



The Australian

Australian Expat Investment & Taxation News

A new bi-monthly issue of **The Australian** from **Imperium Capital**.

This document will be made available on our website
theaustralian.biz / imperium-capital.biz

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Introducing Australian Expatriate Services

Many of you will have noted our name change from FP Australia to **Australian Expatriate Services**.

This is the final part of a client-focused rebranding exercise that better aligns our business to that of the client segment we have been assisting for more than 25 years, i.e. The Australian expat.

Australian Expatriate Services Pty Ltd, our Australian licensed entity, continues to work with the team at Perth's NEO Financial Solutions and we are proud that we remain one of the very few offshore firms that have been able to operate in this manner ie fully licensed for Australian domestic services such as Superannuation, Aussie share portfolios, Aussie Insurance and the like.

Our team consists of Authorised Representatives in Jakarta, KL and Dubai, plus significant operational capabilities in all 3 locations.

We look forward to working together with you for many years to come.

Currency View



Introducing OzForex

Its highly likely that you are paying too much when you send money home!

One of the main issues in being an expat is that the banks gouge us for TT's, as the rate a bank charges when sending/ converting monies from one currency to another can be significant.

To address this, we've partnered with OzForex to provide our clients a lower cost solution when sending money all around the world.

Your personal OzForex account can be set up easily by clicking on;

<https://www.ozforex.com.au/registration/step-one-private-version2/?pid=3580>

Some of the benefits that OzForex can offer our clients are a designated FX dealer, preferred currency conversion rates and FX Advice. Feel free to visit the portal and compare rates with your bank

We've been using the service ourselves and find that the online service is extremely easy and safe.

Do yourself a favour, register and start saving money on your FX transfers.



Last week recap (AUD/USD)

Reversed direction last week, trading sharply lower as U.S. Fed officials reiterated their intention of raising interest rates before the end of the year and with very little significant economic data out of Australia. The week began with the pair declining off of its weekly high of 0.7196 on Monday after hawkish comments from the Fed's Lockhart. The rate continued its slide on Tuesday despite Australian HPI, which increased +4.7% q/q versus an expectation of +2.5%. On Wednesday, the pair extended its losses after more hawkish comments from the Fed's Lockhart. Thursday saw the rate make its weekly low of 0.6937 after Fed Chair Yellen indicated that the Fed was still on track to raise rates by the end of the year, as well as mixed U.S. economic numbers. The pair then rebounded on Friday, gaining ground as traders squared positions and despite a better than expected U.S. Final GDP number. AUD/USD closed the week at 0.7024, with an overall loss of -2.2% from its previous weekly close

The week ahead (AUD)

The Australian economic calendar is rather quiet this coming week, only featuring Building Approvals (-1.9%) on Wednesday and Retail Sales (0.4%) on Friday. In addition, the Daylight Saving Time Shift will take place on Saturday. Resistance for AUD/USD is seen at 0.7427/38, 0.7348/71 and 0.7215/84, with support noted at 0.6981/0.7016, 0.6907/37 and 0.6753/73.

Commentary Data are the latest available as at 2 October 2015

Stock Market Update



John Goodlad Interview by **Darren J. Casson**
*Senior Adviser at Imperium Capital &
Director of Australian Expatriate Services Pty Ltd*

I interviewed John Goodlad, our preferred stockbroker in Australia to ask him about the Aussie market. John, who is a former diplomat and global private banker is now a Senior Investment Adviser with Hartleys Ltd and specialises in assisting offshore clients. He manages a number of portfolios for our clients.

"The Australian market has seen a major pullback," said John. "We have been testing the 5000 level for the All Ordinaries for several weeks now. The catalyst for this has been uncertainty. Uncertainty about when the US Federal Reserve will raise rates. Uncertainty about the strength of the Chinese economy. Uncertainty about global growth."

John believes that this uncertainty has thrown up value for investors. He is still positive about what could go right for the global economy and its constituent companies. "Low interest rates, low oil prices and low inflation are all positives for the mid-term." He points out that the Australian economy is still growing at plus 2%. "While there has been commentary on the possibility of a recession, based in part on a housing bubble bust, the consensus forecasts rate this as a 20% chance only."

John's view is that the Australian market is an "Accumulate" at the current 5000 levels. Below that it is an outright Buy. Investors should 'lean in' to this market and accumulate in parcels over the next few months. "There is over 22 billion dollars in dividends coming in to this market of the next few weeks. A lot of this will buttress this market. As will low interest rates and the dividend levels of our major companies."

John commented last month that the Resources and Energy sectors were deep in the grip of the Bear. This is still the case. "But everything has a price." BHP Billiton is now trading at GFC levels and we have an Accumulate recommendation on this company. With an AU\$30.00 Fair Value rating, "the market is underestimating the resilience and growth options that come from long-life, low-cost, expandable growth options."

One commodity that has been relatively resilient over the last few months has been Gold. Watch Newcrest and Northern Star here in Australia and there are a host of others that have endured the market carnage in the junior resources space over recent years "with AUD Gold prices at over 1500 AUD per oz. Many of these companies are delivering good earnings. Goodlad sees clear and present value in some of the mid-cap Industrials. "My favourite way of accessing this sector is via WAM Capital Ltd (WAM), a listed investment company, which contains a selection of small and mid-cap shares." This company has a great track record and provides a 6% fully franked yield."

Overall, the market is throwing up some good buying opportunities "There is no need to stray too far from the Top 50 stocks. The Banks are off their highs by 20-258% and still offer compelling yields. Be brave and buy the dip."

John is available for consultations with any of our clients via your AES advisor.



John R. Goodlad (B.A, LL.B, M.Int Law)
Senior Investment Advisor

Level 6, 141 St Georges Terrace | Perth WA 6000 | Australia
AFSL 230052

P +618 9268 2890 | F +618 9268 2800 | M +61 414 683 627
E john_goodlad@hartleys.com.au | W www.hartleys.com.au

Tax & The Aussie Expat

THE NEWEST AUSTRALIAN SMSF ADDITIONS TO THE ROPS LIST



The newest Australian self-managed super fund ('SMSF') additions to the Recognised Overseas Pension Scheme ('ROPS') list confirm that Her Majesty's Revenue and Customs ('HMRC') should recognise SMSFs where the funds membership is restricted to members over the age of 55 years.

Background

An Australian superannuation fund must be a Qualified Recognised Overseas Pension Scheme ('QROPS') in order to receive funds from a UK pension scheme tax free. Prior to the recent UK legislative changes, hundreds of Australian superannuation funds were registered as QROPS. On 6 April 2015, the UK introduced new laws prohibiting payments to a member under 55 years unless he or she satisfies the UK definition of 'ill health'. Under the Superannuation Industry (Supervision) Regulations 1994 (Cth) ('SISR'), there are various instances where a member may be paid a benefit under the age of 55 years other than for 'ill health', which include temporary incapacity, compassionate grounds and severe financial hardship. Evidently, such conditions of release, provide a much broader scope for payment of benefits under the age of 55 years than that permitted by the new UK regulations.

In considering the various events that qualify a member to receive payments prior to 55 years of age under the SISR, HMRC determined that Australian superannuation funds do not comply with the latest ROPS requirements. As a consequence, on 2 July 2015, HMRC removed all QROPS registered in Australia, with the exception of one Local Government Superannuation Scheme, which is exempt from the recent ROPs changes.

New Additions to the ROPS list

On 1 September 2015, a newly established SMSF which restricted the fund's membership to persons who have already attained the age of 55 years or over was added to the ROPS list. Less than three weeks later, an existing SMSF with an updated deed restricting membership to persons aged 55 years or over was also added to the ROPS list.

Further additions to the ROPS list

These latest SMSF additions to the ROPs list, demonstrate that irrespective of whether the SMSF is newly established or a variation of an existing SMSF, the new ROPS requirements should be satisfied where a SMSFs deed restricts membership to persons aged 55 years or over.

Funds with members under 55 years of age

Lawyers, large industry funds, professional associations and the Australian Treasury are continuing to seek HMRC approval regarding the ability for SMSFs with members who are under the age of 55 to satisfy the new ROPS requirements. There is no certainty on if or when this approval will eventuate.

This is for general information only and should not be relied upon for individual circumstances. Should you wish to discuss your tax residency or have any queries relating to the above article please contact: **Craig van Wegen** (craigvanwegen@pinnaclegroup.com.au) or **Nora Fairbanks** (norafairbanks@pinnaclegroup.com.au) at the **Pinnacle Advisory Group**.

Australian Mortgages

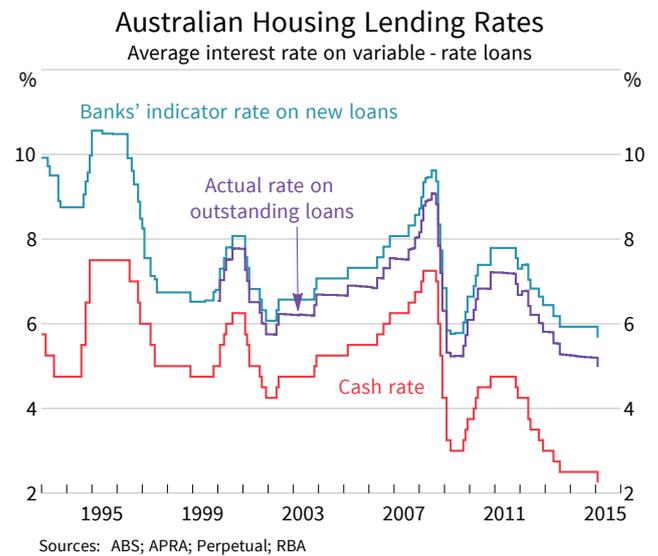
In the last issue we spoke about how the banks had reviewed their lending policy within the investment lending space following regulator intervention. The various banks have applied their own specific interpretation of the regulators statements which has caused some confusion as to what constraints and opportunities are available in the investment borrowing space. With a few months now passing investment lending policy has become clearer, post code based lending restrictions continue in certain areas; mainly mining in WA and QLD along with “under pressure” post codes in Melbourne & Sydney. While interest rates for owner occupied homes are still available at very keen rates, investor loans have increased by around 0.30%. Banks are generally asking for at least 20% deposits from foreign buyers however Australian expats can still get investment loans up to 90% loan to valuation ratio (LVR), subject to Lenders Mortgage Insurance (LMI) approval for loans over 80% LVR.

What has become clear is clients need to ensure that they have a wealth creation strategy in place in conjunction with their advisors and accountants, to ensure that the credit facilities they have allow them the ability to access their funds when they need to as wealth creation opportunities arise. These facilities also need to take in to consideration the after tax outcome looking to be achieved.

While the credit landscape has changed, our mortgage brokers share fantastic relationships with the lending institutes and are able to help expatriate clients create wealth and put in place the strategies they have devised with their planner around using Australian property for both wealth creation and tax planning.

Geoff Milbourne is a Mortgage Broker with Custom Financial Solutions. A discussion with Geoff on how he can help you can be arrange by contacting your AES advisor.

INVESTMENT LOANS	
Variable loans	as low as 3.99%
3 year fixed rates	as low as 3.99%
5 year fixed rates	as low as 4.48%
OWNER OCCUPIED LOANS	
Variable loans	as low as 3.99%
3 year fixed rates	as low as 3.99%
5 year fixed rates	as low as 4.48%



Who Do We Work With?

HOW WE HAVE BEEN HELPING AUSSIE'S AROUND THE WORLD

This year we've taken on new clients in Perth, Jakarta, Manila, Japan, Melbourne, Hong Kong, Singapore, Ho Chi Minh City, Batam & Kuala Lumpur.

Just like you, we're expats and live in this same, fast paced world, and just like you we share the same concerns about protecting our families, paying off the mortgage, putting the kids through school and growing our wealth for retirement.

As Australian expats and Aussie Expat Financial Planning Specialists, We are proud that this year we've been able to bring peace of mind to Aussies living in the Philippines, Japan, PNG, Indonesia, Singapore, Hong Kong, Cambodia, Malaysia, Mongolia, China, Vietnam, Thailand and Australia.

We've helped debunk many myth's such as their personal insurances (either owned inside or outside of superannuation) provides coverage for them while overseas and have provided peace of mind for Aussie expats ensuring that they understand what they are paying for.

From small business owners, to growing families, we're helping Aussies all over the world arrange flexible personal protection insurances, get their superannuation in order, help them create strategies to achieve their goals and provide unique insights in to the benefits and strategies uniquely available to them as an expat; all tailored to their individual needs and circumstances.

On a personal note; I am most proud of the families we've assisted who thought that they couldn't get the protection they need, or had been rejected elsewhere. Families dealing with cancer, complex or dangerous business and working arrangements and a number of clients with previous health issues.

The good news is that with the latest modern Australian based technology, if you have access to a telephone or the Internet, regardless of your location and time restraints we can provide security and peace of mind for you and your family in this borderless world.

Paul Milbourne
Senior Financial Adviser
Authorised Representatives of AES



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John Goodlad owns shares in many of the companies mentioned in this report.

Referral agreement disclosure: Note that Hartley's will remunerate Australian Expatriate Services (AES) 30% of the net brokerage and 35% of the non AUSIEX Ltd component of the Echelon administration platform (if applicable) as a referral fee. This is calculated on a monthly basis and paid on a quarterly basis from Hartley's to AES. This fee forms part of, and is not in addition to, the standard Hartley's fee schedule

For more information in respect of any of the above items, please send us an email to: client.services@australiaexpat.com.au
Or visit our Client website at: www.australiaexpat.com.au (coming soon)