

Financial update – Trust clients

30 June 2024

Market update for the financial year to 30 June 2024

Key themes driving investment performance during the last financial year include the actions of government central banks, inflation, interest rates and ongoing geopolitical instability worldwide.

Equity markets demonstrated resilience throughout the year, supported by a positive growth outlook and excitement for potential growth through the increasing use of Artificial Intelligence tools known as “AI”.

Bond yields remained volatile due to unexpected inflation and other economic data giving mixed signals. Core inflation showed signs of declining, although at a slower pace than desired by central banks, leading them to maintain higher interest rates for a longer period.

Cash performance has improved due to these higher interest rates on bank deposits.

Despite most central banks suggesting there will be delays in interest rate cuts, investor optimism was fuelled by confidence in their ability to reduce volatility in their respective countries.

Property markets had a mixed year with Australian listed property experiencing a strong recovery while unlisted property, particularly the office sector, performed poorly.

Investment outlook

Investment markets are expected to remain volatile until there is more consistent evidence of inflation being under control. While we expect growth to slow, we anticipate some regions to perform better than others. The outlook is neutral to mildly positive for most asset classes.

Source: This market update has been provided by Mercer Australia – July 2024.

Investment performance

The performance of State Trustees’ investment funds is outlined in the table below.

	Total Net Return*		
	1 year	3 years p/a	5 years p/a
Cash Common Fund 2	4.18%	2.22%	1.46%
inveST International Equity Fund	16.11%	7.45%	10.31%
inveST Property Fund	9.63%	-1.13%	0.30%
inveST Diversified Income Fund	2.09%	-3.18%	-1.50%
invest Balanced Fund	7.38%	1.90%	4.36%
invest Australian Equity Fund	11.65%	5.36%	6.26%

* Total Net Return is the Gross Return (including both distributions and growth) minus ongoing fees and expenses. Past performance is not necessarily an indication of future performance.

Note – The above returns only apply to the State Trustees Common and inveST Funds. Trust funds may be invested in other investments.

New financial planning fees

Fees for financial planning changed on 1 February 2024.

Following a comprehensive review, these fees have changed from the previous asset-based model to a simpler and fairer fee-for-service model.

For some clients this change means an increase in fees, for others it means a decrease or no change.



You can find information on all our fees, commissions and charges at www.statetrustees.com.au/fees.

Understanding the Financial Statements

The financial statements for the Trust include two separate statements – the Statement of Account and the Asset and Liability Statement. To help understand these, explanations of the main components are listed below.



If you require assistance clarifying any aspect of the statements, contact your Trust Consultant or email trusts@statetrustees.com.au.

Statement of Account

The Statement of Account summarises the financial transactions we processed on behalf of the Trust (via the Cash Common Fund) for the financial year to 30 June 2024. These have been grouped into categories outlined in the table below.

Details (heading)	Shows the headings and description.
Debits (heading)	Monies moving out of the Cash Common Fund account of the Trust e.g. other investments, payments requested, fees or taxes.
Credits (heading)	Monies moving into the Cash Common Fund account of the Trust e.g. investment returns or interest, funds from the sale of an asset / investment.
Balance (heading)	The opening balance of the Cash Common Fund account of the Trust or the interim balances after addition or subtraction of monies. Note: these are not balances held by the Cash Common Fund account throughout the reported financial period.
Opening Balance	This is the balance of funds held in the Cash Common Fund at the beginning of the financial period covered by the statement.
Asset Capital Receipts	Shows where funds have been withdrawn from a non-Cash Common Fund investment to either provide more readily available cash or to be reinvested in other investments.
Asset Income Receipts	Shows the income received from the non-Cash Common Fund investments.
Other Receipts	Shows any other monies received, including interest earned on the Cash Common Fund investment.
Asset Capital Expenses	Shows funds that have been invested from the Cash Common Fund into non-Cash Common Fund investments (including where Asset Income Receipts have been reinvested to purchase additional units in an investment).
Other Expenses	Shows the totals of payments made from the account, as well as State Trustees' fees and commissions incurred in the management of the Trust, including statutory charges such as GST.
Totals	The figure at the far right is the balance of funds held in the Cash Common Fund at the end of the financial period covered by the statement.

Asset and Liability Statement

The Asset and Liability Statement shows the value of all assets that are managed by State Trustees as at 30 June 2024.

Valuation Date (heading)	The date of the most recent valuation of the particular asset holding.
Units (heading)	Investments (e.g. Managed Funds or shares) are held as units. The 'Units' figure is the number of units of the investment owned as at the date of the statement. Other investments, such as the Cash Common Fund, do not have units – their columns are intentionally blank.
Liabilities (heading)	The value of any amounts the Trust owes to other parties at the Statement date.
Balance (heading)	The net value of assets or investments the Trust holds (taking into account any liability) at the Statement date. This is usually the same as the ASSETS value.
Equities	Investment funds including property funds, shares and diversified funds. The dollar value provided for these accounts reflects the unit price at the date of the statement multiplied by the number of units held.
Interest Bearing Holdings	Bank accounts and cash management funds.
Realty	Real property such as houses, land or other investment property.
Personalty	Assets (including art and animals), which are not real property, money, or investments.
Cash Common Fund	A managed fund account that earns cash rates of interest (paid monthly) and provides the funds from which payments are made. The figure in the BALANCE column for this equals the closing balance at the bottom of the 'Statement of Account' for the same date.
Totals	The total value of the account as at the date of the statement is printed at the bottom.