

A Remarkable Growth Story

June 2023



Creating a legacy

On her death in 1951, the late Helen Macpherson Schutt (née Smith) left a bequest of £275,000 (\$550,000) for the establishment of a charitable trust to benefit Victorian charities in perpetuity.

From that original bequest, \$184m income has been generated, with \$142m distributed to Victorian charities, while the corpus has grown to \$150m.

This outcome reflects an annual compound return of 13.0% p.a. over 72 years (1951-2023), split into capital growth of 7.0% p.a. and an average income return of 6.0% p.a. These returns compare favourably to the All-Ordinaries Accumulation Index which averaged 10.9% p.a. and inflation which averaged 4.4% p.a. over the 72-year period. Expressed another way, the return achieved by the Trust over 72 years has exceeded inflation by 8.6% p.a.

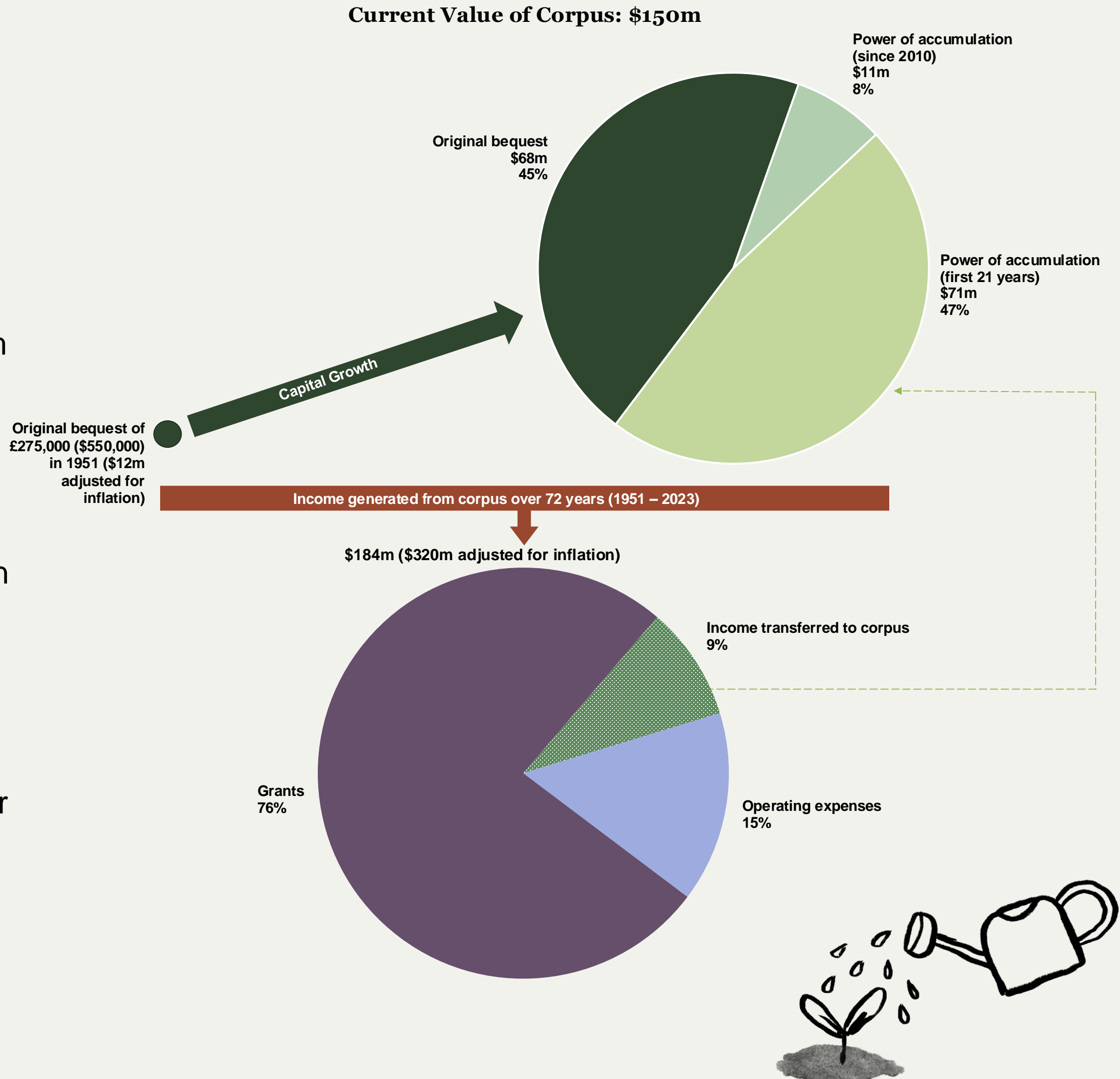
This investment performance did not happen by chance.



**“Compound interest is the eighth wonder of the world”
- Albert Einstein**

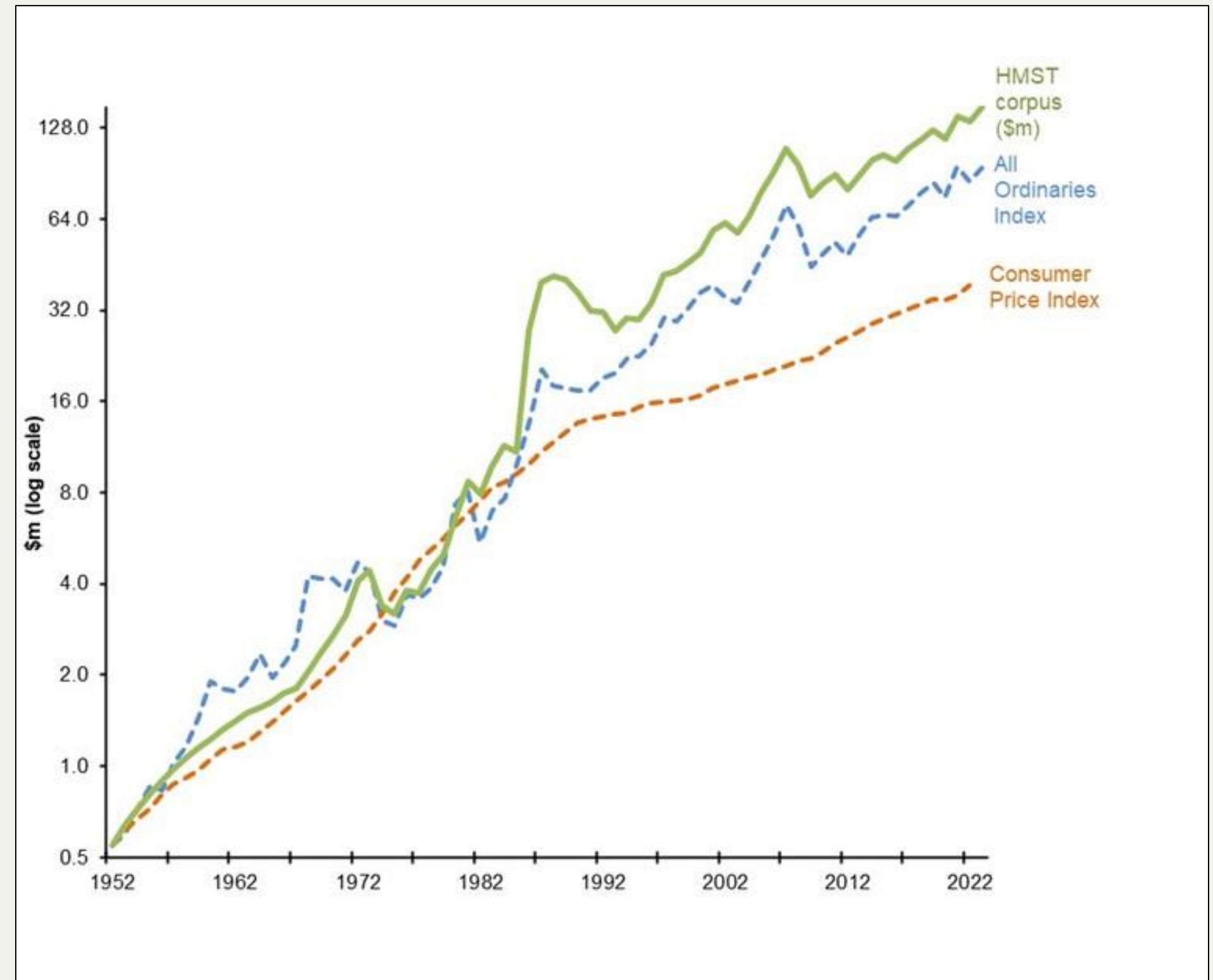
Wise Instructions...

Firstly, Helen wisely instructed her trustees to re-invest two thirds of the income generated over the first 21 years of the Trust. One of the features of compounding is the substantial benefit gained from strong growth early in the life of a fund. This income from the first 21 years of the Trust now accounts for \$71m (or 47%) of the \$150m corpus. In 2009 the Supreme Court of Victoria approved an Administrative Scheme which again gave the Trustees limited power to accumulate income to corpus. This power of accumulation activated by the Trustees from FY10 now accounts for \$11m (or 8%) of the \$150m corpus.



...Wise Investments

Secondly, the Trustees made a decision to invest primarily in growth assets (such as Australian equities) which have generated good capital gains (7.0% compound annual growth rate) over the last 72 years. If the \$550,000 had only matched inflation over the 72 years, it would be worth as little as \$12m today. If the \$550,000 had simply matched the growth of the All-Ordinaries Index over the 72 years, the original bequest would only be worth \$42m instead of the \$68m it is today.



Benefit to the Victorian community, now and into the future.

At the same time the corpus has generated income of \$184m (or \$320m adjusted for inflation) over the 72 years which has been allocated as follows:

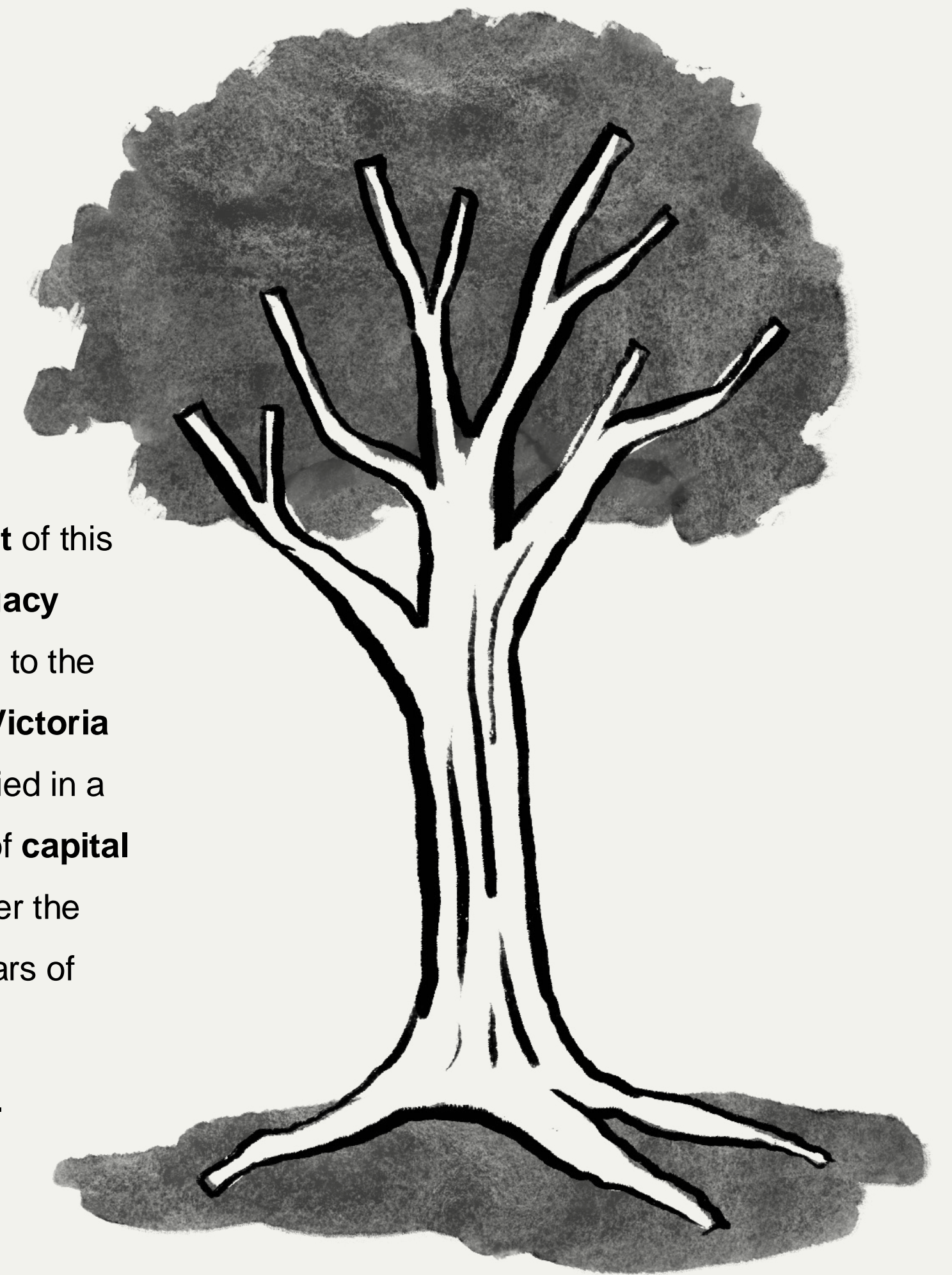
- \$142m (\$244m) in approved grants,
- operating expenses of \$29m (\$47m),
- transfers to corpus of \$10m (\$29m),
- with the remaining \$3m available for future granting.

It is truly a commendable achievement that the original \$550,000 bequest 72 years ago is now a \$150m corpus which has generated \$184m of income, used to benefit the state of Victoria.

CORPUS VALUE	
YEAR ENDED JUNE	MARKET VALUE \$ 000's
1952	550*
1965	1,629*
1975	3,181
1985	10,932
1995	29,796
2000	49,645
2005	78,263
2010	83,889
2015	104,535
2020	117,694
2021	139,951
2022	134,144
2023	149,964

* Figure represents book value (market value unknown)

The **impact** of this **lasting legacy** from Helen to the people of **Victoria** is exemplified in a summary of **capital growth** over the now 72 years of the Trust's operations.





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