



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

Currency View



Introducing **Stoneturn**
Australian Mortgage
Brokers



Stock Market Update



Tax & The Aussie Expat



Our Australian Partners



Currency View



0.7536 +0.0047(+0.61%) CCY - As of Sep 19, 2016 2:51 AM EDT



The AUD lost another fraction last week as asset flows favoured the Greenback over the Aussie with mixed economic numbers out of both economies. The week began on a positive note, with the rate gaining on Monday after RBA Assistant Governor Kent stated that, "The depreciation of the Australian dollar over recent years has improved Australia's competitiveness and thereby supported production in the tradable sector. However, the depreciation didn't start in earnest until 18 months after the terms of trade had peaked. And while it is hard to be precise, our modelling suggests that the exchange rate (the real trade weighted index, or real TWI) has not depreciated by quite as much as might have been expected in response to the actual decline in the terms of trade (and the reductions in domestic interest rates)." The pair then fell sharply on Tuesday, making both its weekly high of 0.7567 and weekly low of 0.7441 despite Australian NAB Business Confidence,

which printed at 6 versus a previous reading of 4. On Wednesday, the rate consolidated at a slightly higher level after lower than expected U.S. oil inventories and import price data. The pair gained ground on Thursday after lower than expected U.S. Retail Sales data and despite Australian Employment Change, which declined -3.9K, significantly lower than the +15.2K that was expected, nevertheless, the Australian Unemployment Rate declined to 5.6% from 5.7%. The rate then declined a fraction on Friday after better than expected U.S. CPI numbers. AUD/USD closed at 0.7492, with a net loss of -0.8% for the week.

Commentary Data are the latest available as at 19 September 2016

Property & Mortgages

INTRODUCING STONETURN

SPECIALIST AUSTRALIAN DOMESTIC MORTGAGE PROVIDER FOR THE AUSSIE EXPATRIATE



Stoneturn exist to help you achieve more freedom. Freedom to own the home of your dream and freedom created from investing in property. At Stoneturn, our mission is to bring you finance and property advice you can trust.

In a nutshell

We're about all aspects of creating wealth with property. It's what we do best.

If these questions sound like you, then we're on the right track.

- Looking to upgrade the family home to make room for new additions?
- Thinking about investing in property or using the value in your property to invest in shares?
- Feeling busy with work and not getting the time to research into this?
- Wanting to build the dream home?
- Considering buy the holiday home?
- Expanding your property portfolio?
- Wanting to renovate, pay off your loans sooner, eliminate credit card debts or car loans?
- Wanting to plan for your children's education?
- Working out how property can cashflow your future dream lifestyle?

It's a bit of a journey, home buying, investing, self managing and getting the right financial solutions. Research, documentation, talking to the right people and finding the best answers. It's a journey that we're ideal for. A bit like a trustworthy sherpa, the right life coach or your hairstylist. We're that person.

It's not an opening meeting and a closing meeting with 2 emails in between.

It's ongoing support and advice through regular reviews and market updates.

We'll sit down with you and understand where you're headed, what your goals are and what you consider aspirational.

We'll then provide you with detailed advice and finance recommendations to achieve this.

We'll manage the application and coordinate with all parties.

We'll connect all the dots.

If you need extra help with legal, tax, financial advice, the property search, building and pest, we've got you covered with our close network of top property specialists.

It's been over a decade in the making and we know pathways to make it happen.

The background

These are our areas of expertise.

Economics // Credit Advice // Asset Selection and Protection // Tax Minimisation // Cash Flow Management and Planning // Risk Management // Finance // Interest Rates //

We are also a Full Member of the Mortgage and Finance Association of Australia (MFAA) and an Australian Credit Licence - so you know you're getting sound advice. Our lenders include big and small banks and credit unions, over 30 in total.

But let's talk experience.

Over \$350 million of property in 10 years? Done.

The Proof?

We are a business built on referrals. Doing business the way it matters most old school style - honest conversations and hard work.

Let's talk.

The dream family home by the beach. The private school planning. The yacht that can't wait to hit the waters. The financial freedom and security for your future. We're here for the long haul, so let's make it happen.

We're ready when you are,

To be put in contact with Alycia and team please contact AES at client.services@australiaexpat.com.au or your Advisor direct

Testimonial

“ The recent decision by many Australian banks to stop lending to non-residents almost led me to losing my deposit on a Melbourne property and if it wasn't for Alycia & her teams perseverance and can do attitude this would almost certainly have happened. I spoke with 5 banks and 3 mortgage brokers to no avail until Alycia sorted me out via Westpac and I can therefore say without reservation that this is the best team I have worked with in this area. ”

Cameron R. Knox



Stock Market Update



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

Recent Market Moves

The Aussie market spiked up in July and August and reached a 2 year high of close to 5700 on the All Ordinaries Index. The recent pullback to around 5300 provides another opportunity to add to core positions in the market, says Goodlad.

Investment Strategy - Financials

Goodlad has been 'buying the dips' in the financial sector as uncertainty about earnings growth and increased regulatory hurdles have been highlighted in the market. Stocks like CBA have declined by up to 30% from the 2015 highs. We have Accumulate recommendations on most financial companies based on strong dividend yield and a continuation of robust earnings and cost savings. He is also keen on AMP given the Government's backflip on Superannuation contributions. "This is unequivocally good news for the Financial services sector" said Goodlad.

Industrials

"Market sell downs provides good buying opportunities" said Goodlad, quoting one of his favourite maxims. He has been picking off stocks like CSL under 100 AUD and Telstra (TLS) with a 4 in front of it. He is still waiting for Wesfarmers (WES) to hit the 30s where, he says, generally repays a buy order.

Mid Caps

Goodlad is still a fan of WAM Capital Ltd (WAM) for diversified access to this space and strong yield. "Companies like Flight Centre (FLT) and Qantas (QAN) have been fluctuating wildly. The market cannot make up its mind what they are worth" and he has been buying both of these as well at the lower end of their trading ranges. "Both offer significant upside at current levels."

Energy and Resources

Goodlad is still a buyer of BHP on the increasingly rare times that it drops back "into the teens". Woodside (WPL) and Santos (STO) remain large cap favourites in the pure energy space.

Gold

"This has been a great space in 2016" says Goodlad. There is plenty of research available from Hartleys Ltd which specialises in the Junior resources and energy sectors. Current favourites include Burey Gold Ltd (BYR) for potential exploration and Metals X (MLX) for production and diversified exposure to other commodities.

A Fed Rate Rise?

This would be good news for stocks says Goodlad. After a period of short term turbulence, stock prices should resume normal trading. And the move would be based on confidence in US growth.

The yield play, i.e. buying shares for relatively high dividends compared to cash rates, will remain a significant theme, says Goodlad 'as rates are likely to remain subdued for some years to come.

Finally, one way to play a Fed rate rise is General Insurer QBE. It has been calculated that, with over 25 billion in US bonds, a 1% increase in US bond yields means an extra 250 US million in pre-tax income for QBE. Hartleys has an Accumulate recommendation on this company with a fair value target of \$14.00. The current price is 9.53.

Hartleys latest research on these companies is available via John Goodlad or your FP advisor.



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Tax & The Aussie Expat

HOW TO DEAL WITH DIGITAL ASSETS IN YOUR WILL



Background

A digital asset is anything you have rights over that exists online or in digital form including online email accounts, online bank accounts, hard storage devices, social networking accounts such as Facebook and LinkedIn, PayPal, eBay and other online shopping accounts, electronic libraries and financial accounts.

Estate Planning in the Digital Age

With advancements in information technology, comes the increase in a person's digital presence and the creation of a new category of personal property - the digital asset.

The use of filing cabinets or safety deposit boxes at a bank to store a person's important information and documentation in paper form is rapidly becoming a distant thing of the past. Instead, in this digital age, most people will have some form of online presence or online assets. Personal information, documents and assets are now being held by people in a multitude of electronic forms, either online or stored in electronic devices. Not only is our personal information stored digitally, it is now common business practice to store business and financial information in digital form, secured by usernames and passwords.

So whilst we are currently creating new digital assets at an unprecedented rate, the law that governs these intangible assets is seriously lagging behind. It is therefore, essential that you turn your mind to your digital assets when making or revising your Will.

What is a digital asset and why is it important?

A digital asset is anything you have rights over that exists online or in digital form including online email accounts, online bank accounts, hard storage devices, social networking accounts such as Facebook and LinkedIn, PayPal, eBay and other online shopping accounts, electronic libraries and financial accounts.

Digital assets may be of sentimental value only, such as family photographs and videos or, in the case of domain names and business information and contacts, can represent a valuable asset of your estate.

It is usually not an easy task to gain legal authority to access a deceased person's digital accounts or digital assets. There have been several court cases involving family members requesting access to their deceased loved one's online accounts with Facebook and Yahoo that have been unsuccessful due to no written express right to access such online accounts.

Given the rapid expansion of the digital age and digital assets, there is significant monetary and sentimental value that may be lost or rendered irretrievable if one does not comprehensively plan ahead with respect to their digital assets. Comprehensive planning involves having secure arrangements in place for access and control of your assets by another person.

We can help you

In contemporary times, when many of our assets are stored in the 'digital universe', an imperative aspect of estate planning involves accounting for these digital assets in the case of incapacity or death. Pinnacle Legal can assist in advising you and your family on how to deal with your digital assets through succession planning.

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**.

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

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Or visit our Client website at: www.australiaexpat.com.au