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THE RETIREWELL REPORT

A Newsletter for Clients and Friends of Retirewell Financial Planning   Vol. 18 No. 1 Spring 2015

Australia Will Be Ok

Or 7 reasons not to be gloomy

Since the mining boom ended in 2012, there has been increasing pessimism about the Australian economy. Some of this may well be warranted, given the monumental waste of opportunity and failure by both sides of politics to prepare for the inevitable end of the strongest commodity boom Australia has ever seen.

Combative Political System Has Been Failing Us

The huge boost to growth provided by hundreds of billions of dollars worth of investment in mining and related support industries, is falling rapidly from a peak of 8%, back to 2% of GDP as large projects complete. As yet, although housing and consumer spending have risen, non-mining investment has been weak. GDP growth is languishing around 2% – much lower than the 2.75% forecast in the recent Budget. Economic growth has not been helped by steep falls in commodity prices (particularly coal and iron ore), the need for Budget austerity and an understandable reluctance by households to take on more debt following the Global Financial Crisis.

Our political parties have been more intent on political point-scoring than on facing up to the difficult and major decisions necessary to keep our economy competitive and growing. Significant reform of Australia's inefficient and lopsided tax system (too dependent on income taxes), our Social Security and retirement income systems and the sharing and funding of Commonwealth/States responsibilities, cannot happen without there being mature acceptance by both sides that major and necessary changes in the national interest need bipartisan support. There must be frank acknowledgement from both sides that such changes will produce winners and losers, without the opportunistic scaremongering which just sabotages the political will for necessary reforms. We sincerely hope the recent change in Prime Ministers will prove to be a critical turning point.

7 Reasons for Optimism

It's always easy to focus on the negative – so in spite of these economic and political shortcomings, we thought it timely to point out that there are at least 7 reasons for Australians not to be too gloomy about our future.

1. *Wealth levels in Australia are still rising* – this has benefited spending. Average capital city home prices rose by 11.7% in 2014-15 (though skewed to Sydney/Melbourne) and the average balanced super fund still returned 9.7% for the financial year.

2. *Borrowing rates are near all-time lows.* We are still seeing fixed home loan rates down near 4%. While those relying on bank deposits have lost income, Australians owe the banks $1.2 trillion in debt more than the banks owe them via deposits – so households are a net beneficiary of low rates, with some of this saving being spent.

3. *The A$ is falling – slowly.* Despite occasional resurgent strength, our little Aussie battler is now around 70c to the US dollar. A lower $A is a big positive for our tourism, education, manufacturing, services, farming and mining sectors. The boost is particularly evident in education and tourism, which are now at record levels (see graph).

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Or 7 reasons not to be gloomy

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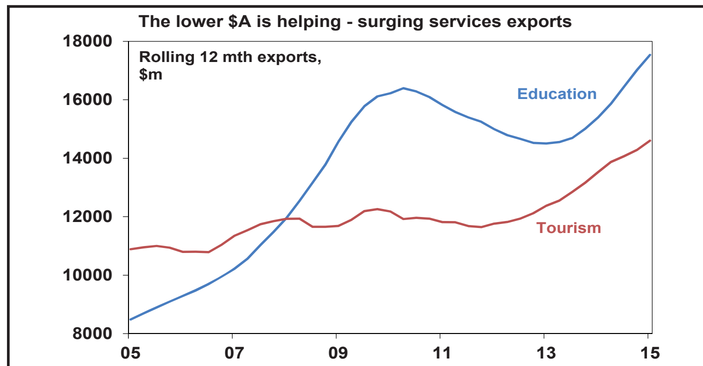
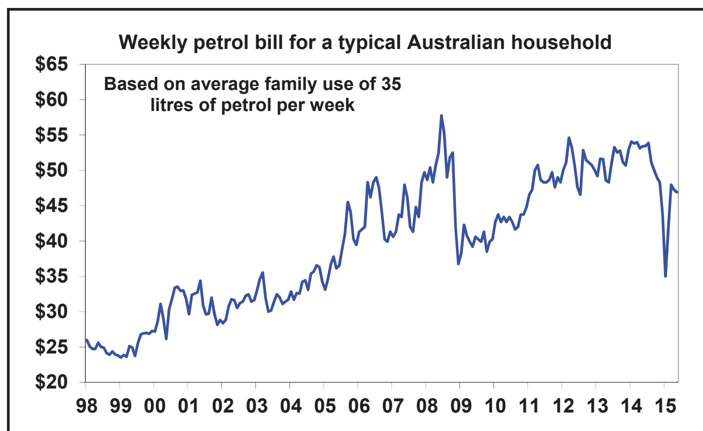
It takes a while for confidence to feed through to the non-mining sectors – higher investment should follow, with attendant increases in growth and employment.



Source: ABS, AMP Capital

4. Petrol prices are down – although they are above the lows seen earlier this year, they are well down on the highs of the last few years. This is providing significant savings to businesses and households.



Source: AMP Capital

5. High household savings – caution led to a big lift in household savings after the GFC; the rate remains relatively high at 8%, with scope to drift down to further support spending.

6. Export volumes are rising strongly (+8% year on year) on the back of completed resource projects and the lower $A making exports more competitive. Importantly, this has driven Australia's current account deficit as a share of GDP, to around its lowest level in 30 years, despite plunging prices for our resources exports.

7. Risk of recession is low – our mining boom has not led to inflation or a trade deficit blowout, so Australia has been fortunate in avoiding the bust which usually follows a boom. The non-mining sectors of the economy which have been suppressed by the mining boom have the potential to bounce back and are starting to do so. The surge in residential building is evidence of this.

So while growth remains weak, despite some current gloomy media reports, the risk of a recession or severe slump remains relatively low and growth should start to move back to around trend sometime next year. In other words – there is no reason to get overly gloomy on Australia or on the outlook for Australian assets. The economy will continue to gradually rebalance and the yields on Australian bonds, shares, commercial property and infrastructure remain relatively attractive globally.

New Super Thresholds

Lump sum tax
The low rate cap is the amount that can be paid tax-free from the taxable component of a lump sum for members between age 55 and 59. It is indexed in increments of $5,000 and has increased from $185,000 to $195,000 for 2015-16.

Lifetime CGT cap
This is the total amount of CGT-exempt contributions that can be made by a qualifying individual on the disposal of small business assets. The cap has increased from $1,355,000 to $1,395,000 in 2015/16.

Superannuation guarantee
The SG rate remains at 9.5% in 2015-16 and will remain at that rate until 2020-21. It will increase progressively from then to be 12% in 2025-26. The maximum superannuation contributions base is the maximum quarterly income on which SG must be paid. It has increased from $49,430 to $50,810 in 2015-16 (equivalent to an annual income of $203,240).

Co-contributions
The income threshold for the maximum co-contribution of $500 has increased from $34,488 to $35,454 in 2015-16. This means eligibility for the co-contribution will cut out once income reaches $50,454 in 2015-16.

Deeming Rates

The age pension Income Test does not use the actual income returns from financial investments – this would be very complicated for the millions of different pensioners. Instead the system adds up all the pensioner's financial assets and assumes (or deems) a return on them all.

Financial assets are anything that can be converted to cash quickly like bank accounts, shares, managed funds, bullion, superannuation (where the pensioner is over age pension age) and account-based pensions started after 1 January 2015.

The deeming rates are set based on the sorts of returns that pensioners might receive from their investments and are reviewed periodically. Changes to the deeming rates were announced on 20 March 2015 and thresholds for deeming rates were indexed on 1 July 2015.

For a single pensioner the first $48,600 is deemed to earn 1.75% and the balance is deemed at 3.25%. For a couple the first $80,600 is deemed to earn 1.75% and the balance is deemed at 3.25%.

For pensioners whose age pension is based on the Income Test, these changes can make a significant difference in the amount of age pension received.

Note that in the 2014 Budget the Government had proposed 'resetting' the deeming thresholds to $30,000 for singles and $50,000 for couples. This proposal has now been dropped.

Remember the deeming system is not related to returns your financial assets actually earn. We can help you ensure your assets are producing returns to support your lifestyle in retirement.

Asset Test Changes - Winners and Losers

In 2007, the Howard Government made the Asset Test much more generous and many retirees with significant assets qualified for a part-age pension for the first time. Australia is now in a difficult economic position and the current Government is concerned that this generosity is not sustainable.

In the 2015 Budget, the Abbott Government proposed to change the Asset Test back to the way it was pre-2007. This legislation has now been passed and will take effect from 1 January 2017. The two changes are:

- The Asset Test free area for receipt of the maximum age pension will be increased significantly. This will benefit part age pensioners with lower asset levels.
- The taper rate (the amount of reduction in age pension as assets increase) will be doubled from $1.50 per fortnight per $1,000 of assets to $3 per fortnight. This will mean pensioners with higher asset levels will get a reduced age pension or none at all (over $823,000 per couple).

About 323,000 retired Australians will have their age pension cut, with almost 100,000 losing it entirely. On the other hand, about 50,000 part-age pensioners will have their payments increased to the full pension.

Winners

Winners will be part-age pensioners who have assets below the following asset thresholds (excluding the family home) because these thresholds are significant increases from the rates that apply today.

New Thresholds from 1 January 2017

Single homeowner	Single non homeowner	Partnered homeowner	Partnered non home owner
$250,000	$450,000	$375,000	$575,000

Losers

Losers will be part-age pensioners who have assets well over the thresholds in the table above. Single homeowners with other assets above $301,000 will be worse off, while homeowner couples will see their age pensions reduce if they have other assets of more than $470,000.

The estimated new Asset Test cut-off limits from 1 January 2017 above which the age pension will be lost altogether, are shown in the table below.

Single homeowner	Single non homeowner	Partnered homeowner	Partnered non home owner
$547,000	$747,000	$823,000	$1,023,000

Current age pensioners who lose the age pension under these changes will retain the Pensioner Concession Card indefinitely.

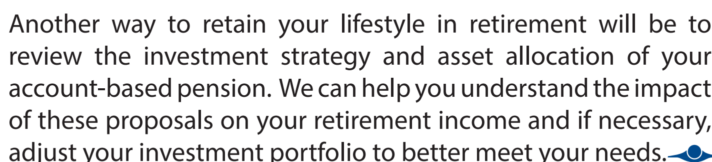
We have prepared some estimates of the impact on pensioners with different levels of assets. A single pensioner who is a homeowner and has other assets of $250,000 will get an extra $1,872 a year of age pension.

A single pensioner who is a homeowner and has other assets of $550,000 will lose all the age pension – an amount of $8,930. If he or she had an account-based pension (ABP) of $500,000, this can be replaced by taking an extra 1.8% of income from the ABP.

A pensioner couple who are homeowners with other assets of $950,000 will lose all the age pension - an amount of $8,053. If they had an account-based pension of $900,000 this can be replaced by taking an extra 0.9% of income from their ABP.

More than ever it will be important to ensure the asset values supplied to Centrelink are correct. For instance, personal assets should be valued at garage sale values, not insurance values. Spending on lifestyle and your home can reduce assets and increase the age pension. Reducing your assessable assets by $10,000 will increase the age pension by $780 a year – a guaranteed return of 7.8% for life, after January 1, 2017.

Another way to retain your lifestyle in retirement will be to review the investment strategy and asset allocation of your account-based pension. We can help you understand the impact of these proposals on your retirement income and if necessary, adjust your investment portfolio to better meet your needs.



Preservation Age Now 56

The superannuation preservation age has been 55 since it was introduced in the early 1990s. In 1999 a gradual increase in the preservation age to age 60 was legislated as shown in the table.

Birth date	Preservation age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

From 1 July 2015, anyone born after 1 July 1960 will have a preservation age of 56. This means:

- You cannot access your super as a lump sum or start a transition to retirement pension until you are age 56.
- The 'tax free' component of superannuation lump sums ($195,000 in 2015/16) is only available to those over age 56.
- The 15% tax offset for pensions started before age 60 is only available for people over age 56 (unless the income stream is a death benefit pension or a disability pension).
- The concessional taxation rate on Employer Termination Payments improves after age 56.

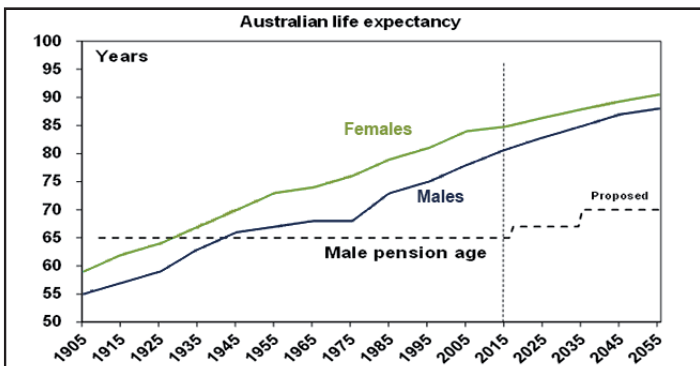
Note that anyone claiming the small business Capital Gains Tax retirement exemption will not be affected because the Tax Act refers to age 55, not the preservation age.

If your retirement plans are affected by the changing preservation age, please contact us to discuss the implications.

Megatrends That Will Shape Future Returns

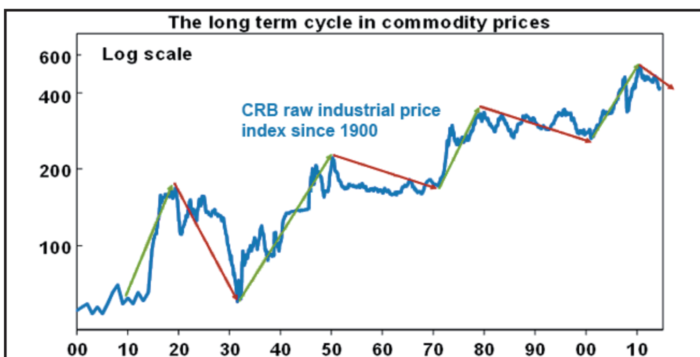
It is easy to get lost in all the noise of the here and now - to be overwhelmed by the latest domestic or global crisis, so eagerly beaten up by the 24/7 news cycle. But it is important to be able to look past all the noise and to identify longer term themes (or megatrends) that are likely to impact investment markets over the medium term, say the next 5 – 10 years. We set out 9 such themes below.

Ageing Populations in Developed Countries - Thanks to medical advances, people are living longer healthier lives (e.g. average life expectancy in Australia has risen from 77 years in 1990 to 83 years now and is projected to rise to 89 years by 2050). This is particularly noticeable in Western developed economies, with its effects exacerbated by reduced fertility rates leading to lower population growth – particularly noticeable in Japan and Italy. This is leading to lower economic growth and pressure on government budgets from health and pension spending, with a declining proportion of workers relative to retirees. It is positive for healthcare and leisure industries; at an investment level there will be a greater demand for products and strategies aimed at generating income with some capital growth to cover longevity.



Source: Intergernational Report, AMP Capital

Commodity Super Cycle Turns Down - The surge in the supply of commodities in response to last decade's commodity price boom, combined with slower growth in China in particular, has led to a cyclical downtrend in commodity prices. This is simply following a predictable pattern of past commodity boom / bust cycles – see the long-term graph below. This will act as a constraint on inflation and on growth in commodity producing countries (e.g. Australia, Canada, Russia and South America) but benefit commodity users (the US, Asia, Europe and Japan). From an investment perspective, the shares of commodity user countries are favoured over emerging market and Australian shares. The $A may have further to drop and will help keep interest rates low.

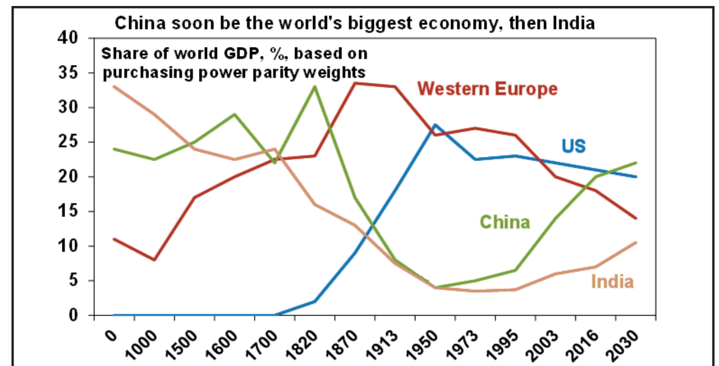


Source: Global Financial Data, Bloomberg, AMP Capital

Technology, Innovation and the Internet - The impact of technological innovation is dramatic – 75% of the world's population has access to a mobile phone and by 2030, 50% will access the Internet. The work environment is being revolutionised. The focus on labour saving is good for productivity and profits but it may constrain wages (and thus consumer spending) and worsen inequality. However, it provides another reason for inflation to stay low and profit margins to remain high – therefore is potentially positive for growth.

Globalisation is Unstoppable - Companies will continue to outsource to emerging countries with lower wages, to cut costs. This has expanded from manufacturing into services - call centres, medicine, research and finance – all enabled through technology. This will be a positive in keeping inflation down.

The Rise and Rise of Asia - The emerging world economies generally offer far more growth potential than the developed world. Unfortunately, large parts of the emerging world have dropped the ball on reforms e.g. Brazil and much of South America, whilst Russia is trying to revive its Soviet glory days. However, the reform and growth story remains alive in Asia, particularly in China and India. We will continue to see annual growth rates of 5% + from a number of Asian economies, compared to a fairly anaemic 1% to 2% from many advanced economies. Share market growth should follow economic growth.



Source: Angus Madison (2001, 2005), AMP Capital

The Energy Revolution - Renewables now account for more than 30% of power produced in Europe. This trend can only grow as alternatives like solar continue to collapse in cost and advances in battery technology enable solar energy storage – as well as huge expansion in the use of electric cars. This has huge negative implications for oil and coal and will accentuate the commodity price downtrend.

The Environment and Social Values - Global consciousness of the impact of human activity on the environment is continuing to grow. Younger generations are demanding higher social and environmental standards – we have seen that social media can destroy reputations in a flash. Higher social standards are being demanded of governments and corporates. Companies which adhere to high environmental, social and government standards will be increasingly preferred and rewarded by investors.

Less Freedom, More Regulation, More Taxes - Since the Global Financial Crisis we have seen a backlash against unfettered free markets. The political centre of gravity has swung to the left, with a focus on more regulation, more taxes and a move to curtail tax concessions. Rising inequality is pressuring governments to

raise rather than lower personal tax rates. This backsliding on reform could slow growth rates.

Geopolitical Tensions - The relative decline of the US, the relative rise of China, Russia's attempts to hang on to its Soviet past and the Sunni/Shia Islamic rivalry in many Middle Eastern and African countries are all creating tensions in a more difficult environment geo-politically. These all have the potential to disrupt investment markets from time to time.

IMPLICATIONS FOR INVESTORS

There are a number of both positive and negative implications for investors in these trends:

Positive Implications - Several of these trends will help keep inflation low, e.g. technology and innovation and globalisation, whilst the commodity price downtrend is positive for commodity users. Increasing automation is positive for profits. Winners will include the healthcare and leisure sectors and multinationals.

Negative Implications – Several trends are consistent with constrained economic growth, notably ageing and slowing populations, the backlash against free markets and geopolitical tensions. Commodity producers will suffer, particularly producers of energy from fossil fuels.

Projections for Medium Term Returns - AMP Capital recently published a 5 year projection (with all the usual qualifications) for a Diversified Growth portfolio, being **7.3%** per annum average (income + growth, before fees and taxes).

This is consistent with ongoing relatively low interest rates and relatively constrained medium-term investment returns.

In this environment, we believe that our investment policy of active asset and portfolio management will continue to provide a meaningful advantage for Retirewell's clients.

Term Deposit Rule Change

Since 1 January, major Australian banks and locally incorporated foreign banks have introduced a 31 day notice period for early withdrawals from new term deposits.

This is a result of APRA's new Liquidity Coverage Ratio, which aims to ensure an authorised deposit-taking institution can meet its liquidity requirements in a severe stress or "bank run" scenario. The bank then would be less likely to need any taxpayer-funded assistance if there were a repeat of the GFC. After all, these institutions are still covered by the Federal Government's deposit guarantee, effectively removing the risk to investors of depositing funds of less than $250,000 per account and placing this risk on the government.

So as well as suffering an interest rate penalty (usually the difference between the term deposit rate and the cash rate), if you need to cash in your term deposit early, you now have to wait at least a month from when you give notice that you need the funds.

The new rules do not apply to building societies, credit union and small banks.

Reassuredly, the Australian Bankers Association says that there is an exception to the new rules for personal financial hardship.

Rates Lower For Longer

What is normal? We base our judgements on our recent experience and that says interest rates are "normally" about 5% to 7% pa. So the current 3 year term deposit rate of 3% is unnaturally low – or is it?

Interest is the cost of borrowing and as demand goes up so will the cost. Conversely, if demand is low the cost falls. We are in a slow growth world, not just in Australia but in the US, Europe and Japan.

Long term economic growth is driven by consumption – the more that is demanded the more economies grow to feed that demand. Over the last 50 years the productivity of baby boomers, more women in the workforce, higher immigration, better education and productivity driving technology were the drivers of economic growth.

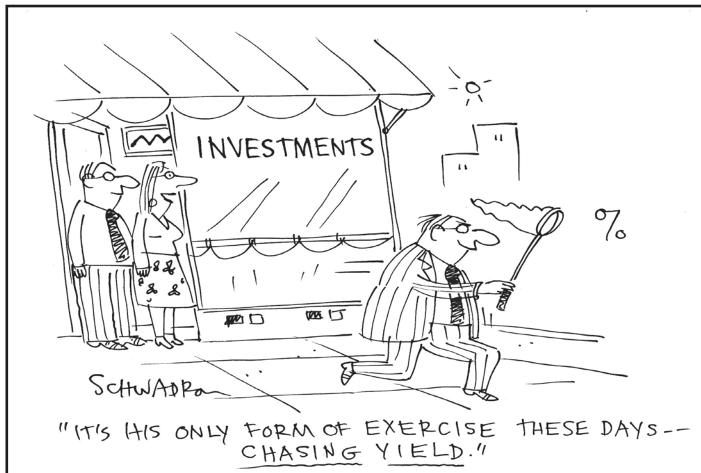
We are now in a new world where the trends point to much lower growth because of demographics, government debt and lower productivity. In developed nations there is a reduction in the ratio of the working population as baby boomers retire and longevity increases. Japan has led the way in showing how the economy of an older society performs. Over 25 years Japan has shown that as a society gets older, real interest rates decline. Their economy is stuck in an era of very low interest rates, low inflation and low growth.

In the period since the GFC, governments, companies and individuals have sought to reduce debt. Lower borrowing means lower consumption and lower growth, leading to lower inflation and lower interest rates.

Economists are lowering their predictions of future growth in Australia – averaging 2.1% in the future compared to an average of 3.6% a year over the last 50 years. Similarly, interest rates are predicted to stay low too – averaging around 2.5%.

Low interest rates can be a positive for companies because debt is more easily serviced. In Australia it is predicted that whilst company earnings growth may be subdued, earnings per share will continue to grow. Investors seeking higher growth should look overseas particularly in Asia.

So the message seems to be – get used to low interest rates and seek other alternatives for investment income.



"IT'S HIS ONLY FORM OF EXERCISE THESE DAYS -- CHASING YIELD."

China In Perspective

Despite the recent crash in the share price of mainland Chinese companies, the Shanghai Composite Index was easily the world's best performing major stockmarket in 2014-15 with a return of 108%.

As the media loves negative stories, reports focussed on a quickfire 32% crash in the Shanghai market from 12 June to 8 July.

However, this was after that market had risen by 152% since mid-2014. This bubble was created by Chinese resident short-term retail traders who make up 75% of the market, many of whom have just started using margin trading accounts, speculating that the Chinese local stockmarket indices would be included soon in world stockmarkets indices. When this did not occur, these traders headed for the exits, trying to take profits all at once – and when there are more sellers than buyers, prices invariably come down.

In early October when this newsletter went to print, the Shanghai index had recovered 4% from its low point in August, still down 41% from its recent high, but even so up by 49% since 1 July, 2014.

It is of interest to note that the links between China's economy and its local sharemarket are very loose. While China's economy grew at an average of 10% pa since the end of the GFC in 2009, the Shanghai index fell by 40% during a 4 year bear market between mid-2009 and mid-2014. However, while the Chinese economy has slowed over the last year or so to 7% pa growth (although many economists believe the actual figure is 5% pa), its sharemarket has boomed, albeit with a lot of volatility.

This disconnect is because many major Chinese companies are still state-owned and obtain their capital from bank loans and cash flow, rather than from equity investment which accounts for only 5% of total financing. Also, only 7% of Chinese residents own shares through their local stockmarkets, compared to 34% of Australians.

So how does all this affect you?

Well, first you should know that the 2,800 Chinese companies listed on the Shanghai and Shenzen stockmarkets are traded as A shares (in renminbi) or B shares (in foreign currency). More than 200 of these companies (such as Bank of China and PetroChina) have a different class of share called H shares, which are traded on the Hong Kong stockmarket. In addition, about 150 Chinese companies (such as China Mobile) are only listed in Hong Kong and are called Red Chips.

The prices of A shares traded in Shanghai and Shenzen are typically significantly higher than the price of H shares in the same company traded in Hong Kong, after currency adjustments. However, the two classes of shares are not interchangeable - that is one cannot buy a company's shares in Hong Kong and sell them in Shanghai to benefit from this.

China imposes financial controls on its residents which make it difficult for them to invest in sharemarkets offshore; hence the higher prices on local stockmarkets for the same company. Likewise, there are restrictions on foreign investors buying shares in Shanghai and Shenzen – although that is not a big problem as most Western financial institutions prefer to get their China exposure through Hong Kong, which offers better pricing, regulation and liquidity.

The good news is that your exposure to the growth economies of Asia is through our recommended global, Asian and emerging market share funds, which have little or no exposure to overpriced A shares in Shanghai or Shenzen and therefore have not been affected much by the recent downturn.

For example, Macquarie Asia New Stars No. 1 Fund, which returned 30 % in the 12 months to 31 August, has dropped by only 5% since the Chinese market peak on 12 June. And Platinum Asia Fund which returned 14% in the 12 months to 31 August, has dropped by only 10% since the market high.

Following the falls, the top 300 stocks in Shanghai are now selling around 11.2 times forward earnings, which is much better value than Australian shares, and Chinese companies listed in Hong Kong are very cheap at around 7 times forward earnings.

We regard the fundamentals for Chinese shares as positive, given falling oil prices, lower interest rates, supportive government policies and reasonable global growth – and consider the recent crash will prove to be a buying opportunity within a new structural bull market in China.

In particular, we believe companies in those sectors of the Chinese economy that are exposed to the continuing growth in the middle class (which is estimated to reach almost 50% of the population by 2020 from just 10% 6 years ago) will do particularly well – sectors such as food, fashion and financial services – and that the sector-specialist actively managed funds we recommend will capitalise on this trend.

Budget Highlights

For 2015-16, the key Federal Budget forecasts are as follows:

- Real economic (GDP) growth 2.75%
- Inflation 2.5%
- Unemployment 6.5%

The Budget is predicted to return to surplus in 2019-20, but that forecast is likely to be optimistic given the slump in commodity prices.

The key tax measures are as follows:

- An immediate tax deduction for any business assets (such as cars, tools and equipment) up to $20,000 acquired and installed ready for use by 30 June 2017.
- From 1 July, 2015, for small businesses with less than $2 million turnover, a reduction in company tax from 30% to 28.5%, while the franking credits remain at 30%. Sole traders and partners qualify for a 5% discount on the income tax payable on business income received, capped at $1,000 pa.

The key super/social security changes are as follows:

- From 1 July, 2015, terminally ill patients will have unrestricted tax-free access to their superannuation if they are likely to die within 2 years. Previously, this period was 1 year.
- From 1 January, 2016, the level of income from defined benefit superannuation pensions that can be excluded from the age pension Income Test will be capped at 10%.

You Get What You Pay For

Dining at a hamburger restaurant usually provides a reliable, consistent and low cost meal. On the other hand, it may not be very nutritious or satisfy your taste buds. Dining at an 'al la carte' restaurant may provide a lot more choice and a more satisfying experience, but at a higher cost.

It's the same with investing. In recent years as the markets have recovered from the GFC, index (or passive) investing has increased in popularity. It provides easy diversification, low cost and easy access to local and overseas markets. It also guarantees average returns because the funds invest to match an index such as the S&P/ASX 300 or the Dow Jones.

There has been much debate in Australia about the costs of superannuation funds and some commentators argue that 'low fees' means 'good value'. The dining out example above raises the question about whether low cost is the only criteria for a satisfactory experience.

Research by independent consulting firm Super Ratings in 2015 compared 162 super funds that had at least 10 years performance history. It considered Super Guarantee contributions, fees, taxes and investment returns over that period. The results showed focussing only on fees is a poor way to assess the outcome for the investor.

- The fund with the lowest fees over the 10 year period ranked 96th for investment performance and 41st after fees.
- The fund with best overall performance ranked 78th in terms of fees but 2nd for investment performance.

This research suggests it is worth paying higher fees as long as the fund manager can produce superior returns. Active managers incur higher costs because they research companies and markets rather than invest according to an index.

Index managers invest "blind"– because BHP for instance is 8.5% of the S&P/ASX300 they will invest 8.5% of their fund in BHP. Active managers seek to identify good quality companies with good growth prospects. That may mean for instance that they reject well known companies like AMP, Boral, Lend Lease, BHP, Telstra and Virgin – the share prices of these companies have been relatively flat or falling over the last decade.

Seeking to understand the fundamentals of a business, its markets and its prospects before investing makes perfect sense. Active investing relies on the skill of the manager to pick assets that will do better than the market average. This will be evident when there is market volatility or when the market is trending down because the successful active manager will have avoided the weak companies that will lead the fall.

At Retirewell, we believe active investing will bring superior long term returns after fees. We research and investigate fund managers to understand their philosophy, their approach, their track record and, most importantly, their prospects going forward.

MARKET INDICES TO 31 AUGUST 2015

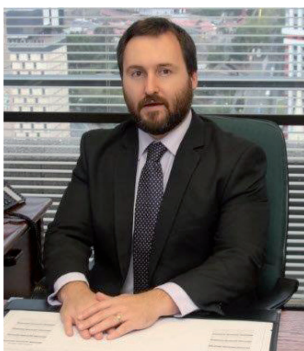
MARKET	INDEX	1 Mth %	6 Mths %	1 Yr % pa	2 Yrs % pa	3 Yrs % pa	5 Yrs % pa	10 Yrs % pa
Cash	Bloomberg AusBond Bank 0 + Y TR $A	0.18	1.13	2.51	2.58	2.78	3.55	4.64
Australian Sharemarket	S&P/ASX All Ordinaries Accumulation	-7.30	-9.44	-2.98	-5.37	11.01	7.87	6.13
	S&P/ASX 20 Leaders Accumulation	-8.99	-12.11	-5.37	3.93	11.33	8.81	7.83
	S&P/ASX100 Accumulation	-7.93	-10.07	-2.67	5.67	11.89	8.70	6.56
	S&P/ASX300 Accumulation	-7.70	-10.00	-3.23	5.10	10.95	7.91	6.05
	S&P/ASX Small Ords Accumulation	-4.87	-9.08	-9.62	-1.43	0.38	-0.72	0.88
Property	S&P/ASX300 A-REIT Accumulation Index	-4.02	-2.89	14.24	16.82	16.78	13.51	2.07
Aust Fixed Interest	Aust Comm Bank All Series/All Maturities Accumulation	0.75	-0.59	5.76	6.12	3.99	5.77	5.89
International Sharemarkets	MSCI World Accumulation Index ($A) (MSCI - Morgan Stanley Capital International)	-3.23	3.96	27.17	21.42	26.49	16.88	6.59
USA	MSCI USA Accumulation Index ($A)	-2.70	4.59	32.63	25.76	29.76	21.41	7.91
UK	MSCI UK Accumulation Index ($A)	-4.11	0.84	15.08	13.83	19.50	12.35	4.29
Europe	MSCI Europe Accumulation Index ($A)	-3.78	3.76	21.41	17.03	24.02	13.17	5.26
Japan	MSCI Japan Accumulation Index ($A)	-2.43	9.53	37.83	20.19	27.75	12.58	3.62
Asia Ex Japan	MSCI Far East ex Japan Accumulation ($A)	-6.67	-5.79	9.93	11.67	16.29	8.31	7.98
International Fixed Interest	Citigroup World Govt Bond Unhedged Accumulation ($A)	4.07	8.52	21.76	10.54	10.33	4.79	3.69
Inflation	CPI – Weighted Capital Cities (@ 30/6/2015)	N/A	0.84	1.51	2.27	2.30	N/A	N/A

Retirewell News

Two new advisers recently joined Alan Baker's team at Retirewell.

Warren Burt came on board as a Senior Adviser in September. He is a Certified Financial Planner® (the Financial Planning Association's highest professional designation) and a Certified Practising Accountant. Warren completed a Bachelor of Business (Accounting) degree through the University of Western Sydney and a Diploma of Financial Planning through RMIT University. He has worked in the finance industry since 1982 and practiced as a financial planner since 1991. His previous roles have provided experience within the banking industry, several boutique financial planning practices and major institutional financial planning firms such as St George and Westpac. Most recently, he worked as a senior financial planner at Crowe Horwath, the fifth largest accounting practice in Australia.

Warren is married with two children. They are all keen football (soccer) followers and players. Warren also coaches a female football team in the National Premier League and enjoys spending time with his family and friends as well as the occasional game of golf and watching sport.



Ben Keep started as an Associate Adviser and Paraplanner in October, replacing Adam Massey. He currently holds a Diploma of Financial Planning, along with some additional industry specific qualifications, and shortly will be studying for a Master of Applied Finance degree with the aim of becoming a Certified Financial Planner®. Ben has almost 10 years' experience in the finance industry, with several roles in banking and financial planning, most recently as a financial adviser and paraplanner with Mortgage Choice.

Ben is married with one child. He and his wife are keen rugby league followers, with Ben recently having retired after being a life-long player of the game. Ben now enjoys spending time with his family and friends, is a keen social golfer and enjoys watching his favourite sports, particularly rugby league, football (soccer) and horse racing.

"The Budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled and the assistance to foreign lands should be curtailed, lest Rome will become bankrupt. People must again learn to work instead of living on public assistance."

Cicero, 55BC

So, evidently we haven't learnt much over the past 2,070 years.

Warren Buffett Speaks...

"Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."

The best compliment that we can receive is a referral to one of your friends, family or colleagues.

WEALTH MANAGEMENT SOLUTIONS

A.D. (TONY) GILLETT
CFP® FPA Fellow CDec

ALAN BAKER
MCom(FinPlan) CFP® DipFP

The Retirewell team, from left: Warren, Leeanne, Tony, Angie, Alan, Tirtzah and Ben.

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