GFM Wealth Advisory | TRADE SECRETS

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SMSF Specialists | Investment Management | Financial Planning | Accounting

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AUSTRALIA'S TOP 50 FINANCIAL ADVISERS: PAUL NICOL COMES IN 9TH!!

By Mai Davies

As published in The Australian newspaper on Friday 21st July, we were incredibly proud that our Managing Partner Paul Nicol ranked 9th in the inaugural list of the top 50 Financial Advisers in Australia.

The top 50 list was compiled by Barrons who are a respected, 96-year old American financial news weekly published by Dow Jones. It has been rating the top financial advisers in America since 2004. The overall goal in publishing the top 50 list was to shine a spotlight on the best advisers, with an eye towards raising standards in the industry.

In order to compile the top 50 list, Barron's put together a selection committee here in Australia of six prominent industry participants, and an initial nomination list of 200 advisers was created. Paul was then asked to fill out a comprehensive survey about himself and our business. Barron's then applied their rankings formula to the survey to generate a ranking. The formula featured three major categories of data: Assets, Revenue and Quality of Practice.

We feel that the overall result in this survey is not only a testament to Paul's outstanding abilities as a Financial Adviser but a reflection of our company's dedication and excellence. Our team has worked extremely hard over the last few years so this result is a wonderful recognition of our combined efforts.

Well done Paul and all the team at GFM!

TONY'S RETIREMENT DINNER

By Paul Nicol

On Friday 4th August, we held a very special function, perhaps the most special function in the history of our business. We celebrated the career and retirement of Tony Gilham almost exactly 44 years after he commenced our business back in July 1973.

Tony's retirement dinner was held at the Park Hyatt with 120 attendees. It was lovely to have Tony's whole family attend the evening including his wife Jewel, children Danielle, Carissa and Rohan and their partners. We were also thrilled to have many of our longer standing clients in attendance, most who have been clients for over 30 years, and incredibly many who have been with us for over 40 years. Naturally, the whole GFM team was in attendance as well.

On the evening we had a video testimonial for Tony along with four speeches. Many thanks to Ray Menzies, Andrew Schoenmaekers, Ken Planner and Bryan Meehan for their wonderful speeches. Tony also got up and spoke towards the end of the evening and spoke very graciously about his career in Financial Planning.

Tony has had a glittering 44 year career. Anybody who knows Tony is aware of his incredible work ethic and commitment. But on top of the hard work, Tony is considered by his peers as being one of the industry most technically gifted experts. Tony has been a trailblazer of the industry as an early adopter of Superannuation and Self Managed Super Funds, but above all else it is Tony's "client first" approach which ensured our business grew strongly.

Whilst Tony has retired from the day to day activities of the business, Tony will continue on in his capacity as a member of our Investment Committee and remain a regular attendee of GFM events.

On behalf of all the team and our clients, Happy Retirement Tony!

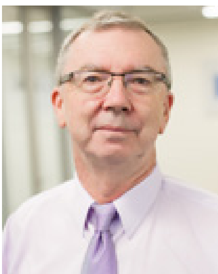
Tony's Family

40 year plus clients of GFM

The GFM Team

PHILIP GRUCHY : CELEBRATING 40 YEARS AT GFM

By Andrew Goldman



Within the GFM Group, we have a proud track record when it comes to staff longevity. Clients will be aware that we have many staff that have been with the business for over 10 years and a number who have been with the business for 15 years or more.

We also recognise periods of service with our predecessor businesses such as P. Gruchy & Associates, and we are proud to say we recently acknowledged Philip Gruchy reaching an amazing milestone – 40 years of service.

Philip originally started his public accounting career working in his father's accounting practice after having spent several years working in the public sector. As Philip recalls, his father had to convince him to join the family firm as he was enjoying his time in the public sector. It was the lure of working alongside his father and returning to live closer to his extended family which eventually sealed the deal.

On May 15th this year we celebrated the 40th anniversary of Philip returning to the fold so to speak. It was also touching that several clients acknowledged Phil's 40 years with the Group and we even had one client bake a cake to celebrate the occasion!

Such an anniversary is a testimony not only to Philip's dedication to his chosen profession and to servicing his clients (many of whom were clients of his father's) but also to the culture within the GFM Group that fosters inclusion, development and an enjoyable workplace.

BERNIE & ANNE SHINNERS: CLIENTS OF GFM SINCE 1994

By Paul Nicol

Bernie has kindly written the article below on their family, working life, retirement and the relationship they have had with our company since 1994. We greatly appreciate their contribution to Trade Secrets.

It was a surprise to find out that Anne and I have been a clients of GFM since 1994 – time flies when you are having fun! It was just a year after our youngest child Elizabeth was born amidst some publicity in the Herald Sun at the time as she joined her nine siblings to make an even ten – six boys and four girls with 18 years between the oldest and the youngest.

I was fortunate with my career in employment and industrial relations initially with an association in the maritime and stevedoring industries and then as a practising lawyer at the firm Mallesons to be able to support Anne as a full time mother at home – life was never dull at home nor at work.

I left the law firm in 2002 and joined the AFL Players' Association as a legal consultant later that year having been involved with that Association in 1998/99 in the negotiation of a major Collective Bargaining Agreement. There was no lack of interesting matters to deal with at the Players' Association.

It was at the time of my retirement from Mallesons Stephen Jaques in 2002 that Tony and Paul greatly assisted us in the establishment of our SMSF in carefully and patiently working through all the details, addressing our initial concerns and making us comfortable with the choice we made. The result of their expert advice and continued strategic oversight has given us and the family opportunities that were never on our horizons when we started out in our married life.

I have been able to retire and did that on 1st April, 2015 and we have been able to do some travelling to Canada, Europe, the Kimberley/Kakadu and Japan. Anne continues to share her child nurturing skills with our children and their partners and we also have the opportunity to spend time with our seven grandchildren.

I have also been able to continue my involvement on the Boards of Assumption College Kilmore and the Essendon District Football League and with the local parish more recently in the planning for and building of the fourth primary school within the parish. These activities keeps the brain box ticking (I hope!) and with work on a developing vegetable garden, my involvement in these outlets gives Anne a bit more freedom around the house.

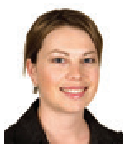
We are working closely with Paul and Bree on our SMSF and

the impending super reform changes. We have recommended GFM to our friends and know they are pleased both for the referral and for the advice received. We have also encouraged our children to use the services of GFM and a number have become clients in their own right which is extremely comforting to us.

For Anne and I, GFM is part of our family and we feel very much at home when visiting the office or attending seminars. And whilst our focus has been on our family's financial security, we are indeed very grateful for the assistance from GFM on a range of issues and in particular when Patrick assisted us in dealing with the minefield of nursing home bonds and pension entitlements for our elderly and now deceased mothers.

We are enjoying this phase of our life and planning a return trip to Japan later this year and an overseas trip in 2018 (to fit within two family weddings next year).

A photo of the family taken at the Mercy East Melbourne at the time our youngest was born in January 1993. The photo with an article appeared in the Herald Sun in early January, 1993 (Liz was born on 2 January - must have been some slow news days shortly after).



CASE STUDY: TRANSITION TO RETIREMENT PENSIONS - ARE THEY STILL WORTH IT?

By Nicola Beswick

What is a Transition to Retirement Pension?

Like the name suggests, Transition to Retirement (TTR) Pensions are a form of income stream commenced from superannuation funds, with the intention of assisting a person to move from full time to part time employment without forgoing any loss of income.

From these Pensions, a person can take anywhere between 4% and 10% of the 1 July account balance. The 10% restriction is lifted upon reaching age 65 or upon retirement. For people aged 60 years and over, the pension payments drawn are completely tax free. While people between their preservation age (which is dictated by your birth date) and 59 years, there are potential tax consequences upon receiving these pension payments. The percentage of the pension payment that is from a taxable component, less a 15% offset, is taxed at their marginal tax rate. No tax is payable on the tax free component of the income taken.

What is the benefit of a TTR Pension?

Supplementing a person's income, while moving into retirement is one major benefit.

A number of people also use TTR Pensions to tax effectively increase their concessional (pre-tax) contributions into superannuation. As all concessional contributions into superannuation (for those with an adjusted taxable income of less than $250,000) are taxed at 15% compared to a person's marginal tax rate which can be as high as 47% (including Medicare Levy), there is a taxation arbitrage of up to 32%.

Another significant benefit prior to 1 July 2017 was that TTR Pensions also had an internal taxation benefit to them. All income and realised capital gains from the investments supporting TTR Pensions were taxed at zero. Many people therefore legitimately ran TTR Pensions due to this internal tax benefit, rather than supplementing their take home pay or assisting them to make additional superannuation contributions.

From 1 July 2017, this internal taxation benefit for TTR Pensions has ceased. All income and realised capital gains from investments supporting TTR Pensions are now internally taxed as if the assets were in the accumulation phase, which is 15% on income and 10% on capital gains for assets held greater than 12 months.

With the reduction in the concessional contribution cap from $35,000 to $25,000 into superannuation, the tax effectiveness of running these pensions to support a person's concessional contributions does appear to have reduced.

Are TTRs still worthwhile?

The answer is that it depends on your situation.

For a person under the age of 60 who is already contributing to the concessional contribution cap, the taxation benefits from 1 July 2017 are marginal. This is outlined in the example below:

Jack (age 59) has a salary of $60,000 and a super balance of $250,000. Jack converts his entire super balance to a TTR Pension, and salary sacrifices a total of $19,300 p.a. To ensure the total amount of income received from all sources remains the same, Jack draws a pension payment of $15,635 p.a. which is assumed to be 100% taxable (and therefore receives a 15% tax rebate).

Benefit of TTR over one year	TTR (old rules)	TTR (new rules)
Net additional super contribution	$770	$770
Internal tax saving	$1,463	NIL
TOTAL BENEFIT	$2,223	$770

However, if Jack is over the age of 60, all of the pension payment is tax free in his personal name. As Jack no longer needs to pay any tax on the pension payment, then he only needs to take $12,352 p.a. to allow him to continue to salary sacrifice $19,300. This increases the personal tax savings of this strategy, as outlined below.

Benefit of TTR over one year	TTR (old rules)	TTR (new rules)
Net additional super contribution	$4,053	$4,053
Internal tax saving	$1,463	NIL
TOTAL BENEFIT	$5,516	$4,053

Alternatively, if a person was already maximising their concessional contributions under the old $35,000 cap, the $10,000 decrease to $25,000 has the reverse impact as an additional $10,000 is now taxed at a person's marginal tax rate.

TTR Pensions may also still be worthwhile if one of these situations also applies to you

- You are reducing your working commitments and therefore wish to use the TTR Pension income to supplement your income, upon the reduction of employment hours.
- You need to take funds out to pay for a large expense or you want to pay down some accumulated debt or a mortgage.
- You and your spouse have uneven superannuation account balances and you may want to either;
  - Rebalance your respective accounts now that there is a $1.6 million cap on the amount of money a person may have in an Account Based Pension, or
  - Increase one member of a couple's superannuation account balance to maximise future Centrelink opportunities.
- Estate planning considerations may also be of importance, as recycling superannuation which has a high taxable component back into superannuation as a non-concessional contribution can increase a member's tax free component. This reduces the amount of tax paid by non-financial beneficiaries upon receipt of the funds, through the member's death.

In summary

While changes to super legislation reduce the effectiveness of running these TTR Pensions after 1 July 2017, every person's situation is unique and therefore an analysis of the benefits of running a TTR Pension is required.

SELF MANAGED SUPER: AUSTRALIA'S MOST DYNAMIC SUPERANNUATION SECTOR

By Bree Hallett

Rapid demographic change and increased longevity mean that building and safeguarding retirees incomes is more important than ever. With more than 580,000 funds and one million members, self managed superannuation fund (SMSFs) have become an essential part of the retirement saving system.

SMSF's are also Australia's fastest growing superannuation sector. In the 2016 financial year alone, the number of SMSF members rose by 5.5%, while the rest of the industry declined by 3.4%. This continues a trend of increasing growth and maturity across the SMSF sector, with the number of members more than doubling since 2004.

As of 31 March 2017, the ATO reported that the SMSF industry represented $674.7 billion in total assets. The average SMSF fund size was $1.11 million. The majority of SMSFs were 2 member funds, with members' account balances being on average $590,000 per member.

Overall, SMSF's represent over 30% of the total superannuation market in Australia. This compares to alternative superannuation arrangements of retail funds (25.6%), industry funds (22.9%), public sector funds (10.7%) and corporate funds (2.58%).

CommBank, in partnership with the SMSF Association, has undertaken in-depth research to better understand the dynamics of the SMSF market, with a specific focus on current SMSF's, their advice needs, and their financial decision making behaviour. Their report is based on an online survey of 1,375 Australians conducted by ACA Research on behalf of CommBank between 25 November and 18 December 2016. The participants were drawn from across Australia and represented a broad range of ages, professions and households. They included 674 advised SMSF members, 155 unadvised SMSF members and 546 advised public super fund members.

As a result of their investigations CommBank have produced a comprehensive report on the motivations, attitudes and decision making behaviours of this various group of investors, focusing on distinctive investor profiles with particular mindsets and advice preferences. Each of these different investor profiles tend to have very different advice needs and investment preferences.

Two of the profiles which best describe the type of client we advise is The Outsourcer and The Coach Seeker. Interestingly, these two profiles of SMSF members are growing at the fastest rate.

An Outsourcer prefers one-stop advice and administration services that take the stress out of their fund management. Coming from various age groups and professions, Outsourcers can be quite different to the traditional stereotype of an SMSF trustee. Almost two-thirds of this segment are not confident managing their super, while 58% outsource the day-to-day management of their funds. As a result, 97% of them rely on professional advice and are willing to spend more for support, especially from a single adviser such as a financial planner.

Typical SMSF trustees who are Coach Seekers are eager to learn and willing to ask for help from different experts. Despite an average age of 53, this group has the highest proportion of younger investors, with one in four under the age of 45. This group were most were most likely to have established their fund in the past two years, and had the greatest number of women compared to the other categories.

Interestingly, when the surveyed SMSF investors were asked to describe their retirement plan, 42% said they had no specific plan. Only one in three believe they are fully on track to achieve their retirement plan, although most believe they are moving in the right direction. Another profile, the Self Directed investor, we believe is likely to form part of this group identified

as having unclear financial objectives around their retirement plan. This group noted that an overload of unclear, complex and sometime contradictory information regarding superannuation rules and legislation as some of the reasons for not having clarity around their financial future.

Given the superannuation system continues to become increasingly complex, it is not surprising that the Outsourcer and Coach Seeker investor profiles are growing rapidly. The research highlighted that the Self Director segment are gravitating towards a future preference for real specialised strategy and investment expertise which we believe makes enormous sense.

PERSONAL DEDUCTIBLE CONTRIBUTIONS FROM 1 JULY 2017

By Rebecca Lowe

As you may be aware, from 1 July 2017 concessional contributions are limited to $25,000 per person per financial year (inclusive of employer SG contributions). However what you may not be aware of, is the removal of the '10% test' which now enables individuals to make personal deductible super contributions regardless of their employment status. Previously, only individuals whose assessable income from employment activities represented less than 10% of their total assessable income were able to make these contributions into super.

This change now creates opportunities for individuals to make personal deductible contributions where they may have previously been unable to, such as:

- An employer who does not offer salary sacrifice
- Casual employees who don't receive a regular salary to make regular salary sacrifice contributions
- Individuals who receive bonuses or redundancy payments and want to contribute these funds to super
- Individuals whose work arrangements include work as both an employee and a self-employed person
- Australian residents for tax purposes are working overseas for a foreign employer and their employer can't or won't contribute to an Australian super fund

For individuals who are already making salary sacrifice contributions, this change creates an opportunity to maximise their concessional contribution cap each financial year by making an additional personal concessional contribution towards the end of the financial year, once the total value of their salary sacrifice and employer SG contributions are known.

For some individuals there may be benefits in ceasing their salary sacrifice arrangements and making personal deductible contributions instead. This may apply where:

- Salary sacrifice contributions reduces other benefits such as leave loading, holiday pay and SG contributions
- Making a personal deductible contribution at the end of the financial year once your cash flow and tax position is clearer may be more beneficial

Should you wish to discuss your ongoing salary sacrifice arrangements, please do not hesitate to contact your adviser.

NEW FINANCIAL YEAR: PREPARING FOR TAX RETURN LODGEMENTS

By Andrew Goldman

As we go to press with this edition of Trade Secrets we are already in the second month of the 2018 financial year. Before we know it, it will be Christmas again so it seems appropriate we remind readers that the first activity statement and income tax return lodgement deadlines are already on the horizon.

Below are the due dates up to 31 October, 2017:

14 August 17	Preparation and lodgement of 2017 PAYG withholding summary annual report for those not using a tax agent
21 August 17	Lodge and pay July 17 monthly activity statements
25 August 17	Lodge and pay June 17 Quarterly activity statement if doing so electronically
21 September 17	Lodge and pay August 17 monthly activity statements
30 September 17	Preparation and lodgement of 2017 PAYG withholding summary annual report for those doing so via a tax agent
21 October 17	Pay annual PAYG instalment
	Lodge and pay September 17 monthly activity statement
28 October 17	Lodge and pay September 17 Qtr activity statement if doing so using a paper form
31 October 17	Last date for new clients to be added to our lodgement list if not already clients
	Lodgement of 2017 and prior income tax returns where 2016 or prior returns were overdue as at 30 June, 2017
	Lodgement of 2017 returns where a lodgement date of 31 October has been notified by the ATO

Generally speaking, for those not subject to the 31 October due date, the next tax return lodgement due date falls on 31 March, 2018 for companies with total income of more than $2 million in the previous year and individuals who had a tax liability of $20,000 or more on their most recently lodged return.

The final tax return due date falls on 15 May, 2018 for all taxpayers that did not have an earlier due date.

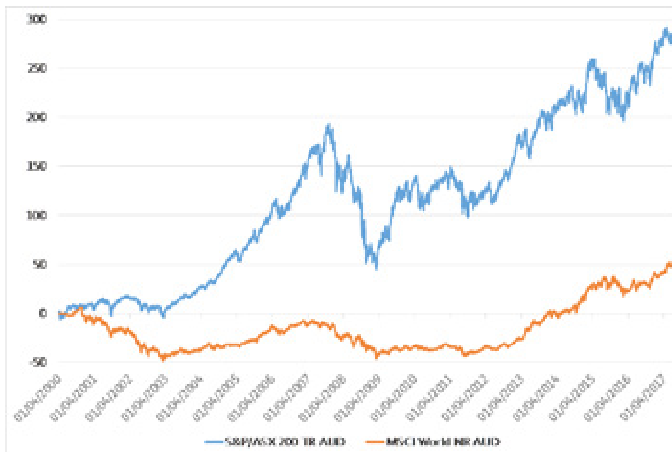
Remember, we can arrange for you to meet with one of our accountants on the same day you meet with your GFM Wealth adviser.

Each year more and more GFM Wealth clients are taking advantage of the efficiencies offered by having their tax returns (both business and personal) prepared by GFM Gruchy Accounting. If you are yet to take advantage, please contact our office to make an appointment.

INTERNATIONAL SHARES

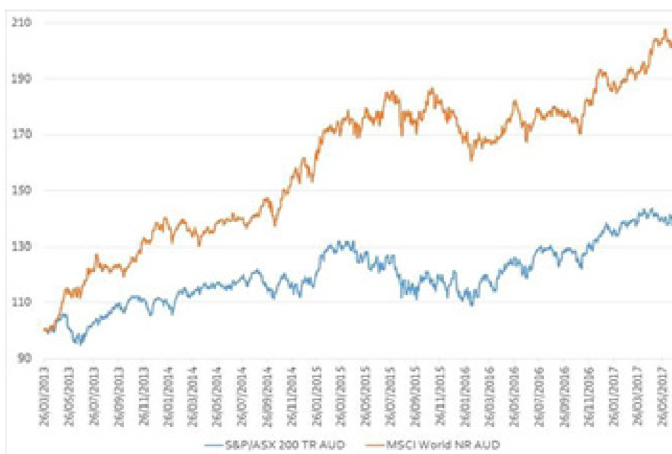
By Patrick Malcolm

Without a doubt, market returns since the turn of the century have seemed to refute the case for owning global equities. Australian shares have outpaced global markets and the Australian dollar has appreciated against most other developed market currencies. Investors have been handsomely rewarded for a home bias since 2000, as can be seen in the chart below:



The Australian market's dramatic outperformance, however, helps explain why investors should take a closer look at their asset allocation, with an eye toward tempering any local tilts. Intuitively, it's easy to believe that the trend is unlikely to persist forever. History provides many examples of the local share market trailing global peers, including the late 1990s. For example, the mining investment boom in Australia well and truly peaked a number of years ago. This means that a major driver of domestic growth will have a diminishing impact in coming years. Effective diversification can help ensure that Australian investors get exposure to the areas that will offer the next phase of capital appreciation.

We have observed a reversal of this trend since late March 2013 – the global share market has produced a return of 97%, easily surpassing the domestic market's less impressive 38%:



With plenty of gloomy stories about overseas economic weakness, investors can be forgiven for staying on the sidelines of global stock markets. All may not have been quite as it seemed though. For example, a steady period of economic recovery in the US, fanned by intense monetary policy stimulus meant that it's been the one of the bigger engines behind the recent global share market rally – the Dow Jones Industrial Average Index was up 22% over 12 months to 30 June 2017. Japan was the second largest driver of global equity outperformance, the Nikkei 225 index having soared 29%, fuelled by bold reflationary economic policy. Even Europe's woes didn't stop the MSCI Europe index (ex UK) from securing a sizeable 24% return over the same period. What's interesting is that all three of the aforementioned indebted regions still wrestle with broader economic problems, highlighting the fact that often times, there can be a clear disconnect between economic and share market performance.

Although global equities have rallied strongly, it would be remiss of us to focus on such short term returns, and so we don't believe that investors have missed the boat when it comes to investing offshore. In fact, we still see many advantages.

The necessity to build portfolios designed for the pension drawdown phase, when income generation is naturally important, has generated increasing discussion lately. Traditionally, cash and fixed interest funds were the primary sources of income for portfolios, complemented by smaller distributions from REITs and equities. In the current market environment, where cash and term deposit rates have fallen, income-seeking investors have to chase yields elsewhere to meet their needs. Increasingly that's in equities.

The Australian share market has consistently delivered higher dividends than most other share markets around the world, thanks in large part to the consistently high dividend streams paid by the big four banks and Telstra. Add on the benefits of franking credits, and a strong case can be made for having a home equity bias in an income-seeking portfolio. But can you maintain appropriate asset class diversification while attaining your required level of income from global equities? We are frequently asked about this issue and there is no easy solution. The lower levels of income from international shares does pose a challenge for investors. Striking the delicate balance between sufficient income and appropriate asset class diversification remains an ongoing challenge.

However, at present, we see a number of reasons for supporting continued investment in international equities. Diversification remains the most pivotal reason. We do not believe the likely investment returns from staying so heavily overweight Australian is compensated for by the real risk the Australian economy will continue to slow, and possibly go into recession at some stage. International equities provide welcome exposure to a wider range of industries and geographies. With interest rates at historically low levels in most developed economies globally, investors will perhaps explore an increased asset weighting to equities in search of adequate investment returns. On a relative basis, we don't believe residential housing is as attractive an investment option as it has been in the past. Rapid house price appreciation has been helped by low interest rates and relatively strong employment, and without these catalysts and with housing affordability now much lower, Australian house price appreciation is unlikely to repeat for the foreseeable future.

Many investors remain significantly underweight international equities. We believe a number of factors support increased diversification of equity exposures including:

- Diversifying away from slowing Australian economy
- Low interest rate environment
- Australian house price appreciation unlikely to repeat
- Downside risk to the Australian dollar.

Diversifying Away from Slowing Australian Economy

While the Australian economy has fared well in the last decade, rolling out of the mining boom into strong residential construction, education and tourism demand, all helped by low interest rates, economic frailty remains evident by low inflation and the Reserve Bank of Australia's, commentary. The miners and the banks make up a large part of the Australian stock market, and have enjoyed strong growth over the longer term. But we believe the level of uncertainty not only in Australia but globally, should encourage investors to increasingly diversify their equity exposures.

The International Monetary Fund continue to project reasonable Australian GDP growth. We believe the risk of Australia enduring an economic downturn makes diversification prudent. In addition, over the next five to 10 years, there seems to be an increasing probability of unpredictable "black swan" type events which will impact regions or countries more than others, and picking those is impossible.

The Australian market is heavily weighted to the four major banks, around 28% of the S&P/ASX 200 Index by market capitalisation, and the 10 largest stocks making up around 48%, with few truly global businesses (other than BHP Billiton and CSL). The U.S. S&P 100 Index is far more diverse across an array of sectors, with some sectors not featuring in the Australian market. Global heavyweights in the Information Technology, Health Care, Financial and Consumer Discretionary sectors such as Apple, Microsoft, Facebook, Visa and Nike are businesses obviously not exposed to the fate of the Australian economy. By contrast to the Australian market, the top 10 make up 31% of the top 100 of the S&P 100 Index. The MSCI World Index is 59% weighted to the U.S., with Japan (10%), U.K. (7%), France (4%) and Canada (4%) the other large country weights.

Low Interest Rate Environment Makes Cash a Lazy Investment

With interest rates at historically low levels in most developed economies globally, we believe investors will look to increase asset weightings to equities in search of adequate investment returns. Short-term official interest rates are low. While U.S. Fed officials still expect U.S rates to continue to rise, expectations for the number and size of rate increases continue to be hosed down.

Australian House Price Appreciation Will Not Repeat

It is difficult to build a case for further strong investment returns to be made from Australian residential property in the short term. Despite low interest rates, banks are tightening lending standards, restricting lending to investors, and record numbers of building approvals seems to have peaked. Should Australian property prices fall materially, the likely significant increase in bad debts for Australia's major banks will flow on to materially lower bank share prices and be another drag on Australian equities indices.

Downside Risk to the Australian Dollar

In January 2016 the Australian dollar fell to just above $US0.68, its lowest level since 2009 and down 38% from its 2011 high. But since then, after a brief rebound, it has been stuck in a range between $US0.72 and $US0.80, defying expectations for a decline. Forecasting currency exchange rates is an extremely difficult exercise, we still think the Australian dollar's longer term downtrend will resume. While the 30-year average Australian dollar/U.S. dollar exchange rate is 0.76, this is not necessarily indicative of the future.

Consequently, we believe that there remains a strong case to maintain a decent exposure to offshore assets that are not hedged back to Australian dollars. A decline in the value of the Australian dollar boosts the value of an investment in offshore assets denominated in foreign currency. In addition, if the global outlook turns sour, having an exposure to foreign currency provides a useful hedge for Australian-based investors as the Australian dollar usually falls (and foreign currencies rise) in response to weaker global growth.

In the grand scheme of things, the Australian market, accounting for around 3% of the MSCI World Index, is a small fish in a very large pond. So, those sitting on the sidelines are ignoring the vast majority of the market and missing out on the chance to improve the risk/return profile of their portfolios. And, just like any other asset class, global equities exposure can work in an investor's favour at times, while other times, it can drag on returns. The important point to note here though is that a suitably-sized allocation to international equities makes for a better constructed portfolio over time.

JACQUI UMALI: CELEBRATING TEN YEARS AT GFM

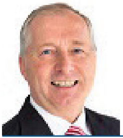
By Witi Suma

We are thrilled to announce that Jacqui has just reached the ten year mark at GFM - what a milestone!

Jacqui (fondly known as "Jac" to the team) commenced with us in July 2007 after having received a Diploma in Business (Banking & Finance) from RMIT. Many of you will have met or spoken with Jac who is a Senior Administrator in our SMSF team. Her main responsibilities include the coordination of new investments and initial public offerings that GFM offers throughout the year, the daily administration of portfolios, and the management of clients' ongoing cashflow needs.

We are extremely fortunate to have Jac in our team. She has a keen attention to detail, excellent organisational skills and friendly rapport with clients which are qualities we value highly at GFM (not to mention her exceptionally neat handwriting which is legendary in the office!)

On a personal note, Jac is proud to have recently purchased and moved into her first apartment, not far from our Camberwell office. She is a keen sports fan (mainly following the English Premier League and the NBA), loves shopping and spending time with friends. Jac is a popular member of our team and we look forward to her joining us at our next Annual Ten Year Club dinner. Well done Jacqui!



MOUNT KILIMANJARO - 5895M: JUNE 2017

By Tony Gilham

On the 7th June, our team of 17 trekkers reached the summit of Mount Kilimanjaro at 5895m and the highest point in Africa. Located in Tanzania, on the East Coast of Africa, it is approximately 400k south of the Equator. Mt. Kilimanjaro is an extinct volcano that was formed between 2 million and 3 million years ago, but the good news is that it is now classified as "extinct", and hasn't erupted for 150,000 years.

We did this trek out of a sense of adventure, but also to raise money for the Leukaemia Foundation, and our results were impressive. The group (all Australians) raised an amazing total of just over $175,000, and my figure was just over $20,000.

Tanzania is a relatively poor 3rd world country, and their economy revolves around agriculture and tourism. English is commonly spoken and they are very nice people.

The Trek was over 7 days and 6 nights, and considering how close we were to the Equator, it was surprising that we had 5 sub-zero nights, sleeping in 2-man tents.

We started at Rongai Gate (1950m), and our first night was at Simba Camp (2600m). The 2nd day we made our way to Kikelewa Caves (3800m), and the 3rd and 4th night was at Marwenzi (4330m), the extra night for "acclimatization", getting used to the altitude. You know it's cold when the edge of the small lake is frozen.

From there, we walked up to Kibo Hut (4720m), also referred to as "Base Camp", and from there, the really steep climbing begins. We got into Kibo Hut at around 2pm on 6 June, had dinner at 5pm, then into bed at 6pm, with the plan to be woken at 10pm, and walk to the summit at night, to see the breaking of dawn over the vast volcanic crater on the way to the top. We left Kibo Hut at 11.20pm, got to the rim of the crater at around 6am, and finally the summit at 7.30am. It was breathtaking, with beautiful blue skies and lots of ice all around, especially in the crater.

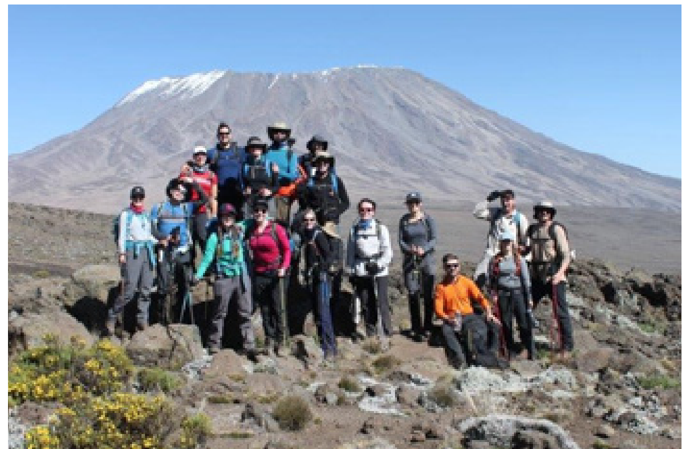
We descended back to Kibo Hut, arriving at 12.50 pm on 7th June, 13.50 hours on our feet. I was glad that I wasn't the only one that was exhausted.

I ended up with 111 generous sponsors, total funds raised of $20,121, with some larger amounts donated by well regarded Fund Managers, and quite a few very generous donations from clients, staff, friends and family. Donations were all made on line via a connection to my fundraising page on the Leukaemia Foundation website, and donors could also leave a message, and one generous client, posted the following on my fundraising page:

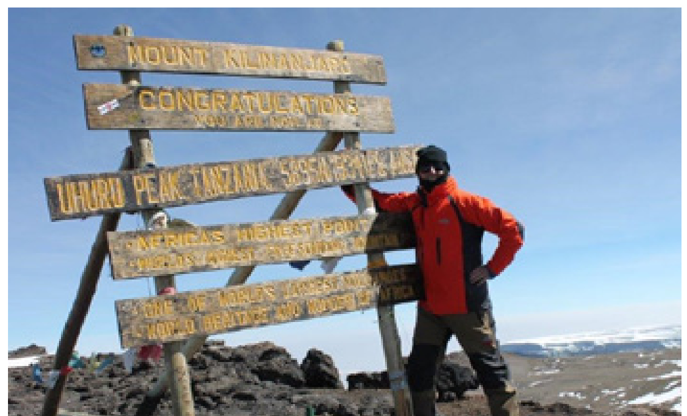
" Good luck Tony . . . Yes you are crazy ".

I pushed myself to get to the top, conditions over the 7 days were tough, but I got back in one piece, but with very sore toes and legs, but recovery time was quick.

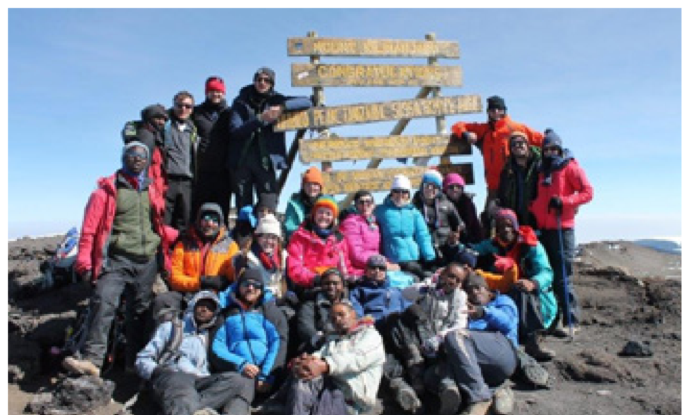
Thanks again to all the generous donors, it gives an extra incentive to push harder when you know that others are supporting a good cause.



The group of 17 on the way to the top



That's the crater behind me, full of ice. This is technically summer in Tanzania. 5 nights in a row at sub-zero



17 of us at UHURU Peak, the summit of Mt. Kilimanjaro. 5895m, and it was -9 degrees going up

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