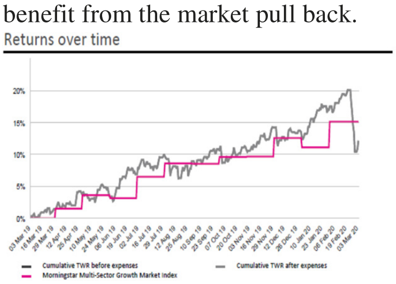
ISSUE | 1 VOLUME | 2020 YEAR

Monthly *Update*

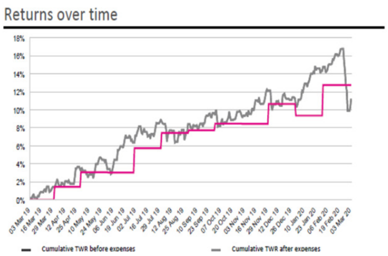
GROW YOUR WEALTH – PRIVATE WEALTH MANAGEMENT AND SEPERATELY MANAGED ACCOUNTS

SMA Performance February 2020

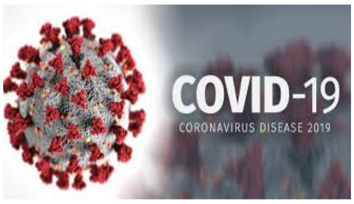
GYW Assertive SMA has returned 12.14% over the past 12 months. Due to Coronavirus market shock, the market fall 10% in last week of February. This has impacted on the SMA returns. We have adjusted weighting inside the SMA models to benefit from the market pull back.



GYW Balanced SMA had a return of 11.22%. Due to Coronavirus market shock we saw the market fall 10% in last week of February. We have adjusted holdings inside of the SMA models to benefit from the market pull back.



February was a big month for the market. With pressure building as the market continued to climb, we were expecting a pull back in the market. With company valuations already fully stretched we had been recommending to clients for the past quarter to look at taking profits on those companies trading above their fair value. In a raising market taking profits is hard, you can never pick the top but what we do know is that a pullback is coming and we are always surprised what causes it. The Coronavirus was the tipping point for the market, the unknown! Markets do not like uncertainty especially on the back of large gains. The selloff was impressive but not unique. It provided smaller investors a chance to put some money back into the market at lower prices. The market is currently trading at our first resistance point, a good time to put some money in but keep spare cash for any further drops.



Superannuation would you like now or later?

What does the Coronavirus mean for the stock markets?

Investors do not like uncertainty; the Coronavirus provided that uncertainty.

Investment managers look to provide solid, steady and predictable returns for their investors. When an unknown event happens they sell to the safety of cash.

Keep in mind I am not talking about the Mum and Dad investors. I am talking about the big end of town. They have leveraged positions, large holdings and returns targets to achieve.

They are not focused on absolute returns but instead on beating benchmarks. The main rule is being first! First to sell and first to buy; that is how they beat the benchmarks.

Once the big guys start to sell it triggers other large players, who also start selling down hence the 10% drop in the market in just one week.

But for the smaller investor this is the time to pick up some quality investments at discounted prices. But do not spend all your money; keep some in case of an aftershock.

There is a lot of debate at present around superannuation, and if employees should have the right to choose where their employer super payments are paid. The idea is that employees can choose to get it in their pay or have it paid into their super fund.

Now keep in mind Politicians do not always do what is in your best interest! Generally, they do what is best for them and what will get them re-elected. This discussion around the change in policy is due to our slowing economy, low interest rates and low wage growth rates.

If you are young I can understand that having the extra money in you pay each week will go a long way to covering bills, paying off your house and general living expenses.

Keep in mind, that the establishment of compulsory Superannuation in Australia was a response to the many financial challenges posed everywhere in the west by an expanding ageing population. In essence the Government introduced Superannuation in Australia to force all workers to save for their retirement and relieve the pressure on Australia's age pension.

So before you decide to forego superannuation for the money up front, you need to ask yourself would you eat the Marshmallow. See below link.

https://jamesclear.com/delayed-gratification

Superannuation ensures that you are saving for your retirement, it provides tax benefits along the way and is a safety net for those who have difficulty saving for the future. It is a safety net for each of us personally as well as for the government when it comes to age pension.

Keep in mind the only way governments can fund an increase in the age pension is to tax all of us more.

Right now the government is looking at the possibility of employees choosing to opt out of superannuation and to receive the extra money in their pay packets each week.

This is mainly due to the economy performing poorly and the governments lack of choices to stimulate. Interest rates are now so low that the cuts made this week are not expected to provide much stimulus.

Next they will start with Quantitative easing followed by an increase in infrastructure spending. If this fails, they will gamble your retirement by allowing you to choose to opt out of employer super payments and instead to receive the money in your hand.

Keep in mind that the age pension is not a lifestyle; it is an existence. Building wealth is hard and takes commitment and time. It requires you to look to the future and plan for the worst while hoping for the best.

Finally, you need to remember the benefits of superannuation as a vehicle for saving. It provides a low tax rate, long investment periods, professional advice and diversification of assets.

Superannuation is the perfect vehicle to grow your wealth in. Do not dismiss it for short term gratification. Think of your future self. Every day I work with people who live well because of the decision they made in the distant past.

Grow Your Wealth
Financial Services Townsville

51 Thuringowa Drive
Kirwan QLD 4817