

Glebe Administration Board

Diocesan Endowment Report on Investment Performance – December 2012

Key Points

- During 2012, the total return on the investment of the Diocesan Endowment was 10.57%, which was marginally under the weighted average benchmark.
- The net assets increased from \$114 million to \$122 million.
- The major contributors to the total return were the Australian Shares and Overseas Shares asset classes.

Background

Investment Management of the Diocesan Endowment

1. The investment objective for the Diocesan Endowment is –
“To achieve a real rate of return over rolling 5 year periods of 5% per annum net of external investment management fees and adjusted for tax effects, subject to –
 - (a) preserving the real value of the Diocesan Endowment over rolling 10 year periods with a 70% probability, and
 - (b) the sum of the distributions from the Diocesan Endowment plus administrative and other costs (not including external investment management expenses) not exceeding 5%, on average over rolling 5 years periods.”
2. More information about the investment objective, the strategic asset allocation and GAB’s investment policies is set out in the Investment Policy Statement for the Diocesan Endowment which can be found on the website at <http://www.sds.asn.au/Site/104303.asp?ph=cb>.

Investments of the Diocesan Endowment

3. The following table sets out the investments of the Endowment as at 31 December 2012 and 31 December 2011 –

Assets	As at 30 December 2012		As at 31 December 2011	
	\$000s	% weight	\$000s	% weight
Growth Assets				
Australian Shares	25,572	21.0	23,619	20.6
Overseas Shares – Developed	15,255	12.5	16,752	14.6
Overseas Shares – Emerging	3,223	2.6	2,452	2.2
St Andrew’s House	41,580	34.1	40,950	35.8
Total Growth	85,630	70.2	83,783	73.2
Defensive Assets				
Australian Sovereign Bonds	9,768	8.0	8,295	7.2
Overseas Sovereign Bonds	2,447	2.0	4,232	3.7
Financial Services	14,800	12.1	11,588	10.2
Investment Cash	9,373	7.7	6,528	5.7
Total Defensive	36,388	29.8	30,643	26.8
Total (Net Assets)	122,018	100	114,426	100

Investment Performance

4. The performance of the portfolio for the year and 3 years ended 31 December 2012 was as follows –

Assets	Year ended 31 December 2012		3 years ended 31 December 2012	
	Return (after fees)	Index*	Return (after fees) pa	Index* pa
Growth Assets				
Australian Shares	23.28	19.74	3.76	2.87
Overseas Shares – Developed	16.68	16.4	3.67	5.92
Overseas Shares – Emerging	17.12	16.74	-	-**
St Andrew's House	1.54	7.39	15.63	7.71
Defensive Assets				
Australian Sovereign Bonds	6.01	5.52	7.93	8.04
Overseas Sovereign Bonds	8.78	8.02	-	-**
Financial Services	12.59	11.23	16.0	13.73
Cash	5.67	3.69	5.94	4.46
Total Return on Net Assets Vs Weighted Index	10.57	11.86	7.83	6.9

* Information about the indices used to measure the performance of each asset class is set out in the Investment Policy Statement.

**The Endowment did not invest in these asset classes for the entire 3 year period ending 31 December 2012.

5. It is to be noted that for the year ended 31 December 2012, the returns of all asset classes exceeded benchmark, other than St Andrew's House. The performance of St Andrew's House reflects lower growth in the value of the building as at 31 December 2012.

MARK PAYNE
Chief Executive Officer

19 February 2013