



PROFILE
FINANCIAL SERVICES

PROFILE'S CORNER

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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: Bloomberg Ausbond bank bill Index. Gold: Spot Gold Bullion (USD).

Profile CEO Update

Welcome to Volume 42 of our quarterly client newsletter. In this section, I provide an update on what's happening at Profile.

By Lena Ridley, CEO

Hello and welcome to our 2022 summer newsletter.

Christmas is meant to be a time for joy, yet it is frequently a time of mixed and heightened emotions for many. Family may feel emphasised by either their presence or absence. We feel the change in season, the end of a calendar year, and for those with Christian affiliations, the celebration of the birth of Christ. All these things often make Christmas a time of reflection and gratitude as well.

The Profile family has much to be grateful for at the end of 2021 though our clients and staff have not been immune from the impacts of the past two years. Our thanks and gratitude go first to Peter Coleman, our Chair and former CEO. We could not have wished for a better leader at the helm when the pandemic reached our shores. Despite the turbulence of the markets and world events, Profile remains a successful and growing business for our current and future clients because of Peter's leadership.

We also congratulate former CEO, Sarah Abood, on her new role as the CEO of our industry association, the Financial Planning Association of Australia (FPA). To know that the FPA will be led by Sarah's passion for client outcomes and business integrity makes the landscape of financial services in Australia a better place.

We have also been able to support parts of the broader community this year, with separate donations to Beyond Blue, Salvation Army, and Lifeline. Profile matched several donations made by staff to other charities, and twelve staff completed Steptember, raising funds along the way.

Our face-to-face events for our clients have resumed after almost two years. What joy that gives us to see you in person! Themes of resilience shone through fascinating presentations from our asset consultants, Willis Towers Watson and author, Aminata Conteh-Bigar. You can access these from our website if you were unable to attend on the night.

Post lockdowns, many of our Sydney based clients have sustained a preference of mixing of face to face and online meetings with our Advisers. This, coupled with a move to a hybrid home-office working model with staff has meant that our existing commercial office space needs were no longer required in the CBD. From January 2022, we will offer client face to face meetings in our Sydney CBD from Level 26, 44 Market Street. This is the same building you are used

to attending and the professional space we are moving to is perfect for our current needs.

Along with other businesses, we have also had to develop policy in 2021 regarding COVID-19 vaccinations for Workplace Health and Safety purposes. We remain committed to keeping our community, clients, and staff safe whilst doing business with us. After consultation with staff and gathering client feedback through our Advisers, Profile's policy is to strongly encourage the use of approved vaccines in support with current Government and Health Authority guidelines. Not all members of our community are eligible or wish to receive a vaccine and encourage you to discuss this with your Adviser when appropriate.

I step into big shoes as the CEO of Profile; a growing business with a long history and a culture that I have been proud to be a part of for almost four years. Leadership is but another opportunity to serve, and I hope I serve you, our clients well.

Our team remains at your service, and we all look forward to a healthier, happier, less volatile world in 2022. I hope you enjoy the newsletter.

On behalf of Profile team, I wish you and your families the best of health and prosperity as we enter the new year. My very best regards to you and your family,

Lena Ridley



Reflections from 2021

By Daniel Hill, Associate Financial Adviser

2021 – where did it go?

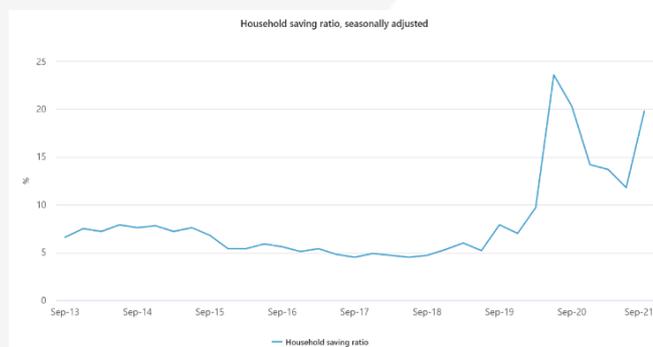
Here comes Christmas again after another crazy COVID year. Usually, we are spending big buying presents for family and friends at this time of year. Will this year be the same or has our experience through COVID changed our behaviour?

Putting hay in the shed

Our experience of COVID has been very mixed depending on the capacity to continue working at

home and maintain household incomes. For some, this hasn't been possible, and it has been a stressful time financially.

For those of us who kept working, we cut our spending during lockdowns and squirreled away the savings to boost our household balance sheets.



Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product September 2021

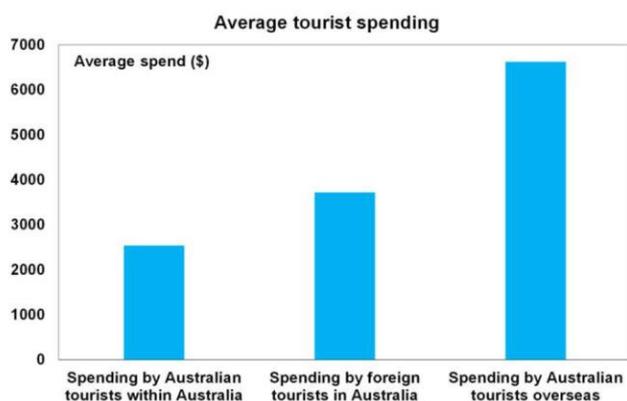
It will be fascinating to see if we continue to save at elevated rates as we cautiously get back to something like normal life. Or are we feeling confident enough to get out there and spend like the treasurer suggests and help boost our economy?

Spend up big?

The treasurer may be hoping we will get out and spend money in heavily impacted sectors such as cafes and restaurants.

We may use the savings to help pay off the housing loans we have been taking on recently for fear of missing out in the property market.

A holiday overseas would be great, but a domestic holiday might be a better option for those of us who want to give our Aussie tourism operators a boost.



Source: Tourism Research Australia, AMP Capital

Leave it in the bank?

We could leave our hard-earned savings in the bank. But at best we would be getting around 1% p.a. for our money. This may be a trade-off some of us are willing to make if stability of our savings is important.

For the rest of us hoping to earn a bit more on our savings investing via our superannuation funds or personally may be a more palatable option.

From the depths of the COVID crash in March 2020, markets have staged rapid recoveries. But recent events including the emergence of Omicron and the inflation story in the US have resulted in volatility on global share markets.

The possibility of further volatility in share markets seems heightened and developments on the inflation / interest rate front mean the usual fixed income safe havens may not be much help in the short-term.

Stay the course

All of this sounds like a difficult period to navigate for investors considering using some of our COVID savings to top-up our portfolios.

It is important to remind ourselves that volatility is a normal part of investing and our reaction to it is dependent on what stage of life we are at and our personal response to uncertainty.

Younger investors accumulating wealth are effectively buyers of investment assets. Like any other big purchase our preference would generally be to buy things when they are on sale. Periods of volatility may represent an opportunity for younger investors to invest at 'sale' prices and benefit from the power of compounding over the long-term.

The response of more mature investors using their savings to hopefully enjoy retirement may be very different. Focusing on the long-term plan can help ride out periods of volatility but this may be easier said than done in the eye of the storm.

Profile is here to help you understand how your plan is positioned for the long-term and hopefully gain some confidence to help ride out what may continue to be a rough ride for a while yet.

Profile Sydney Office has relocated

Please note that from January 4th, 2022, Profile Sydney CBD office relocated to Level 26 of the same building - 44 Market Street Sydney.

We didn't move far.... just up... to level 26

What is a Bitcoin, exactly?

By Nicholas Calhau, Financial Adviser

Let me give you two maths problems:

1. $8 \times 14 = ?$
2. $? \times ? = 119$

Which one is the harder problem? I imagine most people would say 'Question 2,' and they would be correct.* Factorisation problems, like Question 2, are

by their nature more difficult to solve than multiplication problems, like Question 1. And it's not just humans that find these sorts of problems difficult. Computers do as well, although the numbers need to get much larger (hundreds of digits long) before they start to struggle. Though this might seem like an academic exercise, it is this simple fact that underlies much of modern computer security.

Public Key Cryptography

In particular, the difficulty that computers have when it comes to factorisation problems allows us to do something called public key cryptography. Prior to this invention, all secure communications would have to occur via private keys, which you would need to agree on beforehand in person. That is to say: if you wanted to use a certain password to view your bank account balance, you would need to go into the bank in person and tell the bank teller what password you wanted to use.

Instead with public key cryptography, when you want to change your password, in effect what happens is the bank computer will send your computer a public key, with which you can encrypt, but not decrypt, secure messages. You enter your password, which is then encrypted with the public key. The bank's computer will then use a related but distinct private key which can decrypt all messages made with the corresponding public key.

The exact method by which this is done can vary, but it is always quite complicated. What is important to understand however is that because this system relies upon factorisation, the private key is normally a prime number (or a pair of prime numbers). The definition of a prime number is one that has no non-trivial factors, i.e., it cannot be factorised, in the way that 119 can be in Question 2.



The Bitcoin Protocol

If I haven't lost you yet then you already understand the essentials of how cryptocurrency works. In many ways, Bitcoin is a new way of using the ideas of public key cryptography. It can almost be boiled down to the following redefinitions:

Public Key cryptography	The Bitcoin Protocol
Factorisation	<i>Bitcoin mining</i>
Private keys	<i>Bitcoins</i>
Public keys	<i>Entries in the blockchain ledger</i>

Let me explain. Say you want to get into Bitcoins. One way you can do this is through mining: you download a program to solve factorisation problems for large numbers. When your computer finds a large prime number, it puts it in a file on your computer, let's call it bitcoin.dat. Congratulations, you now own a Bitcoin. However, you still need to prove that it was you that found that number first, and not someone else. Your computer will do some calculations on that Bitcoin to produce a corresponding public key. This public key gets written down in a ledger file, called the blockchain. Your computer will then, in a sense, sign the ledger and send it off to everyone else it can find who downloaded the same factorisation program.

If you want to sell your Bitcoin to someone, you can quite literally put the bitcoin.dat file on a floppy disk and hand it over. When the buyer puts the floppy disk in his computer, his computer will add a new signed entry to the blockchain ledger.

Bitcoin as an investment

This is an oversimplification of course, and I am only trying to give a sense of the substance (or dare I say it, lack thereof) of cryptocurrency as compared to say, gold or the Australian dollar. Before you ask, 'Should I invest in Bitcoin?' you should first ask, 'Is Bitcoin even an investment?' Gold and the Australian dollar are not investments. Though the price of gold might rise in nominal terms due to inflation, in real terms, the theoretical long-term return on gold is 0%, or even slightly negative due to storage costs. Similarly, the Australian dollar has a theoretically negative long-term return due to inflation. The interest you get from having dollars in your bank account comes from the fact that you're lending those dollars to the bank, it's not some quality of the dollars themselves.

Now of course if you're like me you will have heard anecdotes of people that have so many million dollars now and have bought multiple properties because they got into Bitcoin. Those might even be true. But before you decide to dabble in the crypto revolution, remember one of the cardinal rules of investing: no matter how easy it might be to get rich quick, getting poor quick will always be a lot easier.

*For the pedants, I mean excluding the trivial solution: $1 \times 119 = 119$. Answers: 1. 112. 2. (7,17)

Travel Hot Spot – Melbourne, VIC

By Leanna Katsikaris, Senior Risk Adviser

We continue our 2021 coverage of Australian destinations.

Every year for summer holidays our family usually travel overseas. However, this year we are looking forward to being able to travel closer to home. Home to Melbourne.

Growing up in Melbourne, I am looking forward to sharing my experience with my husband and children. To show them what summer can be like in Melbourne.

While Melbourne is known for its crazy weather, with temperatures soaring above 40C by early morning and dropping to 19C in the evening. There is still plenty of things to do and see.

My favourite places to visit:

Melbourne's beaches are a little bit different compared to the rest of the country—the waves aren't big, sharks aren't patrolling the waters, and the sand doesn't exactly stretch for miles. But that is part of their appeal.



Brighton Beach is your postcard destination. With 82 colourful beach huts along the shore, a famous place to gather in the evening and chill as the day cools down.

When in Melbourne CBD don't be afraid to walk down laneways and back alleys as this is where some of the coolest bars, cafes and boutiques are hidden. The twisting laneways and hidden arcades host unique boutiques for those who love to shop. I still stumble across a great shopping find in a laneway. You can easily dedicate a full day of wondering around the city centre just to see what can be discovered.



They are also known for their ever-changing street art murals. Some of the best include AC/CD Lane, Hosier Lane, Duckboard Lane and Tattersalls Lane.



Melbourne is a day trip away to some of the most incredible places.

Great Ocean Road is one of the most spectacular stretches of the coastline. While all the tourists are slowly making their way through 243km of the Great Ocean Road while taking in the cities with the rest of the traffic. We've always left home in the early hours of the morning, jumping straight on the highway and after a quick 3-hour drive we start our journey from the Twelve-Apostles rock formations – in fact there are now only eight, the others having collapsed into the sea.



While everyone else is travelling towards the Twelve-Apostles, you can now enjoy the beautiful stretch with amazing places to stop for pictures and restaurants with spectacular views.



Another favourite day trip destination is the Phillip Island's Penguin Parade at the Nature Park. Each night at sunset you can watch Little Penguins dash home across the sand at dusk as they greet their partners and their chicks.



Staff Profile

by Rachael Arnold, Financial Adviser

In the early years of the Profile newsletter, we used to introduce a different staff member in each issue as a way of helping our clients know more about Profile's dedicated work-family...after all, we know a lot about you! We hope you enjoy getting to know us all a little more again.

How long have you been at Profile and what do you enjoy about being part of the team?

I started working at Profile in July 2014, so 7 and a half years ago. The time has really flown by! I started working as Phillip Win's Associate and then became a Financial Adviser in July 2017.

I enjoy the people who work here and the clients that I've gotten to know over the years. Given we have had many new people join throughout my time at Profile and the business has still stayed fairly small I have had the privilege of learning from a number of advisers through our collaborative approach as an Advice Team.

What is something that Profile clients would be surprised to learn about you?

Although most people wouldn't pick it from meeting me, I am a big fan of the Formula 1! Having gone to the race in Monza back in 2018 and then watching the Drive to Survive series on Netflix (which I highly recommend!) I gained an appreciation for the sport. However, I can never bring myself to stay up to midnight on a Sunday night to watch it live!

What was the most recent movie you watched?

I saw 007 No Time to Die at the Orpheum Theatre in Cremorne. It had been a while since I'd been the movies let alone to a traditional theatre, so I thoroughly enjoyed the experience.

Why do you work in financial planning?

I fell into Financial Planning by chance while trying to decide on the final 4 subjects to complete my Bachelor of Business degree. Once I started the Financial Planning subjects, I wished I had completed the whole Financial Planning major so once I found a job in the industry I started on my Diploma of Financial Planning.

What I initially loved about Financial Planning was the ability to produce a plan or roadmap to assist a client to meet their goals in the most optimal way. But once I started working in the industry, I realised it is much more than this. It's about the relationships and trust that we build with our clients which then allows us to work with our clients to reach those goals. This is what is truly special about our role.

Cybersecurity and Your Digital Self - Protecting your data in an online world.

By Tim Naphali, Profile client and Solutions Architect for IT Integrity - a company who have been providing Profile with technology design & support for the past 10 years.

In the new digital world, it is often said that "you are the product" or more specifically your data; your "digital self".

People often ask, "why would someone want to hack me?". You might only use a few websites or email, perhaps some online banking, maybe social media. Your data is interesting to someone – it is used, moved, shared, traded often without your knowledge (do you ever read the "terms of service" when you sign up for something online)?

Usually this is with your consent (such as sending an email or paying a bill online) but it is only when your data is accessed or used without your consent, we take notice.

This could be as simple as receiving unwanted "spam" email or something more serious such as identity fraud or access to your online banking. All of this enabled by your data – your name, address, email, passwords, social media accounts, banking, and credit information and more.

You protect your "physical self" and your data, your "digital self" needs to be protected equally as the real-world consequences are no less serious.

In information security we often describe security practices as "defence in depth"; multiple layers of physical, technical, and administrative controls that all work together to protect your data.

The business and services you interact with online typically employ multiple defensive strategies to protect your data, and you are part of that defence. So what can you do to reduce your risk?

Simple Practical Guidelines

- ***What are you giving away?***

Before signing up to a service, sending that email, or sharing that picture on social media think about what you are giving away, who to, and what they might do with it. Read those terms of service and see what you are agreeing to. Do they really need to know your mobile phone number, your address or other information? Who are you sharing your data with? Particularly with social media, check your privacy settings so you know who can see what you have posted.

- ***Passwords***

We all hate passwords. They are annoying and hard to remember, but they are the gateway to accessing your data online. One of the best strategies to protect yourself online is to ensure that you use a different and complex password for each different service that you use. That way if a password is compromised it only affects that one service.

Managing passwords can be difficult. To help with this, consider using a password manager such as LastPass, 1Password, Keeper or Dashlane. This will make it easier to ensure you are using secure passwords for all your online services.

Finally, if the service offers multi-factor/2-step authentication, turn it on.



- **Email, SMS, and Messaging**

Email and SMS messages are one of the most common methods used to gain access to your data; links or documents that download malware, fake websites (such as your bank) designed to steal your username and password, or fraudulently pretending to be someone else, perhaps to get you to transfer money.

The key is vigilance – think very carefully before opening a document or clicking a link and don't be afraid to call the sender to confirm what you have been requested to do. For links to websites, check where the link goes – is that really your banks website? If you are not sure, then do not click.

- **Public Wi-Fi**

You might be in an airport, or restaurant and want to get online. Always remember; public Wi-Fi is as described – it is public, therefore not secure.

Never use public Wi-Fi to access any sensitive information, such as banking or logging onto your corporate network. If you must use public Wi-Fi, consider using a VPN service as this will ensure your data is secured.

- **Anti-virus Software**

Ensure your computer has up to date anti-virus software as this is often the last line of defence against stopping malware from infecting your computer.

- **Software Updates**

People are not perfect; software is written by people and is thus also not perfect. Do not ignore those requests to update or patch your computer or the software applications you use. This includes your computer, mobile phone, and other digital devices.

- **Talk to Your Family**

As we contended earlier, in the new digital world your “digital self” needs to be protected, and this includes your family. Talk to your family members, especially children, about online safety, and remember - your data is interesting to someone, so think about what you are giving away, who to, what they might do with it and what the real-world consequences might be.

Some References:

[Protecting Yourself Online](#) (Australian Cyber Security Centre).

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