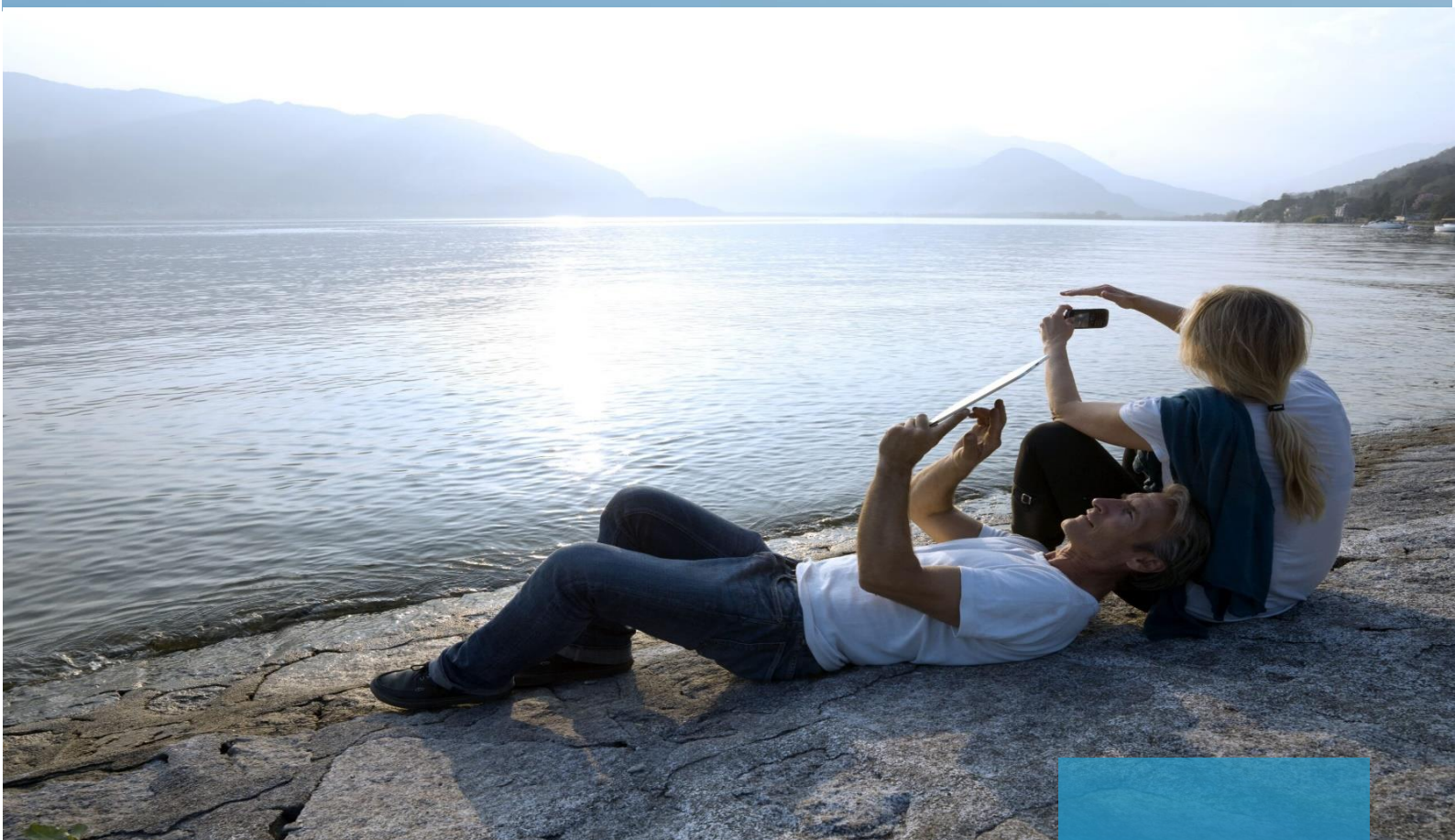


PROFILE'S CORNER

SUMMER 2024



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FACTUAL INFORMATION AND GENERAL ADVICE WARNING

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

CEO Update

Welcome to a milestone Volume 50 of our quarterly client newsletter. In this section, I provide an update on what is happening at Profile.

BY LENA RIDLEY, CEO

Hello,

In the somber yet reflective milestone of our 50th issue, we find ourselves navigating the depth of loss alongside causes for congratulations. It is with heavy hearts that we acknowledge the passing of our esteemed colleague and cherished friend, Natalia Rybak. Nat's absence leaves a profound void within our team and our hearts. In this issue, we honor her memory and the indelible mark she left on all of us.

In tribute to Nat, we have revisited an article we did on her extraordinary life. Her influence will continue to remind us to embrace each day with purpose, compassion, and integrity.

Amidst the backdrop of loss, we have also found moments of joy and connection. Last week, we had the privilege of hosting a successful event for our Mudgee clients, bringing together individuals to celebrate community, collaboration, and shared experiences.

Amid both somber reflection and spirited events, we also extend a warm welcome to our newest advisers, Anthony Lawson, and Chris Tsiolis. Their arrival brings fresh perspectives, diverse talents, and a shared commitment to serving our clients with excellence and integrity. As they embark on this new chapter with us, we look forward to the invaluable contributions they will make to our team and the clients we serve.

In addition to welcoming new faces, we also celebrate the achievements from within. Congratulations are for Angela Reade, who has attained Provisional Adviser status. Angela's dedication to professional growth and client-centric service exemplifies the values we hold dear, and we commend her on this significant milestone in her career journey.

We lastly bid a fond farewell, albeit temporary, to a longstanding member of our team. After an impressive 31 years in the industry, Kelly Lindsell will be embarking on a well-deserved 12-month sabbatical. Kelly's unwavering commitment, wealth of experience, and infectious enthusiasm have left an indelible mark on our organisation, and while her absence will be felt, we wholeheartedly support her in taking this opportunity for rest, rejuvenation, and exploration.

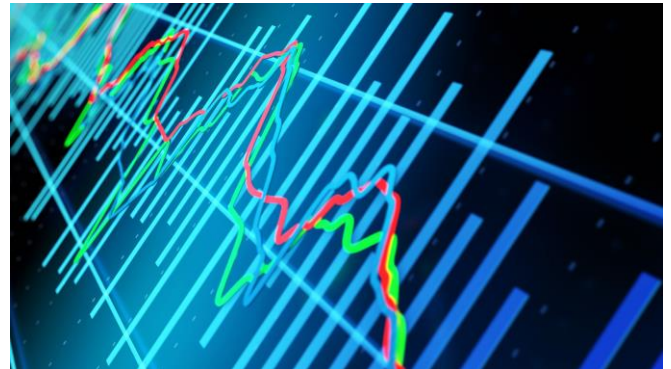
As we navigate the ebb and flow of change, let us hold fast to the bonds that unite us as a team and as a

community. Together, we honor the legacy of those who have touched our lives, celebrated the achievements of our colleagues, and embraced the opportunities that lie ahead. In the face of both challenge and triumph, may we continue to stand united, guided by our shared values and driven by our collective determination to create positive impact in the lives of those we serve.

Lena

Economic Update

BY CHRIS TSIOLIS, SENIOR FINANCIAL ADVISER



The final few months of 2023 were the precursor to the economic settings of 2024, particularly the global slump and reduction of the cost of borrowing money (not driven by an actual rate cut by Central Banks, but through bond trading direction driven by expectations by traders of imminent rate cuts by central banks) predominately driven by significant falls in inflation in Australia and overseas.

Significantly, at its February board meeting, the RBA decided to hold steady and not increase rates. In Australia, the annual Consumer Price Index has fallen from a peak of 7.8% per cent as of Dec 2022, to only 4.1% as at December 2023. US inflation has cooled from a high of 9.1% in June 2022, down to 3.2% as at October 2023.

Equity markets both in the United States and Australia posted solid gains driven by an expectation of a US Federal Reserve rate cut in March and lower inflation expectations broadly. In the month of January 2024, the MSCI World Ex Australia returned 4.52% whilst the S&P ASX 200 also posted a 1.7% gain. The progress that has been made on inflation reduction and the outcome of the meeting must have been a huge relief for mortgage holders, however, when in fact, the next rate cut will be, and the extent of cuts, is far from certain.

Particularly, the 10-year Bond rate, which had fallen below 4% late last year, is now trading above this level again in the new calendar year. Whilst equity markets remain buoyant, traders have now largely begun to bet rate cuts may occur in May/June, rather than March, given the remarkably strong state of the employment market (an unemployment rate of 3.66%) implying the economy is continuing to grow at an excessive rate.

Therefore, key central bank themes outlined below continue to remain relevant to the economic and interest rate outlook:

- Labour markets remain too tight.
- Low productivity.
- Multiple geo-political risks.
- Consumer spending.

The management and outcome of how this plays out in coming months will play a key role in determining interest rate levels and whether equity markets will need to acknowledge the cost of borrowing money has increased yet again and hence affect sentiment and/or valuations.

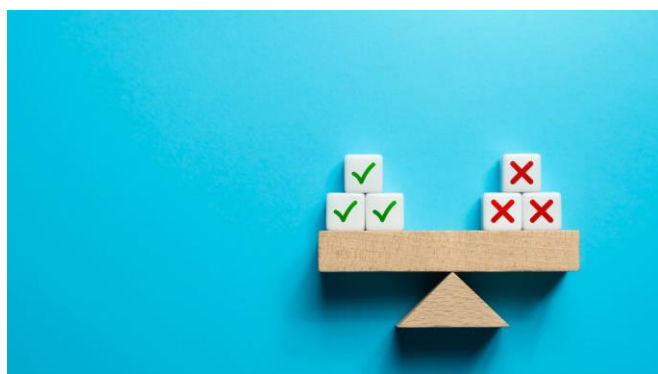
Domestically, it should also be noted the additional risks we face as the RBA has increased interest rates by less than 75-100 points compared to its peers in Britain, Canada and the US. Comments from the Governor did not confirm the rate cycle was over and in-fact stated rate rises could not be ruled out due to risks noted above.

The key question of just how much inflation will rise due to the money creation and supply shocks of the COVID crisis may be answered this year (indeed we may be at the end of this cycle), however trader's predictions of US Federal Reserve rate cuts in March of this year have already been revised to May or June -- so this is not a certainty.

Once this is resolved however, another key question will emerge, will the global disinflation trend of globalisation, ageing populations and economic inequality which commenced in the 1980's remerge or is the new normal a return to high inflation, prices and interest rates of the post war and now post COVID era? Portfolios will need to be diversified and flexible to manage risks.

Positives and Negatives of Self-Managed Super Funds: A Delicate Balance

BY KURT OHLSEN, SENIOR FINANCIAL ADVISER



Embarking on the journey of managing your retirement wealth through a Self-Managed Super Fund (SMSF) can

be both empowering and intricate. The unique features that constitute advantages in one scenario might pose challenges in another. When considering going down this path it is essential that you think about both the pros and cons while also taking into consideration what other alternative superannuation account options can offer.

PROS AND CONS OF SMSFS: A DELICATE BALANCE

INVESTMENT CONTROL:

One of the most touted benefits of an SMSF is the level of investment control it offers. However, as with any double-edged sword, this control demands a keen understanding of financial markets and disciplined decision-making. Just as you trust a qualified pilot when flying, effective control requires expertise. It's crucial to evaluate if you possess the skills and experience to navigate the complexities of investment decisions within the SMSF framework.

INVESTMENT OPTIONS:

SMSFs boast a broad spectrum of investment options, a significant drawcard for many. Yet, it's essential to recognise that other superannuation funds also provide diverse investment avenues. While an SMSF might be necessary for property investment, other funds facilitate direct shares, ETFs, term deposits, and more. Tailoring your choice to align with your investment goals is paramount.

COSTS:

The cost aspect of SMSFs is a multifaceted consideration. SMSFs can potentially be more cost-effective, factoring in the flat-dollar costs associated with them such as accounting, audit, actuarial, and ASIC fees compared to the percentage-based administration fees some other funds charge. The tipping point for cost-effectiveness often hinges on fund size (which can quickly be boosted if your spouse is also going to be a fund member). As the fund grows, the flat costs may render SMSFs more economical compared to percentage-based administration fees charged by some other funds but these are often also capped.

INSURANCE:

Default insurance cover is a common feature in many superannuation accounts, leveraging the scale of the fund to negotiate favourable premiums. However, with an SMSF, you have the autonomy to select insurers and policies tailored to your specific needs. While negotiating power may differ, the ability to customise your coverage can be a significant advantage.

BORROWING FOR INVESTMENTS:

SMSFs have the ability to borrow funds to invest in assets such as property. While this can increase the fund's overall returns, it also introduces additional risks that need careful consideration.

POSITIVES

TAX COMPONENT OPTIMISATION:

SMSFs can be powerful tools for optimising the tax component within your estate planning. Efficiently managing multiple pension member balances within the fund can potentially reduce the tax burden on your estate, offering a strategic advantage in specific circumstances.

ESTATE PLANNING CONTROL:

Members have more control over the distribution of assets in their SMSF upon their passing. This can be particularly advantageous in ensuring that the intended beneficiaries receive their share in a tax-efficient manner.

NEGATIVES

RESPONSIBILITY

Navigating the regulatory landscape is a significant consideration for SMSF trustees. The Australian Taxation Office (ATO) imposes strict rules and regulations governing SMSFs to maintain the integrity of the superannuation system. Staying compliant with changing regulations requires ongoing diligence and a thorough understanding of the evolving legal framework. Whether acting as an individual trustee or a director of the corporate trustee, this responsibility cannot be outsourced. While the day-to-day operations can be delegated, ultimate responsibility remains with the SMSF trustee.

WORK/TIME:

A lot of other types of superannuation accounts can work at least "okay" when left on autopilot. This is not the case with a SMSF. There are ongoing requirements when running a fund that is going to require your time. Even if you outsource a lot of the requirements, you are going to need to arrange for the work to be completed and then review the work that has been done.

CONCLUSION:

In conclusion, the decision to opt for a Self-Managed Super Fund demands a careful weighing of pros and cons. The empowering features such as investment control come with the responsibility of understanding and adhering to regulatory requirements. The multifaceted nature of costs, coupled with the necessity for active involvement, underscores the need for a well-informed approach.

While the prospect of managing your retirement funds independently can be enticing, it is imperative to

recognise that SMSFs are not a one size-fits-all solution. Each individual's financial situation, risk tolerance, and expertise must be considered.

Seeking professional financial advice becomes paramount in navigating the complexities and making informed decisions.

In essence, SMSFs can be a valuable tool for those who are well informed, actively engaged, and willing to invest time and effort. The delicate balance lies in leveraging the advantages while mitigating the challenges, ultimately aligning the SMSF strategy with your long-term financial objectives. As the financial landscape evolves, staying informed and adaptable will be key to maximising the benefits of a Self-Managed Super Fund or making the choice to utilise another type of superannuation fund.

Client Profile: We Remember Nat

FIRST PUBLISHED IN ISSUE 34, SUMMER 2020

BY LENA RIDLEY, CEO

Some clients are also the staff at Profile, and we are grateful to have attracted the talents of professionals with life skills gained from vastly varied backgrounds. This issue explores the fascinating story of our own, Natalia Rybak, client, and Office Coordinator of our Sydney office.



Nat was born in Ukraine and lived her early life whilst Ukraine was under Soviet occupation. Nat recalls that growing up under a Communist regime was very restrictive and small in many ways. Little information from the rest of the world got in or out -- it really was an Iron Curtain. Everyone watched and reported on everyone, and her parents took no risks and shared no information with Nat and her sister in order to keep them safe.

Communism there focused on changing the next generation, so no one spoke of history and religion was forbidden for children. Nat recalls a time when her sister defied this by accompanying her father to Church past the eyes of the ever-watching teachers. When the service was finished, Nat's father was detained and warned that a reoccurrence would result in him losing his job.

Nat's father had been raised by his grandparents as his mother had been sent to Germany during WWII as forced labour when he was just 4 years old. After the war ended, the family advised her not to return to Ukraine, as the Soviets would have sent her to Siberia for "collaborating with the Nazis". She emigrated to Canada instead, leaving her son to grow up in Soviet Ukraine where he then married and had two daughters, Natalia and her sister. When the Soviets began to loosen their iron grip and implemented a family reunion treaty allowing Nat's father to visit Canada in the late 60s to see his mother for the first time in 25 years.

After Nat's father saw the living standards of Canada compared to Ukraine, he started the conversation and process to emigrate. It took three years to find the right Government official to negotiate the right money that needed to change hands for the paperwork to go through. The family finally moved to Winnipeg, Canada when Nat was 10 years old.

It was -25°C in February when they arrived, and Nat's mother, shocked at how cold Canada was, felt as though they had moved to a Siberian village. Nat's father, a geologist, found work in a paper bag factory. Her parents both worked two jobs each to build income then pay off the house they bought in under five years. Nat and her sister took two years to learn English and during this time Nat started to take her Ukrainian dancing more seriously. By the time Nat had progressed through Junior High then High School, she started adulthood as a student with a sideline in a semi-professional Cossack dance troupe.

During the summer, the troupe had their travel paid to tour the world. Nat also performed as a singer on the side. One highlight was an invitation to perform for Pope John Paul II in a private reception at his residency, a memory she will never forget.

In 1986, they toured Japan, Hong Kong, Singapore and then Australia. They landed in Australia on Nat's 21st birthday and she thought it was so different to her many readings of *The Thorn Birds*! The troupe was billeted

with the Ukrainian community in Sydney. Most got billeted with older members of the community, and Nat and her friend found themselves with two young male friends in Glebe – an engineer and an architect. As soon as they found out it was Nat's birthday, they threw a party with all their friends and some of the troupe. After 3 days in Sydney, they were off through Australia then home to Canada via Hawaii and San Francisco...and every single day, her new friend, Roman the engineer would call on the phone...at \$5 per minute!

Roman sent Nat a ticket to visit Australia again, then paid a visit to Winnipeg to meet Nat's parents. Then Nat visited Australia again and it was during this visit, she called her parents to announce she would be staying in Australia.

They married a year later, and Nat set up a dance school in the Ukrainian community and formed her own troupe here. Nat also indulged her passion for singing by forming a duo, which supported the dancing ensemble during their tours. Videos of some of her performances are recorded on YouTube. The ensemble toured Australia in 2012 and performed at two major festivals in Canada in 2006. Nat still remembers the satisfaction of seeing first-generation Australian - Ukrainian teenagers and young adults meet first-generation Canadian - Ukraine people of the same age.

Nat and Roman had two boys and Nat decided to step out of dancing and into work that brought more income for the family. She moved into retail and developed experience with cosmetics companies based on years of doing stage make-up. After some years, a move into a Credit Union position developed into banking experience. From banking, it was an easy step into financial services and the Profile family.

Nat appreciates the sacrifices her parents made for her and her sister and gains comfort from knowing they have a good life, with good support and lots of friends in Canada to this day.

When I asked Nat what we can learn from her adventures, she reminds me that people around the world are basically the same – her friends in Ukraine, Canada and Australia all face the same challenges and talk about similar issues. It's about knowing you can survive anything, anywhere when you believe in yourself. When you're young, you don't question your ability to go and do something. We are optimistic and that is special. As we get older, it's important to remember that.

Staff profile

BY CHRIS TSIOLIS, SENIOR FINANCIAL ADVISER

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 joined the Profile team 3 weeks ago.

What are you reading/watching right now?

I am currently watching the cricket – India vs England test match.

Favourite recipe and where can we find it?

My favorite recipe is Primavera Pasta from a wonderful restaurant located in Leichardt Sydney, called Little Italy, although any Italian restaurant will do. It's a simple yet tasty blend of vegetables in a Neapolitan sauce.

Any pets/kids/spouses?

My cat passed away a few years ago. Still sorely missed and not replaced yet.

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

I am currently enjoying summer vacation movies, my go to in Summer is a "A Bigger Splash". Loosely based on the 1969 Jacques Deray film La Piscine.

Why do you work in financial planning?

The opportunity to meet lots of people and guide them through their life journey. There is no greater satisfaction than this.

What are your top 4 key values?

- Honesty
- Integrity
- Diligence
- Accountability

Who has influenced you most in life?

My parents and brother.



Pope John Paul II giving Nat a commemorative medal after their performance at his private residence at the Papal Palace in the Vatican City August 1983.



Final Farewell: Nat with her family leaving Ukraine on the train to Moscow in 1976

The stunning south coast of NSW: Ulladulla / Mollymook

BY DANIEL HILL, FINANCIAL ADVISER

My wife and I took advantage of the recent Australia Day long weekend to get out of Sydney for a few days and enjoy the beautiful south coast of NSW. The destination is maybe not as exotic as some of our recent travel series destinations but it's a great place for a short getaway!

We took our time travelling down and stopped along the way, but it is a pretty easy 3 hours or so non-stop from Sydney to Ulladulla which makes it a convenient short break destination.

Is there anything to do?

Ulladulla is a reasonable sized town with a harbour that still hosts a small commercial fishing fleet so fresh seafood is on offer. Friday evening at Cupitt's Estate is a great way to unwind enjoying the view over the valley to the ranges in the distances with a glass of wine and a pizza.

Mollymook beach is a short drive away for a swim or surf. The crystal-clear water was a very comfortable temperature when we visited. The swell was pumping on the Saturday, and we enjoyed watching the South Coast nippers competing in a surf carnival. A few of them were well and truly dumped but it is amazing how easily they paddle out through the breakers.

There is also possibly Australia's best-located golf club at the southern end of the beach for dinner and entertainment. If you want to row the boat out, lunch or dinner at Rick Stein's Bannisters is also available. Milton is only 10 minutes away and the main drag has lots of interesting shops to check out.

The Marlin Hotel in Ulladulla is a bit tired but it does host plenty of live music if you like a night out. Rose Tattoo were playing on the Saturday night! Old Angry still 'can't be beaten' and belted out their Classics.



What a relief!

While Sydney sweltered over the weekend the climate on the south coast was very comfortable in the high 20s with a sea breeze and no humidity. It might be a bit cool in the winter, but I wouldn't rule it out for a mid-winter break either as it is pretty central to a few other locations around the south coast.

Go for it!

If you are looking for a short-break or a stop on a longer road trip heading south don't discount Ulladulla as a destination. There is plenty on offer around town or you can take it easy and relax if that is more your speed.



Financial hardship and insurance premiums

If you or someone in your family or network is facing financial hardship, please contact your adviser.

Most of the banks, superannuation funds and insurance providers have relief packages to help you through the difficult time and we are available to assist.



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