



Helen Macpherson Smith Trust

# Helen Macpherson Smith Trust

## 2022 Annual Report



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Evelyn Araluen accepting the 2022 Stella Prize. Photo: Marie-Luise Skibbe

Photograph of Helen Macpherson Smith

President of the Library Board of Victoria Christine Christian AO and Helen Macpherson Smith Trust Chair Catherine Walter AM Photo: Jarrod Barnes

Detail of artwork created in one of Living Learning's Art Therapy sessions. Photo: Melbourne City Mission

# 2022 in Review

## From the Chair & CEO

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**On behalf of the board of Helen Macpherson Smith Trust, it is our pleasure to present the Annual Report for the year ending 30 June 2022.**

2022 marked a year of reflection and transition, and one of celebration and loss for the Helen Macpherson Smith Trust. As we transitioned out of lockdowns and to a new ‘covid normal’, our grantees, as ever, showed an agility and strength in their response to ever-growing community need.

### Grantmaking

During the year we celebrated the 70th anniversary of the Trust, marking 70 years since Helen’s death and the formation of the Trust, her most generous gift to Victorians. In her lifetime, Helen paid the school fees of her nieces, and we honored her commitment to supporting women in education with a gift of \$150,000 to Western Chances to support girls experiencing disadvantage in Melbourne’s west to achieve their education goals.

As part of the 70<sup>th</sup> anniversary program, and in support of historical and contemporary writing by women, grants were made to both the State Library of Victoria and the Stella Prize. A signature grant of \$1 million to the State Library of Victoria supports the acquisition of historical works by women writers through the Women Writer’s Fund, as well as associated public programming. The grant sees historical works by women writers made available to all Victorians through the state collection, and was committed alongside a grant of \$250,000 to the Stella Prize to foster a new generation of women writers through the organisation’s campaign to secure the Prize in perpetuity.

Over the year, the Trust made 24 grants totalling \$4.2 million. The move to fewer, larger grants reflects a change in strategic direction for the Trust, emphasising deeper relationships with selected community partners.

### Investment and Finance

The total return on the corpus has outperformed its objective of CPI+5.5% by 1.5% pa over the past nine years. At the end of the year, the corpus was \$134.1 million, down from an all-time high of \$139.9 million achieved at the end of FY21.

# 2022 in Review

## From the Chair & CEO *continued*

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Total income generated from the corpus was \$6.1 million, 34% higher than the \$4.5 million generated in FY21 due to the receipt of windfall dividends. While operating expenses remained constant at \$1.3 million, due to the rise in revenue, our operating expense ratio dropped to 16.5%. The Trust reinstated its power of accumulation, capitalising \$0.5 million from the Income Account to the Capital Account. After making grants of \$4.2 million, the Trust's unapplied income at the end of FY22 was \$2.9 million, up from \$2.8 million at the end of FY21.

### Vale Darvell Hutchinson AM

With great sadness, in February we marked the passing of Darvell M. Hutchinson AM, a visionary leader in the philanthropic community in Victoria and a passionate steward of Helen's legacy. In 1964 at the age of 33, Darvell was appointed trustee of the then Helen M. Schutt Trust. This began 50 years of dedication and determination to realise the legacy of Helen Macpherson Schutt (née Smith).

### Our People

The Trust farewelled Chief Executive Lin Bender, Grants Advisors Sarah Bartak and Amber Moore and Executive Assistant Michelle Springall, and welcomed Chief Executive Officer Debra Morgan, EA and Office Manager Nick Doherty, and Project Officer Bridgette Hardy. Program Manager Katie Costello joined the Trust in August 2022, completing the team. We thank the team for their diligence and commitment to continuous improvement for the betterment of the Trust's beneficiaries and administration.

We especially thank Trustees for the dedication and care which they bring to upholding the legacy and charting the future of the Trust. Particular thanks go to Claire Higgins and Andrew Sisson for the way in which each has respectively chaired the Grants Committee and Investment Committee.

**Catherine Walter AM, *Chair***

**Debra Morgan, *Chief Executive Officer***

# 2022 in Review

## Vale Darvell Hutchinson AM

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### **Darvell M. Hutchinson AM**

**1 July 1930 to 1 February 2022**

In 2022 we marked the passing of Darvell M. Hutchinson AM, a visionary leader in the philanthropic community in Victoria.

In 1964 at the age of 33, Darvell was appointed trustee of the then Helen M. Schutt Trust. This began a lifetime of dedication to realising the legacy of Helen Macpherson Schutt (née Smith).

During his remarkable 50-year stewardship of the Helen Macpherson Smith Trust, Darvell played a leading role in growing the little-known bequest of £275,000 to a respected philanthropic trust benefitting Victoria and Victorians. The Trust now manages a corpus of over \$134 million, securing a future of grant making and collaboration, and building a strong, just and sustainable Victoria.

In 1994, Darvell became a Member of the Order of Australia (AM) for service to the community, and was conferred with a Doctor of Laws (Honoris Causa) by Monash University, also for his contribution to the Victorian community and “to Melbourne’s role as a major centre of philanthropy in Australia”.

Major contributions under Darvell’s leadership at the Trust include the founding of Macpherson Smith Rural Foundation (now YouThrive) and the establishment of a longstanding partnership with Melbourne Business School, including an endowment to establish a Helen Macpherson Smith Chair of Leadership for Social Impact.

Darvell was integral to ensuring communities devastated by the 2009 bushfires were financially supported, and this legacy continues today in partnership with the Foundation for Rural & Regional Renewal, with support of the Bushfire Recovery Fund.

On retirement from the Trust in 2014, and in recognition of Darvell’s legacy, the Trustees of Helen Macpherson Smith Trust created the Hutchinson Indigenous Fellowship, a perpetual gift supporting year-long residencies for Victorian Indigenous artists at the University of Melbourne.

## 2022 in Review

### Vale Darvell Hutchinson AM *continued*

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Darvell's visionary leadership extended beyond the Trust. Galvanizing local and international support and expertise, Darvell helped grow the Australian philanthropic sector and served on the Philanthropy Australia council for nine years, including as its President from 1987 to 1988.

He was honoured with a Lifetime Membership of Philanthropy Australia in 2014 in recognition of his outstanding service to the sector.

Darvell held many other governance roles in charitable and community organisations, including becoming a Life Member of the National Gallery of Victoria, Patron of Royal District Nursing Service and of The Asthma Foundation of Victoria, and Honorary Fellow of Melbourne Business School.

Darvell described his fifty years with the Trust as “a mere drop in the ocean”, however his legacy will be forever intertwined with that of the Trust, and he is owed a great debt of gratitude for his care and diligence in bringing Helen's legacy to life.



# Our Story

## Helen Macpherson Smith - Philanthropist

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**While the founding of the Helen Macpherson Smith Trust in 1951 remains Helen's signature philanthropic achievement, in her lifetime, Helen was a generous supporter of many causes.**

Born in Scotland on 17 April 1874, Helen Macpherson Smith, aged six months, moved to Melbourne with her family. The Smiths and Macphersons, two branches of Helen's extended family, were successful Australian graziers and timber merchants.

In 1901, at the age of 27, Helen married William John Schutt, a successful barrister, who was appointed to the bench of the Victorian Supreme Court in 1919. While Helen left Australia for Europe in 1923, William remained in Melbourne, making several trips to Europe over the following decade to travel with Helen. On a return sea voyage in 1933 he suffered a fatal fall and was given a ship's burial in the Red Sea.

After William's death Helen divided her time between Switzerland and the south of France. She died from pneumonia on 19 April 1951 at the Hotel Majestic in Cannes, aged 77. Despite being a woman of means, she was buried in a pauper's grave in Marseilles. Her body was later cremated and her ashes scattered to the winds of the Mediterranean coast, as was her wish. In 2001 an obelisk was erected in the family plot at the Melbourne General Cemetery as a permanent memorial.

On her passing Helen left the majority of her wealth, £275,000, to establish a perpetual philanthropic trust to benefit Victoria and Victorians. Launched as the Helen M. Schutt Trust, the name was changed to the Helen Macpherson Smith Trust in 2001 to acknowledge the Macpherson and Smith families as the source of her legacy.

In 2022, just over 71 years after Helen's death, the Helen Macpherson Smith Trust has granted \$137 million to Victorian charitable causes. Though she lived a private life, the legacy of Helen Macpherson Smith's generosity now publicly and in perpetuity improves the lives of many Victorians.



# Grants

## The Year in Review

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**In this year of reflection and transition we honoured 70 years of the Trust, and explored a new strategic direction, building on decades of history and long-standing relationships.**

In the development of the new strategy, we considered how we could best support Victoria and Victorians in the context of the ongoing challenges presented by COVID-19 and successive natural disasters, on top of the persistent barriers of disadvantage experienced by many members of our community.

Our relationships with our grant partners, fostered over decades, proved invaluable in informing the strategy's development. Acknowledging that the Trust cannot achieve system change alone, the new strategy prioritises deeper, longer-term partnerships with both our grantees and our fellow funders.

Over time, the Trust aims to create greater impact for and with Victorian communities.

In this transition year, our open application grants rounds were wound down, heralding the shift to proactive partnerships with fewer organisations. Over the year, the Trust committed 24 grants totalling \$4.2 million.

In honour of 70 years of the Trust, a commitment of \$1.4 million across three organisations supported women's writing and education in Melbourne's west. Through our general granting program, grants were made across the arts, environment, health, education and community, and contributions made to the beneficiaries named in Helen's Will.



# Grants

## 70th Anniversary Grants

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**In 2021 we celebrated 70 years of the Helen Macpherson Smith Trust, and in 2022, to honour the 70th anniversary of the Helen Macpherson Smith Trust, Trustees committed \$1.4 million in grants to three organisations supporting representation and voices of women and girls.**

A signature grant of \$1 million was made to the State Library of Victoria for the Women Writer's Fund, alongside a contribution of \$250,000 to secure the Stella Prize in perpetuity. The two projects go hand in hand to support the representation of women's writing, from the past and into the future for all Victorians.

Alongside the grants to the State Library of Victoria and the Stella Prize, \$150,000 was granted to Western Chances to support disadvantaged girls in Melbourne's west achieve their education and career goals.



### **State Library of Victoria**

**\$1,000,000**

*Women Writer's Fund*

The commitment of \$1 million to the State Library of Victoria sees the continuation of a long-standing relationship between the Trust and the Library. The grant supports the Women Writer's Fund, securing acquisitions by women writers for the State Collection, alongside public programming including an annual marquee oration featuring an internationally recognised speaker.

The acquisition of works by women writers seeks to grow the representation of women's writing in the State Collection, and associated public programming will amplify its reach to new generations.

The State Library grant continues the relationship established by the Trust's former Chairman, Darvell Hutchinson AM over 35 years ago, and by former Trustee Fran Awcock, who was Chief Executive Officer and State Librarian at the State Library from 1997 to 2002.



Top image: President of the Library Board of Victoria Christine Christian AO and Helen Macpherson Smith Trust Chair Catherine Walter AM Photo: Jarrod Barnes Photography

Bottom image: Detail of Helena Bochoráková-Dittrichová *Z Mého Dětství* (From My Childhood) acquired by the State Library of Victoria through the Women Writer's Fund

# Grants

## 70th Anniversary Grants *continued*

### **Stella Prize Inc.**

**\$250,000**

*The Stella Forever Fund*

Stella Prize Inc. is a voice for gender equality and cultural change in Australian literature. The organization champions the work of Australian women and non-binary writers, its flagship program being the Stella Prize, a major literary award celebrating Australian women's writing.



The Trust provided a grant of \$250,000 to support Stella Forever, a campaign which raised 3 million to secure the future of the Stella Prize in perpetuity.

The organisation is small, but its ability to partner to achieve outsized impact is evident. Stella notes that, in the week after the prize's announcement, sales of the Stella Prize winning book increase, on average, by 823%. The benefits of the prize extend beyond the prize money itself to longer term income and exposure for the writers, as well as to the publishing community and booksellers.

### **Western Chances**

**\$150,000**

*Support for Disadvantaged Girls*

Western Chances seeks to address unemployment and educational attainment gaps in Melbourne's west through a program of scholarships for young people to assist them to achieve their education aspirations.

Together with scholarships, Western Chances provides educational, personal and professional development opportunities, and connections and networking opportunities.

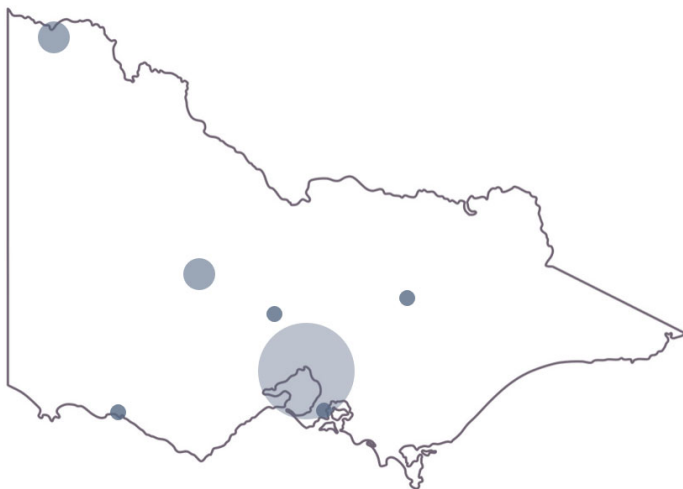
The support is provided in partnership with a range of education and coaching providers.

The grant of \$150,000 will support approximately 130 scholarships for young women aged 12-25 to assist them to complete their secondary and tertiary education.



# Grants

## 2022 at a Glance

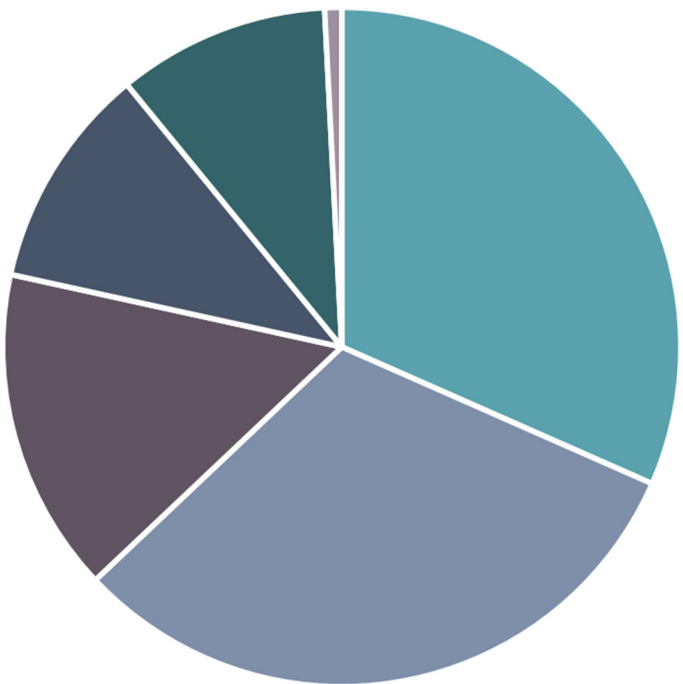


### 24 GRANTS

distributed across Victoria

### \$4,200,000 COMMITTED

- State-wide, 48%
- Rural/Regional, 32%
- Metropolitan, 20%



### BY FOCUS AREA

- Arts and Culture, 32%
- Community, 31%
- Education, 15%
- Health, 11%
- Environment, 10%
- Animal Welfare, 1%



# Grants

## 2022 Grants

### Arts and Culture

#### Arts Mildura

\$42,000

*Hub Fit-Out and Inaugural Creative Program*

Support to undertake a year-round schedule of exhibitions, events, performances, workshops and arts education opportunities.

[arts mildura.com.au](https://arts mildura.com.au)

#### Centre For Projection Art

\$35,000

*Investing In Specialised Project Equipment to Improve Income Streams and Enhance Sustainability*

Purchase of equipment to enable projection of artworks with high artistic and community merit.

[centreforprojectionart.com.au](https://centreforprojectionart.com.au)

### Community

#### Beolite Village

\$50,000

*Darvell Hutchinson Centre for Residents Hobbies and Repair Shop*

Development of a new community space for independent retirement living residents in Mansfield.

[beolitevillage.org](https://beolitevillage.org)

#### Philanthropy Australia

\$25,000

*Support for Philanthropy Australia's Victorian State Manager position*

[philanthropy.org.au](https://philanthropy.org.au)

#### Sunraysia Community Health Services

\$355,000

*Family and Child Hub - Our Sustainable Future*

Support to achieve independent business sustainability in order to support disadvantaged families and their children in the Mallee regional community.

[schs.com.au/services/family-child-hub](https://schs.com.au/services/family-child-hub)

#### Social Traders

\$600,000

*Build the Capacity, Sustainability and Impact of Victorian Social Enterprises*

Building and scaling of social enterprise procurement across Victoria, improving social outcomes.

[socialtraders.com.au](https://socialtraders.com.au)

Helen Macpherson Smith Trust committed \$600,000 over three years to support Social Traders to scale and embed social enterprise procurement, targeting private and public sector organisations in Victoria. In Victoria, Social Traders has ambition to grow social procurement spending from \$91 million in 2020 to \$240 million in 2025 and to certify over 350 Victorian social enterprises.

Social Traders is a pioneer of social enterprise procurement with a vision to create a thriving social enterprise sector. Established in Victoria in 2008, the organisation connects business and government with social enterprise suppliers, and advocates to governments to embed social procurement policy. The organisation also works with social enterprises to develop skills and capability with advisory services, skills building workshops and referral services.

Social Traders is progressing toward their ambitious Vision 2030 target of unlocking over \$5 billion in demand for social enterprises.



Image: Simon Fenech, General Manager & Chance Creator at fruit2work, a certified social enterprise in Melbourne supported by Social Traders  
Photo: Social Traders

# Grants

## 2022 Grants *continued*

### Unison Housing

\$220,000

#### *Make Room*

Support for the redevelopment of a Melbourne CBD building to deliver accommodation and support services for people who are experiencing homelessness.

[unison.org.au](https://unison.org.au)

Make Room is a unique partnership between the City of Melbourne, State Government, Unison Housing and philanthropy. The redevelopment of a council-owned building will see 50 studio apartments created as secure housing options in inner Melbourne for people experiencing homelessness and sleeping rough in the city.

Alongside secure housing, the project provides wrap-around support services. The ground floor will be activated as a community space, and the rooftop will include a communal garden.

Helen Macpherson Smith Trust provided \$220,000 to Unison Housing to support Make Room.

The Trust's contribution to Make Room covers all construction and ancillary costs required to build one of the environmentally-conscious, sustainably-designed self-contained studio apartments. Each studio apartment includes a bedroom, kitchenette and ensuite bathroom.

Image: Artist impression of Unison Housing's Make Room project. Photo: Unison Housing



### Beyond the Bell

\$50,000

#### *Youth Voice - A Call to Action!*

Support for project delivery to enable children and young people to connect with education and engage in learning across the Great South Coast.

[btb.org.au](https://btb.org.au)



Beyond the Bell participant presenting at Beyond the Bell AGM about youth involvement and barriers for young people

### University of Melbourne

\$400,000

#### *In2School@School*

Support for the roll out of an intervention program for students refusing to re-engage with school, and disengaged students in out-of-home care, following COVID-19 related lockdowns.

[unimelb.edu.au](https://unimelb.edu.au)

### Tradeswomen Australia Community Foundation

\$50,000

#### *Barriers to Employment in Skilled Trades for Culturally and Linguistically Diverse (CALD) Women*

Research into the experiences and barriers faced by CALD Women who are employed or seeking employment in skilled trades, in partnership with the Ethnic Communities' Council of Victoria.

[tradeswomenaus.com](https://tradeswomenaus.com)

### Education

#### **Banksia Gardens Community Services**

\$50,000

#### *Cultivating Awareness and Resilience in Education (CARE) - implementation in Australia*

Implementation of the CARE program, supporting teachers to employ Social and Emotional Learning (SEL) and mindful awareness practices, leading to improved classroom instruction, better student wellbeing, and reduced stress.

[banksiagardens.org.au](https://banksiagardens.org.au)



# Grants

## 2022 Grants *continued*

### Environment

#### **Biolinks Alliance**

\$50,000

*Larger-Networks for Large Landscape Conservation; Growing Biolinks Alliance's Capacity to Scale-Up*  
Support for a collaborative capacity-building project addressing the need for larger network organisations to implement large-scale landscape ecological restoration.

[biolinksalliance.org.au](http://biolinksalliance.org.au)

#### **Bush Heritage Australia**

\$330,000

*Wurreka Galkangu: An ongoing partnership journey – collaborating in right-way planning, management and evaluation*  
Support for collaboration and co-design with Dja Dja Wurrung Traditional Owners or Djaara (language name for Dja Dja Wurrung people) for the long-term restoration and protection of culturally important ecological environments in Victoria.

[bushheritage.org.au](http://bushheritage.org.au)



Participants at the Buckrabanyule workshop run by Bush Heritage Australia as part of the *Wurreka Galkangu* project.  
Photo: Eliza Herbert

#### **Dolphin Research Institute**

\$45,000

*Building Capacity to Empower Victorians to be Stewards of Dolphins, Whales and their Marine Environment*  
Improve the communications and technology systems that build organisational capacity, better empowering Victorians to be stewards of marine life and environment.

[dolphinresearch.org.au](http://dolphinresearch.org.au)

### Health

#### **Swinburne University of Technology**

\$396,000

*Mental Health (Telehealth) Counselling Service for aged-care communities*  
Expansion of a program that blends geriatric counselling expertise and new technology to deliver free telehealth mental health counselling in rural and regional Victoria.

[swinburne.edu.au](http://swinburne.edu.au)

### Named Beneficiaries

#### **Bolton Clarke**

\$17,000

*Support for Royal District Nursing Service activities in Victoria*

[boltonclarke.com.au](http://boltonclarke.com.au)

#### **Mission to Seafarers Victoria**

\$17,000

*Support for welfare services for seafarers*

[mts.org.au](http://mts.org.au)

#### **Royal Society for the Prevention of Cruelty to Animals (RSPCA)**

\$17,000

*Support for the new CASA Care Centre at RSPCA Peninsula to desex cats, decreasing the rate of unwanted homeless kittens and protecting native wildlife*

[rspcavic.org](http://rspcavic.org)

#### **The Lost Dogs Home**

\$17,000

*Support for a first of its kind shelter-medicine program, in partnership with the University of Melbourne*

[dogshome.com](http://dogshome.com)

#### **The Royal Children's Hospital Foundation**

\$17,000

*Support for bereavement services*

[rchfoundation.org.au](http://rchfoundation.org.au)

#### **Vision Australia**

\$17,000

*Support for Vision Australia's Victorian operations*

[visionaustralia.org](http://visionaustralia.org)

### 70th Anniversary

#### **State Library of Victoria**

\$1,000,000

*Women Writer's Fund*

Acquisition of historical works by women writers, and support for associated public programming.

[slv.vic.gov.au](http://slv.vic.gov.au)

#### **Stella Prize Inc.**

\$250,000

*The Stella Forever Fund*

Contribution to Stella's campaign which achieved \$3 million to secure the Prize in perpetuity.

[stella.org.au](http://stella.org.au)

#### **Western Chances**

\$150,000

*Support for Disadvantaged Girls in Melbourne's West*

Support for scholarships for young women, assisting them to complete their secondary and tertiary education.

[westernchances.org.au](http://westernchances.org.au)

# Investment, Finance & Governance

## Investment & Finance

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The Helen Macpherson Smith Trust is a perpetual charitable trust whose principal activities are to hold Helen's residuary estate (corpus) in trust, to invest the corpus to grow its real value, to earn income from the corpus and to distribute that income to charitable institutions situated in Victoria and charitable purposes in Victoria. More information on the remarkable story of growth is available on our [website](#).

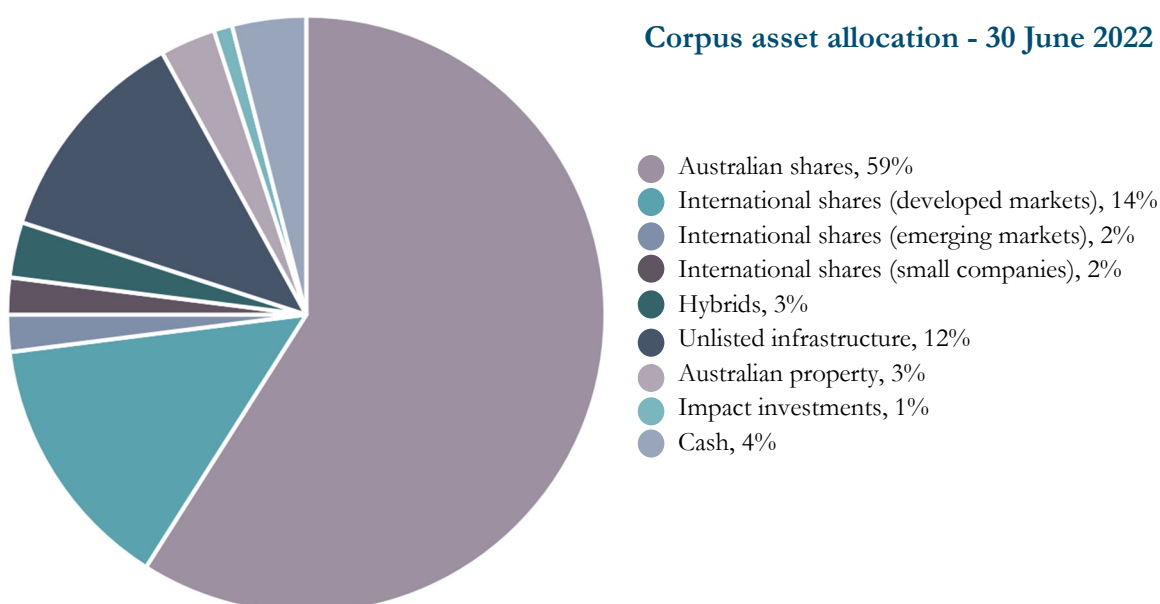
### Investment objective

The objectives of the Trust's investment mission are twofold: firstly to achieve long-term appreciation of the value of the corpus, ahead of inflation, and secondly to generate sufficient income to fund the annual grant giving program and operating expenses. The Trust prioritises long-term growth in the value of the corpus to ensure support for Victorian communities in perpetuity.

The Trust's overall investment objective is a total investment return of Consumer Price Index (CPI) + 5.5% over rolling 20-year periods. Of the total expected annual investment return, long term capital returns are targeted at CPI + 1.0% p.a. and income returns are targeted at 4.5% p.a. to cover granting and operating expenses.

### Asset allocation

The Trust operates in perpetuity and cannot grant out of capital. These two features allow the corpus to have a high allocation to growth assets (86% as at 30 June 2022). The Trust maintains a high allocation to Australian equities (59% as at 30 June 2022) due to the attractiveness of refundable franking credits.





# Investment, Finance & Governance

## Investment & Finance *continued*

### Investment performance

Compared to FY21 when the total return on the corpus was an outstanding 23.2%, FY22 was a difficult year due to increased geopolitical tensions (particularly the war in Ukraine), tightening monetary policy (as a result of surging inflation), rising global recession fears and continued restrictive COVID-19 policies in China.

Given this macroeconomic environment, the corpus generated a total return of -0.34% for FY22, significantly underperforming our long-term objective of 11.6% (CPI+5.5%). This total return of -0.34% was still a good outcome considering the ASX All Ords Accumulation Index declined 7.4% and the MSCI World Total Return declined 13.9%. The total return of -0.34% was assisted by our allocation to unlisted infrastructure, which returned +13.9% for FY22.

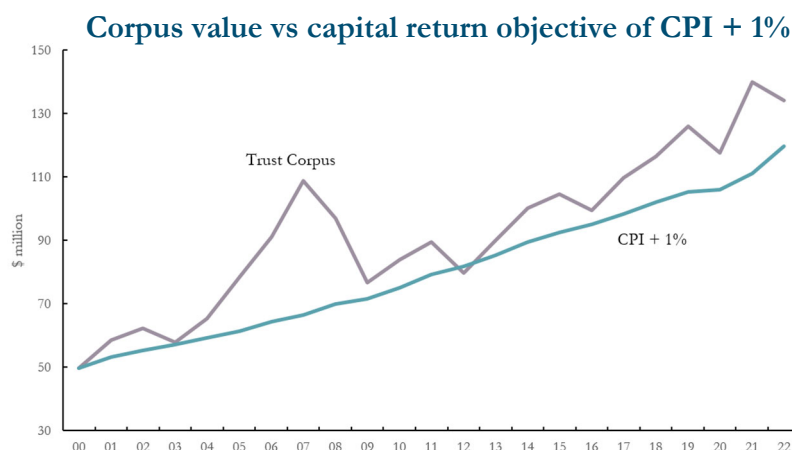
In addition, the internal management of the Australian shares portfolio allowed us to take advantage of three off-market share buy-backs, resulting in a total return of +0.34% for Australian shares in FY22.

As at 30 June 2022	1 year	3 years	5 years	9 years
Corpus: total return % pa (including franking, net of fees)	-0.3%	5.9%	8.4%	9.3%
Objective: CPI +5.5% pa	11.6%	8.7%	8.1%	7.8%
Over/(under) performance	-12.0%	-2.8%	0.2%	1.5%

Over the longer term, it is pleasing to note that the total return on the corpus has outperformed its objective by 1.5%pa over the past 9 years. The total return objective of CPI+5.5% could be considered ambitious, albeit appropriate for a fund in perpetuity.

Excluding income returns, the value of the corpus continues to outpace inflation over the longer-term, even with inflation rising sharply over the past year. The chart below shows how the value of the corpus (which excludes income earned) has changed since 2000, and compares that with the increase in CPI + 1% (our capital return objective).

The corpus finished the year at \$134.1 million, down from the all-time year-end high of \$139.9 million, achieved at the end of FY21.



# Investment, Finance & Governance

## Investment & Finance *continued*

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### Responsible investment

To avoid circumstances where the Trust's investment activities are inconsistent with the objectives of the Trust's granting activities, the Trust has a principles-based responsible investment policy that aims to balance responsible investment with the need to generate returns in order to maintain granting capacity.

The Trust internally manages its Australian equities portfolio on a passive basis, enabling us to take advantage of our tax-exempt status (particularly franking credits) and also giving us the flexibility to screen out stocks not in line with the Trust's vision and granting strategy. The Trust utilises the S&P/ASX50 Franking Credit Adjusted Daily Total Return (Tax Exempt) Index benchmark modified for negatively screened stocks. In FY22, the Trust negatively screened out Endeavour Group and The Lottery Corporation due to their involvement in alcohol and gambling. During FY22, the Trust's Australian equities portfolio outperformed the benchmark by 1.7%, mainly due to participation in off-market share buy-backs.

The Trust's developed market equity exposure is invested in the Vanguard Ethically Conscious International Shares Index Fund. This fund tracks the FTSE Developed ex Australia Choice Index which excludes companies with significant business activities involving fossil fuels, nuclear power, alcohol, tobacco, gambling, weapons, adult entertainment and conduct-related controversies.

The Trust is invested in two unlisted infrastructure funds: the Utilities Trust of Australian (UTA) and the IFM International Wholesale Infrastructure Fund. The managers of both funds are signatories to the UN Principles for Responsible Investment and have responsible investment strategies and climate change policies (net zero by 2050) which embed Environmental, Social and Governance (ESG) factors into their respective investment processes. In 2022, the UTA fund scored 94% from GRESB (an organisation that produces internationally-recognised benchmarks to track ESG performance) against a peer group average of 88% and maintained its position in the top ten globally diversified infrastructure funds globally.

The Trust is currently invested in four impact investments which aim to deliver both a market return and a measurable social or environmental return, being:

- the Murray Darling Basin Balanced Water Fund, which undertakes watering events across wetlands and funds the development of infrastructure which enables the sustainability of water delivery to wetlands;
- the COMPASS social impact bond (SIB), which seeks to improve outcomes for young Victorians transitioning from care to independent living;
- the Living Learning SIB, which provides support to 15-21 year olds not engaged in

# Investment, Finance & Governance

## Investment & Finance *continued*

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education or training and who have a mental health condition, facilitating higher levels of engagement in secondary education; and

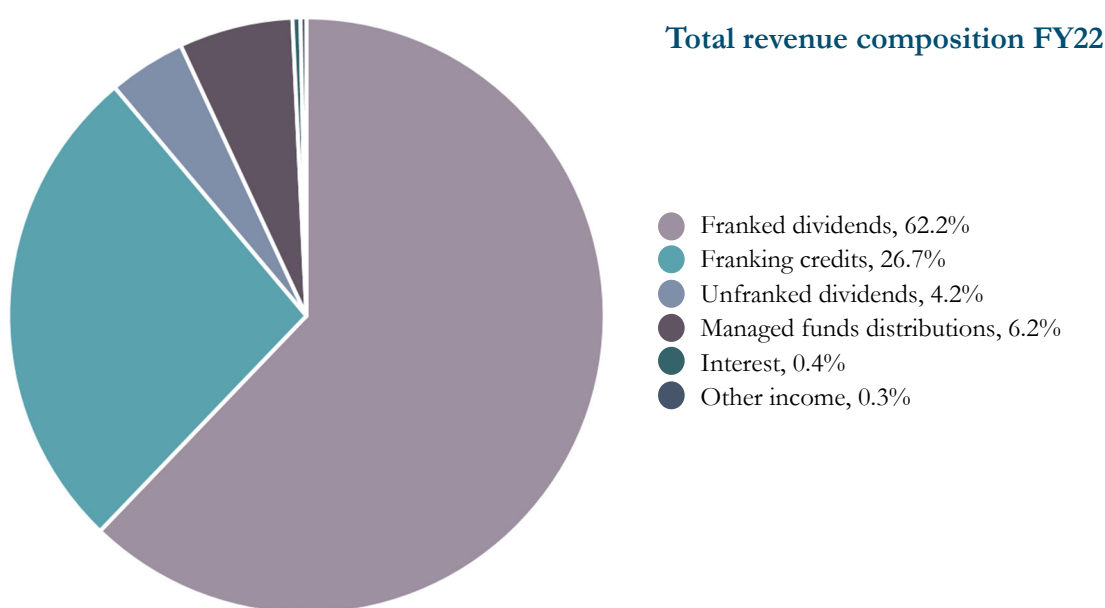
- the Side by Side SIB, which aims to help students (prioritising Aboriginal students) in Years 1 to 4 who are chronically absent from school.

### Investment management expenses

In addition to managing Australian shares internally, investment operations are undertaken internally to maximise control and minimise costs. During FY22, the total investment expenses amounted to 0.34% of the corpus, including direct investment costs incurred internally, investment consultant fees paid to Frontier and investment management fees paid to external managers of international shares and unlisted infrastructure funds.

### Operating results

Revenue (excluding realised and unrealised gains on investments but including franking credits) of \$14.2 million was earned on the corpus during FY22, up 176% on the \$5.1 million earned in FY21. Capital Account revenue increased by \$7.5 million from \$0.6 million in FY21 to \$8.1 million in FY22 due to the franked dividends received from participating in the Commonwealth Bank, Woolworths and Westpac off-market share buy-backs. Income Account revenue increased by \$1.6 million from \$4.5 million in FY21 to \$6.1 million in FY22 due to the receipt of special dividends.



# Investment, Finance & Governance

## Investment & Finance *continued*

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Operating expenses of \$1.3 million were incurred during FY22 in administering the Trust to achieve its objectives and were in line with those incurred in FY21.

An operating surplus of \$12.9 million was generated in FY22, significantly higher than the \$3.9 million generated in FY21 due to the franked dividends received from participating in the off-market share buy-backs. \$8.0 million of the operating surplus was capital in nature and remains in the Capital Account. The operating surplus on the Income Account of \$4.9 million enabled \$4.2 million grants to be approved during FY22. The Trust reinstated its power of accumulation, capitalising \$0.5 million from the Income Account to the Capital Account. The balance on the Income Account of \$2.9 million at 30 June 2022 is reserved for emergency granting, and to maintain the Trust's granting capacity should income levels decline in future years.

# Investment, Finance & Governance

## 2022 Financial Summary

### Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2022

	2022 \$	2021 \$
<b>REVENUE</b>		
Franked dividends	8,817,013	2,307,038
Unfranked dividends	594,241	536,629
Managed fund distributions	875,947	1,130,984
Imputation credits	3,787,807	988,322
Interest income	61,823	87,177
Other income	45,000	95,000
	<b>14,181,831</b>	<b>5,145,150</b>
<b>EXPENSES</b>		
Depreciation and amortisation	(61,701)	(63,494)
Employee benefits	(744,222)	(804,036)
Investment expenses	(112,879)	(107,136)
Other operating expenses	(277,438)	(192,762)
Trustees' commission	(98,096)	(89,506)
	<b>(1,294,336)</b>	<b>(1,256,934)</b>
<b>OPERATING SURPLUS</b>	<b>12,887,495</b>	<b>3,888,216</b>
Net grants approved during year <sup>1</sup>	(4,200,000)	(4,023,780)
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>8,687,495</b>	<b>(135,564)</b>
Impairment loss on financial assets	-	(250,000)
Change in fair value of investments	(14,448,297)	21,674,318
<b>SURPLUS/(DEFICIT) AFTER CHANGES TO THE FAIR VALUE OF FINANCIAL ASSETS</b>	<b>(5,760,802)</b>	<b>21,288,754</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(5,760,802)</b>	<b>21,288,754</b>
Attributable to Capital Account	(6,357,557)	22,205,766
Attributable to Income Account	596,755	(917,012)
	<b>(5,760,802)</b>	<b>21,288,754</b>

<sup>1</sup> Net of withdrawn grants amounting to \$nil (2021: \$447,600).

# Investment, Finance & Governance

## 2022 Financial Summary *continued*

### Statement of financial position as at 30 June 2022

		2022 \$	2021 \$
<b>CURRENT ASSETS</b>	Cash and cash equivalents	5,599,676	7,420,638
	Trade and other receivables	4,730,722	2,238,142
		<b>10,330,398</b>	<b>9,658,780</b>
<b>NON-CURRENT ASSETS</b>	Investments in financial assets	126,852,168	133,144,661
	Property plant and equipment	2,446,332	2,500,488
		<b>129,298,500</b>	<b>135,645,149</b>
<b>TOTAL ASSETS</b>		<b>139,628,898</b>	<b>145,303,929</b>
<b>CURRENT LIABILITIES</b>	Trade and other payables	61,641	77,149
	Grants approved but unpaid	2,213,264	2,725,085
	Employee benefits	78,250	179,329
		<b>2,353,155</b>	<b>2,981,563</b>
<b>NON-CURRENT LIABILITIES</b>	Grants approved but unpaid	1,417,293	703,035
	Employee benefits	176	255
		<b>1,417,469</b>	<b>703,290</b>
<b>TOTAL LIABILITIES</b>		<b>3,770,624</b>	<b>3,684,853</b>
<b>NET ASSETS</b>		<b>135,858,274</b>	<b>141,619,076</b>
<b>ATTRIBUTABLE TO:</b>			
<b>CAPITAL ACCOUNT <sup>2</sup></b>	Capital reserve	117,128,309	111,581,187
	Investments revaluation reserve	15,822,070	27,226,749
		<b>132,950,379</b>	<b>138,807,936</b>
<b>INCOME ACCOUNT</b>	Retained surplus	2,939,828	2,780,731
	Investments revaluation reserve	(30,933)	30,409
		<b>2,908,895</b>	<b>2,811,140</b>
<b>TOTAL ACCUMULATED FUNDS</b>		<b>135,859,274</b>	<b>141,619,076</b>

<sup>2</sup> The Capital Account value, including the land and building at market value, as at 30 June 2022 is \$134,144,053 (2021: \$139,950,930).

# Investment, Finance & Governance

## People

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Helen Macpherson Smith Trust is governed by a Board of Trustees responsible for governance of the Trust's grant making, investment and finance functions. In addition to attendance at Trustee Meetings, Trustees sit on the Investment Committee and/or Grants Committee.

### Trustees



Catherine Walter AM,  
**Chair**



Alexandra Gartmann



Claire Higgins



Bruce Parncutt AO



Jan Robins



Andrew Sisson AO



Danielle Toon

### Committees

#### Grants

Claire Higgins, Chair

Alexandra Gartmann

Jan Robins

Danielle Toon

Debra Morgan (ex-officio member from 4 October '21)

Lin Bender AM (ex-officio member to 23 August '21)

#### Investment

Andrew Sisson AO, Chair

Catherine Walter AM

Bruce Parncutt AO

Jan Robins

Debra Morgan (ex-officio member from 4 October '21)

Lin Bender AM (ex-officio member to 23 August '21)

Glen Thomson (ex-officio member)

Independent asset consultant: Frontier

### Staff

Debra Morgan, Chief Executive Officer (from 4 October '21)

Lin Bender AM, Chief Executive (to 23 August '21)

Glen Thomson, Finance Executive

Katie Costello, Program Manager (from 22 August '22)

Sarah Bartak, Grants Advisor (to 20 January '22)

Amber Moore, Grants Advisor (to 17 December '21)

Nick Doherty, Executive Assistant & Office Manager (from 31 January '22)

Michelle Springall, Grants Support & Executive Assistant (to 15 October '21)

Bridgette Hardy, Project Officer (from 1 December '21)