STORY ALAN DEANS

Charity is twice as sweet

Fact file

Louise Walsh

Philanthropic expert and investment fund chief executive; age 54. Lives in Berry on the NSW South Coast.

Career influenced by prominent corporate lawyer and board director David Gonski. Describes her father as a gifted salesman and fundraiser. First job at 16 was as a sales assistant at fashion store Sussan in Shellharbour, NSW, where she "spent at least half of what I earned back in the store". She made sacrifices to save early in life and with her husband manages a personal share portfolio. Enjoys swimming, practising yoga and playing tennis.

Louise Walsh is an expert at donating money. While legions of financial managers know how best to invest, the skills of successful philanthropy are equally as complex and sophisticated. Yet the two disciplines have plenty in common as experienced donors employ specialist managers to achieve the best outcomes. Charities also need to be watched so they don't slack off, and those that do can be ditched when they don't perform. Knowing which charities to back is critical when the going gets tough.

"It's easy to give it [money] away. But it's not easy to give it away well," says Walsh of her role as the head of two prominent social impact funds.

She handles donations now totalling $11 million each year as the chief executive of two ASX-listed managed funds, Future Generation Australia (FGX) and Future Generation Global (FGG). Fees voluntarily forgone by their investment managers and service providers have steadily been mounting as the funds grow. One fund uses the money to support charities for children and youth at risk and the other for youth mental health. But Walsh's strong background in the charity sector is being put to the test during the Covid-19 pandemic, as health checks are run on the 22 bodies that are currently supported.

"With Covid-19, we are looking at how it directly impacts what these charities are delivering with our funding," says Walsh. "In some cases, that has meant a suspension of their programs. We are trying to be as flexible as we can, because we might need to vary where our funding is going to really help an organisation."

External evaluator Australian Philanthropic Services has been called to closely check performances.

"They evaluate everything from finance and governance, how well charities demonstrate impact and outcomes, any red flags and any key observations for the future," says Walsh.

She describes these performance appraisals as some of the "best pieces of work we have undertaken in five years". As a result two charities have been transferred out of FGX and into FGG because they were specifically mental -health related. FGX has also exited its donations to one charity and FGG has exited another two charities.

"And we have one charity in each fund that is under watch for the next 12 months," says Walsh. "It's similar to what we do with fund managers. We can remove them because of consistent underperformance, or maybe because a key person leaves. With the charities, the number one thing they need to demonstrate is the funding outcomes that we are paying for."

It's tough love, she adds.

"If someone says that 150 young people have benefited from the program, that's great. But that's an output. It's not an outcome. We want to see the organisation

tracking outcomes over a period of time so that we can demonstrate to shareholders that we are moving the dial. The pressure is on. I have to demonstrate that to my own board, and obviously to shareholders as well. If we were giving away $20,000 or $50,000 a year to an organisation, we probably wouldn't be so rigorous. But our donations tend to be at least $250,000. By Australian standards, that is quite large."

The latest review has been going on despite Future Generation's staff having to work remotely. In Walsh's case, she has based herself at home in Berry on the NSW South Coast with her husband Dave.

"I have a mother, who is 86, who has literally just come out of hospital this morning," she says. "She has had fluid on the lung, so that's probably my one stress point. I am watching it closely because she is high risk for obvious reasons. She has her own place in an aged care facility, and I am trying to make sure she gets through okay. That is what I am probably more worried about than anything else. One eye on the market and one eye on everything else."

Walsh studied law and later worked for commercial law firm Allens. Instead of staying there and potentially doing a stint in New York or London when she was in her 20s, Walsh went on secondment to the Sydney Olympic bid and then to be head of sponsorships for the organising committee. That broadened her career beyond the law.

"I like being around entrepreneurs. I've never had the balls to do something myself. But I love being around them and being involved in philanthropy," she says.

Later she became chief executive of Philanthropy Australia, a peak body that advises large corporate and personal donors on the effective use of their largesse. It runs all sorts of professional development programs, just like many other member associations.

About three years into that role, Walsh was turning 50 and had a hankering to work in the US. She resigned from her job, but when Geoff Wilson, the founder of Wilson Asset Management and the man behind the Future Generation funds, heard the news and asked her to head the sharemarket launch of FGG. The two knew each other through Philanthropy Australia.

"He was interested in my network. I had been a lawyer, so that would be handy. He also knew that I had raised money quite a bit in the non-profit sector," says Walsh.

She agreed to help with the IPO but not to be chief executive. She really wanted to work in New York. As soon as the IPO closed, she flew to the US and quickly found a job to her liking. But Wilson made her an offer she couldn't refuse to return to Sydney.

"It was one of those rare conversations when someone asks what would it take to make it worth your while?" says Walsh. "How many days a week do you want? How many weeks leave do you want? What else can we do? It has worked out and it is a dream job for me."

Investors have been drawn to the altruistic nature of the two funds, their financial returns and the prominent profiles of the fund managers involved and their different investment styles.

"They are designed not to shoot the lights out. They are not high conviction," says Walsh. "They have got their own skin in the game, so they are working hard to perform."

Apart from the Future Generation funds, there is just one similar listed offering. But Walsh says other managers have thought about it.

"We are more than happy to see others replicate the model, and we would share our IP. Our view is that it could be done in other asset classes. It could be done in property. It could be done in infrastructure, obviously it could be done to support other charitable causes," she says.

From left to right, Johanna Griggs, Dean Clifford, DEBRA Australia ambassador Georgie Gardner, and Louise Walsh.

Every now and again, Walsh receives such approaches.

"Sometimes, the key sticking point is there's no Geoff Wilson around prepared to do what he has done. We get asked whether will we do a third or fourth investment company, and our view is we won't. We want to stick to the knitting. Stay very focused on growing these two funds. We would like to be ideally at $3 billion in assets, with a $30 million donation in 2027. We are about $1.1 billion today."

While it's still comparatively early days, Walsh says that both funds are getting impact already.

"One of the stars has been the Butterfly Foundation, which focuses on eating disorders, in FGG. Then there's the Raise Foundation, which runs structured mentoring programs, one-on-one, for disadvantaged young people with mentors that they train. We are seeing significant impact. Sometimes, it can be difficult to see that in a space of three or five years. In FGG, for instance, we are funding research projects which need time to seriously measure the impact."

Many charities have been hit by Covid-19, or by the bushfires and drought. Some of their programs can be run online, but others have been deferred.

"We may be more flexible about where our funding goes in the next 12 months to help them," says Walsh. "There's a short-term situation that will make it tough for some to deliver their programs. We can't offer additional funding, but they may want to use the money they have for something else."

On a personal level, Walsh says that she has friends who have recently lost their jobs.

"They don't seem to have so much in savings. That concerns me. I was brought up in a conservative family. My parents worked hard. They weren't high income earners, and sacrificed to give us the right education. Myself and my two siblings have done well. It's about making sacrifices to build the chest."