GFM Wealth Advisory

TRADE SECRETS

December 2020

SMSF Specialists | Investment Management | Financial Planning | Accounting

IN THIS ISSUE

2020 SEASON GREETINGS

By Paul Nicol

In many ways, there has been no other year like 2020 in living memory.

It is hard to imagine at the start of 2020 a Global pandemic of the magnitude of COVID-19 being high on anyone's radar of probabilities. But fast forward to the end of 2020, it all seems like a blur. Thus far, Australia has navigated COVID-19 incredibly well, but Melbourne wasn't spared suffering from the impacts of a serious second wave which led to a 4-month lockdown. Being a Melbourne based firm, and with the vast majority of our clients also being Melbourne based, the impacts of the COVID lockdown were profound. It was a tough slog, but fortunately at the time of writing Melbourne is now in a much better position and we are all looking forward to a COVID "normal" Christmas.

Like the vast majority of businesses in Melbourne, the GFM office was closed during the lockdown period. GFM responded to the risks of COVID-19 reasonably early by firstly stopping face to face meetings in late February, but also quickly transitioning all our meetings online. During the early stage of COVID, our team also worked extra hard to ensure our clients were safely navigating a very anxious period from a health perspective, and of course, from a financial perspective as well.

Extraordinarily, in three weeks commencing in late February, in response to the uncertainty of COVID-19, the Australian sharemarket fell 36%. The fall was swift and particularly brutal. Just as incredibly, nearing the end of 2020 the Australian sharemarket for the calendar year 2020 is back "in the black" likely to end up producing a positive return in 2020. The "V" shaped market recovery has been remarkable.

As we move into 2021, we have big plans for the year ahead. There are some exciting additions to the GFM team with Ngoc Christodoulou joining us as an Associate Adviser and Sam Eley also joining us as Senior Financial Adviser. Both Ngoc and Sam have considerable industry experience and expertise and will be significant assets to the business and our clients.

Most importantly, we are most looking forward to resuming client face to face meetings in 2021 and hopefully resume running our popular seminars and social events like the golf day and movie nights. We are also looking forward to having the whole GFM team back in the office at the start of 2021.

From the whole team at GFM Wealth Advisory and GFM Gruchy Accounting, we wish you and your family a happy festive season. Enjoy your break, and please stay safe. We look forward to seeing you in 2021.

Wishing you and your family a **Merry Christmas** and a **Happy and Healthy New Year**!

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OFFICE CLOSING OVER CHRISTMAS

By Bryan Meehan

With Christmas Day falling on a Friday this year, please note that our office will be closing at 3 pm on Wednesday 23rd December and will re-open on Monday 4th January 2021 at 8.30 am.

JOHN & JILL HENNESSY: CLIENTS OF GFM SINCE 1976

By Paul Nicol

John has kindly written the article below on their working life, family, and their experiences with GFM Wealth Advisory since 1976 and GFM Gruchy Accounting. We much appreciate John's contribution to Trade Secrets.

Way back in 1972 while I was single and living a bachelor's life in Heidelberg, a Legal and General Life Insurance Broker made contact. As I'd been toying with doing something investment-wise, it was a timely call, I signed up and began contributing to a Life Insurance Policy, and didn't hear from them again.

Little did I know this would be the starting point of a wonderful association with GFM Wealth Advisory.

In 1976, Tony Gilham called to introduce himself as he had been assigned as my Legal and General representative, taking over from the original broker who was no longer with the company. I gladly agreed to Tony visiting me and updating my situation, which had significantly changed.

During 1975, Jill and I married and set up in her home town, as it was then, Werribee, "The Country Suburb".

Fast forward to today, and here we are in the same place, a vastly different Werribee, forty-five years later, a wonderful home and area to raise our four children. We have two girls and two boys now well into their thirties, and we are proud grandparents with two grandsons and a granddaughter.

Our eldest child Anthony lives in London with his Croatian wife having just had their first daughter during November. He's a digital expert with an international management consultancy.

Our first daughter Louise, has worked in the Employment Industry and is now full time parenting their three-year-old son, and lives locally.

Ann-Marie lives in Pordenone, Italy, with her German Engineer husband and eight-month-old son.

Our youngest Chris is a teacher at a local school in Werribee and is an active member of Werribee Cricket Club.

Jill and I are very proud of our children and the diversity of their life experiences.

As a retired primary school teacher, Jill loved her students and was highly regarded. She loves children and shows a keen interest in what they are doing and how she might help them. As scorer for the Werribee Cricket Team, whichever one Chris plays for, she's like a "mother" to the boys.

My story is probably less interesting, as I was an average student and regretted never having gone to University. It wasn't until my late twenties that I realised I wanted to do further studies, and embarked on a Marketing and Management Course, and did pretty well at it. It didn't make me a chief executive but gave me the confidence to undertake more senior roles, in middle management areas. Sales and Marketing Management roles in the Agricultural machinery and Hydraulics areas provided much satisfaction. A moderately successful period in local real-estate took me into retirement after a further eight years. During this transition to retirement, with Jill, a part-time teacher, we heavily concentrated on saving for our retirement via salary sacrifice into our SMSF.

During all of this was one constant – GFM for over 45 years.

From the early days, a strong culture of enthusiasm, knowledge, communication and passion were guiding principles practised by all staff at GFM. As my working life was, at times, a bumpy ride, knowing that GFM was steadily securing our future was a great comfort.

GFM took us from Life Insurance through to the change to superannuation, then onwards to SMSF in 2007: an excellent move.

Keys to GFM's success, from my experience, are the research and preparation that goes on before meetings so that our meetings are conducted in an easy-to-understand logical language that Jill and I can follow. Investment opportunities are thoroughly researched and well explained.

A strong point pushed when promoting GFM to others, is the fact that GFM is not associated with any other financial institutions.

From day one, GFM amassed a fine team of first-class staff, all dedicated to generating the best advice and service, and this is contagious within the team. We feel confident that we could deal with any member of the team, not that we would want to change from Paul, who has been our adviser for the last 20 years!

A further improvement was made with the amalgamation of GFM Gruchy Accounting. This made for a very convenient one-stop-shop.

An annual event not-to-be-missed is the GFM Golf Day where meeting and playing with other "Family" members is a most enjoyable experience and look forward to each year.

In many ways, our story is not of overly successful corporate life, but a rich, happy and satisfying family life, stress-free thanks to the management of our financial affairs by the team at GFM.

STAFF PROFILE: MAI DAVIES

By Paul Nicol

Mai joined GFM in 1984 and has worked in many areas of the business over the years. She is our longest-serving employee (36 years!) and is well known to the vast majority of our clients. We are extremely fortunate to have Mai who genuinely loves all her client interactions. Mai is incredibly caring and patient in assisting our clients in any way she can, always putting our clients first.

In her role as Marketing & Client Services Manager, Mai is responsible for arranging our client meetings and for organising all our client events including our seminars, webinars and social events like the movie nights, golf day and client dinners.

Here's a quick Q and A with Mai:

Q. Your family

I have two adult children, Matt and Mel and a beautiful granddaughter Gracie who is seven months old. Gracie was born at home during the lockdown, and the birth went well. I feel blessed to have my daughter, her partner and Gracie living with me at the time. This allowed me to spend time with Gracie each day and watch her grow and develop. I love seeing the way she learns new things and how excited she is each day, and especially how happy she is when she sees me. She is so sweet and such a joy to be around. I also have two beautiful Burmese cats, Billie and Ollie who are 13 years old.

Q. Favourite holiday destination?

I love holidaying in warm and sunny destinations where there are beaches or nature. Over the years, we've had many family holidays to Queensland and Byron Bay. Last year, my partner Iain and I went to Spain and walked part of the Camino de Santiago. We started at Astorga and walked for 12 days to Santiago, covering 320km, passing through pretty villages, vineyards, and stunning scenery. A beautiful part of the world and one of my favourite destinations.

Q. Hobbies?

I like to live an active lifestyle and love hiking, walks by the bay, Pilates and yoga. Grandparenting is now on my list! I also enjoy going to the movies and dining out with friends and family.

Q. Favourite food/drink?

I don't really have one favourite food as I enjoy all types of cuisines. Thai, Japanese, and Italian are some of my favourites. I eat everything!

Q. Proudest moment?

Most recently, my proudest moment is becoming a grandparent. I'm very proud of my children but being a grandparent is the next level. I'm so excited to be part of Gracie's journey in life. A little secret, I'm 'G-Maisy' instead of being called Grandma.

Q. Best part of working at GFM

My favourite part of working at GFM is the opportunity to speak with our wonderful clients who I have had the pleasure to get to know over the years. Many have been with GFM for 20, 30, 40 years. I also love catching up with our clients at our seminars and social events. It gives me great satisfaction knowing how much our clients enjoy and look forward to attending our events.

I am also very fortunate to work with such a friendly, helpful and caring team. We all work so well together, making it a pleasure to come to work each day!

GOVERNMENT SUPPORT PROVIDED IN CHASING "THE GREAT AUSTRALIAN DREAM"

By Denise Slattery

For most young Australians, the idea of owning their own home continues to remain their primary focus, however with house affordability in Australia broadly declining since the early 1980s, for some this dream feels like it will never become a reality.

In a bid to address Australia's house affordability issues, both the Federal and State governments have introduced some initiatives that first home buyers can access to assist them in entering the property market. We have outlined a number of these initiatives below:

First Home Loan Deposit Scheme

The First Home Loan Deposit Scheme is an Australian Government initiative to support eligible first home buyers purchase their first home sooner. Usually, first home buyers with less than a 20% deposit need to pay lenders mortgage insurance, which adds thousands to the cost of purchasing a property.

Under the Scheme, eligible first home buyers can purchase a home with a deposit of as little as 5% (lenders criteria also apply). This is because the government guarantees to a participating lender, up to 15% of the value of the property purchased that is financed by an eligible first home buyer's home loan. The Scheme supports up to 10,000 guaranteed loans per financial year.

In Victoria, the Scheme supports the purchase of a property up to $600,000 in Melbourne and $375,000 in regional Victoria. If purchasing a property in other states, different thresholds apply. The Scheme is only available to owner-occupiers, and investment properties are not eligible.

To be eligible for the Scheme, singles must have a taxable income under $125,000 in the previous financial year, and for couples, the income threshold is $200,000. Couples must be married or in a de facto relationship – siblings, friends or relatives buying together are not eligible.

First-Home Owner Grant

The Victorian Government currently provides a $10,000 grant for individuals buying or building their first home and $20,000 for new homes built in regional Victoria. An individual's first home can be a house, townhouse, apartment or unit, but it must be valued at $750,000 or less, and the home must be less than five years old.

To ascertain the stamp duty payable on the purchase of your first home, you can refer to the stamp duty calculator on the State Revenue Office's website, www.sro.vic.gov.au/calculators/land-transfer-calculator.

Home Builder Grant

In June, the Federal Government announced the Home Builder Grant to provide eligible owner-occupiers (which includes first home buyers) with a grant to build a new home, substantially renovate an exisiting home or buy an off the plan home. This grant was further extended in November to apply to the 31 March 2021. A new home is one that has not been previously sold or occupied as a place of residence and where construction commenced on or after 4 June 2020.

The table below outlines the criteria under which you can apply for the Grant:

Home Builder program criteria	Contracts signed between 4 June and 31 December 2020 (inclusive)	Contracts signed between 1 January and 31 March 2021 (inclusive)
Grant amount (new builds and substantial renovations)	$25,000	$15,000
Construction commencement timeframe	Construction must commence within six months of the contract being signed.	
New build price cap	Property Value cannot exceed $750,000	Property Value cannot exceed $850,000 in Victoria
Substantial renovation price cap	The value of the property cannot exceed $1.5 million (pre renovation)	
Application deadline	Applications must be submitted to the State Revenue Office by 14 April 2021	

In addition to the above, the following criteria also applies:

- Each applicant must be a natural person
- Be aged 18 years or over;
- An Australian Citizen at the date of application.

Applicants must also be below one of the following two income caps:

- $125,000 per annum for an individual based on either your 2018-19 or 2019-20 taxable income as shown on your notice of assessment issued by the ATO
- $200,000 per annum for a couple based on either your combined 2018-19 or 2019-20 taxable income as shown on your notice of assessment issued by the ATO

Each applicant must not have previously received the HomeBuilder Grant and each applicant must live in the home as their principal place of residence for a continuous period of at least 6 months immediately on completion of construction, renovation or settlement. Investment properties are excluded from the HomeBuilder program.

Stamp Duty Exemption

First home buyers in Victoria may be exempt from stamp duty on eligible purchases. A full stamp duty exemption is available to first-home buyers for all properties, old or new, with a dutiable value up to $600,000.

For properties with a dutiable value between $600,000 and $750,000, a stamp duty concession applies. These concessions are on a sliding scale with the discount being more significant the closer the purchase price is to $600,001.

In the recent Victorian State budget, it was further announced a 50% discount would be applied to newly built or off the plan homes, valued at up to $1 million and exisiting homes will be eligible for a 25% discount. These discounts apply to contracts entered into on or after 25 November and before July 2021.

The First Home Super Saver Scheme (FHSS)

Under the FHSSS, first home buyers, who make voluntary super contributions of up to $15,000 per financial year into their super, with a lifetime limit of $30,000, can withdraw these amounts (in addition to associated earnings/less tax) from their super fund to help with a deposit on their first home.

Voluntary contributions are generally taxed at a lower rate compared to your marginal tax rate. Paying less tax allows first-home buyers to save money faster.

To be eligible for release of the FHSS you must:

- Be aged 18 years or over;
- Have never owned a property before in Australia;
- Are not in the process of using the FHSS to purchase another property; and
- Have not requested a release of FHSS funds for a home purchase previously.

If you're eligible, the maximum amount of contributions that can be withdrawn under the Scheme is a total of $30,000 for individuals or $60,000 for couples. You must apply for and receive an FHSS determination from the ATO before signing a contract for your first home or using for the release of your FHSS amounts.

You have 12 months from the date you make a valid release request to the ATO to sign a contract to purchase or construct a home.

HOW HAS A TYPICAL SMSF PORTFOLIO PERFORMED?

By Patrick Malcolm

With over 1.1 million Australians as members of a Self Managed Superannuation Fund (SMSF), it has become a popular option for those wanting more control over their retirement savings.

SMSFs enable you to take control of your financial future. The desire to gain greater control over superannuation assets and investments is the leading motivation for the establishment of SMSFs. You make decisions on where your money is invested. Control lies in your hands. Your money. Your choice. There is a sense of comfort, confidence and security in managing your affairs that cannot be measured.

SMSFs provide the ultimate level of investment flexibility and choice. The ability to create a diverse, tailored portfolio is unmatched when compared to institutional superannuation funds.

Having an SMSF also means having oversight of your superannuation at all times. Many decide to set-up an SMSF because they are dissatisfied with the performance of their existing superannuation fund, the investment options are too restrictive, or they may want more transparency and control.

Many retirees are attracted to an SMSF for the ability to tailor an investment strategy that creates a stable level of income for their retirement.

We take a great deal of interest in research that is published by the SMSF Association, the ATO and industry participants such as Class Super, a leading provider of administration software for SMSFs. One of our main areas of interest is the choice of investments by Trustees.

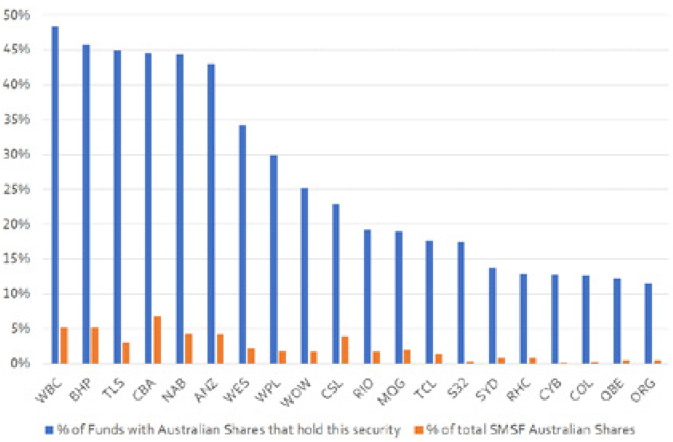
ATO statistics show that most SMSFs have poorly diversified portfolios with significant exposure to just three asset classes. Further ATO data reveals that the average number of holdings in an SMSF is 18. Research by the SMSF Association found that 47% of SMSFs have more than half of their portfolio invested in a single asset class, usually shares or property. Most of those surveyed believed they could achieve diversification by buying a range of shares.

The most comprehensive source of information on SMSF investments is the Class SMSF Benchmark Report. The Report is a statistical analysis of the 160,000+ SMSF administered on Class Super, representing an estimated 28% of SMSFs in Australia. It provides data about what SMSFs are investing in and other metrics.

How are SMSF's invested?

Understandably, SMSF Trustees tend to favour investments they're familiar with. Australian Shares represent 36.3% of assets in the Class Benchmark Report, and 65% of SMSFs have exposure to Australian shares.

The chart below shows the top 20 Australian shares owned by SMSFs.



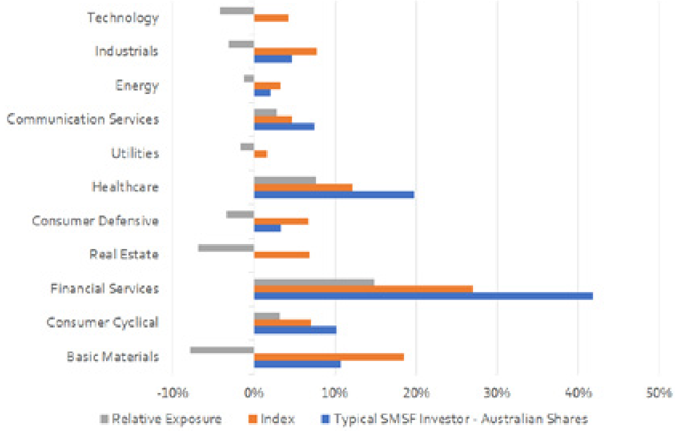
What would a stylised portfolio of the largest direct Australian share exposures look like?

There would be many SMSFs that exclusively own Australian shares based on the statistics detailed previously.

It is difficult to ascertain how SMSFs invested this way have collectively performed due to the wide range of direct Australian shares, as the large 20 holdings represent only 46.7% of the total exposure, meaning those outside the top 20 represent more than 50%.

A simplistic way to establish a proxy for how a typical SMSF direct Australian share investor has performed would be to construct a portfolio of the largest holdings in proportion to how they are currently owned in the top 20. For example, the Commonwealth Bank represents 6.8% of the exposure to Australian shares, which equates to approximately 14.6% of the top 20 (6.2% ÷ 46.7%).

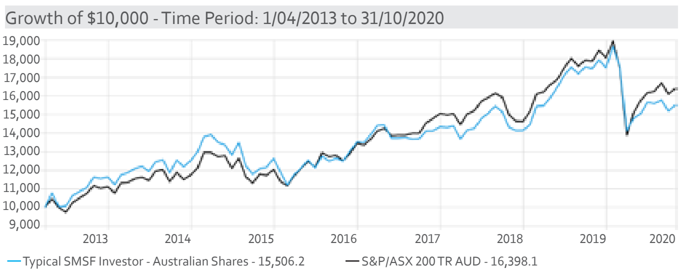
The chart below shows the sector exposure of the largest 17 Australian shares held by SMSFs based on this. These 17 investments represent 46.1% of the total exposure to Australian shares. South32, Cybg PLC and Coles have been excluded, due to their relatively small exposures and short tenure. It is interesting, but merely coincidental, that when a cash account is added in, the total number of investments held in this stylised portfolio would be 18, which, as noted earlier, is the average number of holdings for an SMSF as per the ATO data.



There is a considerable overexposure to Financials at the expense of every other sector, bar Health Care and Communication Services. Diversification within an asset class is just as important as being diversified across different asset classes.

How has a stylised portfolio of the largest direct Australian share exposures performed?

The chart below details how the stylised portfolio has performed (1st April 2013 to 31st October 2020, a period of seven years and nine months) against the S&P/ASX 200 TR Index. A buy and hold strategy has been assumed and dividends, where received, have been reinvested. Franking credits are not included in either of the calculations:



Over this period, the stylised portfolio has produced a return of 5.96% p.a. compared to 6.74% p.a. from the S&P/ASX 200 TR Index, underperforming by 0.78% p.a. The stylised portfolio has also taken on approximately 2% more risk than the Index as measured by standard deviation (14.1% versus 13.8%). This intuitively makes sense due to the concentrated nature of the portfolio.

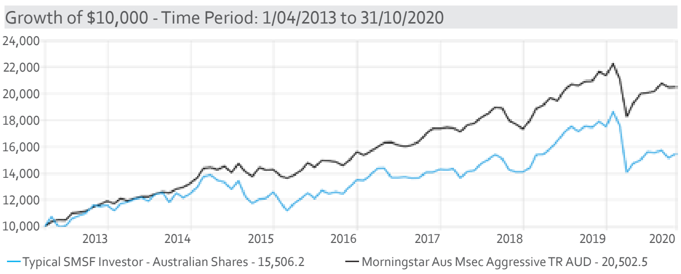
How has the stylised portfolio performed against a diversified benchmark?

It concerns that only 32% of SMSFs have exposure to managed funds, and 22% to Exchanged Traded Funds (ETFs), investment types that can potentially be used to diversify portfolios. Furthermore, managed funds represent only 12% of SMSF assets in the Class Benchmark Report, while ETFs represent 3%.

The Australian sharemarket makes up less than 2% of the world's total by market capitalisation. As such, limiting the pool of investments to Australia restricts the investment potential and diversification benefits offered by the global market.

The notion of not having all your "eggs in one basket" should be a cornerstone for any long-term investment portfolio. If your investment "eggs" are spread across a wide variety of asset "baskets", then the negative performance of some investments will tend to be offset by the positive performance of others.

The chart on the previous page compares the performance of the stylised Australian share portfolio and the S&P/ASX 200 TR Index against that of the Morningstar Australia Multisector Aggressive Market Index. The Aggressive Market Index is a benchmark for diversified funds that have more than 80% exposure to growth asset classes such as shares and property, so is an appropriate comparison for the stylised SMSF portfolio. As at 30th June 2020, the Index had a 46% exposure to International Shares.



Over this period, the stylised portfolio has produced a return of 5.96% p.a., compared to 9.93% p.a. from the Morningstar Index, underperforming by 3.97% p.a. Again, the stylised portfolio has taken on additional risk (47% more, 14.1% versus 9.6.8%). The drawdown statistics are also alarming, with the maximum drawdown of the Morningstar Index being only 18%, compared to 24% for the stylised portfolio.

The sector tilts are more pronounced when compared to the Morningstar Index rather than the S&P/ASX 200 Index. Financials represent a more balanced 18% of the Morningstar Index, which is significantly lower than the stylised portfolio's 42%. The stylised portfolio has no exposure to Technology. This sector represents 12% of the Morningstar Index.

In Summary:

It would appear as though the vast majority of SMSF Trustees remain self-directed and have made decisions that have impacted upon the performance of their portfolios. Unfortunately, a love of domestic banks and corporations such as Telstra has cost many SMSF trustees exposure to overseas assets, many of which have outperformed Australian assets.

Asset allocation decisions are involved and complicated. They require an understanding of a range of different matters. At GFM, we spend a great deal of time using the available tools we have to give us the edge when selecting investments and constructing portfolios.

This is where good advice can make a difference. While an SMSF is ultimately the responsibility of the Trustees to manage, they should be seeking the help of professionals to achieve more optimal investment outcomes.

OFFICE PROPERTY: SECTOR OUTLOOK

By James Malliaros

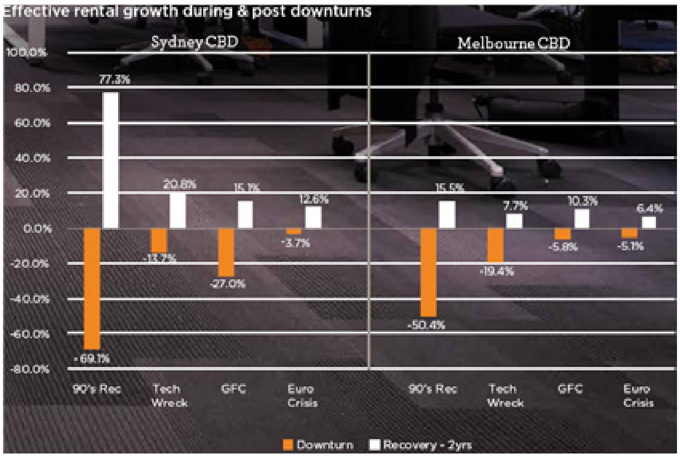
Will offices still be needed after COVID-19? Everyone it seems has an opinion on this topic. A period of working from home during a crisis is far from a normalised environment, suitable for determining long-term structural trends. No one knows how soon everybody will return to the office, but when we do, it will be because we value human interaction, collaboration and working together in person. Humans are hard-wired through evolution to socialise, and COVID-19 won't stop that. However, it will change some of the ways we do socialise and interact in the workplace in future.

From an economic perspective, there are few industries which will be immune from the effects of the COVID-19 downturn. Compared to the GFC, which stemmed from the financial services sector, the COVID-19 crisis is primarily focused on the retail, hospitality and food services sectors.

While these job categories don't necessarily represent a typical CBD tenant, it would be unwise to assume that the office markets will be sheltered. The general assumption is that large corporate and government tenants generally occupy the CBD. However, smaller tenants (<1,000 sqm) have been the major driver of positive net absorption over the last ten years. They represent over 70% of total demand in Sydney CBD alone, and small tenants now form a greater tenant base for prime stock, as the withdrawal of a significant amount of secondary stock over the past five years has pushed smaller tenants into higher grading stock (JLL Research, June 2020). One of the biggest impacts of the downturn will be the ability of the small business sector to recover.

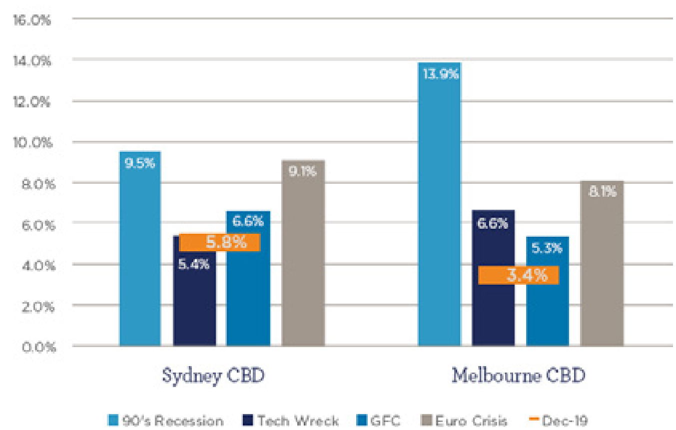
Over the past 40 years, the office market has experienced just five market corrections (the 1973 oil crisis, the 1991 recession, the Tech Wreck, the GFC and the European debt crisis). While the causes were always different, the outcomes were fairly similar. Market corrections tend to be relatively short with a duration of two-three years and 12-18 months in Sydney and Melbourne, respectively. On average, the past market corrections have reduced occupied space by about 3.4% in Sydney and just 1.7% in Melbourne. In all cases, market corrections were followed by a strong rebound in office demand. On average the Sydney CBD & Melbourne CBD recorded an increase in occupied space of 5.6% and 5.5% in the two years following a downturn.

Market rents have reacted quite differently during previous downturns. While the impact of the Tech Wreck and the GFC was quite significant, the impact of the Euro Debt Crisis (and the GFC in Melbourne) was less profound. In comparison to previous downturns, the Sydney and the Melbourne CBD are relatively well-positioned with vacancy levels sitting at 5.8% and 3.4%, respectively.



Source: AMP Capital, JLL Research

Vacancy levels prior to previous downturns



Source: AMP Capital, JLL Research

While major office markets are relatively well-positioned, historical evidence suggests vacancy levels move above historical average levels, before recovering from 2022 onwards. AMP Capital's peak forecast sees Sydney CBD vacancy (all grades) reach approximately 8-10% in 2022. However, a milder downturn with a speedier recovery would see vacancy hold below 10%. Secondary office markets with higher exposure to small business tenants are likely to experience the sharpest increases in space hand backs, compared to the Core Prime markets, which are anchored by more stable, long-term tenants.

History is a good place to look. Following 9/11, many believed that the New York office market would struggle to recover. However, following the attacks, governments instituted stricter flight path policies over cities, increased building security and introduced new policy measures that restored confidence to business workers over time. A similar pattern of recovery and adaptation is likely following this pandemic.

It appears as though modern medicine will prevail. Vaccines are emerging that will potentially inoculate the population. Further, we believe permanent policy shifts in office cleanliness and a greater awareness of workplace wellness will play a part in restoring confidence amongst office workers.

There are more significant reasons for businesses to want to keep the office. While video conferencing, and soon enough 'VR', is making it easy to collaborate, for many projects there is still no precise substitute for in-person teamwork. If you're working on something that is extremely visual, for instance, being able to share a computer screen can be helpful. Simply being able to sit down in a conference room can be a lot easier than having to deal with getting everyone on Zoom, and for businesses that have a lot of sales activity, the office can be great for meetings, too. A significant body of evidence exists that suggests posting significant parts of your workforce offsite results in reduced productivity and can weaken workplace culture. In 2013, global technology giant Yahoo, moved its staff back to the office, with then CEO Marissa Mayer citing the lack of face-to-face communication as weakening collaboration and workplace culture. A copy of the internal memo from Yahoo was quoted as saying "some of the best decisions and insights come from hallway and cafeteria discussions, meeting new people, and impromptu team meetings. Speed and quality are often sacrificed when we work from home". In 2017, IBM followed suit, bringing 2,600 people within its marketing teams back to their offices as they turned their focus to increased productivity.

While technological achievement has improved the remote work experience, it is not a replacement for human interaction. Humans will still crave interaction, and companies will still look for innovation. Landlords will need to focus on creating well-designed, healthier office spaces that foster innovation and human interaction will see better tenant and investment outcomes over the long term.

Regardless of individual strategies, weaker economic conditions will sharpen the focus on productivity for the business sector, as the recovery starts to take shape. Whilst flexibility will remain important, the beforementioned Yahoo and IBM examples suggest that workplace collaboration to drive more efficient outcomes will be critical.

GFM WEBINARS

By Mai Davies

Meet the Managers – WCM Investment Management – An Update on The WCM Quality Global Growth Fund, Ellerston JAADE Private Assets Fund, and Market Update & Outlook for 2021

We held our fifth webinar on Tuesday the 6th October 2020, where we provided an update on the WCM Quality Global Growth.

Many interested clients and guests dialled in to hear from Patrick Malcolm and our special guest Brian Huerta, who is a Client Portfolio Manager with WCM Investment Management. Patrick and Brian reflected on recent market events, and Brian discussed the concept of "moats" when it comes to investing, the importance of corporate culture, online shopping, fast cars and yoga! He also provided an update on the WCM Quality Global Growth Fund and answered questions from the webinar attendees.

We held our sixth webinar on Wednesday the 11th November, where a Market Update & Outlook for 2021 was provided. Clients and guests dialled in to hear from our advisers, Paul Nicol, Patrick Malcolm, James Malliaros and special guest James Holt who is the Senior Investment Specialist for Equities at Perpetual Investments.

James Holt reflected on recent market events and provided an overview of the global economic backdrop looking into 2021 and how this is likely to affect investment markets over the next few years. The topics we covered with James included:

- The risk of second and third wave COVID shocks to the system
- What is the new COVID normal, and what has changed forever?
- What scenarios are facing the global economy going forward?
- The impact of the US election and how this will affect the rest of the world?
- How will Australia's economy fare being caught in between the two superpowers of the US and China?
- With a "V" shaped market recovery are markets now expensive?

We held our seventh webinar on Wednesday the 25th November 2020, where we provided an update on our preferred private asset fund, the Ellerston JAADE Private Assets Fund – Private Asset Investing – A compelling investment Thematic.

Again, many dialled in to hear from Paul and our special guest presenters David Leslie, Co-Portfolio Manager, Ellerston JAADE Private Assets Fund and Toni Korsanos, Investment Director within the JAADE Australian Private Equity team.

Paul, David and Toni discussed private asset investing, and the areas we covered included:

- What is private asset investing?
- The important criteria when investing in private assets. What does Ellerston look for in a private business?
- Observations of the performance of private asset markets versus public markets in 2020
- How do the quantity and quality of opportunities of private assets look at present?
- An update on current investments in the JAADE fund including Mable, SiteMinder and Camms
- The pipeline of new potential investments for JAADE

We look forward to returning to live seminars in 2021 but will also continue to host additional webinars, and hope you can join us.

If you have missed any of the previous webinars, they are located on the GFM website blog. To watch the recordings, please click on the links below:

https://www.gfmwealth.com.au/blog/meet-the-manager-ellerston-jaade-private-assets-fund-private-asset-investing-a-compelling-investment-thematic/

https://www.gfmwealth.com.au/blog/market-update-outlook-for-2021/

https://www.gfmwealth.com.au/blog/meet-the-manager-wcm-investment-management-an-update-on-the-wcm-quality-global-growth-fund/

https://www.gfmwealth.com.au/blog/meet-the-manager-stewart-investors-an-update-on-the-stewart-investors-worldwide-sustainability-fund/

https://www.gfmwealth.com.au/blog/meet-the-manager-ellerston-asian-investments-fund-asxeai-why-investing-in-asia-is-compelling/

CHRISTMAS CARDS AND CHARITABLE DONATIONS

By Mai Davies

For 22 years now, it has been our standard policy not to send Christmas cards, but instead send an e-card and contribute an equivalent amount of money to a well-recognised group of charities.

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

GFM IS NOW ON FACEBOOK

GFM has recently established a company Facebook page, and we will share our webinars, articles of interest and a range of other informative content.

GFM Wealth would like to connect with you on Facebook. You can "Like" our page by clicking on the button on our page. Please feel free to invite your friends, family or colleagues to "Like" our page as well.

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