



The Stella Forever Fund

The Endowment Fund of The Stella Prize Inc
ABN 15 021 275 082

Annual Investment Committee Report for the Year Ended 30 June 2020

1. Objectives

The Stella Forever Fund (the Fund) was established in July 2016. The purpose of the Fund is to raise AUD\$3 million over a 10-year period to fund the prize money of the annual Stella Prize in perpetuity.

2. Principal Activities

In its fourth year of operation, the focus of the Fund has been to procure donors that are compatible with the purpose of the Fund and the objectives of The Stella Prize Inc.

3. Operating Results

The Fund's surplus for the year ended 30 June 2020 amounted to \$13,460. This was made up of:

	2020	2019	2018
Donations – Public	\$60,075	\$33,210	\$242,690
Investment Income	\$21,184	\$34,691	\$19,129
Market Movement	(\$67,779)	\$18,812	\$436
Bank charges	\$0	\$0	(\$22)
	\$13,460	\$86,713	\$262,233

4. Financial Position

The Fund has retained earnings of \$665,904 as at 30 June 2020 and after its fourth year of operation is on track to achieve its funding objectives.

Retained Earnings	2020	2019
Opening balance	\$652,444	\$565,731
Plus current year earnings	\$13,460	\$ 86,713
Closing balance	\$665,904	\$652,444

The Net assets of the Fund as at 30 June 2020 were invested as follows:

Net Assets	2020	2019
Cash at Bank	\$20,428	\$4,925
Cash on deposit	\$125,078	\$89,464
Share Investments	\$510,819	\$534,590
Accrued Income	\$9,579	\$23,465
	\$665,904	\$652,444

5. Investment Policy and returns

The Investment Committee has appointed Pitcher Partners as Investment Advisors. Pitcher Partners' services are provided on a pro-bono basis. During 2017, funds were invested by Pitcher Partners in line with the Fund's Investment Strategy.

The long-term growth strategy is the core investment approach for building the Fund and generating annual income ultimately for funding The Prize. The key return and risk metrics are:

- Performance objective: 5.5% over rolling 7-year period
- Estimated frequency of loss: 1 year in every 5 years
- Strategic asset allocation:
 - o Growth Assets – 70%
 - o Defensive Assets – 30%

For the year ended 30 June 2020 the annualised Internal Rate of Return on the Fund's invested assets was (6.91%).

Like many investment funds in 2020, the Fund has been impacted by market volatility arising from COVID-19. This volatility is reflected in the negative market movement in the Fund. While the long term investment policy estimates a loss every one year in five, the Board is closely monitoring investment returns.

The Fund is committed to the environment, social justice and good corporate governance. The Investment Committee and Board has determined that it wishes to reflect these beliefs in its investment portfolio through investment in ethical and responsible investment products only and ideally with investment managers that are signatories to the United Nations Principles of Responsible Investing or members of the Responsible Investment Association of Australia.

To this end, during the year ended 30 June 2020 the Fund invested in the following ethical investment products:

- Russell Australian Responsible Investment ETF
- Vanguard Ethically Conscious International Shares Index ETF
- Legg Mason Western Asset Aust Bond Trust (Class A)

6. Committee Members

The Investment Committee members include the following.

1. Chair – Seri Renkin
2. Treasurer - Dianne Cuka (leave of absence)
3. Secretary – Keren Murray