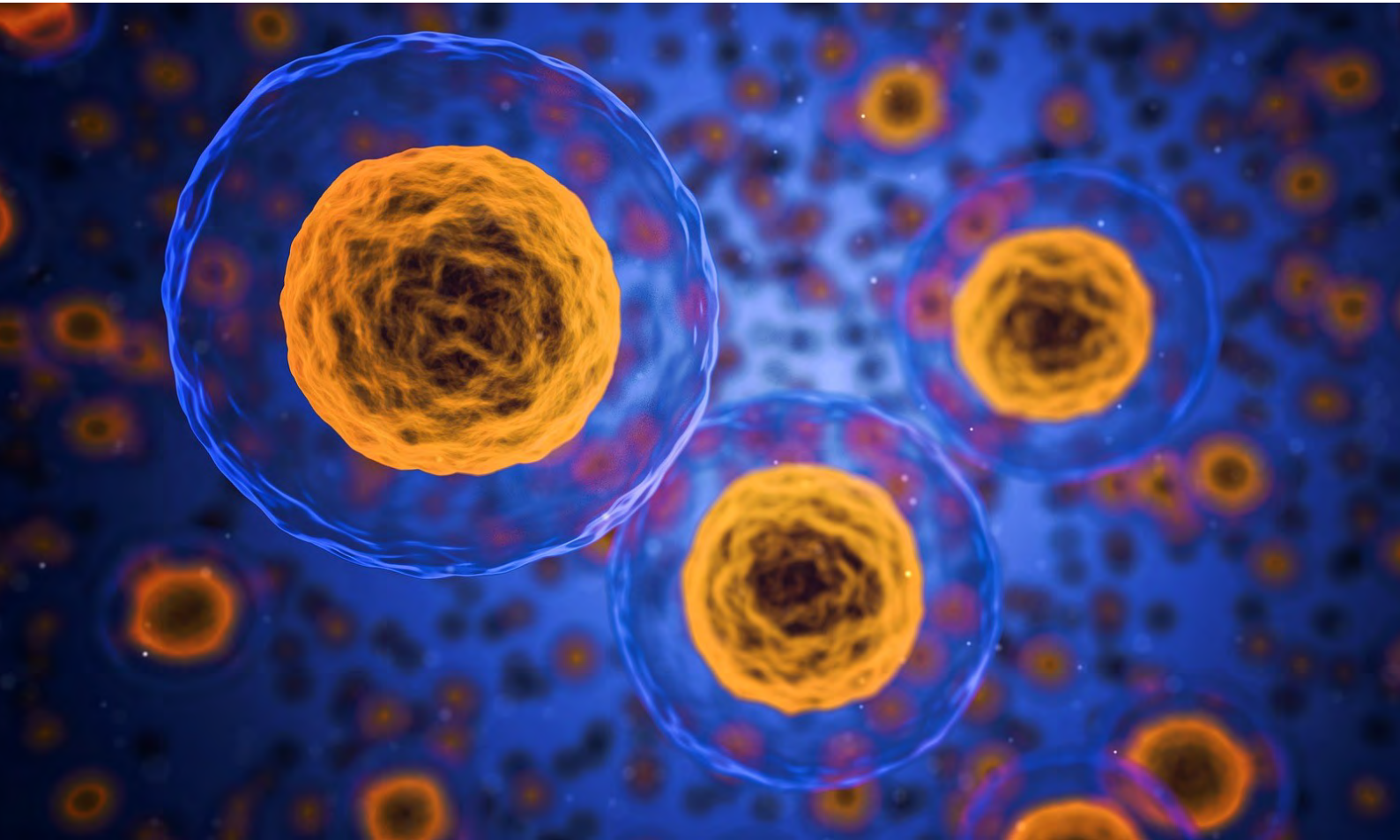


L.E.W. Carty Charitable Fund



2019 Annual Report

L.E.W. CARTY

CHARITABLE FUND

L.E.W. Carty Charitable Fund is a perpetual philanthropic trust established in 1977 under the Will of the late Olive Muriel Carty to honour the memory of her late husband Leslie Ernest William Carty, and commenced grantgiving in 1980.

It provides grants to selected charities within the State of Victoria to assist or promote research into the diagnosis, prevention, or treatment of physical or mental disorders of humans. Grants to appropriate charities are determined at the absolute discretion of the Trustees.

Trustees

Darvell M. Hutchinson AM (Chairman)

Dr Susan M. Forrest

Sally R. Wood

Staff

Sarah Bartak, Grants Officer

Glen Thomson, Finance Executive

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Our Founder

Olive Muriel Carty

The L.E.W. Carty Charitable Fund was established in 1977 as part of the Will of Olive Carty. Olive bequeathed the inheritance left to her by her late husband, Leslie Ernest William Carty, to assist or promote medical research within Victoria. Olive determined the philanthropic fund be named the 'L.E.W. Carty Charitable Fund', in honour of her late husband.

Olive's early years

Olive was born in Brighton, Melbourne in 1904, to John Bishop and Jemima (nee Macvean).

The Bishop family lived in Brighton, from where Olive attended school at Toorak College, then in Mayfield Avenue, Toorak. The school today is in Mt Eliza having been relocated in 1928. The family lived in Brighton until 1928 when they moved to "Sherwood" at 8 Glenbervie Road, Toorak.



Olive Muriel Carty

Married life

Olive married Leslie Ernest William Carty on 21st March 1935. Known by most as 'Lew', an acronym of his initials, Leslie Carty was a sheep grazier in Hamilton in the Western District of Victoria. He was born in Melbourne in 1885 to Richard Thomas Carty and Lucy (nee Hawkins).

In 1931 Lew's first wife, Elsie Marion Armstrong, died leaving Lew widowed at 46. They had no children.

When Lew married Olive at St John's Church in Toorak, *The Argus* newspaper of 22 March 1935 reported Olive wore 'a charming gown of magnolia-white crepe satin... a loose cowl drapery softened the bodice of the bride's frock'. Her father gave her away, her brother, Rex Bishop, was the groomsman, and her two bridesmaids were her sisters Ivie and Mary. After the wedding ceremony, a reception was held at the Bishop family home in Toorak.

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Olive Muriel Carty *continued*

Following their marriage, Olive joined her husband at his grazing property 'Brisbane Hill' in Hamilton. She was 30 years old.

Olive had a strong, direct personality and a great sense of humour. Tall in stature, Olive spoke her mind in a forthright manner and willingly expressed her views. She is remembered fondly by her extended family as being generous and funny with a zest for life.

These qualities stood her in good stead with the vast change in lifestyle, moving from city life in Melbourne to country life at 'Brisbane Hill' with her new husband.

Lew and Olive worked the property themselves, as many did through the Great Depression era. Olive loved cooking and at her new home she tended a large garden that supplied their needs of vegetables and herbs. She also raised turkeys and chickens. Together, the couple had a strong network of friends in the Hamilton District.

They were married for 26 years before Lew died in 1961 aged 76 from congestive heart failure. They also had no children.



Leslie Earnest
William (Lew) Carty

Olive's later years

When Lew died, Olive returned to Melbourne and lived a further sixteen years before she died at Frankston Hospital from a heart attack aged 72.

Although Lew, and eventually Olive herself, died from heart related illnesses, Olive directed her Will to a broader range of medical research. She specifically included consideration for Walter and Eliza Hall Institute of Medical Research.

Olive's direct and clear vision for the use of the inheritance left to her by her husband has seen the L.E.W. Carty Charitable Fund contribute over \$7.7 million to medical research to date.

Chairman's Report

I am delighted to present the 2019 Annual Report for the L.E.W. Carty Charitable Fund ("the Carty Fund"). Two highlights dominate our 2019 year, namely, another year of sound capital growth, and a transformational year of review of our grantmaking philosophy. The net worth of the Fund at 30 June 2019 grew to \$10.8 million, compared to \$9.3 million last year, and our new era of grantmaking commences in 2020.

Investments

The objectives of the Carty Fund's investment mission are twofold: first to achieve long-term appreciation of the value of the corpus, ahead of inflation, and secondly to generate sufficient income to fund the annual grant giving program and operating expenses. Long-term growth in the value of the corpus is essential if the Carty Fund is to continue to serve Victoria's medical research community in the future as well as it has done in the past.

FY19 was the third year in a row of strong investment returns, with the corpus generating a total return of 19.3%. This strong return reflects a high exposure to Australian shares, particularly CSL Limited. The invested capital has increased to \$10.3m (2018: \$9.1m) representing an impressive 9.0% compound annual capital growth rate since 1977.

Operations

Revenue from investments was more than double last year at \$994,920 (2018: \$426,311) as a result of a number of off-market share buy-backs. These share buy-backs generated \$495,967 of revenue which is taken to the Capital Account.

Our Operating Expenses were slightly lower at \$68,030 (2018: \$70,178). Part of these expenses were, like last year, costs in relation to our application to the Supreme Court of Victoria for variations to Olive's Will to enlarge the scope of medical research institutes for grantgiving within Victoria.

Net Surplus for 2019, after payment of grants, was \$826,890 (2018: \$106,133).

Grantgiving

In preparation for a renewed grantmaking focus next year, a single grant of \$100,000 was approved in 2019 to Walter and Eliza Hall Institute (WEHI) for the fifth and final year of the LEW Carty Centenary Fellowship for Cancer Research. Dr Leigh Coultas has held the LEW Carty Centenary Fellowship at WEHI, and our trustees are very proud of all that he and his team have achieved over the past five years.

The Trustees' policy is to continue to retain a reasonable level of unapplied income to provide promptly for special grant applications that may arise. The total of retained income available for distribution to eligible charities is \$557,199.

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Chairman's Report *continued*

A New Era of Grantmaking

This year ushered in a new era of grantmaking for the Carty Fund, following the approval in April 2018 of a *Cy Près* order from the Supreme Court of Victoria to broaden our grantgiving.

In the years since 1977, when the Carty Fund was bequeathed under the Will of Olive M. Carty, there have been many major advancements in medical science that would have seemed unimaginable at the time Olive wrote her Will.

Previously, navigating this shifting landscape and determining eligibility of grant applicants under the then terms of Olive's Will became progressively more difficult for the trustees. Restrictive clauses, originally included in the Will to satisfy laws no longer in effect, resulted in our pool of eligible organisations being seriously limited.

With approval of the *Cy Près*, the Carty Fund is now able to provide grants to a far wider array of Victorian institutions undertaking worthy 21st century medical research.

In light of the changes to eligibility, in 2019 the trustees undertook a strategic review of grantmaking. The review has led to a new, more focused grants strategy for the Carty Fund.

Within the parameters of the funds available, we seek to make fewer grants, but larger, multiyear grants to leverage greater impact in areas of particular health need designated by the trustees. To launch this approach, two priority health areas of medical research were selected for support: Asthma, and Childhood & Adolescent Obesity.

Commencing in 2020, our Signature Grants aim to help nurture early to mid-career researchers and, where practical, to retain leading researchers in Victoria. A new grant application process has been implemented and, at the time of writing this report, is currently underway for the focus area of Childhood & Adolescent Obesity.

The Future

With the approval of the *Cy Près*, and a new grants strategy in place, the Carty Fund is assured of a positive future in the decades that lie ahead.

Its founding benefaction of \$200,000 by Olive Carty has grown to \$10.8 million at 30 June 2019 and has resulted in 166 medical science grants totalling \$7.7 million being distributed to research institutes in Victoria.

Trustees and Management

Finally, I sincerely thank my co-trustees Dr Susan Forrest and Sally Wood for their creativity and continual dedication to the advancement of the L.E.W. Carty Charitable Fund, and also to the management team of Glen Thomson and Sarah Bartak for their professional guidance.

Darvell M. Hutchinson AM, Chairman

Grants

How We Grant

The L.E.W. Carty Charitable Fund is a perpetual charitable trust and its grants strategy reflects the legal parameters of Olive Carty's Will. Within these boundaries, our grants strategy continuously responds to changes and developments in the field of medical research. For further information visit our website www.carty.org.au

Our Grantmaking Charter

To distribute grants in accordance with the terms of the Will of the late Olive Muriel Carty to honour the memory of her late husband Leslie Ernest William Carty. The L.E.W. Carty Charitable Fund makes grants to registered charities within the State of Victoria, being a hospital, institution, society, organisation, body or fund, that are in need of funds to assist or promote research into the diagnosis, prevention or treatment of physical or mental disorders of human beings.

To select grants to appropriate charities at the absolute discretion of the Board of Trustees.

To act in all of its dealings as an independent, non-politically aligned entity.

Our Grantmaking Goals

In 2019, the L.E.W. Carty Charitable Fund implemented a new grantmaking strategy to commence in 2020 which supports medical research into two priority health areas: Asthma; and Childhood & Adolescent Obesity.

The opportunity to apply for a L.E.W. Carty Signature Grant of \$300,000 over three years will be offered to Victorian medical research institutions to support pilot concepts and novel research initiatives in one of our two priority focus areas. Applications will be considered for research projects in a variety of disciplines including, but not limited to, basic science, clinical and public health.

Our Signature Grants aim to nurture early and mid-career researchers and, where practical, to retain leading researchers in Victoria.

Each grant provides significant funding for a researcher who has already generated some amount of preliminary data, but is required to demonstrate additional, significant progress before the applicant can apply to governmental or other funding agencies. Ideally, our grant will fund a project in an established laboratory that will serve as the basis for the applicant to grow and build a research team.

Walter and Eliza Hall Institute of Medical Research L.E.W. Carty Centenary Fellowship for Cancer Research - Fifth and final year \$100,000

The Walter and Eliza Hall Institute of Medical Research (WEHI) is Australia's oldest medical research institute. Established in 1915, its scientists have been making significant discoveries in immunity, cancer, and infectious diseases. These discoveries have advanced understanding of human biology and resulted in new and more effective treatments for patients worldwide.



Dr Leigh Coultas

Dr Leigh Coultas is the L.E.W. Carty Centenary Fellow. He is investigating the molecular regulation of blood vessel growth and development – a process termed angiogenesis.

Blood vessel networks are essential for distributing blood and nutrients throughout the body. As a tissue grows, its metabolic needs increase and the blood vessel network servicing

this tissue must expand to meet these needs. Angiogenesis expands the blood vessel network from just a few millimeters in length in early foetal life to an estimated 100,000 km in length by adulthood, demonstrating its importance in growing new blood vessels. Under normal circumstances, angiogenesis occurs predominantly during foetal life and is uncommon in adults. However, angiogenesis can be inappropriately activated, and this can cause or contribute to a range of diseases such as cancer, diabetic retinopathy and age-related macular degeneration.

There have been significant recent advances in our understanding of angiogenesis, yet much remains unknown about how this highly complex process works. Under the L.E.W. Carty Centenary Fellowship, Leigh has made some notable discoveries in the course of his research which has significantly increased our understanding of cancer in several ways.

www.wehi.edu.au/people/leigh-coultas

Financial Summary

Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2019

		2019	2018
		\$	\$
REVENUE	Dividends	712,084	308,168
	Imputation credits on dividends	269,558	103,000
	Interest income	13,278	15,143
		994,920	426,311
EXPENSES	Administrative expenses	(47,122)	(46,554)
	Audit review fees	(5,100)	(4,900)
	Legal expenses	(6,733)	(9,649)
	Trustee benefits	(9,075)	(9,075)
		(68,030)	(70,178)
OPERATING SURPLUS		926,890	356,133
	Grants approved during year	(100,000)	(250,000)
SURPLUS FOR THE YEAR		826,890	106,133
Other comprehensive income	Change in fair value of investments	671,720	1,060,891
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,498,610	1,167,024
	Attributable to Capital Account	1,167,687	1,067,757
	Attributable to Income Account	330,923	99,267
		1,498,610	1,167,024

Financial Summary *continued*

Statement of financial position as at 30 June 2019

		2019	2018
		\$	\$
CURRENT ASSETS	Cash and cash equivalents	1,257,338	668,709
	Trade and other receivables	333,621	176,892
		1,590,959	845,601
NON-CURRENT ASSETS	Investment in financial assets	9,405,605	8,959,653
		9,405,605	8,959,653
TOTAL ASSETS		10,996,564	9,805,254
CURRENT LIABILITIES	Trade and other payables	157,600	414,900
		157,500	414,900
NON-CURRENT LIABILITIES	Trade and other payables	-	50,000
		-	50,000
TOTAL LIABILITIES		157,600	464,900
NET ASSETS		10,838,964	9,340,354
ACCUMULATED FUNDS			
Attributable to:			
Capital Account	Settlement sum	200,000	200,000
	Capital reserve	5,289,170	4,291,616
	Investments revaluation reserve	4,792,595	4,562,462
		10,281,765	9,054,078
Income Account	Retained surplus	557,199	286,276
		557,199	286,276
TOTAL ACCUMULATED FUNDS		10,838,964	9,340,354