

Annual Report

2019 Snapshot



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Armidale Diocesan Investment Group • adig.com.au
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Bishop Report



It is with great pleasure that I present this 2019 Annual Review to you on behalf of the Board of the Armidale Diocesan Investment Group.

Over the past year the ADIG has continued to undergo significant changes, culminating with the Board of ADIG approving the outcomes of a strategic review. One of the recommendations of the review was the creation of a new role of Chief Executive Officer. Following an extensive recruitment process Mr. Grant Devine was appointed in March 2019.

Grant has quickly familiarised himself with the ADIG's unique history and culture, and has begun to make his own positive contribution.

The support of all staff during this time of transition is appreciated. I have been impressed by the manner in which the Board and staff have responded and adapted to these changes.

As you will see from the financial summary information contained in this year's report, the ADIG has once again had a strong year of performance and growth.

In his first report our new Chief Executive Officer provides an outline of performance and some examples of how the ADIG supports the Diocese of Armidale and its Parishes.

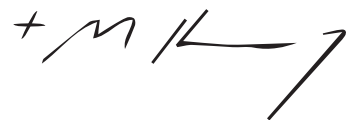
The annual distribution provides much needed income to support Diocesan and Parish activities. Without this support both the Diocese and the Parishes would struggle financially.

So once again I say thank you to everyone who makes the success of the ADIG possible.

The future is exciting and your contribution makes a significant difference.

I'm proud of the ADIG's continued success and look forward to the new strategies Grant and his new team will put in place to ensure ADIG's growth and continued relevance.

Yours in Christ,



Most Reverend Michael Kennedy
Bishop of Armidale

DISCLOSURE STATEMENT: The Armidale Diocesan Investment Group (ADIG) is not prudentially supervised by the Australian Prudential Regulation Authority nor has it been examined or approved by the Australian Securities and Investments Commission. Therefore, an investor in ADIG will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959 (Cth). Investments in ADIG are intended to be a means for investors to support the charitable, religious and educational works of the Catholic Diocese of Armidale and for whom the consideration of profit are not of primary relevance in the investment decision. Furthermore, investors should be aware that neither ADIG nor the Trustees of the Roman Catholic Church for the Diocese of Armidale is subject to the normal requirements to have a disclosure statement or Product Disclosure Statement or be registered under the Corporations Act 2001 (Cth). CDPF Limited, a company established by the Australian Catholic Bishops Conference, has indemnified the Fund against any liability arising out of a claim by investors in the Fund.

CEO Report



It is my pleasure to provide this new and concise annual report noting financial and other highlights for the ADIG.

In my first CEO report for the ADIG, I would like to say it is a privilege to be leading an organisation that supports so many in the community. The ADIG plays an important role providing significant contributions to the Armidale Diocese through both community support and financial distributions.

This year an amount of \$2,185,000 was distributed to the Diocesan office and Parishes. The fund had sound performance with total assets growing 14.79% to \$334m which supported growth of 7.61% in our reserves and retained profits to \$35.85m. ADIG's operating surplus after reserve transfers remained steady at \$3.83m.

The 2018/19 year continued to bring change with further bedding down of a refined product range through the introduction of new regulation.

As we changed our product range and processes, we appreciated the support of our customers and the many loyal supporters who kept funds with the ADIG by transferring them into longer term savings and investments.

The continued loyalty of our customers underpins the long term sustainability and growth of the fund.

Despite these changes to our business model, the ADIG has continued to grow - with the Board taking a strategic initiative to approve an investment in the recruitment of a new management team.

Future challenges will be presented by a range of complex factors, including a record low interest rate environment. The ADIG prides itself on investing significant profits towards social good activities whilst offering a highly competitive return on customers' investments.

My focus as CEO moving forward will be on achieving success and supporting the ADIG's future growth and sustainability, promoting our offering in a different way, and providing even more transparency on our investment strategies, - all while enhancing customer experiences.

We plan to provide this through a refreshed brand and website supported by new Marketing and Business Development initiatives, a simplified product range, and the promotion of the ADIG as a leading Catholic Development Fund.

The forthcoming year will present new challenges guided by myself and a new Management team - which will be announced as the year progresses.

As we look forward to the next 12 months, I would like to take this opportunity to thank the Board and staff of the ADIG - particularly in a period of significant transformation. Our efforts in the past year have positioned us well for the coming year and I'm excited about working with you to build on this year's success.

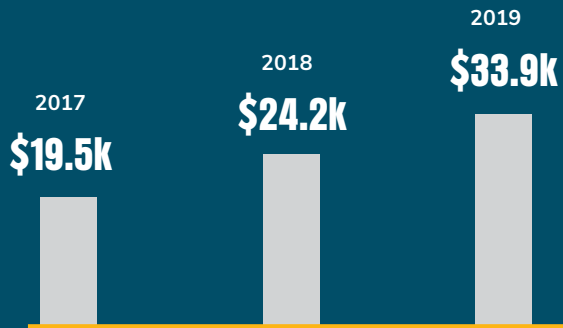
A handwritten signature in black ink, appearing to read 'Grant Devine'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Grant Devine

Chief Executive Officer

Portfolio Mix

Average Account Size



Property Investments
- \$40.3m

12.3%*



“ The work of the Walgett parish is largely made possible as a direct result of the funding made available through the operations of the ADIG and the generous ongoing support they give. The drought is threatening the financial stability of the parish - The ADIG is the one source that guarantees the continuing ministry of the church in Walgett. **THANK YOU SO MUCH!** ”

Fr Joe Adriano, **Walgett Parish**

Cash Investments
- \$206m

Low risk Investment profile with
63.5%* invested in Cash



Equity Investments
- \$64.58m

19.9%* invested in Equities - achieving strong growth



School & Parish Loans
- \$14m

4.3%*



* Percentage of Portfolio as at 31st January 2019

“ The generous distribution from the ADIG allows our Parish to meet our ongoing commitments and most importantly to continue to offer pastoral support in caring for the sick and elderly, as well as providing pastoral care to families in our local community ”

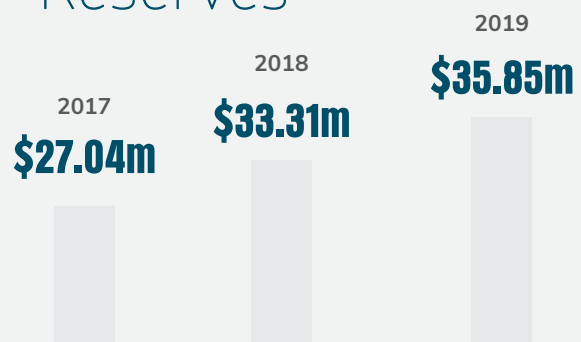
Fr Anthony Koppman,
West Tamworth Parish

16.4% Growth in Depositors Funds



Capital Reserves Growth of **7.6%**

Capital Reserves



Capital Reserves continue to grow

The ADIG will maintain investments in Defensive Assets during this period of high volatility

Cash on hand at 31 January 2019 - **\$22.7m**



Detailed financial statements are available on our website (www.adig.com.au) or a printed copy can be provided upon request by contacting one of our offices.

Income Statement

	31 Jan 2017	31 Jan 2018	31 Jan 2019
Income			
Interest & Investment Income	13,640,997	16,867,780	12,659,503
Interest Paid to Depositors	(5,773,295)	(6,369,393)	(6,123,655)
Gross Margin	7,867,702	10,498,387	6,535,848
Operating Expenses	(1,748,127)	(1,948,626)	(1,815,994)
Operating Surplus from Ordinary Activities	6,119,575	8,549,761	4,719,854
Add/(Less) Transfers from/(to) Reserves	(2,851,841)	(4,626,317)	(887,209)
SURPLUS AFTER RESERVE TRANSFERS	3,267,734	3,923,444	3,832,645
Retained Profits and Reserves Brought Forward	22,525,981	27,045,556	33,315,317
Transfers (from)/to Reserves	2,851,841	4,626,317	887,209
Distributions Paid	(1,600,000)	(2,280,000)	(2,185,000)
RESERVES & RETAINED PROFITS AT YEAR END	27,045,556	33,315,317	35,850,171

Balance Sheet

Assets			
Loans	13,113,633	13,394,665	14,091,497
Investments	245,285,292	277,162,131	318,964,786
Other Assets	15,541,826	482,245	1,034,583
TOTAL ASSETS	273,940,751	291,039,041	334,090,866
Liabilities			
Depositor Funds - Individuals	106,134,822	88,989,831	84,821,230
Depositor Funds - Other (See Note A*)	136,250,213	165,939,151	211,826,686
Creditors & Accruals	497,882	235,602	643,340
Other Liabilities	4,012,278	2,559,140	949,439
TOTAL LIABILITIES	246,895,195	257,723,724	298,240,695
NET ASSETS	27,045,556	33,315,317	35,850,171
Represented by Retained Profits & Reserves			
Retained Profits	10,458,429	12,101,873	13,749,518
Reserve Funds	16,587,127	21,213,444	22,100,653
TOTAL RESERVES & RETAINED FUNDS	27,045,556	33,315,317	35,850,171
*Note A: Short Term deposits included in depositor funds - other	56,606,064	63,968,575	75,561,275