1 ISSUE | 1 VOLUME | 2019 YEAR

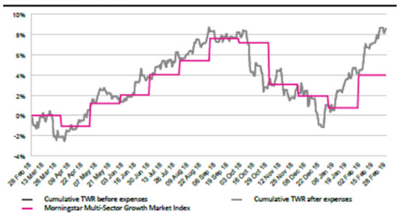
Monthly Update

GROW YOUR WEALTH – PRIVATE WEALTH MANAGEMENT AND SEPERATELY MANAGED ACCOUNTS

SMA Performance February 2019

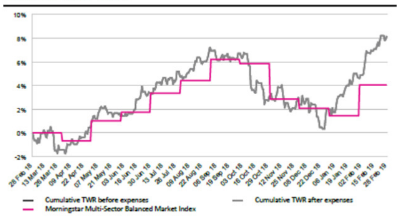
GYW Assertive SMA has outperformed its index over the past 12 months by 4.6%. As per the below chart the model tracked closely to the index for most of the year. It outperformed over the period of January and February due to a higher weighting towards Australian equities and lower weighting to cash.

Returns over time



GYW Balanced SMA has also outperformed its index by 4.1% for the year for the same reasons as the Assertive model. With the market now looking fully valued we have rebalanced both SMAs to increase weighting to cash and reduce weighting to Australian Equities. We expect market may pull back slightly.

Returns over time



FEBRUARY 2019

The Australian stock market had one of the strongest months on record with the ASX 200 producing a 4.9% gain for the month. Key highlight were companies reporting reduced profit growth which is indicating that we may start to see an economic slowdown. Banks stocks rallied after the Haynes enquire final report was handed down, with measures being levied against the Banks more generous than expected. With the economy slowing and house prices falling the expectation that interest rate will be cut is increasing. We expect that the market will be cautious moving into March with the 2019 Budget being the next big announcement.

Economic Update February 2019

All eyes are on the Budget, Interest rates and the Election.

It is hard not to think about the pending election in Australia, it is expected that there will be a change in Government and with it considerable disruption to the business world and to Australian listed companies.

The back drop to this is a falling Housing market, raising share market and a number of tax changes which will have a large impact on a few people.

As for the markets they continued to improve over the month of February putting on a 4.5% gain on the back of a better than expected reporting season and the Banking Royal Commission not being a tough as expected.

Since the start of January we have seen a steady improvement in the market.

The market was at 5440 points at the start of January and has risen to 6160 by the end of February an increase of 680 points or 12%.

The question is will it continue to move up in the near term. I am cautious and do fully expect to see a pullback in the coming months.

Although many companies are doing well we are seeing a slowdown in the Housing sector covering suppliers, lenders and developers. With housing prices dropping we have started to see a drop in retail spending and suspect that this may get worse. Add an election on top and it pays to be cautious.

The election is bringing with it some major tax reform hitting all investors and business owners.

Franking Credits changes will hit all Self-Funded Retirees with a loss of income due to loss of tax refund each year.

Property Investors will see prices fall on existing rental property as depreciation expense are no longer allowed to provide a negative return.

Business owners will expect to see the Super Guarantee level get increased putting pressure on wages and jobs.

Finally, the Reserve Bank is expected to cut interest rates to assist the property market and stimulate the retail sector.

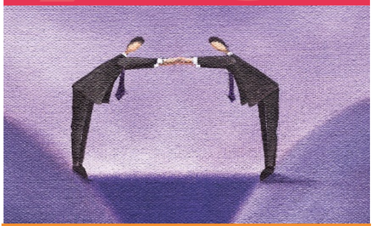
For investors the time is right to lock in some profits. A number of shares are trading above fair value. Now is a good time to sell part of the holding and lock in that gain.

Holding higher level of cash in your portfolio in the coming months is sensible. It allows you to take advantage of any opportunities that may present in coming months.

Although we do not want to be out of the market, being overweight cash at present will reduce the overall risk in the short term.

SMARTER INVESTING:

Loss of Franking Credits



Please note as there is no legislation out on this policy we are working on the information in press releases.

Labors proposal to take away the refund of franking credits only indicates the lengths they will go to buy votes. Simply put this is taking money from what are considered "Rich People" and giving it to the what they consider to be "Poor People".

Click on link for full article https://growyourwealth.com.au/grow-your-wealth1/2018/12/17/franking-and-you

Grow Your Wealth
Financial Services Townsville

51 Thuringowa Drive
Kirwan QLD 4817