3 incl Header



Chris Nelson <chris.nelson@graftondiocese.org.au>

Summary of responses to 'Retail Non-Associate' exit as at 11/04/2018

1 message

Annette Dent <office@afgd.com.au>

11 April 2018 at 16:32

To: David Ford <fordie@mac.com>, Chris Nelson <chris.nelson@graftondiocese.org.au>

Hi David & Chris,

Please see below a summary of the responses to the 'Retail Non-Associate' exit as at 11/04/2018.

In addition, I have also closed 27 'Student Accounts' to date totalling \$24,525.35.

thanks
Annette

Responses as at 11/04/2018

	Number of Clients	Total Funds	
Associates - Completed & Account(s) Retained	108	\$3,319,680.18	
Associates - Pending	4	\$73,041.10	\$3,392,721.28 Associates
Non-Associates - Completed & Account(s) Closed	66	\$1,099,578.37	
Non-Associates - Pending	91	\$3,984,930.21	\$5,084,508.58 Non-Associates
	269	\$8,477,229.86	\$8,477,229.86

Responses as at 21/03/2018

	Number of Clients	Total Funds	
Associates - Completed & Account(s) Retained	97	\$2,659,870.20	
Associates - Pending	7	\$238,784.39	\$2,898,654.59 Associates
Non-Associates - Completed & Account(s) Closed	50	\$667,183.77	
Non-Associates - Pending	89	\$3,501,214.33	\$4,168,398.10 Non-Associates
	243	\$7,067,052.69	\$7,067,052.69

Responses as at 14/03/2018

	Number of Clients	Total Funds	
Associates - Completed & Account(s) Retained	88	\$2,575,283.04	
Associates - Pending	9	\$306,625.02	\$2,881,908.06 Associates
Non-Associates - Completed & Account(s) Closed	40	\$522,606.56	
Non-Associates - Pending	92	\$3,259,828.67	\$3,782,435.23 Non-Associates
	229	\$6,664,343.29	\$6,664,343.29

Responses as at 07/03/2018

	Number of Clients	Total Funds	
Associates - Completed & Account(s) Retained	78	\$2,220,128.73	
Associates - Pending	12	\$377,831.49	\$2,597,960.22 Associates
Non-Associates - Completed & Account(s) Closed	26	\$274,752.98	
Non-Associates - Pending	89	\$3,130,971.46	\$3,405,724.44 Non-Associates
	205	\$6,003,684.66	\$6,003,684.66

Responses as at 28/02/2018

	Number of Clients	Total Funds	
Associates - Completed & Account(s) Retained	53	\$1,350,392.41	
Associates - Pending	25	\$749,690.95	\$2,100,083.36 Associates
Non-Associates - Completed & Account(s) Closed	20	\$222,398.12	
Non-Associates - Pending	73	\$2,661,153.71	\$2,883,551.83 Non-Associates
	171	\$4,983,635.19	\$4,983,635.19

Responses as at 21/02/2018

	Number of Clients	Total Funds	
Associates - Completed & Account(s) Retained	21	\$514,536.45	
Associates - Pending	18	\$777,629.53	\$1,292,165.98 Associates

Page 36 of 96

Non-Associates - Completed & Account(s) Closed	9	\$15,339.01	
Non-Associates - Pending	53	\$1,306,359.68	\$1,321,698.69 Non-Associates
	101	\$2,613,864.67	\$2,613,864.67

Annette Dent
Office Admin / Customer Service
Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460
PO Box 4 GRAFTON NSW 2460
FreeCall 1800 810 919 (NSW Only)
Ph: 02 6642 4480 Fax: 02 6643 2391



Visit www.anglicanfundsgraftondiocese.com.au for details on our Investment Products,
Saver and Term Investment Accounts - currently paying up to 2.65% pa

The contents of this email are confidential. Any unauthorised use of the contents is expressly prohibited. If you have received this email in error, please advise by telephone (reverse charges) immediately and then delete/destroy the email and any printed copies. Thank you.



BOARD MEETING DATE:

19/04/2018

No 7 Matters for discussion and/or decision

Item: a) Changes to retail banking

Title: ii. ASIC responses

No of Pages. 11 incl Header



Chris Nelson <chris.nelson@graftondiocese.org.au>

Updated Identification Statement

Chris Nelson <chris.nelson@graftondiocese.org.au>

27 February 2018 at 12:00

To: stephanie.rickard@asic.gov.au, sarah-jane.farlow@asic.gov.au

Cc: David Ford <fordie@mac.com>, Annette Dent <office@afgd.com.au>

Dear Stephanie,

On behalf of Anglican Funds Grafton Diocese, I am lodging an updated Identification Statement for acceptance by ASIC.

There are only two variations on the statement accepted on 11 May 2017.

The first is to update the final date for holding of investments of retail non-associated clients.

The second is to include the words in the description of associate investors with AFGD "In the case of joint investments, at least one investor is identified of this class." The Board of Anglican Funds Grafton Diocese considered that the Identification Statement needed this clarification.

There are no other changes to the substance of the document.

We look forward to your advice of receipt and acceptance of this Identification Statement.

If you wish to speak with me about this change, I can be contacted on 0407 217 630 or 02 6642 4122.

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient or the person responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing or copying this e-mail or any file attachments is strictly prohibited. If you have received this e-mail in error, please immediately notify us by telephone at 02 6642 4122 or by reply e-mail to the sender.

 **AFGD Identification Statement 27Feb2018.pdf**
297K

Identification Statement – Anglican Funds Grafton Diocese
ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813
complying with ASIC's Regulatory Guide 87 (issued September 2016)

IDENTIFICATION INFORMATION

Anglican Funds Grafton Diocese (**AFGD**) is the business name of The Corporate Trustees of the Diocese of Grafton Investment Fund (ABN 42 489 753 905), which is a trading entity of The Corporate Trustees of the Diocese of Grafton (ABN 88 144 942 068), a body corporate incorporated by section 5 of the *Anglican Church of Australia Trust Property Act 1917 (NSW)*. AFGD was created under the *Diocese of Grafton Investment Fund Ordinance 1981*, now continued under Chapter 18 of the *Diocese Governance Ordinance 2008*. AFGD is located at Level 1, 50 Victoria Street, Grafton NSW 2450.

COMPLIANCE

AFGD raises funds to support the charitable purposes of The Anglican Diocese of Grafton by issuing debentures. It relies on exemptions contained in paragraphs 5.(1)(b) and 5(2) of *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813*. It also relies on exemptions to Sections 7 and 8 of the *Banking Act 1959* provided by APRA – Banking Exemption No.1 of 2016.

AFGD ensures compliance with the conditions of the above exemptions in the following ways:

- AFGD has lodged this Identification Statement with ASIC and it is made available to the public via the AFGD website.
- AFGD regularly reviews its Identification Statement and all relevant offer documents to ensure that they are up to date, complete and not misleading.
- As of 31 December 2016, AFGD no longer offers short term investment products to clients who are retail, non-associated clients. AFGD is paying out all existing short term investments to retail non-associated clients as the relevant short term investments mature so that on and after 30 September 2018, no person is to hold a short-term investment product issued by AFGD.
- None of AFGD itself, its products, its promotional material or offer documents has been examined or approved by ASIC, nor does AFGD or any of the above documents state or imply that AFGD, its promotional material, or offer documents have been examined or approved by ASIC.
- AFGD ensures that all relevant offer documents detail that:
 - the investment funds will be used to support the charitable purposes of AFGD;
 - this Identification Statement may be viewed on AFGD's website;
 - AFGD is required by law to notify investors that its products are not subject to the normal *Corporations Act* protections for investors under the *Corporations Act* or regulation by ASIC;
 - AFGD does not hold an Australian Financial Services Licence;
 - the investment is only intended to attract investors whose primary purpose for making the investment is to support the charitable purposes of AFGD;
 - investors may be unable to get some or all of their money back when the investor expects or at all; and
 - the investment is not comparable to investments with banks, finance companies or fund managers.
- Any false or misleading material statements relating to this Identification Statement are rectified as soon as practicable via the issue of a supplementary or replacement Identification Statement.
- AFGD lodges with ASIC audited financial statements, which comply with relevant accounting standards, within 6 months after the end of each financial year. Such statements are made available to the public via AFGD's website for a minimum period of 3 years from the date of issue.

METHOD OF FUNDRAISING

AFGD issues debentures and lends the funds raised for profit to assist and grow the mission of the Anglican Church in the Diocese of Grafton. AFGD generates a margin between the rates paid to investors and those charged to borrowers. This surplus funds the operating costs of AFGD. AFGD retains minimum surpluses to strengthen its capital adequacy aspiring to reach a benchmark of 8-10% of Risk Weighted Assets.

FINANCIAL YEAR

AFGD has a financial year of 1 January to 31 December.

AFGD

AFGD is not required to hold an Australian Financial Services Licence and does not hold an Australian Financial Services Licence.

CHARITABLE PURPOSE

The charitable purpose of Anglican Funds Grafton Diocese (AFGD) as set out in paragraph 218.2 of *Diocese Governance Ordinance 2008* is to be a fiscally responsible entity which generates financial resources to support and serve the community of faith that is the Anglican Diocese of Grafton. The issue of debentures by AFGD promotes this charitable purpose by providing operating surpluses to the Anglican Diocese of Grafton for Mission, Ministry & Administration.

KEY TERMS

AFGD offers several classes of debentures on the terms set out below. As a general rule, no fees or costs are payable by the holder of a debenture. However, if the holder of a debenture causes AFGD to incur a third-party cost, such as a dishonour fee, then this cost will be charged back to the holder on a pass-through basis.

AFGD has a Hardship Policy, which allows for early release of funds on certain grounds.

The following classes of debentures are available to all but retail, non-associated clients:

<p>Fixed term Investments</p>	<ul style="list-style-type: none"> • Minimum investment \$500 • Interest is paid at maturity. • View only Online Access • The terms offered on investments are <ul style="list-style-type: none"> ➢ 31 Days ➢ 90 Days ➢ 180 Days ➢ 365 Days ➢ 18 Month • Except for 18 month investments, interest is calculated daily and paid at maturity to a nominated account or can be capitalised with the initial investment. • For the 18 month fixed investment, interest is either calculated daily and paid half yearly to a nominated account or capitalised with the initial investment. • Interest rates offered on fixed investments are reviewed monthly by the Board of AFGD. • The interest rate applied on the initial investment is advised at the time of application. • Interest rate changes are provided via correspondence to all existing investors at pre-maturity and via the AFGD website.
<p>Short Term Investments < 31 days</p>	<p>Savings Account</p> <ul style="list-style-type: none"> • Minimum investment amount Nil • Online Access • EFT & BPay facilities. • Interest is calculated daily and paid half yearly capitalised to the account. • The interest rate is linked to an AFGD benchmark, plus or minus an applicable margin. • The interest rate applied is tiered, based on the dollar amount of funds under management in the account. <ul style="list-style-type: none"> ➢ 0- \$4,999 ➢ \$5,000 - \$49,999 ➢ \$50,000 & over • The interest rate applicable to this product is reviewed monthly by the AFGD Board. 21 days' notice is given prior to any proposed change taking effect. • The interest rate applied on the initial investment is advised at the time of application. • Existing clients will be advised of any interest rate change via the AFGD website.

<p>Short Term Investments < 31 days</p>	<p>Cheque Account</p> <ul style="list-style-type: none"> • Minimum investment amount Nil • Online Access. • EFT & BPay facilities. • Cheque Books and customised A4 cheque stationery available. • Interest is calculated daily and paid monthly capitalised to the account. • The interest rate is linked to an AFGD benchmark, plus or minus an applicable margin. • The interest rate applicable to this product is reviewed monthly by the AFGD Board. 21 days' notice is given prior to any proposed change taking effect. • The interest rate applied on the initial investment is advised at the time of application. • Existing clients will be advised of any interest rate change via the AFGD website.
<p>Short Term Investments < 31 days</p>	<p>Cash Management Account</p> <ul style="list-style-type: none"> • Minimum investment amount Nil • Online Access • EFT & BPay facilities. • Interest is calculated daily and paid monthly capitalised to the account. • The Interest rate applicable to this product is reviewed monthly by the AFGD Board. • The Interest rates applicable to this product is linked to the current RBA cash rate, plus or minus an applicable margin. • The interest rate applied including the RBA benchmark and applicable margin is advised at the time of application. • Any change in the interest rate is effective the following day after any RBA rate change is released.

INVESTORS

AFGD offers debentures to the following classes of investors as defined by *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813*:

I. Associates

Products are promoted to this class of investor in the following ways:

- advertising in the AFGD internal publication, "the North Coast Anglican Newspaper";
- promotional material and brochures;
- direct written correspondence;
- advertising on the AFGD website; and
- word of mouth.

A product is offered to this class of investor after a formal signed application is received by AFGD. In the case of joint investments, at least one investor is identified of this class.

Associates are defined by *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813* as:

- a) A body constituted by or under the authority of a decision of the charity or is controlled by the charity.
- b) A person or body that constituted the charity or under whose authority the charity was constituted or controls the charity.
- c) A charity with a charitable purpose (*related charitable purpose*) which is the same or similar to the charity.
- d) A person acting as a trustee of a trust for the charity or a charity with a related charitable purpose.
- e) A member of clergy, employee or voluntary staff member who works for a person in paragraphs (a) to (d).
- f) A person undertaking training or education to enable them to be a person mentioned in paragraph (e) who receives money from a person mentioned in paragraph's (a) to (e).

AFGD considers the following individuals to be volunteer staff members:

- Any unpaid member of any Board or Council of the Anglican Diocese of Grafton or one of its committees or sub committees. This refers to, but is not limited to, any governance group described in the *Diocesan Governance Ordinance 2008* or described in any constitution established under the *Anglican Church of Australia (Bodies Corporate) Act 1938 (NSW)*.
- Any unpaid member of a Parish Council.
- Parish volunteers who undertake ongoing volunteering for their Parish of at least 8 hours per week.

- A person who works on a regular and ongoing basis for at least 8 hours per week for an organisation of the Anglican Community without being paid, or an honorary office bearer recognised by the Ordinances of the Synod, for example, members of Diocesan Council, and its associated Boards and Committee.

2. Non-associated, non-retail clients

Products for this class of investor are not actively promoted. However, AFGD can be approached by this class of investor as a consequence of its promotion to other classes of investors.

A product is offered to this class of investor after a formal signed application is received by AFGD. Products offered to this class of investor are customised to meet the requirements of each client.

AUDITED FINANCIAL STATEMENTS

AFGD is a basic religious charity and is currently not required to lodge audited financial statements with the Australian Charities and Not-for-profits Commission (ACNC).

AFGD is required to lodge audited financial statements with ASIC within 6 months of each financial year end.

GUARANTEES OR OBLIGATIONS

No guarantees or obligations of interests by any person apply.

ASSET TYPES

AFGD currently holds the following asset classes in Australia:

- **Cash deposits at ADIs.**
- **Interest bearing securities,** Australian Banks and large corporations, rated at investment grade or better. No hybrid securities, except for Australian bank securities containing an APRA mandated capital trigger.
- **Loans advanced to Anglican parishes and Anglican Entities** when they borrow from the Fund to undertake charitable activities within their communities

No assets are held outside of Australia.

SPONSOR


There is no sponsor involvement in regard to acceptance of this Identification Statement.

CONSENT

AFGD consents to any person, on request to ASIC, examining this Identification Statement and AFGD's application to ASIC to accept this Identification Statement for lodgement.

DATED: 27th February 2018

Signature



David Ford

Print Name

Chair of Board of Anglican Funds Grafton
Diocese

Capacity



Chris Nelson <chris.nelson@graftondiocese.org.au>

Revised IDS - Grafton Diocese (Treat as In Confidence) [DLM=Sensitive]

1 message

Remziye Hussein <Remziye.Hussein@asic.gov.au>
To: chris.nelson@graftondiocese.org.au

22 March 2018 at 16:32

Dear Chris

We refer to the draft updated identification statement submitted to us on 27 February 2018 (IDS) in relation to ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 (Instrument). I am the officer allocated to this matter and you may contact me directly.

Upon review of the IDS in light of our current requirements, we make the following comments. As this is a complex area of law, we suggest that you obtain legal advice.

1. Particulars of corporate status - s7(2)(a) of Instrument

Given our understanding that 'Anglican Funds Grafton Diocese' is the business name of The Corporate Trustees of the Diocese of Grafton Investment Fund, we consider that the charitable investment fundraiser has not been correctly identified. We consider that depending on which entity is offering and issuing the debentures and recording the debentures as a liability in its balance sheet, The Corporate Trustees of the Diocese of Grafton Investment Fund ABN 42 489 753 905 or The Corporate Trustees of Grafton ABN 88 144 942 068 is named as the charitable investment fundraiser throughout the document. You may note the business name in the 'identification information' section of the IDS, but should not define AFGD as the charitable investment fundraiser, particularly as the relief in s5 of the Instrument only applies to the charitable investment fundraiser. Please ensure that the address of the charitable investment fundraiser and its ABN is also included in the 'Identification Information' section of the IDS.

2. Investors - s7(2)(h) of the Instrument

We refer to the section titled 'Investors' of the IDS. The IDS needs to state:

- (1) Whether debentures or interests are held by and offered to:
 - (a) retail, non-associated clients (as defined in the Instrument);
 - (b) retail, associated clients (as defined in the Instrument).
 - (c) non-retail non-associated clients; and

- (2) what measures are in place to determine the category of investor once an application is received from an investor.

The current disclosure is deficient in this respect and requires amendment. **This requirement is of particular importance, as it also determines the applicability of a number of other conditions in the Instrument (and whether we require additional statements addressing these other conditions in the IDS).**

Further, we note that in order to rely on the licensing exemptions in subsection 5(2) of the Instrument, the charitable investment fundraiser must be a 'wholesale charitable investment fundraiser' (as that term is defined in the Instrument). The updated statements in relation to joint investments and investments held by retail, non-associated clients suggests that the charitable investment fundraiser is actually a retail investment fundraiser. If the charitable investment fundraiser has issued any debenture to a retail, non-associated client (even as a joint investment with a retail, associated client or wholesale client) after 31 December 2016 and these debenture have not been redeemed to date, the charitable investment fundraiser is not a wholesale charitable investment fundraiser and cannot rely on the licensing exemptions in subsection 5(2) of the Instrument and may need an Australian Financial Services License (AFSL). Further, statements pursuant to the Instrument will need to be inserted into the IDS (and complied with), including statements addressing the conditions in subsections s7(6), s7(7), s7(9), s7(13) and s7(14) of the Instrument which apply to retail charitable investment fundraisers. Other sections of the IDS will also require amendment if the charitable investment fundraiser obtains an AFSL.

Even if the charitable investment fundraiser does obtain an AFSL, we note the condition set out in paragraph 7(5)(b) of the Instrument which sets out that on and after 1 January 2018, no person may hold a short-term investment product as a retail, non-associated client.

3. Financial products offered

We note that the 'Key Terms' of the product are outlined on page 2 of the IDS. We note that there are three 'Short

Term Investments < 31 Days' products - i.e. Savings Account, Cheque Account and Cash Management Account. Instead of stating that the following classes of debentures are available to all but 'retail, non-associated clients', please amend the sentence to explain which category of investor these products are offered and issued to.

We also note that the reference to 'EFT and BPAY facilities' under the Savings Account, Cheque Account and Cash Management Account products. We note that page 1 of the IDS states that The Corporate Trustees of the Diocese of Grafton 'relies on exemptions to Sections 7 and 8 of the Banking Act 1959 provided by APRA - Banking Exemption No. 1 of 2016'. However, Banking Exemption No 1, 2016 has been replaced and is no longer in operation. If a different banking exemption applies, please update the reference to this in this section.

4. Key Terms - s7(2)(g) of the Instrument

Although some information required under paragraph 7(2)(g) of the Instrument is provided in the section titled 'Key Terms', we note that it is not clear how or who determines the rate of return or distribution in respect of each product. It is also not clear in what circumstances a dishonour fee would be applicable to a debenture holder.

5. Breach reporting requirements - s7(3)(b) of the Instrument

We request that you insert a statement in the section titled 'Compliance' which addresses the requirement that the charitable investment fundraiser notifies ASIC in writing within 15 business days of becoming aware of a matter that gives it reason to believe that it has failed or is likely to fail to comply with a condition in section 7 of the Instrument. Apart from including a statement in the IDS, the charitable investment fundraiser must of course comply with this provision.

6. Website - s7(3) of the Instrument

The charitable investment fundraiser must maintain or arrange for an associate to maintain, a website on which it makes readily publicly accessible the identification statement, as accepted for the purposes of this instrument by ASIC or a sponsor, for 5 years after the last time when the charitable investment fundraiser relied or purported to rely on the acceptance for the purposes of the Instrument. Please include a specific statement addressing this condition in the IDS.

As indicated above, we may request further amendments depending on the response we receive from you or your legal advisors. We request that any updates to the IDS last submitted are made in mark-up for ease of review.

We look forward to hearing from you as soon as possible.

Regards
Remziye

Remziye Hussein | Lawyer | ASIC | Corporations | Melbourne | +61 3 9280 3221 | remziye.hussein@asic.gov.au Please consider the environment before printing this document Information collected by ASIC may contain personal information. Please refer to our Privacy policy <http://www.asic.gov.au/privacy> for information about how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy by ASIC. NOTICE This e-mail and any attachments are intended for the addressee(s) only and may be confidential. They may contain legally privileged or copyright material. You should not read, copy, use or disclose them without authorisation. If you are not the intended recipient please contact the sender as soon as possible by return e-mail and then please delete both messages. This notice should not be removed.



Chris Nelson <chris.nelson@graftondiocese.org.au>

**Re: Anglican Funds Grafton Diocese and Retail Clients (Treat as In Confidence)
[DLM=Sensitive]**

7 messages

Remziye Hussein <Remziye.Hussein@asic.gov.au>
To: Chris Nelson <chris.nelson@graftondiocese.org.au>
Cc: Stephanie Rickard <Stephanie.Rickard@asic.gov.au>

6 April 2018 at 10:22

Dear Chris

Could you please clarify whether the Corporate Trustees of the Diocese of Grafton or any other related or associated entity intends to issue new (or roll-over) debentures or interests in a managed investment scheme going forward?

The letter from Mr Ford of 31 January 2018 mentions an intention to 'wind up' the Anglican Investment Trust. It is not clear how the managed investment scheme Anglican Investment Trust ARSN 623 225 089 relates to the identification statements previously submitted with ASIC and the latest identification statement. Our records suggest that no managed investment scheme relating to the Anglican Investment Trust has the benefit of any ASIC relief at the moment.

We look forward to your clarification.

Regards
Remziye

Remziye Hussein | Lawyer | ASIC | Corporations | Melbourne | +61 3 9280 3221 | remziye.hussein@asic.gov.au

From: Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Remziye Hussein <remziye.hussein@asic.gov.au>,
Date: 05/04/2018 02:42 PM
Subject: Anglican Funds Grafton Diocese and Retail Clients

Dear Remziye,

As promised in our conversation this afternoon, please find attached a copy of correspondence from AFGD to ASIC dated 31 January 2018 and the subsequent email response from Stephanie Rickard of ASIC.

By the way, you will note that the letter is signed by David Ford, Chair of AFGD and that I mentioned that our legal representation will be through David Ford of Emil Ford. I will clarify in advance that the two David Fords are different people and not one person wearing 'two hats'.

I trust that this matter can be satisfactorily resolved.

--

Regards,

Chris Nelson**General Manager/Registrar****Anglican Diocese of Grafton**

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient or the person responsible for delivering the e-mail

to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing or copying this e-mail or any file attachments is strictly prohibited. If you have received this e-mail in error, please immediately notify us by telephone at 02 6642 4122 or by reply e-mail to the sender.[attachment "AFGD ASIC correspondence 31 January 2018.pdf" deleted by Remziye Hussein/Melbourne/VIC/ASIC]

Please consider the environment before printing this document Information collected by ASIC may contain personal information. Please refer to our Privacy policy <http://www.asic.gov.au/privacy> for information about how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy by ASIC. NOTICE This e-mail and any attachments are intended for the addressee(s) only and may be confidential. They may contain legally privileged or copyright material. You should not read, copy, use or disclose them without authorisation. If you are not the intended recipient please contact the sender as soon as possible by return e-mail and then please delete both messages. This notice should not be removed.

Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Remziye Hussein <Remziye.Hussein@asic.gov.au>
Cc: Stephanie Rickard <Stephanie.Rickard@asic.gov.au>

9 April 2018 at 16:14

Dear Remziye,

I wish to clarify that the managed investment scheme Anglican Investment Trust ARSN 623 225 089 was set up in conjunction with Melbourne Securities Corporation as part of the arrangements that were envisaged to operate between AFGD and MSC. When AFGD withdrew from those arrangements there was no need for the Anglican Investment Trust so the trust was closed. It never operated.

The Anglican Investment Trust has no relationship to the AFGD Identification Statement.

[Quoted text hidden]

Chris Nelson <chris.nelson@graftondiocese.org.au>
To: David Ford <fordie@mac.com>

9 April 2018 at 16:15

FYI

[Quoted text hidden]

David Ford <fordie@mac.com>
To: Chris Nelson <chris.nelson@graftondiocese.org.au>

9 April 2018 at 16:21

Acknowledged

As always, if you have any questions please ask

Regards

David Ford
0418 654 909
fordie@mac.com
[Quoted text hidden]

Remziye Hussein <Remziye.Hussein@asic.gov.au>
To: Chris Nelson <chris.nelson@graftondiocese.org.au>
Cc: Stephanie Rickard <Stephanie.Rickard@asic.gov.au>

9 April 2018 at 16:26

Thank you for the clarification on that point Chris.

It would be helpful if you could also clarify whether the Corporate Trustees of the Diocese of Grafton or any other related or associated entity:

- intends to issue new (or roll-over) debentures going forward?
- currently has on issue debentures held by retail, associated clients or wholesale clients (as well as the debentures held by retail, non-associated clients that are intended to be redeemed at maturity).

Many thanks.

Regards
Remziye

Remziye Hussein | Lawyer | ASIC | Corporations | Melbourne | +61 3 9280 3221 | remziye.hussein@asic.gov.au

From: Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Remziye Hussein <Remziye.Hussein@asic.gov.au>,
Cc: Stephanie Rickard <Stephanie.Rickard@asic.gov.au>
Date: 09/04/2018 04:15 PM
Subject: Re: Anglican Funds Grafton Diocese and Retail Clients (Treat as In Confidence) [DLM=Sensitive]

[Quoted text hidden]

Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Remziye Hussein <Remziye.Hussein@asic.gov.au>
Cc: Stephanie Rickard <Stephanie.Rickard@asic.gov.au>
Bcc: David Ford <fordie@mac.com>, Annette Dent <office@afgd.com.au>

10 April 2018 at 15:43

Dear Remziye,

I can advise that AFGD (The Corporate Trustees of the Diocese of Grafton Investment Fund ABN 42 489 753 905) will issue new and roll-over debentures for retail associated and wholesale clients going forward.

I can confirm that AFGD currently has on issue debentures held by retail associated clients, wholesale clients and retail non-associated clients. All issues of debentures to individual retail non-associated clients will be concluded no later than 30 September 2018.

In the case of joint investments, clarification is required. At this stage, AFGD is applying the principle that where at least one investor is a retail associated client, debentures may be issued. I refer to the application for an amendment to the AFGD Identification Statement. The requested amendment was confined to clarifying that matter.

Sorry for not being complete in my previous answer.

[Quoted text hidden]

Remziye Hussein <Remziye.Hussein@asic.gov.au>
To: Chris Nelson <chris.nelson@graftondiocese.org.au>

11 April 2018 at 15:37

Thank you for your further clarification Chris.

It is clear that the charitable investment fundraiser is factually not 'a wholesale charitable investment fundraiser' and cannot rely on the licensing exemption in s5(2) of the Instrument. On this basis, we look forward to your lawyer's response to my email of 22 March 2018 as soon as possible.

We do not agree with the principle applied by AFGD in the case of joint investments. Given the definition of 'wholesale charitable investment fundraiser', we think that it is clear that the charitable investment fundraiser would not be considered a 'wholesale charitable investment fundraiser' if there are **any** retail non-associated clients holding a debenture (jointly or otherwise) and these debentures have been issued after 31 December 2018.

Regards
Remziye

Remziye Hussein | Lawyer | ASIC | Corporations | Melbourne | +61 3 9280 3221 | ✉ remziye.hussein@asic.gov.au

From: Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Remziye Hussein <Remziye.Hussein@asic.gov.au>,
Cc: Stephanie Rickard <Stephanie.Rickard@asic.gov.au>
Date: 10/04/2018 03:43 PM
[Quoted text hidden]



BOARD MEETING DATE:

19/04/2018

No 7 Matters for discussion and/or decision

Item: c)

Title: Ord Minnett Advice and Portfolio Management

No of Pages. 25 incl Header

16 January 2018

Mr B Fitzgerald
Fund Manager
The Corporate Trustees of the Diocese of Grafton – Anglican Funds Grafton Diocese
50 Victoria Street
GRAFTON NSW 2450

Dear Blaine,

Investment Policy Advice & Portfolio Management going forward

Further to the 14 December 2017 board meeting discussions around updating the investment policy and portfolio management into the future, I have set out below my thoughts and recommendations for the Anglican Funds Grafton Diocese (AFGD) for consideration and review.

Background Understanding

The AFGD is currently a Religious charitable development fund (RCDF) which receives a banking exemption through Banking Exemption No.1 of 2017 issued by the Australian Prudential Regulation Authority (APRA) and must comply with ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813. These regulatory instruments provide considerable flexibility for the AFGD in comparison to a regulated Authorised Deposit Taking Institution (ADI), however the expectation is that the AFGD will continue to conduct its business in a prudent manner. In particular, the AFGD must be continually mindful of its capital adequacy and liquidity levels, credit and interest rate risk, as well as the maturity profile of its asset and liabilities. As we understand it, you as Fund Manager have expanded the prudential framework and governance over time with regard to AFGD policies and procedures addressing these issues.

We appreciate the AFGD is a “margin” business and has a number of stakeholders from Diocesan Council and clients such as depositors including Schools, Parishes, Parishioners and Associated Entities and borrowers from within the Diocese. The strategic challenges faced by the AFGD are not uncommon in the RCDF space, and very encouraging that via a Managed Investment Scheme (MIS) arrangement, AFGD has taken steps to grow into the future having recently received authority for an Australian Financial Services License (AFSL) via Melbourne Securities Limited for the retail non-associated deposits.

A review of the investment policy and practicalities around funds management is therefore timely given the regulatory changes and current strategic challenges and opportunities surrounding the MIS. The AFGD is at maximum Diocesan Institution investment capacity and so further growth is in the retail non-associated space from the congregation or the public in general.

Ord Minnett Limited

AFS Licence 237121 ABN 86 002 733 048

Level 5, 100 Pirie Street, GPO Box 2452, Adelaide SA 5000
Telephone 61 8 8203 2500 Facsimile 61 8 8203 2525 www.ords.com.au

A Market Participant of Australian Stock Exchange Limited – Licensed Securities Dealer

This document was prepared for the private use of the addressee and may not be passed to any third party without the prior written consent of Ord Minnett. We believe the advice and information herein to be accurate and reliable, but no warranty of accuracy or reliability is given.

Investment Policy Update

The securities (non-loans) AFGD has predominantly been invested in over the last few years are:

- Notes and bonds listed on the Australian Stock Exchange (ASX). Note, all hybrids were sold due to capital adequacy requirements a number of years ago;
- Unlisted Notes and Bonds via the Over-The-Counter market (OTC); and
- Privately placed term deposits with ADI's such as Banks, Building Societies and Credit Unions.

ASX listed notes and bonds have been a source of longer term investment as a consequence of the availability of smaller marketable parcel size (listed securities trade down to \$1,000), the necessity for providing the AFGD with diversity of issuer, yield (a 2% margin) and all important liquidity. Just over 50% of the issued Tier 2 (subordinated notes) securities on the market will be due for redemption this year. These securities include (AMPHA, AQHHA, CWNHA, SUNPD and WBCHB). Given the trend has been to let these securities mature without replacement, we expect this will extend into 2018, providing very little in the sector to purchase on the ASX.

The broader fixed income market (bonds and notes) is classified as "unlisted" and minimum investment amounts are \$500,000 to \$1 million. Based on the mix required in the AFGD portfolio of cash/term deposits and longer term securities, and assuming AFGD retains the majority of invested funds, the unlisted market will be available for greater use going forward. The only drawback or practical issue with the OTC market is that many security issues are not formally rated. The issuing bank or building society generally has an official credit rating but not the "issue". There are a number of factors for this, the main two are cost and necessity. It is expensive to have an issue rated (approximately \$150,000 on average) and in the OTC market which is designed for sophisticated and professional investors the need is not high, thus not all issues (particularly those less than \$1 billion on issue) will have a formal rating, even those issued by the "big 4" banks. A lack of formal rating does not make the security any "less safe", it just means one less public input factor to assist an investor make an investment decision. As was found during the Global Financial Crisis (GFC) a formal rating does not guarantee capital security as "AAA" rated paper failed to repay in a number of instances. In fact, based on that very experience, the ASIC no longer allow issuers of interest rate securities on the ASX (and for retail investors) to advertise or place a formal rating on an issue prospectus (PDS) in case it "misleads" an investor regarding its capital security. Ord Minnett apply a rigorous process to it's security selection and formal rating of the issuing entity is just one factor we consider, we are less concerned with the rating of an issue as we apply our own credit and liquidity analysis thus forming our own view on a securities relative risk/reward.

AFGD receives advice regarding security selection from its Investment Manager (currently Ord Minnett) and as such should look to simplify the formal credit rating requirements in the investment policy ensuring opportunities to purchase all available appropriate securities is possible. Our recommended changes are as follows:

- A. Remove 10. Approved Securities section b) Solicited Ratings will be the only means by which to determine the credit quality of a security
- B. Change 10. Approved Securities section c) from:
The credit quality of all securities must be investment grade or better to:
The credit quality of all issuers of securities must be investment grade or better

Appendix 1 provides greater detail on our risk management and security selection process and basis for advice for your reference. We continue to maintain that an issuer must be rated investment grade however.

ORD MINNETT

Other changes we would recommend to AFGD to allow some workaround solutions regarding the new MIS for retail funds is to remove the requirement “across” the total portfolio or fund size of issuer weightings and asset classes. As such we recommend:

C. Change 12. Asset Allocation section b) The maximum weighting to any issuer shall be the lower of:

- i) 5% of the assets of the Fund, or
- ii) 25% of the portfolio by market value issuer.

To

The maximum weighting of long term securities (> 12 months) to any issuer should be no more than approximately 25% of the portfolio:

- i) at the time each investment is made
- ii) if over time limits are breached from Fund asset reduction, appropriate steps to reduce holdings should be made using orderly conduct.

The holding percentage is the same as 25% but removes the impracticality around total fund size (which the investment manager will not be privy to on a day to day basis) and quick changes beyond the control of the Fund Manager and the difficulty of not being able to break term deposits. An example of the difficulty the “lower” of requirement creates is as follows:

When investing at any time the Fund is say \$50 million in total. A term deposit for \$500,000 for 6 months is placed with AMP which takes the overall holding to 23% in AMP. A few days after this placement a large withdrawal from the fund of \$5 million occurs, meaning that the holding in this issuer is now 25.56%. Instead of then having to be required to sell other AMP holdings immediately, it would be a far simpler process to reduce the overall exposure to AMP when the next term deposit matures, in an “orderly conduct”. Of course if the reduced Fund size is to remain lower for a prolonged period (say > 180 days) then we would recommend lightening other positions accordingly in the “orderly conduct”. We would recommend excluding cash and term deposits from this requirement given the government guarantee to 250,000 and requirement to be overall diversified.

Investment Strategy

As an addition to the Investment Policy which “sets the rules” governing the fund, we would recommend the AFGD adopt as an addendum to the policy an Investment Strategy which is updated each year in line with economic views, interest rate levels and overall credit levels to assist the AFGD maintain it’s margin and achieve it’s financial goals. This Investment Strategy can then be supplied to Investment Managers to ensure all parties are clear on the goals and approved allocations to each product type and simplify reporting. We have provided a sample strategy in Appendix 2 and would be pleased to provide a specific strategy for AFGD if approved.

Capital Adequacy, Liquidity & Addition of Hybrid Securities

Further recommendations were also made at the last board meeting to include “Hybrid” securities as part of the investable universe for AFGD as a “lending substitution”. In our view Hybrids are an appropriate substitution or alternative to lending based on the risk/return tradeoff (the returns currently average 5%pa), and with the added benefit of providing 2 day liquidity when required. The main reasons for this are:

1. All time record low interest rate levels;
2. Maximum lending/borrowing levels of Institutions;
3. Liquidity requirements for remainder of fund;

4. Lack of alternative investments which provide an appropriate risk/return tradeoff;
5. Confirmation that AFGD are not required by APRA to maintain capital adequacy or liquidity ratios other than what is necessary to operate the fund as stated in the banking exemption; and
6. Creation of MIS for retail funds.

It is important to note that in simple terms the liquidity of the AFGD is the oil that keeps it moving smoothly (the ability to meet its obligations as and when they fall due). Adequate liquidity is required to:

1. Cover withdrawal of depositors funds;
2. Meet unforeseen borrowing requests; and
3. Cope with interruptions to normal cash flow.

So to have all investments in loans is not practicable for the AFGD.

Capital adequacy is the shock absorber that keeps the AFGD steady on the road when it goes over a pot hole, the adequacy of the capital base depends not only upon the absolute volume of liabilities to be covered but the quality of the AFGD assets. Clearly the more risky the assets the greater must be the cushion of capital funds. The AFGD sources its funds in the main from wholesale funding and this means risk to individual depositors and liquidity can evaporate quickly if a large deposit is withdrawn. An appropriate mix of loans and investments (including Hybrids) will need to be considered for both capital adequacy and liquidity reasons.

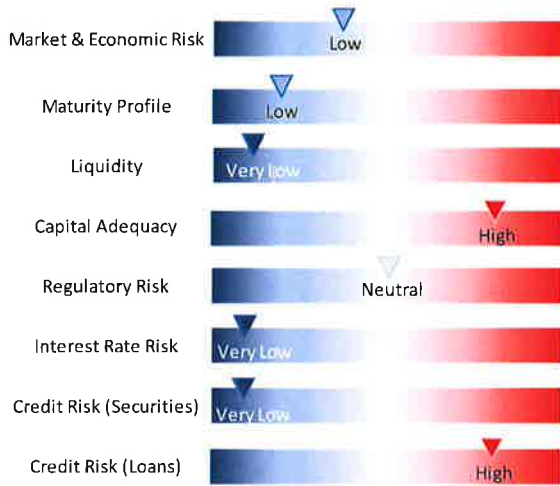
Whilst we appreciate the Diocesan Finance Advisory Group has provided guidelines regarding capital adequacy we simply point out that the AFGD is not a bank, it does not buy "off balance sheet" derivatives and other types of derivatives ADI's do creating further credit risk, it does not lend to the general public or on an unsecured basis.

The purpose for investing in securities or "lending substitution" is to employ the funds productively, achieve income returns in excess of the cost of funds (deposit rates) and thus create an interest margin, diversify the portfolio, manage capital and liquidity. The AFGD very carefully monitors the risks associated with non-lending investment via its investment policy and as recommended in this letter – investment strategy and takes particular care in regard to the following:

- Market & Economic Risk;
- Liquidity & Maturity Profile of the deposit book and investment portfolio;
- Capital Adequacy;
- Regulatory Risk;
- Interest Rate Risk; and
- Credit Risk (for all investments via credit ratings & analysis as well as scrutiny of potential loans).

As a current visual indicator these risks can be classified within the AFGD portfolio in a risk profile diagram which meters the risk from very low to very high as follows in Figure 1.

Figure 1: Current Risk Profile: AFGD



The risk levels of Very Low (blue) to Very High (red) reflect the current AFGD portfolio in comparison to other RCDF's as the benchmark and APRA regulation of banks and private health insurers as the regulatory "yard stick". It should be noted that Credit Risk for loans (not advised by Ord Minnett) is very high across most RCDF's as the pool is limited with low diversity and systemic risk as well as the inherent credit quality assessment levels.

The current portfolio of investments is weighted significantly to the lower risk end leading to a current combined very low risk investment portfolio. The addition of Hybrids will bring the combined loans and investments to below neutral.

We have outlined in Appendix 3 a discussion paper on IRS and Hybrids. We would note that there are many types of Hybrids on issue and Ord Minnett only look to recommend the income style of the asset class.

Essentially the AFGD currently has a very low risk appetite for investments based on the current investment policy. Things to think about and appreciate when considering the risk appetite and lending substitution are:

1. AFGD is not APRA regulated and is exempt from holding a banking licence under Religious Charitable Development Funds Banking Exemption No.1 of 2017;
2. AFGD does not comply with the same commercial loan credit rating rigour required by APRA and so cannot directly compare loans within the Diocese with other market investments;
3. AFGD deposit book liquidity requirements are currently unknown/untested in the new MIS environment (no lengthy track record) so managing a large loan book with retail MIS funds is uncharted territory and should maintain higher liquidity in the first few years as a buffer; and
4. AFGD does not have the same depositor profile as a bank.

The AFGD can overlay its investment in Hybrid securities and other marketable IRS and bonds in a number of strategies to minimise investment risk in a similar fashion to how ADI's and RCDF's manage their books as follows:

- Credit ratings bands (less held in lower rated issuers);
- Product type;
- Product diversification;
- Issuer diversification;
- Maturity diversification, and preferably deposit matching where possible; and
- No interest rate (fixed) risk over 12 months

The Investment Strategy should cover these areas clearly and concisely.

Portfolio stress testing (eg; Black Swan scenarios) should also be applied to ensure the portfolio can withstand risk events (Ord Minnett is happy to assist here).

Lending substitution by way of investing in hybrid securities cannot be directly compared to lending as most commercial loans are internally rated and assessed, whereas whilst there is market price risk, there is little risk of ultimate capital loss in a well known bank hybrid (based partially by way of APRA regulations).

The objectives ultimately of the lending substitution/hybrid investments are to:

- (i) Provide liquidity for the deposit book;
- (ii) Enhance the return of the portfolio whilst not invested in loans;
- (iii) Enhance the diversity of the investment portfolio;
- (iv) Continue to provide for capital stability and risk adjusted income returns; and
- (v) Be invested within the current prudent guidelines for interest rate securities.

Portfolio Management

Our understanding is that you as the Fund Manager will be leaving AFGD on a permanent basis this quarter. As such we recommend and propose that in the absence of an experienced Fund Manager AFGD should retain Ord Minnett's ongoing investment advice and administration through a managed portfolio service. This encompasses developing the final appropriate Investment Policy, and maintain that policy as appropriate, develop an Investment Strategy in consultation with the Board and stress testing each year, ongoing investment advice, discretionary portfolio management, safe custody, regular review and reporting as needed. Ord Minnett would leave the fee at its current level given our understanding of the fees currently experienced to set up the MIS. The only noticeable change to AFGD will be that Ord Minnett will make the investment decisions directly and at its discretion (based on clear rules and mandate documentation).

For the AFGD, prudent management of the balance sheet, deposit book and investment portfolio requires full awareness and management of the above risks, which has been successfully done to date. The changes going forward will however reduce the level of market knowledge directly within the Fund on a day to day basis and so our proposal seeks to minimise the risk to the portfolio. Ord Minnett successfully manage a number of other RCDF's in this manner.

In practice what this all means going forward is the current placements into term deposits will be done in consultation with current Fund staff and all longer term decisions around investment securities will be made by Ord Minnett (taking into account any known liquidity requirements).

We would be pleased to provide portfolio recommendations to include Hybrids taking into account the above discussion and recommendation as term deposits and notes mature. Blaine, as always, we have the highest regard for the AFGD's needs as an investor and are ever mindful to ensure the AFGD portfolio is invested appropriately.

If you have any queries please do not hesitate to contact me on 08 8203 2508 and I look forward to discussing this with you further and providing further detail as required.

Yours sincerely,



Alison Perrott
Senior Adviser, Investments & Portfolio Strategy

Appendix 1

Risk Management & Security Selection

Risk Assessment and Management

In contemplating an investment for the long term in securities and a tailored portfolio, investors need to understand that there is a degree of risk, and understand those risks and how they may impact your investment. In managing risk, Ord Minnett seeks to prudently achieve targeted returns with an eye to maintaining an adequate level of risk for our clients while focusing on minimising the risk realised.

The risks associated with the types of investments most clients will include in an investment universe are in summary as follows:

Default Risk: If an issuer or company is unable to pay its debts, repay interest or the face value of a bond at maturity, the issuer is said to default on its obligation. In these circumstances, it is likely that equity and bond holders will receive less than the face value of their bonds or purchase value of their shares. All securities and bonds have varying levels of default risk, and the investor needs to make an assessment of this risk before investing. Investors should read the relevant offer document and seek advice before investing.

Ratings Risk: Rating agencies (such as Standard and Poors, Moody's and Fitch) aim to assist investors to make an assessment of default risk. Whilst providing a qualitative assessment, rating agencies can and do change ratings and ratings methodology, and their assessment of risk can differ from what is priced in the market. They should be used as a guide only.

Liquidity Risk: Some securities, such as bonds, trade only in the secondary or Over the Counter (OTC) markets and may be difficult to sell. Also, secondary markets may not be available to all investors and in some circumstances it may not be possible to liquidate a particular Fixed Interest Security or Equity position.

Liquidity Risk is also the risk that a company or bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. HQLA assets have been designed to reduce Liquidity Risk.

Duration Risk: Duration is the most commonly used measure of risk in bond investing. Duration incorporates a bond's yield, coupon, final maturity and call features into one number, expressed in years, that indicates how price-sensitive a bond or portfolio is to changes in interest rates.

Price Volatility Risk: If investors are seeking to sell bonds prior to maturity, the price they receive can differ from the purchase price and the face value paid at maturity, as well as between brokers who trade the security (as there is no on screen market exchange). Factors that can influence what an investor will receive for a bond in the secondary market include the following:

- (i) **Credit Spreads:** a credit spread is the extra yield an investor needs from a particular bond to compensate them for perceived default risk. Generally speaking, if the market deems that there is a higher risk of a company defaulting on its obligations, the required credit spread they need from the bond increases, and therefore the price they are willing to pay for your bond will fall (all else being equal).
- (ii) **Changes in liquidity:** Bonds that are easily sold in the secondary market are more attractive to investors. Less liquid bonds need to pay extra yield (liquidity premium) to attract new investors to that bond. If the perceived level of liquidity of the bond reduces, the price may fall (all else being equal).

- (iii) **Interest Rate Risk:** fixed rate bonds (bonds with a 'coupon' or interest rate that doesn't change) are additionally exposed to interest rate risk. If the overall level of interest rates in the economy increases, a bond will become less attractive than its peer group, and the price will need to fall to attract new investors to that bond (all else being equal).
- (iv) **Maturity Considerations:** the degree to which the above three factors affect the price generally increase the longer the maturity of the bond. Bonds with shorter maturities therefore have generally lower price volatility.

Floating Rate Note Risk: Floating rate notes pay a known margin above the prevailing bank bill rate. As bank bill rates vary throughout the life of the note, investors do not know at the outset what their overall return will be. Investors looking for more certainty of yield outcome should consider fixed rate bonds.

Unlisted Subordinated Debt Risk: Most Australian banks have issued subordinated debt to meet their prudential capital requirements. These securities generally have 10 year final maturities, but can be called (repaid by the bank) earlier (generally after 5 years). Conservative investors should therefore consider these securities as long term investments. Being subordinated in nature, they also rank below senior secured and unsecured notes, so are riskier than senior debt.

ASX Listed Subordinated Debt Risk: Also known as "hybrid" securities, the securities include listed subordinated debt and convertible notes. There are a number of risks specific to these securities, including:

- (i) **Credit Risk:** hybrids are generally not secured debt. In the event of a company default, investors in hybrid securities receive their money only in the event that all secured and senior creditors are paid first.
- (ii) **Conversion Risk:** most hybrid securities allow the issuer the right to repay principal at maturity by issuing stock rather than paying cash. There is a chance that the amount relinquished from the stock sale is less than the face value of the bond, and this is known as conversion risk.
- (iii) **Dividend Payment Risk:** most hybrids pay preferred dividends, however the issuer is often under no obligation to pay them and has the right to forego the payment of preferred dividends if they choose.
- (iv) **Tax Credit Considerations:** some hybrids pay franked dividends as an income stream portion of their yield return. An investor should fully investigate the tax implications on their personal circumstances before investing, and seek professional tax advice.

Concentration Risk: The fewer the number of different securities in a portfolio, the greater the risk that the overall performance of the portfolio will be significantly affected by the poor performance of any particular security in that portfolio, and the greater the concentration risk. Limits on issuer and amounts held are a tool used to reduce concentration risk.

Economic & Interest Rate Risk: Changes in the economic environment and/or interest rates may affect the value of the holdings in your portfolio.

Manager Risk: Where the monies are invested via a tailored portfolio, and the portfolio is actively managed, its investment returns depend on the advisers ability to manage the portfolio successfully. There can be no guarantee that they will produce the desired results.

Regulatory Risk: The risk associated with potential for laws to change and the impact on your portfolio.

Taxation Risk: The returns from your portfolio may be influenced by tax laws or their interpretation. At Ord Minnett, we believe that diversification is paramount when managing risk coupled with adept portfolio construction.

Through the use of sophisticated quantitative analysis, Ord Minnett will advise on the best way to manage and monitor portfolio risk (as measured by all of the above factors and volatility) on a regular basis. The vastly experienced Investment Committee provides a sound advisory role and will participate in the overall approach to risk management. Risk associated with individual securities will also be explained in detail prior to investment universe approval and policy recommendation.

Security Selection

Listed Interest Bearing Securities

The universe of listed fixed interest securities in which Ord Minnett would invest currently consists of all such ASX listed securities, including Capital Notes, Convertible Notes, Preference Shares, Listed Debt and other Income Securities. We assesses the liquidity of all securities before making any decision to invest, in order to meet the mandated liquidity provisions. Hybrid securities are subjected to a further test of their optionality, and the portfolio manager will avoid investing in preference shares where the price is too closely correlated with the price of the underlying equity (these securities can exhibit excessive "equity-like" volatility for an income portfolio, so the manager considers the merit of hybrid securities with low optionality that they "behave" more like bonds).

The securities that satisfy these screens are analysed based on Ord Minnett's proprietary pricing model, which factors: yield to maturity, and yield relative to the swap (or other credit) curve. A target valuation is set for each security, which is then compared to the market yield or price. In general, approximately half of the listed market is screened out by this process. This screening process takes place on an ongoing basis.

This process results in a Watch List of (currently) around twenty securities. The issuers of these securities are then subjected to further detailed credit analysis to determine the acceptable margin for the security against a benchmark credit curve e.g. the swap curve. This analysis (currently) generates a Preferred List of 5-10 securities. The monitoring of this Preferred List is ongoing.

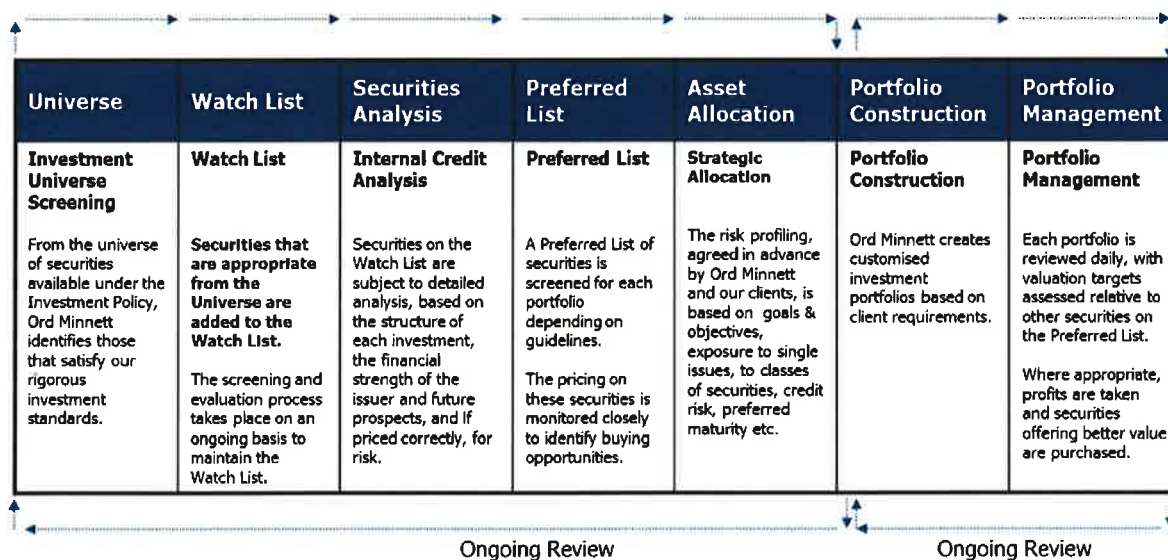
Unlisted Interest Bearing Securities (OTC)

The screening process for unlisted securities is similar for listed interest bearing securities. The Watch List of unlisted interest bearing securities is focussed on floating and fixed rate securities issued by approximately 40 Approved Deposit Taking Institutions (major banks, regional banks and selected building societies and credit unions) and approximately 50 corporate issuers. Many unlisted securities are initially ruled out of consideration on valuation grounds because their yield is insufficient to enhance a client portfolio above its benchmark yield. Liquidity is of particular concern for unlisted securities, so the secondary market for all potential unlisted securities is assessed prior to investment.

Ord Minnett's proprietary pricing model is used to set a target valuation for each security for comparison with current market yield and swap/credit margins. The resulting Watch List of unlisted securities is constantly monitored.

The Watch List is subject to similar ongoing investment analysis as for listed securities to build a Preferred List of unlisted securities. Additional credit analysis is conducted on more complex unlisted securities to assess the credit risk.

ORD MINNETT



As shown in the above diagram, the portfolio construction process commences with the preferred lists for each security type generated from the security screening process as outlined earlier. A set of portfolio guidelines and an investment strategy is agreed between the investment manager and the client that will include: maximum exposure to a single issuer, class of security, maturity, interest rate risk or duration. Depending on the maximum exposure to a single issuer, and the overall portfolio size, the investment manager would typically target a portfolio of around 15 - 25 securities.

Within this tailored framework, the portfolio manager uses the preferred lists to build an optimal portfolio. The portfolio is constructed from a bottom up perspective, comparing securities' relative value for their assessed credit standing, and with the yield of the benchmark index.

This outcome is next subject to a risk review that examines whether investments in the recommended portfolio have sufficient diversity across security types to reduce the level of overall portfolio risk. The manager will maintain a mix of fixed and floating securities, and both listed and unlisted income securities. Additionally, exposure to preferred securities can sometimes be limited by availability, in which case an appropriate substitute from the preferred list is taken.

Regular portfolio reviews are conducted to assess the valuation model's targets for the portfolio holdings relative to other securities on the preferred lists. If the actual margin to swap of a security in the fund has contracted to the point where it no longer represents good for the level of risk (as measured by the team's credit analysts), the portfolio manager will consider liquidating the security and switching into a security from the preferred list that represents value. Transactions costs are always taken into consideration with switching securities within the fund.

Where convertible securities are held, they would usually be liquidated before they convert to ordinary shares, in order to maintain the portfolio's desired income profile.

Appendix 2

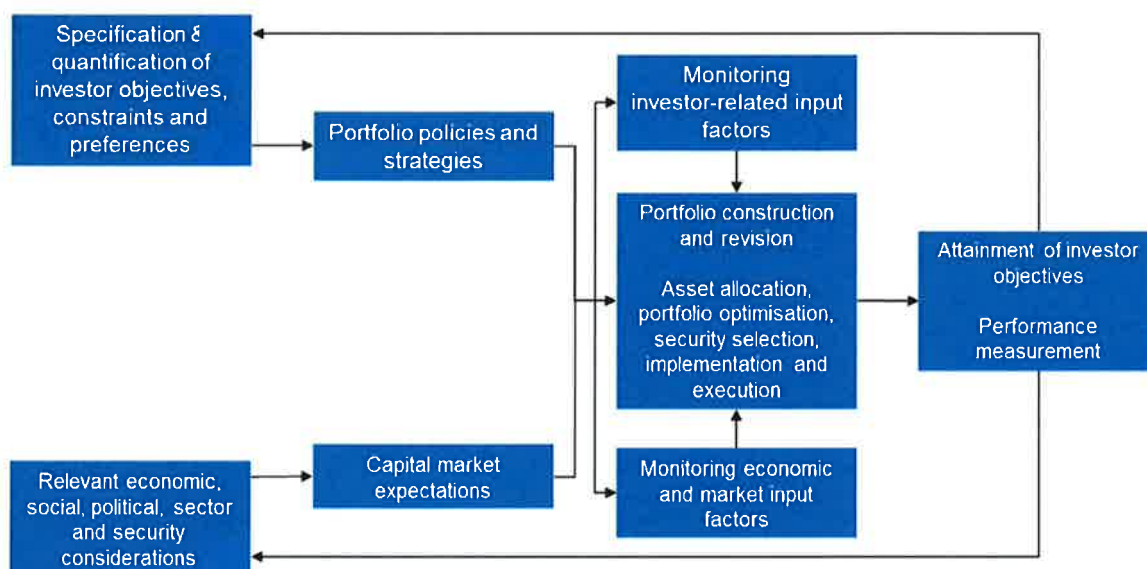
Developing an Investment Strategy

Developing Investment Strategies & Risk Framework

Critical to investment success is understanding the key deliverables a client requires and ensuring a framework is in place providing a dynamic process to monitor, review and adjust according to strategic intention.

Our process is a dynamic consultancy and as such there is open communication between client and adviser on our understanding and the client perceptions and requirements. Time has shown that this type of relationship increases client success measurably in achieving objectives.

The combination of Ord Minnett's experience with not-for-profit organisations combined with our knowledge and expertise in investment markets, equip us well to deliver a process and client servicing model as follows:



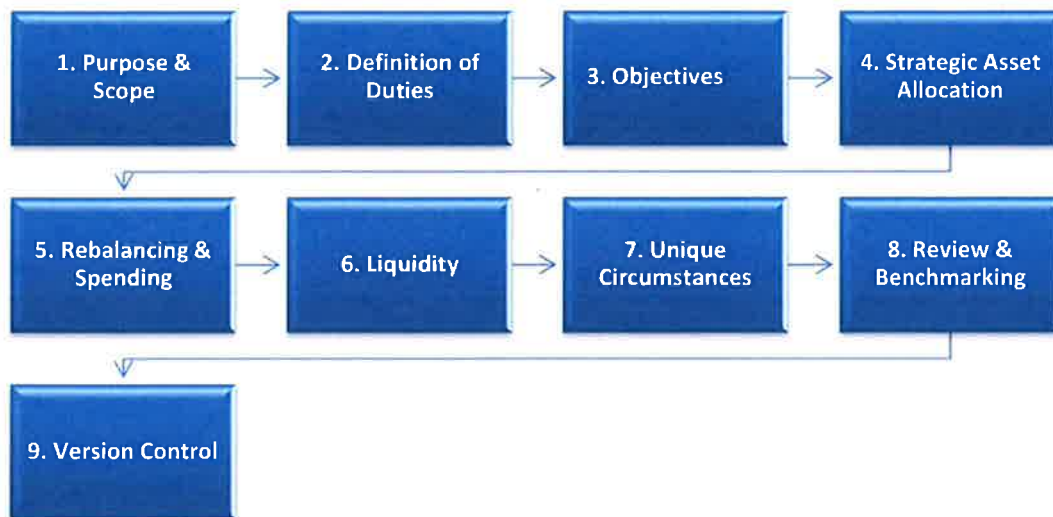
This process delivers a framework for clients to formalise an investment policy incorporating the management of investments, risk, liquidity and unique requirements.

The Investment Policy & Strategy

The investment policy becomes the strategic guide for organisations to manage funds. It should clearly address the objectives, constraints, unique circumstances, and overall oversight procedures that govern the fund (or individual pools of funds).

Our process to arrive at a formal policy is nine steps in total and in each step we undertake modelling to fully understand the risks and likely outcomes.

ORD MINNETT



In practice, the process Ord Minnett will follow:

1. **Purpose & Scope;** An initial review; will address the objectives, constraints, unique requirements, and overall current oversight procedures that govern investment related activity. This overview sets the tone for the specific guidelines within the policy.
2. **Definition of Duties;** All policies will require clearly stated duties of all involved parties, so that they can fulfil their duties effectively. These will include; Board, investment committee (or equivalent), outsourced investment managers, advisers and custodians.
3. **Objectives;** Clearly articulated objectives are critical to achieving investment goals. With an outcome oriented mindset, the goals and constraints (such as liquidity, capital adequacy, time horizon and capital outlays) are matched against the commercial realities of the market and tested against return targets and risk tolerance. A balance is then sought between risk and return.
4. **Strategic Asset Allocation;** Strategic Asset Allocation is the principal method by which a portfolio is designed and the assets invested to achieve each stated objective. The guidelines will be set out one of two ways depending on the objectives of the client; either per individual asset class (equities, fixed income alternative, cash etc) OR a roles based framework whereby the asset class allocation is listed in accordance to the manner in which they contribute (eg: growth, income, risk reduction, HQLA etc). At this point permitted assets should be integrated.
5. **Rebalancing & Spending;** As funds grow or reduce periodic rebalancing of a portfolio should be conducted to keep allocations from shifting too far from targets. Ranges are set in this stage generally at an asset class level for minimums and maximums and tactical asset targets defined.
6. **Liquidity Policy;** Whilst clients differ in their asset allocations and liquidity requirements, liquidity is imperative to the financial ability to meet operational, spend and capital outlay requirements. Many are also regulated by APRA and will require a subset specific policy directly related to regulation and licensing. An in depth modelling exercise is undertaken to ensure sufficient liquidity will exist in the portfolio whilst ensuring the maximum funds are deployed for investment plus meet regulatory requirements. Liquidity profiles are established which will vary in each pool the organisation has to invest, these are then stress tested for market shocks and scenario analysis conducted to measure the impact. Once these are understood an underlying funding strategy is designed intra pool and holistically.

ORD MINNETT

7. **Unique Circumstances;** The mission and values core to the organisation are important and in this section we articulate the preferences for socially responsible investment, and any other unique circumstances. Breach reporting & conflicts of interest are also addressed at this point.
8. **Review & Benchmarking;** Once the asset allocation, investment strategy, liquidity and rebalancing policies are established, it is imperative a well defined monitoring and review process is created for objectives to be met. Benchmarks which are relevant and critical to the outcomes are also put in place for the review to be successful.
9. **Version Control;** Typically a procedural simplicity but important for the clear communication between multiple parties. We also include in this section any acknowledgements by the parties working together to ensure a collegiate work practice.

Our recommended changes to the overall asset allocation are as follows:

Asset Class	Approximate AA Current	Proposed AA	Change
Cash & Deposits (< 12 months)	15.9%	15%	-
Bonds & Notes	21%	20%	-
Loans*	63.0%	50%	-\$7mil
Hybrids	0%	15%	+\$7mil
Total	100%	100%	

Sample Investment Strategy

INVESTMENT GUIDELINES

The portfolio is to be managed to provide income yield enhancement.

Market Performance Benchmark: The performance of the Income portfolio is to be benchmarked to exceed the UBS Australia Bank Bill Index after fees. Long term growth assets (if applicable) are to be benchmarked against the S&P/ASX 100 Industrials Index, over rolling twelve (12) month periods, in accordance with the Investment Guidelines set out below. This is for investment manager guidance only.

Investment Guidelines

- The Portfolio may invest in interest bearing & growth securities.
- The Portfolio is to be managed according to the following requirements:
 - (a) The Portfolio holdings must meet the Asset Class requirements as detailed below;
 - (b) Maximum exposure to any single Issuer of 25% of the Portfolio (where the Portfolio size is below \$5 million, the maximum exposure to any single Issuer can be 35% of the Portfolio);
 - (c) All securities purchased must have an active secondary market at the time of purchase;
 - (d) Each investment must be screened for SRI as per the ethical investment requirement set by the Trustees;
 - (e) Maximise Franking Credits where applicable; and
 - (f) All securities are to be denominated in **AUD** and contain no direct foreign exchange risk.

ORD MINNETT

Requirements

Asset Class	Minimum (%)	Maximum (%)	Strategic (%)
Cash & Deposits (< 12 months)	0%	100%	20%
Bonds & Notes	0%	50%	20%
Loans*	0%	70%	50%
Hybrids	0%	50%	15%

* Can include Hybrid Securities (where Loans are not available (Lending Substitution))

The Portfolio may not:

- be used as security for any form of loan; and
- be invested in Derivative Contracts.

Approved Securities

Separated by underlying asset class and security type:

Asset Class	Security Type
Cash & S/T Investments	Cash Accounts, Notice Account, Term Deposits, Negotiable Certificates of Deposit, Bank Bills, Transferable Certificates of Deposit Other classes falling generally within the definition of Cash Product
Fixed Interest Securities	Bonds, Debentures & Fixed Rate Notes Floating Rate Notes & Floating Rate Certificates of Deposit, Senior Notes, Subordinated Notes, Residential Mortgaged Backed Securities, Index Bonds, Capital Notes, Income Securities Hybrid Securities (ie. part debt and part equity), Convertible and Reset Preference Shares and Convertible Notes. Diversified Fixed Income Funds & Managed Funds Other classes falling generally within the definition of "Fixed Interest" & "Income Securities"

Other classes approved by the Board are also acceptable.

Appendix 3

**IRS & Hybrid Background
Discussion Paper**

Term deposits and cash accounts are short term investments whereby interest is accrued and paid on maturity (or monthly for cash accounts). The value of these does not fluctuate other than accruing interest, and the only real risk to capital associated with them is credit risk (possibility of the bank defaulting) and interest rate risk or opportunity cost (eg: AFGD invests in a 12 month term deposit at 2% and the next day the Reserve Bank raises the official cash rate by 0.50% and 12 month rates are now 2.50%). Term deposits also create some liquidity risk when invested for too long or not maturing at appropriate times as they are now quite difficult to "break".

The longer term investments (greater than 12 months) of FRN's, Bonds & IRS are also subject to the associated risks above which Ord Minnett assist and advise the AFGD on comparing the risks and return on a "relative" basis taking into account the net interest margin. For the benefit of new board members and a recap for current members the following introductory material serves to provide a practical understanding of the longer-dated securities the AFGD invests in to assist with risk appetite, strategic objectives, risk management and further policy considerations.

Floating rate notes and bonds both listed (on the ASX) and unlisted over the counter (OTC) market have been the main longer-term investment providing the AFGD with diversity of issuer, yield and all important liquidity.

Interest Rate Securities – An Introduction

The banks (primarily the majors) and insurers (eg: IAG, Suncorp) form the core of the IRS market, representing 80% of the total face value of securities on issue, and 77% of secondary market volume. Companies issue IRS for a variety of reasons including meeting capital requirements, diversifying funding sources, obtaining lower cost of funds and to manage credit ratings.

What are IRS?

Interest Rate Securities are longer dated transferable debt securities (usually for one to five years) where the interest rate is adjusted periodically in line with a benchmark rate (usually the 90 day Bank Bill rate).

- Most IRS are issued with the coupon or interest rate set at a margin to the 90 day BBSW rate.
- BBSW is the Bank Bill Reference Rate, which is set by the money market at approximately 10.10 am each day.

What are the different types of securities?

Senior Debt

Listed senior debt instruments are also known as "retail bonds", and are secured by specific assets when issued. Notes such as the **Commonwealth Bank Retail Bond (CBAHA)** were senior, secured, dated securities with interest payments that are non-deferrable. We see the comparison with term deposits particularly important as they exhibit many similar characteristics.

Table 1: Comparing term deposits and senior debt

Feature	Term Deposit	Senior Debt
Term of Issue	1 month - 5 years	Generally 5 years
Government Guaranteed?	Yes (up to \$250,000)	No
Liquidity	Difficult (generally with break fee)	Yes (T + 2 as with equity)
Franking	No	No
Coupon Structure	Fixed at time of issue	Fixed or Floating

Source: Company data

While term deposit pricing is locked in once the funds are deposited, the banks can vary the rates offered to new money on a daily basis if required. Retail bond coupon rates are set on a quarterly or semi-annual basis, but can trade in the market.

Senior debt is perfect for particularly conservative clients that are not willing to endure anything but very minimal capital volatility in return for two day liquidity. The bonds have a definite maturity date with no option for the issuer to extend the term, apply a step-up margin or defer any interest payments.

Senior debt (as the name suggests) sits very highly in the capital structure, outranked only by depositor funds, and ranking equally with other secured liabilities, see figure 2 following.

Figure 2: The capital structure



Source: Ord Minnett

Subordinated Debt

Up until a few years ago, subordinated bank debt was solely offered in the wholesale OTC unlisted market (\$500,000 minimum investment), or offshore to institutional investors. Subordinated debt sits below senior debt in the capital structure and is issued with generally one key difference, a first call date which the issuer has the option to extend the issue for a further period of time. This first call date is generally 5 years in duration, and the option to extend is also generally for another 5 years, making a standard 5*5 style security.

Several factors have emerged to attract the major Australian banks to issue subordinated debt locally, including:

- The banks' desire to broaden funding sources given continued uncertainty in key offshore markets.
- A change in local investor sentiment with a greater focus on income and reluctance to endure volatility.
- Global regulatory changes that require banks to increase capital levels that will in time force these institutions to change their funding profile.

We are of the view that as the world continues to change due to regulatory evolution, Basel III being implemented on financial institutions, and risk being priced more appropriately, the attractiveness of issuing local debt will moderate. This will in part be supported by APRA requirements around deposits.

Hybrids / Preference Shares

Hybrids combine both 'equity like' and 'debt like' features. Some of the comparisons to shares and bonds include:

- Investment income – Shares pay dividends at the company's discretion. Similarly, interest payments on hybrids may be subject to the issuer's discretion.
- Investment timeframe – like bonds, hybrid securities are issued for a fixed term, however some hybrids may be converted to shares early.
- As with shares, hybrids can be sold on the secondary market (although liquidity may be lower than for the relevant share).
- As with some bonds, issuers of hybrid securities may choose to redeem early by repaying the principal or converting to shares.
- Capital Structure/Insolvency – Investors in hybrid securities will only be repaid after lenders, senior and secured creditors and other bondholders have been paid.

There are several variations of preference share which are listed in Australia, with the common features being summarised in Table 2.

Table 2: Key terms of listed preference shares

Feature	Reset Preference	Converting Preference	Step-Up Preference
Term	Perpetual (with regular reset dates)	Perpetual (with a mandatory conversion date)	Perpetual (with a step-up date)
Coupon Structure	Fixed or Floating	Fixed or Floating	Fixed or Floating
Issuer Early Redemption	Limited Circumstances	Limited Circumstances	Limited Circumstances
Holder Early Redemption	At a Reset Date, and other limited circumstances	Limited Circumstances such as Change of Control Event	Limited Circumstances such as Change of Control Event
Mandatory Conversion Conditions	No	Yes, tied to Issue Date VWAP and share price of Issuer	No
Franking	Yes	Yes	Yes
Remarketing Possible	Yes, Terms can be altered including the coupon.	No	In some cases

Source: Company data. Ord Minnett

Preference shares are structured as perpetual instruments but contain incentives for the issuer to call them at a date 5-10 years from issue. The types of incentives include mandatory conversion to equity assuming certain conditions are met, or step up margins that would make the preference share expensive compared to other funding sources. Due to capital adequacy requirements AFGD does not currently invest in these instruments as they ultimately have "equity" risk associated with them.

There is a higher level of risk associated with hybrid securities when compared to a regular bond, term deposit or fixed interest investment. The conditions, timeframe, risks and return of each hybrid security will differ and some may have complex features.

Pricing and Valuation Considerations

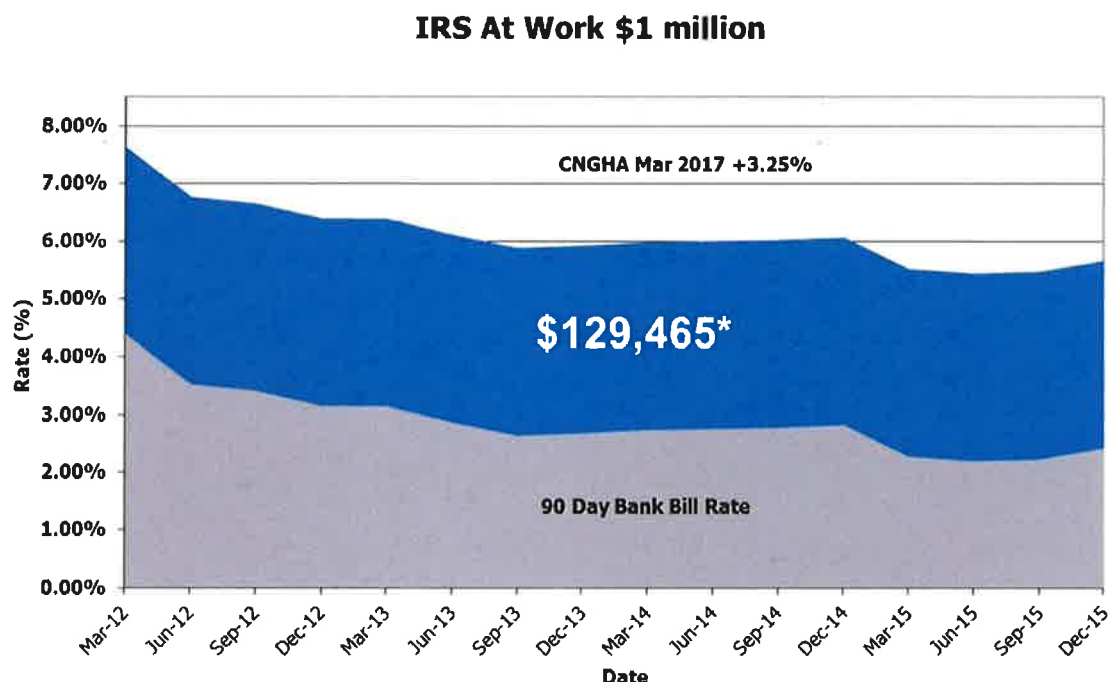
Mechanics

The following chart in figure 2 highlights, in practice, how simple Floating Rate Note's and IRS actually are. IRS are issued with a FIXED coupon margin (interest margin) and is added to the benchmark rate to calculate interest due at the end of the period. So the coupon margin essentially "floats" above BBSW. For example, figure 2 following tracks the history of a Colonial Group Subordinated Note with a first call date of March 2017:

ASX Code:	CNGHA
Issued:	29 March 2012
Coupon Margin:	Benchmark + 3.25% paid quarterly in arrears
Benchmark:	90 Day BBSW
Maturity Date/ First Call Date:	31 March 2017

The interest due on 31 March 2016 = BBSW on 31 Dec 2015 + Margin = 2.38% + 3.25% = 5.63%

Figure 3: IRS at Work



Source: Ord Minnett

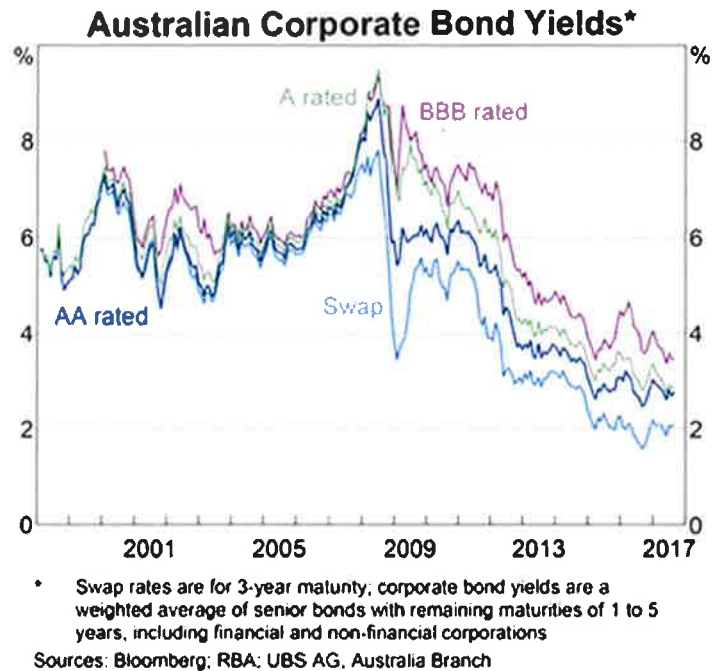
Figure 3 reflects the interest payment life of the CNGHA since issuance. The grey area is the benchmark 90 day bank bill rate and it moves generally in line with the official cash rate set by the Reserve Bank of Australia. The blue area is the extra interest earned from the 3.25% margin. So far the CNGHA has paid \$129,465 per \$1 million in extra income than if an investor had purchased a bank bill (or easily compared to a term deposit).

Yield to Maturity

If an IRS is purchased at the time it is issued for \$100 (the issue price), is held to maturity (or first call date) and interest rates do not change it is easy to calculate the actual return or the yield to maturity. For example if the bank bill rate was 4% on 29 March 2012 the CNGHA would have a first coupon rate of 7.25% (4% + 3.25%). If the bank bill stays the same for the next five years and Colonial Group redeem the security, the return will be 7.25% per annum for the five years. Of course interest rates do not stay constant and purchases are not always on issue date. The price of the IRS will fluctuate based on a number of factors including:

1. **Credit quality of the issuer.** The higher the credit quality of the issuer the safer the investment. The only publicly available measure of credit quality is credit ratings and so Ord Minnett use these "as a guide" alongside our own research. The RBA monitors spreads across a range of credit qualities and an average duration of three years. Figure 4 following displays this data going back to 1998.

Figure 4: Australian bond spreads

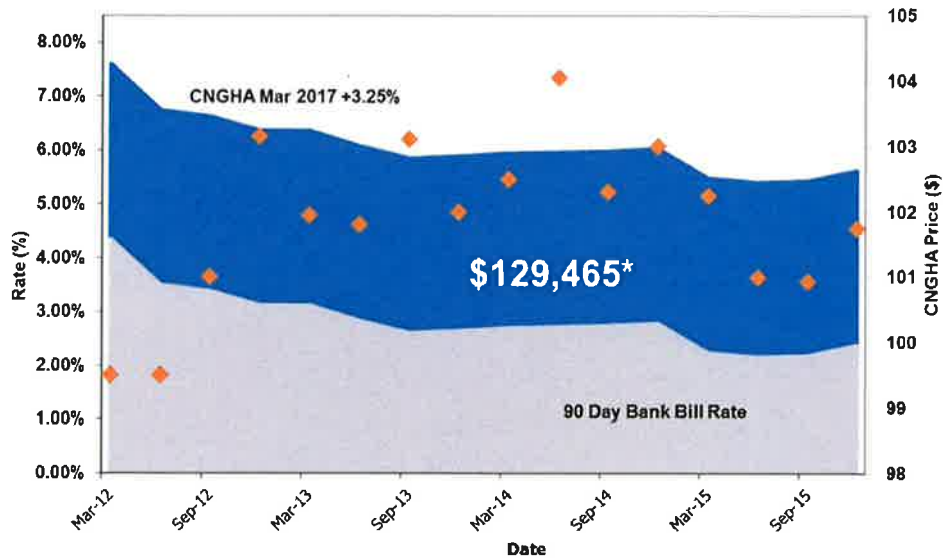


It is clear that spreads are below the anomalous times during the 1990's and early-to-mid 2000's, as well as below the GFC in 2007. What is also clear is that they are not constant and that credit is continually repriced, for example a 5-year CBA IRS initially offered at a 2.5% margin could be priced at say, a 2% margin in six months time.

2. **Term to Maturity.** The term to maturity affects the risk profile, and, everything else equal, investors should demand a higher return as the term to maturity increases. For example: Ord Minnett's internal fair value model adds 10 basis points for each year over and above the 3-year threshold.
3. **Specific Terms/Details.** This relates mainly to securities carrying step-up provisions or other terms that increase the risk that holders may not receive their capital back at a call date. Seniority of ranking, as well as terms that afford holders additional protections (such as certainty of coupon payment and capital return) will all be key influences on the returns and volatility experienced.
4. **Accrued Interest.** Each 3 months the IRS pays interest for the period, it stands to reason that the IRS will start to rise in value with more accrued interest.
5. **Economic conditions**
6. **General level of interest rates**
7. **Supply and Demand.** Even the simplest thing of more sellers than buyers will put downward pressure on an IRS price and vice versa.

With the above in mind figure 5 over page revisits the CNGHA income history and overlays at each coupon reset date the market value of the security in "price" per \$100 on the second right hand axis, as follows:

Figure 5: CNGHA Income & Price History

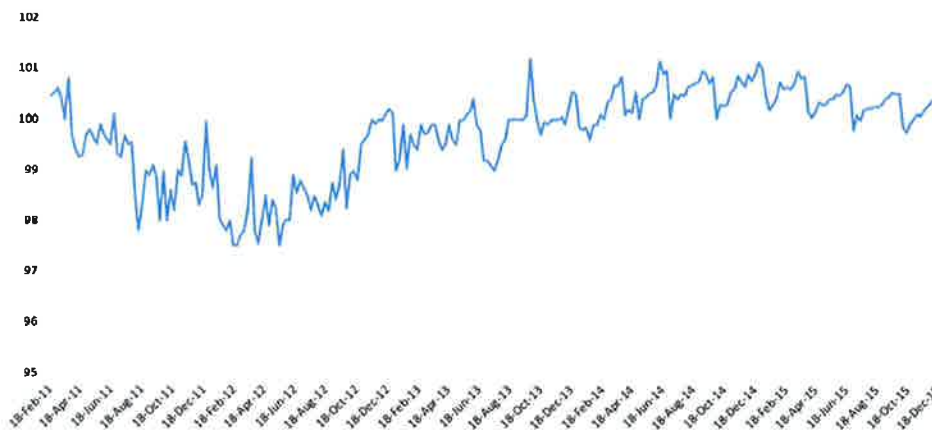


The implication for listed IRS is that the value does not stay constant and in fact can reflect an unrealised loss from purchase date. The orange markers in figure 5 have the CNGHA priced at anywhere from \$104 to \$99.50 over the last 3 years. This presents opportunity for investors (buying cheaply), or, for those who periodically account for market valuation, an occasional write-down in (unrealised) in asset value, whilst income continues to be paid.

Where the IRS sits in the capital structure, length to maturity and its complexity are the main contributors to the volatility of the IRS market price (supply and demand factors).

On maturity the bond or IRS will revert back to a \$100 price plus one last interest/coupon payment. Figure 6 below highlights the price history of the Commonwealth Bank Bond (CBAHA) which listed on the ASX in 2011 for a 5 year period.

Figure 6: CBAHA Weekly Price History



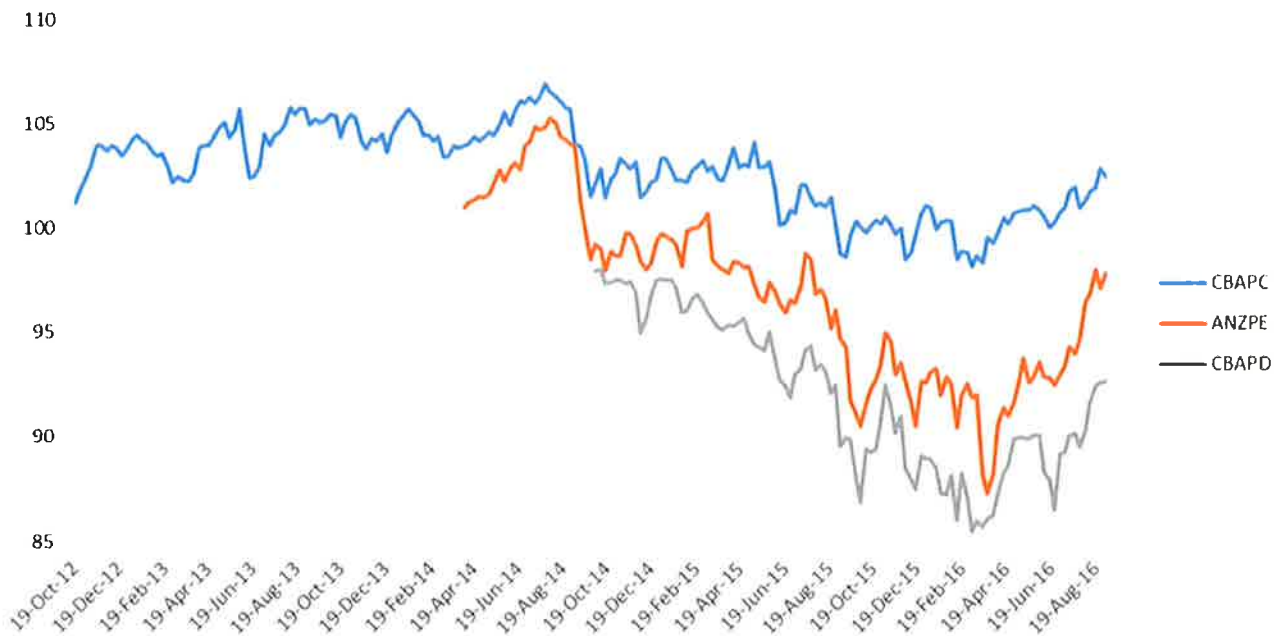
As the chart highlights the CBAHA dropped below \$100 in "value" from 2011 to 2014 due mainly to a widening of credit spreads and a large number of hybrid issuance at higher margins (circa > 3%), so the CBAHA were continually

sold off. The price reduction had actually nothing to do with the "inherent" value of the bond from an income perspective – purely demand and supply.

From late 2013 figure 6 also shows how the price will go up and down with "accrued interest", where market conditions are not playing a part on the value of the security (normal conditions).

Figure 7 below tracks 3 IRS that have fallen below \$100 face value at some point or other; CBAPC, ANZPE & CBAPD. As the chart highlights there was a drop in each and the "newer" the security the lower in price it fell. This was consistent across the market regardless of issuer. We do not perceive that CBA or ANZ are at risk of principal repayment issues, but the chart highlights the market price risk involved. Held to call date or maturity however the superior returns over and above bank bill and term deposits continue to be paid. It may seem counterintuitive to hold during times of profit and hold during times of loss, but the gains and losses are only realised when a sale occurs, if we sell an IRS which is at a profit, the remaining IRS to purchase are at lower yields, and vice versa, selling at a loss we may be able to purchase at higher yields but by realising the loss the portfolio remains in a net yield position. Holding can be likened more to an opportunity cost of locking in which, over time, evens out.

Figure 7: ANZPE, CBAPC, CBAPD Price History



Please note all securities in 2017/18 have traded at or over the \$100 maturity value.



BOARD MEETING DATE:

19/04/2018

No 7 Matters for discussion and/or decision

Item: d)

Title: Meeting of Development Funds

No of Pages. 16 incl Header



Chris Nelson <chris.nelson@graftondiocese.org.au>

Notes from Development Funds meeting

Helen Clarke <hclarke@adelaideanglicans.com>

3 April 2018 at 11:53

To: Keith Stephens <kstephens@perth.anglican.org>, "registrar@melbourneanglican.org.au" <registrar@melbourneanglican.org.au>, "registrar@armidaleanglicandiocese.com" <registrar@armidaleanglicandiocese.com>, "StephenPhillips@newcastleanglican.org.au" <StephenPhillips@newcastleanglican.org.au>, "registrar@wangeratta.anglican.org" <registrar@wangeratta.anglican.org>, "registrar@graftondiocese.org.au" <registrar@graftondiocese.org.au>, "ddfaccounts@armidaleanglicandiocese.com" <ddfaccounts@armidaleanglicandiocese.com>, "trevor.ament@anglicands.org.au" <trevor.ament@anglicands.org.au>, Marianne Yacoel <finance@anglican.org.au>, "registrar@gippslandanglican.org" <registrar@gippslandanglican.org>, Ian Leverington <ileverington@anglicanconf.com.au>
Cc: Susan Arnold <sarnold@adelaideanglicans.com>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>, Amanda Harfield <aharfield@adelaideanglicans.com>

Dear all

Please find attached notes made at the meeting in Adelaide on 22 March.

I would be grateful if you could please check the accuracy of the data entered in the spreadsheet, and I will amend and re-circulate as necessary.

I hope you all had a joyful Easter.

Regards

Helen Clarke

Governance and Ministry Support Officer

P 08 8305 9350 | F 08 8305 9399

Email: hclarke@adelaideanglicans.com



Anglican Diocese
of Adelaide

This email is intended for the named recipient only. The contents may be confidential. If you have received this email in error, please contact the sender immediately and delete the message from your computer.

3 attachments

Diocesan Development Fund Group Conversation

Adelaide 22 March 2018

Chair: Keith Stephens, Diocesan Secretary Perth

Attendance sheet attached

1. Meeting opened at 12.40 in prayer

2. Presentation by Ord Minnett

3. Recap of Perth 2017 Registrars Conference

Benefit of Heads of Development Funds working together recognised at Perth Conference. General Synod DFAT has a role in this space. Previous initiative in 2103 lapsed, partly because it explored the possibility of establishing 1 nationwide Fund. That initiative came to an end as aims and objectives of different Funds were significantly different and because of significant differences in each Fund's risk appetite.

4. Scope for renewed conversation

1. Contracts – especially Data Action and how it charges for enhancements
2. Governance
3. Systems
4. Financial performance, including purchasing power
5. Networking and clear communications
6. Share information about new products

5. Systems/platforms

Data Action

All except Wangaratta use D?A either directly or indirectly. Contracts management at DA in flux– Peter Workman has left and Alexi (Chief Information Officer) who was driving change also gone. (3rd CIO in few years)

DA outage (10am Sat to midnight) at weekend: much backlog for Ade to catch up on Monday.

All Anglican Church Fund contracts with DA expired: all negotiating new terms. DA introducing a Model Bank standardised platform: buy and plug own software into this. Church Funds are lagging behind the credit unions: DA enhancements are very expensive.

250k Perth

250 Adelaide

140-150 Melbourne

100 Canberra

?? Brisbane

Credit unions etc are moving into overseas transactions: is this something that Church Funds want or need?

CBS same for each Church Fund. Online banking versions also similar.

Action: Matrix outlining which church fund uses what functions to enable development of a Model Church Fund.

NB would need to include DA's other Church Funds: Church of Christ and Brisbane based evangelical fund:.

Ultradata: Customers include Catholic Development Funds and Lay Lutherans

Infosys – opportunity to approach new market entrant. Parallel conversation? Risks: time lag and what product will look like.

6. Presentation by Data Action –

3pm Vijendar joined the meeting

As a key supplier to most Anglican Funds key issue is how to get deliver what they want cost effectively: get us all together to want the same product.

DB3 developed a template with similar features costs shared to be cost effective. DA looking to standardised offerings in future: 230 clients with different features in products. Aim to provide a single base line model with the same range of features. Introduce a tiered model which could offer advanced features available in model banking. Tier 1 would include at least 1 release per year to keep up to speed with everyone else.

Church funds are very different from each other and also different to mutuals. All church funds will have to get together. Church of Christ very active, want to move. DA holding them off so that all church funds can move together.

Trying to achieve a standard baseline, so every release will have to be accepted by all. All church fund customers will be provided with the features and it's up to each customer to decide what features to switch on.

Online and off line capability: need to bridge the gap in this exercise.

Church funds falling behind mutuals. If church funds picked a baseline that reflects what Bendigo Bank currently offers, could require changes in process that church funds may find difficult to sell to customers eg schools.

DA looking to start a project for Church Funds – Church of Christ and ???? \$150k for 1 new release (tier 3) per year. Additional cost per year depending on what tier each fund requests.

Challenges include the gap between IT knowledge and business knowledge. This is a way to bridge that gap allowing each fund to modify their business operations so that need all use same features.

Mobile app: not useful for Church Funds at present.

Other functionality such as digital cheques – scan and send digital cheques to banks.
Also not useful for Church Funds at present

DA Client conference 23-24 August Adelaide. DA will allocate more time so that church fund clients can get the info they want.

Requested proactive communication by DA to all clients outside of conferences – as not all can attend.

3.50 DA left meeting

7. Next meeting

Adelaide – to coincide with DA conference: 23-24 August 2018

SUMMARY - Diocesan Development Funds

Diocese	Development Fund	Comments	Investor FUM \$ Million	Loans FUM \$ Million	Other asset classes
Adelaide	Anglican Funds South Australia (AFSA)	Wholesale Charitable Investment Fundraiser. 2 distinct funds; but accounts consolidated into Synod a/cs. Annual stand alone reporting planned	30	20	Cash, FRNs
Armidale	Diocesan Development Fund (DDF)	ASIC approved as a self-dealing entity under the Corporations Law s766C 17 Dec 2017. Can continue to accept retail investor funds without the need for an Australian Financial Services Licence or access to one through a third party.	4.1	1.3	>10%
Canberra Goulburn	Anglican Investment & Development Fund (AIDF)	Applied for AFSL.	65-70	80-82	Bank facilities
Gippsland	Anglican Development Fund – Gippsland	Wholesale. At crossroads. Considering cost benefit analysis of continuing or amalgamating. Interested in collaborative action.	4.30	1.2	Cash & other
Grafton	Anglican Funds Grafton Diocese (AFGD)	Wholesale Charitable Investment Fundraiser. 20% investor book was retail. \$7 mil retail funds to be handed back by 30.9.2018	36	30	
Melbourne	Anglican Development Fund (ADF)	Applied for AFSL. Approved 21 December 2017. Significant additional compliance costs - inc new Compliance Officer. Closed at call accounts- now 31 day accounts - lost \$1.5mil	65	32	Anglican Funds - Melbourne
Newcastle	Anglican Savings and Development Fund	Wholesale charitable investment fundraiser. Innovative management structure - Newcastle Anglican Church - emphasis on industry input eg banks, risk management rather than Synod reps. Reports to DC.	135	21-25	cash equities and hybrids
Perth	Anglican Community Fund (Inc) (ACF)	ACF incorporated under WA State legislation, not subject to Corporations Law. Does have Banking exemption - exited retail: returned \$1.5mil to 137 accountholders.	160	135	cash, FRNs
Wangaratta	Wangaratta Anglican Development Fund (WDT)	1986 Trust: Wholesale fund.\$100k returned to retail.	2	small	

Anglican Development Group Meeting

Adelaide	yes	Sue Arnold, Amanda Harfield, Blaine Fitzgerald, Helen Clarke Anna Halman
Armidale	Yes	Samantha Brennan
Ballarat	no	Peter Jarvis
Bathurst		
Bendigo	no	
Brisbane (Sthn Qld)	no	David Burton
Bunbury	no	
Canberra/Goulburn	yes	Trevor Ament
Gippsland	yes	Brian Norris
Grafton	BF can speak	Chris Nelson
Melbourne	yes	Andrew Hibbard
Murray	no	
Newcastle	yes	Stephen Phillips
Northern Qld		
NT	no	
Nth Western Australia	no	
Perth	yes	Keith Stephens, Ian Leverington
Riverina	no	
Rockhampton (Ctrl Qld)	no	
Sydney	no	Isaac Kuruvilla
Tasmania	no	
Wangaratta	Yes	Tim Williams
Willochra		
General Synod Office	yes	Marianne Yacoel
Ord Minnett	yes	Alison Perrott



Chris Nelson <chris.nelson@graftondiocese.org.au>

Notes from Development Funds meeting

Blaine Fitzgerald <afsahead@adelaideanglicans.com>

11 April 2018 at 13:57

To: Helen Clarke <hclarke@adelaideanglicans.com>, Keith Stephens <kstephens@perth.anglican.org>, "registrar@melbourneanglican.org.au" <registrar@melbourneanglican.org.au>, "registrar@armidaleanglicandiocese.com" <registrar@armidaleanglicandiocese.com>, "StephenPhillips@newcastleanglican.org.au" <StephenPhillips@newcastleanglican.org.au>, "registrar@wangeratta.anglican.org" <registrar@wangeratta.anglican.org>, "ddfaccounts@armidaleanglicandiocese.com" <ddfaccounts@armidaleanglicandiocese.com>, "trevor.ament@anglicands.org.au" <trevor.ament@anglicands.org.au>, Marianne Yacoel <finance@anglican.org.au>, "registrar@gippslandanglican.org" <registrar@gippslandanglican.org>, Ian Leverington <ileverington@anglicanconf.com.au>, Brian Norris <BrianN@gippsanglican.org.au>, Adam Wright <adam.wright@aidf.com.au>, "ttimso@anglicanchurchsq.org.au" <ttimso@anglicanchurchsq.org.au>, Annette Dent <office@afgd.com.au>, Chris Nelson <chris.nelson@graftondiocese.org.au>
Cc: Susan Arnold <sarnold@adelaideanglicans.com>, Amanda Harfield <aharfield@adelaideanglicans.com>, Anna Halman <ahalman@adelaideanglicans.com>

Hi all,

Following on from our meeting 22/3/18 below are the next steps and key dates that were agreed:

- Adelaide to build a matrix on current functionality of the Data Action Core Banking System by 13/4/18 for distribution
- Development Funds where applicable to update the matrix and return to Adelaide by 27/4/18.
- Adelaide to contact LLL (Lutheran Laypeople's League) to discuss with them their banking system provider Ultradata. Note – meeting scheduled 1/5/18
- Adelaide to contact Baptists to discuss with them their core banking system provider Ultradata. - Note message left 6/4/18
- Adelaide and Brisbane to touch base regarding the current group consensus on Data Action. Note message left 6/4/18.

The matrix for completion and return is attached.

For the Newcastle, Grafton and Gippsland Diocese as Adelaide hosts the branching for you – no action required.

When the matrix is returned we can collate the information and organise a teleconference to discuss our approach going forward.

I have also attached the minutes of the meeting again so that those who were unable to attend can get a sense of the conversation regarding Data Action.

Thank you for participating in the group.

If you have any questions or concerns please do not hesitate to give Anna Halman or myself a call.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds South Australia

18 King William Road, North Adelaide SA 5006

P 08 8305 9371 | M 0452 137 740

**From:** Helen Clarke <hclarke@adelaideanglicans.com>**Date:** Tuesday, 3 April 2018 at 11:23 am**To:** Keith Stephens <kstephens@perth.anglican.org>, "registrar@melbourneanglican.org.au" <registrar@melbourneanglican.org.au>, "registrar@armidaleanglicandiocese.com" <registrar@armidaleanglicandiocese.com>, "StephenPhillips@newcastleanglican.org.au" <StephenPhillips@newcastleanglican.org.au>, "registrar@wangaratta.anglican.org" <registrar@wangaratta.anglican.org>, "registrar@graftondiocese.org.au" <registrar@graftondiocese.org.au>, "ddfaccounts@armidaleanglicandiocese.com" <ddfaccounts@armidaleanglicandiocese.com>, "trevor.ament@anglicands.org.au" <trevor.ament@anglicands.org.au>, Marianne Yacoel <finance@anglican.org.au>, "registrar@gippslandanglican.org" <registrar@gippslandanglican.org>, Ian Leverington <ileverington@anglicanconf.com.au>**Cc:** Susan Arnold <sarnold@adelaideanglicans.com>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>, Amanda Harfield <aharfield@adelaideanglicans.com>**Subject:** Notes from Development Funds meeting

[Quoted text hidden]

2 attachments **180322 Diocesan Development Fund Group Conversation notes circulated 180403[1].docx**
17K **Functionality Matrix.xlsx**
42K

Diocesan Development Fund Group Conversation

Adelaide 22 March 2018

Chair: Keith Stephens, Diocesan Secretary Perth
Attendance sheet attached

1. Meeting opened at 12.40 in prayer

2. Presentation by Ord Minnett

3. Recap of Perth 2017 Registrars Conference

Benefit of Heads of Development Funds working together recognised at Perth Conference. General Synod DFATF has a role in this space. Previous initiative in 2103 lapsed, partly because it explored the possibility of establishing 1 nationwide Fund. That initiative came to an end as aims and objectives of different Funds were significantly different and because of significant differences in each Fund's risk appetite.

4. Scope for renewed conversation

1. Contracts – especially Data Action and how it charges for enhancements
2. Governance
3. Systems
4. Financial performance, including purchasing power
5. Networking and clear communications
6. Share information about new products

5. Systems/platforms

Data Action

All except Wangaratta use D?A either directly or indirectly. Contracts management at DA in flux– Peter Workman has left and Alexi (Chief Information Officer) who was driving change also gone. (3rd CIO in few years)

DA outage (10am Sat to midnight) at weekend: much backlog for Ade to catch up on Monday.

All Anglican Church Fund contracts with DA expired: all negotiating new terms. DA introducing a Model Bank standardised platform: buy and plug own software into this. Church Funds are lagging behind the credit unions: DA enhancements are very expensive.

250k Perth

250 Adelaide

140-150 Melbourne

100 Canberra

?? Brisbane

Credit unions etc are moving into overseas transactions: is this something that Church Funds want or need?

CBS same for each Church Fund. Online banking versions also similar.

Action: Matrix outlining which church fund uses what functions to enable development of a Model Church Fund.

NB would need to include DA's other Church Funds: Church of Christ and Brisbane based evangelical fund:.

Ultradata: Customers include Catholic Development Funds and Lay Lutherans

Infosys – opportunity to approach new market entrant. Parallel conversation? Risks: time lag and what product will look like.

6. Presentation by Data Action –

3pm Vijendar joined the meeting

As a key supplier to most Anglican Funds key issue is how to get deliver what they want cost effectively; get us all together to want the same product.

DB3 developed a template with similar features costs shared to be cost effective. DA looking to standardised offerings in future: 230 clients with different features in products. Aim to provide a single base line model with the same range of features. Introduce a tiered model which could offer advanced features available in model banking. Tier 1 would include at least 1 release per year to keep up to speed with everyone else.

Church funds are very different from each other and also different to mutuals. All church funds will have to get together. Church of Christ very active, want to move. DA holding them off so that all church funds can move together.

Trying to achieve a standard baseline, so every release will have to be accepted by all. All church fund customers will be provided with the features and it's up to each customer to decide what features to switch on.

Online and off line capability: need to bridge the gap in this exercise.

Church funds falling behind mutuals. If church funds picked a baseline that reflects what Bendigo Bank currently offers, could require changes in process that church funds may find difficult to sell to customers eg schools.

DA looking to start a project for Church Funds – Church of Christ and ???? \$150k for 1 new release (tier 3) per year. Additional cost per year depending on what tier each fund requests.

Challenges include the gap between IT knowledge and business knowledge. This is a way to bridge that gap allowing each fund to modify their business operations so that need all use same features.

Mobile app: not useful for Church Funds at present.

Other functionality such as digital cheques – scan and send digital cheques to banks.
Also not useful for Church Funds at present

DA Client conference 23-24 August Adelaide. DA will allocate more time so that church fund clients can get the info they want.

Requested proactive communication by DA to all clients outside of conferences – as not all can attend.

3.50 DA left meeting

7. Next meeting

Adelaide – to coincide with DA conference: 23-24 August 2018

Functionality Matrix for Anglican Dioceses - A National Perspective

No.	Products/Feature	Adelaide	Newcastle	Grafton	Gippsland	Perth	Melbourne	Canberra	Brisbane
Under CBS									
1	Add Savings account	x	x	x	x				
2	Add Term Investment account	x	x	x	x				
3	Add Loan account	x	x	x	x				
4	Cheque processing	x	x	x	x				
5	Cheque book reorder	x	x	x	x				
6	Deposit book reorder	x	x	x	x				
7	BPAY Biller	x							
8	BPAY Payer	x	x	x	x				
9	IRISS user and administrator function	x	x	x	x				
10	Remedy	x	x	x	x				
11	Overnights by 7 (completed every night)	x	x	x	x				
12	Branding enabled	x	x	x	x				
13	v drive access	x	x	x	x				
14	eft bsb	x	x	x	x				
15	chequing bsb	x	x	x	x				
16	RIM service- internet banking	x	x	x	x				
17	RIM Service- business banking	x	x	x	x				
18	Teller function	x	x	x	x				
19	System administration access	x	x	x	x				
20	Transaction monitoring								
21	CBS GL as a subsidiary ledger	x	x	x	x				
22	Customer to Account Relationship workshop (CR1727)	getting quote							
23	Business Banking Enhancements (CR75330 & 75331)	getting quote							
24	Maintain interest rates in System admin	x	x	x					
Under DV3									
1	Transaction limits page								no DV3

2	SMS Registration or alerts page	x	x	x
3	International Transfers (CR75170)			
4	Create Account (onboarding)			
5	Credit Cards			
6	Debit Cards			
7	Activate card page			
8	Terms and Conditions (first page)	x	x	x
9	Welcome page	x	x	x
10	Account Reordering (CR75144)	x	x	x
11	External FI Transfers	x	x	x
12	BPAY page	x	x	x
13	Cheque payment page			
14	Transaction email receipts	x	x	x
15	Payee email receipts (CR75111)	x	x	x
16	Periodic Payments Page	x	x	x
17	Interest details page	x	x	x
18	Loan Redraw			
19	Secure Mail	x	x	x
20	Message Inbox (Message to Customer) page	x	x	x
21	Update address	x	x	x
22	Change password	x	x	x
23	Session history	x	x	x
24	SMS History Page	x	x	x
25	Online loan contracts			
26	Business banking page	x	x	x
27	aba file processing	x	x	x
28	On line processing			
29	Off line processing	x	x	x
30	E statements			
31	Secure SMS (CR75062)	x	x	x
32	aba limits set up via a RFW to DA			
33	merge letter interface (MLI)			
34	ability to self administer content on web page	CMS	CMS	CMS

Clearing House

- 1 Indue
- 2 Cuscal

x

x

x



ANGLICAN DIOCESE OF ADELAIDE
Diocesan Development Fund Group Conversation

Meeting to be held on Thursday 22 March 2018 at 12.30 pm
St Barnabas Board Room, Level 1 18 King William Road, North Adelaide, SA 5006

AGENDA

- 12.30pm: Lunch meet and greet and networking
Presentation and Lunch sponsored by Alison Perrott Ord Minnett
Winners and Losers: Themes for 2018
- 1.30pm: Opening and recap of Perth 17 Registrars conference
- 1.40pm What do you want to get out of today?
Opportunities for Collaboration:
How might collaboration between Diocese's lead to
- Improved purchasing power
 - Improved investment and lending rates
 - Loans between Diocese
 - Learning from one another where we share best practice, information and enhance industry knowledge
 - Improved risk management
- Current position: Each Diocese to provide an overview covering the following:
- Entity name & how Incorporated (legal structure)
 - ASIC/APRA position
 - Wholesale/retail and where are you at
 - If wholesale only (retail FUM foregone handed back)
 - Challenges faced
 - Solution developed etc
 - Annual reporting process
 - Size and Scale of Business
 - Investor FUM
 - Loan FUM
 - Other asset classes – cash, FRN's other
 - Prudential benchmarks – capital adequacy & liquidity
 - People FTE etc
 - Systems/platforms and supplier agreements
Eg – Data Action, Ultradata, and Indue
- 4.40pm Any other topic you would like discussed.
- 5.10pm Wrap up.
Communication for future issues or gatherings
Next meeting: date, venue, agenda items
Agreed next steps:
- 5.20pm Close



BOARD MEETING DATE:

19/04/2018

No 8 Matters for noting and status updates

Item: a)

Title: Approval of Emmanuel Anglican College loan

No of Pages. 2 incl Header



Chris Nelson <chris.nelson@graftondiocese.org.au>

Bishop-in-Council meeting of 22 March 2018 and AFGD matters

Chris Nelson <chris.nelson@graftondiocese.org.au>

26 March 2018 at 16:39

To: David Ford <fordie@mac.com>

Cc: Annette Dent <office@afgd.com.au>, Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au>

Dear David,

I wish to formally advise that at the Bishop-in-Council meeting of 22 March 2018 a resolution was passed approving the project of Emmanuel Anglican College. The resolution was:

That Bishop-in-Council approves Emmanuel Anglican College proceeding with Stage 2 of the extension of the Junior School and borrowing up to \$1.5 million from AFGD for this project.

In addition to this a bill to amend the Grafton Diocesan Governance Ordinance with respect to the role of the Registrar and AFGD was passed. A copy of the bill as passed can be found at <https://www.graftondiocese.org.au/wp-content/uploads/2018/03/Ordinance-No.-7-of-2018-Grafton-Diocesan-Governance-Ordinance-2008-Amending-Ordinance-AFGD-2018.pdf>

The passing of the bill has the effect of removing me from the AFGD Board from 22 March 2018.

--
Regards,**Chris Nelson****General Manager/Registrar****Anglican Diocese of Grafton**

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient or the person responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing or copying this e-mail or any file attachments is strictly prohibited. If you have received this e-mail in error, please immediately notify us by telephone at 02 6642 4122 or by reply e-mail to the sender.



BOARD MEETING DATE:

19/04/2018

No 8 Matters for noting and status updates

Item: b)

Title: Amendment of delegation schedule

No of Pages. 2 incl Header

Resolution from The Corporate Trustees of the Diocese of Grafton on 12 April 2018:

That the Corporate Trustees endorse the revised Schedule of Delegation as recommended by the Board of Anglican Funds Grafton Diocese.



BOARD MEETING DATE:

19/04/2018

No 8 Matters for noting and status updates

Item: c)

Title: Amendment of Diocesan Governance Ordinance

No of Pages. 3 incl Header

**GRAFTON DIOCESAN GOVERNANCE ORDINANCE 2008
AMENDING ORDINANCE (AFGD) 2018
Ordinance No. 7 of 2018**

An Ordinance to amend the Grafton Diocesan Governance Ordinance 2008 with regard to the Registrar and Anglican Funds Grafton Diocese.

PREAMBLE

Whereas the arrangements for Anglican Funds Grafton Diocese are contained within Chapter 18 of the Grafton Diocesan Governance Ordinance 2008; and

Whereas the duties of the Registrar are listed in clause 62.1 of the Grafton Diocesan Governance Ordinance 2008; and

Whereas it is desirable to have the Ordinance amended;

Therefore the Bishop-in-Council in pursuance of powers provided in clause 48.2 of the Diocesan Governance Ordinance 2008 hereby decrees and enacts as follows:

AMENDMENTS

1. Sub-clause 62.1 (b) of the Grafton Diocesan Governance Ordinance 2008 is amended by deleting the words "and as a member of the Board of Anglican Funds Grafton Diocese".
2. A new sub-clause "providing managerial oversight of the Bishop's Registry including Anglican Funds Grafton Diocese;" is inserted following 62.1 (d) and subsequent sub-clauses are renumbered.
3. Clause 220.6 is amended by replacing the current clause with the following:
 - "220.6 The AFGD Board shall consist of:
 - (a) the Bishop, who shall be an ex-officio member, and
 - (b) up to a maximum of eight persons and a minimum of four persons appointed by the Bishop in consultation with Bishop-in-Council.
 - 220.6A A quorum shall consist of half of the AFGD Board members, rounded up to the nearest whole number, whether the Board member is present in person or via virtual or electronic participation, as agreed by the AFGD Board."

COMMENCEMENT

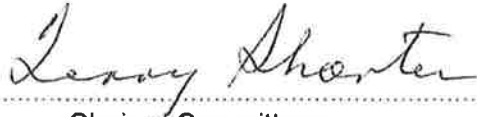
4. This Ordinance shall come into effect upon receiving the assent of the Administrator.

SHORT TITLE

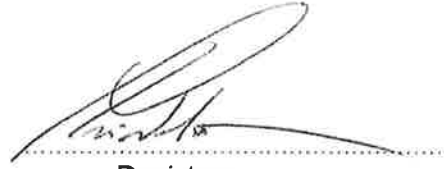
5. This Ordinance may be cited as the AFGD Amending Ordinance 2018.

ASSENT

We hereby certify that this Ordinance was passed by Bishop-in-Council on the Twenty-second day of March, 2018 and that the Ordinance as printed is in accordance with the Ordinance as passed.

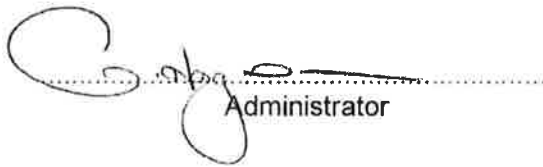


Chair of Committees



Registrar

I assent to this Ordinance.



Administrator

02/13/2018

Date