



THE STELLA FOREVER FUND

THE ENDOWMENT FUND OF THE STELLA PRIZE INC
ABN 15 021 275 082

ANNUAL INVESTMENT AND ADVISORY COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 fifth 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 2021 amounted to \$215,824. This was made up of:

	2021	2020
Donations – Public	\$77,500	\$60,075
Investment Income	\$18,527	\$21,184
Market movement	\$119,797	(\$67,779)
Bank charges	\$0	\$0
	\$215,824	\$13,460

During the year donations to the Fund were generously received from:

- Rob McLean
- Pamela Petschack
- Juliet Lockhart
- The Serp Hills Foundation
- Ellen Koshland

4. Financial Position

The Fund has retained earnings of \$881,728 as at 30 June 2021. After its fifth year of operation it has achieved approximately a third of its 10-year target. To achieve its funding objectives, The Stella Prize Inc has embarked on a fundraising campaign in 2021/22 with the ambition of reaching the AUD\$3 million in the 2022 financial year.

	2021	2020
Opening balance	\$665,904	\$652,444
Plus current year earnings	\$215,824	\$13,460
Closing balance	\$881,728	\$665,904

The Net assets of the Fund as at 30 June 2021 were invested as follows:

	2021	2020
Cash at Bank	\$ 0	\$20,428
Cash on deposit	\$120,920	\$125,078
Share Investments	\$751,409	\$510,819
Accrued Income	\$9,399	\$9,579
	\$881,728	\$665,904

5. Investment Policy and Returns

The Investment and Advisory Committee has appointed Pitcher Partners as Investment Advisors. Pitcher Partners' services are provided on a pro-bono basis. During 2021, 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:
 - Growth Assets – 70%
 - Defensive Assets – 30%

For the year ended 30 June 2021 the annualised Internal Rate of Return on the Fund's invested assets was 19.48%.

This positive return reflects a recovery in earnings after negative market movement in the previous financial year arising from market volatility associated with COVID-19. The annualised Internal Rate of Return on the Funds invested assets for the 3 years to 30 June 2021 was 7.3%. The Board continues to monitor investment performance closely.

The Fund is committed to the environment, social justice and good corporate governance. The Investment and Advisory 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 2021 the Fund invested in the following ethical investment products:

- Russell Australian Responsible Investment ETF
- Vanguard Ethically Conscious International Shares Index ETF
- SPDR SRP/ASX 200 Listed Property ETF
- Western Asset Australian Bond Trust (Class A)

6. Committee Members

The Investment and Advisory Committee members include the following.

- Chair: Keren Murray
- Treasurer: Dianne Cuka
- Secretary: Abbey Burns