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 australiaexpat.com.au/imperium-capital.biz

Table of Contents

Our Australian Partners

BT · MLC · STONETURN · LJH · OFX

IMPERIUM CAPITAL

Currency View

OFX

0.7875 +0.034 (+0.43%) As of Feb 26 2018

26 February 2018

Equity markets globally finished the week with small net losses, though at one point on Wednesday there was a very sharp reversal lower for the Dow Jones Industrial Average before it recovered all its losses over the net 36 hours. This was the 7th occasion year that the DJIA has moved in a 450 point high-low range; a far cry from last year when it didn't happen on a single trading day. The higher volatility and generally lower trend for stock markets gradually eroded support for the Aussie Dollar. It began the week at USD0.7910 and moved lower almost without interruption to 0.7790 on Thursday morning in Sydney.

To register and receive preferential FX rates for currency conversions, click here:
https://au.ofx.com/registration?pid=3580

A subsequent rally as stock markets jumped took the pair up to 0.7855 but it then slipped steadily through the Northern Hemisphere on Friday to end the week around 0.7840.

The two highlights of the week locally were the RBA Minutes on Tuesday and the wage price index on Wednesday. After leaving interest rates unchanged for 16 consecutive months, the Minutes of the February RBA Board signaled more of the same ahead. Business conditions remained at a relatively high level and prospects for non-mining investment "were more positive than they had been for some time" but strong retail competition has exerted downward pressure on consumer goods and food for some time and was expected to persist "in the next few years". Indeed, "members noted that food prices, excluding fruit and vegetables, had been little changed for nearly a decade". After all the warnings from the Governor and Deputy Governor in recent speeches, the Minutes reiterated that, "There was still a risk that growth in consumption might turn out to be weaker than forecast if household income growth were to increase by less than expected. In an environment of high household indebtedness, consumption might be particularly sensitive to adverse developments in household income or wealth"

The Australian Bureau of Statistics reported that its wage price index grew by 0.55% over the December quarter in seasonally adjusted terms, leaving the change on a year earlier at 2.08%. Markets had been expecting a quarterly gain of 0.5%, seeing the year-on-year rate hold steady at 2.0%, so the data was marginally better than consensus. Most of the increase was due to increases in pay for government employees - mainly in the health industry and education - while private sector pay, which accounts for the majority of workers, remained weak at just over 1.9%. Rises through the year in the Public sector ranged from 1.9% for Professional, scientific and technical services to 2.9% for Health care and social assistance and public sector pay has now outpaced that in the private sector for the past four years. In terms of what it means for interest rates, CBA and Westpac now see the RBA on hold in 2018 with Westpac now seeing unchanged rates until the end of 2019. NAB still has two hikes in H2 this year; quite a marked split amongst the big banks locally. The AUD ended the week at USD0.7840, with AUD/NZD at 1.0740 and GBP/AUD1.7820.

Commentary Data are the latest available as at 26 February 2018

THE GOODLAD REPORT:
THE AUSTRALIAN STOCKMARKET: MARCH 2018

Hartleys

The Australian market reached a decade high in early January as it moved up through the 6200 level. And then a short, sharp sell off occurred as volatility on Wall Street saw the US market peel off on concerns about a faster-than -expected increase in interest rates. Both markets bounced back quickly as those concerns dissipated.

One should always have the capacity to exploit corrections as they represent rare buying opportunities. But one should never premise the complete timing of an investment strategy based on waiting for a pullback. It may end up being a pullback from a much higher level. Dollar Cost Averaging or Accumulating remains a proven investment approach between Portfolio Construction and "Buying the Dips".

Companies on our current 'Best Stock Ideas" include Aveo Group (AOG), Brambles (BXB), Coca Cola Amatil (CCL), Domino's Pizza Enterprises Ltd (DMP), Healthscope (HSO), QBE Insurance Group Ltd (QBE), Ramsay Health Care (RHC) and Telstra Corporation Ltd (TLS).

We remain buyers of a selected mid-cap companies in the current market. Globally diversified funds management company BT Investment Management (BTT) is on a number of Buy lists for 2018 with double digit EPS growth predicted.

One new company on our list is Afterpay Touch Group (APT) – a so-called Fintech company with over 1 million users of its 'buy now/pay in instalments' facility at an increasing number of retail outlets. One to start accumulating.

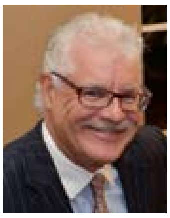
Having watched the A2 Milk Company (A2M) shoot up in recent years, New Zealand processor Synlait Milk Ltd (SM1) is an emerging peer.

And I have been a buyer of Invocare (IVC) in the funerals business both here and offshore on a recent price pullback. One thematic that 'will never die'!

There has been some recent commentary on positive outlook for the resources sector – including the outlook for Uranium. I favour buying the listed Exchange Traded Resources Fund (OZR) to own the whole complex – with some selected mid caps and small caps to try and enhance portfolio performance. Junior gold explorer Great Western (GTE) which is drilling in the Yandal region of Western Australia, is our top Spec Buy in the gold sector.

Finally, our analysts have prepare a very good report on Batteries and the lithium sector: Hartleys Electric Vehicle Commodities Booklet - January 2018. This sector has defied the naysayers for over 2 years now and momentum remains strong. Local company BAT – run by David Flanagan of Atlas Iron fame - is my top pick at the small cap end. This report is available upon request.

Please let me know if you have any queries or would like to discuss opportunities in the market.



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

AUSTRALIAN TAX NEWS

PINNACLE GROUP

Foreign investors to pay annual charge on vacant properties

Australia has enacted the Treasury Laws Amendment (Housing Tax Integrity) Act 2017 which imposes an annual 'vacancy charge' on foreign owners of residential real estate in cases where the property is not occupied or genuinely available on the rental market for at least six months in a 12-month period. The new law applies to foreign persons who have applied to buy residential property in Australia since 9 May 2017.

Data-matching of millions of visa-holders for tax purposes

Australia's Department of Immigration and Border Protection ('DIBP') has developed a data-matching program to assist the Australian Taxation Office ('ATO') in monitoring and dealing with tax compliance in visa-holders. The purpose of the program is for the DIBP to collect information on the 20 million or more foreign nationals who obtain visas between July 2017 and June 2020 and pass this information on to the ATO. The data is intended to be used by the ATO in 'administrative action relating to tax return integrity, income tax and tax non-compliance and fraud', including non-compliance with Australia's foreign investment restrictions. Affected visa holders will be notified and provided with 28 days to check the accuracy of information disclosed to the ATO before administrative action is taken.

Draft legislation regarding remission of GST on new residential property purchases

The Department of Treasury has released draft legislation that, if passed, will affect both purchasers and developers of new residential premises.

The draft legislation requires purchasers of new residential premises and new subdivisions of potential residential land to withhold and pay 1/11th of the purchase price directly to the ATO. This is in contrast to the current situation where the seller remits GST on all sales of land to the ATO.

Under the proposed law, sellers making taxable supplies of residential premises and subdivisions will also be required to notify purchasers of certain information relating to the obligation to withhold at least 14 days before making the supply. Special rules will apply where the buyer and seller agree to apply the margin scheme to a transaction.

The draft legislation is intended to apply to contracts entered into from 1 July 2018 or where consideration is provided before 1 July 2020. It should be noted, however, that the legislation is still in draft form and is yet to be introduced into parliament, so changes may still be made before it becomes law.

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**.

Important Notes

The information contained within this newsletter is of a general nature only. Whilst every care has been taken to ensure the accuracy of the material, Australia Expatriate Services Pty Ltd will not bear responsibility or liability for any action taken by any person, persons or organisation on the purported basis of information contained herein.

Without limiting the generality of the foregoing, no person, persons or organisation should invest monies or take action on reliance of the material contained herein but instead should satisfy themselves independently of the appropriateness of such action.

Hartleys Disclaimer

The information in this newsletter is confidential and may be privileged or subject to copyright. It is intended for the exclusive use of the addressee(s). If you are not the addressee, please do not copy, distribute or otherwise act on the email. If you have received the email in error, please contact the sender immediately and delete the email. The unauthorised use of this email may result in liability for breach of confidentiality, privilege or copyright.
Hartleys Limited ABN 33 104 195 057, its Directors and their Associates declare they may hold interests in/and earn brokerage, fees, commissions or other benefits from financial products mentioned in documents sent. Any financial product advice contained in this document is unsolicited general information only and does not take into account your objectives, financial situation or needs. Do not act on advice without first consulting your Investment Adviser to determine whether the advice is appropriate for you. If the advice relates to the acquisition, or possible acquisition, of a particular financial product, you should obtain a Product Disclosure Statement relating to the product, if relevant, before making any decision. Hartleys believes that any information or advice (including any financial product advice) contained in this document was accurate when issued. Hartleys however, does not warrant its accuracy or reliability. Hartleys, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.
Hartleys may collect information from you in order to provide any services you have requested. A copy of Hartleys Privacy Policy is available on www.hartleys.com.au. If you do not wish to receive further communications from Hartleys, please reply to this email and place Unsubscribe in the subject line. Please allow two weeks for your request to be processed.

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**