

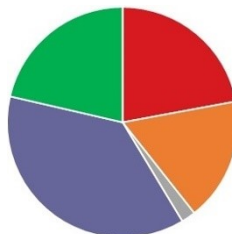


HMSTrust

Helen Macpherson Smith Trust

2018 Annual Report concise version

Our Annual Report is an online report. For the full report, please visit our website



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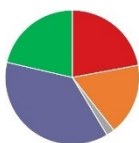
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Our Vision

Helen Macpherson Smith Trust is an independent philanthropic trust established by Helen Macpherson Schutt (née Smith) in 1951. Over \$121 million has been distributed in grants since HMSTrust was established, with a wide range of Victorian charitable institutions and a diverse range of projects benefiting every year.

Our Vision

A strong, just and sustainable Victoria.

Balit, noogee ba kangooeit biik.

We proudly feature our vision in Woiwurrung language as a sign of respect.

Our Mission

Help build fair, creative and resilient Victorian communities through initiatives that promote positive change.

Our Values

Respect. Integrity. Stewardship. Collaboration. Accountability.

Our Strategic Aims

Building. Enabling. Leading.

Helen Macpherson Smith - Philanthropist



Helen Macpherson Smith was a very private woman who left few insights into the type of person she was. Her close friends and relatives described her as thoughtful, kind and caring, and there would be little doubt that this spirit of generosity was central to her interest in philanthropy.

While the founding of the Helen Macpherson Smith Trust in 1951 remains her towering philanthropic achievement, she had been a generous supporter of many causes throughout her life. She was one of the first Life Members of the Lost Dogs Home and gave financial support to the Royal District Nursing Service for 28 years.

Helen Macpherson Smith was born in Scotland on 17 April 1874 and moved to Melbourne with her family when she was aged six months. Her extended family prospered in Australia; the Macphersons in grazing and the Smiths as timber merchants. Her grandfather, John Macpherson, was one of the pioneers of the Canberra district, but his property, 'Springbank', now lies largely under the waters of Lake Burley Griffin. Her uncle, John Macpherson, was briefly the Premier of Victoria in 1869.

In 1901, at the age of 27, Helen married barrister William John Schutt, but there were no children from the marriage. Schutt was a successful lawyer and was appointed to the bench of the Victorian Supreme Court in 1919. Helen left Australia for Europe in 1923 and never returned. William remained in Melbourne but made several trips to Europe over the following decade and travelled extensively with Helen. On a return 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 southern France. She died from pneumonia on 19 April 1951, at the Hotel Majestic in Cannes, aged 77. Despite being a woman of means, inexplicably 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 £275,000, the majority of her wealth, to establish a perpetual philanthropic trust to benefit Victorian charitable institutions. 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 prime source of her legacy.

Wisely, Helen's will instructed her trustees to accumulate the major portion of HMSTrust's income for the first 21 years. By 1972, her original bequest had grown to \$3.9 million, providing a much stronger base from which larger and more effective grants could be made in the future.

In 2018, 67 years after her death, the value of HMSTrust's corpus is \$116 million and over \$121 million of grants have been approved. Though she lived a very private life, the legacy of Helen Macpherson Smith's spirit of generosity will echo through the State of Victoria forever.

Our Team

The HMSTrust management structure is centred around the Board of Trustees, who are responsible for overarching governance and decision-making across the Trust's three key areas of operations: grantmaking, investment, and finance and compliance. In addition to attendance at Trustees' Meetings, Trustees elect to sit on the Investment Committee and the Grants Advisory Committee.

Each area of the Trust's operations are staffed with skilled professionals who are responsible for delivering on HMSTrust's vision, mission and strategic aims.



Trustees. L-R (top) Phil Moors, Alex Gartmann, Claire Higgins, Rod Kemp, (lower) Winsome McCaughey, Bruce Parncutt, Keith Smith, Cathy Walter

Trustees

Dr Philip Moors AO *Chairman*
Alexandra Gartmann (*appointed 18 April 2018*)
Claire Higgins
The Hon Rod Kemp
Winsome McCaughey AO (*retired 20 November 2018*)
Bruce Parncutt AO (*appointed 18 April 2018*)
Keith Smith (UK-based)
Catherine Walter AM

Staff

Lin Bender AM *Chief Executive*
Glen Thomson *Finance Executive*
Peter Wetherall *Investment Executive (to 21 February 2018)*
Lea-Anne Bradley *Grants Manager*
Sarah Bartak *Grants and Communications Officer*
Michelle Springall *Grants Support and Executive Assistant*



HMSTrust staff. L-R: Peter Wetherall, Lin Bender, Lea-Anne Bradley, Michelle Springall, Sarah Bartak, Glen Thomson and our four-legged member of staff, Ryley

Grants Advisory Committee

Dr Philip Moors AO *Committee Chairman*
Alexandra Gartmann (*from 18 April 2018*)
Claire Higgins
Winsome McCaughey AO
Keith Smith
Lin Bender AM

Investment Committee

Catherine Walter AM *Committee Chair*
Dr Philip Moors AO
The Hon Rod Kemp
Bruce Parncutt AO (*from 18 April 2018*)
Lin Bender AM
Peter Wetherall (*to 21 February 2018*)

From the Chairman & Chief Executive



FY18 has been a year of great significance for the Helen Macpherson Smith Trust. We mourned the loss of a dear colleague, welcomed two new Trustees, implemented our revised grants strategy, and commenced transitioning the Macpherson Smith Rural Foundation, towards their independence.

Our people

Peter Wetherall, our Investment Executive since 2013, sadly retired in February 2018 due to his declining health, and finally succumbed to cancer in September. Peter maintained HMSTrust's unique tradition of managing our investments in-house and was an integral part of the management team and a greatly respected and loved colleague, whose contributions extended way beyond his astute stewardship of the Trust's investments. He was instrumental in aligning the Trust's investment policy with our vision, and successfully advocated for the Trust's first impact investment in 2017. We all miss his intellect, talent, courage, compassion and humour, and have reluctantly arrived at the conclusion that the days of actively managing our investments in house are over.

In April 2018, we welcomed two new Trustees, Alexandra Gartmann and Bruce Parncutt AO. Both Alex and Bruce bring a wealth of experience, skills and importantly a deep understanding of, and commitment to, HMSTrust's vision and mission. Alex is well known to the philanthropic sector, and has been a vocal advocate and supporter of rural and regional Victoria for much of her career, and Bruce has over 40 years' experience in financial services. In addition to their Trustee duties, Alex is joined the Grants Advisory Committee and Bruce has joined the Investment Committee.

The number of our Trustees temporarily swelled to eight and reduced to seven in November, with the retirement of Winsome McCaughey AO after eight years of dedicated service. Winsome's contribution to shaping the funder we are today is profound and her passionate advocacy for rural and regional Victoria, the environment, community, equity and collaboration are embedded in our culture.

Throughout this year, our committed staff have delivered exemplary outcomes. All are active participants in the philanthropic sector and in the sectors we support. Our grants team, Lea-Anne Bradley, Sarah Bartak and Michelle Springall embrace our open door policy, and every telephone and email inquiry, meeting, application and grantee relationship is managed with a caring professionalism. Glen Thomson has maintained the management of our investment portfolio in addition to his impeccable management of the Trust's finances.

Our grants

The three-year review of our grants policy resulted in a number of significant changes to our areas of interest. Armed with learnings from the previous three years, we further sharpened our focus areas which enabled us to dive deeper into the social and environmental issues that challenge our vision for a strong, just and sustainable Victoria.

Continued...

From the Chairman & Chief Executive *continued*

54 grants for a total of \$3,744,114 were approved across three grant levels. Our increased capacity to capture data further informs and tests our assumptions. It's important that we can measure the impact of our objectives and to see that 36% of our grants this year were for capacity building initiatives and that 61% benefit rural and regional Victoria. Collaboration and partnership is another key objective, and it has been fascinating to analyse the leverage that our funding delivers across grant levels.

However, the data is always considered alongside the context behind the data, and we remain committed to our open door policy for grantseekers and grantees alike, which stands us in good stead. All 54 grants are listed in this Annual Report, and we again feature eleven FY18 grants case studies on our website from across programs and grant levels. These case studies highlight the impact of our grants matrix in delivering on our grantmaking strategy. The transparency of the matrix is appreciated by grantseekers, and the discipline of the matrix helps guide our robust assessment and decision-making processes.

Our finances

We're pleased to report that the value of our Capital Account is at an all-time year-end high of \$116.5m, having increased by 6% from \$109.6m in FY17, and the total return on the corpus for FY18 was 10.8%. Our operating expense ratio sits at 18% with \$1.3m expended on the cost of delivering on the Trust's objectives.

Our culture

We take great pride in our organizational culture, which drives the way we engage with the communities we support. We are committed to transparency across all of our operations, we encourage respectful debate, we challenge our assumptions, review the way we work, and continuously try to improve.

It's a privilege to share our mission to help build fair, creative and resilient Victorian communities through initiatives that promote positive change, with such a committed, talented and supportive team of Trustees and staff.

Dr Philip Moors AO
Chairman

&

Lin Bender AM
Chief Executive

Learnings...



This annual report is a good place to start talking openly about what we need to improve.

I had the privilege of curating one of the breakout sessions; 'Reframing failure...' for the 2018 Philanthropy Australia National Conference. The panel was moderated by Prof Kristy Muir CEO Centre for Social Impact UNSW and the panelists were: Larry Kramer, President of the William and Flora Hewlett Foundation, Alexandra Gartmann, CEO Rural Bank and Trustee Helen Macpherson Smith Trust, and David Tennant, CEO Family Care Shepparton. It was a thought-provoking session that has prompted me to deeply consider what hasn't worked, our learnings, and what we need to change to improve our practice. I had a number of take-outs from the session:

- Apply a different risk appetite to organisations of different scale and sophistication;
- A poor outcome is not necessarily the fault of the grantee. Be flexible, especially with multi-year grants that are subject to changing circumstances; and
- Talk openly about learnings.

This annual report is a good place to start talking openly about what we need to improve.

The professionalisation of the philanthropic sector is taking us into an increasingly accountable world. We talk of systems change, replication and scale, collective capacity, community-driven action, accountability frameworks, theory of change and logic models, and catalytic philanthropy. And there is increased pressure on us to show that strategies are working and whether we're making a positive difference.

I've come to the conclusion that philanthropy comes in all shapes and sizes and that all philanthropy is good as long as we do no harm. HMSTrust is a medium sized testamentary trust with a specific remit that is both legally binding and honours the legacy of our benefactress. We continuously strive to improve our philanthropy, but we need to be mindful not to let the measurement tail wag the outcome dog.

Risk appetite in assessing an application

An observation made at a recent Trustees' meeting was a trigger for reflection. It was noted that none of the grants approved for funding in a particular round were assessed as 'high risk'. Have we unwittingly slipped into the trap of applying the same criteria and expectations to a startup or grassroots organisation than we do for an established medium to large organisation? Has our focus on streamlining operations inadvertently reduced disparate criteria to a common ranking, resulting in an unconscious move away from supporting high risk initiatives that at best deliver on expectations and at worst lead to learnings that can be shared?

Continued...

Learnings... *continued*

Reframing failure

As an independent funder we are largely protected from the external forces that impact the organisations we support. Our timeframes, targets and requirements are largely self-imposed, but our grantees are vulnerable to forces outside their control. A poor outcome could be the fault of a grantee's poor management or governance, a flaw in our assessment process, or it could be due to an unpredictable political, economic, social or environmental factor that has derailed the project entirely or has had an adverse impact on expected outcomes.



We're continually trying to improve our grantee reports to make it easier for our grantees, while still providing us with the level of information that can inform our grantmaking. We consider the reports against expectations and milestones that were agreed with the grantee at the start of the grant, we assess the report which includes both grantee and HMSTrust learnings, and we rate the report against the initial assessment. This process provides us with valuable insights, but are we giving due consideration and weight to the cause behind a poor outcome? When we start relying on aggregated data we're in danger of missing context which can influence our decisions.

These musings remind me of another philanthropic conference, where I attended a session by US data scientist, Cathy O'Neill, author of the New York Times bestseller 'Weapons of Math Destruction: How Big Data Increases Inequality and Threatens Democracy'. An important read for anyone who scores teachers and students, sorts resumes, evaluates workers, assesses disadvantage, measures impact, or approves (or denies) grants.

We look forward to the inevitable robust debates with staff and Trustees around the questions of risk, in pursuit of our vision for a strong, just and sustainable Victoria.

Lin Bender AM

Chief Executive

Grant's Team Report



In FY18: 135 applications assessed. 54 grants totalling \$3,744,114 approved for funding. 157 meetings with grantseekers and grantees. 71 site visits and grantee events and 119 sector meetings attended. 149 active grants under management. 106 grantee reports reviewed. 94 grant payments made totalling \$4,190,871.

The past year has been a full and busy year for our small team of 2.6 FTE (plus our CEO when she's not focused on CEO matters). The breadth of grantmaking across our five programs exposes us to an extraordinary mix of people, projects and places: from our smallest grant of \$18,665 to Nar Nar Goon Kindergarten for their inspirational community Indigenous heritage mural project to our large Impact Grants, which included \$200,000 to Trust for Nature to build a long-term legacy of sustainable land-use on the Northern Plains, and to the Australian Centre for Rural Entrepreneurship (ACRE) to scale their 'Social Enterprise in Schools' program across Victoria.

Revised grants strategy

We implemented our revised grants strategy this year, which is discussed on the next page 'How we grant'. Every change was informed by our learnings from previous years, and a review of current social issues and funding gaps that we could fill. A key strategy is to support practical solutions that focus on the fence at the top of the cliff rather than the ambulance at the bottom. One significant change was the introduction of our new Community focus areas of 'parenting', 'early childhood development' and 'financial resilience', and we were pleased that eight strong Community grants were awarded in this first year, for a total of \$647,500. Conversely, in this year no grants were awarded to Health, which is only available at our highest grant level, and now has a single focus area on 'improving access to mental health services in rural and regional Victoria'; nonetheless, the conversations set in place in FY18 have resulted in three grants in FY19.

Building, Enabling, Leading...

As the team collectively looked back over FY18, it was clear that our three strategic aims: Building, Enabling and Leading represent a "virtuous circle" that underpins our practice.

We realise that we never stop 'building'. We're continuously building our knowledge, our networks and outreach, our resources, our capabilities, and our learnings, which all underpin our capacity to implement our vision for a strong, just and sustainable Victoria.



Continued...

Grant's Team Report *continued*

Although our funding strategy of itself is a key enabler, we're increasingly using our staff skills, networks, and resources to enable empowerment of grantseekers and grantees alike. The 'leading' comes from our grantees, who so often deliver outstanding outcomes that set benchmarks for best practice, or identify vital lessons from implementation failures. The ongoing investment in building our own capacity sets up the virtuous circle of enabling our grantees to lead.

We're always mindful that significant outcomes are often not realised until long after the end of a funding cycle, and that our grant represents only one part of a complex set of inputs that contribute to a good outcome. For these reasons, we encourage grantees to stay in touch with us long after they have submitted their final report, and we continually seek to identify opportunities to build on past successes or connect grantees to like-minded practitioners/organisations working on similar issues.

In the coming year, we continue to look forward to sharing the journeys of our current and future grantees as we work towards achieving HMSTrust's vision of "A strong, just and sustainable Victoria".

Lea-Anne Bradley
Grants Manager

Sarah Bartak
*Grants and
Communications Officer*

Michelle Springall
*Grants Support and
Executive Assistant*

2018 Grants at a Glance



Total grants: \$3,744,114 across our five Program areas

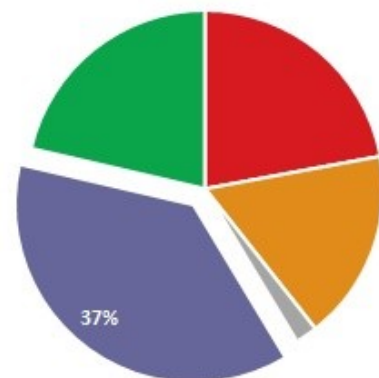
Education

GOAL: To improve access to quality, relevant and supportive education through initiatives that provide disadvantaged Victorians with the opportunity to reach their full potential.

Focus areas:

- **Engaging and retaining P-12 students**
Initiatives that target students at risk of disengaging from school.
- **Creating vocational pathways**
Certified education and training pathways that lead to meaningful work.
- **Transitioning migrants and refugees**
Education and training opportunities that will enable migrants and refugees to transition into Victoria's culturally diverse communities.

Education
20 grants: \$1,394,730



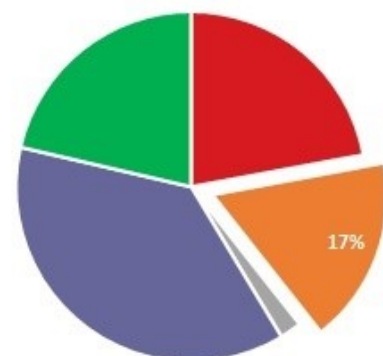
Community

GOAL: To improve the outcomes of all Victorians by building their capabilities and resilience.

Focus areas:

- **Strengthening family cohesion**
Programs and services that build parenting skills and improve long-term outcomes for children.
- **Advancing early childhood development**
Initiatives that focus on the social, emotional and cognitive development of disadvantaged pre-school children.
- **Building financial resilience**
Programs that improve the financial knowledge and behaviour of Victorians exposed to risk.

Community
8 grants: \$647,500



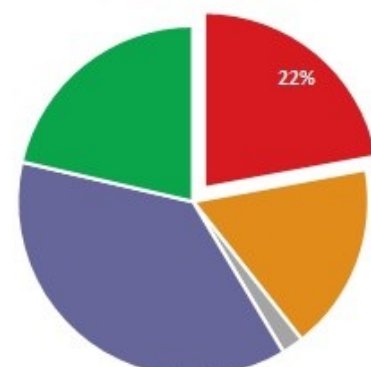
Arts and Culture

GOAL: To increase local participation, encourage public engagement and develop a sense of place through the arts.

Focus areas:

- **Building social inclusion and access**
Arts projects that facilitate diverse representation, participation and engagement to build understanding and respect.
- **Developing digital capability**
Strategic adoption of digital solutions, resources and tools that enable arts organisations to be more effective and sustainable.
- **Supporting arts workers and artists**
Supporting organisations to build the business skills and financial independence of Victorian arts workers and artists to support viable careers

Arts and Culture
17 grants: \$826,665



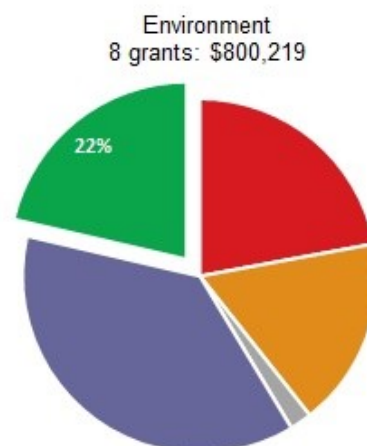
Grants at a Glance *continued*

Environment

GOAL: To protect and improve Victoria's natural environments through responsible conservation projects that advance cooperative and sustainable practices.

Focus areas:

- **Conserving and restoring biodiversity**
Projects that benefit at-risk habitats and species indigenous to Victoria.
- **Protecting natural systems**
Projects that protect and improve land and water systems to meet the environmental and economic needs of current and future generations.
- **Nurturing sustainable landscapes**
Initiatives that encourage sustainable land practices and improve connectivity across landscapes.



Health

GOAL: To improve affordable access to quality health services in rural and regional Victoria.

Focus area:

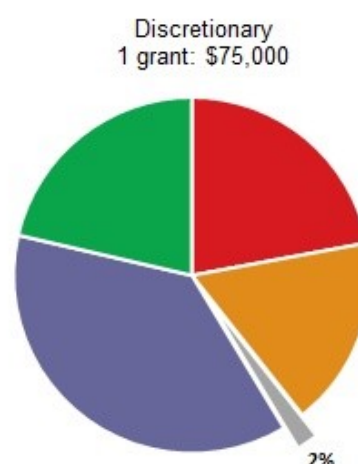
- **Improving access to mental health services in rural and regional Victoria**
Projects that provide affordable access to a full range of reliable, quality mental health services for Victorians living in rural and regional Victoria.

This grants program is ONLY available at the Impact Grants level and has one specific focus area.

No grants under this program area were approved in FY18.

Discretionary

From time to time, the Trustees approve grants at their discretion to eligible charities.



2018 Grants



Education

Ardoch

\$66,535

Primary Pathways: Inspiring career choices among primary school children

To deliver a pilot program to Ardoch partner primary schools in Frankston to increase school engagement and student confidence by building aspiration through the introduction of different pathways beyond school

www.ardoch.org.au

Australian Centre for Rural Entrepreneurship

\$200,000

Scaling the 'Social Enterprise in Schools' program across Victoria.

Implement independent evaluation findings for the provision of teacher materials, resources, networks and evaluation frameworks in order to scale the highly successful 'Social Enterprise in Schools Program' across Victoria.

www.acre.org.au

Australian Federation of Disability Organisations

\$165,000

Diversity Field Officer Service - Developing a sustainable model of delivery to improve employment outcomes

To build on pilot outcomes and implement a sustainable employer-engagement model for small and medium sized businesses to employ, retain and include people with disability within the workplace

www.afdo.org.au

Carringbush Adult Education

\$43,405

Learning Together - Family Literacy Engagement

To deliver a Family Literacy Engagement program with individualised family literacy support and family engagement activities for migrant and refugee families at St Joseph's Primary School in Collingwood.

www.carringbush.org.au

Cultural Infusion

\$30,000

Migrant Science Communicator Program

To train qualified migrants to become "science communicators" by honing their skills as presenters of both science of intercultural content that can be delivered to Victorian primary and secondary schools.

www.culturalinfusion.org.au

Discovery Science and Technology Centre

\$30,000

Exhibit Floor Renewal Project

To create a multi-disciplinary review and re-imagining of Discovery's exhibit floor, delivering a conceptual framework, pedagogical case, floor and exhibit designs, artists impressions, detailed budget, and business case for renewal.

www.discovery.asn.au

Farnham Street Neighbourhood Learning Centre

\$27,800

Valiant Volunteers

To recruit volunteers who will support CALD women in the city of Moonee Valley to improve their language skills and increase opportunities for social participation.

www.fsnlc.net

Homeless of Melbourne // HoMie Street Store

\$30,000

Pathway Project - providing meaningful training and employment opportunities for Melbourne's homeless youth.

To deliver The Pathway project for six Melburnians (aged 18-25) in 2018, addressing the lack of innovative, sustainable programs that provide real-life training and employment opportunities for homeless youth.

www.homiestreetstore.com.au

Indigenous Employment

Partners

\$90,000

Growing Victoria's Indigenous Workforce

To create a database identifying people not currently in the labour force and disengaged from government service providers but who are seeking employment and support these people into employment.

<http://indigemployment.com.au>

Kensington Neighbourhood House

\$83,380

The Family Learning Partnerships Program (FLPP)

To expand our Family Learning Partnerships Program, a holistic learning program to improve educational aspiration, engagement and outcomes for students and parents from refugee backgrounds in grades prep to 12.

www.kensingtonneighbourhoodhouse.com

Mawarra Centre

\$20,000

Community Shed

To construct, fit-out and equip a community shed to be used for the delivery of vocational training to people with a disability prepare them for employment.

www.mawarra.org.au

Red Stitch Actors Theatre

\$30,000

Certified arts traineeship opportunities for young Victorians, developing employment pathways for Indigenous youth.

To establish an arts training program and undertake organisation-wide cultural awareness training, in order to provide a suitable environment and employment opportunities for Aboriginal/Torres Strait Islander young people.

www.redstitch.net

Continued...

2018 Grants *continued*

Refugee Migrant Children Centre

\$30,000

Securing sustainability for RMCC's unique educational development and pathway programs

To secure the sustainability and growth of RMCC's services for vulnerable refugee and migrant children and youth

www.rmccaustralia.org.au

State Schools' Relief

\$139,465

Glasses for Kids - The Rural Regional 2018

To deliver a program to remove vision impairment as a significant potential barrier to engagement in education.

www.ssr.net.au

The Huddle

\$90,000

Building Brighter Futures - Wyndham

Deliver and scale a proven model, previously supported by HMST, of education support and career readiness program for young people in Wyndham taking focus to migrant and newly arrived youth.

www.NMFC.com.au/huddle

TRY Australia

\$30,000

TRY Build Initiative

To deliver the Certificate II Construction program including training and mentoring of the students enrolled. It will also assist with the purchase and provision of toolkits that the student uses.

www.try.org.au

Victoria University

\$199,280

AVID: Developing a replicable model for improving and sustaining education outcomes in targeted disadvantaged communities

To implement AVID using a communities of practice approach in two locations of entrenched social inequalities and disadvantages, Geelong and Ballarat. This model will be replicable in other regions.

www.vu.edu.au/

Westjustice

\$30,000

School Lawyer Project: Documenting the Model and Framework

Document the School-Lawyer-Project model/Framework including its purpose, outcomes, services offered to key beneficiaries as well as the structure and governance required to deliver the program in the school context.

www.westjustice.org.au

Yarraville Community Centre Inc

\$29,865

Finding solutions that support refugee parents to become sustainably engaged in education and training opportunities

To undertake a scoping study that identifies ways to meaningfully address escalating social isolation, disengagement and health & wellbeing concerns affecting parents of refugee students in western metro Melbourne

www.ycc.net.au

Zoe Support Australia

\$30,000

Paving the Way for the Zoe Independent Specialist School

Employment of a Project Officer to oversee the registration and establishment of the Zoe Support Independent Specialist School campus dedicated to reengaging young mothers in education and encourage workforce participation.

www.zoesupport.com.au



Community

Barwon Child Youth and Family

\$90,000

Strengthening Family Connections Plus (SFC Plus)

To deliver Financial Resilience component of SFC Plus curriculum to participating parents and children, conduct individual family financial health audits, provide a pathway to financial counselling, and train BCYF staff to deliver.

www.bcyf.org.au

bestchance Child Family Care

\$30,000

Parent and Child Support (PACS) Program: Program redesign

bestchance have engaged a university partner to evaluate our PACS program. We are seeking funds to redesign and prototype elements of our program based on the findings from this evaluation.

www.bestchance.org.au

Children's Protection Society

\$30,000

CPS Sensory Room: A therapeutic, education and relaxation space for children who have experienced disadvantage

To establish a Sensory Room to enable non-directive therapy to be delivered to children who have experienced family violence, neglect, and disadvantage building healthier outcomes for families in our community.

www.cps.org.au

Continued...

2018 Grants *continued*

Good Shepherd Microfinance

\$197,500

Building Financial Resilience for Geelong families through the Local Resilience Action Plan (LRAP) Program

To trial and evaluate a program enabling Geelong-based organisations to understand financial vulnerability and take action to address financial hardship; build capability; microenterprise skills; and access to safe, affordable finance
www.goodshepherdmicrofinance.org.au

Healesville Indigenous

Community Services Association

\$90,000

Taking the Healesville Belonging Place to the Next Level: Phase Two.

Used to meet HICSA's Strategic Objective Governance and Organisational Leadership to ensure Service and Clinical Governance are in place to support the level of growth in programming and service delivery
www.hicsa.org.au

Justice Connect

\$90,000

Dear Landlord - Building tools and knowledge to prevent homelessness for Victorian women and children

To use an online outreach, education and empowerment strategy to help prevent homelessness for women and children through building confidence and capacity to act early when facing eviction.
www.justiceconnect.org.au

University of Melbourne

\$90,000

Strengthening children and families in disaster and emergency recovery

To develop and disseminate an enhanced package of family recovery resources for use after major disasters and emergency events to support child recovery, family function and positive parenting.
www.unimelb.edu.au

Women's Health and Wellbeing Barwon South West .

\$30,000

Project Respect Heywood - Gathering the community

To support the development of a partnership in the Heywood community which will create wide and lasting community cultural change by addressing the underlying drivers of violence against women.

www.womenshealthbsw.org.au/



Arts and Culture

Aardvark Worldwide

\$29,010

Pathways and Sustainability: Developing Aardvark's Organisational Capacity

To develop and increase a sustainable revenue stream
www.aardvarkworldwide.org

Arts Centre Melbourne

\$60,000

Tech Connect: investing in the technical capacity, safety and capability of Victorian regional arts centres

To enable ACM's RTO to establish four regional Victorian hubs for performing arts production training - offering WorkSafe-accredited Entertainment Industry Safety Training, workplace wellbeing modules and one-on-one mentoring opportunities.
www.artscentremelbourne.com.au

Channel 31

\$160,050

Community Builder

To build a sustainable social enterprise unit of C31 that delivers digital communication projects to support the goals, activities and business models of Victorian non-profit organisations.
www.c31.org.au

CoDesign Studio

\$25,000

Graham Street Bridge Art Project

To deliver a collaborative arts project to activate underutilised space with disadvantaged youth and local artists and to facilitate participatory processes with not-for-profit, Star Health, and mentor local youth.
www.codesignstudio.com.au

2018 Grants *continued*

Flinders Quartet

\$30,000

Implementation of the strategic business development plan, created following 6 months of research and consultation

To fund the employment of a Development Manager to implement the Strategic Business Development Plan which will position FQ to achieve sustainability and growth.

www.flindersquartet.com

Ilbijerri Aboriginal & Torres Strait Islander Theatre Co-op

\$90,000

MARGUK Indigenous Youth Program

To deliver the MARGUK Indigenous Youth Program, a participatory theatre program for Indigenous young people

www.ilbijerri.com.au

Koorie Heritage Trust

\$30,000

Supporting Aboriginal Peoples and Communities -- Achieving KHT's Long-term Sustainability Objectives

A feasibility study of KHT's place in the cultural landscape will frame how we model our business to achieve long-term sustainability, enabling us to deliver our vision and purpose.

www.koorieheritagetrust.com.au

Melbourne Writers Festival

\$90,000

Community Partnerships Program

Build a sustainable model of commissioning diverse artists and co-curating with community partnerships for the delivery of free public programming outcomes for audiences.

www.mwf.com.au

Midsumma Festival

\$25,000

Midsumma Festival 2018:

Developing LGBTQIA+

Audiences with Disability

To deliver a 'creative-inclusion' art project by Slow Art Collective for blind/low vision audiences, and provide festival-wide access services for audiences with disability.

www.midsumma.org.au

Mission to Seafarers Victoria

\$30,000

MTSV Heritage Collection -- intensive project to Digitise heritage images and document archives

Digitisation and catalogue 500-700 archival objects/ artefacts/ documents for mounting on the MTSV database, and freely share the digital records with the Victorian and Australian community.

www.missiontoseafarers.com.au

Nar Nar Goon Kindergarten .

\$18,667

Nar Nar Goon Indigenous Heritage Mural Project

To create 3 mosaic murals in Nar Nar Goon that reflect our Indigenous people's histories, values, languages and cultures

www.kinderstogether.org.au/nar-nar-goon-kindergarten

Next Wave Festival

\$30,000

Brunswick Mechanics Institute is a cultural enterprise managed by Next Wave with Moreland City Council.

Using an experience design process, undertake market/ user research to develop a sustainable commercial model at BMI through capital improvements and digital infrastructure.

www.nextwave.org.au

The National Theatre

\$30,000

Development of a streamlined website and systems integration

To ensure sustainability of The National Theatre's artistic and educational output and to modernise its online image, revenue collection as well as student and client engagement.

www.nationaltheatre.org.au

The Push

\$29,313

The Push It Hip-Hop Lab - On The Road

To undertake a creative contemporary music workshop program for regionally-based young people to build their writing, performance, communication and technical skills, community/peer networks and career pathways.

www.thepush.com.au

University of Melbourne

\$29,625

Strengthening language, strengthening community: showcasing Mildura's Aboriginal languages

Language revitalisation materials and activities for the Mildura Aboriginal community, with a focus on increasing linguistic and cultural pride, and social engagement with the broader community.

www.unimelb.edu.au

Warrnambool Art Gallery Foundation

\$90,000

Maar Nation Gallery

To develop a program of exhibitions and activities to understand, preserve and share Maar Nation culture of South-West Victoria and strengthen identity, cultural tourism and employment for local Indigenous youth.

www.wagf.com.au/

Women's Circus

\$30,000

Building a Sustainable Future for Women's Circus through Salesforce readiness and implementation

To engage a consultant to support the implementation, staff training and roll out of Salesforce, a powerful CRM that will support improved audience engagement and income diversification for Women's Circus.

www.womenscircus.org.au

Continued...

2018 Grants *continued*



Environment

BirdLife Australia

\$88,550

Developing site action plans for priority migratory shorebird habitat in Victoria

To identify key management needs and threats to migratory shorebirds at nationally and internationally significant sites in Victoria and develop site action plans to address these challenges and threats.

birdlife.org.au/

Christmas Hills Landcare Group

\$88,140

Monitoring Nillumbik's Forest Health and driving collaborative action to improve it.

To establish a 'forest health' monitoring program, and use to set an action plan to pursue shared measurable goals for public and private land forest managers in Nillumbik

www.landcarevic.org.au/groups/portphillipwesternport/christmashills/

Connecting Country (Mt Alexander Region)

\$89,600

Connecting Country's Habitat Health Check: empowering citizen scientists to monitor habitat health in Central Victoria

To create a sustainable program for rigorous, long-term monitoring of native animals and plants in the Mount Alexander region, maximise engagement of skilled citizen scientists, and promote online information-sharing.

www.connectingcountry.org.au

Earthwatch Institute

\$187,654

Stronger Together: Building resilient parks through community stewardship

To support sustainability of Victoria's parks by developing trails for species monitoring, and training and connecting schools and community members to collect vital data for Parks Victoria management plans.

www.au.earthwatch.org/

Environmental Justice Australia

\$29,221

Protecting the Western Rivers: governance reform for community and the environment in Western Melbourne

Produce an expert report on options for best practice governance of the Maribyrnong and Werribee Rivers in Western Melbourne, building on success of the innovative Yarra River Protection Bill 2017.

www.envirojustice.org.au

Trust For Nature (Victoria)

\$200,000

Building a long-term legacy of sustainable lands-use on the Northern Plains through community and stewardship

To establish a targeted landholder extension program, as the foundation for achieving our Conservation Plan goals for protection and management and restoration on private land across the Northern Plains.

www.trustfornature.org.au

Victoria University

\$87,054

Protecting Victoria's Little Penguin population from the adverse effects of oil-spill contamination.

To develop a specific treatment method to improve the survival rate for Victoria's Little Penguins in the event of contamination with recalcitrant oil pollution, especially at lower ambient temperatures.

www.vu.edu.au/

Wildlife Victoria

\$30,000

An Economic Evaluation of Wildlife Victoria which builds a compelling case to leverage sustainable funding

To source a reputable consultancy to compile an economic evaluation of Wildlife Victoria that will be used to leverage sustainable philanthropic and government funding to underwrite our valuable service.

www.wildlifelifevictoria.org.au



Discretionary

From time to time, the Trustees approve grants at their discretion to eligible charities.

Philanthropy Australia

\$75,000

Pilot to increase collaboration & co-funding with Victorian philanthropic funders

To enhance partnerships, collaboration and co-funding by Victorian P.A Members to increase their effectiveness and impact and increase P.A's financial viability via increasing membership revenue.

www.philanthropy.org.au

Note: This list represents grants approved in FY18 and excludes withdrawn and amended grants.

Investment Review



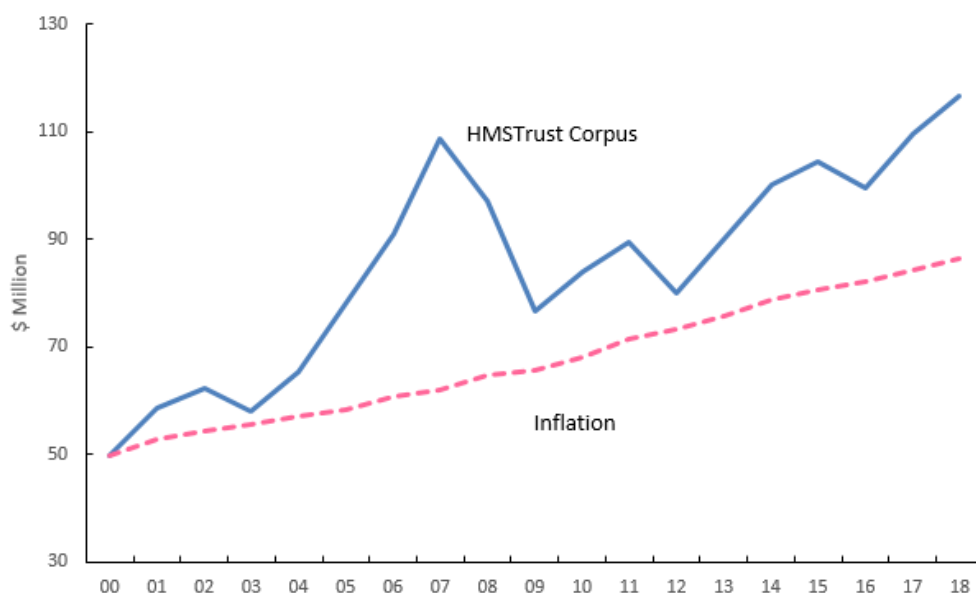
The objectives of HMS Trust's investment activities are twofold: first to achieve long-term appreciation of the value of the corpus, ahead of inflation, and secondly to generate sufficient income to fund the annual grant giving program and operating expenses.

Long-term growth in the value of the corpus is essential if the Trust is to serve Victoria's communities in the future as well as it has done in the past.

Trustees have delegated management of the Trust's investments to an Investment Committee made up of three Trustees, the Chief Executive Officer and the Investment/Finance Executive. The Committee also receives investment advice from Frontier Advisors, one of Australia's leading investment consultants. Guiding the Committee's activities is a detailed Investment Policy Statement which sets out the asset allocation for the portfolio and various risk control measures.

Investment operations are managed internally wherever possible to maximise control and minimise costs. During FY18, total investment costs were 0.31% of assets, including fees paid to external managers of international shares and unlisted infrastructure funds.

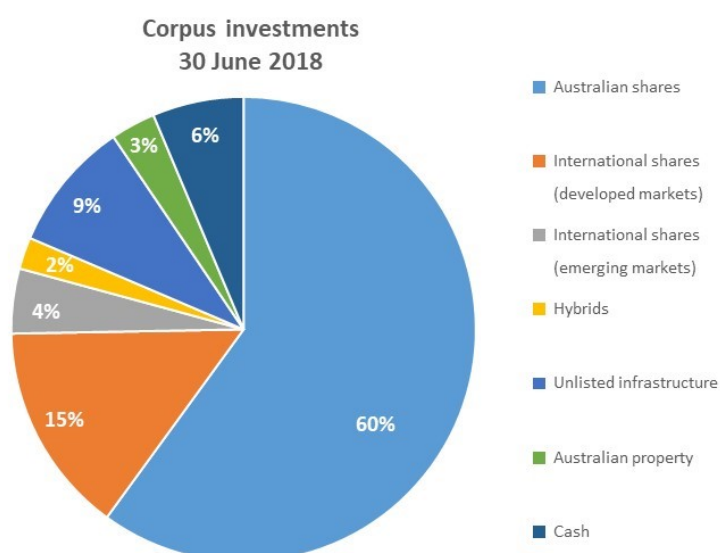
The chart shows how the value of the corpus has changed since 2000, and compares that with the increase in the Consumer Price Index (CPI), a measure of inflation. Over that period the corpus has consistently remained ahead of inflation, achieving our primary investment objective. At June 2018 the corpus was valued at \$116m, a margin of \$30m (or 35%) above the CPI.



Continued...

Investment Review *continued*

Over the 2018 financial year, the total return of the corpus (meaning capital gains plus income, adjusted for cash movements) was a pleasing 10.8%. This favourable return reflects a high exposure to both Australian and international shares, no exposure to bonds and a strong performance by our unlisted infrastructure managers. The chart below illustrates the asset allocation of the corpus at the end of June 2018.



I write this report on behalf of the late Peter Wetherall, who retired from his role as the Trust's Investment Executive in February 2018, representing eight months of the 2018 financial year. HMSTrust has benefited from Peter's wise management of HMSTrust's investments since 2013. His influence is very much embedded in the structures and processes that he introduced, and in the excellent Investment Policy that he drafted. He was instrumental in steering the Trust into adopting a more diverse

investment portfolio and helped introduce a principles-based ethical overlay to our investment process in 2016. As a result, our investment in the Vanguard International Shares Fund was switched to a similar Vanguard fund which excludes companies engaged in the tobacco, controversial weapons, and nuclear weapons industries.



Glen Thomson and Peter Wetherall, December 2017.

Peter was also a strong believer in impact investing and motivated a change to the Trust's asset allocation to allow up to 2% of the corpus to be invested in impact investments, subject to strict conditions. The Trust made its first impact investment in July 2017 by participating in a capital raising by the Murray-Darling Basin Balanced Water Fund. This investment has returned a respectable 31.8% for the year to 30 June 2018 together with significant environmental benefit of delivering water to four wetlands across Victoria and NSW.

Peter would be pleased that following year end, the Trust made its second impact investment, this time committing \$250,000 to the COMPASS social impact bond. COMPASS is a leaving care program which will be delivered by VincentCare and Anglicare and is expected to return around 7% pa.

Glen Thomson

Finance Executive

Finance Review



The Helen Macpherson Smith Trust is a perpetual charitable trust whose principal activity is to hold Helen's residuary estate (corpus) in trust, to invest the corpus to maintain and grow its real value, to earn income from the corpus and to distribute that income to charitable institutions and purposes situated in Victoria.

Governance

The governing rules of HMSTrust consist of Helen's Will executed in 1936 (and varied by the Supreme Court of Victoria in 1992 and 2015) and the 2009 Administrative Scheme.

HMSTrust is regulated by the Australian Charities and Not-for-profits Commission (ACNC) and is governed by a Board of Trustees which meets regularly throughout the year to consider the three core activities of HMSTrust: grant making, investment management, and finance / compliance.

HMSTrust has implemented a risk management plan (reviewed annually by the Board of Trustees) and maintains comprehensive insurance policies. The assets of HMSTrust are held in the name of the custodian trustee, HMS Nominees Ltd. HMS Nominees Ltd is a company limited by guarantee and all HMSTrust Trustees are directors and members of HMS Nominees Ltd.

In accordance with the terms of Helen's Will, HMSTrust maintains both a Capital Account (representing HMSTrust's corpus) and an Income Account (representing the income earned on HMSTrust's corpus and out of which grants and expenses are paid). The Trustees have the power to transfer up to 15% of the Income Account's operating surplus each financial year to the Capital Account.

HMSTrust undertakes a comprehensive annual budget process with approval by the Board of Trustees in May each year. Quarterly actual results are reported against budget and revised forecasts for the year are prepared regularly.

HMSTrust is not a reporting entity. Accordingly, special purpose annual financial statements are prepared to satisfy its reporting obligations under its governing rules and the ACNC Act. These annual financial statements are audited by an external auditor. The key financial summary presented here is an extract of the audited annual financial statements which are available for download from the ACNC website.

Operating results for the year

Revenue (excluding realised and unrealised gains on investments) of \$6.4m was earned on the corpus during FY18 and was 4% lower than the \$6.7m earned in FY17. Revenue on the Capital Account decreased by \$0.5m from \$1.4m in FY17 to \$0.9m in FY18 due to FY17 including a \$0.3m reversal of a prior year building impairment expenses. This decrease in revenue was offset by a \$0.2m (3%) increase Income Account revenue from investment income.

Continued...

Finance Review *continued*

Operating expenses of \$1.3m were incurred during FY18 in administering HMSTrust to achieve its objectives and were 3% lower than in FY17.

An operating surplus of \$5.1m was generated in FY18, a 5% decrease over the \$5.3m generated in FY17 which included \$0.3m reversal of a prior year building impairment expense. \$0.8m of the operating surplus was capital in nature and remains in the Capital Account. The operating surplus on the Income Account of \$4.3m allowed for a total of \$3.7m net grants to be approved during FY18. This resulted in a \$0.5m surplus on the Income Account from which \$0.6m was transferred to the Capital Account through the Trustees' exercise of the power of accumulation. Consequently, the balance on the Income Account decreased from \$3.8m at 30 June 2017 to \$3.7m at 30 June 2018. This balance on the Income Account will be used to maintain HMSTrust's granting capacity during this continued period of low income returns.

The value of the Capital Account (including land and buildings at market value) is at an all-time year-end high of \$116.5m, having increased by 6% from \$109.6m in FY17, due to stronger financial markets.

Glen Thomson

Finance Executive