

**PROFILE**  
FINANCIAL SERVICES

# PROFILE'S CORNER

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**Cover Image: MORNING SHROUD (acrylic) by Anjee Du Terreau**

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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 41 of our quarterly client newsletter. In this section, I provide an update on what's happening at Profile.**

**By Peter Coleman, CEO**

Winter is well behind us now and the warm weather has already arrived. Lockdown is still with us in both Sydney and Mudgee, so our Advisers continue to work with you online and via telephone. We hope this is working well for you and that you are happy with our approach. If not, please reach out to me.

Lockdown is creating significant challenges for people and communities, and we are conscious of the economic impact on those who have lost jobs or have had to close their businesses. In support of our communities, Profile has made some significant donations to charities that are supporting those in need, and we are looking for other ways to help. It has been a long time since we all faced a common foe, and the Delta variant is certainly an enemy that is best fought as a nation.

Advisers have been tasked to ensure they reach out to you regularly and we are keen to support you through these difficult times.

In the Winter edition, I mentioned the rising risk to global and local supply chains disrupted by covid, and the market is beginning to see this manifest with many raw materials and component parts becoming in short supply. This is particularly so in the housing and construction market where shortages in supply are having an impact on construction time and building costs. We are also seeing this play out in Australia in the skilled labour market, particularly in the IT space.

Our funds have performed well in the first two months of the 2021 financial year, and we continue to review our portfolios regularly.

Profile is working within the Australian regulatory system to develop a suitable return to work approach, including a vaccination policy. We will share this with you in due course. Our primary goal is to ensure a safe environment for our clients and our people. This issue is a minefield, impacted by a range of existing legislation (privacy, anti-discrimination etc), yet we have seen several large corporations move towards compulsory vaccination requirements.

We believe that this is a fast-emerging social, political and health issue, particularly as States move to 70-80% vaccination rates and restrictions are lifted and borders reopen. Profile is committed to protecting those we work with, including yourselves, and will keep you well informed before restrictions are fully eased.

On other matters, as you may already know, I will be stepping down as CEO at the end of September this year. I stepped into this role in November 2019 for a two to three-month term whilst we searched for a new CEO.

I remained in the role, at the request of the Board, to lead the business through turbulent covid times. It is with pleasure that I advise our General Manager, Lena Ridley, will step into the CEO role on October 1st and that I will remain on the board as the Chair.

I have enjoyed steering the business through a few tough years and have every confidence that Lena will prove to be an amazing CEO.

Thank you again for all your support and please feel free to reach out to me if you have any questions. I hope you enjoy the fantastic articles that follow.

My very best regards,  
Peter Coleman.

## Is It Time for a Portfolio Spring Clean?

**By Jerome Bodisco, Head of Investments**

Spring has well and truly sprung. What a great time of year. The weather is fantastic. The days are getting longer, and gardens are looking good again after the Winter cold. It sure looks nice out there. What a crying shame we cannot leave our homes to enjoy it!

Whilst Freedom Day is still many weeks away for many of us, there is still plenty that you can do inside 4 walls to get into the spirit of the season without wearing a motorcycle helmet mowing the lawn! And I'm not talking about dusting, washing, and vacuuming either.

My idea of the ultimate 'Spring clean' is to use my lockdown spare time to sort out and clean up my financial affairs in readiness for the year ahead. Call me old fashioned! This includes submitting my tax return which I always seem to put off to the last moment and reviewing my superannuation and insurance coverage. With these tasks out of the way, I move onto the elephant in the room, my investment portfolio.

In my case, I firstly like to understand how the portfolio has performed over the past year and to cross check the returns I have generated against my short, medium and long term goals. I like to ask myself the questions, am I on track or falling behind? Are my goals realistic? Have they changed? I will then double check how I am currently positioned, and establish what risks are evident in my portfolio. I then make a list of my concerns and observations and make an appointment to see my financial adviser to help me work through it all.

During this year's Spring clean exercise, I was pleasantly surprised as you may have been too. The past 12 months investment returns have proven to be much better than expected. As you can see from the table, investment returns across equity markets rebounded spectacularly posting returns around 30% after crashing heavily in early 2020. I'm not complaining! That's one of the best years I can remember.



Returns for period ending 31 August 2021

	Month %	1 Year %
Australian Equities	2.6%	28.6%
International Equities (unhedged)	3.1%	31.4%
International Equities (hedged)	2.7%	29.4%
Australian Listed Property	6.4%	31.8%
Global Listed Property	1.5%	32.9%
Global Listed Infrastructure	2.0%	17.8%
Australian Fixed Interest	0.1%	1.1%
International Fixed Interest	-0.2%	0.6%
Cash	0.0%	0.0%

I certainly wasn't expecting these impressive results given the dire circumstances we have experienced individually and as a nation. Australia as we know has faced surging COVID-19 (Delta) cases, vaccine rollout pressures and extended lockdowns in both New South Wales and Victoria. However accelerating vaccination rates recently and improved clarity on a path to reopening has put the financial markets in a surprisingly good mood with strong results to match. I just wonder though whether the markets are reading the tea leaves correctly? Plenty of people are doing it tough at the moment. Unemployment is destined to rise this quarter. Economic growth is going backwards at speed. Small business is really struggling.

The big end of town in contrast is doing relatively well which is comforting. Overall, Australian listed companies are generally in very good shape with approximately 70% of them doing better than expected. Earnings are up and dividend expectations are also well above pandemic lows. For those companies that did offer their thoughts on the future (just 40% of them) during the recent reporting season, the pandemic and lockdowns were given as the primary reasons for making it difficult to accurately predict how their business is likely to perform over the next 12 months. Some also suggested that supply chain disruptions, evidence of inflation and declining iron ore prices were also weighing on their minds and balance sheets. The fact that 60% of listed companies didn't offer any forward projections, speaks volumes in my mind and makes me feel a tad nervous that returns next year may be well short of what we have experienced over the past year. No one simply knows for sure how everything will unfold.

The sentiments expressed by Australian big businesses were also echoed by the Reserve Bank I noticed. Governor Philip Lowe said recently that the Delta 'outbreak is a significant setback for the economy, and it has introduced an additional element of uncertainty about the future. But there is a clear path out of the current difficulties, and it is likely that we will return to a stronger economy next year'. I hope he's right.

Well so much for my Spring clean! I think my mind is more cluttered than it ever was. I'm looking forward to my portfolio review with my adviser to help guide me

through these unusual times, provide some clarity and to make sure that my portfolio is well positioned to ride out what looks like a bumpy road ahead. It's time to spring into action!

## Carry-forward unused concessional contributions

By Scott Ungaro, Senior Financial Adviser

Starting in the 2019-20 financial year, there was a new program to encourage Australians to contribute further assets into their super funds. A strategy referred to as "carry-forward unused concessional contributions" is now available to Australians with surplus cash flow as well as unused concessional contributions in previous financial years.

### Is the strategy right for me?

As always you should first speak to your financial adviser as well as your accountant, but there are a few conditions to be aware of:

- 1) To qualify, your total super balance needs to be less than \$500,000 at the end of 30 June of the previous financial year. Your total super balance includes **all** your super interests irrespective of how many different super/pension accounts you own.
- 2) You exceed your concessional contributions cap in the current financial year.
- 3) Though not a specific requirement, you will want to be receiving taxable income greater than approximately \$45,000 per year to make it worth your consideration.

### Can you remind me of the contribution caps?

From 1 July 2021, the concessional contribution cap is \$27,500. This is a recent increase from the \$25,000 cap which has been in place since the 2017-18 financial year. For those with salary sacrificing arrangements in place, you may want to review the amount withheld from your pay to see how you are tracking towards the new cap.

Remember a concessional contribution is one that you provide to super potentially using pre-tax dollars or with the expectation that you will claim a tax deduction. Concessional contributions are not taxed at your marginal tax rate, but instead pay a discounted tax via the super environment. It is important to remember any contributions made by your employer go against this cap, keeping in mind that the government mandated super guarantee has risen from 9.5% to 10% of your salary this financial year.

Also starting this financial year, the non-concessional contribution cap has been increased from \$100,000 to \$110,000 per annum. This does not have an impact on the carry-forward unused concessional contributions strategy.

### What is the carry-forward unused concessional contribution strategy?

The ATO states, “The carry-forward arrangements involve accessing unused concessional cap amounts from previous years. An unused cap amount occurs when the concessional contributions you made in a financial year were less than your general concessional contributions cap. The amount of unused cap amounts you will be able to carry-forward will depend on the amount you have contributed in previous years, starting from 2018–19. You can use caps from up to five previous financial years. The oldest available unused cap amounts are used first. For example, unused cap amounts from 2018–19 would be applied to increase your cap first before unused cap amounts from 2019–20. Unused cap amounts are available for a maximum of five years and will expire after this.”

Though the strategy originally commenced in the financial year 2019-20, the benefits would have been minimal as the only unused concessional contribution available would be from the 2018-19 financial year. Most Profile clients with surplus cash flow would be taking advantage of the maximum concessional contribution amounts each year. As such, there may be very little unused contribution to carry forward. However, it is likely the advantage will be greater for prospective and unadvised clients that have not maximised their concessional contributions to date.

**Can you please give me an example?**

Envision that for the last few years Sam has the following:

- 1) a salary of \$125,000 (plus super),
- 2) surplus cashflow with a cash balance of \$70,000
- 3) only contributing the 9.5% super guarantee contributions (now 10%).

So, in 2018-19, Sam contributed \$11,875 of the \$25,000 cap, leaving \$13,125 remaining. Assuming this also occurred in 2019-20 and 2020-21, then Sam has \$39,375 of unused concessional contributions. In 2021-22, the numbers change slightly as the employer contributions goes up to \$12,500 (based on the new 10%) and the unused amount will be \$15,000 (accounting for the increase in the concessional contribution cap).

As such, Sam could contribute \$54,375, use up all his unused concessional contributions since 2018-19, and significantly reduce his taxable income for the current financial year.

For the visual learners like me, this is what the results look like:

<b>Financial Year</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Concessional Contribution Cap</b>	25,000	25,000	25,000	27,500
<b>Concessional Contributions Made</b>	11,875	11,875	11,875	12,500
<b>Unused Concessional Contributions</b>	13,125	13,125	13,125	15,000

The strategy can decrease your tax bill substantially. However, there may be an optimal time to use the carry forward unused concessional contributions. Imagine Sam has an investment property that he is planning to sell in 2022/23 financial year. The capital gains tax on the sale will likely push him into the highest marginal tax rate of 45%. The tax savings would be even greater in such a year.

Since this carry-forward unused concessional contributions benefit is recent, we will continue to explore other strategies that will optimise clients’ retirement savings and minimise tax. If you think the strategy will work for you, be sure to speak to your adviser at your next review.

**Travel Hotspot – Tweed Coast**

**By Charlie Warner, Associate Financial Adviser**

*We continue our coverage of Australian destinations.*

As we all know, the Tweed Coast is known for beautiful white sand beaches and crystal-clear water. But like any holiday (if you’re anything like me) you’ll be looking for the locals recommendations to eat and drink... Whether it’s a quick bite to eat or the ultimate Sunday afternoon experience.

Having lived there for the majority of my life, here is my local guide to eating and drinking your way through the Tweed Coast.

Let’s start with breakfast...

If you’re after amazing coffee and delicious, sweet treats. Cubby’s Bakehouse is my number one go to. Whether you’re after a full sit-down breakfast in their garden, or just want a loaf of freshly baked bread, you can’t go wrong with Cubby’s.

**Hot tip:** I’d recommend getting there early, especially on the weekend as people come from far and wide to try out this local hotspot.



Another breakfast spot with a view that I love is Baked at Ancora in Tweed Heads. If you have a sweet tooth, I’d definitely recommend their sourdough crumpets with



macadamia & honeycomb butter. Or if you're after something more savoury, you can't go wrong with their eggs benney.

Now if neither of those take your fancy and you're after something super healthy, try the Salt Mill on the beachside of Kingscliff. You can dine in, but I'd recommend getting takeaway and heading over to the river mouth and taking in the crystal clear water view of Cudgen Creek.



Now that your tummy is happy from breaky, be sure to check out all the amazing swim spots and build up an appetite for lunch.

A true local's hotspot which has sat at the beachfront for over 15 years, is the beloved Zanzibar. Home to the best Moroccan takeaway food that you'll ever come across. Keep an eye out, as head chef Alex runs traditional Moroccan cooking classes from time to time.

Next on my list is the beer garden at Kingscliff Beach Hotel. On a Sunday afternoon, you'll find amazing live music, good vibes and even better food.

Being a certified gin lover, one of my favourite places to visit is out in Tumbulgum, Husk Distillery. The views are spectacular, the drinks are delicious and their charcuterie boards are incredible. If you're not one for Gin, you've got to try their award winning husk cultivated Australian rum.



Now if you still have an appetite after all of that eating, swimming and basking in the sun. Then here are my top dinner picks:

Tucked away in the heart of Casuarina, you'll find Spice Den. If you have a group of you, I'd recommend trying out their banquet menu so you get the chance to try a variety of all the delicious food on offer. You also can't go wrong with their cocktails.

A couple doors down from The Salt Mill that I mentioned earlier is Taverna. A traditional inspired Greek restaurant. Their halloumi with bush honey and fresh rosemary is out of this world. Highly recommend.

Last but definitely not least is Kingscliff Bowls Club pop up bar. Reasonably priced food, drinks and if you're up for a fun activity, you can't go wrong with a game of bare foot bowls.



This is only a small sample of what the Tweed Coast has to offer. If you're heading there, feel free to email me and I'd be happy to give you more recommendations.

## Staff profile – Lena Ridley

### General Manager and CEO-elect of Profile Financial Services

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?

*A Promised Land* by Barack Obama. I raced through the first half over the Christmas break and then put it aside when the busyness crept back after the New Year. With the lockdown projects waning thin, I have gravitated back to it. I appreciate the reflections he has on his growth and development as a person, father, husband, and leader over his extraordinary career.

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

My partner and stepdaughter both mix a wicked kingfish and salmon ceviche. It's fresh, tart, spicy and best

served with family, friends, hot weather, and cold drinks. Google Mexican ceviche, pick a recipe that takes your fancy, visit our iconic Sydney Fish Markets for some fantastic produce and mix away.

### **Any pets/kids/spouses?**

My Swedish partner, Magnus, his daughter, Tilda, and our son, Erik make up our little family. We currently have four goldfish, though those numbers go up and down with the circle of life from time to time...

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

That is such a hard question, there are so many! Any of the Star Wars original trilogy of movies is a go-to mother-son movie choice in our household.

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

I tripped into it originally after I completed several case study assessments on a financial planning practice I knew throughout my undergraduate Business degree. At heart though, I am a lover of stories and journeys. I am endlessly fascinated by our client's lives and the journey that staff have gone on that has led us to being colleagues. I am equally as fascinated by the journey our industry has been on this past 25 years and passionate about where it is going. If I can be a part of something positive in any way for our clients, our staff, and our industry, then I sleep well at night.

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

Authenticity, curiosity, respect, growth, and open-mindedness are the ones I hold most dear. All very interrelated.

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

My Grandma was a farmer's wife with 7 children and 25 grandchildren, yet she always made you feel as though you were the most special person in the room. I have all the right memories of childhood from her and Grandad, the farm, her food, and her love. I continue to be influenced by her financially forward attitude. She sold jams and chutneys made from garden produce as well as eggs from the hens. She turned those coins and notes into a blue-chip share portfolio with a buy and hold strategy that gave her more choices and options and freedoms as life went on.

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

When either of the children do or achieve something that makes them proud...that, and terrible Dad's jokes!

## ***Client Profile – Anjee Du Terreau***

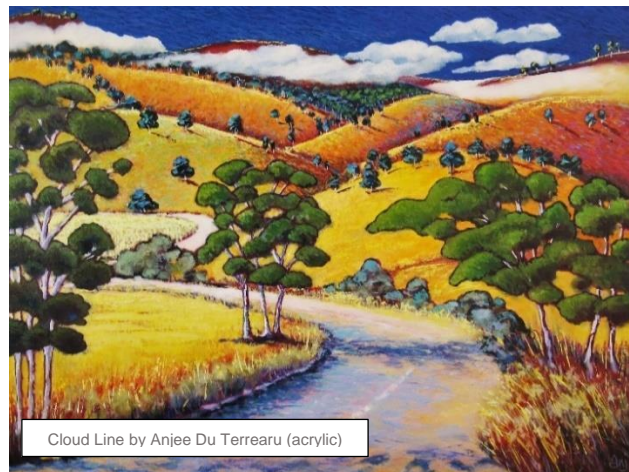
### ***Following in the Footsteps (Written by Ajee Du Terreau)***

My dad was the painter in the family. Rarely without a sketchbook in hand, he could whip up a pen and wash landscape in minutes, his eyes absorbing the fleeting

cloud movements and swiftly painting a short story made of light and shadows.

Perhaps intimidated by my father's innate natural ability to master a host of mediums to create works on canvas and paper, I turned to cameras for a creative outlet and it was always colour that drew my eye – bold, saturated hues, vibrant and joyous. Anything but neutral.

Photography eventually gave way to an affair with ceramics, but after years of hunching over a potter's wheel in a cold shed it lost its appeal. Spurred on by the irrepressible need to give imagination a new outlet, it became apparent that paint and canvas were finally beckoning.



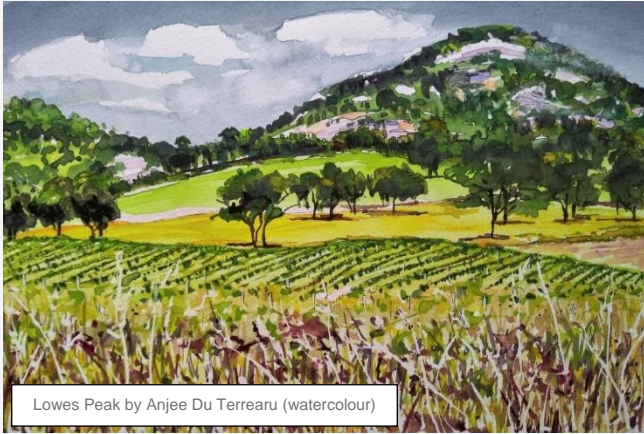
Having moved from the city to the Mudgee area, my new surroundings provided a wealth of inspiration – initially for my ceramics, but now benefitting the paintings. It is a land of sheep, vines and olives, cradled within folded, forested hills, a landscape that is a bit dreamlike but also comforting and welcoming and I always hope to conjure this feeling in my work.

Painting can be both frustrating and extremely satisfying. Although studying both photography and ceramics at art college, I have no formal training in this arena and it continues to be a journey of discovery, surprises and intuition. There have been rare days when so absorbed in the process that I 'lose' hours, melting into a reverie, surfacing to full consciousness again when the daylight has faded too much to continue.

Productivity can be patchy – there are times when it all flows and colours come together, then periods of desert-like baroness; nothing works, half painted canvases are scrubbed back, repainted again and again and still nothing fruitful is formed. On days like these I often switch to watercolours for a change of expression – more representational depictions of Mudgee's beautiful backroad scenery.

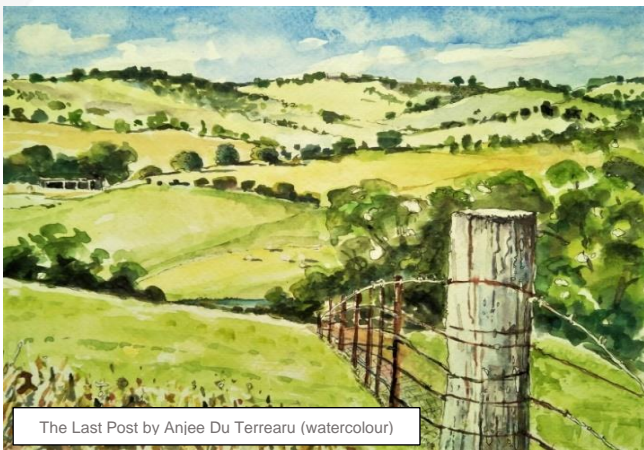
But when it does come together and a resultant exhibition is hanging in a great kaleidoscope of colour, there is a huge sigh of relief. And when people tell me that the paintings they buy make them smile and feel happy, that the colours uplift and surprise them, then I know I've done my job well.





Lowes Peak by Anjee Du Terrearu (watercolour)

Like many artists I have usually had to rely on day jobs to pay the bills. But recently, after years of spirit-crushing work as a state government employee, I bit the bullet and bailed out. Profile's Kelly Lindsell is my financial planner and she is now steering my course and doing her best to preventing me from being the proverbial starving artist! I'd like to take this opportunity to thank her for all her professionalism and integrity, warmth and friendliness, and even for turning up to one of my last exhibitions!



The Last Post by Anjee Du Terrearu (watercolour)

*If you would like to view more of Anjee's paintings or contact her directly please visit her Instagram page: [@anjeeduterrearu](#). See how the distinctive local landscape became an inspiration for Anjee's art pieces and how Anjee's love of vibrant colour became a hallmark of her work and remains an essential ingredient of all her paintings today. The surrounding hills, vineyards and olive groves still remain a catalyst for many of her current paintings.*

*Anjee also has some of her acrylic work on display at the GalleryOne88 in Katoomba NSW.*


*If you are interested in purchasing Anjee's artworks visit the [GalleryOne88](#) website and look under Shop for Art ~ Paintings ~ Acrylic, or contact Anjee directly via her Instagram page.*






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