

PROFILE'S CORNER

Spring 2023



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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).

CEO Update

Welcome to Volume 49 of our quarterly client newsletter. In this section, I provide an update on what is happening at Profile.

BY LENA RIDLEY, CEO

Hello,

Gosh, Christmas is rolling around again! For many, the year brought persistent challenges so as we approach the festive season, it's crucial to reflect on both our achievements as individuals, families, and businesspeople as well as the economic landscape that has shaped the year and look ahead to potential shifts in the financial tides.

In 2023, you, our clients rated us a humbling 4.45 out of 5 in our Client Satisfaction Survey and for that we are truly thankful. You also provided valuable feedback on what we can do to become better again in the future, and we have listened. We understand, as one example, that our insurance clients would like more engaging educational material from us.

We have reinvigorated our presence on social media channels as a way of further educating both current and future clients on the benefits of valuable financial advice. We have also set up systems to begin to communicate more regularly in the New Year with those who would like this. Please feel free to share any material with others in your circle.

In this issue of our newsletter, Angela Reade, our Associate Financial Adviser, provides a comprehensive economic update. We also congratulate Angela on becoming the latest Profile team member to earn her place on the Financial Advisers Register.

We congratulate Phillip Win, our Managing Director, and Senior Financial Adviser, for celebrating his 50th birthday and 20 years at Profile by undertaking an incredible journey through the heart of Australia over 3.5 months covering 28,452 kms.

Daniel Hill, our Financial Adviser, explores why making money isn't the sole focus of financial planning and breaks down the essence of Goals Based Financial Planning.

Our popular segments of client and staff profiles introduce us to long-term clients John Arnold as well as Profile's Head of Client and Adviser Growth, Spiros Christoforatos.

We extend our warmest wishes for a safe and Merry Christmas. Our offices will be closed from 5pm, Friday 22nd December 2023 to 8.30am, Tuesday, 2nd January 2024.

May this festive season bring joy, prosperity, and a well-deserved break to all our valued clients. Stay tuned for more insightful updates in the coming year.

Lena Ridley

Economic Update

BY ANGELA READE, ASSOCIATE FINANCIAL ADVISER

The year has shown consistent headwinds with core inflation, while having passed its peak, remains persistently higher than RBA target range, resulting in the RBA increasing interest rates to 4.35% on Melbourne Cup.

A good portion of mortgage holders fixed rates two to three years ago when the base rate was 0.1%, are now reaching expiry. Additionally, many households during covid years managed to stockpile cash reserves, providing a buffer for these increased rates. The expiry of fixed rate mortgages plus depletion of household cash reserves should mean the RBA's higher interest rates show more traction with reigning in inflation. The outgoing RBA Governor, Phillip Lowe, noted "it will be difficult to return to the earlier world in which inflation tracked in a narrow range".

Retail sales have been choppy over recent months, headline figures indicate growing sales, however underlying analysis reveals volume is down while prices have increased, therefore activity has slowed and is masked by the headline reporting. Unemployment remains steady in Australia at 3.7%, being the envy of the OECD markets.

Property investors in much of Australia are enjoying very low vacancy rates, with forecasts indicating this is unlikely to change anytime soon. The national vacancy rate in July was 1.3%, driven by strong population growth with the return of overseas immigrants, making it relatively easy for landlords to find tenants, and renters will often accept higher rents to secure accommodation. Rental prices rose 7.6% annually, being the largest annual rise since 2009 (see chart).



The equity market performance has been subdued, remaining on par with valuations pre covid, the month of October was largely impacted by the new conflict in the Middle East and continues to be influenced by interest-rate sensitive equities, global inflationary pressure and the ongoing war between Russia and the Ukraine.

Outlook

We believe the margin between defensive and growth assets has narrowed. The August reporting period revealed companies' results in line with expectations however guidance provided by management indicates caution and subdued sentiment. This makes the higher (than previous) returns from fixed interest show appeal, yet the income return from equities continues to deliver.

For interest rates, the yield curve remains inverted (downward) in the short term then increases beyond 3 years and remains steady for the long term at 4.8%. While not a predictor of interest rates the yield curve is believed to capture sentiment, therefore the 0 to 3 year shape indicates expectations of a decline or slowing of economic performance before improving.

What does GOALS based financial planning really mean?

BY DANIEL HILL, FINANCIAL ADVISER

Goals

Why do I need to worry about goals, isn't making money the goal? This was the goal of traditional financial planning but for a variety of reasons this has been superseded by the concept of Goals Based Financial Planning.

Goals may be thought of as the things that we strive to achieve in our working or personal lives. Sounds easy but identifying our goals may sometimes be not so straightforward, especially long-term goals.

The idea of Goals Based Financial Planning is to work with people to dig deeper and identify our goals and why they are important to us.

SMART

Anyone who has sat in a corporate planning session will know all about making goals SMART! Making our personal and financial goals SMART is also important. Setting a goal of retiring comfortably sounds great but what does that mean and how do we know if we are on track to achieve it. This is where Goals Based Financial Planning can help to flesh out the details.

Something along the lines of 'I want to retire at age 60 and need \$50,000 per year to pay the bills and put food on the table for 25 years' is a goal with timelines and targets to assess progress along the way.

Breaking goals down may also be a helpful way of making things feel more achievable. 'I will save \$100,000 in 5 years for a house deposit' may feel less daunting than 'I need to spend \$500,000 to buy an apartment'.

These examples are financially focused but other types of goals may be possible. For example, 'I want to spend more time with my children'. This could be complemented by 'I want to be working 4 days per week by 2026 and earning 100% of my existing salary'.

Let's do it!

Now I have identified my goals lets get working on them! Unfortunately, things are never that simple. An important step in Goals Based Financial Planning is to prioritise our goals. This step recognises we may have financial or other restrictions to achieving our goals. Some may be more personal and don't require financial advice or others may need significant behavioural change to be achievable.

A plan to reach a goal may require a lot of work to change our behaviour to money and set up structures to implement things like a savings plan. We may stray from the path sometimes, but this is where Goals Based Financial Planning may help us get back on track by regularly assessing how we are going and identifying if the goal needs to be adjusted or if we need a nudge in the right direction.

Stuff happens!

It is important for us to be held accountable to our plans to achieve goals but sometimes things happen that may prompt us to reassess our goals. This is a reality of life that Goals Based Financial Planning needs to recognise. If our goals change then the plan to achieve them will need to change also.

Resetting the direction may not mean throwing the baby out with the bathwater though. The progress already made could still be incorporated into the new plan.

Where do I start?

You could call to speak to a financial adviser at Profile Financial Services, but before that why not take some time to think about what is important to you and your family.

Think about where you are now and where you would like to be in 10 years' time. Then try setting some milestones for 3 years with actions to implement now to start the journey.

You may not need help with some of these goals but for others, Goals Based Financial Planning can be a valuable investment of time and money in your family's future.

What to do in Retirement

BY JOHN ARNOLD

This is a question that often starts when you enter your 50s, but the pressures and commitments of employment does not necessarily allow for a clear plan for retirement. However, it remains in the subconscious and as one approaches 60, consideration of what to do in retirement becomes more of a focus.

In my case, I started picturing what my retirement might look like in my 30s, thinking that I would have enough assets to retire at 40. Having reached 40, unfortunately the reality of raising a family meant that I had to push my target to 50. Again at 50 the same reality existed, so I set my sights firmly on 60. This is when my wife and I decided to approach Profile to help clearly outline our path to retirement and we were told I could possibly stop work at 61.

As this plan was being formulated with the help of Profile, I was approached to assist an iron ore company based in Ukraine to list on the London Stock Exchange. This was the start of a once in a lifetime opportunity to take on a challenge not available to me in Australia and helped me to meet my retirement goals. Just like Profile had said, I stopped work at exactly 61 after spending 10 years working for the company in Switzerland.

The true test of retirement is being able to switch off 40 years of working life within a day. This is hard! I had this grand notion that when I retired, I would spend most of my time on the golf course – time that I never had while

working. Funnily enough my retirement gift from my employer was a set of golf clubs. However, a hard retirement was difficult for me, as I felt the need to pass on my knowledge and experience to those coming up behind me. This led me into doing some consulting work for clients based in London.

Doing this and staying in Switzerland for another 5 years helped me to truly transition to retirement. The next challenge was to reintegrate back into my old Australian life. My wife found this easier as she already had well established routines after spending more time in Australia while I was working abroad. Once I had exhausted the long list of jobs around the house, I had to face the reality that I needed to find something else to challenge me. This is when I thought playing golf would be the answer. However, it was the luscious green of the local bowling club that caught my eye and piqued my interest.

After making some enquiries I decided to give it a go. This ended up being an excellent reintroduction to Australia as many of the members had similar stories about transitioning to retirement. By becoming a member, I have been able to create a new social circle and it's an activity that my wife and I can do together. Believe it or not, bowling is a challenging sport!

Even though I felt more settled in my retirement, I still had a lingering desire to contribute my skills to the community. The bowling club had just merged with a well-established registered club and the bowling club committee now required a different skill set. Having been a member for 6 months, I had built relationships with members and management which resulted in me being voted onto the committee. Fast forward 12 months, I was elected President. This well and truly put an end to my golfing aspirations!

Now I am applying my skills and experience from my working life in a less stressful, more relaxed, personable, and fun environment, with exercise included! I wouldn't have imagined that my retirement would look like this, but I am happy that I took a chance and tried something new.

Staff profile

BY SPIROS CHRISTOFORATOS, HEAD OF CLIENT AND ADVISER GROWTH

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?

Started the 25th July 2022.

What are you reading/watching right now?

It may be a little controversial, but I am reading The Real Anthony Fauci by Robert F Kennedy Jr - very interesting read.

As for what I'm watching – nothing specific but I'm obsessed with all things Ange Postecoglou and Tottenham since he was appointed the manager of the club. Sad, I know but intriguing.

Favourite recipe and where can we find it?

Beef Chow Mein by Recipe Tin. I do swap out the protein with either prawn, chicken, fish – outstanding!

Any pets/kids/spouses?

Married to Maria, 3 children Jeremy, Annalise and Paul who are all married, two grandchildren - Donnie and Ria (Ria being the latest addition of a few weeks old) and Polo my 3-year-old Groodle.

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

Bohemian Rhapsody – I just love how the main actor is so much like Freddie Mercury – he did an outstanding job.

Why do you work in financial planning?

I've always had a connection to planning ahead, and I was always intrigued with my father's adviser since I was a young boy.

What are your top 5 key values?

Honesty, Authenticity, Being myself irrespective of the setting, Gratefulness and Joy.

Who has influenced you most in life and how?

There have been few, first would be my grandmother, followed by my Father and Mother from a personal perspective and from a business perspective, my first boss who hired me as an adviser all those years ago.

What makes you smile?

Simply – My Family – wife, children, their partners and my grandchildren.

My Sabbatical or 'Man o Pause'

BY PHILLIP WIN, MANAGING DIRECTOR,
SENIOR FINANCIAL ADVISER

My decision to be a Financial Adviser has brought with it many benefits, one of which is privilege to meet and work with clients who have successfully navigated through life. This includes striking a healthy balance between working hard and enjoying life.

The year 2023 has seen me celebrate two "naughty" milestones – I had my 50th birthday and I celebrate 20 years at Profile. I am sure you'd agree that both are worthy of a celebration.



I made the decision to take my accumulated long service leave while I was locked down during covid in 2021. I felt locked up and could think of nothing better to look forward to than to escape to the country. I also had lots of time to watch YouTube, specifically 4WD24/7, where I discovered a 4WD track called the Oombulgurri ("Oombi") Track (previously known as the Carson River Track). It stirred an interest in me that led me to sell my car and research what sort of 4WD would be suitable to complete not only the Oombi, but a 3-month tour in the Kimberley region of Western Australia. I decided to take my 3½ months of LSL and use the opportunity to do the Oombi Track and head bush.

I invited my dad (who is 83) to keep me company on the journey from Wagga to Darwin, where my eldest son, Oscar, would “swap” and join me for the Oombi tour.

I built up my Isuzu DMax (in volcanic amber) over 18 months with the assistance of Oscar who works for ARB. It was a fun, yet expensive, exercise, but the anticipation of the leave muted any sense of guilt. I had to remind myself that I had worked hard and that I deserved to enjoy myself. I was reminded of a saying that was shared with me – “buy once, cry once”.



Some people work out logistics and then make decisions, while others make decisions and then work out logistics. I applied the latter strategy.

I am normally a very organised and structured person. The objective for my LSL was to “unplug” and be flexible. At first, this felt uncomfortable, but I felt it was an excellent learning opportunity for me to challenge myself.

In the end, I only had 4 “hard” dates where I needed to beat to a certain timetable. The first was to arrive in Darwin to both drop off dad and pick up Oscar. The second was to be at the start of the Oombi tour. Thirdly was to get to Darwin to drop Oscar to the airport for him to fly home. And lastly, I had to be at Geraldton Airport to pick up my partner. Otherwise, I was a free agent and had no set agenda or destination!

I set off on 24th June 2023 from Wagga, with my dad keeping me company. While I had no set timetable, I knew the distance I had to travel by 29th June. I loved spending quality time with my dad and I will forever cherish our conversations and experiences. I was very proud of my dad “roughing” it with me, sleeping in a swag for the first time in his life and just rolling with whatever I threw at him – what a champion!

Darwin was the start of the next chapter of my trip – Oscar and I were “frothing” to get to the start of the Oombi track (located at Home Valley Station, on the Gibb River Road) for 3rd July. There was one problem – the

Kimberley had experienced a late rain and there was extensive flooding in the region. I was getting messages (when I had service) from friends that the Gibb River road was flooded and was the tour still on? I was optimistic and adopted the attitude “it will happen if it’s meant to.” As it turned out, the rain meant the Oombi tour had to be cancelled. It was bitterly disappointing for both Oscar and myself – we had been planning and looking forward to the tour for over 18 months. But we also applied the theory that things happen for a reason, and pivoted our plans to see us head toward Kakadu. Oscar had always wanted to visit Kakadu and Arnhem Land and so we made our way north.



We visited waterholes and more waterholes over the next 2 weeks that saw us visit Litchfield National Park and Nitmiluk National Park. They were all spectacular and had us both walking several kilometres each day to balance the long hours in the car driving.

Given the cancellation of the Oombi Tour, we changed Oscar’s original flight from Broome to Darwin.

Once I farewelled Oscar, I made my way back to Home Valley to join another Oombi tour group. But sadly, the river levels had not subsided enough, and the mighty Durack river foiled my second attempt at doing the Oombi. There was one more Oombi tour group that I agreed to join 2 weeks later. So I set off to further explore the East Kimberley until the next start date. I managed to visit El Questro, Lake Argyle and camp on the banks of the Pentecost River in this time.

I said everything happens for a reason, and while we don’t always understand or know why things happen, it does become evident as time passes. I feel like the cancellations allowed me to see more of the beautiful East Kimberley that ended up being some of my favourite places to visit. There were a couple of spots

that I cannot divulge, but let's just say they were spectacular!

The third and final group left Home Valley Station on 3rd August. Yep, that's a month later than planned! Lucky, I had flexibility built into my plan.

I was very nervous as we approached the Durack River, given it had defeated me 2 times already. The first of the 13-car convoy started the crossing at 3:30pm. As it turned out, the last car completed the crossing at 8:30pm! We had completed 37km for the entire day!

I was so excited to have made the crossing.



Our camp that night was above the rock cliffs of the Durack River where the fresh and salt water met – yes, it was prime barramundi fishing territory! And yes, there were saltwater crocodiles everywhere. A fellow traveller managed to catch himself a good-sized barramundi the next morning.

The next 9 days saw us traverse beautiful, ever-changing landscapes from rocky outcrops, salt flats, mud flats, and dry desert plains. Each day brought an adventure that cannot be replicated, nor a camera capture its full beauty. I loved the remote and rugged nature of the tour and was sad and satisfied at the conclusion of the 400km, 10-day tour.

I now only had one more firm date to meet and that was another 39 days away.

I focused the next chapter of my trip on the West Coast. This included visiting Broome, the Dampier Peninsula, Mitchell Falls, Purnululu National Park (Bungles Bungles), Karijini National Park, Shark Bay (UNESCO World Heritage) Steep Point and experiencing the wonder of Horizontal Falls. It seems unfair to just rattle

off the names like each of those places is just a location. Nothing could be further from the truth! They are all amazing and left me with the best memories and experiences I have been privileged to enjoy in my life.

Some of the highlights were:

- Witnessing Humpback whales migrating off the coast as I free camped on the coastline.
- The walks in Purnululu NP and then seeing them from a helicopter.
- The scenic helicopter ride to Mitchell Falls and then the beautiful walk back to camp.
- The spectacular swimming gorges of Karijini NP, especially Kermit's Pool and the Handrail Pool.
- Seeing Dugongs in the crystal-clear ocean at Shark Bay.
- Watching the sun set over the water on the western most point of mainland Australia, all -by-myself.
- Seeing Horizontal Falls on an Equinox tide, a phenomenon described by David Attenborough as "one of the greatest, natural wonders of the world."



I welcomed my partner for what was to be the third chapter of my trip, after picking her up from Geraldton. I treated myself to a hotel room and the luxuries that a hotel room affords. It's the little things that you notice when you have been on the road for close to 3 months – like carpet under your feet.

I was pleased to have company in the car again and we made our way north toward Exmouth. We called into the beautiful Coral Bay and Kalbarri, to see the amazing Pink Lake, known as Hutt Lagoon. Those who have been to

Exmouth and Ningaloo Reef will know and recall how beautiful it is. I had met some travelers at the Bungle Bungles who suggested an itinerary while in Exmouth – and they were spot on.

My highlights of our three days were:

- Swimming with turtles
- Swimming with humpback whales
- The prawn pizza at Whalebone Brewery (and the beer)
- Snorkeling in general in the beautiful blue water and reef supporting an abundance of aquatic life.

We drove north toward Broome and did the quintessential sunset camel ride on Cable Beach which was just amazing.

I had a hankering for more dirt, dust and corrugations, so I decided to head to Alice Springs via the Tanami Track, being 1,035km with little confidence of fuel stops in between. I passed 5 vehicles in 2 days over 800km – so it was remote to say the least! I can now tick it off my bucket list – knowing that there are plans to lay bitumen (which they have started to do) over the next few years.

You cannot be near Alice Springs and not visit the West McDonnell ranges. So I got up early (sacrificed pancake Sunday at the caravan park I was staying at) and headed to Redbank Gorge and then made my way back east via Glen Helen Gorge, Ormiston Gorge, and Ellery Creek Big Hole (Standley Chasm was closed when I was there). Something I did not expect to find so amazing, but was a highlight of my trip, was the Ochre Pit.

The last time I was in the Northern Territory I did not have an offroad caravan so was unable to travel on the Mereenie Loop. Given I was not towing this time, I drove this track toward Kings Canyon. The rim walk around Kings Canyon was just beautiful, after you regain your breathe after the steep initial stair climb. The next stop was Uluru, where we booked the “field of lights dinner” which I highly recommend. It was a privilege to be out in the desert to see the colours of the sun setting on the rocks of both Kata Tjuta and Uluru.

I love sunrise and sunsets and there are very few places that rival the red centre. We got up early and saw the sunrise against Kata Tjuta and Uluru (on separate mornings), as well as doing the Valley of the Winds and the Uluru base walk.

I was now on my way home and back to the “real world.” I gave myself a night off in Coober Pedy and slept in an underground hotel. It wasn’t long before I was heading through Port Augusta, Renmark and Hay on my way back to Wagga.



Overall, my trip statistics were:

- Days on the road – 100
- Gorges visited and swum – 18
- Total distant travelled – 28,452 km
- Diesel consumed – 9006 L
- Pies consumed – numerous
- Memories made – countless
- Cost of Trip – priceless

I did not regret one minute or one kilometer of my trip. I will remain forever grateful to my work colleagues who looked after my valued clients in my absence. I felt privileged to be in a position to take the leave and experience our wonderful big country in a manner that very few people have seen it. I feel like I found the balance of work and enjoying life and encourage you to do the same – it’s just amazing.



Season's Greetings



From the entire team at
Profile, we wish you a joyous
Christmas and a prosperous
New Year!

During this festive season, Profile offices
will be closed from 5pm December 22nd 2023
to 8.30am Tuesday, January 2nd 2024



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