GFM Wealth Advisory

TRADE SECRETS

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SMSF Specialists | Investment Management | Financial Planning | Accounting

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CHRISTMAS GREETINGS 2017

By Paul Nicol

We say it every year, but hasn't 2017 flown. It really does feel like it was not that long ago 2017 started and we are nearly at the end of the year.

It has been another big year for GFM in 2017, and we continue to grow. During the year we welcomed two new employees into business, Leanne Kelly who works at reception and Santa Tolo who assists with the co-ordination of client appointments. It is quite possible you have already spoken to Leanne or Santa. Both have been wonderful additions to our team.

Also during 2017 the founder of our business Tony Gilham retired. We held an event to recognise Tony's successful 44-year career with many of our clients who have been with us for over 30 years in attendance.

We have been incredibly fortunate at GFM that all staff and our immediate families have remained healthy and safe. But unfortunately, throughout the year we have also experienced the passing of loyal, long-standing clients. Our hearts go out to these families over Christmas; our thoughts are certainly with you.

Pleasingly, investment markets have been reasonably kind in 2017. The Australian share market began the year coming to grips with the UK voting to leave the European Union (Brexit) and Donald Trump being elected US President. In effect, for the period between January and September our share market effectively traded sideways. However, investors have been able to do no wrong from October with the S&P/ASX 200 cracking the psychological 6,000 point barrier. In addition, Global shares are poised to produce very strong returns for the year driven by improved economic conditions. It does appear as though investment markets have reasonable momentum heading into 2018.

Looking forward to the year ahead, we expect the GFM team to continue to grow. But most importantly, we will look to continuing to build and maintain the wonderful relationships we have with our clients.

From the whole team at GFM Wealth Advisory and GFM Gruchy Accounting, we wish you and your family a Merry Christmas. Enjoy your New Year break, and please stay safe. We look forward to seeing you in 2018.

OFFICE CLOSING OVER CHRISTMAS

By Bryan Meehan

With Christmas Day falling on a Monday this year, please note that our last office day will be Friday 22nd December 2017 and we will be closing at 3 pm. The office will reopen on Tuesday 2nd January 2018 at 8.30 am.

NICK WALSH & SOPHIE RICHMOND: CLIENTS OF GFM SINCE 2014

By Patrick Malcolm

Nick has kindly written the article below on their family, working life and the relationship they have with our company since 2014. We greatly appreciate their contribution to Trade Secrets.

On Table Mountain in Capetown

My wife Sophie and I have been clients of GFM since 2014.

We have two teenage daughters both still at school and a permanently hungry Labrador!

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I am 50 years old and have been in the steel industry for 28 years. Sophie is a GP and has done a fantastic job balancing everything a working Mum has to do nowadays.

We love travelling. The more remote, the better: Alaska, Patagonia, Antarctica, Falkland Islands, Serengeti etc…

I first made contact with GFM to get advice for my ageing Mum.

It was important for me to see someone who was not only qualified and reputable but not owned by a bank. I knew of horror stories such as Storm Financial, and I wanted to ensure I was entrusting my Mum's money into good hands.

After doing a little bit of research, I found GFM seemed to tick all the boxes, and so I went off to see Patrick Malcolm for an initial consultation. I was so impressed with his proposal and methodology with my Mum's affairs that a few weeks later Sophie and I joined as clients.

Prior to meeting Patrick, we were "financial drifters"; going along OK but no real strategy, goals or understanding about when we could retire and how much we would need to do so. We'd had some financial hits and misses over the journey. I thought I knew a bit but in reality, knew very little. Sophie and I liked the idea of buying an investment property but thought that ship had sailed. Thankfully, GFM was able to set up an SMSF for us, and within a few months, we had bought a nice property in Surrey Hills. Suddenly we had a plan for the future, and for the first time Sophie and I felt confident that financially we were "getting it together".

We've really enjoyed our time so far with GFM. We feel like members of a special club. Everyone has been so helpful and friendly. Nothing is ever too much trouble, and everything is made easy. The addition of GFM Gruchy Accounting into the business has meant that tax returns are really easy too as Andrew our accountant just has to phone upstairs to get the info.

We look forward to our biannual portfolio reviews with Patrick and Nicola. Everything is clearly documented and explained to us on a level we understand. We discuss the investments and get an opportunity to update any circumstances that may have changed.

As successive Governments have changed the legislation around superannuation, it is so important to engage the services of a professional who is across the changes and can give you advice specific to your own circumstances. We would be lost without Patrick and Nicola's advice.

GFM know how to mix business with pleasure too. We have thoroughly enjoyed the movie nights, dinners, golf day and of course the footy tipping.

What will the next decade bring for Sophie and me? Getting our girls through private school is the first goal. Beyond that, we want to renovate, travel and build up our super.

We also have to be aware of our ageing parents and their changing needs.

We are excited about the future but understand it will be a challenging and competitive future for our children. Like most parents, Sophie and I want to make sure we are in a financial position to help our girls enter the property market when the time comes around. We feel that with GFM's assistance, that hope will be a reality.

INTRODUCING LEANNE KELLY

By Bryan Meehan

Leanne joined the GFM team in June 2017 in a Reception and Administration role. Leanne looks after our reception on Thursday and Friday .

Leanne and her husband Terry have been married for 18 years and have two children, Olivia and Andrew. Leanne is originally from Sydney and while she enjoys visiting there to see her family and friends, she always looks forward to returning home in North Balwyn. Leanne and her family are keen AFL followers and are passionate about the Melbourne Demons. Leanne also enjoys attending the theatre, is a real movie buff and enjoys dining out.

CASE STUDY: DEATH, TAXES, AND THE $1.6 MILLION TRANSFER BALANCE CAP

By Nicola Beswick

In our last Trade Secrets edition (October 2017), we outlined some of the advantages and disadvantages of holding excess funds above $1.6 million within superannuation following the introduction of the Transfer Balance Cap (TBC) from 1 July 2017.

We also explored the taxation implications of holding funds in excess of the $1.6 million TBC in a couple's personal names as an alternative to retaining funds within the accumulation phase of superannuation.

In addition, we briefly alluded to another important consideration that needs to be taken into account in the decision-making process - estate planning implications.

Estate Planning and Superannuation

Superannuation does not automatically form part of an individual's Estate. An individual needs to ensure the correct paperwork is in place for their superannuation benefits to be certain that this asset is distributed as per their wishes, just like the rest of a person's Estate.

There are two estate planning tools an individual can use within superannuation to ensure their superannuation benefits are distributed in accordance with their wishes.

Firstly, most superannuation Trust Deeds allow members to make a death benefit nomination. Depending on the Trust Deed, this nomination can be binding or non-binding, non-lapsing or have a predetermined time frame.

Secondly, where a pension is commenced by a member, the pension can be either reversionary or non-reversionary. A reversionary nomination generally allows the pension to continue being paid to another person (usually a spouse), upon the member's death. It also allows for continuity on death where there is a surviving spouse. Subject to the Trust Deed, a reversionary nomination can take precedence over the death benefit nomination.

However, it is very important to note that the death benefit nomination is relevant when a member has an accumulation phase balance, or if the reversionary beneficiary nomination is no longer applicable.

Case Study

In the earlier edition of this case study, we met Peter and Jo. Peter (age 68) had an Account Based Pension (ABP) of $2.6 million. Peter's wife, Jo (age 65), had an ABP of $1.7 million. At 1 July 2017, they exceeded the $1.6 million TBC by $1 million and $100,000, respectively. To comply with the TBC, they needed to make some decisions regarding these excess funds.

There were two scenarios that Peter and Jo considered. These were:

- Scenario 1: Withdraw the excess out of superannuation and invest the $1.1 million in their personal names; or,
- Scenario 2: Retain the $1.1 million excess within superannuation in the accumulation phase.

Scenario 1: Peter and Jo decide to withdraw the $1.1 million excess funds and invest personally

Under the first scenario, on 1 July 2017, Peter and Jo elected to withdraw the funds they respectively held in excess of $1.6 million and to invest the money personally.

This resulted in $1.1 million invested in their joint personal names and $1.6 million in an ABP each.

Unfortunately, Jo dies. What options does Peter now have in these circumstances?

As per Jo's Will, upon her death, the $1.1 million held in their joint personal names is transferred to Peter's individual name.

Jo's ABP is reversionary to Peter. Peter, therefore, inherits Jo's $1.6 million ABP. However, Peter does not inherit Jo's TBC – he still has to comply with the $1.6 million TBC. He, therefore, has to decide what to do with Jo's ABP.

The two options Peter has are:

- **Option 1 – Peter elects to withdraw Jo's member balance and invest personally**

  Under this option, Peter's elects to withdraw Jo's $1.6 million ABP from superannuation. This results in $2.7 million being invested in Peter's personal name. He retains his $1.6 million ABP.

- **Option 2 – Peter elects to receive Jo's member balance and commute his existing ABP to accumulation phase**

  Under this option, Peter elects to transfer his current $1.6 million ABP back into the accumulation phase.

  Peter is then in a position to accept Jo's $1.6 million ABP, and remain within his $1.6 million TBC. He can also keep his existing member balance within the superannuation environment meaning he maintains $3.2 million within superannuation and $1.1 million in his personal name.

Peter's comparable income taxation consequences, under each of these two options, are as follows. We have assumed an earnings yield of 5% on assets held.

Taxation Entities	Description	Option 1	Option 2
SMSF	Assessable Income from funds (existing accumulation phase money)	Nil	Nil
	Assessable Income from funds (accumulation phase money)	$0	$80,000
	Total Assessable Income - SMSF	$0	$80,000
	Tax on Assessable Income in Super (15% in Accumulation)	$0	$12,000
Peter	Assessable Income from Funds (existing personally held money)	$55,000	$55,000
	Assessable Income from Funds (new personally held money)	$80,000	$0
	Total Assessable Income - Personally	$135,000	$55,000
	Estimated Tax on Assessable Income	$37,582	$9,422
	Plus: Estimated Medicare Levy	$2,700	$1,100
	Tax Personally	$40,282	$10,522
	Total Tax (Peter & SMSF) - approx.	$40,282	$22,522
	Difference		$17,760

As noted, the option of transferring Peter's existing ABP into the accumulation phase, therefore allowing him to receive Jo's ABP, provides a greater taxation advantage compared to withdrawing the excess from superannuation.

Scenario 2: Peter and Jo elected to retain the $1.1 million excess within superannuation in the accumulation phase

Rather than withdrawing the excess and investing it personally, Peter and Jo decided to retain their respective excess amounts above the $1.6 million TBC in the accumulation phase.

This resulted in each of them having a $1.6 million ABP. Peter's $1 million excess is commuted into his individual accumulation phase, likewise for Jo's $100,000 excess which is transferred into an accumulation phase for her.

Unfortunately, Jo dies.

Jo's ABP is reversionary to Peter. Jo also has a death benefit nomination to Peter, which ensures Peter inherits the $100,000 in Jo's accumulation phase.

With Jo's death, Peter has some decisions to make. What options does Peter have in these circumstances?

- **Option 1 – Peter elects to withdraw all of Jo's member balance and invest it personally**

  Under this option, Peter's elects to withdraw Jo's total member balance (her $1.6 million ABP and $100,000 accumulation phase balance) and invest this in his personal name.

  He retains his $1.6 million ABP and $1 million accumulation phase balance within superannuation.

- **Option 2 – Peter elects to commute his existing ABP to accumulation phase, receive Jo's ABP and withdraw Jo's $100,000 accumulation balance**

  Under this option, Peter decides to transfer his existing $1.6 million APB into to the accumulation phase, to combine this with the $1 million he already holds in accumulation phase.

  This allows Peter to accept Jo's $1.6 million ABP and remain within the $1.6 million TBC.

However, Jo's $100,000 accumulation account has to be withdrawn from superannuation. Based on her death benefit nomination, this is paid to Peter personally.

The income taxation consequences for Peter, under each of these options, are below. We have assumed an earnings yield of 5% on assets held.

Taxation Entities	Description	Option 1	Option 2
SMSF	Assessable Income from funds (existing accumulation phase money)	$50,000	$50,000
	Assessable Income from funds (accumulation phase money)	$0	$80,000
	Total Assessable Income - SMSF	$50,000	$130,000
	Tax on Assessable Income in Super (15% in Accumulation)	$7,500	$19,500
Peter	Assessable Income from Funds (existing personally held money)	N/A	N/A
	Assessable Income from Funds (new personally held money)	$85,000	$5,000
	Total Assessable Income - Personally	$85,000	$5,000
	Estimated Tax on Assessable Income	$19,172	$0*
	Plus: Estimated Medicare Levy	$1,700	$0
	Tax Personally	$20,872	$0
	Total Tax (Peter & SMSF) - approx.	$28,372	$19,500
	Difference		$8,872

Similar to the differences under the first scenario, where the maximum amount of funds can be retained in superannuation, the total amount of income tax payable is less.

So what if I individually don't have $1.6 million...

Even if a couple's respective member balances do not exceed the $1.6 million TBC as at 1 July 2017, the individual's balance at 1 July 2017 does dictate what additional funds a person can receive, and retain, in superannuation tax-free.

It is critical to plan for the estate planning implications of the new TBC, even if you have less than $1.6 million in superannuation.

Other points of note:

- Only the implications from an income tax perspective have been taken into consideration in the above calculations. Capital gains tax is also another factor that needs to be considered.

  Capital gains within the accumulation phase are taxed at a flat 10% if held for more than 12 months, or 15% if held for less than 12 months.

  This compares to the capital gain tax implications within a person's added a person's assessable income, and taxed at their marginal tax rate. If assets are held in for less than 12 months, 100% of the gain is added to a person's assessable income; whereas if the shares were held for longer than 12 months, then 50% of the total gain is added to a person's assessable income.

- Funds held within the accumulation account are excluded from the minimum pension payment that is required to be taken each year. This retains capital in the account until it is required, for example for Aged Care costs.
- Where a reversionary pension exists, a person has 12 months from the deceased member's date of death to deal with the TBC excess the reversion may create. In contrast, balances within an accumulation account or non-reversionary pension accounts need to be dealt with 'as soon as practicable' according to the ATO.
- In some situations, children may receive deceased member's superannuation entitlements. However, there are complications with what a child's TBC may be – it may not be the standard $1.6 million figure. Professional advice needs to be sought in this area.

Conclusion

There are a number of decisions that have to be made from a superannuation perspective when one member of a couple dies. As indicated, the choices that have to be made include decisions on the structure within which to hold the funds. These decisions can make a substantial difference in the amount of tax paid by an individual.

THE SUPERANNUATION "GENDER GAP" IS NARROWING, BUT MORE NEEDS TO BE DONE

By Witi Suma

Superannuation is a vital pillar of our retirement system, designed to give us all a decent standard of living when we cease our working life. However, the sad fact is that a female on the balance of probability will retire with less superannuation than a male.

In October 2017, the Association of Superannuation Funds of Australia (ASFA) produced a report showing that average superannuation balances at retirement in the 2015/16 year were $270,710 for men and $157,050 for women. Although this was an improvement on the statistics two years prior, there remains a clear gender gap.

What are the reasons for this gap?

Historically and up till now, there are two main reasons why:

- Women often have interrupted working lives raising children, either being out of the workforce completely, or taking reduced hours. Women also often tend to be the carers for elderly parents.
- On average, women earn less than men – as a result, given that compulsory employer super is based on a percentage of an individual's wage, females accumulate less super. Despite workplace laws pushing for more equal wages, unfortunately, the gender pay gap has hovered between 15% and 19% for the last 20 years in many industries.

These two factors combined have resulted in several generations of women being behind in their retirement savings. Retiring with a lower super balance means they are more likely to be reliant on the Age Pension, reducing the quality of life in retirement.

Limitations of the superannuation system:

With the recent reduction in the concessional contribution cap to $25,000 p.a. and the non-concessional cap to $100,000 p.a., unfortunately the superannuation system appears to work against women who wish to catch up for the years they've lost while caring for children at home, amongst other responsibilities. Either abolishing the caps altogether or raising them to a more realistic level would allow both men and women to top up their super balances in a more meaningful way.

Some of the policy changes that ASFA has recommended to the Government that would assist in building up all superannuants' balances include:

- Abolishing the $450 per month income threshold requirement for SGC (compulsory super) to be paid;
- Increasing the SGC rate to 12% as soon as possible (this is scheduled to occur in the 2025/26 year);
- Extending the requirement to pay SGC on Paid Parental Leave, like all other types of leave.

In the meantime, what can women do to catch up?

For females to maximise their super balances, it is important to take steps as early as possible to build their super, and to continue to add to it throughout their working lives. It could be too late to think about it as retirement approaches. Here are some ways to help:

- First and foremost, if you earn at least $450 per month, your employer is obliged to make superannuation contributions on your behalf, currently equivalent to 9.5% of your salary or wages, so it is important that you've given them instructions to pay into a super fund so that they're meeting their obligations.
- If you're not already doing so, ask your employer to pay a portion of your pre-tax salary or wages into super (i.e. salary sacrifice) – these contributions are taxed at only 15% which, if less than your marginal tax rate, is a tax-effective way to boost your super.
- Make super contributions out of your own pocket when you have spare funds to do so (e.g. from an inheritance, a bonus, or just from built-up savings). These are called non-concessional, or after-tax, contributions. Depending on your income, by doing this, you may be eligible for a Government co-contribution of up to $500. Even if it's only $10 or $20 a week you're putting away into super, the benefit of compounding interest on your super will result in your balance accumulating at a faster rate.
- If you've had a number of part-time or casual jobs in the past, it's possible you have superannuation sitting in funds that you've lost track of. It is always a good idea to consolidate them into one fund to minimise administration fees, not to mention making it easier for you to keep track of your super. Before doing so, be sure to check whether any exit fees apply or whether you may lose insurance cover by rolling out – we are here to assist you if you need advice in that area.
- How your superannuation fund monies are invested (i.e. in what asset classes) is another key area to pay attention to. It is a known fact that we are generally living longer – and women tend to live longer than men – so it's important to keep in mind that when you retire, you'll need your superannuation to last for another 20-40 years so it might be worth considering placing a greater proportion of your super in growth assets such as Australian or international shares. We can give you advice on what super funds – and what investment strategies – would suit you, taking into account your stage of life and your appetite for risk.
- As noted in previous editions of Trade Secrets, your spouse may be able to make contributions to your super on your behalf which can help achieve parity in relation to your super balances. This can be done by way of:
  - A "spouse contribution" whereby an after-tax contribution is made by your spouse to your fund. They may be able to claim a tax offset of 18% on this contribution equating to a maximum of $540 if certain conditions are met. To receive this tax offset, as part of the recent Super Reforms, the Government has pleasingly increased the income threshold (with respect to the receiving spouse) from $13,800 to $40,000.
  - "Contribution splitting" whereby your spouse can split up to 85% of their concessional contributions in a given financial year to your fund.
- From July 2018, individuals with super balances of less than $500,000 who don't fully utilise their concessional contributions cap will be able to make "catch-up" contributions, with any unused portion being able to be carried forward for up to five years. This will be particularly helpful for women, who tend to experience broken working (and therefore contribution) patterns more often than men.

Conclusion:

Although the superannuation gender gap has narrowed over the past few years, there's still work to be done on a broader level to achieve greater equality in this area.

It will be interesting to track the superannuation gender gap going forward if strategies such as super splitting and "catch-up concessional contributions" are utilised, which will hopefully see the gender gap narrow further.

Clearly, though, this issue will not take a short time to resolve. As a more immediate solution in the meantime, it is extremely important for females to take control of their super by putting in place as many of the above strategies. Taking a greater interest in where your superannuation is invested and seeking professional advice will help towards achieving your retirement goals.

BUYING OR SELLING PROPERTY? BEWARE OF THE NEW WITHHOLDING TAX

By Ivan Yeung

The Foreign Resident Capital Gains Withholding Tax is a recently introduced transactional tax designed to ensure foreign residents pay their Australian tax liabilities.

Though the name suggests that resident taxpayers will not be impacted by this, recent changes in legislation have cast a wider net which means that resident taxpayers have been unintentionally caught in this new withholding regime.

From 1 July 2017, any sale of Taxable Australian Real Property over the value of $750,000 will require the purchaser to withhold 12.5% of the sale price unless the vendor can verify that they are an Australian resident for tax purposes. Any contracts for less than the above amount will not be impacted. The definition is fairly broad, and it includes but is not limited to residential & commercial properties, vacant land as well as options on land.

How to verify residency

An application form can be completed via the ATO website by the vendor or a third party such as a tax agent or solicitor.

Conveyancers & real estate agents are precluded from filling out the application form, however, can assist with submitting the application provided it was completed by the vendor.

Upon completion of the application, the ATO will issue a clearance certificate confirming the residency status of the vendor. This clearance certificate will be valid for 12 months and can be used for other property transactions within the 12-month time frame. Where there are multiple vendors, i.e. a property held by a couple, each vendor must supply a separate clearance certificate to the purchaser.

To avoid the withholding tax, the vendor(s) will need to provide the purchaser(s) the certificate by the **settlement date**.

What if a certificate is not provided by settlement?

If no certificate is provided by settlement and the sale price is greater than $750,000, the purchaser is required to withhold 12.5% of the sale price. This amount is remitted to the ATO. To recoup the withheld amount, the vendor can do so by completing and lodging a tax return for the relevant Financial Year.

Onus to withhold is on the Purchaser.

The requirement and responsibility to withhold are with the purchaser. Failure to do so may result in penalties from the ATO up to the value of the amount to be withheld. Given the minimum withholding amount is $93,750 (12.5% of $750,000), potential penalties can become quite severe.

What if the contract was signed before 30 June 2017 but settled post 30 June 2017?

As the contract date is taken to be the effective date of the disposal, the $750,000 threshold will not apply, and therefore the clearance certificate is not required unless the sale price exceeds $2 million which was the previous threshold prior to the change in legislation.

Given the median house price in Melbourne is approximately $850,000, the tax can potentially impact a lot more buyers and sellers than first imagined. If you are considering buying or selling a property or perhaps have recently signed a contract, we encourage you to contact one of the qualified accountants at GFM Gruchy Accounting to discuss whether a clearance certificate is required.

ECONOMIC & SHARE MARKET OUTLOOK

By James Malliaros

The current post-GFC global equities bull market has been in progress for a number of years and it is making many investors a bit nervous. The last five years (after a rebound from a mini-bear market around the Eurozone crisis) has seen strong returns for diversified investors thanks to double-digit gains in shares and solid returns from unlisted commercial property and infrastructure. In fact, the current bull market in US shares is eight and a half years old and is the second longest since World War Two and the second strongest in terms of gain.

While some analysts believe that certain sectors of the market look relatively expensive, the main risk is that reducing your allocation to equities and property means that investors face the very real possibility of leaving significant returns on the table in what is a very low-interest rate environment . As such we think that more attention should be paid to the real possibility of further share market gains rather than worrying too much about the potential for a correction.

The reasons are that firstly, and most fundamentally for equity markets, global economies are strong. The world's three major locomotives of the US, China and Europe have synchronised economic growth for the first time this century.

US consumer confidence hit a 17-year high in October, thanks to accelerating wage growth, sustained rises in house prices, the possibility of tax cuts and record high share prices. In addition, the US labour market continues to strengthen with the unemployment rate dropping to a 16 year low of 4.2% in September.

Fortunately for us stronger global growth is supporting a moderately better Australian outlook, as are supportive domestic monetary and fiscal policies.

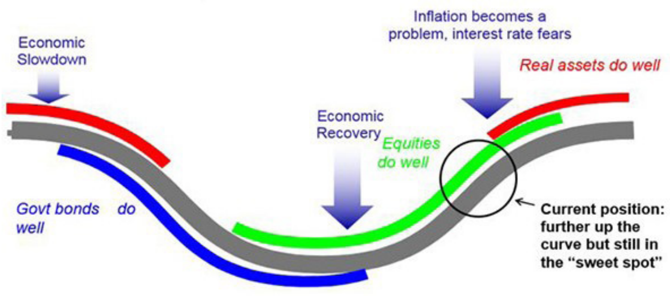
The slowdown in domestic residential property appears to be orderly and is not providing the headwind to economic growth at present that was feared. Also, capital expenditure from our major corporates are expected to be a more positive contributor to economic growth, as should Government spending as a result of a huge pipeline of infrastructure programs as Federal and State Governments a roll out of road, rail and metro projects.

Another reason to be relatively optimistic is that after years of below trend growth globally, spare capacity still remains in most economies and this, along with major technological innovation, has seen inflation kept well in check (the main danger to the current bull market).

As a result, global monetary conditions remain accommodative, and without a surge in inflation (unlikely in our view), interest rates look set to remain relatively low for a while yet. The US Central Bank is continuing to tighten monetary policy, but it is gradual and from a very low base - a shift to tight money conditions that brings about a global economic downturn looks a fair way off at this stage.

To put this into context, the chart below is an illustrative version of the investment cycle (the thick grey line is the economic cycle).

The investment cycle



Source: AMP Capital

Given that the global economic indicators are strong, growth forecasts are being revised up (as highlighted recently by the IMF), which is driving stronger corporate profits, we think that we are still in the "sweet spot", although more advanced now than 12 months ago.

At this point of the cycle, with little sign of recession and absence of some geopolitical shock, the current cyclical bull market in shares looks like it probably still has further to go.

However, the key to watch for the next bear market is for signs of excess, such as over investment in non-productive assets, rapidly rising inflation, aggressive tightening in monetary policy and a clear overvaluation of share markets as a result of investor euphoria. The major downside risk to domestic growth most likely is a slowing of China's economy.

ANNUAL STAFF CONFERENCE

By Patrick Malcolm

We held our Annual Staff Conference on Friday the 20th of October at the Melbourne Business School (MSB) facility in Mt Eliza. All staff were in attendance.

For those that were not aware, a retirement village operator has bought the historic Mt Eliza estate in Bayside Melbourne. The MBS decided to sell the school as it embarks on a $10 million expansion of its Carlton campus. So, unfortunately, it is the first and last chance that we got to make use of the facility!

The property, set on 8.9 hectares overlooking the bay on the Mornington Peninsula, was established as a country estate called Moondah by James Grice in 1888. It was later owned by Sir Reginald Ansett who turned it into a luxury hotel. But the estate is best known by several generations of aspiring executives and entrepreneurs as home to the Mt Eliza Business School, and later the Melbourne Business School.

The purpose of our Annual Staff Conference is to get all staff together at the same time and for the same purpose without the distraction of their normal duties. Our conference was focussed on planning for the future, professional development, team building and leadership in our industry.

We also got the chance to socialise as a group after the conference which we rarely get the chance to do with work and family commitments.

MARKETING SURVEY FEEDBACK

By Mai Davies

In August, we invited our clients to complete an online survey. The purpose of the survey was to gain an insight as to how valuable our clients find our various marketing activities and their thoughts on the upcoming introduction of a social media presence. We had an excellent response rate to the survey. We would like to thank everyone who completed the survey, and we appreciate the feedback provided.

The survey questions covered the following areas:

- Newsletters – Trade Secrets, Weekly Email and Blue Chip Weekly
- Pocket diary
- Annual Market Outlook Audio Recording
- Seminars
- Website
- Social Media habits of our clients

We have reviewed the responses including all additional comments and suggestions. The feedback was extremely helpful in assisting us with delivering what our clients find valuable moving forward. We will be incorporating many of the preferences and suggestions that have come from the survey over the coming months.

In relation to our Trade Secrets newsletter, 75.18% of the respondents indicated their preference of delivery is by email with either a PDF attachment or link to our website so they can read it online. As such, from the February 2018 onwards, we will email all clients Trade Secrets with a PDF attachment and link to the website. For those that indicated in the survey that they wish to receive a printed version of Trade Secrets, this will still be mailed to you. **If you didn't complete the survey and prefer to receive a printed version**, please email mai@gfmwealth.com.au or call our office on 9809 1221 and you will continue to receive a hardcopy.

END OF YEAR SEMINAR: JAMES HOLT

By Mai Davies

We held our Market Update & Outlook for 2018 Seminar on Wednesday 15th November at Riversdale Golf Club. The seminar covered investment market activity during 2017 and the outlook for 2018.

Our special guest presenter on the night was James Holt, who is the Senior Investment Specialist for Equities at Perpetual Investments.

James is responsible for providing technical investment support to financial advisers and investors of Perpetual Investments' equity funds. James has worked in the financial services industry for over eighteen years. Before joining Perpetual Investments in 2014, James was a Director and Investment Specialist with the Portfolio Management Group of Black Rock Australia and Senior Investment Specialist at Zurich Investments.

James provided a detailed overview of the global economic backdrop, and how this is likely to affect investment markets over the next few years.

James' presentation covered the following:

- The global economy, the current environment abroad and at home
- Trumponomics: James explored hype vs reality and what is right and wrong with the US economy

- Future risks and opportunities across the globe including Europe and China.
- Where is value being found and what is looking expensive

This was the second year that James had presented to our clients, and the feedback was excellent. There was an abundance of questions from attendees.

As this was our last seminar for the year we concluded the evening with some celebratory drinks and canapés. Our team enjoyed the opportunity to have a drink and a chat with our clients.

ANNUAL MOVIE NIGHTS: MURDER ON THE ORIENT EXPRESS

By Mai Davies

We have been holding annual movie nights for 16 years, and this year we held two nights on Wednesday 29th November and Monday 4th December at the Rivoli Cinemas in Camberwell. This is always a very popular event and we had 215 clients attending on each night. The evening started with pre-movie canapés followed by the screening of Murder On The Orient Express.

Ralph & Cathy Colasante, Penny Colasante, Max Sutton, Domenic Colasante, Liz Sutton

Our clients had a chance to catch up and chat with members of our team and also with other clients that they have met over the years at GFM events. The feedback from the night was excellent, everyone had a fantastic time and thoroughly enjoyed the movie, which most thought was outstanding.

Some photos from the night are up on our website:

www.gfmwealth.com.au under News & Info/Events/Past Events

Chris Conway, Pauline Cox, James Malliaros

Campbell Maffett, Andrea Smith, Paul Nicol

CHARITABLE CHRISTMAS DONATION

By Mai Davies

For 19 years now, it has been a tradition for GFM to make a contribution to a group of charities at Christmas time.

If you would like to recommend a charity, then please send me an email at mai@gfmwealth.com.au with a note about why you believe that we should support the charity. We are happy to take any suggestions.