



PROFILE
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PROFILE'S CORNER

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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 CEO Update

Welcome to Volume 39 of our quarterly client newsletter. In this section, I provide an update on what's happening at Profile.

By Peter Coleman, CEO

Summer is over and the arrival of autumn brings some of our most beautiful weather. This time last year though the world was not focused on the weather, the world was focused on fear. For the first time in 100 years the world was collectively experiencing a pandemic that soon became panic as economists, health experts and media fed the fear factor and share markets tumbled.

The combination of fear of the unknown spiralled into economies as cities and countries began locking down their populations. Fear of economic consequences brought with it the talk of a local recession, the fear of a global recession or worst still a global depression.

No one knew what to expect and to some extent, we are still in the dark. Whilst several vaccines have been developed and approvals fast-tracked there is still a sense of underlying concern or fear, particularly with the identification of viral variants. Many believe there is more to come.

Central banks rode their white charges into the fray and governments who could afford to invested heavily in businesses and provided support to those most vulnerable in the community and in the process creating liquidity. Economies were stimulated and government deficits grew significantly. Our Government reacted quickly including at state levels with border closures and lockdowns.

Economically though we are now in recovery, markets have rebounded and are at all-time highs. Investors who did not panic saw their wealth restored and interest rates remain at all-time lows. Governments and Central Banks continue to support their economies and in Australia, property prices are strong across rural and urban areas, although in some locations prices are flat.

What a year! Whether you are in the no lockdown or lockdown camp, we in Australia have missed the worst of the health crisis in terms of the virus, but we have seen mental health issues spiral and many businesses will not survive the economic impacts.

Our Financial Advisers, our investment committee and all support staff worked furiously to stay in touch with you, to support you, to calm those anxious or fearful. Very few clients exited their investment with the majority accepting our advice to hold. Across our entire client base, less than a handful of clients exited their portfolios. Those who held firm have now recovered their losses and more.

Our PPS and PAS funds performed well against the market and our risk mitigation strategies protected the funds from mirroring the extent equity market

declines. Both funds have recovered their losses and are now ahead. Our funds are continuing to perform strongly, and we recently celebrated their 10th inception anniversary on April 5th, 2021.

We have all learned much over the past year and it was a real challenge for everyone. Some of us have lost friends and family to COVID-19 and we will all know someone who struggled financially due to lockdowns.

I learned that our communities within Australia are compassionate, our citizens supportive of policies that protect those vulnerable in our society and that government and business can work together in a crisis.

I learned that home is not such a bad place to work, that technology can be used to our advantage and that staying calm when others are anxious is important as a client and as a business.

I have thanked you before for your help throughout the health and financial crisis, but I would like to do so again. Our business is stronger than ever and our focus on you and your financial and physical health have never been more important.

As part of our Christmas celebrations, we all spent 4 hours helping the Salvation Army sort gift bags for kids in tough life situations. What a way to finish the year and celebrate Christmas. I thank all our staff for their support of these children who we know were experiencing tough times. I know I am biased, but I think we have a great team of values-driven people at Profile.

Let us hope the remainder of 2021 is a better year but let's not lose our learnings. I am much closer to my family and more in touch with my children and my wife because Covid forced me to work from home. I know hundreds of people who have expressed similar sentiments.

I hope you had a great summer in this amazing country, and I look forward to steering Profile through the year ahead and making sure we are always there for you.

My very best regards, Peter Coleman.

Outlook on Investment Markets and Economy

If the final quarter of 2020 was characterised by optimism and a strong market rally, then the first quarter of 2021 was characterised by more volatility; short, sharp lockdowns and the hope that we have "turned the COVID corner". The other notable factor impacting global share markets was the divergence between the fundamental valuation of some companies with the price they were trading at. In the "real economy", as global production ramped up again, demand and prices for commodities such as oil and iron ore saw strong price rebounds.

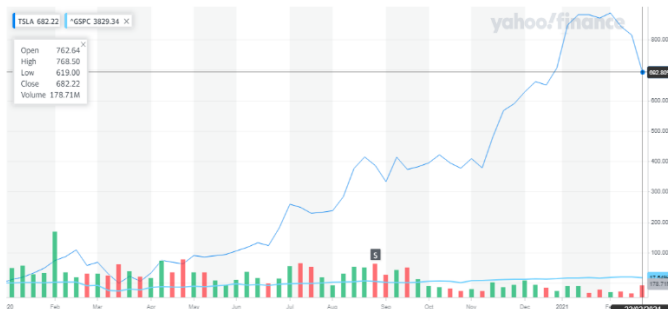
There is no getting away from the fact that COVID-19 has had a devastating human effect as well as

impacting global economies. As of early May, over 156 million people had contracted the virus; 134 million have recovered, but 3.2 million people have died from the pandemic (source: <https://www.worldometers.info/coronavirus/>). While the impact on Australia has been relatively mild, our thoughts are with all those whose lives and families have been affected by the pandemic.

The pandemic has impacted the level of economic activity, and the resulting market fluctuations have caused a lot of uncertainty. After surging and retreating through the middle of 2020, the COVID-19 pandemic has worsened and mutated in recent months and has continued to surge in the first quarter of 2021 in some countries. However, the approval of several effective vaccines should allow for the inoculation of a significant proportion of Australia's population in 2021, hopefully allowing life to largely return to normal later this year.

Most institutional investors believe that the subsidence in business activity and profits have now "turned the corner" and that economic activity and employment levels are rebounding – which is a positive sign for investors and retirees. Interest rates however are likely to remain low for at least the next 3-4 years, impinging on those relying on term deposits and other capital-stable investments for their returns. The good news is that after ring-fencing most of the bad news into 2020, many Australian companies have recently announced strong dividends – which will be beneficial to those invested in local shares. It should also boost the yield on many diversified strategies, such as the Profile Accumulation Fund and Profile Preservation Fund.

Finally, one of the risks we remain concerned about is the divergence in some sectors and stocks between traditional underlying fundamental valuations and the prices that those stocks are trading at. Think Tesla, Gamestop and Afterpay. These companies have seen tremendous price growth and returns for investors; however, questions remain on whether these prices are sustainable. For example, Tesla is valued at over \$800 billion or more than \$1.4 million for every car they sell. The next most valuable is Toyota, which is valued at \$20,000 for each car Toyota sells, while most other manufacturers are valued at \$6-8,000 per vehicle. Is one brand of electric vehicle worth nearly six times more than it was 12 months ago, or more than the top 8 other manufacturers combined?



Closer to home, Australian equities moved higher over the March quarter (4.2%) off the back of strengthened domestic confidence. Financials (ex-Property Trusts), Telecommunication Services and Consumer Discretionary were the highest performing sectors for the quarter, posting returns of 12.1%, 9.0% and 8.9% respectively, while, Information Technology (-10.3%) and Health Care (-2.1%) were the weakest performing sectors as growth stocks struggled after strongly outperforming through much of 2020. Whilst the performance of individual sectors was mixed, the overall return of Australian equities was an impressive +38.3%!

Outlook –the outlook for investment markets and economies is far more positive than it was 12 months ago. There is a strong potential for economies to rebound from the COVID pandemic and investors to once again benefit from price growth and dividends. However there remains a significant risk of short term volatility and a possible market correction if the vaccine is not as effective as hoped, or if markets lose confidence in Central Bank control of interest rates and / or inflation rears its ugly head. Therefore, continue to remain vigilant, and as always, consult your Advisor if financial pain persists!

Travel Top Spot – Kooindah Waters Golf Resort – Heaven on a stick!

By Jerome Bodisco, Head of Investments

We continue our 2021 coverage of Australian destinations.

Golf is not everyone's cup of 'tee' (pardon the pun), but it is a popular pastime, especially for those who wish to avoid the housework and have a fun weekend away!

Only a leisurely 1-hour drive up the M1 and a thousand miles from care, you will find an oasis in a desert of bunkers and the State's best-kept secret, Kooindah Waters Golf Resort.



I've called Kooindah Waters home for over a decade now. What a place! There's nothing better than escaping the big smoke for a big stroke down the fairways. It's highly social, fun and of course a great holiday to boot.



I used to think golf was more stressful than work but that's not true once you get to the second hole! You will clock up at least 10,000 steps without even realising you've played 18 holes. You might also lose 10,000 balls but let's not go there! As the saying goes, a bad day of golf beats a good day of work every time.



If you are an avid golfer, you cannot beat it. Located on the New South Wales beautiful Central Coast, Kooindah Waters is an immaculate 18 hole par 72 championship golf course that is ranked amongst the best courses in Australia. Kooindah Waters was recently voted in the top 60 in the country. It even featured as the scene for the NSW Amateur championships recently. If you are curious or just want to test yourself then Kooindah Waters must be on your golf bucket list.



Completed in 2006, the Kooindah Waters golf course was designed by Ross Watson and champion Australian golfer Craig Parry. Built on natural wetlands in a stunning bushland setting Kooindah Waters boasts some amazing wildlife including hundreds of species of birds.

The resort also boasts a Mercure 84 room, 4 and a half star hotel with an award-winning restaurant, indoor and outdoor pools, sauna, gymnasium and tennis courts. This array of facilities further adds to the enjoyment of an extended golf trip to Kooindah Waters.



Kooindah surrounds also offer the non-golfer plenty of other things to do. Local attractions that might interest you and are some of my favourites include Soldiers Beach, The Entrance and The Australian Reptile Park. It can also be used as a launching pad to the Hunter Valley if wine is your thing. The Hunter Valley is only about an hour away.

If you are looking for something in easy reach of Sydney and a weekend getaway, I highly recommend Kooindah Waters Golf Resort. You cannot go wrong unless of course, you hit it in the water!

For readers of this newsletter, the head of golf at Kooindah, David Stretton, has kindly offered all Profile clients and readers of this newsletter, a generous 10% discount on green fees. Just name drop me at the pro-shop (Jerome Bodisco) and mention that you read about the deal in the Profile newsletter and this generous gift is all yours! There are also plenty of 'Stay and Play' deals if you stay a night or two at the Resort.

If it's time for a quick getaway and a tee change, look no further than Kooindah Waters.

Enjoy - and hit 'em straight! See you out there.

Financial Resilience

By Kelly Lindsell Senior Financial Planner

Our financial history is littered with examples of events that result in a financial shock. These may have taken the form of a market correction, an economic recession or even depression, they may have been driven by poor governance or perhaps even a weather condition, such as an elongated drought or a damaging cyclone. Either way, these events that shock us, leave us with effectively only two choices. The first is to succumb to it and leave ourselves financially vulnerable, but the other choice is to be resilient and rise above it.

Sounds like an easy choice doesn't it? Well not really! Why, because resilience, particularly financial resilience, takes effort and commitment before the event even occurs, that is before you realise you need it.

Financial resilience is a term often bandied about when times are tough and it seems that there are many articles at present on this matter. So what is financial resilience?

It is, quite simply, the ability to bounce back from a financial shock. Whilst this may be a large scale shock to an economy, market or industry, it may also be something more personal, such as losing a job, a business under pressure, relationship breakdown, a disability or serious health problems, all of which affect people individually and require resilience to endure them.

Twelve or more months on from the initial shock of the Covid-19 Pandemic, we are still reeling at the way this has changed our lives, our communities, our workplaces/businesses, our industries, the economy, our plans for travel and the impact on our health system, both here and abroad. I dare say, we could not even have imagined at the outset, the ways that Covid-19 would have impacted us.

Managing our way through this has given new meaning to the concept of 'resilience'.

In 2019, Mortgage Choice partnered with CoreData to survey over 1,000 Australians to assess their financial fitness and released their result in their 'Financial Fitness Whitepaper' (<https://www.mortgagechoice.com.au/media/4477144/mortgage-choice-financial-fitness-whitepaper-2019.pdf>). Whilst this paper makes for excellent reading, of particular interest was the fact that it uncovered that almost a quarter of the people surveyed had no real plan for or understanding of, what they would rely upon if they were out of work unexpectedly. Worse than this, more than a quarter of the people surveyed, either saved nothing each pay cycle or spent more than they earned.

Almost 3 in 5 of those surveyed were worried about their financial situation, with almost 85% acknowledging that financial stress negatively affects their wellbeing.



The data also showed that only 36.6% of women felt confident that they are on track to realise financial success in their lifetime, versus 55.3% of men feeling the same confidence.

Perhaps what is frightening about this data, is that it was before Covid!

Compare The Market also partners with Deloitte Access Economics to release their Financial Consciousness Index (Edition 3 was released in 2020). This index is designed to help us gain a better understanding of what drives peoples financial behaviours and their choices. More importantly, it measures whether people are conscious of their ability to alter their financial outcomes and make the necessary changes to improve their financial wellbeing.

Interestingly, the results showed that despite the very difficult economic conditions in 2020, many Australians were forced into becoming more

proactive in managing their finances, whether it was being more proactive in their approach to budgeting, or managing debt more effectively, the data improved in many areas.

Once again, the paper offers significant insight and can be downloaded at <https://www.comparethemarket.com.au/wp-content/themes/ctm/documents/Financial-Consciousness-Index-report-2020.pdf>.

So what can you, and those you care for, do to improve financial 'resilience' and 'wellbeing'?

Being in a position to be financially resilient requires effort and planning when times are good. The key steps to achieving this include:-

- ◆ **Being financially aware of your situation.**
 - Truly understanding your sources of income, any risks to this and what possible protections exist.
 - Understanding where your income is being spent and what areas of your expenditure are necessary and what is not.
 - Are you are saving for the future?
 - Are you spending more than you earn?

Understanding what debts you have and whether they under control.

What rates of interest are you paying on your debts?

Is there an opportunity to accelerate your debt repayment?

What threats exist to your financial wellness?

What opportunities are there to improve your financial wellness and hence resilience?

- ◆ **Improve your financial knowledge and have a financial mentor.**
- ◆ **Build a financial plan that is based on your goals and is adaptable to your changing circumstances.**
- ◆ **Stay committed to your goals and the strategy to achieving these.**
- ◆ **Proactively measure the results and reset your goals as appropriate.**
- ◆ **Most importantly, start now.**

Given that financial resilience is the foundation for your financial security, both now and in the future, then having a good understanding of your finances and also having confidence in your financial plan will mean that unexpected events should not unsettle you.

Our Advisers at Profile Financial Services are focused on improving your financial resilience and hence your financial wellness.

If you, or anyone you care about, would like to discuss this further, please contact your Adviser.

Staff profile – Sharon Cruickshank

Senior Office Coordinator

In the early years of the Profile newsletter, we used to introduce a different staff member in each issue as a way of helping our clients know more about Profile's dedicated work-family...after all, we know a lot about you! We hope you enjoy getting to know us all a little more again.

What are you reading right now?

I am currently not reading anything, I am finding the house renovations are taking up all my time at present. Once this is finished I am looking forward to picking up a book again. I am managing to get in a little knitting for Ivy-May though.

Favourite recipe and where can we find it?

One of my families favourite meals is curried sausages and rice. I have a very old recipe, however, I always add my flare to what I cook.

Any pets/kids/spouses?

Pets – Dog - Coco Chanel and Cat – MIA

Children – Mark, Kellie & Johanna

Grandchildren – Blaise, Keira, Charna, Alex, Grace, Maverick & Ivy-May

Spouses – 2 ex's and there will NOT be third!

The one movie you just keep coming back to...

"You've Got Mail" or anything Agatha Christie.

Why do you work in financial planning?

I fell into financial planning when I applied for a position with State Super Financial Services 28 years ago. At the end of the interview they asked if I had any questions and I told them I was perfect for the position and when did they want me to start- I got the job.

What are your top 5 key values?

Honesty, loyalty, reliability, respect, compassion.

Who has influenced you most in life and how?

My maternal Grandmother. She was the loving, stable, caring, reliable influence in our lives. I thank her every day for the person I am.

What makes you smile?

My Grandchildren, my children and my friends.

Client profile – Vincent Chong & Swee Phang

Under the Puglian Sun a moveable feast. Written by Swee Phang

In 2020, like many of you reading this newsletter, we could only reminisce about our past holidays and

long for the opportunity to venture away on another new quest.

Over the years, we have been very fortunate to have seen much of the world and our greatest personal enjoyment now lies in experiencing the culinary delights of the countries and the towns we are lucky enough to visit.

In the 20 years that we have been working with Kelly Lindsell, we have sent her many pictures of the lovely little towns we have visited and the amazing meals my husband, Vincent and I have shared. She looks forward to these and hopes to dine at some of the same restaurants and stay in the same towns that we have. It is lovely to share these dreams.



Here is a photo of Vincent at a restaurant in Barcelona, Spain, that specialises in Paella, Valencia style. It was amazing.



Our trip to Rapallo, a little town near Genova on the Ligurian Coast, was also filled with culinary delights!



In Paris, we ate their famous bouillabaisse, a complex and delicious soup that comes in 2 courses; first the soup, then the fish. It was marvellous.



Although we are rarely ever disappointed, we experienced one of our most exceptional trips in October of 2018 when we spent a week in Puglia. Puglia is located in the southern region, forming the heel of Italy's 'boot'. It is as spectacular as this photo suggests and one of our favourite destinations.



The Puglian landscape is a calming combination of sunny blue skies, red soils, greyish-green olive groves and greyish low stone walls.

Whilst we were in Puglia, we based ourselves in the capital of Bari and also Lecce, a city of great beauty, with its narrow streets of golden sandstone, hidden piazzas and exceptional cuisine.

From these two bases, we took 2 private day tours and visited several towns. Towns like Polignano, Locorotondo, Ostuni, Alberobello, Otranto, Gallipoli and Galatina. Here is a photo we took of the waterfront in Otranto.



On these private tours, we also visited the town of Matera, famous for its cave dwellings. It is amazing that this ancient town has been inhabited for 9,000 years, first in the Paleolithic era and used as homes for families and their livestock until the 1950's when restoration works commenced!



Every town we visited has its must-see sights and must-eat regional specialities. There were many highlights, some of which were:

- ◆ Watching a fish vendor, at the Bari old town fish market, tenderising a huge octopus by repeatedly throwing it to the ground!



Women making orecchiette in Strada Arco Basso in Bari - a picture of tradition and community.

- ◆ The history and cave dwellings of Matera is fascinating and beyond comprehension.
- ◆ The Tree of Life mosaics in Otranto Cathedral was amazingly beautiful.
- ◆ Tasting international award-winning olive oils, eating tella barese, caffè Lecce, pasticcioto, taralli biscuits, rustico, burrata, cappacolo - wonderful!
- ◆ Enjoying the La Passeggiata in Piazza Oronzo, Lecce at night - with every local and their dog!
- ◆ Lunch at La Puritate, looking out to Gallipoli's glistening green Ionian Sea, was our best seafood meal to date - a tasting menu of tuna cerviche, Gallipoli red prawn cerviche, mackerel dressed in olive oil, hake croquettes, fried fish, octopus balls, mussels gratin, mixed seafood paccheri and pasticcini di mandorla.



- ◆ St Caterina Church in Galatina, covered fully by frescoes inside, was exceptionally beautiful.
- ◆ We even sang 'Volare' at the 'Domenico statue' in Polignano!
- ◆ We visited the family-owned independent archaeological Faggiano Museo in Lecce. It is unfathomable that a house, with layers of history under it, remains intact for more than 2000 years!




Puglia is simply unhurried, which is perfect! Check Puglia out if you are going to Italy! Bella Puglia!



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