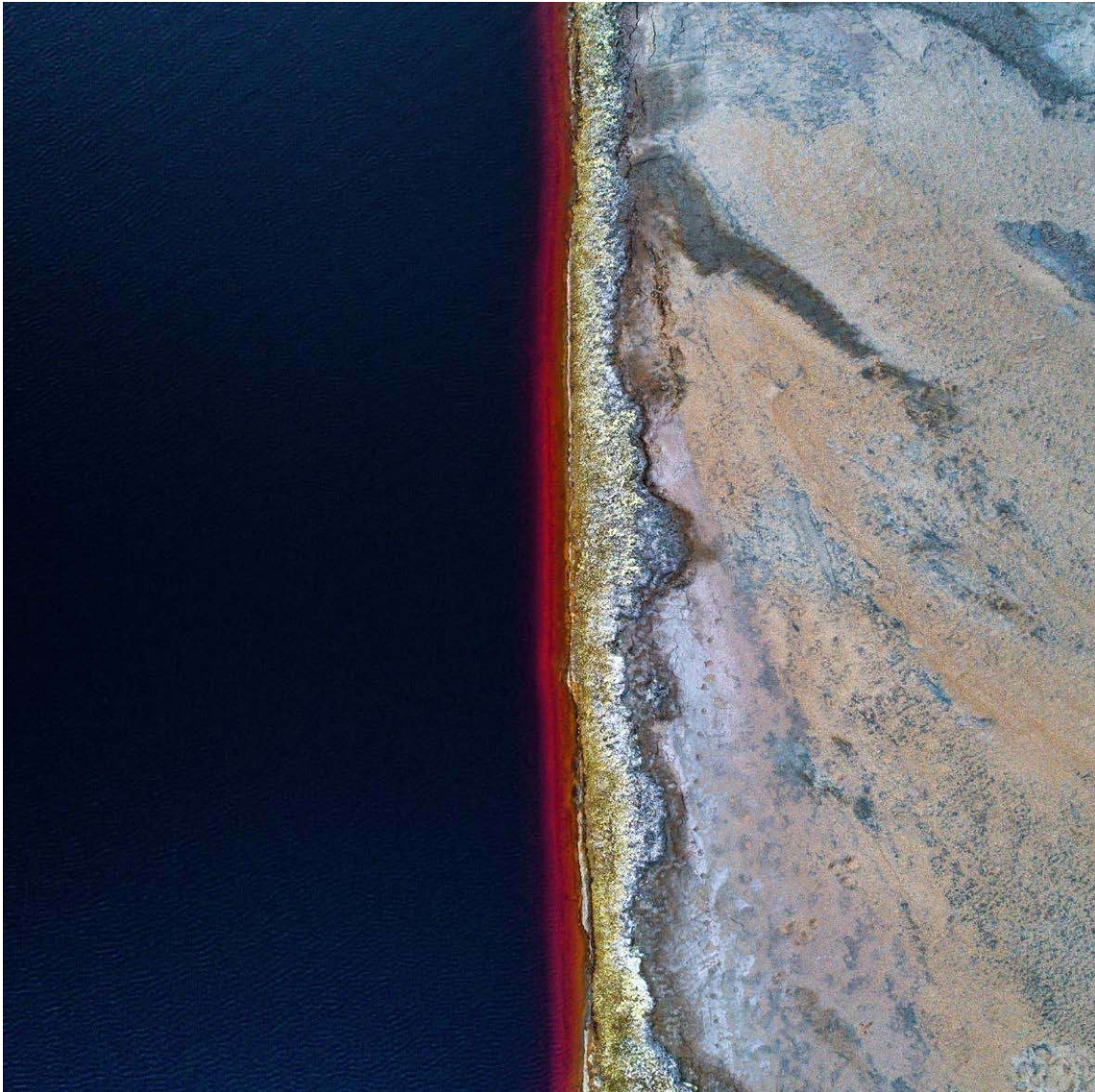


JBWere



Charitable Endowment Fund Update

March 2023

PUTTING WEALTH TO WORK FOR GENERATIONS

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Introduction



Shamal Dass

Head of Philanthropic Services and Family Advisory, JBWere
Adjunct Associate Professor, Centre for Social Impact, UNSW Business School

I hope this March 2023 JBWere Charitable Endowment Fund (JBWCEF) Update finds you in good health.

In addition to the usual review of performance and Charity Profile, below I will also provide an update on the recent change in Trustee of the JBWCEF and the 2022 annual distributions.

Thank you for your continued support of the JBWCEF, I hope you enjoy this update.

Change in Trustee

As mentioned in the September 2022 update, Insignia Financial announced that it intended to sell Australian Executor Trustees (AET) to Equity Trustees. This sale process has been finalised and the team at Equity Trustees are working closely with us at JBWere on a seamless transition, and review into how to further improve your experience as an account holder.

Distributions for 2022

It gives me great pleasure to report that in 2022, the account holders in the CEF requested annual distributions of just over \$1m. In comparison to 2021, the top 5 cause areas attracting support remained the same although there was some change positions. Social Services remained at the top, receiving just over 28% of grants (in dollars) made by the JBWCEF, followed by Health, Medical Research and Education.

Chart 1 provides a breakdown of the annual grants made by cause area in 2021 and 2022.

Chart 1

Cause Area	2022 Annual Distribution	2021 Annual Distribution	Previous Rank (Change)
1 Social Services	28.2%	24.8%	1 (-)
2 Health Services	13.3%	12.8%	3(+1)
3 Health and Medical Research	12.5%	14.1%	2 (-1)
4 Education	9.5%	9.0%	5 (+1)
5 Economic, Social and Community Development	8.9%	12.3%	4 (-1)
6 International Aid and Development	8.3%	7.1%	6 (0)
7 Arts and Culture	7.9%	5.3%	8 (+1)
8 Animal Welfare	5.0%	4.5%	9 (-1)
9 Mental Health and Wellbeing	3.0%	3.6%	10 (-1)
10 Conservation and Environment	2.8%	5.7%	7 (-3)
11 Religion	0.6%	0.9%	11 (0)

Investment Update

In what has been a very challenging year for investment markets, the JBWCEF delivered a negative return of 10.8% net of fees (to end December 2022). The fund continues to outperform the target return objective over the long term (10 years), generating a return of 7.5% (net of fees) to end December 2022. Angela Manning, the Chair of the JBWCEF Investment Committee provides her update on the performance of the fund, the changes we have made to the portfolio to position it to deliver long terms returns given the short and long term investment outlook.

Charity profile

We are pleased to be profiling two wonderful organisations in this edition Yooralla and The Girl Guides NSW ACT and NT.

JBWCEF Investment Performance



Angela Manning

Executive Director, JBWere
Chair of the JBWCEF Investment Committee

Performance Summary as at 31 December 2022¹

2022 was a difficult year for markets. In the main, most of the challenges for markets derived from the aggressive tightening cycle implemented by central banks in all major economies, including Australia. Interest rates were raised quickly and aggressively as central banks tried to come to terms with a significant inflation problem. This process drove a sharp re-pricing in all asset classes – fixed income suffered as yields moved higher, equities declined as the market adjusted to a weaker growth and earnings outlook and real assets declined in order to reflect the impact of higher discount rates on asset prices. This backdrop proved a difficult one for many multi-asset portfolios, as all asset classes declined in tandem for most of 2022. The expected benefits associated with diversification in multi-asset portfolios failed to materialise as policy makers dealt with an unusual set of macro-economic conditions.

While the fourth quarter of 2022 was a positive quarter for most financial assets, over the second half of 2022, only equity markets were positive. This was headlined by Australian equities with S&P/ASX 200 TR Index rising 9.8% in the first half of 2022. To a lesser extent, the MSCI ACWI NR AUD increased 4.0% with a rising Australian dollar limiting the gain for unhedged investors.

Real assets were both down over the half though their mixed outcomes continued. Infrastructure once again performed relatively well with the FTSE Developed Core Infrastructure 50/50 NR AUD down a negligible 0.2%. In contrast, property fall was more pronounced with the FTSE EPRA Nareit Developed NR AUD retracing 3.6%.

Fixed income markets continued to experience significant volatility. Whilst fixed income indices were down with both the global treasuries index (BbgBarc Global Treasury TR Hdg AUD down 3.7%) and global credit index (BbgBarc Global Aggregate – Credit Total Return Index Hedged AUD down 2.6%) registering declines, both were not to the same magnitude seen in the first half of 2022.

	10 Year p.a.	7 Year p.a.	5 Year p.a.	3 Year p.a.	1 Year p.a.	6 Month
Total Return	8.7%	7.6%	6.4%	4.2%	-9.9%	2.5%
Total Return (net of fees)	7.5%	6.4%	5.2%	3.2%	-10.8%	2.0%
Investment Policy Statement (IPS) Target Return (CPI + 4% net of fees)	6.5%	6.7%	7.1%	8.0%	11.8%	5.7%
Outperformance vs IPS Target Return (net of fees)	1.0%	-0.3%	-1.9%	-4.8%	-22.6%	-3.7%

Note 1: Fund was established on 1 July 2007.

Note 2: Portfolio returns include refund of franking credits.

Note 3: Fees include investment management services, administration, compliance, and custody.

1. Past performance is not a guide to future performance.

JBWCEF portfolio as at 31 December 2022

Asset Name	Portfolio Weight	Benchmark Weight
Cash	2.4%	5%
Cash	1.9%	
Ishares Core	0.5%	
Credit	9.2%	5%
EQT Pimco WS Global Credit	3.9%	
Payden Global Income Opportunities	2.3%	
Kapstream Absolute Return Income Fund	3.0%	
Real Assets	15.4%	18%
Atlas Infrastructure Aust Fdr Fd – unhedged	8.5%	
Resolution Cap Global Property Securities SII(W) (unhedged)	5.9%	
Palisade's Unlisted Infrastructure Trust	0.9%	
Government Bonds	2.9%	0%
Vanguard Australian Government Bond Index ETF	2.9%	
Equities – Domestic	29.7%	30%
Ausbill 130/30	8.9%	
Fidelity Futures	2.4%	
Coopers Investorors – Aus Equities	9.0%	
Greencape WS – High Conviction	8.0%	
QVG Opportunities	1.4%	
Equities – International	34.1%	35%
CFS – Generation WS Global Share	6.7%	
GQG Emerging Markets Equity Fund	1.9%	
IFP Global Franchise Fund II (Wholesale)	3.6%	
IFP Global Franchise Fund II (Wholesale Hedged)	3.1%	
Magellan Global Fund (unhedged)	0.3%	
Partners Group Global Value Fund	3.9%	
Walter Scott – Global Equity Fund	7.7%	
Zurich – Global Growth Fund	6.9%	
Uncorrelated Strategies	6.3%	7%
ETFS Physical Gold ETC	3.0%	
Ironbark North Rock Fund	3.4%	
TOTAL PORTFOLIO	100%	100%

1. Past performance is not a guide to future performance.

* There is a small cash holding in the JBWere Cash Trust to facilitate transactions.

Portfolio changes

During the second half of 2022, we undertook some portfolio rebalancing reflecting the desire to reduce exposure to growth assets, rebalance within growth assets, and to increase currency hedging. In this regard, the decision was made to exit the Magellan Global Fund with a number of Australian and global equity funds trimmed. The IFP Global Franchise Fund II (Hedged) was introduced to the portfolio as a replacement for the Magellan Global Fund. Additionally, a switch occurred between the unhedged and hedged versions of the Zurich Investments Global Growth Fund.

In real assets, a capital call was issued for the Palisade Unlisted Infrastructure Trust. To maintain the balance between infrastructure and property within real assets, the position in the Resolution Capital Global Property Securities Fund II was added to.

Within the fixed income asset classes, a position was initiated in the Kapstream Absolute Return Income Fund which provides exposure to short-duration, investment grade Australian credit. In government bonds, the Vanguard Australian Government Bond Index was used to add duration to the portfolio due to a rise in bond yields.

Investment outlook

We retain a relatively cautious approach to portfolio positioning in early 2023. If trends in recent data are confirmed – persistence in inflation and resilience in growth – it is possible that central banks in the US and Europe (and possibly elsewhere) will need to take monetary policy to very restrictive levels. If so, then it is more likely than not that some large economies will experience recession late in 2023 or early in 2024.

Against this backdrop, we don't believe that current market pricing reflects this recent shift in the distribution of risks to economic growth. We think this argues for a more defensive positioning of portfolios, both at an asset allocation level and within an asset class. However, there remain attractive opportunities for investors at present. For example, we think the risk/reward characteristics of shorter-dated and high quality \$A credit is attractive. Additionally, the recent re-pricing of sovereign bond yields offers attractive entry levels for long duration positions.

Looking ahead, we recommend investors continue to run diversified portfolios, and, if markets re-price further to reflect a more cautious outlook for earnings and the economy, we think it will be appropriate to eventually re-deploy capital such that portfolios reflect a more pro-growth stance.

Charity Profile: Yooralla

A leader in disability support

Yooralla's purpose is to support people with disability to live the lives they choose.

We provide flexible and tailored supports to people of all ages in their homes and in short-term accommodation, including discharge from hospital to suitable temporary accommodation; therapy services; essential personal care; use of assistive technologies; training and pathways to education and employment; community-based recreation and practical skills for daily living.

As a large, for-purpose organisation, and with over a hundred years of experience in supporting people with disability, our expertise is a result of many decades of working with thousands of people with disability, their families and those in their circles of support. We have developed unique knowledge and experience in supporting people with both moderate and complex needs, including those with chronic health conditions.

Our nearly 2000 employees are our strongest assets. They include Disability Support Workers (DSWs), nurses, physiotherapists, psychologists, positive behaviour support specialists, occupational and speech therapists. Inclusion support professionals help enable the participation of children with additional needs and support coordinators assist people with disability in accessing their best options.

Our services are spread across over 80 sites in metropolitan Melbourne and regional Victoria, delivering support to approximately 2500 clients.

Gaps and barriers we address

The benefits of the NDIS have improved the lives of people with disability and have had a positive impact on many areas of their lives. Those covered by the scheme receive funding directly and have choice and control over what supports they receive and who provides these to them.

But the disability community still experiences daily gaps that affect their quality of life and their ability to pursue their aspirations. Many still face barriers that prevent them from having the same opportunities as others in the community.

One in six Australians – or 4.4 million – have a disability, with 1.4 million with severe or profound disability. But only over half a million are in the NDIS, and being a part of the scheme does not necessarily cover all the costs of people's support needs, let alone some of their dreams and ambitions.

For example, the cost of support for personal care for an individual to get ready and to travel to a TAFE course or training as a pathway towards employment may be covered in their NDIS plan, but the cost of the program itself that they may be participating in may not necessarily be covered.



Kasey, Disability Support Worker, and Clarke, an entrepreneur who participates at one of Yooralla's Community Hubs

For Yooralla, there are many aspects of our work that are critical to providing seamless, safe and enjoyable experiences to our clients that we have to fund ourselves, such as the professional development, training and cultivation of leadership skills among our employees.

The Yooralla Foundation raises funds for initiatives that are over and beyond the basic supports that we provide. We aim to tackle six major areas of need, in partnership with the disability community and our philanthropic partners. Through the generosity of our supporters, recently funded projects include: the development of a customer portal and app for clients and employees; a range of critical assessments and reports by senior psychologists for children and young people with disability in out of home care; a sensory garden for ventilator dependent clients and workshops on speaking up and supported decision making.

Personalised job pathways

People with disability have a right to work equally with others in open, inclusive and accessible environments. But many are not able to exercise this right.

The social inclusion gap that exists means that only 48% of people with disability who are of working age (14 – 64 years old) are in a job or are looking for work, compared to 80% of people without a disability.

The exclusion of many people with disability from active participation in employment is unjust. It is a gap that Yooralla aims to address through evidence-based, effective and sustainable pathways towards employment.

We are raising funds to develop a personalised job pathways program that starts with a focus on the person with disability, their skills, interests, strengths and support needs. We can then connect them to potential employers whose business needs are relevant to what individuals have to offer. The program will include employment coaches; training; micro-credentials; peer support groups; the development of micro and social enterprises.

If you would like to know more, contact Elouise Holmes, Director of Philanthropy and Fundraising, at 03 9916 5889 | elouise.holmes@yooralla.com.au | yooralla.com.au/get-involved/donate

Statistical reference: Australian Institute of Health and Welfare, People with disability in Australia 2022.

Charity Profile: Girl Guides NSW, ACT & NT

Empowering girls and young women to discover their potential.

Girl Guides NSW, ACT & NT (Girl Guides) empowers the women of the future. These girls and young women will impact their families, their communities, and our country. By discovering their potential, they can change the world.

For over 100 years Girl Guides has shaped the leaders of tomorrow. Our unique girl-led experience empowers these girls and young women to discover their potential as leaders of their world.

Why is this relevant?

While Australia is developing well in some areas, women still only make up around 1/3 of our representatives in national parliament, earn 22% less than men and are typically responsible for the majority of unpaid care work. (Source: *Workplace Gender Equality Agency, 2022*).

Furthermore, the Global Gender Gap Index (GGGI) collects gendered data across four areas: economic participation and opportunity, educational attainment, health and survival, and political empowerment. Australia has dropped from a ranking of 15/146 in the world in 2008, to 43 in 2022 – a decline of 28 places in just 14 years. (Source: World Economic Forum, Global Gender Gap Report 2022).

Our goal is for an equitable society where girls and young women are enabled to positively impact their world and community. We believe that Girl Guiding is a powerful mechanism to reaching this goal.

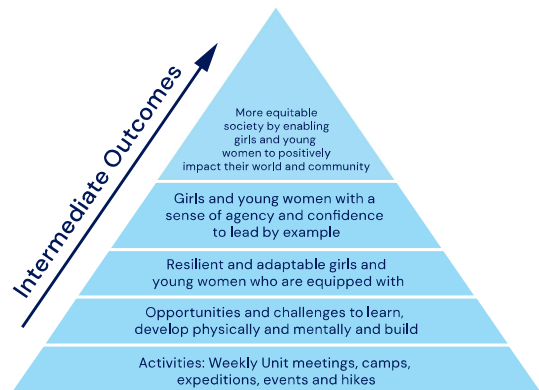
How does Girl Guiding empower?

We recognise that girls and young women have to be given agency and autonomy to make confident decisions and lead by example.

We achieve this by giving the appropriate opportunities and challenges to learn, develop physically and mentally, and build connections and relationships both within Guides and in their broader community.

Girl Guides fosters these opportunities through a myriad of activities, which include a strong focus on community service and connection with nature. These activities include unique challenges, participating in community activities through themed days, camps, expeditions, events and hikes, which they complete with the safety of their Guide Unit (the group they meet each week).

Gladys Berejiklian, former Premier of NSW, and alumni of Girl Guides, has said of her time with guiding: "My time as a... Girl Guide taught me so much about teamwork, about good values, and always putting others ahead of yourself. And I know they're values that will maintain Girl Guides for many years to come".



Guiding is a safe place for any and every girl, and young woman regardless of her background, how she identifies, or her neurodivergence. As a result many of our Units note that more than 50% of their guides are neurodivergent and we are proud to create a safe place and make leadership accessible to all.

Our Impact

Girl Guides encourages girls and young women to develop a positive self-image, confidence, and self-esteem.

A 2022 report by Huber Social found that Girl Guides programs increased the connection and friendship, enjoyment and self-worth of girls and young women involved. Our programs helped improve their communication and saw significant shifts in a girl's sense of adventure, self-worth and life skills – all key factors impacting leadership and advocacy skills.

Why We Need Your Help?

As a charity most our programs are run by volunteers. With volunteer landscape having changed drastically since Covid we are struggling to meet the demands for Girl-Led programs. In most places we have long waitlists and cannot give girls access to our programs due to a lack of resources.

By funding Girl Guides NSW ACT & NT today you can help create a more equitable future for girls and women everywhere.

To find out more go to supportguides.org.au



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