



PROFILE
FINANCIAL SERVICES

PROFILE'S CORNER

AUTUMN 2020

Issue 35



CONTENTS

Table of Contents

Leadership and resilience in the face of a global crisis	3
The Great Virus Crisis of 2020.....	4
Saving in a crisis.....	5
Travel Hotspot – Mudgee.....	6
Client Profile – Rebecca L Cooper Medical Research Foundation	7

FACTUAL INFORMATION AND GENERAL ADVICE WARNING

This newsletter is issued by Profile Financial Services Pty Ltd. (ABN 32 090 146 802), holder of Australian Financial Services License No 226238. It contains factual information and general advice only and does not take into account any investor's individual objectives, financial situation or needs. It should not be relied on by any individual. Before making any decision about the information provided, investors should consider its appropriateness having regards to their personal objectives, situation and needs, and consult their financial planner. Past performance is no guarantee of future performance.

*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).



www.mosttrustedadvisers.com

Leadership and resilience in the face of a global crisis

Welcome to Volume 35 of our quarterly client newsletter. In this section, I provide an update on what is happening at Profile.

By Peter Coleman, CEO

I can't believe we are already into May 2020! In our summer addition (which seemed like it was only last month) I reflected on the impact of bushfires on our countryside, our rural communities, fauna, and our economy. At that point living in Australia took on a new meaning as family and friends overseas advised how the world was watching our lands ablaze. We all experienced the loss of life and property through social media or real-life experiences. We breathed in smoke, hid inside our homes to minimize the impact on our respiratory system and just when our firefighting resources were stretched to the limit the skies opened and the rain came and then the floods.

If these disasters had any silver lining it was how communities came together to fight a common enemy. I must admit I felt proud to be an Australian as I watched people gather to fight fires or protect homes from flood waters.

Profile, as part of a broader community response developed a support package for those affected. This package encouraged staff to join with families and friends and reach out to help people affected by fires, floods, or drought with funding and physical support. Our country was responding, lives began normalising and then came COVID-19 or Coronavirus and the global sharemarket meltdown. In the summer addition I reinforced our commitment to supporting you through the tough times and the good times. I mentioned a few possible global economic disruptors that could impact on markets over the 2020 year, but I did not include a small virus outbreak in a province of China called Wuhan.

We all know now how the story unfolded and how the virus spread quickly into Europe, Japan and then leapfrogged, seemingly overnight, into every country on earth. Governments reacted at different speeds as the enormity of the health crisis was slowly revealed. Reactions by countries to containment varied as uncertainty and fear began to mount. And then on March 12th the US began shutting its borders. This seemed to some as too little too late, yet it was a huge step and was a catalytic event that inspired other nations to follow. Thus, began the development of dynamic containment policy with countries learning from other nations and replicating, each trying to be tougher and more effective.

One key component of effective leadership is courage and leaders around the world began to

implement policies with courage and conviction. In our country political parties seem to be working in tandem, an amazing feat, and a necessary contributor to the resolution of the health crisis. Government and business forged an alliance and sweeping policies were fast tracked and implemented almost daily.

It is not news that markets hate uncertainty and react savagely to fear. Both ingredients drove panic selling and further declines in an already under pressure market. In recent weeks markets have fought to hold the line and, on some days, we have seen significant uplifts, yet uncertainty remains, and market are tentative at best.

At Profile we have been working furiously behind the scenes to talk with you, to share our views, to reinforce the value of our advice and to help you better understand what is happening. We have sent out several emails, used video conferencing or old-fashioned telephoning to stay in touch. We have and will continue to put relevant material on our website and forward or post any articles we feel are valuable.

We have reviewed our business and taken steps to protect our very healthy cash position and ensure that we will be even stronger in 18 months than we are today. We have actioned our own Business Continuity Plan (BCP) and have our people working from home. We are more fortunate than many other businesses affected by the economic fallout from virus containment policies. We remain positive in the face of adversity and ready and available to continue supporting you in every way we can.

We survived the fires, we survived the floods, we survived the drought and we will survive COVID-19 or Coronavirus. We are here to provide the leadership you need in this difficult time. Right now, our country and those across the globe need strong leadership with the courage to lead us through these testing times. The economic recovery will not occur overnight, and our leaders will need to be resilient.

At Profile we continue to lead and advise you and encourage you to contact us at any time. Our reason for working each day is to ensure we help you protect your future. I hope you enjoy our autumn edition.

Client Satisfaction Survey Results

THANKYOU. OUR VALUED CLIENTS AND REASON FOR BEING HAVE RATED PROFILE 8.7 OUT OF 10 IN OUR RECENT CLIENT SATISFACTION SURVEY. WE ARE LISTENING AND LEARNING AND APPRECIATE ALL YOUR FEEDBACK.

The Great Virus Crisis of 2020

By Jerome Bodisco, Head of Investments

When I penned my article for the Summer Newsletter in January this year, I had no idea I'd be writing the Autumn edition from my dining table, in self-isolation. Who would have thought that 2020 would look and feel like The Great Depression of the 1930s!

The COVID-19 or Coronavirus pandemic has left a silent trail of economic and financial devastation in its wake. It represents the largest health and economic shock and generally the most disruptive event many of us have witnessed in our lifetimes. No wonder the Federal Treasurer had a coughing fit when describing it just recently!

The Great Virus Crisis has not only challenged us health wise, but it has effectively forced us to put our lives and livelihoods temporarily on hold and why it feels so different to other crises we have experienced before. In the blink of an eye, whole industries have been shut down including airlines, shipping, tourism, the entertainment industry, sport, small business, pubs, and clubs. Economic output has fallen off the proverbial cliff as the wheels of industry came to a grinding halt. Many people have raided their superannuation accounts to make ends meet. Hundreds of thousands of people have been forced to join the Centrelink queues for emergency welfare. It feels like fiction but sadly this is all fact.

To their credit, the Government has done the honourable thing by choosing to put saving lives ahead of saving the economy but the cost of doing so is simply staggering:

- Economic growth is expected to fall 10% in the June quarter, its largest fall ever since World War 2
- Unemployment (currently 5.2%) is expected to rise to 10% (1.4 million out of work)
- Household consumption is set to fall 16% in the June quarter
- Business investment is likely to fall 18%
- Motor vehicle sales have crashed 48% already
- In April, job ads halved
- Air travel is down 97% and international travel could be a year away.
- The expected Budget Surplus that was to be announced in the May Budget (postponed to October) has all but completely evaporated. Australia's federal budget deficit is expected to peak at around \$200bn in 2020-21. Unbelievable!

These depressing statistics do not paint a rosy picture of a quick and seamless recovery by any means. It is always a lot quicker to fall off a cliff than it is to climb back up! This is likely to be the case. Full marks to the Government for trying though. To date we know the Morrison Government has thrown a lot of money at the

problem including \$130 billion in wage subsidies to ensure workers will be retained and can get back to work quickly when the coast is clear. Combined with the \$105 billion from the Reserve Bank and other fiscal measures announced, the total spend is now \$320 billion equating to 16.4% of GDP and the largest bailout in history, leaving the stimulus measures made during the Global Financial Crisis in the shade. According to the Treasurer all these measures means 850,000 will get their jobs back once lockdowns across the country are relaxed. We pray this is the case and that pubs will open soon!

It goes without saying that for those of us without a health issue or a job to worry about, financial matters have been 'top of mind'. It is hard not to be influenced by the headlines and depressing investor reports. Unfortunately, we know that growing concerns about the economic fallout of this global health crisis has spilled over to the financial and property markets. This unwelcome turn of events has caused major worry for some especially at a sensitive time when having access to enough cash to deal with an emergency is critically important.

Since February 20 when markets were at all-time highs, we have seen a significant sell off across a broad range of financial markets in response to the rapid spread of COVID-19. To give you some idea of the magnitude of the adverse effect the pandemic is having on our markets and wealth, you need look no further than the Australian stock market. The ASX200 closed -21.2% in March, and it finished out the quarter down -24.1% in its worst quarterly decline ever. The All Ordinaries fell -24.9% in the quarter, its worst decline since December 1987. In a double blow, property markets have also taken a beating falling by an estimated 10 – 15%.

The experience elsewhere is much the same with panic-stricken investors voting with their feet, selling shares and crystallising losses. The Dow Jones and S&P 500 had their worst first-quarter performances too, losing -23.2% and -20%, respectively. The Dow Jones also had its worst overall quarter since 1987 while the S&P 500 had its biggest quarterly loss since the Global Financial Crisis in 2008.

Fortunately, the month of April saw a relief rally ensue as the prospect of relaxing the lockdown laws delivered a confidence shot to investors following the fastest market downturn in history. Markets jumped up softening the blows from the month before. Hopefully, this is a sign of better things to come.

There is no argument that the situation is highly volatile and therefore hard to predict. Profile's asset consultant, Willis Towers Watson, has been analysing the medical and economic data from the beginning of the crisis and believe that there are at least two likely outcomes that could evolve from here. The most optimistic outcome is for a global

recovery in Q3 (July-Sep). However, if there are setbacks such as a second wave of infections, lockdown measures will clearly be in force for longer, resulting in a deeper economic recession and global recovery only beginning to take effect in Q4 (Oct-Dec).

The bottom line is we will get through this and hopefully sooner than later. We can take some comfort that Australia's healthcare system is well placed, has ample capacity and is up there with the best in the world. The fact that children are returning to school and many of the lockdown rules are gradually being relaxed is also good news!

I don't want to sound like Scott Morrison, but we should not forget just how important it is to stay safe and healthy and not to let our guard down. Your own health comes first, family comes next, followed by everything else. If you've ticked the first couple of boxes, your financial security is likely to be a top priority and that's where Profile can be of greatest assistance.

We have decades of experience behind us and have a solid track record of successfully managing our clients' wealth through both the good times and the bad. If you have any concerns about your financial position brought on by the crisis, don't feel like you need to suffer in self-isolation! We are all in the same boat and need everyone rowing in the same direction. Your adviser has an oar and is only a phone call away and wants to support you through these uncertain times. Our mission hasn't changed. We want to ensure you are well placed to not only survive but thrive in a post-COVID-19 world. We look forward to reconnecting and getting you back on track as recovery takes shape and life as we know it returns to normal.

Saving in a crisis

By Nicholas Calhau, Associate Financial Adviser

With fires, floods and now a pandemic, some are finding it hard to meet our financial goals in 2020. It is times like these that remind us of the value of cash savings, particularly for the almost 40% of Australians who are living pay cheque to pay cheque. Though the Government has introduced one of the largest stimulus packages to deal with soaring unemployment, the timeframe between the beginning of the lockdowns and when individuals receive government assistance was roughly six weeks. Many of us are being forced to re-examine our spending habits due to changes in our financial circumstances or are concerned about what future burdens this crisis might bring and are asking how we can save more? This is a separate issue to funding your retirement or investing; these are important parts of your financial plan, but it is also very important for you

to have an emergency cash reserve for any ad-hoc expenses. Here is a list of ideas I have compiled when reviewing my own cash reserves. I hope it might be of benefit to you or others in your life as well:

1. **Insurance.** In many ways, the best insurance policy you can have is cash in the bank: there are no exclusions, and you do not have to make a claim. However, many of us do not have sufficient means to self-insure effectively. In most situations insurance is a necessity, but it can often be confusing to navigate the minefield of policy terms and premium quotes before we can even identify if we can save some money in this area. If you do have a bit of time there are many online tools available to assist you with making sense of your options, such as Canstar or Compare The Market, although these free tools are often used to generate leads for associated brokers, so expect some unsolicited phone calls if you do go down that path. Profile has an experienced and dedicated insurance and risk advisory team, so please contact your adviser if you would like us to review your current insurances at no additional fee.
2. **Home loans.** For those with a home loan, this is likely the biggest expense we will have in our lifetime. Like insurance, the refinancing process can be confusing. If you have not looked at your options in this regard recently, now is the time: with the recent RBA rate cuts many independent banks, credit unions and online lenders are offering interest rates as low as 2.6%. Though these institutions can be riskier than the Big Four banks, when the average Big Four loan is charging interest of almost 4% it is worth at least speaking to your bank and seeing if you can negotiate a better deal. Of equal importance is the terms of your loan: you are often charged a premium for offset accounts, but the bank charges you that for a reason. If you are disciplined with your savings and already have a good amount stashed away, you could easily be better off putting that in an offset. If you would like advice on your home loan, speak to your adviser for a referral to a mortgage broker.
3. **Fuel.** I have been commuting from Wollongong to Sydney for a few years now and do a lot of driving on the weekends as well, so the current price gouging happening to petrol now annoys me more than most. The recent collapse of the global oil market has seen some petrol stations drop their prices to below 90 cents, while others are still charging \$1.58. More than ever before you can save by shopping around, and there are tools like the NSW government's Fuel Check website to help you with this.

4. **Food and drink.** I am quite guilty of spending too much in this area: though I have a coffee machine at home, it is the cheapest machine you can buy and I will still buy a few coffees a week because a good machine makes better coffee. Though pod machines are cheaper still, you will often break even quickly as the pods are much more expensive than a kilogram of beans. Always consider the hidden costs of purchases, and the likelihood of actual use, as good savings strategies can back-fire if not implemented effectively.
5. **Gyms.** Roughly 30% of Australians have gym memberships, but polls show that about 27% never actually use them. With gyms shut for the duration of the lockdown and many of us with no option but to exercise outside, now is the best time to decide whether we really need the gym to stay healthy.

These areas can generate some savings, though many might be applicable only to those at a similar stage of life. What is universally beneficial is to focus on your goals, be disciplined, and take the time to examine where you can save and what your options are.

ASIC has some good resources on their MoneySmart website, as well as a budgeting app for your phone. Please also talk to your adviser, we are here to help you with all aspects of your financial wellbeing.

Travel Hotspot – Mudgee

Profile is covering Australian destinations in 2020.

By Jessica Walker, Associate Financial Adviser

As a born and bred Mudgee local, I am passionate about our beautiful town and everything that it has to offer. A town that should be on your must visit list (as soon as we can travel again).



A backdrop you may recognise from the recent Doctor Doctor TV series.

Mudgee is 268km (3.5-hour drive or 45-minute flight) north-west of Sydney. Swirl + Sip your way across over 40 family-owned cellar doors, a distillery and brewery. Eat + Treat yourself to our local produce. Potter around our Boutique + Chic shopping precinct and find hidden gems exploring local heritage.

Wine

Local winemakers seek to make each wine unique and compelling and achieve this through diversity of climate, soil, wine making technique with an unadulterated love for what they do. This provides an unparalleled opportunity to sample great wines with personality and character while relaxing in a sophisticated yet peaceful and welcoming country setting away from the hustle and bustle of the city.



In the Mudgee Region, you will discover older wine styles fondly remembered from the past right alongside exciting new wines relatively unknown here yet are household names in other parts of the world. Most importantly, you will meet people who adore what they do. You will find the unmistakable stamp of concentration, character and European finesse demonstrated in our wines, carefully matched to complement local produce at



one of our region's many impressive eateries.

Food

Mudgee Region isn't only famous for the wine it produces but is equally as memorable for the locally foraged produce. Loads of Australia's finest foodies are bragging about their Mudgee Region experience.

Mudgee has long been famed for its sweet sweet honey. We are also a major producer of olives and high-quality olive oils. You haven't tried local

until you've sampled our cheeses (feta fanatics regularly revisit to restock), which are the perfect accompaniment to Mudgee wine. If sweet is more your thing we still have you covered with award winning chocolate made right here in Mudgee. Fresh is best and you can't beat free range lamb, beef, pork and yabbies for your protein hit. All feature on local menus across the region. Local artisans do love sharing their food dreams! So, why not meet them in person to say hello and grab some tucker on a Farm Walk or kick back for a late brunch with the enticing coffee aromas in our sophisticated country café culture. And our wine bars don't just do wine. All have a selection of craft beers and ciders and offer sophisticated bar food and more extensive dining options, again highlighting the region's abundance of locally grown produce.

Events

Mudgee holds wine and food events almost every weekend throughout the year (pandemics aside). A couple of my favourite events to attend in Mudgee are –



'Flavours of Mudgee' **26 Sept 2020**

Held in the heart of Mudgee's CBD, 'Flavours of Mudgee' brings the town alive with this street festival. All the region's winegrowers, producers, bakers, cooks, distillers, and brewers join offering tastings and meals with a backdrop of Mudgee's historic buildings and famous Clock Tower. This event is part of the of the 2020 Mudgee Wine + Food Festival and entry is free. Pop it on the list for one of your first weekend getaways after restrictions lift.

Local "Farmers Markets" **Third Saturday of every month**

Grab a bacon and egg roll, team it with a freshly brewed coffee, and listen to local musicians play as you browse the great range of stalls. Chat to our specialist food producers before selecting some great produce to take home. All products sold have been grown, reared, caught, brewed, pickled, baked, smoked, or processed by the stallholders themselves. The Mudgee Farmers' Markets are an authentic Farmers' Market, and operate under strict Farmers' Market guidelines,

so you can be sure all produce sold at the markets is produced as close to our market as possible.



Client Profile – Rebecca L Cooper Medical Research Foundation

By Lena Ridley, General Manager

The Rebecca L Cooper Medical Research Foundation supports Australian medical research that significantly benefits the world we live in by improving understanding and treatment of diseases and conditions. The Foundation creates opportunities for up-and-coming researchers to propel their careers and their research. It fills a niche within the funding landscape by targeting fields of research that do not attract high levels of funding from Federal grants and other high-profile funding bodies.

Over the past 36 years the Foundation has provided funding of over \$29 million in grants, scholarships, fellowships, symposia, and awards. In 2020, \$3.54 million has been allocated towards research projects and fellowships; a far cry from its humble beginnings in 1984, when two grants were awarded totalling \$9,640.

The story of The Rebecca L Cooper Medical Research Foundation begins with the generosity of the late Rebecca Lillian Cooper and the vision of the late Al Rosenstrauss, OAM, her property manager, and friend. Mrs Cooper, a widow with no children, said she wanted her estate to do something "for the Doctors" when she died. Al suggested that a medical research foundation be established in her name.



Rebecca Lillian Cooper and Al Rosenstrauss OAM

The Rebecca L Cooper Medical Research Foundation was inaugurated on 13 January 1984 with the purpose of promoting, encouraging, and advancing medical research in Australia. Al Rosenstraus, Kevin Cahill, her solicitor, and the current chairman, Dr Tom Cromer, were amongst those appointed to the original board of directors.

Mrs Cooper died on 29 April 1984 only three months after the Foundation was established, aged about 96 years. Under the terms of her Will, Mrs Cooper's entire estate was given to the Foundation and included 105 properties. It was this gift that has enabled the Foundation to become the significant donor for medical research purposes that it is today.

Mrs Cooper was introduced to Al in September 1979. She was then in her early 90s and was an old woman living under very poor conditions. The squalor in which she lived gave no hint as to the wealth she and her late husband Harry Cooper had amassed over their lifetimes.

Mrs Cooper was born in Florida, U.S.A. but did not know in what year. As a young woman she ran away from home with a man to New Zealand and then to Australia and apparently lost all contact with her family, although she did once say that some of her relations had been killed in the San Francisco earthquake of 1906.

Mrs Cooper met Mr Cooper, forming a de-facto relationship which was to last for 51 years. That they never married only came to light when, after Mr Cooper's death, she was asked for her marriage certificate to assist in settling his estate. She was extremely coy about it and then reluctantly admitted that she and Mr Cooper had never married.

Mr and Mrs Cooper had various business enterprises in their early years. They had a second-hand shoe store in Cleveland Street, Surry Hills for instance, where they sold factory seconds. They also had a shoe stall at Paddy's Markets. When the Second World War came, seconds were in demand. Mrs Cooper would work at night repairing and "tizzing" up the shoes to sell at the markets the next day.

During this time, the Coopers acquired considerable property, mostly rows of terrace houses and some shops in the inner-city suburbs, particularly in Paddington. Generally, Mr and Mrs Cooper repaired their houses themselves and it is reported that Mrs Cooper was often seen up on the roof of one of their houses, bent as she was, with a tin of blackjacking a leak, whilst Mr Cooper held the ladder for her.

In her 90's, Mrs Cooper became sickly and was introduced to Al in his capacity as a real estate agent. Al was asked to collect rents for Mrs Cooper and discovered that she owned numerous strings of terrace houses, throughout Paddington, Woollahra and Bondi, all of which were badly run

down, and many of which were completely derelict and vacant.

Not long after their meeting, Mrs Cooper had an accident that left her hospitalised with third degree burns. She made a long, slow recovery and for the first time in many years she was properly fed and given a balanced diet with vitamin supplements. As a result, the improvement in her intellect and physical condition was quite amazing. At about this time, Al and his wife, Val Rosenstraus began to take Mrs Cooper out for day trips on most Sundays.

Long after Mrs Cooper's death, Al and his wife Valerie put great energy and time into implementing their vision for the Foundation. They managed the Foundation's property portfolio, administered the grant applications and the presentation dinner for 28 years, until Al's retirement in March 2012. Al's dedication and passion to the Foundation and its cause was recognised by the awarding of a Medal of the Order of Australia (OAM) in the 2008 Australia Day Honours list.

In 2004, the Foundation's original endowment was supplemented when John Haddon bequeathed his estate to the Foundation. His connection with the Foundation came about through his membership of the South Sydney Junior Rugby League Camera Club, of which Al Rosenstraus was President for many years.

In 2020, the Foundation received a substantial gift from the estate of the late Hugh "David" Vaughan Lewis. Testament again to Al's strong connection to the Foundation and his friends; David Lewis was a friend of Al and Val's through their association with photography groups. Like John Haddon, David Lewis was a person who admired what the Foundation was doing and wanted to help.

The annual income derived from the Foundation's property portfolio has steadily increased from below \$80,000 in 1984 to more than \$3 million per annum at present. A large portion of the Foundation's income has been used to upgrade the properties which were inherited in very poor repair, with many being dilapidated and derelict.

The Foundation's directors are dedicated to keeping the legacy of Rebecca Lillian Cooper thriving. They are working to ensure that the income stream of the Foundation continues to grow through reconfiguration and improvement of the property portfolio and diversification of assets. With the accelerated income return that this work provides, the Foundation is taking steps to ensure that a larger proportion of its income will be available to the medical research fraternity.

The Foundation also aims to build and maintain relationships it has within the medical research community to help guide the Foundation's future direction, funding decisions and improve its operations.

The Foundation currently funds medical research within the following areas:

- Brain Sciences: Psychiatry or Neurology (excluding Dementias)
- Endocrinology (excluding Diabetes)
- Geriatrics (excluding Dementias)
- Lung Disease (other than Cancer)
- Rheumatology
- Vision Sciences
- Dermatology (excluding Skin Cancer)

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 THIS DIFFICULT TIME AND WE ARE AVAILABLE TO ASSIST.



Contact Us



www.profileservices.com.au



Parramatta Office

L9, 100 George St
Parramatta NSW 2150
T +61 2 9683 6422



Sydney Office

L12, 44 Market St
Sydney NSW 2000

Mail to:

Profile Financial Services
Reply Paid 87949
Parramatta NSW 2124



+61 2 9683 6422



+61 2 9683 4658



admin@profileservices.com
.au



Mudgee Office

27b Byron Pl
Mudgee NSW 2850
T +61 2 6372 0716

Mail to:

Profile Financial Services
Reply Paid 89571
Mudgee NSW 2850



+61 2 6372 0716



admin2@profileservices.com
au

Profile Financial Services Pty Ltd

ABN 32 090 146 802

Australian Financial Services License 226238

Australian Credit Licence 226238