

Glebe Administration Board

2019 OVERVIEW

WELCOME to this overview of GAB's work during 2019.

GAB acts as trustee of the Diocesan Endowment (DE), which is the central endowment of the Diocese. As trustee of the DE, GAB provides one of the two main sources of recurrent funding for spending by the Synod. We do this via a predictable stream of distributions to the Synod – even in times of high market stress, such as the recent COVID-19 pandemic. This enables the Synod to budget with confidence during its funding trienniums.

GAB also acts as trustee of the Diocesan Cash Investment Fund (DCIF). This is a pooled investment vehicle which enables the cash of more than 200 separate diocesan entities to be effectively managed.

While this is an overview of GAB's work during 2019, I need to comment on the impact that the COVID-19 pandemic has had on GAB. In short, the DE has been safeguarded through its diversification across 11 asset classes.

This resulted in a performance return downturn of just -0.7% for the 7 month period to 31 July 2020. This loss is well within the modelled parameters accepted by the GAB, and the real value of the DE has more than been maintained. Similarly, the DCIF has remained above \$110 million despite the pandemic's impacts, and has continued to deliver above benchmark returns.

It remains my privilege to serve as Chair of the GAB, with a committed and engaged board and the team from Sydney Diocesan Services. I trust you find this overview a useful companion to the more detailed information contained in GAB's 2019 Annual Report.



Ross Smith
(Chair)

GAB 2019 HIGHLIGHTS

Diocesan Endowment

- A solid year of investment market returns. A distribution of \$2.804 million was paid to the Synod for spending in 2019.
- Completed the 3rd and final stage of the restructuring of the investments to become more like a perpetual endowment.

Diocesan Cash Investment Fund

- Total funds under management as at 31 December 2019 of \$116.9 million.
- Net income yield for the 12 months ending 31 December 2019 was 1.46% against a benchmark of 1.23%.

OUR PURPOSE

To advance the purposes of the Anglican Church of Australia in the Diocese by managing the property of the DE in accordance with the terms of the trusts on which that property is held, and by managing other property of which we are trustee from time to time.

OVERVIEW OF THE DIOCESAN ENDOWMENT

PURPOSE OF THE DIOCESAN ENDOWMENT

The GAB through the DE, provides a significant proportion of the funding requirements to support the missional activities of the Diocese.

The property of the DE is invested in a diversified range of asset classes in accordance with the Investment Policy Statement (available on the SDS website – see back page). The breakdown of assets classes is shown in the graph below.

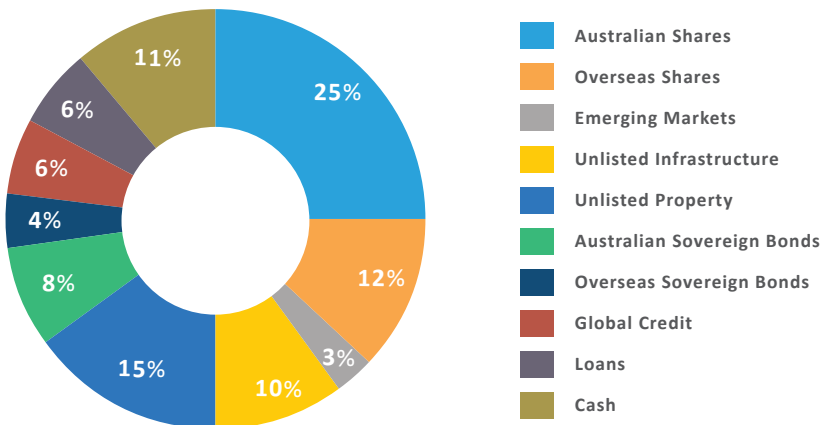
Investments are generally made through funds managed by Mercer and approved by GAB.

Each of these funds is a multi-manager fund, meaning that GAB invests in a Mercer fund which, in turn, invests in underlying funds operated by specialist fund managers. In general, these funds are actively managed.

The investments in the Overseas Shares asset class are undertaken through a passive (index based) fund rather than actively managed funds. The investment in loans comprises the loan book which is in wind down mode. Cash investments are made in the DCIF.

GAB, on recommendation from its asset consultant Mercer, has adopted an investment objective of 3.5% p.a. in real terms with an appropriate diversified, long-term asset allocation.

Diocesan Endowment Asset Classes at 31 Dec 2019



2019 RESULTS

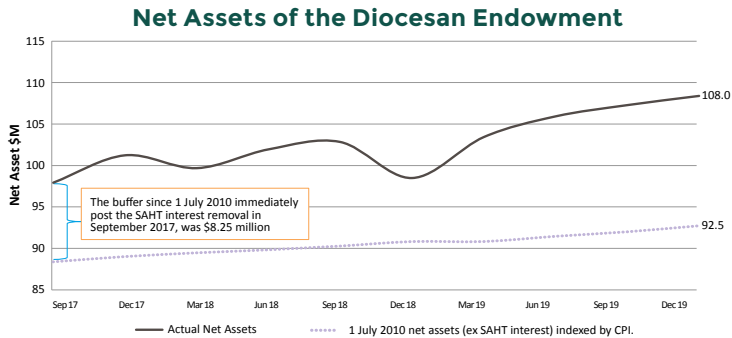
Market performance in 2019 reflected a general improvement of market sentiment, resulting in an exceptional year for market returns.

The DE recorded a profit of \$13.3 million in 2019. This represented a return of +13.6% on the opening equity of \$97.6 million.

The main contributors to the investment performance were Australian and overseas shares.

A distribution of \$2.804m was paid to Synod in 2019.

This is consistent with the long term growth of the DE, and is shown in the following chart.



OVERVIEW OF THE DIOCESAN CASH INVESTMENT FUND

PURPOSE OF THE DIOCESAN CASH INVESTMENT FUND

GAB holds the property of the DCIF on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney through facilitating the investment of cash held by trustees of church trust property.

The DCIF was established by the Standing Committee in August 2016 following the closure of the wholesale Glebe Income Accounts. The DCIF manages the cash of Diocesan organisations. Unlike the Glebe Income Accounts, the DCIF does not form part of the DE.

The DCIF is a separate trust held by the GAB. The DCIF became operational in April 2017. The DCIF's return on assets since inception as at 31 December 2019 was 2.08%.

The DCIF had \$116.9 million in assets as at 31 December 2019.

96% of assets are allocated to a Mercer Cash Fund – Term Deposit Units, which are invested in Australian bank term deposits of maturity less than 1 year. It has a target benchmark of the Bloomberg AusBond Bank Bill Index, which it has consistently outperformed.

The remaining assets are cash and short term investments with NAB and Bendigo/Adelaide Bank.

As at 31 December 2019, there were 220 investors in the DCIF consisting of the ACPT client funds and various diocesan organisations.

GAB BOARD MEMBERS



Mr Mark Ballantyne
General Manager of
Financial Wisdom
with CBA.



Mr Ross Smith (Chair)
CEO Anglican Schools
Corporation. Previously CFO,
Anglicare Sydney and CEO of
The Sargood Centre Ltd.



Bishop Michael Stead
Bishop of South Sydney.



Mr Greg Hammond OAM
Consultant and advisor
to financial institutions,
charities and not-for-profit
organisations.



Mr David Sietsma
30 years in financial markets
and treasury roles with
Macquarie Bank, Deutsche
Bank, BNP Paribas and CBA.



Mr David Wong
Over 38 years' experience
in engineering and funds
management.



Ms Kitty Pun
Vice President and
Compliance Manager for
DBS Bank Ltd.



Ms Evelyn Horton
Economist and company
director with over 30 years'
experience in investment
banking and government.



Mr Richard Jamieson
Over 30 years' experience
in the financial and banking
sector, including several
CFO roles.

GAB has no employees. Administration, secretarial and accounting services are provided to GAB by Sydney Diocesan Services on a cost recovery basis. The executives of SDS with the greatest authority for the strategic direction and management of GAB are -

- Robert Wicks - Chief Executive Officer
- Michael Blaxland - Chief Financial Officer
- Isaac Kuruvilla - Head of Investments

For further information about the Glebe Administration Board including meeting dates, policy statements and annual reports, please visit sds.asn.au and click on 'Organisations We Serve'.

Alternatively, contact SDS's Corporate Secretary
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or (02) 9265 1555.