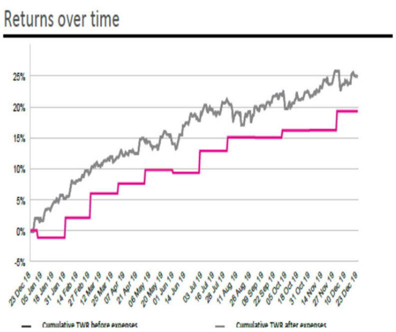
7 ISSUE | 1 VOLUME | 2019 YEAR

Monthly Update

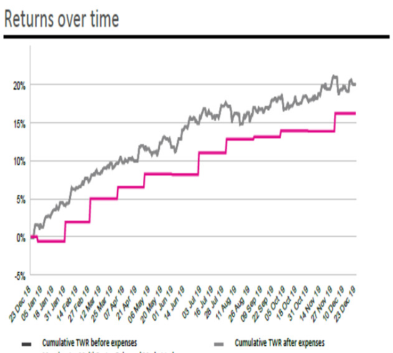
GROW YOUR WEALTH – PRIVATE WEALTH MANAGEMENT AND SEPERATELY MANAGED ACCOUNTS

SMA Performance December 2019

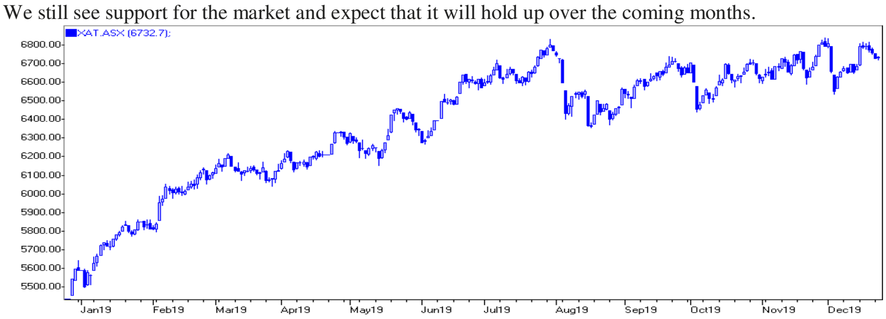
GYW Assertive SMA has outperformed its benchmark over the past 12 months with a return of 24.92%. It outperformed its benchmark by 4.6% for the 12 month period.



GYW Balanced SMA has also outperformed its index over the past year by 3.8% with a year to date return of 19.96%.



The market has grown by 21% since Christmas last year. In anyone's book this is a great result for the year. We still see support for the market and expect that it will hold up over the coming months.



Investing in 2020

Climate change, interest rates, Quantitative Easing and infrastructure.

The UK election has happened and Brexit is now underway.

But what does this mean for the stock market?

Certainty; the market does not like surprises. BREXIT was one issue which made companies uncertain about their future and in turn investors look to sit on the side lines.

Political risk is the worst type of risk for investors, by the stroke of a pen politicians can create or destroy wealth.

The market jumped a little during the exit polls only to fall back the next day. Since then we have seen a steady climb in to the Christmas period.

With more certainty in the market I expect that the volatility levels will reduce over the December period which is a welcome relief.

BREXIT should also be a positive for Australia with increased trade opportunities with the UK. With demand for Iron Ore from China looking to slow, the UK may be just what we need.

Looking forward, what do we expect for 2020. With 2019 being a good year on the markets should we expect more? The US has also performed well over the 2019 year but much like Australia we are starting to see signs of the economy slowing down. Given the large gains in our market I expect that we may see the market pull back in the first quarter of 2020 as investors lock in some profits.

Politically we have already has one major election with the UK vote in December, BREXIT is now happening and the following years will see more action on this front. Back home in Australia we have a State Election for Queensland in 2020. This is important due to the issue around Coal and Coal exports. Finally, the US will also be in election mode next year as well. For investors, uncertainty equals risk. I expect volatility to creep back in to the market as investors look to position their portfolios for political risk.

Economic risk is also in play. In the US unemployment is low providing them a better platform, however in Australia unemployment is high especially in Queensland. The government has exhausted monetary policy, any further cuts to interest rates will produce little to no economic benefit. At present it clearly documents that households are currently more interested in paying down loans than spending. The unemployment level will be affecting this activity.

We expect to see the government employ Quantitative Easing and Infrastructure spending. Both measures will assist the Australian economy if implemented correctly. However I have concerns about the management of these measures.

Quantitative easing increases the money supply making it easy to borrow money, however, after the recent banking inquiry, the government has tightened rules around lending. Add to this that households and small businesses are focused on paying down debt, the benefits of Quantitative easing maybe reduced.

Infrastructure spending again can stimulate the economy if done right. First is the speed that the money can be spent. The best way to do this is to bring forward maintainence and upgrades work. These jobs are shovel ready and get money in the economy quickly. However, politicians do not find this sexy; they like to roll out big new white elephants.

The second best type of infrastructure spend is nation building work; dams and power come to mind. Infrastructure which will provide economic benefits for decades to come. However, although there is some chatter around, I am not aware if many of these types of developments are shovel ready.

Internationally we are still watching negative yields and emerging market loans, both of which could cause a shock in world markets. Politics dominates news flows and markets in the modern world and 2020 will produce its fair share of political uncertainty.

For now, our view is that the market could move a little higher to 7000 points but we expect to see resistance at these levels. Taking some profits and being slightly overweight cash makes sense to allow investors to take advantage of any pull back in the market.

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