GDA
Your Private Wealth Specialists

WINTER 2021

INSIDE THIS ISSUE

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OPINION

CHAIRMAN'S VIEW

Spring is fast approaching with the first blossoms already out, for me personally it is always a welcome sight. It shows change is occurring and will continue to occur. The Olympics, after much difficulty, has been successfully completed and the stories of courage, perseverance and the ability to overcome difficulties to ultimately achieve success is a credit to the people involved.
As an Australian of the "boomer" generation, you know the generation, the one that is responsible for all the ills of the world, I grew up in a country where you were encouraged to compete, to try to win, but if you lost to do so gracefully. You might compare that with today, where some schools actively discourage keeping score because some feelings might be hurt. As a "boomer" we are in the grandparent stage of our life, 17 grand children and counting, and I can tell you the majority are very competitive. A parent made an interesting comment to me regarding the nonsense of not keeping score. She simply said you ask them what the score is, and they will tell you.

There is healthy competition between the various states, particularly in sports, but there was an overall emphasis on being Australian. Seeing the behaviour of some of the state Premiers during Covid-19 has been interesting to say the least. It has been state against state and often as not, state against the federal government. Anything they could say to defer, shift blame or win points was generally said.

I don't think it is a coincidence that this point scoring coincides with some state elections and that there is a federal election due. It is my view that most of it is self-serving and politically motivated. Bipartisanship with something as important as Covid-19 would have been more productive, but generally it has been the opposite.

I often wish that change for the better was occurring with politicians, public servants and decision making in general, but with some exceptions if anything it appears to me to be getting worse. Decisions seem to be made to fit with 24 hour or less news cycles. It was interesting chatting with John Hewson who led the Liberal Party 1990-94. He made the same comment about the news cycles, many politicians are simply not prepared to stand up, say what needs to be done and then deliver it. Every government, business, and individual makes mistakes, unfortunately too few are prepared to acknowledge them and learn from them. In discussion with a current "Green" politician in a one on one conversation, I asked whether world population growth is considered by the Greens to be a factor in climate change and if so would they develop policy around this. The answer was interesting- " … a number of us do think it is important but politically it is simply not possible. We would hope people are smart enough to work it out." My response was along the lines of you must still believe in the tooth fairy if you believe that anyone would work on reducing world population growth and act on it.

Announcing a policy or a strategy is one thing, creating and implementing the policies to make it work is all together something different. I see Joe Biden recently made an announcement that he is setting a goal for 50% of all cars sold in America to be electric by 2030 and that we need to grow "good paying Union jobs". Again, it is political, what does "Union jobs" have to do with it. Highly paid union jobs without productivity increases worked well in Australia, it certainly played a role in General Motors Holden, Ford, Mitsubishi, and Toyota closing their factories in Australia. As we move into the future with the new factories being built more and more robotics will be involved in lieu of people, maybe the union can find away to make them members.

Politicians and public servants talk about difficult times because of Covid-19 and that we are all in it together, that is correct in the sense that we can all get Covid-19 and some of us may die or lose people close to us, very sadly we are all human and the reality is it happens all the time because of illness and accidents. Where people are not in it together is financially, many in fact have been better off as a result of job keeper and or business subsidies while others have lost their business, their employment and face a very difficult future. The mixed messages on various vaccines coming from politicians, health organisations, vested interests and the lunatic fringe have all contributed to the slow vaccination rate. To date, we in Tasmania have fared better than most other states but that may not always be the case.

Every person is entitled to their opinion, as people who read this would know I obviously hold some and fully understand that not everybody would agree with all of them or perhaps any of them, but we do live in a free world, though in many places that freedom is diminishing.

John Fairlie*, Chairman*

GDA Diversified Property Trust Update

We are excited and pleased to announce that the GDA Diversified Property Trust has entered into a contract to purchase the Noosa Outlook Shopping Centre located in Tewantin, QLD. The Centre is a fully leased neighbourhood centre located in one of Noosa's highest growth suburbs. With a Weighted Average Lease Profile of approximately 5.09 years (by income) and anchored by an IGA Supermarket, the tenancy mix of this centre ideally services the surrounding residential area of Tewantin.

This property is a welcome addition to the Trust and increases our portfolio to 8 properties. It is the fourth property added to the portfolio since September 2017 and further increases the diversity of the portfolio by adding a Retail asset to the existing Industrial, Office and Tourism and Leisure sector mix. This Noosa acquisition adds to our Ashgrove and Ormeau properties in Queensland. We expect Settlement to occur in late September.

In addition to the abovementioned acquisition, a new lease was entered into with the tenant at 579 South Road, Regency Park SA which will see them enter into a new 3 year lease following the completion of some minor works.

Performance

The Trust continued to perform strongly with a total return of 15.37% over the last 12 months to 30 June 2021, subject to completion of the audit for the Trust. The Trust's annualised performance for the last 10 years is summarised below.

Performance[1]	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Distribution Return	6.75	6.45	6.50	7.02	7.52	7.20
Growth Return	8.62	4.38	4.26	6.24	5.48	3.13
Total Return	15.37	10.83	10.76	13.26	13.00	10.33

[1] As at 30 June 2021(subject to audit)

Open for Investment

The GDA Diversified Property Trust is open for investment and a Product Disclosure Statement (PDS) to invest in the Trust is available. For more information contact your financial advisor or call us directly on (03) 6234 4413 to obtain a copy of the PDS or alternatively you can access a copy of the PDS on our website at www.gdagroup.com.au/the-fund/.

Speaking Up Against Financial Elder Abuse

Australians from all walks of life are being urged to speak up if they suspect they or someone they know are being subjected to financial elder abuse.

Marking World Elder Abuse Awareness Day on June 15, Elder Abuse Action Australia (EAAA) urged Australians to understand the red flags for financial elder abuse.

Well Meaning

Financial abuse often starts as a well-meaning agreement by a parent to sell their home to help pay their child's mortgage. In return, they move in with the child's family with the expectation of care and companionship.

But the parent could be left out of pocket if the living arrangement doesn't work out and there isn't a written record of their investment.

One of the problems is that family agreements are often oral with no paper trail.

Family Harmony

Another cause of elder financial abuse is so-called inheritance impatience or early inheritance syndrome. In these cases, an adult child may become frustrated by a parent's longevity and coerce them into giving them a portion of their inheritance in advance.

6 Red Flags For Elder Abuse

- Unexplained Inability to pay bills
- Significant bank withdrawals
- Changes to wills
- Blocked access to bank accounts or statements
- An Empty Fridge
- No money to pay for home essentials like food, clothing and utilities

Moral Obligations

Australians from all walks of life are being urged to speak up if they suspect they or someone they know are being subjected to financial elder abuse.

"Speaking up against financial elder abuse"
Money & Life
*For a copy of the complete article please contact our office.

Coronavirus: Five Reasons for Optimism

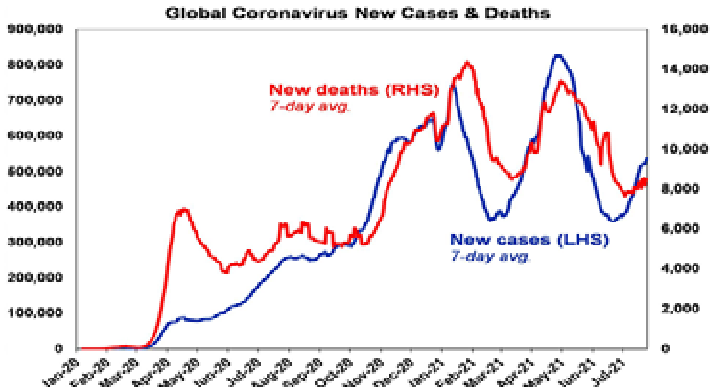
It seems the bad news on coronavirus doesn't let up. The lockdown in NSW looks like going longer. There is endless debate about whether governments are doing the right thing, whether the vaccines will work and when we can reopen. And coronavirus cases are on the rise again, globally posing risks to the economic recovery. But there remains light at the end of the tunnel.

1 Lockdowns still work against the Delta variant. This is being seen in various Asian countries and in Australia, with Victoria, Queensland, WA & SA all managing Delta outbreaks with short lockdowns and able to reopen again without getting everyone vaccinated. The key difference versus NSW was that they started earlier in terms of the new daily case load (1-10 a day v nearly 30 in NSW) & went harder up front. SA has ended its snap lockdown and Victoria has announced the end of its.

While it may take longer in NSW because it started later, new cases are not exploding despite the Delta variant. In fact, the rate of increase is slower than seen in the Victorian wave from mid-last year. This suggests the NSW lockdown is helping – it started earlier than Victoria's did last year, having had 3.5 million vaccines already administer in NSW may also be helping. So, while the lockdown is taking longer than expected and may have to be tightened – it does appear to be helping with the experience of other states telling us they still work. They just need to start earlier and harder if we want them to be short.

2 Vaccines are working. While the UK, US and Europe have seen a rise in new cases, hospitalisations and new deaths are more subdued this time around. This is clear in the UK – which has also seen new cases fall in the last week (vaccines helping slow the spread or it could just be an aberration?)

This is all consistent with vaccines being 90% plus effective in preventing the need for hospitalisation and deaths, even though they're less effective in preventing infection (61% for AstraZeneca and 82% for Pfizer/Moderna with respect to Delta) & only 47% effective in preventing onwards transmission based on UK data. The success of the vaccines can also be seen in the US with per capita new cases and hospitalisations in the top quartile of vaccinated states up to 25% below that in the bottom quartile of unvaccinated states. Ideally, these countries should be waiting till they reach 80% or so vaccinated before fully reopening (as Singapore is) to reduce the risk of problems with overwhelmed hospitals. With older and more at-risk people close to being fully vaccinated this should be manageable with restrictions (like masks & distancing) rather than hard lockdowns. And so, the recovery should be able to continue.



3 The experience of the last year has demonstrated repeatedly that once lockdowns end economic activity rebounds rapidly propelled in part by pent up demand. We are starting to see this in Europe where confidence and business conditions have rebounded above that in Australia and the US thanks to its reopening (after a double dip recession in the December and March quarters). It has been seen repeatedly in Australia after the numerous lockdowns (including the 3-4 month Victorian lockdown last year). Ramped up Government support points to the same happening again in NSW through the December quarter serving to get the recovery back on track.

4 The threat posed by Delta will add to pressure for more fiscal stimulus and ease the way for increased monetary policy. It will increase pressure in the US to pass President Biden's $4 trillion eight-year American Jobs and Families Plans and will help keep the Fed dovish. Pressure for more stimulus (back to JobKeeper) is also ramping up in Australia and it will likely see the RBA delay its decision to reduce bond buying.

5 The pace of vaccination in Australia is ramping up rapidly. Last week was the first with over 1 million vaccinations. At the rate of 1 million vaccines a week Australia will hit 60% vaccinated by around year end and 80% by mid-March. If we ramp it up to 1.5 million doses a week as global vaccine production ramps up, it will be 60% by mid-November and 80% by early January. Beyond around 80% fully vaccinated we should (new mutations aside) be able to start to live with coronavirus in the community without overwhelming the health care system and keeping deaths down. This is the only way to end the snap lockdowns in a way that does not risk Australians' health and the economy. Because as we saw last year, countries that were lax in controlling coronavirus and allowed deaths to surge saw a bigger hit to their economies.

"Coronavirus continues to cause havoc globally and in Australia – but here are five reasons for optimism" Shane Oliver
*For a copy of the complete article please contact our office.

Percentage of Population Vaccinated

Location	One Dose	Two Doses
Global	28%	14%
Emerging Countries	31%	12%
Poor Countries	8%	4%
Canada	72%	56%
Singapore	75%	54%
UK	70%	56%
US	58%	50%
Europe	57%	46%
Australia	31%	13%

Source: ourworldindata.org, AMP Capital

MONEY MATTERS

Economic News

Australia

The RBA left the cash rate unchanged at a record low of 0.1% during its July meeting, as widely expected. Policymakers reaffirmed their commitment to maintaining highly supportive monetary conditions until at least 2024 when actual inflation is expected to be within the 2-3% target. The labour market has continued to recover faster than expected with the unemployment rate at 5.1 per cent in May and more Australians have jobs than before the pandemic. Despite this strong recovery in jobs and reports of labour shortages, inflation and wage outcomes remain subdued.

The Westpac-Melbourne index of Consumer Sentiment fell 5.2% to 107.2 in June, largely due to concerns about the two week lockdown in Melbourne as the survey was conducted in the first week of the lockdown.

May's labour force survey showed employment rose 115,200 during the month, beating expectations for a 30,000 increase. Part-time employment rose 97,500 and full time employment 17,700. The participation rate rose from 66.0% to 66.20% and the unemployment rate unexpectedly dropped to a 17 month low of 5.1%. The Markit manufacturing PMI index fell 1.8pts to 58.6 in June, slightly higher than the estimate of 58.4 as factory orders and output slowed and employment growth momentum eased.

Global

Global Covid-19 cases continue to rise with numbers just surpassing 183 million cases. This represents an increase of about 13 million in the month. Delivery of vaccines continues to rise and the UK reports over 84.9% of adults have received their first dose while 62.4% had received both. With a record number of cases recorded in Africa, the IMF has urged the G20 to do more to end the growing divergence of vaccine distribution. This comes on the back of the G7 agreeing to distribute 870m surplus vaccines this year.

Key economic indicators continue to improve generally, with a number of leading economies beginning to report modest increases in inflation.

The United States continued to reopen, with 64.5% of the adult population fully vaccinated by the July 4th holiday, just shy of the 70% target President Biden set for the vaccination 'month of action' referendum. In our view GBP/USD would lift some 8% to 10% if the "remain in the EU" option eventuates.

US Non-farm payrolls surprised in June, adding 850,000 jobs, well ahead of the 700,000 jobs expected. The unemployment rate increased from 5.8% to 5.9%, with the participation rate largely unchanged at 61.6%. Average hourly earnings increasing 0.3% in the month, slightly lower than the 0.4% expected. The second estimate for Q1 GDP came in unchanged at a 6.4% annual growth rate, whilst personal consumption expenditures were unchanged in May following the April increase to an 11.3% annual rate. Durable goods orders rebounded from the April fall, increasing 2.3%, but below the market expectations of a 3.8% rise.

As expected, the PMI Composite Index fell 5 points 63.7 in June, reversing the gains made in May, with the services PMI down from 70.4 to 64.6. The ISM non-manufacturing PMI disappointed, falling from 64.0 to 60.1, well below the expected 63.5. The Philadelphia Fed Manufacturing Index fell for the second month to 30.7, whilst the Chicago PMI index also fell to 66.1, well below the market forecasts of 70. Personal incomes fell 2.0% in May (-2.5% expected), as government social benefits were further rolled off (the withdrawal of stimulus is recorded as a drop in personal income), while personal spending rose at 0.1%, below the expectation of 0.4%. The international goods trade deficit widened to $88.1 billion in May, coming in above expectations of $ 84.0 billion.

Eurozone economic sentiment increased 3.4pts to 117.9 in June, beating expectations of 116.5, taking it just below the 21 year high of 118.20 in May 2000. Sentiment was supported by hopes of a strong economic recovery, particularly, among service providers with the highest sentiment since August 2007. The ECB also revised up its GDP projections for 2021 and 2022 to 4.6% and 4.7%, respectively.

The June Markit manufacturing PMI achieved record high of 63.4, from an expected 63.1, marking the twelfth successive month of expansion in the sector. The Markit Composite PMI increased to 59.5 in June, broadly in line with expectations, whilst Retail sales surged 4.6% in May of 2021, following an upwardly revised 3.9% drop in the previous month and slightly higher than forecasts of a 4.4% increase. CPI eased to 1.9% in June from a two year high of 2% in May.

PPI grew 1.3% in May, slightly higher than the expected 1.2% and taking the year on year increase to 9.6% The unemployment rate fell to 7.9%% slightly below expectations of 8.0.

In the UK, the Markit/CIPS Composite PMI fell to 62.2, slightly ahead of expectations of 61.7. Retail sales volumes declined by 1.4% in May 2021 following a sharp increase in April when retail restrictions were eased. Despite the monthly decline, total retail sales were up 9.1% when compared with their pre-pandemic February 2020 levels. The PMI Composite Index came in at 62.2, ahead of expectations of 61.7. The United Kingdom's Covid-19 vaccine accelerated in June, with 62.4% of adults fully vaccinated and 84.9% having received at least one dose by the end of the month.

China's inflation data disappointed in May, with month-on-month inflation contracting 0.2% (-0.1% expected), with the yearly inflation rate coming in at 1.3%, below expectations of1.6%. The unemployment rate fell in May to 5.0%, the lowest rate in two years. Retail sales slowed to 12.4% year-on-year in May 2021, missing the expectations of 13.6% and pulling back from the 17.7% increase in April.

The Caixin Composite PMI fell 3.2pts to 50.6 in May, below expectations of 53.6. This was the lowest reading since April 2020, due to concerns over the epidemic situation in the export hub of Guangdong that led to a reintroduction of travel restrictions.

The Chinese government announced that they were moving away from the reliance on Australian iron ore, but this had little effect on iron ore prices as they peaked at US$229.50.

Despite progress in the vaccine rollout across the developed world, case numbers are spiking in Asia where vaccines have been slower to roll out. Concerns regarding a global re-opening have been renewed as restrictions on mobility have re-emerged. Late in June, Japan again extended its state of emergency ahead of the Olympic Games.

The Japan consumer confidence index increased by 3.3 points to 37.4 in June (33.0 expected), marking the strongest reading since February 2020, as all main sub-indices improved. Retail sales fell 0.4% in May, well below expectations of 1.9% growth, as the yearly rate rose 8.20% (7.9% expected), marking the third straight month of increases, as consumption recovered further from the Covid-19 disruption. The central bank also extended the September deadline for its pandemic-relief programme by six months. CPI expanded 0.3% in May, ahead of expectations of 0.1%, as the yearly rate improved to-0.1%.

Currencies

The Australian dollar reversed its recent strength somewhat in May, falling -0.66% against the US dollar and -1.40% in trade-weighted terms. Weaker-than-expected US jobs report has raised expectations that the US Fed will keep rates on hold for longer, although the RBA has also indicated that it will remain highly accommodative until 2024.

Month in Review, Lonsec, July 2021

*For a copy of the complete article please contact our office.

S&P/ASX 200 Performance for the year to June

Best Performers		Worst Performers	
Chalice Mining Ltd	645.73%	A2 Milk Company	-67.85%
Pilbara Minerals Ltd	522.58%	Appen Ltd	-59.72%
Hub24 Ltd	207.22%	Regis Resources	-51.69%
Lynas Rare Earths Ltd	199.17%	AGL Energy	-48.16%
Orocobre Ltd	180.09%	St Barbara Ltd	-16.82%