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November 2021

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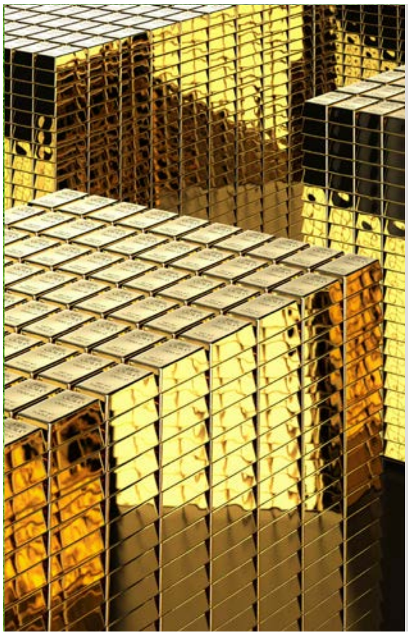

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BY JORDAN ELISEO, Manager – Listed Products and Investment Research, The Perth Mint

GOLD in the decade ahead

Wind the clock back just over a year and gold was one of the hotter investments in the market.

The COVID-19 induced equity market sell off, combined with the fiscal and monetary response to the pandemic, saw the precious metal at one-point rise above USD 2,000 per troy ounce.

Demand for gold also soared last year, which was reflected in assets under management for gold ETFs seeing their largest inflows ever. Australian investors were part of this trend, with Perth Mint Gold (ASX:PMGOLD) seeing holdings double in the year to end August 2020.

Since then, however, gold has been in correction and consolidation mode, with the precious metal declining by almost 20% at one stage, though it has since begun to recover.

Reasons for the pullback

Given gold's status as a trusted inflation hedge and the fact that inflation has risen to more than 5% in the US, gold's pullback has confounded many investors. Several key factors explain the pullback, including:

- **The market was overbought:** Between Q3 2018 and Q3 2020, gold rallied by almost 70%, with sentiment soaring. It needed a period of consolidation.
- **Stabilisation in real yields:** Between Q3 2018 and Q3 2020, real yields on US 10-year treasuries fell from +0.91% to -1.10%, a major factor supporting higher gold prices in that period. Since then, real yields have rallied.
- **Transitory inflation:** While higher inflation is typically good for gold (on average, it has delivered gains of more than 15% per annum in years CPI growth in the US is 3% or higher), the market has by and large written off the recent inflation spike as transitory.
- **Stock market strength:** The S&P500 has essentially doubled from the COVID-19 low seen in March 2020, while the ASX200 is up more than 50%. Global equity markets have also seen inflows in 2021 that are on track to exceed the entirety of the 2000-2020 period. Margins, meanwhile, are near all-time highs. It is the very best of times for risk assets, which has naturally subdued 'safe haven' demand for gold.

Chart: 10-year performance differential – S&P 500 price index minus gold, and US dollar gold price

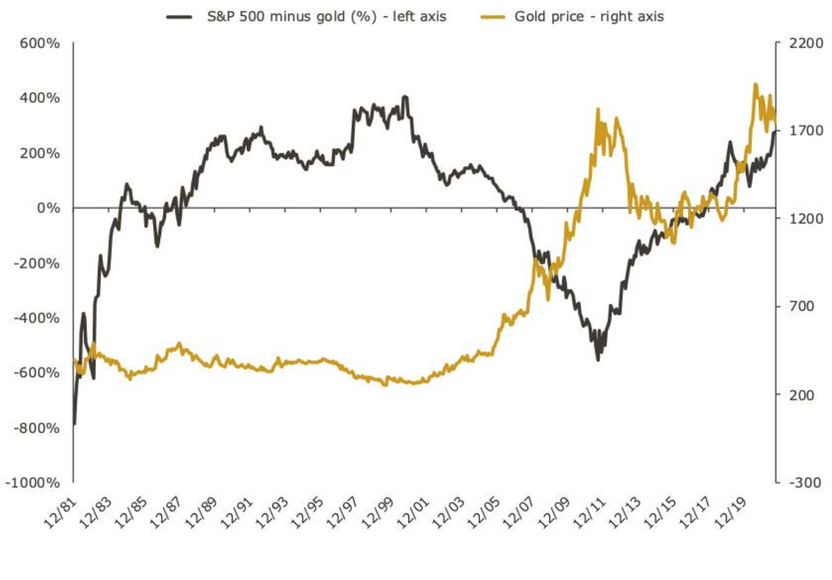


Table: S&P 500 price index, US dollar gold price and 10-year performance returns

	Index/price level		10 year performance		
Date	S&P 500	USD Gold	S&P 500	USD Gold	Differential
30/9/01	1,040.9	292.5	168%	-17%	186%
30/9/11	1,131.4	1,623.3	9%	455%	-466%
30/9/21	4,307.5	1,742.8	281%	7%	273%

Source: World Gold Council, Standard & Poor's, The Perth Mint

Outlook

While there are no guarantees, there is a good chance the decade ahead will be favourable to gold bulls. There are a number of factors that support this outlook, including:

- **Constrained returns in traditional assets:**

  Even the most optimistic forecasters expect the next decade will see lower overall portfolio returns. Given cash rates are below inflation, real yields across almost the entire sovereign bond market are negative, and many equity markets are trading at or near all-time highs (and with historically stretched valuations), this seems a likely outcome.

  On balance, that supports the notion that investors should increase allocations to alternative assets. Given many alternatives remain problematic for investors to efficiently access, this trend should be particularly favourable for gold, given its high liquidity (> USD 150 billion per day in total turnover), low costs (some gold ETFs have MER's below 0.20% p.a.), and the ease of buying and selling the asset.

- **Market cycles:**

  The consolidation in gold over the past year, combined with the explosive rebound in equities, has seen the 10-year performance differential between the two hit extreme levels.

  This can be seen in the chart and table below, which highlight the fact the S&P 500 outperformed gold by more than 270% between September 2011 and September 2021.

  If history is any guide, that outperformance can be expected to reverse in years to come, which would likely favour the precious metal.

- **Sentiment:**

  In US dollar terms, gold is trading at levels first seen almost a decade ago. While prices may be similar, sentiment couldn't be more different, best evidenced through the below table, which highlights what percentage of Americans think gold, equities or real estate are the best long-term investment.

Back in 2011, gold was by far the most popular choice. Today it's the least popular, much like equities were a decade ago. The S&P 500 has rallied by more than 200% since then.

- **Upside inflation risk:**

While the market has largely looked through the current inflation spike, evidence is building that it may be a more persistent problem than policymakers expect.

Trimmed mean inflation rates, which better capture underlying price pressures, are now comfortably above 3% per annum.

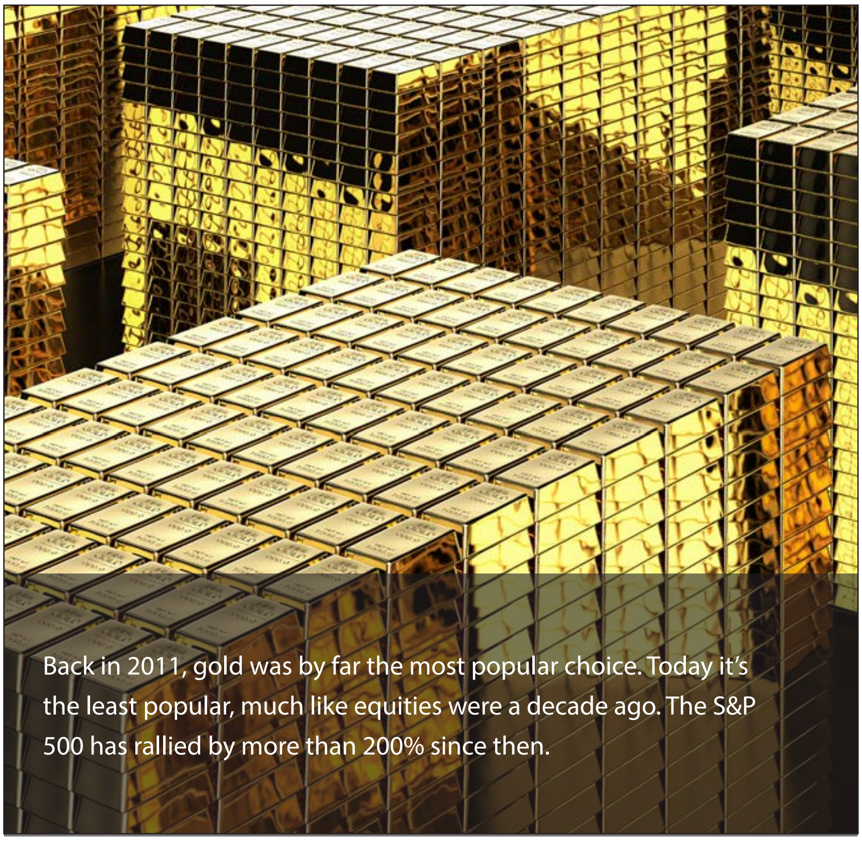
Supply side shocks, whether it be a shortage of fuel in the UK, industry shutdowns in China, or continued bottlenecks across global supply chains, also look like they will add upward price pressure for some time.

Lastly, policymakers are a factor too. The post GFC environment was characterised by central banks reluctantly adopting QE, ZIRP and other forms of unconventional monetary policy, and promising to walk them back at the first opportunity.

Despite talk of the Fed tapering in late 2021, the post COVID-19 environment sees central banks largely reticent to abandon expanded stimulatory measures.

Today, they have a much greater focus on full employment, an embrace of average inflation targeting, and the adoption of MMP (modern monetary practice) through the de facto monetisation of federal deficits.

Combine all these factors together, and a good case can be made that the outlook for gold in the years to come is positive, with the precious metal able to play an important role in well diversified investor portfolios.



Back in 2011, gold was by far the most popular choice. Today it's the least popular, much like equities were a decade ago. The S&P 500 has rallied by more than 200% since then.

Table: Which asset do Americans think is the best long-term investment (% of total votes)

Year	Gold	S&P 500	Real Estate
2011	34	17	19
2012	28	20	20
2013	22	22	25
2014	24	24	30
2015	19	25	31
2016	17	22	35
2017	19	26	34
2018	17	26	34
2019	15	27	35
2020	16	21	35
2021	18	26	41

Source: Gallup Polls

Note: All data in this article is as at 30 September 2021 unless stated otherwise.

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Stay on top of your CPD with these SAFAA-accredited CPD webinars – FREE for Practitioner, Affiliate and employees of Principal Members.

Yield, alpha, ESG: you can have your cake and eat it too *Thursday 11 November | 1.00 to 2.00pm*

Pengana believes cognitive diversity leads to better investment decisions and performance outcomes. Being good investors may not always be in our nature, it is part of the process employed by the Pengana International Equities team.

FASEA CPD: : 1 hour Technical competence | RG146: 1.00 Generic knowledge


William Deer


Conor O'Daly

If conventional fixed income is no longer doing its job, where can you find a defensive alternative? *Wednesday 17 November | 1.00 to 2.00pm*

Why is conventional fixed income no longer doing its job? What is the outlook for interest rates? When can we expect tapering? Is inflation transitory or structural? How will central banks respond? Is geopolitical risk back? Two representatives from Fidante will address these questions and more.

FASEA CPD: 1.00 hour Technical competence | RG146: 1.00 Generic knowledge


Matthew Holberton


Sam Morris

Gold in the decade ahead *Wednesday 24 November | 1.00 to 2.00pm*

Jordan Eliseo is a financial markets commentator and precious metals expert with 25 years' industry experience. Jordan will look at the current dynamics in the gold market, the key drivers of demand and a range of indicators that suggest gold will outperform in the coming decade.

FASEA CPD: 1.00 hour Technical competence | RG146: 1.00 Generic knowledge


Jordan Eliseo

An update from AFCA *Wednesday 8 December | 1.00 to 2.00pm*

Hear from Shail Singh, Senior Ombudsman at AFCA, as he provides insights into AFCA's updated complaints handling process in light of the recent changes to Internal Dispute Resolution. Shail will also discuss AFCA's approach to complaints from wholesale clients.

FASEA CPD: 1.00 hour Professionalism and ethics | RG146: 1.00 Generic knowledge


Shail Singh

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BY ALISON SAVAS, Client Portfolio Manager, Antipodes Partners

ESG: Driving change and generating alpha

The focus on investing through an ESG lens has intensified. But it's not as simple as buying stocks with 'green credentials', or divesting exposure to carbon or stocks that score poorly on backward-looking metrics.

ESG investing must be forward looking. Intransigent stock screening is not the answer to affect change or to generate alpha.

Take power utilities as an example. Many score poorly on a backward-looking basis because of carbon intensity, yet many are investing in renewable capacity because it's essential to the long-term solution to decarbonise economies. High carbon emitters are some of the most important pivot points to decarbonisation and should not be ignored.

For investors there can be significant value owning companies that are misunderstood from an ESG perspective. This is where ESG can be a source of alpha, along with affecting positive outcomes for society.

A materially undervalued sector embedded in the transition to green energy

The retrofitting of global energy systems designed to run on fossil fuels is a shift unsurpassed by anything since the industrial revolution.

While on the surface it appears significant progress has been made, globally fossil fuels still account for about 80% of primary energy.

The task ahead is enormous, complicated by the fact that while changing the piping of our energy system we need to maintain living standards and allow developing countries to increase their energy consumption as their wealth increases.

Scale is one of the biggest challenges in the decarbonisation of economies. It's a multi-trillion dollar and multi-decade investment process.

The transition fuel

Over the coming years, renewables will continue to rapidly expand in all parts of the world. But our research and industry engagement indicates scale, along with reliability of renewables, will lead to an expansion in global gas consumption over the next decade.

Natural gas produces half the emissions of coal per unit of electricity and its importance is being materially undervalued in the decarbonisation narrative. As grids are growing increasingly unstable due to higher penetration of renewables, they're burning more gas. So, we have two powerful drivers – the first is the replacement of coal and the second is this balancing act within power grids.

This is a potent combination which significantly reduces carbon emissions, while for investors, it presents an opportunity to take advantage of greater global gas demand.

The broad shift in power generation in the US towards gas and renewables, and away from coal is estimated to have reduced carbon emissions by 25% since 2007 and we see the US becoming an important exporter of natural gas.

US gas prices are currently $10/unit cheaper than global gas prices, which will attract exports out of the US. This could have a profound impact on

US gas players which have effectively been landlocked for the past decade, and with that we could see much higher global pricing to the US players as the US gas market becomes globalised.

We own Exxon, a natural gas producer that's shifting towards more gas, as well as exposure to a variety of other leading US natural gas players. In fact, Exxon is a great example of a company in a carbon intensive industry that's future proofing its business but is mispriced relative to its utility. This is going to be missed by many investors applying blunt, backward-looking ESG filters.

ESG and the energy transition

Investors want to drop carbon exposed stocks like hot potatoes because it's becoming problematic to own high carbon emitters.

But is divesting the answer? Does anyone want these companies to disappear into the private sector with no shareholder oversight?

A more sensible approach to ESG involves managing this transition period toward decarbonisation and having a seat at the table to effect positive change. It's why we see real value in credible transition stories.

Governance and societal issues

While decarbonisation dominates the ESG conversation, the importance of governance and societal impact can't be overstated.

Markets are notoriously bad at pricing governance led change – and when that change happens, you often see multiple expansion coupled with stronger earnings power.

Volkswagen is a great example. All governance metrics looked terrible post the diesel emissions scandal, but the scandal brought a tornado to the boardroom and major strategic change. It's the reason why VW is leading the charge in reducing the emissions of its fleet compared to other traditional automakers.

ESG in focus on the Good Value Podcast

We look for acceptable standards and a pathway to continued, sustainable improvement – where improvement can be measured and monitored.

We like turnaround cases in highly carbon emitting sectors, we like seeing how supply and demand dynamics change when major carbon limitations are initiated, and we like corporate governance improvement candidates. And we actively avoid areas of the market where valuations are extreme because of perceived ESG factors.

BY DARYL WILSON, CEO/Portfolio Manager, Affluence Funds Management Limited

AN UPDATE ON LICs and LITs

Since the COVID-19 meltdown early in 2020, it has been a fantastic time to be an investor in ASX Listed Investment Companies (LICs) and their close cousins, Listed Investment Trusts or LITs. After the market correction in March, there were unbelievable bargains available. Many offered lots of upside with lower risk.

As we head towards the end of 2021, there are not as many opportunities. But while the easy money has probably already been made, we believe LICs, still offer superior value compared to most of the equities market. Let's look at a few trends.

Discounts narrowing

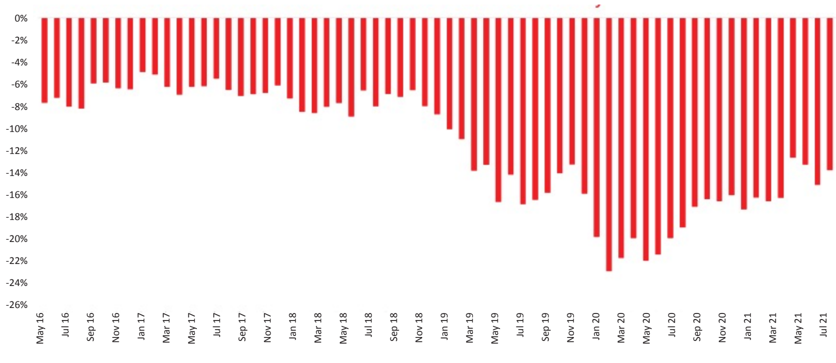
LICs and LITs are listed investment funds. ASX listing rules dictate that they must announce the value of their net assets (the investment they own) on a per-share basis at least once a month. This is known as Net Tangible Assets or NTA. Despite the regular announcement of their NTA, market forces dictate that individual LICs will almost always trade on ASX at a different value. Sometimes it's higher (a premium) and sometimes lower (a discount).

The following graph shows the average NTA discount for the Affluence LIC Fund portfolio since 2016. It's not apples for apples because the portfolio (and the sector) changes over time. However, it is indicative of the overall trend.

The sector continues to recover from an extended period of higher than average discounts to NTA in 2019 and 2020. Discounts started increasing in 2019 when Labor proposed changes to ban the refunding of excess franking credits to investors. Then the COVID-19 crisis hit in February 2020. Since this time, discounts have been normalising through a combination of forced and voluntary windups and conversions.

Though the sector, on average, is improving, there is still a considerable disparity. The mega LICs such as the Australian Foundation Investment

Affluence LIC Fund Portfolio – Discount to NTA History



Company (AFI) and Argo Investments (ARG) trade at a premium to NTA. Other LICs at a premium include those with exceptionally loyal investors such as WAM Capital or those that have performed exceedingly well, such as Regal Investment Fund (RF1) and Ophir High Conviction Fund (OPH). However, a handful still trade on 20% plus discounts, and there are quite a range available at discounts of 10% or more.

Capital raisings

After a strong period of new LICs coming to market in 2017 and 2018, there have been very few LICs launched recently. This is not surprising, given that the sector is trading at an above average discount to NTA. The only exception in 2021 was WAM Strategic Value (WAR), an LIC run by the dominant Wilson Asset Management team. WAR was set up specifically to take advantage of LICs trading at above average discounts. A LIC of LICs.

Despite the limited IPOs, there have been many follow-on capital raisings, particularly for LICs/LITs that have managed to get their share prices near or above their NTAs. These include WAM Leaders (WLE), Regal Investment Fund (RF1), Acorn Capital Investment Fund (ACQ), Sandon Capital (SNC), and a few of the debt LITs.

Several LICs have also issued convertible debt securities. These pay regular interest and can be converted into ordinary shares/units in the future. Another popular structure for LICs are bonus options. While these are marketed as a free gift to existing investors, the investment manager can often be the primary beneficiary of these option issues. They stand to win the most from a larger vehicle because it results in higher fees.

Windups and conversions

Another recent trend has been the voluntary or forced restructuring of quite a few LICs to reduce or even eliminate the discount to NTA. Investors have a growing resistance to those LICs that continue to trade at large (15%+) discounts. If the manager/board does not take appropriate steps to rectify the issue, investors find ways to encourage them.

Given the robust market since April 2020, many LICs have banked substantial profit reserves. This gives them the ability to cover future dividends for many years.

Recent activity includes:

- MA1 – Monash Absolute Investments – Converted from an LIC to an exchange-traded managed fund.
- MLT – Milton Corporation – Merged with Washington Soul Pattinson (SOL) at a premium to NTA.
- CVF – Contrarian Value Fund – Wound up and proceeds returned to investors.
- CIE – Contango Income Generator – The majority of the value of the LIC was paid out to the largest shareholder, with the remainder rebranded to a global LIC.
- ALF – Australian Leaders Fund – Merged with an unlisted fund running a similar strategy.
- EAF, EGD and EGF – These Evans Dixon LITs were converted to unlisted or merged with unlisted funds.
- MHH – Magellan High Conviction Fund – Converted to an exchange-traded managed fund.

Current proposals include:

- TGG – Templeton Global Growth Fund – Has agreed on a merger with WGB (WAM Global).
- APL – Antipodes Global – Merging with an exchange-traded managed fund run by the same manager.
- PAF – PM Capital Asian Opportunities Fund – Currently subject to two competing merger offers.

The result of these transactions is a slow decline in the number of LICs. We expect this trend to continue for at least another year or until discounts narrow further, making it feasible for new entrants again.

Increasing yields

Given the robust market since April 2020, many LICs have banked substantial profit reserves. This gives them the ability to cover future dividends for many years. Over the past couple of months, we have seen rising dividends for many LICs. In addition, some LICs have also increased the frequency of payments. This can help attract new investors, and where LICs are trading below their net asset value, to close those discount gaps.

The result of this recent positive performance is that the sector is starting to look healthy again. Investors are returning in droves, and many LICs yield 4%, 5% or even more. Buoyant market conditions have boosted the profit reserves of many LICs. Pleasingly, though LIC managers have taken this opportunity to increase payout levels, they continue to stay within the bounds of what is sustainable and reasonable.

Some of our favourites

As 2021 moves toward a close, many of our favourite LICs have demonstrated an ability to increase dividends. These include Djerriwarrh (DJW), L1 Long Short (LSF) and Sandon Capital (SNC). Some of our other larger holdings this year have included Platinum Capital (PMC), WAM Alternatives (WMA), and for some resources exposure, Tribeca Global Resources (TGF).

We can always find something to get excited about in the LIC sector. But don't take our word for it. We encourage you to do your research before making any investment. Prices, NTA's, discounts and premiums can move around, sometimes very quickly. A great LIC, investment strategy or manager is only part of the story. We also like to make sure they're trading at the right price and that the assets they are investing in are not themselves overvalued. We explain how we do this in our LIC Guide, and both Morningstar and Firstlinks publish some good data on LICs. ■

DERIVATIVES ACCREDITATION –

increasing your worth as an adviser

The aging of baby boomers, growth of SMSFs and recent market fluctuations have created a tremendous need for financial advice. At the same time however, there is considerable competition to deliver it. Brokerage firms, independent advisers, banks, and even accounting firms are all fighting for a share of the wealth management business.

Meanwhile clients have become more demanding. They have access to more information and are better informed than ever before. As a result there is pressure on pricing and the need to have a more customized offering.

Options can help advisers meet these challenges in several ways:

An options strategy provides real customisation

While many products and services are positioned as customised, sophisticated clients recognise that most of the time they are simply being offered a choice of alternatives. But an options strategy is built on a client's existing portfolio. As a unique plan for that investor alone, it provides the customisation that many wealthy clients seek.

An options strategy moves the discussion from price to value

The most successful financial advisers compete on value. While an adviser's service and knowledge of his client provides value, it typically takes time for an adviser to demonstrate this to a client. In the client acquisition stage, when an adviser may be offering the same asset allocation, managed funds or SMAs as others, demonstrating value can be more difficult. A proposal from an adviser that includes an options strategy, while the others do not, immediately positions that adviser as offering greater value.

An options strategy builds revenues

Every year the number of clients seeking to reduce their asset management fees increases. Information on fees has become more available, as wealthy clients band together to become more knowledgeable consumers of financial advice. They question what their advisers are doing to earn on-going fees and recognise that some services, such as rebalancing are automated. Implementing options strategies eliminates this discussion and may enable advisers to charge higher fees. For those portfolios managed on a commission basis, options can be a source of additional revenue.

BY MICHAEL WATSON, Head of Distribution APAC, La Trobe Financial

Low volatility income the key in a rebounding market

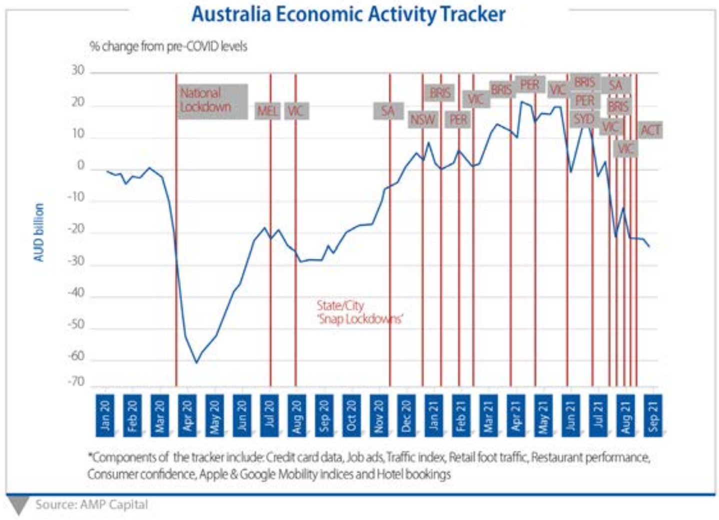
After over eighteen months under the shadow of COVID-19 lockdowns, Australians are taking first vaccinated steps along the path to economic recovery. With New South Wales recently embracing its 'freedom day', and Victoria surging towards its own vaccination targets, our two largest state economies are finally poised to operate without the threat of snap lockdowns. National plans to reopen travel are being honed, and we look forward to interstate and even international travel becoming part of our lives again.

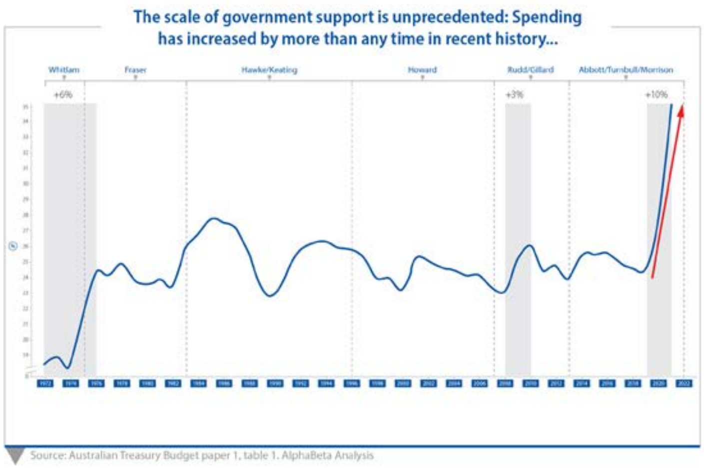
We recognise that lockdowns have an immediate and significant impact on economic activity. Fortunately, recent lockdowns in NSW and Victoria have not seen our economies plumb the depths witnessed in early 2020.

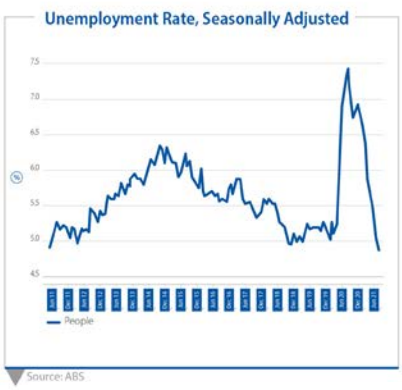
The resilience of Australia's economy is demonstrated by consensus expectations that a negative Q3 2021 GDP reading will be followed by a more positive read in Q4. We anticipate a rebounding economy into 2022, although not at the same rapid pace which in 2020 saw GDP rebound from -7.0% in Q2 to +3.6% in Q3. Steeled by red-lining fiscal and monetary policies, the performance of the Australian economy through 2020 and 2021 cannot be understated. Our GDP outcomes were among the strongest in the developed world, delivered by unified regulatory support and the firing of unprecedented fiscal jet engines.

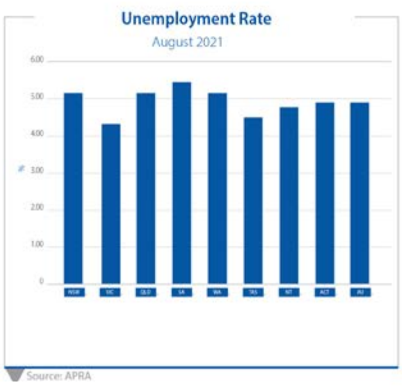
Unemployment numbers have been a standout data set of the past 12 months. Where multiple commentators had anticipated double digit prints in 2020, unemployment peaked at just 7.4% before receding swiftly. At the end of August 2021 unemployment was at the extraordinarily low rate of 4.5%. An employed population of course boosts consumption and market confidence. Importantly, each employed person also represents a taxpayer contributing to national revenues, which will be critical in the years ahead.

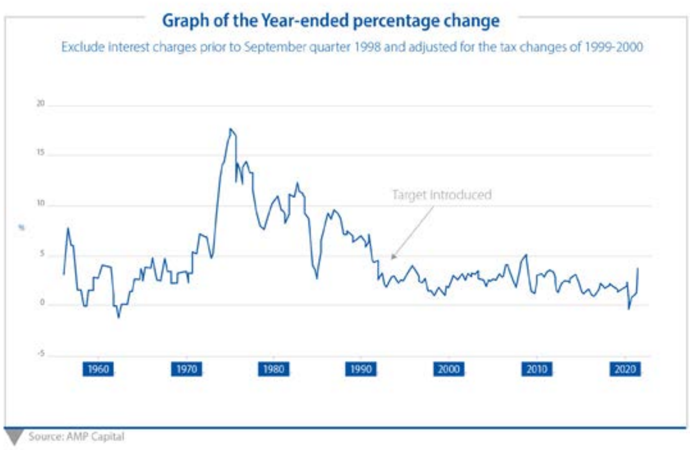
It is a testament to the robustness of the entire economy that unemployment











is uniformly low throughout all states and territories. These low numbers represent people in work right across Australia, earning incomes and supportive of local economies around the country.

As we look towards 2022 the themes of inflation, ongoing low interest rates, and market volatility are loudest among the public discourse. These concerns are legitimate. Many self-directed investors and retirees experienced stagflation first-hand, and a two-decade period of high inflation through the 1970s and 80s. These same investors who paid home loans at 20% pa are now trying to earn an income with interest rates at all-time emergency lows. Market volatility remains elevated and sits above pre-pandemic levels.

A narrative of strong household balance sheets, low interest rates and low unemployment tells of a locked down populace again ready to realise latent demand. Investors are right to ponder if the sheer volume of rebounding consumption has awoken the inflation genie.

Inflation can be imported, and international drivers can impact local outcomes. When these influences adversely impact cost or productivity, they not only encourage inflation, but coalesce towards the threat of secular stagflation. Consider the following three factors, each either increasing input costs or detracting from productivity:

- A recent surge in the price of liquified natural gas increasing the cost of energy.
- Skyrocketing shipping rates increasing cost and creating delays.
- The increasing price of semiconductors impacting the cost and availability of technology.

Fortunately, we are in great shape to meet challenges like these with rebounding economic growth, low unemployment and strong household balance sheets. Our capacity to meet short term volatility is further bolstered by the synchronized position between our governments and regulators.

As the global economy emerges from a 1-in-100-year event, volatility is inevitable and places those nearing or in retirement at particular risk. Portfolios must be constructed with

As the global economy emerges from a 1-in-100-year event, volatility is inevitable and places those nearing or in retirement at particular risk. Portfolios must be constructed with allocations to inflation responsive assets which offer low-volatility income.

allocations to inflation responsive assets which offer low-volatility income. The La Trobe Australian Credit Fund, finalist in the 2021 Zenith Fund Awards in the category of 'Australian Fixed Interest', delivers benchmark outperformance with premium, low-volatility, inflation-responsive options.

The portfolio products offer income opportunities across multiple investment durations, each with strong track records of performance since inception. Our team is dedicated to providing investments that deliver at all points of the economic cycle. ■

As a sponsor of the SAFAA webinar series, La Trobe Financial acknowledges the important role that SAFAA members play in enhancing wealth outcomes for investors. For further information go to www.latrobefinancial.com.au.

DISCLAIMER
An investment in the Credit Fund is not a bank deposit, and investors risk losing some or all of their principal investment. Past performance is not a reliable indicator of future performance.

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BY ASIC

Consulting on renewal of product intervention orders for retail OTC derivatives

ASIC has released Consultation Paper 348 *Extension of the CFD product intervention order* (CP 348), seeking feedback on a proposal to extend its product intervention order imposing conditions on the issue and distribution of contracts for difference (CFDs) to retail clients until it is revoked or sunsets on 1 April 2031.

The product intervention order will expire on 23 May 2022 unless it is extended with the approval of the Minister.

Since 29 March 2021, ASIC's product intervention order has strengthened protections for retail clients by reducing CFD leverage, standardising margin close-out arrangements, protecting against negative account balances and prohibiting CFD providers from giving certain inducements to retail clients.

During the product intervention order's first three months of operation, ASIC observed significant improvements in key metrics and indicators of retail client detriment from CFD trading, including:

- Reduced retail client losses:
  - retail clients made net losses of $22 million from CFD trading – a reduction to 94% of the quarterly average of $372 million in the year before the product intervention order
  - there were 45% fewer loss-making retail client accounts compared with the quarterly average in the previous year, whereas the number of profit-making retail client accounts reduced by only 4% across the same period
  - aggregate and average losses made by loss-making retail client accounts also decreased.
- The proportion of profit-making and loss-making retail client accounts was evenly split at 50%, compared with a quarterly average of 36% profit making accounts and 64% loss-making accounts in the previous year.
- Margin close-outs – where a retail client's CFD position(s) are closed before all or most of the client's investment is lost – decreased by 85%.
- Negative balance instances reduced tenfold for retail clients.

By contrast, the proportion of profit-making and loss-making wholesale client accounts in the period remained relatively stable at 37% and 63% respectively. The product intervention order does not apply to CFDs issued to wholesale clients.

ASIC will continue to monitor and assess the performance of the CFD product intervention order during the consultation period.

ASIC welcomes your feedback on CP 348 by 29 November 2021. ■

Market Manipulation & Other Prohibited Conduct

Tuesday 1 March 2022 | 11.00 – 1.15pm

This workshop on the prohibition on creating or maintaining an artificial price for trading in various financial products, including shares and futures, will benefit all who wish to gain an understanding of markets and the consequences of breaching obligations. Designed to suit the needs of financial market professionals from the front and back office, this is a great opportunity to brush up on your obligations, learn how to protect yourself and understand the difference between manipulation and ordinary market forces.

PROFESSOR MICHAEL ADAMS is a specialist in Australian corporate law and international corporate governance. Michael has expertise in financial services regulation, information governance, consumer protection and the broader area of legal technology and education. Professor Adams was Dean of Law at Western Sydney Law School from 2007 to 2017 and from 2019 the Head of the University of New England Law School.

Dates & Times (*includes 15 min break*)

Tues 1 March, 11.00 – 1.15pm AEDT

Cost

Members $125 | Non-members $175

•• *Register four or more and receive a $50pp discount* ••

FASEA CPD Area

Regulatory compliance and consumer protection 1.0 hour

Professionalism and ethics 1.0 hour

Call 02 8080 3200

Email education@stockbrokers.org.au

Register online @ www.stockbrokers.org.au

Submissions lodged in 2021

The proposed and implemented regulatory changes throughout 2021 have kept the SAFAA team very busy as evidenced by the following 26 submissions.

SUBMISSION TO	SUBJECT	DATE
Treasury	Better Advice Bill – exposure draft regulations	15/10/2021
ASIC	Legislative instrument - additional interim measures for DDO	17/09/2021
Treasury	Treasury Laws Amendment (Measures for a later sitting) Bill 2021: Use of technology for meetings and related amendments	09/09/2021
Standing Committee on Economics	Inquiry into the implications of common ownership and capital concentration in Australia	01/09/2021
ASIC	Consultation Paper 346: The hawking prohibition	20/08/2021
Treasury	Single Disciplinary Body: Policy Paper on regulations	20/08/2021
Treasury	Compensation Scheme of Last Resort: Proposal Paper	13/08/2021
ASIC	Cost recovery Implementation Statement 2020/21	09/08/2021
ASIC	Consultation Paper 342: Proposed amendments to the ASIC Market Integrity Rules	06/08/2021
FASEA	Amendments to education standard	28/07/2021
ASIC	Crypto-assets as underlying assets for ETPs	22/07/2021
FASEA	Three month requirement relief for exam	21/07/2021
Treasury	Using technology to hold meetings and send documents	07/07/2021
The Senate Economics Legislation Committee	Inquiry into the Financial Sector Reform (Hayne Royal Commission response – better advice) Bill 2021	06/07/2021
Financial Services Council	Green paper on financial advice	30/06/2021
ASIC	Consultation Paper 340: Breach reporting and related obligations	01/06/2021
Treasury	Greater transparency of proxy advice	28/05/2021
Treasury	Single Disciplinary Body for financial advisers	14/05/2021
Treasury	Breach reporting regulations	09/04/2021
Treasury	Review of AFCA	26/03/2021
ASX	CHESS Replacement: proposed changes to netting and settlement workflow	17/03/2021
Tax Practitioners Board	Continuing professional education policy requirements for registered tax (financial) advisers	10/03/2021
ASIC	Consultation Paper 335: Consumer Remediation	26/02/2021
ASIC	Internal Dispute Resolution	09/02/2021
ASIC	Consultation Paper 333: Reference Checking and Information Sharing	28/01/2021
ASIC	Consultation Paper 332: Promoting access to affordable advice for consumers	18/01/2021

www.stockbrokers.org.au/advocacy/2021-2

SUPER SNIPPETS | by Peter Grace

Building retirement funds

The rules for making superannuation contributions after age 67 have been quite a maze over recent years as the rules have been tweaked and new options introduced. From 1 July 2022, the rules will change again - but this time they get simpler.

Types of contributions

There are two types of contributions – concessional contributions and non-concessional contributions.

Concessional contributions are contributions for which a tax deduction is claimed either by you or your employer (such as Superannuation Guarantee or salary sacrifice contributions). These contributions are taxed at 15% in the super fund. There is a cap on concessional contributions – currently $27,500 a year.

Non-concessional contributions are made with after-tax money. These contributions are not taxed in in the super fund. There is a cap on non-concessional contributions – currently $110,000 a year. However, you can contribute up to $330,000 in one year effectively bringing forward the next two years caps.

Current work and age-based rules

- **Under age 67.** You can make concessional and non-concessional contributions.
- **Age 67-69.** You can receive SG contributions from employment. You can make concessional and non-concessional contributions if you have worked 40 hours over any 30-day period in the year you want to make the contribution.
- **Age 70-74.** You can only receive SG contributions from employment. Some exemptions apply if you have worked in the current year.
- **Age 75 and above.** You can only receive SG contributions from employment.

New work and age-based rules

From 1 July 2022, the work test will be removed for people aged 67 to 74.

- **Under age 75.** You are free to make concessional and non-concessional contributions.
- **Age 75 and above.** You can only receive SG contributions from employment

Creating a retirement portfolio outside superannuation

Superannuation is attractive because it is a low taxed environment. There is a 15% tax on concessional contributions (better than personal tax rates) and a 15% tax on investment returns (distributions and capital gains). Superannuation pensions pay no tax on investment earnings and income paid to you is tax free. The downside is that superannuation comes with lots of rules and restrictions.

However, seniors qualify for tax offsets meaning they do not pay tax until their income exceeds $32,279 a year. So, you could jointly create a non-super portfolio that earned income of $64,000 a year and pay no tax. As an illustration a portfolio of $1,280,000 earning 5%, would yield $64,000 a year. Of course, you need to consider other income you earn in this assessment. ■

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