



PROFILE
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PROFILE'S CORNER

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FACTUAL INFORMATION AND GENERAL ADVICE WARNING

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*Asset class returns referred to in this publication are based on the following indices: Australian shares: S&P/ASX 300 Accumulation Index. International shares: MSCI World (AUD) TR Index. Fixed interest: Bloomberg Composite All Maturities Index. Cash: Bloomberg Ausbond bank bill Index. Gold: Spot Gold Bullion (USD).



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Profile Update

Welcome to Volume 33 of our quarterly client newsletter. In this section, I provide an update on what's happening at Profile.

By Sarah Abood, CEO

After almost 10 years at Profile, I will be leaving the firm in November.

I am so grateful to have been given the opportunity to come into this role, back in February 2009. I'd just completed my MBA and to be given a chance to take this on was life-changing for me.

Since then Profile has grown substantially, while client satisfaction has remained at industry-leading highs (most recently, 9.1 out of 10). I'm so proud to have been part of the team that's achieved these results.

Some clients are already aware of the health challenges in my family particularly of recent times – I currently have four immediate family members facing serious health concerns. I have been struggling increasingly to balance the demands of my role as Profile grows, with my need to be there for my family at this very difficult time.

As this business becomes bigger and more complex, so too does the role of CEO. Profile needs and deserves to have someone in the role who can give it their wholehearted focus and attention. Our Chairman Peter Coleman will be taking over as CEO in an interim capacity, and I have no doubt that Profile will find a fantastic long-term next CEO to take it through the next stage of growth.

The financial services industry is going through a period of substantial disruption at present, with revelations of poor practices (particularly at the big end of town) leading to major changes to the way the whole industry operates. Being self-licensed and owned by staff and directors, Profile has complete control over our offering to clients, a model which is increasingly sought-after and recognised as best practice by clients and staff alike. So I know I leave Profile very well-positioned to continue delivering you great services and support in the years to come. As a continuing client myself I will look forward to cheering from the sidelines!

You, our clients, I will miss the most of all. You are inspiring and amazing people. I feel so privileged to have been able to share in some of your stories and play a part in helping you achieve your financial goals.

Orion Financial Group

Profile has recently welcomed the staff and clients of Orion Financial group to the firm.

Orion is an insurance-focused firm based in Parramatta – literally just around the corner from Profile's existing Parramatta office!

We've known the Orion team for some time, and recently we've been exploring ways to work together more closely as the principals (Igor and Jennifer Loutkovsky) finalise their long-term succession plan. The current insurance team (Igor and Jennifer, along with their daughter and senior insurance adviser Sacha, and staff Karla and Erica) have joined Profile and bring with them deep specialist knowledge in the critically important area of personal insurance. We're looking forward to working with the team, both supporting the Orion clients, and over time bringing more specialised support in this area to our clients overall.

General education seminar

Our final event for 2019 is being held on Wednesday, 13th November in Sydney, at the Epping Club. We'll be covering the very important topic of sustainability and impact investing. These issues around climate change, governance and the social impact of our investments are particularly topical at present. We will also be hearing from a longstanding client who is using the skills and contacts built over his career to make a difference in conserving our marine environment. If you haven't received your invitation – or you are remote from Sydney but can be in town on that day – just drop us a note to admin@profileservices.com.au and we'll add you to the list. We look forward to seeing you there!

Investment Update

By Jerome Bodisco, Head of Investments

Returns to 30 September 2019 (%)

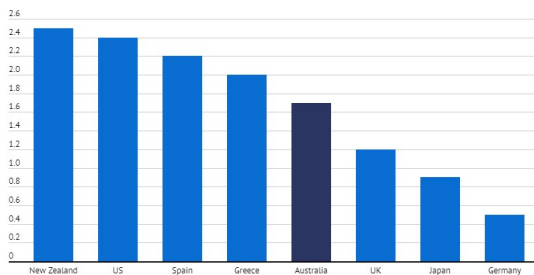
Asset class	3 mths	1 year
Australian equities	+2.6	+12.6
International equities (unhedged)	+4.7	+9.1
International equities (hedged)	+1.3	+1.9
Australian Listed Property	+1.1	+18.4
Global Listed Property	+7.0	+14.6
Australian Fixed Interest	+2.0	+11.1
International Fixed Interest	+2.3	+9.8
Cash	+0.3	+1.7

For the past year, the world has stood transfixed by the ongoing US / China trade dispute, talk of US recession, interest rate cuts, growing tensions in the Middle East, impeachment, mass protests in Hong Kong, and Brexit. What a circus!

In Australia, consumer confidence and consumption are down, unemployment is creeping up, wage growth is going nowhere, and recession talk is gathering steam. At its October meeting, the Reserve Bank of Australia lowered the cash rate to a record 0.75% and judged that interest rates are likely to remain lower for longer. Reading between the lines, a further cut in interest rates is now considered an almost certainty.

In a further worrying development, the International Monetary Fund (IMF) has downgraded its forecasts for the Australian economy to 1.7% on the back of a negative per capita GDP growth rate in June - which incidentally was the worst result since the financial crisis over a decade ago. The chart below says it all. Who would have guessed that Australia would sit behind Greece in the IMF's pecking order? Hasn't Greece been suffering an economic crisis for the past decade?

The International Monetary Fund's forecasts for economic growth in 2019



Source: International Monetary Fund

The flying elephant in the tent continues to be the US / China trade dispute which appears to be doing widespread damage to global trade beyond Chinese and American borders. Germany and Japan, two large market economies highly dependent on trade, are not faring well at all.

Recently China announced retaliatory tariffs of 5 – 10% on around \$75bn of imports from the US, causing US equities to pull back 1.7% in August. The US responded by increasing the tariffs scheduled for September and December from 10% to 15% and the current 25% tariff on \$250bn of Chinese imports to 30%. Investors gained some relief on the back of Trump's tweeted confidence that a 'mini deal' was imminent, much to the delight of a stunned, global audience.

Act 2 in the greatest show on earth was news that the US Federal Reserve trumped Trump by cutting interest rates in July and September, pointing to heightened downside risks, as well as subdued inflation pressures.

The federal funds target range now sits at 1.75% - 2.00%, down from 2.25% - 2.50% at the end of the June quarter. As I keep saying, you don't cut interest rates when things are going well.

The other big side-show in town is the media circus concerning the impeachment enquiry against Donald Trump. This comes at a particularly sensitive time for the US president, who is juggling balls on all fronts and sending tweets at such a pace that we've lost count. We know that Trump will be keen to ward off recession at all costs (at least for a year) and resolve the trade dispute to boost his popularity and re-election chances next year. An impeachment 'witch hunt' is something he could do without. Interestingly, the last US president to be impeached was Bill Clinton, who was later cleared of any wrongdoing. Donald Trump will be hoping that history will repeat itself and that he will survive scrutiny and may even benefit from the experience like Clinton did years ago. What a trick that would be.

Meanwhile the financial markets have walked the tightrope and defied gravity this year. The best seats in the house have been in property and fixed interest as investors continue the hunt for yield in a low cash rate world. Australian equities have also starred, returning 12.6% for the year and an unbelievable 22.9% (ASX300) return for the calendar year. What a performance!

There's a lot going on and a lot to take. This is a show we haven't seen before and impossible to predict. It's had its moments this year but I'm not alone in looking forward to the finale which I hope will be better and sooner than expected. On that note I've talked myself into going to see Cirque du Soleil's touring show, KURIOS – Cabinet of Curiosities, which the advertising promises will "transport me to a fantasy world where everything is possible". I cannot wait to compare it to the real world!

Back to School

By Stephen Alcorn, Senior Associate Financial Adviser

Inherent to seeing any professional service provider, be it your lawyer, accountant or financial adviser, is the understanding that a level of education, training and expertise exists to provide you with benefits and/or knowledge that you do not wish to spend years achieving yourself. Profile has always committed itself to having highly trained and technically competent financial advisers. However not all advisers in our industry have shared this commitment and for people seeking the benefit of quality advice, it hasn't always been easy to tell the difference.

Over the past 2 years, the Federal Government has introduced several measures designed to lift standards and professionalism within the financial advice industry. Profile has welcomed and embraced the adoption of these higher industry standards and all our advice team will undertake further formal study and exams in the coming months. We are encouraged that the new requirements will help lift the industry to a much higher standard of professionalism and quality of advice.

One of the key changes was the formation of the Financial Adviser Standards & Ethics Authority (FASEA) – a statutory body which regulates and controls the retail financial advice industry and all those who work within it. The introduction of the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 aims to raise overall standards within Financial Planning by requiring all Advisers to:

- hold an approved tertiary degree (or higher equivalent) qualification;
- pass a 3.5-hour exam to test legal, ethical and financial advice standards;
- undertake a professional year of training (for new entrants);
- undertake at least 40 hours continuous professional development each year; and
- comply with a new FASEA Code of Ethics.

Over coming months, all our existing team of financial advisers will be studying for and sitting the FASEA Exam, as well as undertaking the formal graduate course in '*Ethics for Professional Advisers*'. Some will also be upgrading their existing university qualifications to a new 'approved' qualification by undertaking a Graduate Diploma in Financial Planning. So far, Senior Advisers Kurt Ohlsen and Scott Ungaro have sat the new FASEA exam, with many of the other Profile Advisers scheduled to sit the exam in early December.

From 1 January 2020, all financial advisers in Australia must comply with the new FASEA Code of Ethics, in addition to the Code of Conducts of other professional bodies such as the Financial Planning Association (FPA), the Association of Financial Advisers (AFA) and the Tax Practitioners Board (TPB). The FASEA Code of Ethics comprises:

- 5 core values – *trustworthiness, competence, honesty, fairness and diligence*;
- 12 standards which cover the areas of *ethical behaviour, client care, quality process*; and *professional commitment*.

¹ Source: Andrew Robertson, ABC News; 26/6/2018; "Industry Overhaul expected to result in mass exodus";

The Code of Ethics imposes ethical duties that exceed minimum legal requirements. It is designed to encourage higher standards of behaviour and professionalism in the financial services industry (see www.fasea.gov.au).

It is expected that over 20% of people who were advisers at the start of 2019, will leave the industry within the next 5 years¹ as these higher standards of education, ethics and professionalism become compulsory. For Profile, it is another opportunity to recommit to our vision of being valued and known by our clients and their various advisers for our trusted advice.

So, when you next see your Profile Financial Adviser – ask them how their study is going. For some it's a natural progression from their Certified Financial Planner (CFP) qualification, while for others it's been a while since they formally went '*back to school*'.

Travel Hotspot – Costa del Sol, Spain

By Lena Ridley, Head of Operations

With a Swedish partner and Swedish-Australian children, Europe is always our first-choice holiday destination as a family. So, this European summer – after spending quality time with friends and family in Sweden and whirling the kids around the Eiffel Tower and EuroDisney in Paris – we spent a highly enjoyable sixteen nights on the Costa del Sol in the Andalusia region in the south of Spain.

Within the region is the province of Málaga, which includes 150kms of coastline on the Alboran Sea. This coastline came to be known as Costa del Sol (Coast of the Sun) in the 1930s in order to attract tourists. By the 1950s, it had become a popular destination with the jet set of the day, including Grace Kelly, Marlon Brando, Frank Sinatra and Brigitte Bardot. Today, it is an eclectic mix of nationalities and stories however, we have become so used to encountering Australians when we travel that it was noticeable that we did not hear or meet other Aussies while we were there.

With dozens of towns and seaside villages to choose from, the area has something to offer everyone. Whether you seek beaches, outdoor activities, history, architecture, culture, music, art, shopping, great food, a good pool to laze by or any combination of the above, then I would recommend this fabulous part of the world. Here were some of our favourites.

<https://www.abc.net.au/news/2018-06-26/financial-planners-quit-in-response-to-boost-education/9910950>

Málaga

Well known as the birthplace of Pablo Picasso, Málaga is a port city with over half a million residents. With the largest international airport in the province, many tourists fly in and out of this port city from all over the world. With connecting flights to Europe, Asia and the Middle East, it was a short 2.5-hour flight from Paris and an easy exit point from Spain back home for us. The city itself has all the gems of the Costa del Sol in terms of beaches, clubs and food but is also home to so much more.

The Museo Picasso Málaga houses 285 of the famous artist's works that have been donated by members of Picasso's family. If art is your thing – or you need to escape the heat or walk off an overwhelming lunch – then Málaga is also home to a branch of the famous Centre Pompidou in Paris. Other top spots include Alcazaba de Málaga (an old Moorish palace-fortress from the 11th century) and the Catedral de Málaga (a 16th century cathedral with amazing rooftop city views).

Marbella

One hour from Málaga toward Gibraltar is Marbella, sandwiched between the coastline and the stunning Sierra Blanca mountain range. There is every kind of accommodation option available and we choose an Airbnb family friendly villa in a resort style complex with a central pool. Our neighbours were mostly other visiting families from the UK, Scandinavia and the Netherlands.

Marbella has a wonderful 16th century, whitewashed, Moorish old town, filled with stunning tile relief and mosaics, Michelin recommended restaurants and small, authentic tapas bars. A short walk down the hill is Paseo Marítimo – a beachfront promenade that stretches over 7kms of beaches, bars, shops, restaurants, markets, and kids' sideshow style attractions, all the way to Puerto Banús. Sometimes known as the Golden Mile, you can view a Dali sculpture of a rhino and the island of Gibraltar along the walk to Puerto Banús. Marbella is home to 12 public Dali sculptures if you care to find them all!

A short way up the hill is Starlight Marbella – an open-air music venue in an old Quarry, with an amphitheatre style feel and incredible acoustics. The venue hosts popular English and Spanish language artists almost nightly during the warmer months. For the guitar fans, we enjoyed a rare, child free evening seeing *Ben Harper and the Innocent Criminals*, which was a once-in-a-lifetime experience.

Puerto Banús

The Monaco of Spain was my first impression of this luxury marina and port. Named after the architect who built the marina in 1970 – José Banús – Puerto Banús is a 915-berth marina and large-scale shopping complex.

Here we saw some of the most luxurious yachts in the world, walked streets lined with luxury boutiques and passed car spots filled with sports and luxury cars. My morning visit to the gym here was done in the company of famous bodybuilders and bikini models.

Undoubtedly my favourite aspect of this holiday was family meals - eating tapas and paella, among other local delicacies. Jamón ibérico (4-year dry aged, free-range, acorn fed, ham), jamón serrano, ceviche, salt baked fish, patatas bravas (spiced fried potatoes), paté, olives, manchego cheese, gambas al pil pil (garlic prawns), white anchovies, and gazpacho (cold tomato soup) all made their way happily into our stomachs.



We will visit Costa del Sol again as there are so many day trips and hiking adventures we would love to experience once the kids are older. I would recommend it for any traveller seeking a different sort of holiday, where you can have one base and experience something different every day.

Client Profile – Lyn McGettigan

By Kelly Lindsell, Senior Financial Adviser

Lyn's life has been nothing short of an amazing adventure, one that is not done yet!

One of three children, Lyn was born in the city, raised in the bush, in Glen Innes and Baradine. Her father was in the Forestry Commission and her mother was a nurse. She was educated at St Ursula's, Kingsgrove, then graduated from Bathurst Teachers' College.

The work ethic of her parents, the rough and tumble of country life, then the challenge of teaching in 'difficult' country and city High Schools, equipped her well for life!

In 1971, Lyn met her husband Brian, who was then the Publican at The Penshurst Hotel. The course of her life as the Publican's Wife was set and during the years 1971 - 2006 Lyn and Brian owned and managed six hotels including the famous Sheila's Tavern in North Sydney. Their first hotel was the Union Hotel at North Sydney, followed by Sheila's.

Sheila's was then known as McGettigan's - a unique, new entertainment concept, where an under-age disco brought together the teenagers of Sydney.

It was then off to Tatts Tavern in Penrith. This was a tough pub, at which there was never a dull moment, but it is also fondly remembered by Lyn.

From there, Lyn decided on a tree change and they moved to the beautiful Snowy Mountains to own and manage The Lake Jindabyne Hotel. This became a huge entertainment venue, showcasing many Australian and International bands. I personally enjoyed Lyn's hospitality, staying there many times, although not knowing Lyn as I do now.

Then her last hotel, The Kincumber on the Central Coast, where she was greeted by a warm caring community.

Lyn led a parallel life during this time. After gaining her Hospitality qualifications at Ryde TAFE in 1985, with additional study at Cornell University, she taught and trained Hospitality students throughout NSW, in clubs, pubs TAFE and UNSW. Her slogan, "No More - It's the Law" is the lasting result of one training session in Jindabyne.

Incredibly, Lyn also fulfilled a childhood dream when she graduated from UNE in 2001 with a BA in Archaeology (Aboriginal) and Palaeoanthropology and worked with the Indigenous communities on the Central Coast. Lyn recalls a trip when she was 7 years old when an Indigenous Forrester by the name of Dickie Turner, who worked with her Dad, took her through the forest explaining the tools used by the Indigenous people along with their ways. Lyn was fascinated by this and developed a love for the Aboriginal community that is as strong today as it was then.

In 2020, Lyn will be travelling to the Kimberley region to live and work in remote Indigenous Communities for a year. She hopes to help in any way she can and to be able to use her skills of teaching, hospitality and writing for these communities.

Her passion for Australian Archaeology is also evident in her recent trip to Longreach and Winton to see and learn more about a recent Dinosaur discovery. She never thought she'd be so interested in bones!

Lyn's three children, Danielle, Kate and Brian, have each followed her into hospitality.

As she passed through the bar-room door for the last time, Lyn knew there were too many good stories to go untold. It was then that Lyn decided to pour her heart and her incredible energy into writing her memoirs. Her book, "Behind the Bar-Room Door, Tales of a Publican's Wife" is a highly entertaining read. Lyn's amazing wit and zest for life exists on every page.

It is the story of the characters who walked in and out of the bar-room door, the antics they got up to and the feisty little woman behind the bar who took it all in her stride.

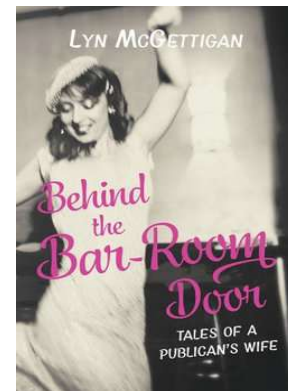
"From the Public Bar guys; salt of the earth, genuine good, hard working blokes, to the Saloon Bar types – police and their informers, magistrates, media, advertising guys, politicians, office girls, girlfriends and wives, to the 'colourful characters' who moved between both worlds; the underworld figures, crims and bikies and 'women of the night'. Under Lyn's eagle eye all mixed socially and minded their own business. While danger may have lurked around the bar room door, the pub was their turf and as she looked after them, they looked after her and made it a safe place."

Lyn's book tells the tale of a bygone era in NSW pubs. Be prepared to laugh and cry at the unbelievably crazy things Lyn and the characters in her life got up to.

Lyn enjoys life with her friends, family and grandchildren. She will continue to write, consult to the Hospitality industry and spend quality time with the indigenous community. For those interested, Lyn's book can be purchased on-line using the following links:

https://www.angusrobertson.com.au/books/behind-the-bar-room-door-lyn-mcgettigan/p/9781925959475?zsrc=go-nons&qclid=EAlaIqobChMI_v_bIPOh5QIVVQ4rCh3ZmgamEAYYASABEgILv_D_BwE

<https://themoshshop.com.au/products/behind-the-bar-room-door-by-lyn-mcgettigan>





Contact Us



www.profileservices.com.au



Parramatta Office

L9, 100 George St
Parramatta NSW 2150



Sydney Office

L12, 44 Market St
Sydney NSW 2000

Mail to:

Profile Financial Services
Reply paid 87949
Parramatta NSW 2124



+61 2 9683 6422



+61 2 9683 4658



admin@profileservices.com.au



Mudgee Office

27b Byron Pl
Mudgee NSW 2850



Dubbo Office

Suite 2, L1,
116-120 Macquarie St
Dubbo NSW 2830

Mail to:

Profile Financial Services
Reply paid 89571
Mudgee NSW 2850



+61 2 6372 0716



admin2@profileservices.com.au

Profile Financial Services Pty Ltd
ABN: 32 090 146 802
Australian Financial Services Licence 226238
Australian Credit Licence 226238