

MAKE YOUR MONEY WORK FOR YOU

GROW YOUR MEMBERS' FUNDS

Not-for-Profit organisations work hard to source funds, and then work just as hard to make those funds best support their operations and goals. Expectations are greater than ever before to manage member funds wisely and make every dollar count. Burrell's unrivalled NFP model will enable your NFP to work smarter, not harder, to improve your financial position, achieve your goals, and provide benefits to your members in a financially sound way.

The Not-for-Profit sector is unique in many ways and within the sector itself, NFPs have their own charters and characteristics. There are some common links though:

- Generally the role of NFPs is to provide benefits to members of their community organisation in a financially sound manner
- Often it is not the NFP's own money they are preserving: NFPs have a fiduciary duty, and safety and preservation of capital is all-important
- Most NFPs find themselves short on time, resources, funds and investment expertise.

NFPs have historically taken a very conservative banking approach, running their cash through investment accounts or cash management accounts. But because many NFPs often don't strategically separate their cash-flow into shorter-term needs and longer-term needs, they can find their longer-term requirements are left short.

Certainly NFPs have evolved. They have built up their cash over time and they have grown their numbers and cash base. With old restrictions lifted, NFP boards, finance committees and CEOs are now realising they can't afford lazy money. They're now asking, "What's the best return and how can we put this money to better use?"

This heralds a new way of thinking for NFPs. They are looking to future-proof their organisations and make their money work for them by separating their cash into immediate cash flow working capital as well as long term strategic reserve funds to dovetail into future projects.

Your NFP may have some version of working capital and strategic reserve, but there is a better way to access a wider range of investments and provide a superior return for your organisation in the long run. Banks are not independent and they are typically bound to stick to the narrow bank product range for their NFP clients.

How do we help?

Burrell's NFP model works very well for our NFP clients and historically has produced great results. Figure 1 below provides some insight into how we make it happen.

Your organisation would still retain your banking connections: general day-to-day banking and payroll would continue unchanged. Burrell is concerned with helping your NFP organisation with its cash flow and investment needs.

Burrell Not-for-Profit Model	
1 Wealth Management	A NFP approach based on solid financial planning principles.
2 Individually Managed Portfolio (IMP) Service	Assurance and accountability that comes with expert personal portfolio management.
3 Premium Portfolio Service (PPS)	Transparent recording and reporting system with no administration for you.
4 DDH Graham Money Market Account	Secure, high interest, and seamless transactions.
5 The Burrell secret ingredient	Expertise, reliability, accessibility, communication, results.

Figure 1. Oh-so-easy. The five elements of Burrell's service model seamlessly combine advisory, administration and compliance services and together, deliver real results for our NFP clients.

Not-For-Profit Services

1. A NFP wealth management approach based on solid financial planning principles

Burrell's initial approach is very much like a comprehensive wealth management planning process. We discuss with you your organisation's needs, goals and preferences over the short and long term. We confirm your risk profile (generally more 'conservative cautious') and we discuss with you the investment strategy process. Together with you, we look at your annual budget and cash-flow for the next 12 months. And we discuss your organisation's preferred split between your short-term working capital and your long-term strategic reserve.

Short-term Working Capital Fund

NFP organisations need cash readily available to meet their immediate working capital needs and to ensure that debts can be paid as and when they fall due. A Working Capital Fund keeps the bulk of your investments short-term and on call.

For most NFPs, the traditional asset allocation is fixed interest, although some of our NFP clients include a conservative investment strategy. Some of the ways we make the most of our NFPs' working capital funds include:

- Pooling all surplus cash from operating bank accounts to attract greater rates of fixed interest on one or more larger lump sums.
- Targeting fixed interest rates higher than the cash rate. From our experience, NFPs traditionally earn about half a percent less.
- Setting counterparty or fund limits to encourage diversification of fixed interest investments.
- Selecting a mix of fixed interest investments to further enhance the interest rate return above the cash rate, such as term deposits at short maturity, call accounts, and safer ASX listed securities including bank issued fixed-interest hybrids and select income trusts.
- Taking a conservative approach and ensuring low volatility in the account. Funds must be available when you need them.

As appropriate, your NFP board or finance committee can determine allocations from the Working Capital Fund to the Strategic Reserve Fund.

Long-term Strategic Reserve Fund

This fund caters for your organisation's long-term expenses or future projects. As such, investments can be placed that will deliver a better return in the long run. Asset allocation is commonly balanced to provide a mix of property and equities, both of which have provided returns over the long-

term that exceed fixed interest rates.

A broader mix of investments may be included such as longer-term term deposits, managed funds and possibly international shares.

In considering allocations to the Strategic Reserve Fund, NFPs should consider:

- Given your organisation's risk analysis, what is the amount to be retained as a strategic reserve? For example, you may wish to retain an amount in the Strategic Reserve Fund to cover an extended period of sub-par fund raising or interrupted or poor trading, or a significant adverse event be it an economic downturn, fire, or other event that would disrupt your business.
- The higher earning rate on the strategic reserve over time may encourage the transfer of longer term funds from the working capital to the strategic reserve simply to achieve the higher earning rate. The risk preference of the board and members should be considered by the board in deciding the amount of funds to be kept in the Working Capital Fund as compared to the Strategic Reserve Fund.

Your NFP is very much involved. As well as the allocation to the strategic reserve, the board is responsible for signing off your NFP's investment strategy, asset allocation, and the annual performance review of both funds.

2. Assurance and accountability that comes with expert personal portfolio management

While your NFP board approves the investment strategy of both the Working Capital and Strategic Review Funds, the individual selection of investments within that investment strategy is usually Burrell's responsibility under our Individually Managed Portfolio (IMP) service.

An IMP portfolio is not a pooled or general fund, but rather an individual investment portfolio held in the name of your NFP. It is an investment tool that enables our team, on your behalf, to maximise returns, minimise capital losses, reduce risks and provide you with competitive returns.

Want to build an investment portfolio without the pressure of personal day-to-day involvement? Feel you lack the expertise to go it alone and prefer the security of having a team of specialists look after your portfolio?

Your organisation's investment portfolio will be managed by your personal IMP advisors together with a team of asset sector specialists covering fixed interest, Australian equities, property and international managed funds. Behind the

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scenes, our portfolio service team will look after the day-to-day administration, paperwork, compliance, reporting, and tax implications.

So far, all of our NFP clients have adopted the IMP service and outsourced their decision making. They appreciate our conservative approach and enjoy peace of mind, more time, and ultimately the results. While they elect to subscribe to this service, it is not critical to our NFP service if your organisation has the resources and financial planning skills to take on the job in-house.

*A powerful service
your bank's
investment
approach can't
rival.*

3. Transparent recording and reporting system and no administration for you

Burrell's Premium Portfolio Service (PPS) provides a complete solution to support your NFP's investment activities including a client-focused PPS administration team to handle your administration and paperwork, and super-smart technology to capture all your investment activities. You'll have 24 hour online access to the current status and performance of your investments and you can extract real-time performance reports as and when you need them. In short, you'll have all the information you need at your fingertips.

As a PPS client you'll also receive Burrell's full suite of research. By sharing information and keeping you informed, you can feel comfortable about the investment decisions we make on your behalf. You can also request ad hoc research and access our full library of company and industry research when you login at www.burrell.com.au.

Tax time will also become much easier with a fully prepared end of year statement on income and capital gains sent to you or your accountant. Many of our clients' accountants rely on the PPS paperless reports to perform their audits: they don't need to see all the supporting paperwork. You'll also be in a better position to understand your tax position: we can proactively manage your capital gains tax position throughout the year and tax planning can be implemented prior to 30 June.

*A PPS portfolio
also enables cost
savings like
discounted
brokerage fees.*

PPS provides investment accounting and internal controls that are generally not present at the NFP level. For example, pursuant to Corporations Act requirements of managed discretionary accounts, our auditors will provide you with a

system audit certificate of the PPS system. This helps reduce the scope and cost of validating investment transactions.

4. A secure, higher interest, and seamless Money Market Deposit Account

We recommend you open an account with DDH Graham Limited with a link to Burrell. An account with DDH Graham provides bank security, higher interest rates, and features that most cash management trusts do not provide. DDH Graham has a strong history in servicing the investor market and we find it offers an efficient and competitive service.

Your DDH Graham account will link to your portfolio and shares account and will facilitate automatic settlement of buy and sell transactions on their due date.

By depositing money in a DDH Graham Money Market Deposit Account, you are making a direct deposit with the Bank of Queensland. Ask us for a copy of the Bank of Queensland/DDH Graham Product Disclosure Statement.

5. The Burrell secret ingredient

What is it that makes Burrell's NFP model so well regarded by its NFP clients? It's the secret ingredient of course: primarily advisors and IMP caretakers Chris Burrell and Wayne Matthews, together with Portfolio Service Director Elaine Anderson.

Together they lead an impressive team providing Burrell's NFP clients with:

- Proven investment and portfolio expertise
- NFP industry insight
- Reliability
- Accessibility
- Communication and
- Results

All backed by over 80 years of experience with client's best interests always prioritised.

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Our NFP service secret ingredients: (Anti-clockwise from left) Wayne Matthews, Chris Burrell, Shanny Lai, Dylan Katzer and Michael Burrell. An expert, trusted and friendly extension of your NFP's in-house resources.

They know their role is to support your organisation's management, finance committee and the board, bringing you the best investment results the market and a conservative approach can deliver, with the least amount of disruption or instability at your end. You can relax and provide surety to your members that Burrell is well equipped and has a proven record of successfully handling NFPs' investment affairs.

As well as day-to-day contact, monthly in-house reviews, and annual reviews come budget time, at the very least we like to present to our NFP boards twice yearly. However, we will meet with our clients' management, finance committee or board as frequently as you need us to be there. That's just the way we like to do things, what's good for you?

Get started

To know more about Burrell's NFP model and how it might work for your organisation, as well as the cost involved, please contact us for an obligation-free conversation. Chris Burrell or Wayne Matthews would be happy to discuss with you how you may find a better way and work smarter, not harder, to improve your financial position. As well as Elaine Anderson would love to show you the benefits of her PPS technology.

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General Advice Disclaimer

This document contains general information only and doesn't take into account your personal objectives, financial situation or needs. You should consider the appropriateness of the information in this document with regard to your objectives, situation and needs. You should obtain financial advice tailored to your circumstances. Contact us if you would like to speak to a qualified financial adviser.

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