



**PROFILE**  
FINANCIAL SERVICES

# 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).

## Profile CEO Update

Welcome to Volume 44 of our winter newsletter. In this section, I provide an update on what's happening at Profile.

### By Lena Ridley, CEO

There continues to be much to discuss about our external environment now we have settled into the second half of 2022. Volatility exists in the economy and markets; we have had a change in Government and covid cases are tipping the 10 million reported case mark in Australia. The cost of living dominates news cycles and the war in Ukraine rages on.

Our proven resilience as a community has sought space for renewal and opportunity this year and so over the winter, I have heard more clients, staff, family, and friends talk about a renewed sense of normality in 2022. We have clutched the opportunity to travel again, celebrate milestone events with gusto, and enthusiastically go to concerts, sporting games and school events. The mental health of many of us needed this shift and the resilience I wrote of in our last newsletter shines on.

This sense of renewal and opportunity has extended through Profile. It was a pure delight to see some of you at our Federal Budget and Election seminar at the end of May. On that evening, we were also able to share the results from our May Client Satisfaction Survey. You rated our overall service a humbling 94.4 out of 100, valuing our knowledge and expertise as the most valued element of how we serve you. Thank you for providing us the opportunity to add value and thank you for taking the time to provide us with feedback.

We have renewed our efforts this year to finding more families to help, and to find more staff to bring into our world. Please reach out to your Adviser or me if you have family, friends or colleagues who would value a phone call to discuss their personal circumstances. Our goal is to help people live the life they want, with confidence.

Profile remains here for you and your family no matter what the remainder of the year may deliver. Please reach out at any time.

My very best regards to you and your family,  
Lena Ridley.

## “Cross the River by Feeling the Stones” – will China become the new Investment opportunity?

### By Daniel Hill, Associate Financial Adviser

<sup>1</sup> Statement by Philip Lowe, Governor: Monetary Policy Decision | Media Releases | RBA

<sup>2</sup> Home (asx.com.au)

<sup>3</sup> Allocation to China in a new world order - WTW (wtwco.com)

### The big dipper!

We continue to experience turbulence in investment markets since our last newsletter. The RBA and other central banks have responded to increasing inflation with interest rate rises to try and slow the pace of rising prices<sup>1</sup>.

Higher inflation has contributed to investment markets coming off recent peaks. The ASX 200 for example has fallen around 10% over the last 6 months<sup>2</sup>.



Home (asx.com.au)

Previous newsletters have gone into the details about inflation, rates, and markets. Rather than repeat this it may be worth considering one option to position portfolios for the future.

### China

The re-emergence of China may reshape the world's existing geo-political order. Potential scenarios include the possibility of China overtaking the US as the global hegemon to reshape global institutions<sup>3</sup>.

The re-opening of China has opened its domestic capital and financial markets to foreign investors<sup>4</sup>. Traditionally investors have accessed Chinese exposures via Hong Kong, New York and indirectly via ASX listed companies with earnings generated in China.

China is now home to the second largest stock market in the world and has launched programmes to improve access to this enormous market for foreign investors<sup>5</sup>.



<sup>4</sup> Asset classes of tomorrow - Chinese capital markets - Thinking Ahead Institute

<sup>5</sup> Ibid

## Investing in China?

Compared to the relative size of the Chinese stock market, investor allocations to China have historically been much lower. This may be due to a number of factors including barriers to investing, a lack of knowledge or comfort when it comes to owning Chinese assets<sup>6</sup>.

Now the barriers to investing are lower is there a compelling reason to consider increasing allocations to China?

China has historically offered strong long-term diversification benefits relative to the rest of the world for equity investors<sup>7</sup>.



In plain English this means that the drivers of returns for China are different to economies such as the US and an allocation to China may help overall portfolio performance over the long-term.

China may also offer opportunities for investment managers to take advantage of market inefficiencies to generate excess returns.

## What about the risks?

The re-opening of China to the world has been a long-term policy which is predicated on the argument that 'China believes in supporting and maintaining a functional and highly connected global political and economic system that ultimately supports a rising power'<sup>8</sup>.

These considerations rely to some extent in China continuing its long-term path to open its economy and financial markets to the world. Is there a risk that China could change course or reverse this trajectory and what impact could this have on foreign investors?

The risk of restrictions on capital outflows for example could have a material impact on foreign investors. The potential scenario of disruption to the process of globalisation could see this risk become a real concern.

However, in a world where major global economies decouple the case for geographic diversification may be stronger, due to the expectation of even lower correlations between the returns of assets in decoupled countries<sup>9</sup>.

Ultimately an allocation to China would need to reflect the risk appetite of a foreign investor and the expectation that the expected returns are sufficient

compensation for the risk taken. The size of the allocation would reflect these considerations.

China offers a new opportunity set for many investors. Learning more about the market and becoming comfortable with the risks may be time well spent for the investor looking to take advantage of the opportunities.

## Do Finfluencers have a place in the Australian advice landscape?

By Andrew Squires, Financial Adviser

By now, you may have come across the emerging social genre of an 'influencer', where someone with a particular insight or authority has the means to broadcast their message among the masses. Well, as you might have guessed, a Finfluencer does the same with a focus on all things finance. After rising popularity in the U.S, a wave of Finfluencers are now active in Australia and their followers are not the only ones listening in. Lately, ASIC has spoken up, referencing existing financial licensing regulations and reminding these new players that a Finfluencer must not provide financial product advice or participate in arranging a financial product without an Australian Financial Services licence. Though easier said than done, the ever-growing complexity of the Australian Financial Services Law isn't a black and white proposition, which has bought confusion to the Finfluencer community; complex compliance measures may be a regular pastime for your run-of-the-mill finance professional, but it's the Finfluencers first rodeo and their wake-up call has just been announced.

According to a recent article by the ABC, 28% of young people followed at least one Finfluencer on a social media platform. Given the age we live in, it's no wonder young people are turning to their beloved social media for financial influence; the cost of financial advice is ever-growing and often unaffordable for consumers with less complex needs, let alone young people starting on their wealth journey. The Finfluencers can be seen to present topical issues that their target market can relate to, while the consumer chooses who they 'follow' or who they are influenced by. There is no doubt that quenching the educational thirst of our youth is a good thing, and it could even be bridging the gap between being financially literate and financially savvy. Young people are making money decisions, building behaviours, and forming pathways that can be difficult to move away from once they become embedded in early lifestyle choices. Simply taking an interest can help to build a healthy money mindset and can lay the

<sup>6</sup>Allocation to China in a new world order - WTW (wtwco.com)

<sup>7</sup>Considering Chinese assets: A valuable portfolio building block? - WTW (wtwco.com)

<sup>8</sup>Asset classes of tomorrow - Chinese capital markets - Thinking Ahead Institute

<sup>9</sup>Allocation to China in a new world order - WTW (wtwco.com)



foundations for a generation that makes educated financial decisions.

ASIC recently held a closed-door meeting with around 30 popular Finfluencers with the intention to resolve unanswered questions and discuss a recently released Information Sheet (INFO 269). While praising the delivery of financial education on one hand, ASIC relentlessly leans on existing law on the other, somewhat blindsiding the average Finfluencer with the apparent crackdown. The vast majority of Finfluencer do not have a financial services licence or come close to meeting the minimum education standards required by your resident Financial Adviser. The Finfluencer was presented with ASIC guidance that started and finished with the existing laws encompassing all.

Finfluencers are running into problems where an audience is influenced to make a financial product decision. ASIC provides a regulation guide (RG36) which states that financial product advice is given when it is intended to influence a person into making a decision about a financial product. Further, some Finfluencers provide affiliate links to sponsors which could indicate a financial dealing by arranging, and to arrange a financial deal is only permitted only with a financial services licence.

The recent direction seems to be a stern warning to Finfluencers with the looming threat of criminal prosecution. The Finfluencer may have little choice but to reconsider their subject matter and pivot to an area with less regulation. To simply become licenced is a poor solution, leaving the Finfluencer with nowhere to hide but within the bounds of the law. As such, little may be left on the table for the young and impressionable cohort looking to increase their personal finance game. While the Finfluencer is not yet dead and buried, we can certainly add them to the Australian Financial Services Law casualty list.

## Travel Hot Spot – Canadian Rockies

**By Natalia Rybak, Office Co-ordinator**

Canada is a great big country with ten provinces and three territories that extend from the Atlantic Ocean to the Pacific Ocean and northward into the Arctic Ocean. I am proud to call Canada my second home, where I spent my adolescent years growing up.

I returned to this wonderful country soon after the international borders re-opened to visit my family, and later with my husband embarked on a road trip from Calgary Alberta, over the Rockies all the way to stunning Vancouver, British Columbia.

Road trips let you see this beautiful region at a slower pace and gives you the chance to adjust your itinerary in any way you wish, giving yourself the option to stop, get out of the car and explore at your own pace.

Calgary is a good place to start the Rockies road trip, especially if you're flying in. The main airport, Calgary International Airport (YYC), is only an hour and a half

drive from Banff, which is likely to be your first stop in the Rockies.

If you have some time to spare, spend a day checking out Calgary, as this little city has so much to offer on its own. There are many amazing places to eat – cute cafes and trendy restaurants with mouth-watering menus; we were actually disappointed we didn't have more time to spend there!

The drive through the Rockies, from Banff to Jasper along the Icefields Parkway is one of the most picturesque and enjoyable drives in the world. There was always something beautiful to look at out the window and an endless number of places to stop along the way.



We organised our trip by staying for few nights in Lake Louise and then spending a few nights in Jasper. This worked out really well as it gave us a home base in each area, so we didn't have to pack up all our belongings and move to a new spot every day.

One of the most iconic spots around Banff National park is Lake Louise. This is where the famous Fairmont Chateau, sits right along the turquoise water of the lake, with the beautiful mountain ranges standing tall all around.

In the cooler months Lake Louise is a favourite spot for skiers and snowboarders, with some of the most picturesque slopes in the world. You can try out all kinds of winter sports around Lake Louise, and in the summer months it's a great place to go for a canoe ride or spot bears and other wildlife coming out from hibernation.



We recommend to check into the amazing Fairmont Chateau at least for one night, though with such a stunning location it comes with a hefty price tag!



My husband Roman (left) standing on the frozen lake in mid-May; and Lake Louise (above) in the summer months turns gorgeous emerald with the famous Fairmont Chateau snuggled at the bottom of the lake.

The 140 mile highway between Banff and Jasper is known as Icefields Parkway and is quite simply one of the most scenic roads we have driven on to date. Winding through mountains, along blue lakes, past thousands and thousands of beautiful Christmas looking trees, the scenery is continuously changing as you drive further down the road.

The highway has unobstructed mountain views along both sides of the road the whole way along, meaning you don't even have to veer off the main highway for those beautiful views.



There are loads of different rest stops and places to stop along the way; take the time to get out and really appreciate where you are.

Icefields Parkway is also a great place for spotting wildlife, with all kinds of animals often wandering around the park land surrounding the road including black bears, grizzly bears, moose and deer. Along this road is actually where we spotted our very first bear! He was literally just wandering along the side of the road, unphased by the passing cars or people stopping to take his photo.



By the time we arrived in Jasper we saw 3 more bears wandering near or on the highway.

The Jasper Sky Tram up to the very top of the mountains is a must – it certainly was the highlight of Jasper. It is the highest and longest guided aerial tramway in Canada.



The tram goes to a height of 2,263 metres above sea level with a travel time of 7.5 minutes to the summit of Whistlers Mountain, with views of downtown Jasper.

No matter how long you have to spend in the Rockies, this place is absolutely incredible and in real life it quite simply takes your breath away. With the beautiful landscapes, and plenty of opportunities for spotting wildlife and some of the clearest bluest water we have ever seen, we just couldn't get enough of it.

It certainly was a great justification for getting out of the big city, disconnecting from our devices and taking in the amazing wild nature Canada has to offer.

## Staff Profile - Sara Beckinsale

**By Sara Beckinsale, Client Support Officer, based in our Mudgee Office**

*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. We hope you enjoy getting to know us all a little more again.*

### **How long have you worked with Profile?**

I just finished my first 7 months with Profile.



### **What are you reading/watching right now?**

My partner and I watch documentaries on historic places and events. We enjoy shows like *Drain the Oceans* and *Expedition Unknown* with Josh Gates.

### **Favourite recipe and where can we find it?**

My friends and family often ask me to make a cob loaf for many events. I use the recipe on Createbakemake.com and I like to add some chives and I don't use the sour cream.

### **Any pets/kids/spouse?**

In my family we have myself, my partner James and our two children Isabella and Bradley. James also has



a daughter who is 19 that lives on her own. We live on 25 acres that we purchased not long ago and we have a horse and a pony, 2 small older dogs, 3 bigger younger dogs and a cat. There is also a turtle we saw disappear into our dam.

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

I love the *Harry Potter* movies as well as the *Lord of the Rings* trilogy.

### ***Why do you work in financial planning?***

I love being able to help others with matters they need assistance in. I have always worked in roles that are customer based and I find each day I can help someone is one day better spent. I grew up in the local area and I have a passion for the Mudgee region so I am thankful to be able to help my community and its residents in any way I can.

### ***What are your top 5 key values?***

Honesty, Commitment, Kindness, Compassion and Steadfastness.

### ***Who has influenced you most in life and how?***

In 2020 we had a son who had Hypoplastic Left Heart Syndrome and Prader-Willi Syndrome. He survived for 15 days in Westmead Children's Hospital, and the journey with him taught me so much about who I want to be as a person, and I want to make him proud. Life is all about doing the best you can at the time, and ensuring every day you can look at your actions and what you have done and be thankful and proud of that day. My kids mean everything to me, so to strive every day to be better in memory of him and to share his story is all I want to do.

### ***What makes you smile?***

My children and family.

I take such happiness from the life we are making for ourselves on our property, and I find real beauty in that every day. Since moving to our property we have been able to buy the horse and pony we have now and riding again after a long period of not having a horse brings me such joy.

## **Client Profile – Jock and Dot Kelso**

### **Interview conducted and written by Angela Read, Associate Financial Adviser**

Jock Kelso started from humble beginnings and is now a retired radio advertising executive. With his lovely wife Dot, they have a family and lived in Sydney while Jock worked for various top radio stations and was Sales Manager at Radio 2UE Sydney. He describes these years as an incredible buzz, but could see that going onto senior management was not his forte, so instead decided to go out and set up his own company, MediaMart. During his career he managed

radio advertising campaigns for numerous big name household brands.

Jock and Dot, his wife of 52 years, now live a comfortable and enviable retirement.

### ***Q: What's been a contributor to your financial success?***

Trust your instincts, and know what you're good at is the short answer.

A good example is when I was looking after the Harvey Norman account, I took the opportunity to invest in the company and purchased shares when they first listed at \$1, then added to the portfolio on many occasions, they split on some occasions and we reinvested further.

We sold some of those shares 15 years ago at \$7 which enabled us to make improvements to our holiday home. By investing progressively over time and having confidence to take the profits, we had a second home the whole family could enjoy. It's a great story for any new Profile clients showing the value of investing in solid companies and taking advantage of the good returns.

### ***Q: What has been hardest financial concept to grasp?***

I did not get the debits and credits of accounting, my school vocational guidance suggested I study accounting but after a year I left, I didn't like it and it just didn't make sense and I wanted to try sales. The biggest hurdle has been teaching myself accounting and bookkeeping by using MYOB. All my learning to read profit and loss statements etc has been self-taught.

### ***Q: What do you feel is the greatest financial challenge for young people these days? What advice would you have for them?***

The greatest challenge is really watching pennies day by day; young people need to budget so carefully to make sure they are within their means with cost of living and real estate rising.

If starting a business, have the right advisers in place (e.g. accountants and bookkeepers), and 'budgeting' is such an important word.

It's extremely important to have a financial adviser, there is so much to know and it's impossible to know this ourselves and the Government make changes year by year. So in essence, have a good accountant, bookkeeper and financial planner.

### ***Q: What do you value in your relationship with your adviser?***

I really love our reviews! To meet in person and make sure we're heading in the right direction is key, and we find it valuable that we are informed of anything new in the investment world. We make an attempt to go to the client seminars, getting that extra knowledge is invaluable.

**Q: What is one thing you always look out for when assessing real estate?**

Certainly location, and if purchasing more than one property – diversity of locations. Ensure its tenatable in the long term, so consider the future returns.

Look for factors that you yourself value because if you do then most likely others will also. Factors such as good access to public transport and convenience of lifestyle, or close to water or district views will ALWAYS be in demand. I'm a big believer that property is a good separate asset class, so have investments across the board.

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*For a steady and consistent career, measured financial decisions, a few sacrifices along the way, being occasionally opportunistic, Jock and Dot have created a comfortable life not only for themselves but to share with their family of 2 children and 5 grandchildren, and have every right to declare themselves supportive parents and doting grandparents.*

*Jock Kelso is a man who watched the Opera House be built, made connections throughout regional NSW, and established a successful radio advertising company. He makes life seem pretty good. With Dot they have plans for an 8-week trip through North America with friends, and with their new e-bikes together look forward to exploring the coastline of Port Stephens. As he says, "keep active because you don't know what the future holds".*



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