

*"OUR DUTY IS YOUR FUTURE"™*



## MESSAGE FROM MANAGER

I've been angling since I was a kid, and while you might think I'm being politically correct in avoiding the word "fisherman", I actually like to be thought of as an angler – using a rod, line and hook (the angle) to hunt down and catch fish. For many years, I've been a member of what's known as a light gear angling club. Light gear clubs normally fish from the shore and use a maximum breaking strain line of 4kg. Getting up very early, members normally get dropped off in a locality, and then walk to wherever they think the fish are. Once, I lost 3 toenails after carrying 15kg of fish and my gear back from the ocean side of Great Keppel Island. A light gear trip is a big day out. Incidentally, 40 years later, I now run parts of that track in the annual Great Keppel Island Trail Run, which is sponsored by The Investment Collective.

It comes as a surprise to many that light gear fishing is competitive. There are rules on start times and finishing times, fish sizes and bag limits. Each angler earns one point per fish and 10 points per kilogram, and it's here where novice anglers become unstuck as everyone wants to catch a "big one". I've done that, walking and climbing out to some remote point, and occasionally I have



caught something really amazing. Thing is though, while a 5kg fish will earn you 51 points, competitors on the beach will have made that up by bagging 20 whiting in an hour, which is very common when they are on. Add in a decent flathead, a salmon or a bream, and your one fish has been eclipsed by others with bags full of fish. As an old boss once said to me "little fish are sweet".

**"It strikes me  
that my light gear  
experiences have  
a strong parallel  
with investing"**

It strikes me that my light gear experiences have a strong parallel with investing, and I think it's a philosophy that differentiates The Investment Collective from direct competitors, the big institutions and superannuation funds. The recent/current share buy backs for Woolworths and the Commonwealth Bank are cases in point. The calculations behind these corporate actions are complicated, and care has to be taken to take tax consequences into account (or you can be left worse off), but many clients will pocket \$1,000 or more, with no risk. The

Transurban rights issue is another example. Execute diligently on these corporate actions a few times a year and a client might generate \$3,000 to \$5,000, which helps offset fees and adds to returns.

Dividends comprise another little fish example. When I met my wife to be in the early 1990s, we started a share portfolio with some friends. It was my first step toward a career in financial markets. Initially, we contributed a couple of thousand dollars each, investing in stocks like Santos, Westpac (Kerry Packer had launched a takeover, which signalled to me that the worst was over) and Woolworths (can't go wrong with food), amongst others. We also added our own contributions, and when people started getting married and going their own ways, we sold the portfolio for over \$250,000. That must have been around 1997, so imagine my surprise when in 2018 I was contacted by our accountant to say the ATO was concerned I had not been declaring dividend income on my Woolworths shares. As far as I was aware, I had no Woolies shares in my own name.

As it turns out, when selling down the portfolio I missed 27 shares that were coming as a result of a dividend reinvestment plan (you got a 7.5%

discount on reinvestment at the time). That one dividend of \$106 has been compounding and reinvesting ever since, to the extent it's now represented by 63 shares valued at almost \$3,000 (including the value of the recent Endeavour Drinks demerger). The compound return is 14.6% – not bad by any measure. If we had kept the original holding of 1,182 shares worth about \$5,000, it would now be worth about \$106,000, plus Endeavour on top.

We rarely use dividend reinvestment nowadays, because they are expensive to manage, reinvestment discounts are rarely available and many clients need the money.

Regardless, using cash flow from dividends to cover costs and

underwrite living expenses is a very powerful tool, which helps keep a portfolio intact so it can benefit from positive market movements.

Centrelink income seems boring, and many financial advisers think it's beneath them to advise on. However, a couple can have almost \$900,000 in investment assets before the pension cuts out. Dealing with government agencies is a tedious task. Staff are often difficult and are working from incorrect data that is just plain wrong. Experience shows that persevering and managing Centrelink income as integrated with financial advice overall adds to income stability, offsets costs and provides other benefits for older clients.

Over two decades, many, many clients

show portfolio balances greater than when they started with us, notwithstanding ongoing drawdowns – sometimes the drawdowns have even exceeded the original contribution. The outcome for clients who start with smaller balances might not be so dramatic, but they have nevertheless benefitted from an extended portfolio life. Like the tuna tail protruding from the sack bag, it's the big movements in asset prices that always get the attention. Tuna is great and so is mackerel, coral trout and red emperor. But it's a feed of whiting you can almost always rely on. As I said, little fish are sweet.

**David French**  
Managing Director

## Office Update



### *Congrats Hannah*

Hannah Smith from our Melbourne office has been mentored by Sue Dunne over the past few years which has put her in great stead to lead the Paraplanning team.

Hannah is relocating from Melbourne to Gladstone, which will provide her with greater freedom to work alongside our Financial Planning team and other paraplanners. Congratulations Hannah and thank you for your commitment!



### *Farewell Sue*

Sue Dunne has been an integral part of The Investment Collective for over 14 years. It all started when David received the resume from an enthusiastic and confident woman keen to launch her career after completing a qualification in Financial Planning. Sue Dunne, a hard working mother and wife living on a rural property, and experienced in both city and country living, he was impressed. Within days, she was behind her own desk at Capricorn Investment Partners.

Sue's first year included the Global Financial Crisis (GFC) as well as the Rockhampton floods, her challenge was "sink or swim" (pardon the pun). In the years following, Sue has provided guidance to many staff while playing a key role in the expansion of the business including acquisitions, rebranding and a few more natural disasters. In recent years, Sue has built and mentored our in-house paraplanning team to assist our financial planners and authorised representatives in the preparation of quality advice to our clients.

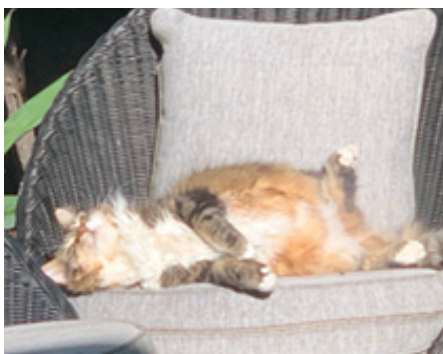
After 14 years of providing financial advice in preparation for retirement, it is now Sue's turn to enjoy the good things in life with more free time. Thank you Sue, for all of your efforts, you are truly appreciated and will be missed.



## Why is Molly so lucky?

We rescued our cat, Molly, from the RSCPA about 10 years ago. When we found her, she was in a large cage with about a dozen other cats waiting for their forever home. Some of those cats paraded around the cage, jumping around and darting from one spot to the other proactively seeking out their new owners. Molly, by contrast, was passive. There she was, curled up and snoozing towards the back of the cage near the litter trays. My wife, Kathy, was immediately drawn to her. Why? She looked lonely, dejected and without hope. Molly's world changed that day, in what was perhaps Molly's version of a very positive black swan event.

Fast forward about 10 years, and here's a typical morning for Molly, sprawled out on one of our deck chairs catching the morning sun with a full belly and a contented peace.



Robert's cat Molly catching some morning sun.

Why am I telling you this? Well, while it's impossible to know for sure, Molly's behaviour suggests she spends most of her time in the present moment, simply enjoying what that moment brings. But, she remains attentive to possible threats and if a threat arises, she has a strategy, run inside to safety!

While Molly's life may be simpler than ours, we can draw some interesting parallels.

Unlike Molly, humans spend very little time in the present moment. Instead, we spend most of our waking hours in time travel, ruminating on the past or



worrying about the future. There are good evolutionary reasons for this. Principally, we're wired for survival, making us sensitive to threat (which, in the modern day world, might include stock market fluctuations), and attuned to reward, particularly near term reward. You see, our brains have shiny new object syndrome in that they like newness and novelty. Giving into it feels great but usually only fleetingly, and then we want the next shiny new thing. It's pernicious, powerful and entirely controllable, with conscious effort.

What does this mean for me? Saving and investing for retirement is a long term goal that our brains, developed over thousands of years, aren't well suited to. Sticking to our longer term objectives, especially when it means deferring instant gratification, can be hard. For example, thousands of years ago one of the most precious resources was food (still is). However, we could only use what we could consume as saving it was nigh on impossible. We humans, have a natural instinct to consume.

In terms of human evolution, the discipline of saving and investing is a relatively new concept and it is alien to our natural instincts. This creates tension between our natural instincts and our rational decision making. We know what we should do, but it's easy to fall into the trap of doing what we want to do, unless we have help.

Working with your adviser to clarify and quantify your long term financial objectives and putting in place strategies, structures and

investments that help you achieve your longer term financial goals, such as retirement, can help override our natural impulses to consume all that we have today. Plus, our process of regular reviews can help to satisfy the shiny new object part of our brain. You see, achieving goals or milestones can give us the same sense of reward as instant gratification.

**"In terms of human evolution, the discipline of saving and investing is a relatively new concept."**

So, like Molly, we can have the best of both worlds, enjoying the present moment knowing that we have a safety net in place. For Molly, it's the ability to run inside; for us, it's financial security and empowerment.

**Robert Syben**  
Head of Financial Planning



# CYBER CRIME

## Can you pick the scam messages?

New data from SCAMWATCH reports \$211 million in losses due to scams over the last 12 month period, an increase of 89% over the preceding 12 months. With those over 65 years old being hit the hardest.

Delivery on Amazon: please confirm delivery before we send | you the package: <http://sgsalumni.org/g/?tcc4970ofv k rc4>

With lockdowns continuing for long periods throughout south eastern Australia, more and more people are turning to online shopping and scammers are taking advantage. In any given week, I receive upwards of 5 text messages relating to bogus purchases I've supposedly made with links to track my deliveries, confirming orders or text messages asking me to log in to a site to access a message. Some appear to be from organisations that I do purchase through like Amazon. However, each of these messages are fake. Now there are messages advising your device is infected with FluBot malware. However, when you click on the link the malware is installed.

### So, what can you do to protect yourself?

There are many reputable Antivirus/Anti Malware solutions out there to help protect your data but you must remain vigilant as well.

You have a misdxid call, details: <https://walletinformation.net/gduo8q.php?6bcgwy0 8l2v0oh>

Don't click on links, if you are waiting for a delivery or expecting an order, call the provider using the number from their website or the invoice you received, email them with your order number using an email address from their website, never click on links or download anything via a link received in a text message. Always remain suspicious and look for anything that may not look right, incorrect spelling, funny characters names not relating to the company you are dealing with, delete any suspect messages and in case you missed it before, don't click on links.

For more information on current scams, please refer to the ACC's SCAMWATCH website: <https://www.scamwatch.gov.au/>

If you think you have been scammed, you can find out where to get help here: <https://www.scamwatch.gov.au/get-help/where-to-get-help>

If you want to report a scam, this can be done through: <https://www.scamwatch.gov.au/report-a-scam>

cr3nqw Missed Call: You have a missed call. Caller left you a message: <https://souibi.com/b.php?35n7mgerjz>

**Sharon Pollock**  
Manager - Client Services



## New Staff



**Craig Coughlin**  
Funds Administrator  
Rockhampton



**Chelsea Heslop**  
Reception / Admin  
Support Officer  
Melbourne



**Nicole Brown**  
Paraplanner  
Gladstone



**Emily Scott**  
Administration  
Assistant  
Rockhampton



**Cara Vloedmans**  
Reception / Admin  
Support Officer  
Gladstone



# Considerations when planning your retirement

Retirement is something that most people look forward to but not everyone plans and prepares for. Often it is not good enough to be emotionally ready to retire but it is crucial to ensure that you are financially ready too. Before you walk away from a career that you have been immersed in for years and run off into the sunset, it is important to consider your goals and objectives.

- Do you still enjoy work and how much longer can you go on for?
- Do your retirement goals fall in line with your partner?
- How is your physical and mental health?
- Do you have a healthy financial situation (dependants and debts)?

**“Retirement is something that most people look forward to but not everyone plans and prepares for.”**

If you can tick all these boxes then you should be ready to plan for retirement. Key areas to consider include;

1. How much money will you need? If you run a household budget, consider how that is likely to change when you retire.
2. What lifestyle aspirations do you have for retirement? You may wish to partake in international holidays once each year or caravan around Australia. Factoring in your lifestyle goals will help answer the question of whether you have enough.
3. What legacy aspirations do you have? Some may be comfortable for the kids to receive whatever is left, others may have a preference of leaving something behind as part of their legacy or even providing assistance in the near future.

The Australian Financial Security Authority (AFSA) has deemed that the following incomes as adequate for a ‘comfortable’ or a ‘modest’ lifestyle in retirement;

Comfortable lifestyle (total per year)	
Single	Couple
\$44,818	\$63,352

Modest lifestyle (total per year)	
Single	Couple
\$28,514	\$41,170

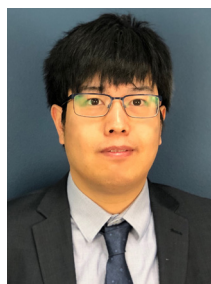


As part of your retirement plan, it is also important to be mindful of common risks as you approach or enter retirement;

- Sequencing risk – this is the risk of the market facing a severe and unexpected downturn just before you retire. As a pre-retiree, you may not have the time horizon to wait out a recovery. An example would be a retirement nest egg of \$1,000,000 falling to \$750,000 just as you are about to retire. At a drawdown of 5%, this is a reduction of annual income from \$50,000 pa to \$37,500 pa and a big hit to anyone’s retirement.
- Lower than expected returns – retirement portfolios are not designed to shoot the lights out but to generate a sustainable level of return with a focus on capital preservation. However, if returns do not stack up for whatever reason, it will lead to a rapid deterioration of your capital and your savings may not last as long as you designed them to.
- Longevity risk – this is the risk of retirees living beyond their savings. With improved health care and higher standards of living, life expectancy is higher than ever. Hence, with all else equal, you are more likely to outlive your retirement savings.

If you wish to seek assistance on your retirement plan, please reach out to your financial adviser.

**Cheng Qian**  
Managing Adviser





# Generations – all different but similar goals?

Financial advice is important during each stage of your life. Whilst each generation has many differences, ultimately our financial goals will end the same, it's just the timing of the priority.

When clients see a financial adviser and are asked why they are seeking financial advice, many new clients would like to focus on generating wealth or planning for retirement. It's key for the adviser to explore the client's financial goals. Only then can a plan be considered on how to achieve the client's endpoint. It's worth understanding that we are all different, there is no right or wrong answer, and the priorities of our goals will vary over our lifetime.

The Financial Planning Association of Australia prepared a document in 2016 entitled "Dare to Dream" and a part of the survey considered achievements and goals across generations. Notwithstanding the impacts of COVID-19 on travel and

people's work and health, many of the findings from 2016 remain apt today.

The report highlighted that whilst one in two Australians dreamt more about the future in 2016 compared to 2011, 63% had made "no plans" or "very loose plans" to practically achieve those dreams.

The survey considered the 3 main generations present in the workforce; Baby Boomers, Generation X and Generation Y. Amazingly, when it came to identifying their 'greatest achievement', the top 2 answers provided for every generation were overseas travel and buying their first home. Gen Y listed a new home as their top dream, reflecting that many had yet to achieve this, but when they did, it was seen as a significant achievement. Gen X still had a first home as their number 4 dream, whereas Boomers had moved to see new furniture for their home as a higher dream.

All generations would love to travel as a short and long term goal, but only Gen X / Y credited living overseas for a period as a significant achievement, reflecting the change in dynamic and the opening of world travel and opportunities through the past 20 to 30 years. Travel is not always the highest of priorities for many clients but it does feature highly in goals requiring a lump sum allocation and perhaps the need for household budgeting to accomplish.

The goal of long term planning for retirement was common across all generations and early retirement could be seen as a focus area for both Gen X and the Boomers. Not surprisingly, all generations saw saving money, repaying debt and buying a new car as high priority short term goals. Saving money and repaying debt are great short term goals when targeting retirement wealth and early retirement.

Ultimately, the report highlighted that the goals for all 3 generations are largely the same, it's just the priority we allocate to them at each stage of our life that is different. When considering your goals, make sure you target what is both important and realistic for you. Your financial adviser is there to help you on your way.

GEN Y	GEN X	BOOMERS
TOP 5 FINANCIAL ACHIEVEMENTS		
<ol style="list-style-type: none"> <li>1. I travelled overseas (39%)</li> <li>2. I bought my first home (28%)</li> <li>3. I became financially independent (16%)</li> <li>4. I have lived for an extended time overseas (14%)</li> <li>5. I paid off my wedding (13%)</li> </ol>	<ol style="list-style-type: none"> <li>1. I bought my first home (42%)</li> <li>2. I travelled overseas (36%)</li> <li>3. I bought my first investment property (15%)</li> <li>4. I have lived for an extended time overseas (11%)</li> <li>5. I bought sport / hobby equipment (9%)</li> </ol>	<ol style="list-style-type: none"> <li>1. I travelled overseas (46%)</li> <li>2. I bought my first home (42%)</li> <li>3. I built a new home (17%)</li> <li>4. I have set myself up financially for retirement (16%)</li> <li>5. I started my own business (14%)</li> </ol>
TOP 5 SHORT TERM GOALS		
<ol style="list-style-type: none"> <li>1. Save money (53%)</li> <li>2. Pay off my debt (32%)</li> <li>3. Book a holiday (31%)</li> <li>4. Buy a new car (30%)</li> <li>5. Buy a house (21%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Save money (52%)</li> <li>2. Pay off my debt (37%)</li> <li>3. Book a holiday (36%)</li> <li>4. Buy a new car (26%)</li> <li>5. Invest in a property (16%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Save money (53%)</li> <li>2. Book a holiday (39%)</li> <li>3. Pay off my debt (36%)</li> <li>4. Buy a new car (23%)</li> <li>5. Buy new furniture for my home (13%)</li> </ol>

**Allan McGregor**  
Financial Adviser





## Transurban (ASX:TCL)

Transurban (TCL) is one of the largest toll road operators globally. TCL is an ASX-listed company that builds, owns and operates toll roads in Melbourne, Sydney and Brisbane, along with toll roads in Greater Washington, United States, and Montreal, Canada. TCL has the largest portfolio of toll roads in Australia, and its traffic growth is relatively predictable and has historically materially outpaced GDP growth.

TCL, as leader of the Sydney Transport Partners (STP) consortium, cut a deal to buy the NSW state government's 49% stake in the 70km WestConnex toll network in Sydney for \$11.1 billion, giving STP 100% ownership of the major asset in Australia's largest city. TCL, which owns 50% of STP, will fund its \$5.6 billion share of the acquisition cost via a 1 for 9 entitlement offer at \$13.00 per security to raise \$4.2 billion, with the balance from existing cash.



The funding structure of the acquisition preserves TCL's firepower to bid for other roads it has in its sights, which in Sydney, include the M7 widening and M7/M12 interchange. It also includes the



potential sale of the Western Harbour Tunnel and Harbour Tunnel in Sydney; as well as the proposed North East Link in Melbourne.

The entitlement offer price of \$13.00 per new security represents an 8% discount to the closing price at 17 September 2021 of \$14.18 and a 6% discount to the closing price at 28 September 2021 of \$13.85. In all, the equity raising will see 305 million new shares on issue (or an increase in the security base of 12%). The placement is set to be priced at \$13.07 for 19.1 million shares.

Overall, we view the transaction as positive and see the strategic rationale. We also view TCL as the natural owner of WestConnex given its expertise, intimate knowledge and control of the asset. The Investment

Committee therefore recommended all clients with an exposure lower than 5% to TCL participate in the rights issue to increase their weighting.

**"TCL has the largest portfolio of toll roads in Australia, and its traffic growth is relatively predictable."**

If the weighting of TCL in your portfolio was greater than this level, we have tendered your shares into the bookbuild and you will receive cash for the sale of your rights.

**Jake Brown**  
Fund Manager



## Centrelink Update

You may have received a “Request for information about your income stream/s” letter or email from Services Australia.

### What is an income stream?

An income stream is a series of regular payments made from your superannuation fund, or purchased using either superannuation money or savings.

### How do Services Australia review income streams?

These income stream reviews are undertaken when you and/or your partner own an income stream product such as an account-based pension and market-linked pensions (these are also known as term allocated pensions).

For most income streams provided by commercial super funds, the process is an automatic one, meaning Services Australia will contact the income stream provider for the relevant details. Services Australia will only contact you and/or your partner to provide this information if:

- The provider does not give Services Australia all of the relevant details.
- Services Australia are unable to match the product to the information provided.

This applies to income streams that are not paid from either:

- Self Managed Super Fund (SMSF)
- The Small Australian Prudential Regulation Authority (APRA) Superannuation Fund (SAF).

Services Australia asks for data on all of the following:

- An account-based pension or allocated pension.
- Account-based annuities or allocated annuities.
- Market-linked pensions or term allocated pensions.
- Defined benefit pensions.

### Details needed

#### *Account-based or market-linked income streams*

The details needed for account-

based income streams not subject to deeming that started before 1 January 2015, and market linked income streams, are:

- The account balance as on the most recent 1 July.
- The new annual income amount for the current financial year.
- Any lump sums taken out in the last financial year, other than normal payments.

Services Australia need to be informed of the most recent account balance on 1 July or later if either:

- The account-based income stream started before 1 January 2015 but is subject to deeming.
- The account-based income stream started on or after 1 January 2015.

#### *Asset test exempt lifetime or life expectancy income streams*

For these income streams, the latest actuarial certificate needs to be provided which must have both of the following details:

- A statement that your fund can keep paying the income stream.
- A date on it showing it's current, between 1 July and 31 December of the current year.

This document must be provided by 31 December of the current financial year. If not received, your income stream may stop being exempt from the assets test.

#### *Defined benefit income streams*

For these income streams, an income stream schedule from your income stream provider must be provided.





### *Lifetime, life expectancy and term income streams*

For these income streams, a review form is required which must have both of the following details:

- The new gross income amount
- The frequency of payment.



### **What is the due date?**

This depends on the type of income stream you have. The date that shows on your "Request for information about your income stream/s" letter or email is the deadline.

### **Will The Investment Collective provide my income stream information to Services Australia for me?**

Yes, The Investment Collective will provide all the information to Services Australia if we are your nominee.

Please continue to inform us if your income and asset values change, so we can notify Services Australia and ensure you continue to receive your full pension entitlements. If

you are interested in The Investment Collective being your Services Australia nominee, please notify us.

**Larissa Dowdle**  
Advisory Assistant



## **Staff**

### **Rockhampton - 1800 679 000**

David French	Managing Director
Dean Tipping	Managing Adviser
Elizabeth Whalley	Advising Associate
Joshua Koster	Advising Associate
Larissa Dowdle	Advisory Assistant
Rebecca Smith	Reception / Implementation Administrator
Emily Scott	Administration Assistant
John Phelan	Compliance Manager
Bronwyn Nunn	Training Manager
Justin Burggraaff	Asset Manager
Ben Perfect	Compliance Officer
Katrina Tearle	CHESS Administrator
Natasha Kuhl	Portfolio Administrator
Craig Coughlin	Funds Administrator
Dylan Tyler	Business Analyst
Christine King	Bookkeeper
Sandra French	Bookkeeper
Sue Hutchison	Bookkeeper
Hayden Searles	Marketing Assistant
Shelby Davis-Hill	Scanning Officer

### **Melbourne - 1800 804 431**

Robert Syben	Head of Financial Planning / Senior Financial Adviser
Stephen Coniglione	Managing Adviser
Cheng Qian	Managing Adviser
Tracey Briggs	Financial Adviser
John Zahra	Advising Associate
Jayde Garth	Advisory Assistant
Demi Sanderson	Advisory Assistant
Chelsea Heslop	Reception / Admin Support Officer
Sharon Pollock	Manager - Client Services
Hannah Smith	Paraplanning Manager
Mathew Caskey	Head of Portfolio Management
Jake Brown	Fund Manager
Malcolm Smith	Investment Assistant
Ming Hou	IT Manager
Yan Li	Programming Assistant

### **Gladstone - 07 4972 0451**

Allan McGregor	Financial Adviser
Nicole Brown	Paraplanner
Cara Vloedmans	Reception / Admin Support Officer

## **External**

Lisa Norris	General Manager - Clients & Insights
Diane Booth	Manager - SCI Concierge Services

\*Please note that the content in this newsletter is general in nature and has not taken your personal or financial circumstances into consideration. If you have any questions please contact your adviser.