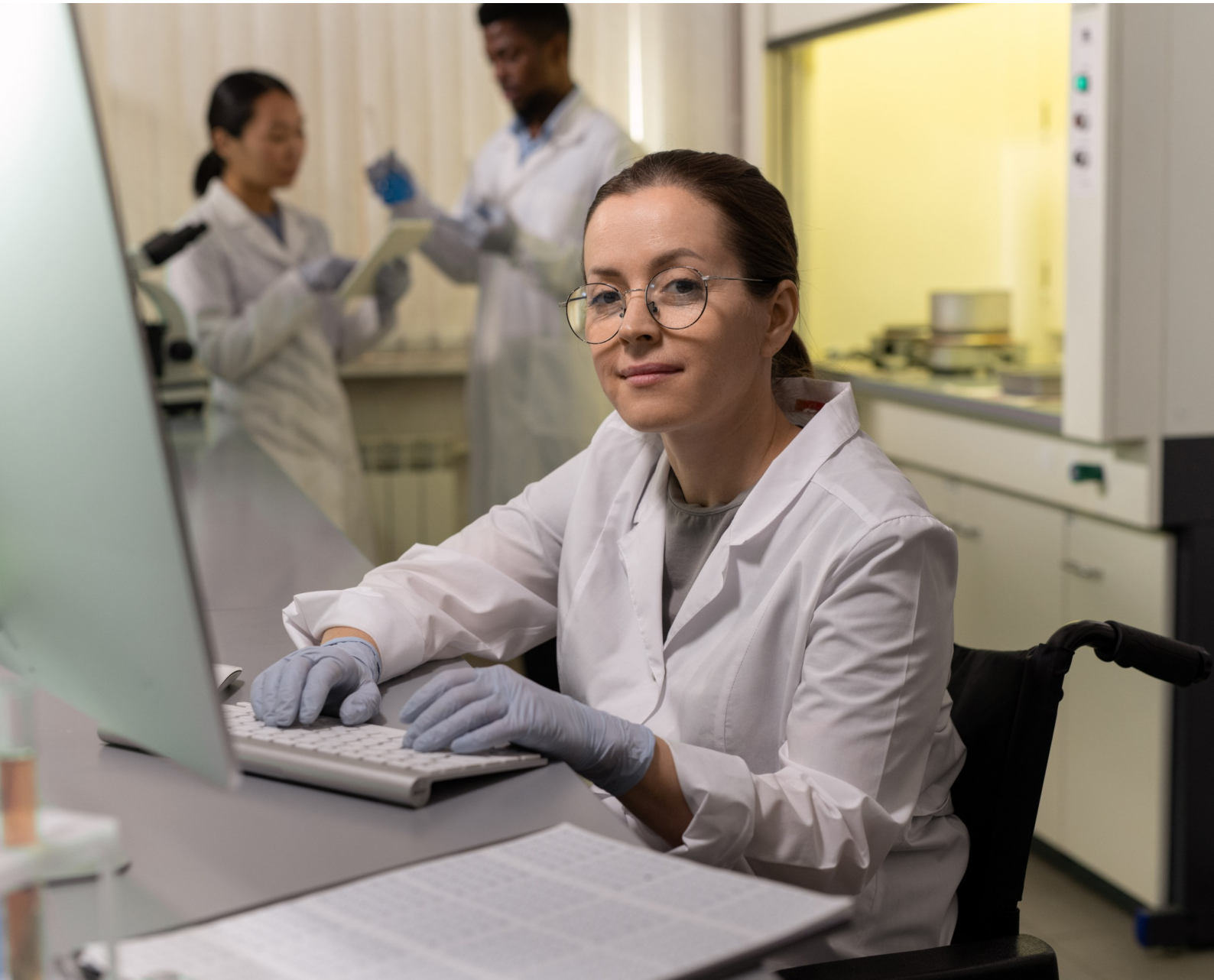


L.E.W. CARTY
CHARITABLE FUND



2022 ANNUAL REPORT

FOR YEAR ENDED 30 JUNE 2022

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

Susan Harker (professionally known as Dr Susan Forrest), Chair
Steven Lambeth
Sally Wood

Staff

Glen Thomson, Finance Executive
Sarah Bartak, Grants Manager (until January 2022)
Katie Costello, Program Manager (from August 2022)
Nick Doherty, Executive Assistant and Office Manager (from January 2022)

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Our Founder

Olive Muriel Carty



Olive Muriel Carty

The L.E.W. Carty Charitable Fund is an independent philanthropic foundation established under the will of Olive Carty, who died on 26 February 1977.

Olive's bequest of \$200,000 was made to Trustees on 20 February 1980 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 21 March 1935, Olive married Leslie Ernest William Carty. Known by most as 'Lew', an acronym of his initials, Leslie Carty was a sheep grazer in Hamilton in the Western District of Victoria. Following their marriage, Olive joined her husband at his grazing property 'Brisbane Hill' in Hamilton.

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. 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 those 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.

Olive originally made a bequest of \$200,000 in 1977. This contribution has generated \$11.8m in income, with \$8.9m distributed to medical research and the corpus has grown to its current valuation of \$11.0m.

This remarkable outcome reflects an annual compound return of 15.4% p.a. over 22 years (1980-2022), split into capital growth of 8.5% p.a. and an average income return of 6.9% p.a. These returns compare very favourably to inflation which averaged 3.8% p.a. over the 22-year period. Expressed another way, the return achieved by the Fund over 22 years has exceeded inflation by 11.6% p.a.

Chair's Report

I am pleased to present my second Chair's Report of the L.E.W. Carty Charitable Fund for the year ended 30 June 2022.

Firstly, I would like to reflect on the sad loss of my predecessor in February this year, Darvell Hutchinson AM. Darvell committed almost 44 years of his life to the L.E.W Carty Charitable Fund as a Trustee and Chair, and he generously mentored new Trustees in prudent financial management and relationship building with medical researchers across Victoria. I was immensely privileged to be



Darvell M. Hutchinson AM with Dr Leigh Coultas, L.E.W. Carty Centenary Fellow 2015-2019, Walter and Eliza Hall Institute

asked by the Hutchinson family to speak about Darvell at his memorial celebration. I was able to particularly recognise his lengthy engagement with Trusts that supported medical research, of which I was both a beneficiary in 1988 and then a fellow Trustee from 2015.

Dedicated to delivering the intent of Olive Carty's Will, Darvell's wisdom, work ethic and ability to guide delivery of the Fund's mission will be forever missed.

Grantgiving

Our Carty Signature Grants, established by Darvell, aim to help nurture mid-career researchers and, where practical, to retain leading researchers in Victoria. Grants can be awarded for basic research, clinical and public health and generally, one grant per year is awarded.

In the FY22, the Trustees identified that the impact of COVID-19 on the mental health of young people was a serious concern and that this would be the focus of the FY22 signature grant. The Trustees proactively approached Professor Sharon Goldfeld from the Centre for Community Child Health at the Murdoch Children's Research Institute. A detailed research proposal was presented by Professor Goldfeld aligned to the Trustees' focus and the Trustees were very pleased to award the Signature grant in June 2022 to the Centre for Community Child Health. Professor Goldfeld embarked on a national search to identify a suitably qualified mid-career researcher who could deliver the project brief and meet the guidelines of the L.E.W. Carty funding requirements. In November 2022, we were delighted that Dr Lachlan Kent was appointed to undertake this important research at the Centre for Community Child Health. You can read more about Lachlan's research on page 8 of this report.

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Chair's Report *continued*

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 FY21 when the total return on the corpus was an outstanding 20.5%, FY22 was a difficult year due to increased geopolitical tensions (particularly the war in Ukraine), tightening monetary policy (as a result of surging inflation), rising global recession fears and continued restrictive COVID-19 policies in China.

Given this macroeconomic environment, the corpus generated a total return of -5.0% for FY22, significantly underperforming our long-term objective of 11.1% (CPI+5.0%). This total return of -5.0% was still a good outcome considering the ASX All Ords Accumulation Index declined 7.4% and the MSCI World Total Return declined 13.9%. Over the longer term, it is pleasing to note that the total return on the corpus has outperformed its objective by 3.0%pa over the past 7 years.

Operating results

Revenue from investments in FY22 (\$1,332,850) was 245% above that earned in FY21 (\$386,674). This large increase was due to the franked dividends received from participating in the Commonwealth Bank, Woolworths, and Westpac off-market share buy-backs.

Operating Expenses in FY22 (\$64,968) were in line with those incurred in FY21 (\$64,882).

After approving \$300,000 in grants for the FY22 year (FY21: \$300,000), there was a Net Surplus of \$967,882 (FY21: \$21,792) of which \$816,856 remains in the corpus (majority of which comprises income from off-market share buy-backs) and \$151,026 will be used for grant making in future years.

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.

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Chair's Report *continued*

Trustees and Management

I wish to sincerely thank my co-Trustees Sally Wood and Steve Lambeth whose commitment to achieving the intent of Olive Carty's Will remains steadfast. Their complementary skillsets, analytical mindsets and collaborative efforts make my role as Chair a pleasure. I wish to also thank the dedicated management team of Glen Thomson, Katie Costello and Nick Doherty for their support and advice. Our thanks too to Sarah Bartak, our longstanding Grants Manager, who left the Trust in January 2022 and we wish her well in her new role.

The Future

I look forward to the year ahead as the Trustees and I continue to engage with key leaders in the medical research sector to help inform an evolving grant making strategy. We hope to deepen our understanding of funding needs and relationships with institutions previously supported by the L.E.W. Carty Charitable Fund.

While the pandemic continues to impact Victorian lives in multifaced and complex ways, I have confidence in the sector's ability to remain dynamic and innovative and that we can continue to play a key role by supporting mid-career researchers.

Susan Harker
Chair

30 November 2022

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

While the L.E.W. Carty Charitable Fund's grant making strategy is currently under review, funding will continue to support medical research in priority health areas, most recently being Asthma and Childhood 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. At present, we are approaching medical research institutes that we have funded in past grant rounds and requesting them to present their leading mid-career researcher and their projects for consideration for funding.

2022 Carty Signature Grant



Dr Lachlan Kent

Dr Lachlan Kent is a mid-career researcher with a PhD in Psychology and a 'Dean's Award for Excellence in a PhD Thesis' from Federation University Australia. Lachlan was appointed in November of 2022 as Research Fellow in the [Centre for Community Child Health](#) at the Murdoch Children's Research Institute, following a tenure as Research Fellow in RMIT's Mental Wellbeing Initiatives team.

Lachlan established his career in mental health promotion and prevention as a researcher and project manager, with over 5 years' experience working with large, longitudinal, and complex research projects. Prior to completing his PhD, Lachlan worked in population and programmatic mental health projects at the Australian Psychological Society and Beyond Blue. In 2017, Lachlan and two colleagues identified a 'prevention gap' in mental health services across Australia; they founded the first national charity dedicated to the prevention of mental health conditions called Prevention United. Lachlan remains actively involved as a Director and Secretary of the Board.

Research project: A local community preventative approach in response to the impacts of COVID-19 on children's mental health

The COVID-19 pandemic has had significant impact on children's mental health and wellbeing. The lockdowns, loss of opportunities to play, build relationships with peers and parental job losses has had an immediate impact. After several prolonged lockdowns, mental health related presentations to Victorian Emergency Departments by 0 to 17-year-olds increased 25%. Significant longer-term impacts are becoming apparent such as social and emotional delays that will be felt in the years to come.

With a prevention and public mental health focus, Lachlan will lead this research project as it aims to better understand the impact that COVID-19 has had on child mental health and wellbeing, in two Local Government Areas. It will explore how the impacts of COVID-19 on children's mental health are being felt at a community level and his findings will be shared to inform ongoing government, not-for-profit and service provider responses to child mental health and wellbeing, laying the foundations for the implementation of a preventative, early intervening project.

Adopting the Centre for Community Child Health's community-engaged approach, Lachlan will co-design locally responsive activities with children, families, and key collaborators, to then pilot, evaluate and potentially scale-up solution(s) that help safeguard positive mental health in children. Lachlan is well-placed to deliver this timely and important project, as part of the Centre's mission to optimise children's overall health and wellbeing.

Financial Summary

Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2022

		2022	2021
		\$	\$
REVENUE	Dividends	973,008	295,644
	Imputation credits on dividends	356,639	86,922
	Interest income	3,203	4,108
		1,332,850	386,674
EXPENSES	Administrative expenses	(47,168)	(50,432)
	Audit review fees	(5,800)	(5,450)
	Trustee benefits	(12,000)	(9,000)
		(64,968)	(64,882)
OPERATING SURPLUS		1,267,882	321,792
	Grants approved during year	(300,000)	(300,000)
SURPLUS FOR THE YEAR		967,882	21,792
Other comprehensive income	Change in fair value of investments	(1,872,741)	1,688,288
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(904,859)	1,710,080
	Attributable to Capital Account	(1,125,885)	1,711,198
	Attributable to Income Account	221,026	(1,118)
		(904,859)	1,710,080

Financial Summary *continued*

Statement of financial position as at 30 June 2022

		2022	2021
		\$	\$
CURRENT ASSETS	Cash and cash equivalents	1,473,732	1,337,206
	Trade and other receivables	425,292	134,248
		1,899,024	1,471,454
NON-CURRENT ASSETS	Investment in financial assets	10,136,766	11,368,845
		10,136,766	11,368,845
TOTAL ASSETS		12,035,790	12,840,299
CURRENT LIABILITIES	Trade and other payables	405,800	305,450
		405,800	305,450
NON-CURRENT LIABILITIES	Trade and other payables	300,000	300,000
		300,000	300,000
TOTAL LIABILITIES		705,800	605,450
NET ASSETS		11,329,990	12,234,849
ACCUMULATED FUNDS			
Attributable to:			
Capital Account	Settlement sum	200,000	200,000
	Capital reserve	8,863,665	6,014,236
	Investments revaluation reserve	1,911,032	5,816,346
		10,974,697	12,030,582
Income Account	Retained surplus	355,293	204,267
		355,293	204,267
TOTAL ACCUMULATED FUNDS		11,329,990	12,234,849