



PROFILE
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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: UBS Warburg bank bill Index. Gold: Spot Gold Bullion (USD).*



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Profile Update

Welcome to Volume 28 of our quarterly client newsletter. In this section, I provide an update on what's happening at Profile.

By Sarah Abood, CEO

Client seminars – your feedback welcomed!

As our client numbers grow, we are looking to make changes to the way we deliver seminar content. Typically we run long sessions in Sydney locations, with lots of educational content and guest speakers. This suits many of our clients - but can be a challenging format for remote and working clients. This year we are looking to deliver more technical content online, to allow more time for networking and conversation during our face-to-face events. We'd welcome your thoughts and feedback on our new direction – just let your planner know what works for you when it comes to events!

New appointment booking approach coming soon

We are starting to roll out a new way for clients to book appointments with us. The system will allow you to book an appointment at a time and location that suits you, at any time online. The system synchronises with planners' calendars so their availability is always up-to-date. It also sends automatic confirmations and reminders to your email or mobile phone. We hope this will be useful, particularly for our very busy clients - as making and confirming appointments can be done any time (not just during business hours). Of course we are still happy to call if you prefer! We're starting to use the system internally already and will launch to clients in the coming months. We'd love to hear how you find the new system.

Staff update

We have recently welcomed some new team members.



First, **Natalia Rybak** has come into a new role of Team Assistant in our Sydney office, due to the growth of clients and staff numbers in this office. You may have already spoken with Nat if you've had a review in Sydney recently! She

has had a long career in financial services, most recently as administration and operations assistant at Firefighters Mutual Bank (for 7 years). Originally from the Ukraine, Nat is a dual Canadian and Australian citizen. In her spare time she teaches dancing, and also enjoys singing.



In October **Andrew Squires** joined Profile as Associate Financial Planner, supporting Laura Donovan and Rachael Arnold. Andrew has worked in similar roles previously at Fitzpatrick's and most recently with Wealth Partners Financial

Solutions. Andrew holds a Bachelor of Applied Finance and Bachelor of Economics from Macquarie University, has completed the Diploma of Financial Planning, and is currently completing his Certified Financial Planner designation. He is also a qualified painter and decorator, having subcontracted during his studies, and travelled extensively in North America.

Investment Update

By Jerome Bodisco, Head of Investments

Period returns to 31 January 2017 (%)

Asset class	1 mth	3 mth	1 yr
Australian shares	-0.4	+3.2	+12.4
International Shares(\$A)	+1.5	+3.2	+18.0
Fixed interest	-0.3	+0.1	+2.7
Cash	+0.2	+0.4	+1.7
Gold(\$US)	+3.2	+5.8	+11.1

At this time of year everyone is keen to know what's in store for the year ahead. Of course, no one knows - but that doesn't stop people offering up a thought or two, and I outline some below. The reality is that markets are in a constant state of flux. Optimism can very quickly turn to fear and panic. Anything can happen and usually does. The golden rule is always to expect the unexpected and treat forecasts including my own here with a healthy dose of salt and scepticism. One thing I can be sure about, is this year is already shaping up to be a very interesting one!

The year that was...

Markets finished 2017 with a flourish with global equity markets leading the way. Over the past 12 months the defining feature was the rapid pace of global economic expansion particularly in Europe and the US. For the time being, the US is attracting all the attention. US unemployment is at an all-time low, confidence is surging and if you listened to Donald Trump's State of the Union Address recently, the US has never been in better shape!

2017 year in review – positive results across the board. Global Equities led the way.

Source: Lonsec / FE Analytics

	1 year return to 31 December 2017
Australian Equities	
S&P/ASX 200 Accumulation Index	11.80
S&P/ASX Small Ordinaries Accumulation Index	20.02
Global Equities	
MSCI World TR Index (AUD)	13.94
S&P 500 TG Index (AUD)	12.79
FTSE 100 TR Index (AUD)	13.47
MSCI Emerging Markets Net TR Index (AUD)	27.09
REITs	
S&P/ASX 300 A-REIT Accumulation Index	6.44
FTSE EPRA/NAREIT Developed Net TR Index (AUD Hedged)	8.20
Fixed Interest	
Bloomberg Ausbond Composite 0+ yr Index	3.66
Bloomberg Ausbond Bank Bill Index	1.75
Barclays Global Aggregate TR Index (AUD Hedged)	3.68
Profile Portfolio Service	
Profile Preservation Portfolio (net return)	7.23
Profile Accumulation Portfolio (net return)	8.34

Corporate tax cuts, interest rate rises, as well as a gradual unwinding of ultra-stimulatory monetary policy added fuel to the global economic fire lifting valuations in several markets to historical highs. US equity markets, experienced an incredible year with the S&P 500 delivering a return of approximately 20% (in USD). In fact, over the past 5 years the S&P 500 has gone up almost 90%!

Feeding into the general enthusiasm and confidence was a sense that political uncertainties and geopolitical risks had largely subsided. This was reflected in unusually low market volatility (the lowest in recorded history) and a ravenous appetite from investors for risky assets including Bitcoin!

In Australia, we have been running our own race at a leisurely pace behind the rest of the world. Market and economic performance has been relatively flat. Interest rates have stayed still. Wage growth has flatlined. Household debt is astronomically high and continues to concern the Reserve Bank of Australia.

Australia's sharemarket underperformed global peers in 2017 but nevertheless it still managed to return a healthy 11.8%. Whilst the numbers don't lie they don't always tell the full story. Most of the ASX 200 performance was generated from resources that benefitted from an uplift in commodity prices, the majority of which was delivered in the final quarter of last year.

Overall, it was a good year for investors. The question is whether the party can continue for another year. Should we be dancing near the

the exits or is it time to hang up the dancing shoes and head home?

The year that could be...

As Mark Twain noted, 'history does not repeat itself, but it often rhymes'. Certainly if 2018 was to resemble 2017 I don't think anyone would complain. However, in my opinion the stage seems set for a different style of production this year.

Firstly, global interest rates will almost certainly rise further this year. Tighter financial conditions coupled with high equity valuations, and emerging wage growth and inflation will no doubt force the market to recalibrate expectations of the future.

This will flow into higher market volatility and lower market returns from equities and bonds. Ironically, as I write this the US share market has started to get the wobbles with a big sell-off.

As I mentioned, volatility has been almost non-existent in recent times. Throughout 2017 we were concerned about political uncertainty in Europe and geopolitical risks posed by North Korea and speculation concerning a possible trade war between China and the US. So far so good on these fronts but the risks are still there and need to be monitored.

From a Profile Portfolio perspective, we believe it will be a much greater challenge this year to generate above average returns. Return potential is unusually low. Faced with this challenge, we will continue to dynamically position our portfolios to capture opportunities where possible and avoid threats we believe will negatively impact portfolio returns. During uncertain times like these, a safe pair of hands is required and of course a new pair of dancing shoes!

Philanthropic Giving – Part 3

By Todd Stanford, Senior Financial Adviser

“To give away money is an easy matter and in any man’s power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man’s power nor an easy matter.” (Aristotle c. 384 B.C. to 322 B.C.)

This is the final chapter in our series on planned giving structures and covers the most rewarding part of philanthropy – giving the money away! (otherwise known as grant making).

We cover grant making as it applies to a Private Ancillary Fund (PAF). The detailed workings of a PAF were considered in our last newsletter.

There is no single right way to grant. Grants can be for general purposes or to support specific projects or programs.

How much to give?

During each financial year, a PAF must make a minimum distribution of at least 5% of the market value of the Fund’s net assets as at 30 June of the previous financial year.

If any of a Fund’s running expenses are paid out of the Fund’s assets or income, its minimum distribution for that tax year must be \$11,000 or 5% as calculated above, whichever is greater.

No distribution is required during the financial year in which the Fund is established.

A PAF can apply to the Commissioner of Taxation to lower the minimum distribution rate for a financial year (but not to zero).

What makes up the 5%?

A distribution includes the provision of money (capital or income), property or benefits in kind.

If the Fund provides property or other benefits, the market value of the property or benefit provided is to be used in determining if the 5% minimum distribution has been met.

An example of benefit in kind is if a PAF leases office space to a grant recipient at a discount to the market price. The fund is providing a benefit whose market value is equal to the discount.

It is typically more administratively difficult to give property or benefits in kind as the ATO market valuation rules must be adhered to.

Distributions do not include expenses of the PAF.

To whom can a PAF give?

PAFs exist to support eligible Deductible Gift Recipients (DGRs) as defined in their Trust Deed. Eligible DGRs are charitable organisations endorsed as DGR Item 1 by the Australian Taxation Office (ATO).

You can check an organisation’s tax status by searching by name on the Australian Business Register using the ABN Lookup website: www.abn.business.gov.au, the ACNC Register

www.acnc.gov.au or request the charity provide their ATO DGR Endorsement Notice.

In no circumstances can PAFs distribute to other PAFs or Public Ancillary Funds. They must distribute to “doing” DGR Item 1 entities (because a tax deduction is already allowed for donations made into the PAF).

Philanthropy Australia provide the following broad range of grant recipients:

- ◆ organisations providing immediate relief to those afflicted by poverty, sickness or disadvantage,
- ◆ organisations advancing education or the fine arts, and
- ◆ organisations and research projects to identify new ways to solve long term medical, social or environmental problems.

Timing

The minimum distribution must be made by 30 June each year. Rather than wait until year end Directors are encouraged to give as much lead time as possible and start thinking about what cause they will support and whether it is for the long- or short-term.

Grant making support

It can be a daunting exercise in researching and selecting which charity to support while also ensuring the grant money is being used wisely.

Rather than ‘going alone’ the PAF can engage the services of a specialist. We recommend Australian Philanthropic Services. Their grant-making service has templates and tools to facilitate and assist in this process including a Giving Compass, Make A Difference workshop for children 7 - 17 and design/documentation of a Giving Strategy Roadmap. Further details are at <http://australianphilanthropicservices.com.au/our-grantmaking-and-evaluation-service-2>

Tips on Giving

1. **Involve the family** – get the next generation to help out by ‘pitching’ to the Directors on charities they are passionate about. Carve out part of the distribution for this purpose.
2. **Do your research:** 75 percent of donors in the USA don’t do any research. Take the time to research the charity’s mission, programme and finances.
3. **Don’t be faked out by a name:** Many charities have similar-sounding names. That doesn’t mean they perform equally well. Again, do your research.
4. **Get specifics:** If a charity is helping the homeless, for example, find out how and where the organization is concentrating its efforts.

5. **Verify status:** Not everyone asking for donations represents a tax-exempt charity.
6. **Concentrate your giving:** If you find a well-run charity that is doing good work for a cause you care about, consider putting all of your charitable eggs in one basket. If you spread the wealth, you risk making less of an impact.

Sources: *The Chronicle of Philanthropy, Giving USA, Corporation for National & Community Service*

Keep in mind

Remember receipts need to be obtained from grant recipients as evidence of the distribution and for the PAF's auditor.

Avoid a shortfall in the annual distribution. Any shortfall must be rectified and penalties may be imposed by the ATO.

Directors of a PAF are encouraged to apply a similar degree of diligence, skill and care to grant making as they do to investment matters.

If you are interested in finding out more about PAFs, please contact your Profile Financial Planner.

Travel Hotspots – Cobh, County Cork

By Laura Donovan, Financial Planner

Many of our clients love to travel and part of our job is ensuring they have the budget to achieve their travel goals, whether it is a short break or that big world trip they have always dreamed of. We love hearing where our clients have been, or where they are hoping to go next – and we thought we'd include a series on places we found interesting to visit (Travel Hotspots) to help provide inspiration for these trips!

Growing up in Ireland, I was lucky enough to holiday throughout Europe in Spain and Portugal; with occasional weekend breaks in Paris and Amsterdam.

Closer to home, I travelled around Ireland most summers to various coastal towns and tourism hot spots. Only when I was older and moved to Sydney, did I come to appreciate the best 'Travel Hotspot' of them all – my hometown of Cobh, County Cork.

Cobh, was originally named Cove (Cove of Cork) before being renamed Queenstown following a visit by Queen Victoria. Around 1920 when Ireland became a Republic, it returned to its origins this time taking on the Gaelic version of its name – *Cobh*.

It is a seaport town on the south side of Great Island in Cork Harbour. Cork Harbour is one of the largest natural harbours in the world – second only to Sydney Harbour. Whenever I see the liners at Circular Quay I wonder if they have stopped off at Cobh on their way here. Having

spoken to several clients who have completed the trip, it's safe to say a lot of them have!



Top Attractions

St. Colmans Cathedral

As you can see from the photograph the overarching building in the town is St. Colmans Cathedral, one of the tallest buildings in Ireland. A visit to the cathedral is a must, with its beautiful carvings, and flowing arches. We were lucky enough to have my daughter christened here in 2016. With a family as large as mine, you need the biggest church in town to hold everyone!

The Titanic Experience

Having been the last port visited by the ill-fated Titanic, Cobh offers a Titanic Experience to take you back in time to imagine what those passengers experienced. It shows artefacts from the original liner and tells stories of survivors and losses. There is also a beautiful garden dedicated to those who lost their lives.

Annie Moore Statue



Cobh was the departure point for almost half of the 6 million Irish people who emigrated to North America over 100 years. An incredible amount considering Ireland's population today stands at 4.7 million.

One of those immigrants was 17 year old Annie Moore, who travelled with

her younger brothers in 1892 to join their parents in Manhattan. Annie became the first arrival at the newly-opened Ellis Island, which is now a world famous immigration station. She was presented with a \$10 gold piece for the privilege and years later, following the uncovering of her unmarked grave a dedication ceremony was held and a Celtic Cross, made of Irish blue Limestone, placed upon it. She had become a symbol for 100 years of emigration.

Spike Island

While I have yet to visit this newer attraction, I couldn't let it go without a mention as it recently

came second (to Machu Picchu) at the World Travel Awards in the 'Worlds Leading Tourist Attraction' category.

Over the centuries Spike has been the site of monastic settlements, penal colonies and a military base before becoming a prison. At one point Spike Island was the largest prison in the world with over 2,300 inmates. Today, the site is worth in excess of €3.5 million to the economy in Cobh and East Cork, annually attracting thousands of visitors every year since it reopened in 2016. It has been transformed into a major tourism and heritage centre, highlighting its role in Irish history

Ice-cream at the BMC Stores

Finally, I have to recommend a visit to this store on the seafront where you can enjoy a famous '99' ice-cream cone.

My Mum has worked at this shop for 20+ years and has met thousands of tourists in that time – if you are ever in Cobh please drop in and say hello, you may even get a free ice-cream!

Where have you travelled lately?

I hope you enjoyed this brief insight into Cobh, we would love to hear from you if you have suggestions for our next Travel Hotspot!

Client Profile – Dave Drury

Changing the world – one point at a time

By Aine Love, Marketing Manager

Points for Purpose is a social enterprise which is changing the face of loyalty. The man behind Points for Purpose is Dave Drury, a traveller, an entrepreneur, a marketing heavyweight, and a man who is wholly dedicated to making the world a much kinder place. Speaking to him recently, I was humbled by his warmth, compassion and commitment to his cause.

Dave was born in Junee, NSW into a loving family that moved around a lot thanks to his father's job as a Uniting Church minister. He fondly recalls his 10 years growing up in Tamworth where he learnt a lot about good values, ethics and morals, and looking back, he believes his family's way of helping others in need planted the seeds for his work in Points for Purpose.

'We just helped, and it wasn't just because Dad was the local minister, it was because people needed help, and we could provide it. I suppose the work I'm doing now could be directly linked to growing up in an environment where you did what you could for others. My enduring memories of my childhood were of a lot of love, discipline, kindness and generosity.'

As a boy, Dave could visualise things and make them happen. A Business Degree with a Marketing major followed, leading to his first role at News Limited. Not only did he help clients communicate much more effectively but was involved in the design of News Limited's first

Australian website. This was the beginning of a 20-year journey in the digital world – including a two-year stint in London before coming back to a successful career in Australia from 2002.

Dave spent nine years in advertising agencies in Sydney. After two years working as Head of



Digital, he got to the point in his career where he was managing people and missing the hands-on work, so he co-founded his own company in 2010. Although it was a successful company Dave felt unfulfilled doing work that engaged the head but not the heart, so sold out of the business.

'The business was good - the work we did was good, but I wasn't feeling good about it. My business partner and I had very different views on the world, but what I didn't foresee was that leaving the setup would actually prove to be incredibly tough.'

A little battered and bruised, and definitely wiser, Dave decided to reset by taking his surfboard and going travelling. It was during this period that his eyes were opened to the poverty in places like Papua New Guinea, Sri Lanka and Cambodia.

When back in Australia, he noticed just how many homeless people were on the streets of Sydney, and when he saw a Facebook post from a friend in London offering 68,000 frequent flyer points that were about to expire, he had an idea.

'I remember walking outside in the cold and thinking if I can't put a roof over someone's head, I can at least give them a good night's sleep. I just made the decision that the world didn't need any more gadgets, and more 'nice to haves', so I replied to that message suggesting that those points could be used to buy sleeping bags for people without a place to call home.'

He went online and purchased six top quality sleeping bags with the points, and after doing some research he was directed to a charity called Platform Nine, who suggested he give one of the bags to a homeless man called Mack living in a local park. 'Mack was a real character. I sat with him, heard his story and really got an understanding of how life was for him. He loved the bag, and was really touched that someone should use their points to help him out.'

Dave posted his experiences on Facebook resulting in friends donating their points. Before Dave knew it, he had 21 bags and decided if he could get 21 bags he could get 100! With a living room full of sleeping bags he created a movement called 'Points for Purpose'

www.pointsforpurpose.org

POINTS FOR PURPOSE

His vision is to 'enable anyone, anywhere to use their loyalty points for purpose.' In a relatively short period of time Dave was getting 10 bags a week delivered to his home which he would pass on to various charities across Sydney. SBS World News contacted Dave, interested in doing an interview about Points for Purpose – this video interview can be found on the website.

Tragically, Paul - the homeless man in this video, was stabbed to death three months later, which was heartbreaking for Dave but also a defining moment for him in terms of the direction he would take.

'I decided to change the world, one loyalty point at a time. A close friend of mine from New Zealand recorded a beautiful song called "How Do You Sleep?" in honour of me and Points for Purpose, and there was a lot of interest in the idea of Points for Purpose from across the Tasman. So we launched in New Zealand, and now we are partnered with the country's largest loyalty scheme. Points for Purpose is hard work, but it is fulfilling, and I'm loving every moment of the journey'.

Statistics have shown that up to US\$100 billion of points in the US alone go to waste each year. Points for Purpose is not asking to take away from our lifestyle, they simply want to put these points to good use to help those in need. There are 105,000 people experiencing homelessness in Australia, and even a small portion of those points could go a very long way to assisting those who need it.

How can you help?

The easiest way is to visit

www.pointsforpurpose.org in Australia (or www.pointsforpurpose.org.nz in New Zealand) and donate your spare loyalty points to purchase items such as sleeping bags for those in need. If you don't have points, there are other ways to help, you could donate your **time** to help raise awareness (you probably know people who have points), your **resources** (such as storage space) or a **skill-set** that might assist with the cause. Or contact Dave directly, see website for details. Dave leaves us with the thought:

'You don't have to be superhuman to do something extraordinary, you just have to **do something**. Do what you can to create a much kinder world'.



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