

trust update

ISSUE 1



Welcome

In response to your feedback, we are introducing *Trust Update*, a shorter newsletter giving you a quick update on industry news, changes in legislation and other important updates from Trust Company. You will continue to receive *Trust Perspective* in the summer and winter with alternate issues of *Trust Update* for spring and autumn.

In my introduction to the last issue of *Trust Perspective*, I talked about the strategic review that we have been conducting and invited you to give me your thoughts on our strategy and, in particular, our brand. I am really grateful to all of our clients

who have come forward to recount their experiences of working with the company, both good and bad, and to share their thoughts on how we might improve our client services. We have also carried out a detailed review of our current business model and operations. Not surprisingly, much of what you have shared with us is reflected in our own internal review, being very much a case of seeing two different sides of the same coin. Through this work we now have a better idea of where we need to focus our efforts to improve our service to you.

Our vision is to be Australia's pre-eminent trustee and our strategy is to differentiate Trust Company around our core trustee services. We are developing a longer term plan to implement our strategy around the three themes of *REFINE*, *TRANSFORM* and *GROW*. The growth drivers for our business are significant: the ageing population; regulatory reform; good governance free of conflicts of interest; and an increased appreciation of the importance of taking a more transparent long term view focused on fundamentals, which underpins what we call a "sleep at night" sentiment. With your continued support I am confident we will realise our vision and achieve our purpose of sustaining your wealth.

One of our core services is our role as trustee for a number of philanthropic trusts. In 2009 Trust Company has distributed approximately \$4,500,000 on behalf of the discretionary trusts that we administer and a further \$15,000,000 to directed beneficiaries. The charities and causes supported by these funds bring so many benefits

to the wider community and this really highlights the significant foresight and generosity of our clients over the years. It is a great privilege to administer these charitable trusts and a responsibility we take most seriously.

I'm also very happy to announce Christine Hiller as the winner of this year's Portia Geach Memorial Award for a portrait by a female artist. Our What's New section covers this event in more detail, including information about the new "People's Choice" award.

While media reports are optimistic about market recovery, the uncertain outlook for the real economy and investment markets continues, particularly globally. To keep you informed about the latest developments in the global and domestic economies, Trust is running a series of seminars during November and December. Our guest speaker Mark Dutton is Chief Investment Officer with AXA and he will be looking at what is happening with share markets globally and what the forces are behind market movements. More information about these events is on the last page of this newsletter.

I hope that you enjoy our new publication and look forward to keeping you informed about our progress towards realising our vision. We value your continued support and I would really appreciate your feedback on ceo@trust.com.au.

Best regards

John Atkin
Managing Director and
Chief Executive Officer

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Portia Geach Memorial Award 2009

On Thursday 24 September Vicki Allen, Trust's Chief Operating Officer, announced Christine Hiller as the 2009 winner of the Portia Geach Memorial Award for her work *The Old Painter*.

This is Christine's third time as a winner of this award. She first won 23 years ago in 1986 for a self portrait, and again in 1987 for another self portrait.

A three week trip to Mexico inspired Christine. "My first thought with this painting was to convey the isolation of the artist. I was to be a dark figure in a dark cave, working away while the rest of the world frolicked above in the Mexican sun. However, the painting evolved in its own way and my original idea faded", Christine comments.

Since 1961 Trust has been a trustee for the Portia Geach Memorial Award which was established by Florence Kate Geach in memory of her sister, Portia. Portia dedicated her life to being an artist and advocating the rights of women in Australia.

328 artists entered this year's competition with 51 being selected for the exhibition. The judging panel was impressed by the diversity and freshness of the artworks. In determining the 2009 selection, the judges favoured authenticity and originality in self-

expression over technical proficiencies.

The award ceremony was held at the S.H. Ervin Gallery where Anne Fulwood officially opened the exhibition. Trust's Managing Director John Atkin welcomed those who attended and Vicki provided an insight into Portia's life.

During the opening night, the Trust Foundation in conjunction with the National Trust Australia (NSW) S. H. Ervin Gallery, introduced the 2009 Trust Foundation People's Choice Award – an initiative to promote and encourage Australian artists.

Chosen from this year's exhibiting artists, the winner, as voted by the gallery visitors, will receive \$5,000 in prize money. The voting is open until 1 November 2009 and the winner will be announced on both the Trust and S.H. Ervin Gallery websites.

Please visit www.trust.com.au/philanthropy website to read more about the Portia Geach 2009 winner and highly commended artists.

Trust supports research into Multiple Sclerosis

Australian and New Zealand researchers have stepped up the research into Multiple Sclerosis (MS). Scientists have discovered two new locations of genes which will help to unravel the causes of MS and other autoimmune diseases. Trust, as trustee for the FP Archer charitable trust supports this research project.

"For decades the cause of Multiple Sclerosis has remained a mystery. This discovery reveals important new insights into the genetic susceptibility to the disease", says Professor Trevor Kilpatrick, Director for Neurosciences at the University of Melbourne.

The research was conducted by members of the ANZ gene consortium, more than 40 investigators from 11 institutions in Australia and New Zealand. The three year study utilised the MS Research Australia (MSRA) Gene

Bank and involved scanning the DNA of 1,618 people with MS and 3,413 people (control subjects) without MS.

MS affects some 2.5 million people worldwide and almost 20,000 in Australia. It is a devastating autoimmune disease that occurs in the prime of life and mostly in young women.



Over \$1.4 million raised to help children affected by this year's bushfire in Victoria

Supporting philanthropy is encouraged at Trust. Peter Conlan, our IT guru, together with his family, friends and the Trust Foundation raised \$32,000 to support Variety the Children's Charity. Peter and his team completed the Victoria Variety Bash, a nine day trip in the Outback from Bendigo in Victoria to Alice Spring. The journey culminated with a day at the Henley-on-Todd regatta followed by a concert by 'Who's Who of the Australian rock industry' and a dinner under the stars celebrating the 25th year of the Bash.

Over 1300 people representing the Variety organisation in all mainland States were involved in this campaign. The Victorian Bash raised over \$1.4 million which will help children affected by this year's Victorian bushfire disaster.

Make Friends with the Con

As a trustee for the Kathleen Holmes McCrea and Dorothy & John Vimpany Pianoforte trusts, Trust has a long-standing friendship with the Sydney

Conservatorium of Music, known as 'the Con'.

The doors of the Conservatorium are now more open than ever to new music, new audiences and old friends. The Dean and Principal, Professor Kim Walker invites everyone to enjoy a special, closer involvement with the life and work of The Con by joining the *Friends of the Con* programme.

Friends will receive exclusive invitations to special events, discounted tickets to a huge selection of concerts and opportunities to meet the artists at post-concert receptions.

For more information and membership fees please contact the Friends Coordinator on +61 2 9351 1382 or friendsofthecon@usyd.edu.au

Increased need for consumer protection?

The Parliamentary Joint Committee on Corporations and Financial Services (PJC) was established under the *Australian Securities and Investments*

Commission Act. The PJC ensures accountability of ASIC by monitoring and reviewing ASIC's activities and ASIC's reports on various matters.

PJC investigation into the collapse of the Westpoint, Storm Financial and other managed investment schemes highlighted the failure of regulators to police improper behaviour by financial advisers, accountants, banks and product providers.

Recommendations made to the committee suggested a review of licensing procedures for financial institutions and establishing an identification process for advisers who breach their fundamental responsibility to their clients. The conclusions of this committee, and the legislative changes that may follow, are likely to give regulators more powers to ensure greater investor confidence in investment markets.

Considering the recent global and domestic economic events experienced by consumers, the time is right to make sure you have a reputable and credible

financial planner who always acts in your interests.

New super contribution caps now in place

New superannuation caps announced in this year's Federal Budget have now been confirmed for future years from 1 July 2009. These limits have been reduced by 50%.

These caps include; before tax contributions paid by employers, salary sacrifice and pre-tax bonus contributions made to all funds. The penalties for breaching these caps can be quite high and it is vital to watch level of contributions in each financial year.

In light of these announcements, it may be a good time to discuss your super savings strategy with one of our advisers. We also will be covering these changes in more detail during our November/December seminars (see page 4 for more information).

THE RIGHT TO REFUSE MEDICAL TREATMENT

Every capable adult has the legal right to decide whether or not they wish to receive medical treatment. But often, when critical decisions need to be made the patient is unable to communicate their wishes because of their medical condition.

A person may make an advance care directive (sometimes called a 'living will') which states the type of medical

treatment that they would or would not agree to in particular circumstances. A precedent has recently been set in a New South Wales Supreme Court case involving a New South Wales hospital.

In this case the patient had been admitted to the emergency department in a critical state. He was kept alive by mechanical ventilation and kidney dialysis. The hospital later became aware of an advance care directive previously made by the patient which stated that he would refuse dialysis.

The Court recognised the patient's right to refuse medical treatment and ordered for the dialysis to be stopped, even though it was clear this would hasten the patient's death.

If you want to make an advance care directive it is important to obtain professional advice. In Queensland a prescribed form of *Advance Health*

Directive should be used to make your wishes. It specifies how the directive is made and who can witness it. In New South Wales and Victoria there is no such form, so it is important to make sure the wording used is clear and unambiguous.

It may also be appropriate to nominate who you would like to make decisions about your medical treatment, if you become unable to make those decisions. Depending on your State this may be done by appointing an Enduring Guardian or Medical Power of Attorney.

FOR ADVICE ON ADVANCE CARE DIRECTIVES, ENDURING GUARDIANS AND POWERS OF ATTORNEY AS WELL AS ON WILLS AND ESTATE PLANNING PLEASE CONTACT TRUST LEGAL SERVICES ON:
NSW - 02 8295 8146
QLD - 07 3634 9732
VIC - 03 9665 0325

investor's corner



Global sharemarkets have rallied strongly since March this year, but for many investors the gains in global equities have been less than the gains in Australian equities. AXA's Chief Investment Officer Mark Dutton looks at the reasons behind this occurrence.

We frequently hear that our domestic economy has been one of the strongest in the western world, so it may seem logical that our sharemarket should also be stronger.

But there are two problems with this perception.

Firstly, it is factually wrong. All major markets around the world have experienced strong share price gains. On average, these gains have been very similar in magnitude to the rise in Australian market.

Secondly, if we consider the whole period of market disruption and recovery – approximately November 2007 to the present day – the returns for Australian investors in Australian shares and in global shares have been almost the same, but the global sharemarket has actually been less volatile.

Why have investors in global share funds not seen gains of similar magnitude in their portfolios?

The reason is largely due to exchange rates. The recent market recovery has corresponded with a period of very strong rises in the value of the Australian dollar compared with most major currencies.

But despite this recent negative impact, currency diversification

has benefited overseas investors in overseas markets during the crisis period. The Australian dollar helped cushion the effect of the large fall and contributed to diversification benefits.

In addition to currency effects, the actual performance of individual fund managers has deviated from market indices markedly over this cycle. During the downturn, market prices became distorted, and many investment manager returns fell further than the markets.

So, why invest in global assets? Key reasons for considering global shares in diversified portfolios include taking advantage of the broader range of investment opportunities and diversification benefits. Over the crisis period, global sharemarkets experienced less volatility than Australian markets.

Over time, this diversification can help manage risk. And the experience of the past two years shows this does not need to mean lower returns.

DATE FOR YOUR DIARY

Trust client update lunches in Melbourne, Sydney and Brisbane

Following our well-received client update lunches on the Australian share market and Federal Budget in May and June, we are pleased to announce the dates of our next updates in late November and early December.

We will cover a number of areas of interest based on your feedback; a share market update with a focus on investing in international shares, an Australian regulatory update and planning tips, including some essentials

on estate planning and power of attorney services. You will also have the opportunity to chat with our team and ask questions.

These sessions will be held in Melbourne, Sydney and Brisbane. As

places are limited we would appreciate an early reply if you wish to attend.

If you would like to attend please contact your Trust representative or Begum Shah, Client Service Manager, on bshah@trust.com.au or 1800 650 358.

	Melbourne	Sydney	Brisbane
When	12.30 pm – 2.30 pm Wednesday, 18 November	12.30 pm – 2.30 pm Monday, 30 November	12.30 pm – 2.30 pm Wednesday, 2 December
Where	401@Morgans 401 Collins Street Melbourne	Sir Stamford Circular Quay 93 Macquarie Street Sydney	Sofitel Brisbane Central 249 Turbot Street Brisbane