

Memorandum

Date: 13 December 2019
To: Parish Secretaries, Parish Treasurers, Incumbents, Anglican Entities, Diocesan Finance Team, Parish Services Team
From: Glen Cousins, Diocesan Chief Financial Officer
Subject: 2019 Forecast Distribution – Endowment Funds
Document: 23/2019

Endowment Fund Distributions Financial Year 2020

Each year the Trustees of Church Property for the Diocese of Newcastle (Trustees) develop and approve a budget based on anticipated revenue for the forthcoming year. The anticipated revenue is an important part of setting the distribution rate which is paid to unit holders in the Endowment Fund.

Since the budget was approved the anticipated revenue has fallen due to factors such as the decline in official interest rates.

The Endowment Fund investment portfolio is diversified across a range of investment categories including commercial and residential properties, interest rate securities and equities. The official interest rate is a guide to the strength of the economy. All our advice is that the economy is under significant downward pressure.

The Trustees are only able to pay Endowment Fund distributions from realised surpluses (ie realised revenue less actual expenditure). Unrealised gains and losses, as well as any capital allocation make up the movement in the unit price.

At this stage, the Trustees are only able to establish a distribution rate for the first six months of 2020 and provide an indication of its intentions for the second six months. Accordingly, the Trustees will pay an interim distribution of 1.65 cents for each unit held at 30 June 2020 and aim to pay 1.6 cents for each unit held at 31 December 2020.

The Trustees will also discontinue the practice of deducting a 5% management fee from any distributions paid from 1 January 2020.

Further advice will be issued at the time of the interim distribution regarding the payment of any further distributions for the remainder of the 2020 financial year.

The Trustees remain committed to optimising the future capital growth of the Endowment Fund while providing consistent annual distributions to Endowment Fund holders, within acceptable investment risk parameters. However due to inherent fluctuations in both market values of investments and earnings generated by those investments the Trustees are unable to provide any assurances regarding the future capital growth of the Endowment Fund nor the rate of distributions payable to Endowment Fund holders.



Should you require any further information please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Glen Cousins', with a stylized flourish at the end.

Glen Cousins
Chief Financial Officer