

THE MAGIC PUDDING



PERPETUAL
17/08/2016

"The Magic Pudding is a pie, except when it's something else, like a steak, or a jam donut, or an apple dumpling, or whatever its owner wants it to be. And it never runs out. No matter how many slices you cut, there's always something left over. It's magic."

The Magic Pudding, Norman Lindsay

The Magic Pudding is a classic of Australian children's literature. The story tells of a magic pudding that keeps rejuvenating after being eaten. It is the pudding that keeps on giving and the book is appropriately divided into slices rather than chapters.

Some say Norman Lindsay wrote it to settle an argument with a friend who believed children were only interested in fairies – Lindsay reckoned they would prefer to read about food. Whatever the reason, The Magic Pudding was born – or should we say baked – in 1917 and has since been translated into Japanese, German, French and Spanish.

Have your pudding and eat it too

As a passionate supporter of Australian literature, there's a strong chance Miles Franklin had The Magic Pudding on her bookshelf. Not just because the book is an Australian classic, but because of the story's poignancy. Just like The Magic Pudding, her legacy would be defined by a gift for perpetuity.

Miles Franklin isn't just recognised for her novel *My Brilliant Career*, but also for establishing the Miles Franklin Literary Award.

Her initial endowment of \$17,000 has been actively managed to grow to more than \$1.3 million today. Her giving has supported some star Australian novelists including Tim Winton, Thomas Keneally and Thea Astley. The annual award was worth £500 in the inaugural year of 1957 when won by Patrick White. In 2015, Sophie Laguna took out a prize worth \$60,000 for her novel *The Eye of the Sheep*.

Ingredients of a magic pudding

“Compound interest is the eighth wonder of the world. He who understands it, earns it...he who doesn't...pays it.”

Albert Einstein

When the principles of compound interest are blended with careful investment management, you have a recipe to grow your investment in perpetuity. Compound interest means you receive interest on your initial investment and the prior interest added to your investment. So rather than taking your returns, you reinvest them, which makes a **BIG** difference over time.

Here's an example of compound interest - A \$100,000 deposit that receives 5% simple interest would earn **\$50,000** in interest over 10 years. Compound interest of 5% on \$100,000 would amount to **\$62,889.46** over the same period. ¹

As the value of your investment grows over time, compound interest accelerates which increases the value of your investment. **It's a self-perpetuating circle of wealth generation.** That's why compounding is such an important strategy if you want to leave a legacy for perpetuity.

The other ingredient is the sound financial management required to achieve the returns you need over time. And that's where Perpetual can help you – as we've done for the Miles Franklin Literary Award.

At Perpetual, we manage over 1000 charitable trusts and endowments worth \$2.4 billion (as at 31 December 2015) and distribute over \$83 million to eligible charitable beneficiaries annually. We help people to establish trusts of different sizes and for a variety of reasons. Whether you plan on giving now or via your estate, Perpetual can help.

¹ <http://www.investopedia.com/terms/c/compoundinterest.asp>