

Victorian Traditional Owners Trust

ABN 93 731 388 312

REPORT CARD FOR THE YEAR ENDING 30 JUNE 2015

GUNAIKURNAI PEOPLE

The Victorian Traditional Owners Trust (the Trust) was established on 13 September 2011 by Deed between the Attorney General of Victoria and the Trustee, Victorian Traditional Owners Funds Ltd (the Trustee Company).

The directors of the Trustee Company present this report on the Trust for the financial year ended 30 June 2015.

Directors

The names of each person who has been a director of the Trustee Company since the company was incorporated and to the date of this report are:

Mark William Sibree

Elizabeth Helen Eldridge

Gary Andrew Lennon

Principal Activities

The Trust was established for charitable purposes to benefit the Aboriginal people of Victoria. The State of Victoria established a Native Title Settlement Framework to reach agreements with Traditional Owners. The agreements are formalised through the execution of Participation Agreements.

The State of Victoria reached a settlement with the Gunaikurnai people in October 2010 and the Participation Agreement was executed on 3 October 2011. In terms of this Participation Agreement the State of Victoria has paid a settlement amount to the Trust of \$10m. The Gunaikurnai people are represented by the Traditional Owner Group Entity, the Gunaikurnai Land and Waters Aboriginal Corporation Ltd (GLaWAC).

The principal activity of the Trust is to invest settlement funds received on behalf of the beneficiaries.

The Trustee Company has developed a tailored investment strategy for GLaWAC and invested the funds with Victorian Funds Management Corporation (VFMC).

The investment strategy was adopted by the Trustee Company after a series of meetings with GLaWAC. At these meetings GLaWAC outlined its long term and short term investment objectives and its tolerance for risk.

Given GLaWAC's objectives of minimal drawdowns for the short term but increasing over time, for the preservation of the amount of the capital sum (\$10m) (adjusted for inflation) at the end of 20 years and their risk tolerance, the Trustee Company has invested in a basket of VFMC funds. The initial capital sum adjusted for changes to the Consumer Price Index was \$10,771,543 at 30 June 2015.

Victorian Traditional Owners Trust

ABN 93 731 388 312

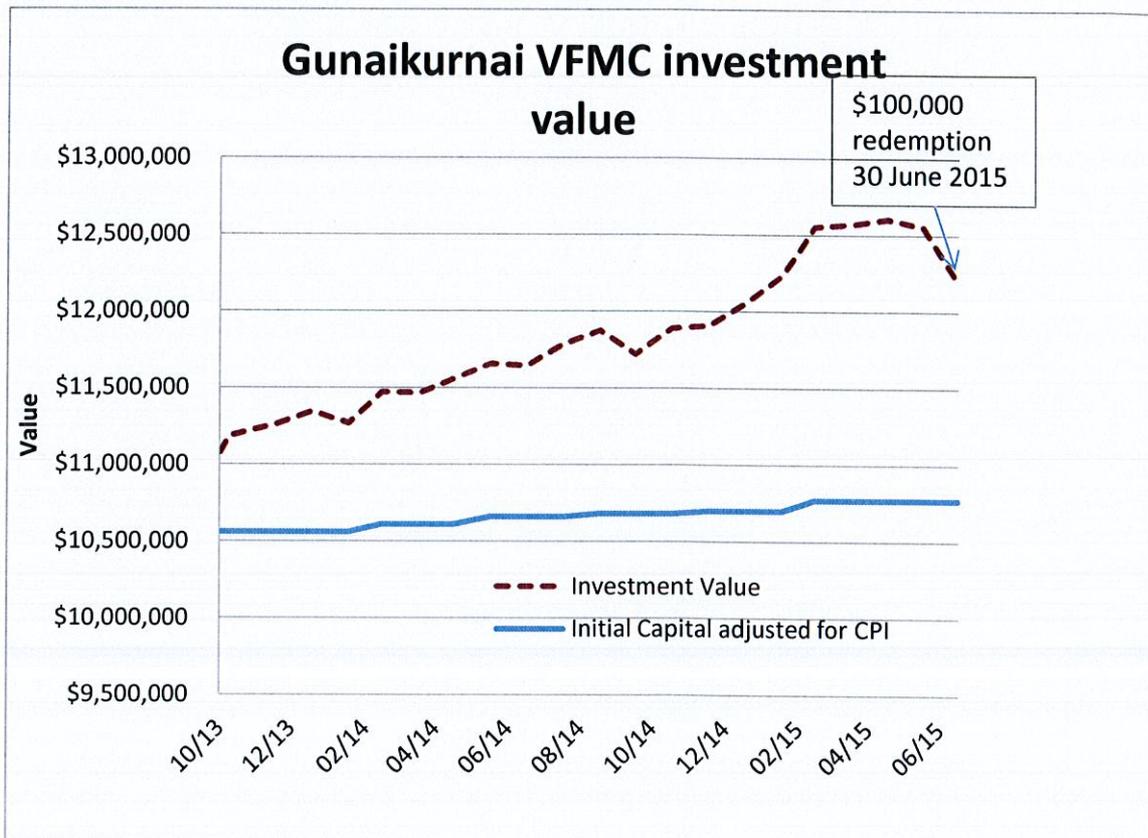
REPORT CARD FOR THE YEAR ENDING 30 JUNE 2015

GUNAIKURNAI PEOPLE

The actual return of the funds will be determined by a wide range of market driven factors and will vary over time.

Report on Operations and Activities

The chart below shows the value of the GLaWAC fund since it was invested with VFMC in October 2013. Prior to that date, funds had been invested principally in bank term deposits.



The solid line shows what the value of the fund would have been if the capital amount was adjusted for changes to the CPI. The dotted line shows the actual value of the fund allowing for the actual return achieved and takes account of the distributions made to GLaWAC.

The dip in the dotted line in the last quarter of 2014/15 reflects the withdrawal of \$100,000 in June and the negative investment return for that quarter. The funds produced a return after all fees of 5.56% for the 2015 year. VFMC's fees (the Management Expense Ratio or MER) were an average of 0.53%. Apart from audit fees (to the Victorian Auditor-General's Office) and bank fees, the Trust incurred no other costs.

Victorian Traditional Owners Trust

ABN 93 731 388 312

REPORT CARD FOR THE YEAR ENDING 30 JUNE 2015

GUNAIKURNAI PEOPLE

VFMC advised that for 2014/15 asset market returns were overall solid, despite the rising macro and market volatility. The June quarter was a difficult period for financial markets with heightened volatility across all asset classes. The escalating sovereign debt crisis in Greece, rising global bond yields and ongoing economic weakness combined to unsettle markets. The Australian equity market underperformed in the quarter.

VFMC's view is that whilst returns for the coming year are expected to be positive, they will be lower than in previous years.

The funds were invested and valued in the following VFMC Funds as at 30 June 2015:

	2015	2014
	\$	\$
VFMC Capital Stable	5,548,092	5,251,872
VFMC Balanced	6,026,544	5,813,362
VFMC Growth	619,123	580,047
Subtotal	12,193,760	11,645,281
Other bank account less accrued expenses	8,329	11,451
Total Assets	12,202,089	11,656,732

The original settlement amount was \$10m and over the life of the investment the investment return after expenses has been \$2,302,089. Distributions have been \$100,000.

Report on Significant Changes and Likely developments

It is proposed to separate the Trust into separate Trusts for each Traditional Owner Group. This will involve the creation of a separate Trust for the Gunaikurnai people and the transfer of its investment assets to that Trust. It is expected that this will occur during the 2015/ 2016 financial year.

Victorian Traditional Owners Trust

ABN 93 731 388 312

REPORT CARD FOR THE YEAR ENDING 30 JUNE 2015

GUNAIKURNAI PEOPLE

Major Financial and Performance Statistics

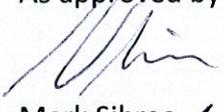
The table below sets out a summary of the financial results for the year.

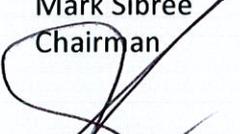
		2015	2014
		\$	\$
Equity at Beginning		11,656,732	10,952,993
add	Investment Return	648,959	565,170
	Interest Received	252	143,925
		<u>649,211</u>	<u>709,095</u>
Subtotal		<u>12,305,943</u>	<u>11,662,088</u>
less	Audit Fees	(3,636)	(5,083)
	Bank Charges	(218)	(273)
		<u>(3,854)</u>	<u>(5,356)</u>
Subtotal		<u>12,302,089</u>	<u>11,656,732</u>
less	Distributions Made	(100,000)	-
Equity at End		<u><u>12,202,089</u></u>	<u><u>11,656,732</u></u>

Report on distributions made to GlaWAC.

During the financial year a distribution of \$100,000 was made to GlaWAC to establish a funeral fund.

As approved by the Board.


Mark Sibree
Chairman


Stephen Adrian
Secretary

Dated 16 day of November 2015