TRADE SECRETS

GFM Wealth Advisory | CELEBRATING 50 YEARS

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SMSF Specialists | Investment Management | Financial Planning | Accounting

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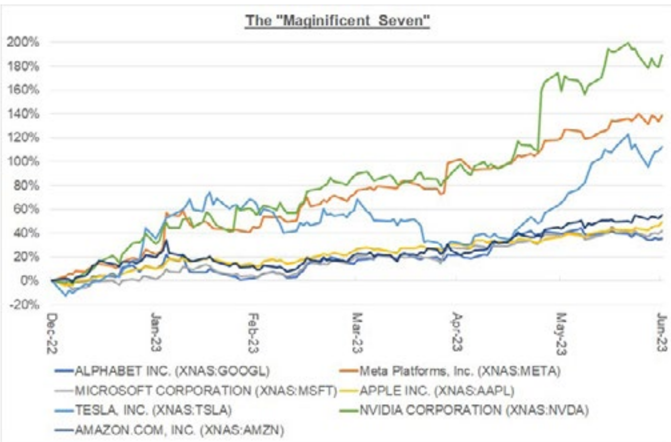
2022/23 MARKET WRAP UP

By Patrick Malcolm

If anything, the prospect of peak interest rates has supported markets, coupled with a new wave of excitement regarding artificial intelligence.

The hype surrounding artificial intelligence has been extraordinary, specifically regarding natural language processing tools such as ChatGPT. This is driving stocks that may stand to benefit from the unlocking of growth and disruption as investors wrestle to understand the winners and losers. In part owing to this, we witnessed an unusually high concentration in several companies dominating the index returns. The "magnificent seven" was coined to celebrate the dominance of a few winners in the U.S. market: Apple, Microsoft, Alphabet, Amazon.com, Nvidia, Tesla and Meta Platforms.



Inflation and interest rates have been the biggest forces hanging over financial markets. From a sector perspective, there's an uneven distribution regarding winners and losers from those forces.

The winners? Technology. Just ten stocks, which account for 30% of the U.S. large-cap market, make up nearly all the Calendar Year returns through to the end of June. Nine of those ten companies are in the technology sector. There has also been meaningful outperformance in industrial and consumer discretionary companies, particularly those tied into areas like travel and tourism.

The losers? Financials and real estate. Financials struggled through extreme volatility that saw a few regional banks dissolve or get taken over by the government. However, this has also created many interesting opportunities to own financials as the market soured on the entire category, and it seems that only a few companies were holding most of the risk. Real estate-particularly commercial-has also struggled as higher rates have created a headwind. Specific segments like office space are dealing with low occupancy rates and uncertain futures, making them less valuable in the eyes of investors.

Optimism was in short supply entering 2023. With 2022 being one of the most significant drawdown periods experienced, sentiment surveys were at historic lows. Most Wall Street equity strategists predicted negative returns and the possibility of a recession was a standard talking point. Thus far in 2023, equity markets have looked beyond all of it. The Nasdaq put together a historic first half, finishing up 32% for its best start to a Calendar Year since 1983, while other major U.S. equity benchmarks were meaningfully positive as well. The markets' most recent trough was in October, and many major U.S. equity benchmarks are up more than 20%, signalling a new bull market, if only by the technical definition.

It remains to be seen whether the Calendar Year's positive returns to the end of June can be sustained. Worries remain, including the Fed's path, inflation's trajectory, and lofty valuations. There are also potential concerns that the markets' returns were dominated by a select few companies (mostly technology) in the first half, and it may infer we're living through a "bear market rally." But whether you call something a bull market or a bear market is semantics. It may affect how things are recorded in the history books. However, naming conventions don't change the quantifiable facts: Markets have charted a consistent upward course since October 2022.

Emerging-markets stocks are positive this Calendar Year but continue to lag U.S. equities, which has been the same story for roughly a decade. This has been despite the weaker U.S. dollar, which usually triggers emerging markets to outperform. Concerns about China's economy have been a headwind, and these worries seem unlikely to lift over the near term.

China-the largest emerging market-has observed a bumpy economic recovery since the government abandoned strict coronavirus measures late last year. Initially, optimism soared but has since diminished. The Chinese economy is decelerating after a strong first quarter. Consumption remains the key focus, and the data indicates that the Chinese consumer is cautious. The excess savings in China are lower than in the developed world. They are less likely to be spent, given that these savings were accumulated without fiscal stimulus support.

Broadening out, the structural story around emerging markets remains intact. Emerging markets represent 80% of the world's population and nearly 70% of the world's gross domestic product growth but only 10% of the global equity market cap. A burgeoning middle class continues to develop in emerging markets. They should present interesting opportunities for investors, albeit with higher volatility.

The Australian economy continues to slow as the Reserve Bank of Australia put the economy through its most aggressive tightening cycle in modern history to fight inflation since May 2022.

Source: RBA

As rising interest rates increase debt-servicing commitments, the disposable income of indebted households is under pressure. The savings buffer from massive fiscal stimulus programs in 2020 and 2021 has depleted, and household consumption is being curtailed. The RBA initially paused rate hikes in April and then resumed its hikes in May and June. This hawkish tilt led many economists to see a higher chance of a recession in 2023, given anemic economic growth.

RALPH & KAREN HERMANN: CLIENTS OF GFM SINCE 2013

By Patrick Malcolm

Ralph has kindly written the article below on their working life, retirement and relationship with GFM Wealth Advisory. We greatly appreciate Ralph's contribution to Trade Secrets.

Karen and I became clients of GFM in 2013.

When Karen and I met, she was a Dental nurse, and I worked for Qantas. Much to my amazement, Qantas started as a casual job I desperately needed to pay off my flying debts. It ended in an aviation career spanning 40 years.

After spending the first years of married life living in Brunswick and Essendon, we decided to move to the Macedon Ranges. Finally, we settled in Romsey, where we still live and raised our two children. Both Karen and I quickly embraced the community lifestyle that Romsey offered. Karen joined the Red Cross, and I joined the CFA. Over the years in our respective roles, we have been involved in disaster relief for fire and flood in VIC, NSW and QLD. While this has been quite challenging, it has been very rewarding.

Since retirement, we have spent time looking after grandchildren whilst indulging in our love of travel. We have explored many remote parts of this wonderful country with our offroad camper trailer. Working for Qantas for 40 years enabled us, with family in tow, to discover many parts of the world, from the Andes to the Yukon and a good amount of Europe.

It was early 2013 when I decided to retire. This decision was made easier due to the Qantas super scheme entitlements ceasing later that year after reaching 60. So began the journey of looking at where to place our super funds. This included large Industry super funds, smaller financial advisors, etc. We went through initial interviews and soon concluded that this was more complex than we had first realised. Our minds were going through financial overload. At the same time, a work colleague suggested we contact Tony Gilham from GFM Wealth. In hindsight, it was a decision for us that was life-changing.

Our initial meeting was with Tony and a fresh-faced young man named Patrick. After that meeting, we were confident GFM would be a good fit. We were impressed by the succession planning that Tony was putting in place. Another major concern was the costs associated with running our own SMSF. After doing our due diligence, we were satisfied that the level of service we would receive was commensurate with the associated costs. From the beginning, we were advised that we had control of our finances, and the process was very transparent. At GFM, there is a collaborative approach between Patrick and the investment committee when investment decisions are made. Thus, each client gets tailored advice that suits their individual needs.

Karen and I value the relationship that has developed over the years with Patrick. We love the team of people that make up GFM. Our relationship is based on trust and mutual respect. As GFM has grown, we are still treated as individuals with unique needs.

Even though Patrick follows Carlton and I, the Demons, we still have a productive relationship!

Over time, we've had no hesitation in referring friends and family to GFM. We have advised many to seek financial advice sooner rather than later and not wait until retirement beckons. It is a testament to GFM that they are now clients.

STAFF PROFILE: JAMES MALLIAROS

By Paul Nicol

The term privileged is often thrown around. However, with James's impact on our business and the lives of the clients he diligently looks after, we are truly privileged to have him as a member of the GFM team.

James is an outstanding Financial Adviser, one of the very best in the industry, due to his all-around skills and ability to convey to his clients what they need to do.

Anyone who knows James would know you will not meet a more selfless person. James always puts the organisational needs of our business and his clients before himself and does it without hesitation. These qualities are easily identified when dealing with James, making him a very popular member of the GFM team and incredibly well-liked by the clients he advises.

Clients dealing with James will attest that he is reliable, a voice of reason, assured and always very well thought out with his advice. Clients trust what he is saying because of his steady hand and authenticity.

James overlays his wonderful personality traits with an exceptional level of technical skill. You will not find a Financial Adviser with a more rounded technical knowledge. James complements this knowledge with a deep understanding of investment markets and economic trends.

GFM is blessed to have a staff member of the quality and calibre of James.

Sometimes in life, you get a lucky break, a really lucky break. My fortune started almost 22 years ago when I landed a job at GFM Wealth, and my journey in the finance industry began. I'll always be grateful for the opportunity that the founder of the business, Tony Gilham, gave me at the time.

My interest in finance goes back many years. I've always been a keen investor and diligently invested my savings since my early high school days. After deciding to study economics and finance at Monash University, working in finance was something I wanted to make a career in, and I was very keen to get into immediately. However, the start of that career was unfortunately delayed. I graduated from university right in the middle of the last major recession in the early to mid-1990s when graduate employment positions in the finance industry were almost nonexistent.

After several rejections, I decided to put my finance career on hold. I continued working in the hospitality industry, which supported me while studying at university. I worked casually and then full-time for several years at venues such as Leonda by the Yarra, Caulfield Racecourse and the Victorian Arts Centre (where I met my wife, Claudia). I eventually decided to leave the industry and went travelling overseas.

On my arrival back home, I updated my technology skills, expanded my finance knowledge, and then, to my great fortune, managed to secure a job at GFM Wealth as the Financial Controller. After a couple of years of performing this role, I was moved into a more front-line position within the organisation by taking a paraplanning role in the newly established Para-Planning/Technical Services division. After being a paraplanner for a few years, I became a financial planner, a role I have been performing since mid-2005 and found extremely rewarding and professionally fulfilling.

It's been a wonderful journey over the years. I've been lucky to work with a great team of extremely talented, professional colleagues who genuinely care about our clients. We work hard but enjoy each other's company, and their support has allowed me to develop into a better financial planner. As the business has grown, I've seen many new staff members arrive, with over half having been with GFM for ten years or more. It says so much about the company that many staff have been here for so long.

Much has changed in our business over the last 22 years I've been here. As a self-licensed financial planning business, GFM has continued to evolve the services it provides its clients and has now developed a real speciality in managing Self-Managed Superannuation Funds and Private Investment Portfolios. The company added GFM Gruchy Accounting some years ago and is now a full end-to-end financial services business.

The financial planning industry is also very different from when I first started. A constantly changing regulatory environment, particularly over the past decade, has forced much-needed change. From the Future of Financial Advice (FOFA) legislation in 2013 to the Royal Commission into Misconduct in Banking, Superannuation and Financial Services in 2018, the industry has been forced to adapt and evolve in a very limited timeframe. There have been many challenges, but I feel that the industry is now on the right path to being recognised as a real profession, with the introduction of mandatory education standards, ongoing professional development and legislated ethical and duty of care requirements. The bad old days of the sales culture and the banks' dominance in the wealth management sector are well and truly over and replaced by mid-sized independently owned firms like GFM Wealth, which continue to grow and diversify their business models.

Without a doubt, the person who has been the biggest support through my busy professional career has been my wife, Claudia. When I started with GFM, we married only a few years earlier. We had just welcomed the arrival of a baby girl, Isabella. A few years later, we were blessed with another daughter, Anastasia, and it has been a very busy time as a family over the last 20-plus years. Claudia has been an incredible wife, selfless partner, and a wonderful mother to our daughters.

We are extremely proud of our girls, who are now young adults. Isabella is doing a wonderful job in her career as a vet nurse. Anastasia is currently studying at Melbourne University to become a psychologist. Neither follows in their father's footsteps, although Isabella is more savvy with her money than her younger sister.

As Paul mentioned in his profile in the last edition of Trade Secrets, the best part of our job as financial planners is dealing with our clients. I am very fortunate to have such a wonderful and interesting group of clients, many with whom I know I will have long-term friendships.

It is a satisfying job, particularly when your clients tell you how you've made a difference in their lives and removed all their financial stresses and frustrations. Positive client feedback is rewarding and makes a difference in your day, particularly in the challenging and stressful times we are currently going through. Being there to provide ongoing support to our clients is a privilege that I and the team at GFM take very seriously.

Finally, I feel incredibly privileged that I've contributed in some small way to the success that GFM Wealth has enjoyed over the last 50 years. I'm excited to be part of this very significant milestone. I know that the company is in good hands and that the future is bright. I very much look forward to contributing to the business's ongoing success.

ADVANTAGES OF SELF-MANAGED SUPER FUNDS OVER OTHER SUPERANNUATION ACCOUNTS

By Witi Suma

GFM Wealth has long advocated using Self-Managed Super Funds (SMSFs), as we believe they are an excellent vehicle for managing your retirement assets. And with the SMSF sector representing almost 26% of all super assets as of June 30 2022, it seems we aren't the only ones!

Below, we detail what we believe to be some of the key advantages of SMSFs over other superannuation accounts:

Greater control

One of the key advantages of an SMSF is having total control over your superannuation assets. Within an SMSF, the trustees of the Fund are also members of the Fund, allowing you control over the running of the Fund-everything from selecting investments to constructing tailored contribution and pension strategies designed to meet your goals and objectives.

Greater transparency

As the trustees and members of an SMSF have control over the investment selection, this allows you to understand where your money is invested and gives you complete visibility over the costs and performance of your funds.

More Investment Choice

Within an SMSF, you can invest directly in your chosen combination of investments aligned with your risk profile and objectives. Through an SMSF, you can invest in direct shares, high-yielding cash accounts, term deposits, income-orientated investments, unlisted assets and direct property. Typically, not all of these investments are available via mainstream superannuation funds.

For individuals wanting to buy residential or commercial property using their superannuation assets, an SMSF is the only vehicle permitting this type of investment. This could be particularly attractive to small business owners and self-employed individuals, as this allows you to purchase the premises through which you operate your business via an SMSF.

The Fund's Trust Deed limits the investment choices available within an SMSF and must satisfy the 'sole purpose test'; the Fund's sole purpose is to provide members retirement benefits.

Ability to accept 'in-specie' contributions

An SMSF can accept the transfer of investments 'in-specie'. This means that members of an SMSF can transfer the ownership of an investment they might hold personally into the SMSF as a super contribution without physically selling down the investment and making a contribution as cash.

Pooling Funds

You can have up to six members in an SMSF. This allows you to combine your superannuation benefits into one strategy to increase the balance of the SMSF, which in turn increases the assets and potential for compounding capital growth and the investment opportunity set.

Enhanced Tax Planning outcomes

Within an SMSF, the trustees have control over the tax position of their Fund. Members can seamlessly transition from the accumulation phase to the pension phase without selling down assets, which can incur costly fees and capital gains tax.

Members can run multiple pension accounts within an SMSF, meaning that when concessional, non-concessional or downsizer contributions are made, or re-contribution strategies are implemented, the taxable and tax-free components within the Fund can be separated into different pension accounts. Members can choose how they draw their pension benefits from the Fund to preserve their tax-free superannuation components.

Managing your Transfer Balance Cap (TBC)

Managing the TBC, which is the maximum amount a member of a super fund can transfer from the accumulation phase to the tax-free retirement phase, is a complex exercise for all superannuation funds; however, SMSF trustees are in a better position to ensure members remain within their TBC limit as they can sell down specific assets to realise a certain amount, and are also able to do so in a much timelier manner.

Enhanced Estate Planning outcomes

Within an SMSF, members can have a non-lapsing, cascading binding nomination, allowing them to specify how their benefits will be distributed upon death. This can help achieve better estate planning outcomes after a member passes away.

Enhanced Flexibility

When making decisions to invest or sell, market timing can be crucial. As SMSF trustees are responsible for the day-to-day running of their Fund and have complete control over their investment portfolio, they can respond easily and quickly to market conditions, legislative changes or personal circumstances.

Conclusion

While an SMSF will not be a suitable structure for everyone, particularly individuals with a low superannuation balance or individuals who are not willing to invest a significant amount of their time towards managing their Fund, we strongly believe that the sense of confidence and security achieved from controlling and managing your nest egg can make setting up an SMSF very compelling.

WHEN IS THE BEST TIME TO INVEST YOUR MONEY?

By Rebecca Dhillon

No matter how experienced an investor you are, deciding when to invest money can naturally provoke a feeling of uncertainty or apprehension. Are shares too expensive at the moment? Will rising interest rates cause another share market crash soon? Am I better off leaving my money in the bank until a better buying opportunity arises? These nagging questions can undermine confidence and cause even experienced investors to second-guess their investment decisions. But perhaps the better question is, to what benefit?

An article by Betashares analyses the experience and fortunes of five hypothetical investors who employ five very simplistic investment strategies over 22 years (January 2001 - December 2022). The analysis replicates a study by Charles Schwab on the U.S. share market. However, in this example, they focused on how these strategies play out in the Australian market (represented by the ASX All Ordinaries Accumulation Index). Each investor received $2,000 at the beginning of every year and invested it as follows:

- Lucky Leo had a knack for timing the market perfectly. Whether through incredible skill or luck, he could invest his $2,000 at the share market's lowest level every single year (a feat that even professional or most experienced investors fail to achieve). For example, in 2001, instead of investing his money immediately in January, he waited and invested it on September 24, the Australian share market's lowest closing level for that year.
- Rapid Riley was too busy to pay attention to share market news or worry about market timing strategies. She invested her $2,000 on the first day she could, being the first trading day of the year.
- Steady Eddy appreciated the benefit of long-term share market returns but was also concerned about investing all his money at once in case of a subsequent market collapse. He employed a dollar cost averaging (DCA) strategy. He divided his annual $2,000 into 12 equal investments, which he made at the start of every month.
- Hopeless Harry (like Lucky Leo) attempted to time his investment into the share market at its lowest level each year. However, unlike Leo, Harry had incredibly bad timing and instead managed to time his investment at each year's market's peak. For example, in 2001, Harry invested $2,000 on June 29, which coincided with the Australian sharemarket's highest level for that year. He continued to invest at market peaks each year through to 2022.
- Hesitant Hayley was always too nervous to invest her money. She would typically have an excuse for "why today was not an opportune time to invest". Therefore, Hayley left her money in her bank account, which would only earn the interest rate her bank offered. The Ausbond Bank Bill Index is used to proxy the investment return for Hesitant Hayley's cash balance between March 31 1987 and December 31 2022. For periods before March 31 1987, the RBA Interbank Overnight Cash Rate is used to proxy.

And the winner is ...

The chart below displays the accumulated value of each investment strategy at the end of 2022.

Unsurprisingly, Leo's strategy of timing the market perfectly every year allowed him to earn first place, as unrealistic as it may be. However, what was surprising was his somewhat slender winning margin of just $13,125 ahead of Riley, who had invested as soon as she could without considering market timing.

The DCA strategy employed by Eddy gave him third place and $3,087 less than Riley. This result can partly be explained by the tendency for share markets to trend upward over the long term. This means Eddy, who opted not to invest all his money at the start of the period, would more likely be hurt by 'up periods' in the share market than benefit from 'down periods' as he carried out his strategy.

Although Harry's poor market timing strategy left him $14,927 short of Riley, who had no interest in timing markets, he still accumulated significantly more wealth than had he not invested. Unfortunately for Hayley, she would have been far better off investing at share market peaks - which, ironically, was what she was afraid of.

Results stand the test of time

Betashares examined 24 separate 20-year periods dating back to 1980 (such as 1980-1999, 1981-2000, and so on) to ensure the findings were no fluke. Remarkably, throughout all 24 periods, the rankings remained unchanged. The perfect timing strategy provided the highest returns. Investing immediately always produced better returns than dollar cost averaging. Bad timing always produced better returns than not investing at all. Even expanding their analysis to include all possible 30 and 40-year periods since 1980, Betashares observed the same pattern persisting across all time frames.

Key lessons

1. The cost of waiting to invest is high - make a plan and be decisive. While it's nearly impossible to identify market bottoms accurately and consistently over time, the findings in this study suggest that the benefits of market timing may not be worth the effort or attention in any case. Investors can be better served with a considered and structured investment plan that they stick to, regardless of whether the share market is high or low.
2. Dollar-cost averaging (DCA) overcomes a psychological hurdle but also gives up returns. While investing immediately has proven a superior financial strategy, DCA may still be appropriate for an investor who is anxious about investing all their cash in one go or is prone to regret when the market falls suddenly following an investment. DCA, like the 'invest immediately' strategy, also eliminates the temptation of market timing and discourages procrastination.
3. Over a long period, bad market timing still beats not investing at all. Hayley demonstrates the pitfalls of sitting on the sidelines and waiting for the perfect investment time. From January 2001 - December 2022, she sacrificed a staggering $41,676 relative to Harry, who continually invested in the share market at the worst possible time. If nothing else, this study has illustrated and reinforced that it's time in the market, not timing the market, that is key to a successful investment strategy.
4. While some investors may strive to be the next Lucky Leo of this world, a strategy of perfectly timing the market is completely unrealistic. With a disciplined investment strategy and adequate investment horizon, positive investment outcomes can still be achieved without the stress of attempting to time markets.

TIME TO REFINANCE?

By Sam Eley

While we may now be near the peak of the interest rate rising cycle, the reality is that borrowers are paying significantly more interest on loans than they have over the past few years. Fixed-rate mortgages locked in at low levels in 2020 and 2021 are beginning to expire, and those in this position will now feel the financial impact that others have been feeling over the previous twelve months. These factors make it an opportune time to consider your loan and whether there may be a benefit in refinancing to alternative lenders.

While most lenders have ceased fire on the refinance wars over the past year, some lenders are still offering incentives to refinance that would be worth considering - such as upfront cashback offers and additional monetary incentives for first-home buyers. As a guide, a competitive rate for a new variable rate loan with a loan-to-value ratio under 80% is currently around 5.80% p.a. for principal and interest repayments. For interest-only repayments, the rate should be about 6.24% p.a. This could cause borrowers to consider moving from interest only to principal and interest, subject to cashflow.

Exit and entry costs are critical when refinancing, as they can dramatically eat into any projected interest savings over time. Depending on your circumstances, these can include mortgage discharge fees, application fees, and possibly lender's mortgage insurance. The loan term is also critical - a 30-year repayment period can be misleading, given that most loans are refinanced or restructured within five years in Australia. It's best to compare terms over three years for greater transparency around the true cost savings generated. The longer the loan term, the lower the repayments, but it will lead to paying more interest over time.

While many factors determine whether refinancing is in your best interests and which loan and provider are right, we can put you in touch with professionals who specialise in this area and can assist you in saving significant costs on your loans.

CENTRELINK AGE PENSION CHANGES: WHAT YOU NEED TO KNOW

By Amelia Paullo

The payment rates and the income and asset thresholds that determine how much Age Pension recipients are paid have been adjusted for inflation.

Over 5.5 million Australians will receive increased income support payments and pensions when indexation takes effect on September 20. This increase is in addition to the boost to income support announced in the May Budget as part of the $14.6 billion cost of living package, coming in on the same day.

As a result of indexation, the single pension rate will increase by $32.70 to $1,096.70, and the rate for couples (combined) will increase by $49.40 to $1,653.40. This is a welcome boost to the cash flow of Age Pension recipients who have increased living costs.

The increase in the lower thresholds means more people will qualify for a full-age pension than was previously the case, and part-Age Pension recipients could get slightly more as the taper rate kicks in later.

The upper threshold increase means some previously ineligible people will now qualify for the Age Pension and the Pensioner Concession Card. The Pensioner Concession Card is particularly valuable in the current economic environment, providing concessions on items such as the cost of medicines, utilities, council rates and car registration.

The eligibility age for the Age Pension also increased in the new Financial Year to 67 for those born on or after January 1 1957. The Age Pension age has been gradually increasing over the past few years, and this is the last legislated increase.

Age Pension Payment Rate Increase (per fortnight):

	Previous Amount	20-Sep-23	Increase
Single			
Base	$971.50	$1,002.50	$31.00
Supplement	$78.40	$80.10	$1.70
Energy Supplement	$14.10	$14.10	-
Total	**$ 1,064.00**	**$ 1,096.70**	**$ 32.70**
Partnered (each)			
Base	$732.30	$755.70	$23.40
Supplement	$59.10	$60.40	$1.30
Energy Supplement	$10.60	$10.60	-
Total	**$802.00**	**$826.70**	**$24.70**

Income Test Threshold Increases:

- Single pensioners can earn $204 a fortnight - up from $190 a fortnight - and still be eligible for the full single pension.
- Couple pensioners can earn $360 a fortnight - up from $336 a fortnight - and still be eligible for the full amount.
- Once this threshold is exceeded, the pension amount is reduced by 50 cents for every dollar over the lower threshold ($204) for a single person and 25 cents for every dollar over the lower threshold ($360) for each couple member.
- The cut-off point will be $2,471 for singles and $4,018 per fortnight for couples.

Family situation	Income pf For full pension	Cut–off limit pf
Single	Up to $204	Less than $2,471
Couple (combined)	Up to $360	Less than $4,018
Couple, illness separated (combined)	Up to $360	Less than $4,894

The lower threshold is indexed every July 1, and income cut-off limits are indexed every March 20, July 1 and September 20.

Work Bonus:

You may be eligible for the Work Bonus if you earn income from employment. This isn't an additional payment but exempts some of your fortnightly employment income from assessment.

The Work Bonus is $300 per fortnight, accruable up to a maximum of $7,800. From December 1 2022, to December 31 2023, the maximum Work Bonus balance limit increased from $7,800 to $11,800, a one-off increase of $4,000. This will reset to $7,800 on January 1 2024.

Asset Test Threshold Increases:

- Single homeowners can have assets of $301,750 and receive the full pension, while single non-homeowners can have assets of $543,750
- Homeowner couples can have combined assets of $451,500 and receive the full pension, while non-homeowner couples can have $693,500
- Single homeowners can have up to $667,500 of assets and receive a part pension, while single non-homeowners can have $909,500
- For couples, the cut-off threshold will increase to $1,003,000 for homeowners and $1,245,000 for non-homeowners

Family situation	For full pension	Cut-off limit
Single homeowner	$301,750	$667,500
Single non-homeowner	$543,750	$909,500
Homeowner couple (combined)	$451,500	$1,003,000
Non-homeowner couple (combined)	$693,500	$1,245,000
Illness-separated couple homeowner (combined)	$451,500	$1,183,000
Illness-separated couple non-homeowner (combined)	$693,500	$1,425,000

The maximum pension is reduced by $3.00 per fortnight for every $1,000 of assets over the lower threshold for a single person and $1.50 per fortnight for each couple member.

Deeming rates

Deeming rates remain generous: between 0.25 per cent and 2.25 per cent. The government promised a year ago that these would be frozen until July 1, 2024. However, thresholds have been increased slightly in line with inflation, which will have a small benefit to all income-tested pensioners.

Family situation		Deeming
Single	Lower threshold (less than $60,400)	0.25%
	Upper threshold (above $60,400)	2.25%
Couple	Lower threshold (less than $100,200)	0.25%
	Upper threshold (above $100,200)	2.25%

QUARTERLY BUSINESS LUNCH: FUND MANAGER PANEL - AN UPDATE ON MARKETS

By Mai Davies

On Monday, September 4, 2023, we hosted our Quarterly Business Lunch at Leonda By The Yarra. The event was extremely popular, with more than 180 clients in attendance, accompanied by their family, friends and colleagues. They joined us to hear from a panel of Australia's finest fund managers:

- Nikki Thomas - Global Portfolio Manager at Magellan
- Anthony Aboud - Deputy Head of Equities at Perpetual
- Nick Griffin - Founding Partner & Chief Investment Officer at Munro Investment Partners

Nikki, Anthony and Nick have an abundance of experience and knowledge in investment markets. They provided an update on the current domestic and global economy and discussed what's happening in investment markets in a Q&A Forum.

The attendees appreciated the opportunity to attend such an interesting and insightful presentation.

Click on the link to view the presentation: www.gfmwealth.com.au/blog/quarterly-business-lunch-fund-manager-panel-an-update-on-markets/

GFM WEBINAR

By Mai Davies

We held our third webinar for the year on Wednesday, August 2, where we provided an update on the Magellan Global Fund and the Magellan Infrastructure Fund.

We were delighted to see so many interested clients and guests dialling in to hear from Paul Nicol, our Managing Partner, and our special guests Arvid Streimann CFA, Portfolio Manager and Head of Macro at Magellan, and Gerald Stack, Deputy CIO, Head of Infrastructure and Portfolio Manager.

Paul, Arvid and Gerald discussed key positions in both portfolios, the current investment opportunities, and the macroeconomic environment.

If you missed our previous webinars, they are on the GFM Website.

www.gfmwealth.com.au/news-info/past-webinars/

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