



The Australian

Australian Expat Investment & Taxation News

A new month and issue of **The Australian** from **Imperium Capital**.

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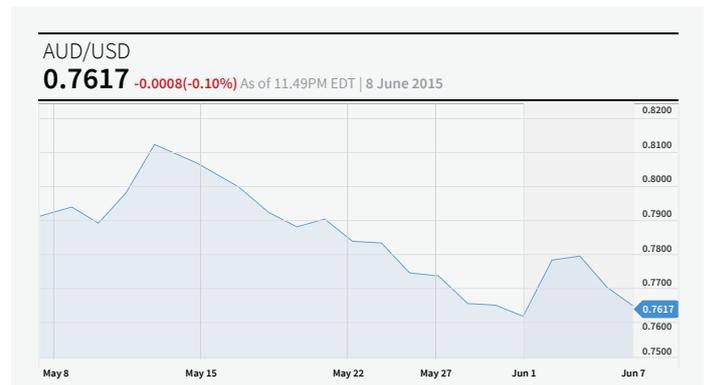
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Currency View



Last week recap (AUD/USD)

Extended its previous week's losses last week as the RBA left rates unchanged and both countries reported mixed economic numbers. The week began with the rate making its weekly low of 0.7596 on Monday after Australian Building Approvals declined -4.4% m/m, significantly lower than the -1.7% decline that was expected. On Tuesday, the pair rallied sharply after the RBA left its benchmark Cash Rate unchanged at 2.0%. In his Statement on Monetary Policy, Governor Glenn Stevens noted that, "The Australian dollar has declined noticeably against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant declines in key commodity



prices. Having eased monetary policy last month, the Board today judged that leaving the cash rate unchanged was appropriate at this meeting.” The rate then made its weekly high of 0.7818 on Wednesday after Australian GDP increased +0.9% q/q versus +0.7% expected. The pair then began selling off on Thursday after Australian Retail Sales printed a flat number m/m compared to an expected increase of +0.4%, while the Australian Trade Balance came out with a deficit of -3.89B versus an expected deficit of -2.17B with the previous number upwardly revised from -1.32B to -1.23B. The rate extended its losses on Friday after a better than expected U.S. Non-Farm Payrolls number. AUD/USD went on to close at 0.7611, with an overall decline of -0.4% for the week.

Commentary Data are the latest available as at 8 June 2015

The week ahead (AUD)

The Australian economic calendar is moderately busy this coming week, featuring key jobs data on Thursday. Sunday and Monday start the week’s highlights off with the G7 Meetings, and Sunday is an Australian Bank Holiday. Tuesday’s key events include the NAB Business Confidence survey (last 3), ANZ Job Advertisements (last 2.3%) and Home Loans (-1.8%). Wednesday then offers the Westpac Consumer Sentiment survey (last 6.4%) and a speech by RBA Governor Stevens, while Thursday features MI Inflation Expectations (last 3.6%), the Employment Change (15.2K) and the Unemployment Rate (6.2%). That concludes the week’s important data since Friday offers nothing notable. Resistance for AUD/USD is seen at 0.7682/0.7785, 0.7818/0.7937 and 0.8024/74, with support noted at 0.7617/25, 0.7597 and 0.7552/59.

Stock Market Update



The Australian stock market has settled in to a new trading range between 5500 and just shy of 6000 on the All Ordinaries Index. The recent Reserve Bank interest rate cut did not lead to renewed interest in the yield sensitive sectors of the market. Indeed the prices of many banking shares and dividend heavy stocks like Telstra actually pulled back a bit as investors had, arguably, already factored in the lower rates. This pullback has moved many of our Top 25 companies back in to the Accumulate zone. Accordingly ANZ, CBA, NAB and Westpac still present relatively better buying than several weeks ago when we had HOLD recommendation on just about all of them.

In the Industrials space ,we still have Accumulate Recommendations of Crown Resorts Limited, global health sector leader CSL and Australia's largest supermarket chain Woolworths Limited.

We still need Resources and Energy to kick if the market is to regain its pre GFC highs in absolute terms. And BHP and Santos remain our preferred counters here

We have an Accumulate recommendation on global property firm the Westfield Group (WDC)

My favourite way of covering the mid cap sector for both grown and yield is WAM Capital Ltd (WAM) which has some great stocks selected in their Listed Investment company and a 6% fully franked yield at these levels.

This a market for dollar cost averaging style accumulation. And stock selection is , as always, paramount.

Top mid cap spec buys are Ozforex (OFX) and Resmed Ltd (RMD)



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

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FOREIGN SUPERANNUATION FUNDS



The Pinnacle Group have for many years dealt with foreign superannuation funds for our clients who have moved from overseas to Australia and vice versa. However, we are increasingly turning to foreign superannuation arrangements for our clients who wish to take their fiscal retirement plans outside the hands of the fast and vastly moving Australian super environment – changes relating to fiscal access (i.e. no lump sums), tax, age of access, etc. have been muted. These changes do not strike confidence in the planning of those approaching retirement years and even for those a long way off retirement who invariably would not have a clue as to what would be needed to retire and how much would be available.

We therefore thought it timely to set out some brief facts of using a foreign superannuation strategy for part of your retirement planning.

A Pinnacle Retirement Fund is a pension or retirement trust established outside of one's current or future home country. The sole or dominant purpose of such a fund is to provide for retirement savings so that an income stream or capital lump sum can be derived on or after retirement from gainful employment. The fund is administered by an independent trustee that is not resident in one's current or future home country – Pinnacle Group entrusts respected and substantial international trustees with its trusteeships.

The fund is a private trust arrangement, meaning that an employment relationship is not necessary and family members can be added at any time. Additionally, the fund accepts personal contributions. Members can make contributions in respect of other family members. Members can make an unlimited quantum of contributions – the quantum of contributions must have a link to retirement needs, and even actuarially calculated if deemed necessary. The fund can accept any assets direct from members, excluding lifestyle assets.

Retirement events include:

1. Ceasing gainful employment prior to age 55 years for at least 6 months – accessing contributions only;
2. Attaining the age of 55 years and ceasing gainful employment from the workforce – access to all components of the fund;
3. Attaining the age of 65 (no requirement to cease gainful employment) – access to all components with no other requirements; and
4. Total and permanent disability causing cessation of gainful employment – access to all components of the fund.

The concept of a private pension trust, such as a Pinnacle Retirement Fund, is similar to that of an Australian complying superannuation fund.

Each client/member has their own separate fund – clients/members are not part of a larger master trust arrangement. Investments can include:

1. Clients/members own banking relationship; and
2. Private assets, e.g. shares in private companies, property, etc.

The relationships within the fund are:

1. The Trustee = strategic and high level decision making processes, such as formulating the investment strategy and day-to-day administrator of the fund.
2. Pinnacle Group = ensures integrity of the deed and the fund mechanics.
3. Fund Manager = if you have a relationship with a fund manager, this relationship does not change (i.e. the Trustee would seek advice from your fund manager to assist in formulating the investment strategy of the fund and the Trustee would implement that investment strategy).

The contribution of non-financial assets (e.g. private company shares, property, etc.) requires approval by the Trustee's Advisory Committee – turnaround time on approval is generally a 24-48 hour period depending on the nature of the investment.

Benefit payments – simply complete the benefit payment request form and lodge it with the Trustee for processing. Timing of the payment will depend on the nature of investments within the fund (e.g. if cash is held, benefit payments are generally processed within a 24 hour period).

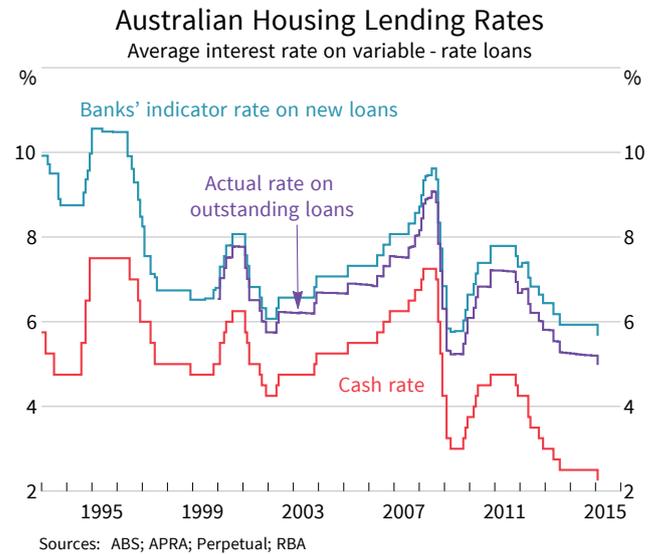
The tax consequences of the accumulations of the fund or benefit payments from the fund can be discussed on a case-by-case basis.

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**.

Mortgage Rates

As Economists debate RBA thinking and the future of the Cash Rate in Australia, variable interest rates have dropped to their lowest in a generation. Rates around 4.40% and in some cases lower are on offer, subject to meeting the banks' lending criteria. Fixed rates as low as 4.28% are on offer for 3 year terms and some lenders are offering 5 year fixed rates @ 4.59%.

If the RBA drops the Cash Rate further we would expect to see lenders pass on reductions in variable rates, however fixed rates may have plateaued due to the changing interest rate landscape outside Australia.



Client Wins

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.

We’ve helped them with:

- We’ve helped a gentleman in Australia with health issues still get life insurance to protect his young family
- We worked with a young man to wipe out his personal debt and build a plan to buy his first home and build his investment portfolio

Client Testimonials

“ I’ve been dealing with Cameron, Darren and their team for just on 5 years now. In all my dealings there has been a complete commitment to ensure I knew both the benefits and the risks involved with clear advice on what was the best direction to follow. I have seen solid growth in all my Investments with an overall return of just on 12% PA over 3 years on one of their recommendations. ”

George R - Aftersales Regional Manager – APAC





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