

Australian Philanthropic Services Foundation

Performance report for the six months ended 31 December 2020

This performance report for Australian Philanthropic Services Foundation (APS Foundation) covers the six-month period from 1 July 2020 to 31 December 2020. The next report will be for the six-month period from 1 January 2021 to 30 June 2021 and will be available in August 2021. Previous reports are available to giving fund holders via the APS Foundation portal. In the meantime, the assets of APS Foundation continue to be valued at the end of each month, at which time the value of each giving fund is also updated and available via the portal.

Investment objective and strategy

APS Foundation's Investment Strategy document (also available to giving fund holders via the online facility) sets the investment objective, which is to achieve a return after fees at least equal to CPI inflation + 4% per annum, measured over rolling 7-year periods. In arriving at this objective, the Trustee has taken into account the following:

- the need to donate a minimum of 4% per annum to eligible charities
- the likelihood of inflation affecting the value of the investments and income generated
- the risk of capital or income loss
- the liquidity of the investments
- the costs of investment alternatives and transactions, and
- the benefits of diversification of investments.

Governance

The Trustee of APS Foundation is Australian Philanthropic Services Foundation Pty Limited, a wholly owned subsidiary of Australian Philanthropic Services Limited (APS). The directors of the Trustee are Chris Cuffe AO, David Ward, and Antonia Ruffell. The investments of the APS Foundation are overseen by all Trustee directors. Chris Cuffe has day-to-day responsibility for managing the investments, including engaging the services of external specialist fund managers.

Performance

The performance (after fees) of APS Foundation and relevant indices for various periods ended 31 December 2020 was as follows:

	Six months	One year	Three years	Seven years	Since inception
APS Foundation	13.1%	8.1%	9.6% pa	9.7% pa	11.6% pa
Target return (being CPI + 4% pa after fees over rolling 7 year periods)	N/A	N/A	N/A	5.6% pa	5.8% pa
Australian shares (S&P/ASX300 Accumulation Index)	13.7%	1.7%	6.9% pa	7.4% pa	10.3% pa
International shares – currency unhedged (MSCI World ex-AUS Unhedged AUD Total Return)	9.7%	5.7%	11.2% pa	11.6% pa	15.7% pa
Australian cash (Bloomberg AusBond Bank Bills Index)	0.0%	0.4%	1.3% pa	1.8% pa	2.0% pa

The 'since inception' date used is 1 July 2012. Figures greater than one year are expressed as annual compound returns.

The investment objective of APS Foundation is to achieve a return after fees at least equal to CPI inflation + 4% per annum, measured over rolling 7-year periods. The return since inception in mid-2012 is 11.6% compound per annum, compared to the return objective of CPI + 4% pa (equating to 5.8% compound per annum since inception).

Fees

APS manages all aspects of APS Foundation (including administration, compliance, arranging investment management, and facilitating the yearly audit) and charges a single, all-inclusive fee of 1% per annum, excluding GST, on the amount held in each giving fund. This fee is calculated and paid monthly. APS Foundation can claim back 75% of GST paid and as such the final cost to giving funds is 1.025% per annum.

Most of the assets of APS Foundation are managed by external fund managers. To the extent possible, such services are secured on a pro bono basis. However, where a pro bono arrangement cannot be secured with a fund manager, the Trustee may still choose to use them where they believe the particular investment will produce an attractive post fees return for APS Foundation. Such extra fees charged by the external fund managers are paid by APS Foundation and are in addition to the 1% fee paid to APS. Based on the assets of APS Foundation held at 31 December 2020, we estimate such extra fees to be approximately 0.31% per annum.*

*This only includes ongoing management fees of unlisted managed investment schemes or individually managed accounts. It excludes performance fees, out-of-pocket costs of third-party managers, fees incurred by listed investment companies and any other costs a direct investor would ordinarily incur themselves.

APS Foundation supporters

We are extremely grateful for the support we receive from a number of fund managers who provide us with some or all of their investment services on a pro bono basis to assist with the management of APS Foundation. We sincerely thank the companies mentioned below for their kind support during the six months ended 31 December 2020.



Further information

If you have any further questions or feedback about the investment objective, strategy or performance, please do not hesitate to contact the APS Foundation team on 02 9779 6300 or foundation@australianphilanthropicservices.com.au