

L.E.W. CARTY
CHARITABLE FUND



2021 ANNUAL REPORT

FOR YEAR ENDED 30 JUNE 2021

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

Dr Susan M. Forrest, Chair (from 5 February 2021)
Darvell M. Hutchinson AM, Chair (retired 5 February 2021)
Steven Lambeth (appointed 4 December 2020)
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 is an independent philanthropic foundation established in 1977 under the will of Olive Carty. On her passing, Olive left \$200,000 to establish a perpetual charitable fund to assist or promote medical research within Victoria. Olive determined the philanthropic fund be named the 'L.E.W. Carty Charitable Fund', in memory of her late husband.

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

On 21st March 1935, Olive married Leslie Ernest William Carty. Known by most as 'Lew', an acronym of his initials, Leslie Carty was a sheep grazier in Hamilton in the Western District of Victoria. Following their marriage, Olive joined her husband at his grazing property 'Brisbane Hill' in Hamilton. She was 30 years old and he was 50, a widower with no children.



Olive Muriel Carty

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. Together, the couple had a strong network of friends in the Hamilton District. They did not, however, have any children. Lew and Olive were married for 26 years before Lew passed away in 1961 at age 76. Olive lived on another 16 years until age 72, spending her remaining years back in Melbourne.

Being a woman of independent means, Olive determined she would use the inheritance her husband left her to establish a philanthropic fund to benefit Victorian institutions undertaking medical research into the diagnosis, prevention or treatment of physical or mental illness in people. She named it the L.E.W. Carty Charitable Fund in memory of her husband. The Fund began with just \$200,000 and spent its first 21 years in accumulation before commencing grantmaking in 1998.

Olive's direct and clear vision for the use of her bequest has seen the L.E.W. Carty Charitable Fund contribute over \$8.6 million to medical research to date.

Chair's Report

I am delighted to present my first Chair's Report of the L.E.W. Carty Charitable Fund for the year ended 30 June 2021. However, in doing so, my position as Chair was only enabled by the retirement of Darvell Hutchinson AM as Trustee and Chair. His almost 44 year commitment to the Fund has resulted in a remarkable growth in our corpus from \$200,000 in the late 1970s to today, where the corpus stands at \$12.0m with over \$8.6m of grants made. Darvell's prudent investment strategy, his focus on governance and policies, and his keen interest in the grantees, particularly ensuring he got to know each researcher that was funded, stood him apart from many of his peers. The remaining Trustees will miss his stewardship greatly, as well as the opportunity to learn from such a leader in the sector.

Grantgiving

Our recently implemented focused grantmaking strategy for the L.E.W. Carty Charitable Fund seeks to make impactful grants in areas of particular health needs nominated by the Board. Our Carty Signature Grants aim to help nurture mid-career researchers and, where practical, to retain leading researchers in Victoria. Grant requests can be submitted in basic research, clinical and public health and generally, one grant per year is awarded.

This financial year, the selected focus was asthma. Trustees were delighted to award the FY21 Carty Signature Grant to the work of Céline Pattaroni, a research fellow in the Respiratory Immunology Laboratory at Monash University's Central Clinical School, Faculty of Medicine, Nursing and Health Sciences. Céline is investigating the microbial and molecular drivers of asthma in young children. You can read more about her research on page 8 of this report.

Investments

The objectives of the Fund's investment mission are twofold: firstly 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 Fund is to continue to serve Victoria's medical research community in the future as well as it has excelled in the past.

The Fund's overall investment objective is to achieve a total investment return of Consumer Price Index (CPI) + 5.0% over rolling 10-year periods. Of the total expected annual investment return, long term capital returns are targeted at CPI + 1.0% p.a. and income returns are targeted at 4.0% p.a. to cover granting and operating expenses.

Compared to FY20 when the total return on the corpus was 3.4% due to the COVID-induced market correction, FY21 was an outstanding year, with the corpus generating a total return of 20.5%. This return significantly outperformed our objective of 8.8% (CPI+5.0%).

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Chair's Report *continued*

Operating results

Revenue from investments in FY21 (\$386,674) was 6% below that earned in FY20 (\$409,903) and remains subdued due to the effect that COVID-19 had on the ability of companies to make distributions.

Operating Expenses in FY21 (\$64,882) were down compared to FY20 (\$73,517) due to the reduction in legal fees payable following the completion of the Cy-Pres scheme. After approving \$300,000 in grants for the FY21 year (FY20: \$600,000), there was a Net Surplus of \$21,792 (FY20: \$263,614 net deficit).

Governance of the Fund

The Fund is regulated by the Australian Charities and Not-for-profits Commission (ACNC) and is governed by a Board of Trustees which meets regularly throughout the year to consider the three core activities of the Fund: grantmaking, investment management, and finance / compliance.

Trustees and Management

I am indebted to my co-Trustees, Darvell Hutchinson (retired 5 February 2021), Sally Wood and Steve Lambeth. They are committed to achieving the intent of Olive Carty's will, and through their collaboration and complementary skills base, we are looking forward to a bright future for the Fund. I wish to also thank the dedicated management team of Glen Thomson and Sarah Bartak for their ongoing support and everyday guidance.

The Future

Whilst the pandemic is still not over, the Carty Fund has been able to withstand the economic challenges that have been evident during the pandemic. Trustees continue to survey the health needs of the Victorian population in order to fund medical research initiatives where there is demonstrated need in the community and in so doing, fulfil Olive Carty's intent to improve human health through medical research.

Dr Susan Forrest
Chair

30 June 2021

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

The L.E.W. Carty Charitable Fund grantmaking strategy currently 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 is offered to Victorian medical research institutions to support pilot concepts and novel research initiatives in one of our focus areas. Applications are 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 mid-career researchers and, where practical, to retain leading researchers in Victoria. Generally, one grant per year is awarded.

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.

2021 Carty Signature Grant



Céline Pattaroni is a mid-career researcher with an MSc in Medical Biology and a second MSc in Bioinformatics. She is a research fellow in the [Respiratory Immunology Laboratory](#) at Monash University's Central Clinical School, Faculty of Medicine, Nursing and Health Sciences.

With 8 years of research experience, and high impact publications focused on asthma and the microbiome, Céline has established herself as one of the leading up-and-coming scientists in the field.

Céline has pioneered the methods for analysing the microbiome of

low biomass infant airway samples and established a cutting-edge bioinformatics pipeline to integrate multi-omics datasets. These skills have positioned her as one of the most in-demand and influential bioinformaticians in Melbourne. Céline is part of the Wellcome Trust UK-supported 'Breathing Together' paediatric cohort study, through which she receives rarely accessible samples for her investigations into childhood wheeze and asthma.

Research project: Preventing asthma by deep diving into host-microbial interactions

Asthma is a chronic condition affecting up to 1 in 9 Australians. Whilst the first symptoms can present at any age, data suggests that the disease has origins in early life, when an infant's immune system starts to develop. Understanding the early origins of this disease is a major challenge given its complex multifactorial nature. Céline's project aims to identify the microbial and molecular drivers of asthma in young children, digging deep into the early origins of this disease using cutting-edge sequencing technologies in order to identify targets that could be the focus of new therapies and prevention strategies.

The complex pathophysiology of asthma and the presence of numerous disease subtypes have hindered the development of treatments over the last 50 years resulting in the current limited range of therapeutic options, e.g. short acting beta agonists and inhaled corticosteroids, with no effective preventative strategies. Our bodies are colonized by trillions of microbes, collectively referred to as our microbiome. Approximately 10 years ago, the lung microbiome was first described and noted to be different between healthy individuals and those with asthma. Since then, fuelled by advances in next generation sequencing techniques and bioinformatics pipelines, we are starting to gain unprecedented insight into how microbes in the airways influence chronic lung diseases, such as asthma.

With access to unique samples, the latest sequencing approaches, network-based bioinformatic analysis and machine learning pipelines, Céline's research is positioned to make impactful strides forward towards discovering the fundamental basis of childhood asthma and wheeze.

Financial Summary

Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2021

		2021	2020
		\$	\$
REVENUE			
	Dividends	295,644	310,196
	Imputation credits on dividends	86,922	86,946
	Interest income	4,108	12,761
		386,674	409,903
EXPENSES			
	Administrative expenses	(50,432)	(49,242)
	Audit review fees	(5,450)	(5,200)
	Legal expenses	-	(10,000)
	Trustee benefits	(9,000)	(9,075)
		(64,882)	(73,517)
OPERATING SURPLUS		321,792	336,386
	Grants approved during year	(300,000)	(600,000)
SURPLUS / (DEFICIT) FOR THE YEAR		21,792	(263,614)
Other comprehensive income	Change in fair value of investments	1,688,288	(50,581)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,710,080	(314,195)
	Attributable to Capital Account	1,711,198	(32,381)
	Attributable to Income Account	(1,118)	(281,814)
		1,710,080	(314,195)

Financial Summary *continued*

Statement of financial position as at 30 June 2021

		2021	2020
		\$	\$
CURRENT ASSETS	Cash and cash equivalents	1,337,206	875,760
	Trade and other receivables	134,248	117,160
		1,471,454	992,920
NON-CURRENT ASSETS	Investment in financial assets	11,368,845	9,937,049
		11,368,845	9,937,049
TOTAL ASSETS		12,840,299	10,929,969
CURRENT LIABILITIES	Trade and other payables	305,450	205,200
		305,450	205,200
NON-CURRENT LIABILITIES	Trade and other payables	300,000	200,000
		300,000	-
TOTAL LIABILITIES		605,450	405,200
NET ASSETS		12,234,849	10,524,769
ACCUMULATED FUNDS			
Attributable to:			
Capital Account	Settlement sum	200,000	200,000
	Capital reserve	6,014,236	5,337,370
	Investments revaluation reserve	5,816,346	4,742,014
		12,030,582	10,279,384
Income Account	Retained surplus	204,267	245,385
		204,267	245,385
TOTAL ACCUMULATED FUNDS		12,234,849	10,524,769