GDA
Your Private Wealth Specialists

2024

INSIDE THIS ISSUE

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GDA NEWS

We are excited to share some achievements and community initiatives that reflect our commitment to excellence and support for the community.

Award Recognition

Fund Manager of the Year

We are thrilled to announce that the GDA Diversified Property Trust has been awarded the prestigious Fund Manager of the Year Award for the Direct Property category at the 2024 Financial Newswire/SQM Research Fund Manager of the Year Awards. This accolade recognizes the best Australian Wealth Fund Managers across 21 investment categories.

This award reaffirms our investment philosophy focused on delivering strong, consistent income alongside potential for capital growth for our investors.

Multiple Nominations at the Australian Financial Industry Awards 2024

We are also delighted to announce that we have received multiple nominations as a finalist in the Australian Financial Industry Awards 2024, organised by the Institute of Financial Professionals Australia (IFPA). We proudly stand as finalists for:

- Financial Services Practice of the Year
- Michael Driessen as Financial Adviser of the Year

These nominations celebrate the leading individuals and practices shaping the financial landscape in Australia and reflect our team's dedication to providing exceptional service and value to our clients.

Community Engagement

Royal Hobart Art Show Sponsorship

We were proud to sponsor the annual Rotary Club of Hobart Art Show, held at Wrest Point Casino. This event serves as a vibrant platform for young, emerging, and experienced Tasmanian artists to showcase their talents while raising funds for the Rotary Club. This year, the Club aims to raise and donate $100,000 to support both local and international community projects.

GDA specifically sponsored the 'City of Hobart' category. This year's winner, Lauren McLennan, was recognized for her piece 'Hobart 100,' which celebrates a century of Hobart's rich history and coincides with the Club's 100th anniversary.

Thank you for being a valued part of the GDA community.

WHO IS A SPOUSE UNDER THE TAX LAWS, AND WHY DOES IT MATTER?

While Australia doesn't have a joint filing option for married couples, there are some aspects of your individual tax assessment that depend on your spouse's income.

For example, your eligibility for the private health insurance rebate and your liability for the Medicare Levy Surcharge both take into account your spouse's income. Other tax attributes affected by your spouse's income include the senior and pensioner tax offset, the Medicare Levy reduction for families, the zone and overseas forces tax offsets, and the invalid and invalid carer offset.

Under Australian tax law, a spouse is a person (of any gender) with whom you were in a relationship that was registered under a prescribed State or Territory law, or not legally married, but who lived with you on a genuine domestic basis in a partnership as a couple.

So, spouses are either legally married or living in a de facto relationship under the same roof. Note the additional requirement for cohabitation for de facto couples, which is in itself evidence of the relationship.

Sounds simple enough, but here are some commonly asked questions about spouses:

WHAT ABOUT OVERSEAS MARRIAGES?

Many marriages for Australian residents took place in other jurisdictions. The Marriages Act has reciprocal provisions and most overseas marriages are recognised in Australia.

WHAT IF MY SPOUSE IS STILL A FOREIGN RESIDENT?

Sometimes visa requirements prevent both spouses from entering Australia at the same time. Where this occurs and the parties are legally married. the foreign partner is regarded as a spouse. All their global income needs to be disclosed in the Australian tax return of the resident partner. Where the parties are in a de facto relationship and they are not cohabiting, the foreign partner will not be treated as a spouse under the tax rules.

WHAT IF I DON'T KNOW MY SPOUSE'S INCOME?

You might need to lodge by 31 October but your partner runs a business and uses his tax agent's extension to lodge by the following May Or you and your partner may be going through a difficult separation and the communication process is far from ideal. Make your best estimate, based on what you know about their affairs. If you have acted in good faith you won't be penalised for getting it wrong, although the Tax Office might adjust your return down the track.

WHAT IF MY RELATIONSHIP LASTED FOR LESS THAN A YEAR?

Most people don't start or finish relationships on 1st July. There is space on your tax return to indicate when you have started or finished a spousal relationship part way through the year of income. The Tax Office will pro-rate the various tax rebates or surcharges as necessary.

WHAT IF I AM SEPARATED BUT NOT DIVORCED?

Couples who are legally married but who subsequently separate continue to be spouses until their divorce is finalised. On the other hand, couples who were in a de facto relationship but who subsequently separate cease to be regarded as spouses from the time they are no longer cohabiting.

DOES COHABITING NEED TO BE FULL-TIME FOR A COUPLE TO BE REGARDED AS BEING IN A DE FACTO RELATIONSHIP?

Some couples prefer to maintain their own respective households while engaging in a co-dependent intimate relationship with another person. They might spend a number of nights together at either one of their homes but also spend time apart which gives them independence and makes their relationship work.

These things are a question of fact and degree. If the couple spend most nights together at one place or the other and conduct themselves as a couple they might be regarded as being in a de facto relationship.

If they were legally married this would not be an issue, as they would be regarded as each other's spouse regardless of how much time they spend apart. Perhaps not the most romantic reason for popping the question but marriage would sort out any tax uncertainty there might be.

SETTING UP AN SMSF - Who can join the fund

The rules

The answer is practically anyone can set up a SMSF together. You can have up to six people in an SMSF. and they're often family members. The most common setup is you and your partner running the fund together, or just you if you're single. But it doesn't stop there. It is also common for business partners to set up an SMSF together, and in other cases, children may also join their parents' SMSF. As can be seen,other setups are possible.

Business partners

As mentioned above, it is possible for business partners to set up an SMSF together. However there is a catch- that is, no fund member can be employed by another member unless they're related.To be clear, the rules allow two people who are directors of a company which owns the business to set up a fund together, however it is not possible if one person is not a director- in this case, it's only allowed if you are relatives.

Your children

It is also possible for your children, regardless of their age, to join your fund. However, if your child is under 18, they can't be a trustee, so you as their parent would be the trustee on their behalf and handle that role for them. Once they're over 18, they must be a trustee unless they give someone else the power to act on their behalf by granting them an enduring power of attorney.

The number one thing to keep in mind when sharing an SMSF

Shared responsibility! As a rule, all members are usually trustees, meaning you'll share the obligations of managing the SMSF and making decisions.This means you generally won't be able to act entirely on your own and will require everyone's agreement when it comes to making decisions impacting your fund.

Change of mind and exit plan

If down the track you want to separate off into different funds, someone will have to exit the fund.This could involve selling assets or transferring them to a new fund, which might trigger capital gains tax or stamp duty issues.

When setting up your SMSF, it is important to also consider your exit plan as there will come a time when your benefit eventually needs to be paid out of the fund- this will usually happen when specific life events occur which may trigger an exit. As such, its best to plan well ahead and deal with this consideration upfront to avoid future disputes and tax implications later on.

MONEY MATTERS

RIDING THE MARKET WAVES

Market volatility

Market downturns can make anyone nervous, but sticking to your investment strategy is key.

If you move your investments to cash or a more conservative option after the market has fallen, you're effectively locking in your losses. Decisions driven by fear are rarely the right ones, and acting impulsively can be costly. It is also very difficult (if not impossible) to correctly time the market. so if you're planning to switch back to growth assets before the market recovers, this might see you miss out on the rebound.

A more optimistic view of a falling market is that your regular superannuation contributions are buying assets at a lower price. When the market eventually recovers, those assets purchased during the downturn can significantly increase in value.

Don't panic and stay the course

Riding the ups and downs of financial markets is an inherent aspect of investing.

Although market volatility can be stressful, particularly for those nearing or in retirement. it's crucial to keep a long-term perspective and stick to your investment strategy (assuming it still meets your needs). Even those approaching retirement. or already retired, still have many years of investing ahead.

And if like most people your superannuation benefits are invested in a balanced or growth option, diversification plays a key role in shielding your balance from extreme market swings. That in turn allows you to have a diversified position and be confident that your superannuation can stay the course over time.

For those in a large APRA-regulated fund, most funds have pre-mixed diversified options for you to choose from. Otherwise if you have your own SMSF, you'll need to ensure your investment strategy factors in a range of requirements such as diversification, the risk and return in making

investments. and so on. As trustee or director of your fund, you will need to manage this yourself or seek advice from a licensed financial adviser who can assist you in developing a compliant strategy that is tailored to your fund and members' circumstances.

But if market volatility continues to keep you up at night, it might be wise to check your investments and superannuation balance less often. By focusing on the long-term rather than daily fluctuations. you'll havea clearer perspective on your financial progress without unnecessary worry.

The last word

As the investment saying goes, "it's not about timing the market, it's about time in the market". The key takeaway is to stay patient. adhere to the fundamental principles of diversification and asset allocation and as always, don't hesitate to seek advice if you need it .

MAKING CONTRIBUTIONS LATER IN LIFE

Superannuation laws have been simplified over recent years to allow older Australians to top up their superannuation. Below is a summary of what you need to know when making superannuaiton contributions.

Adding to super

The two main types of contributions that canbe made to superannuation are called concessional contributions and non-concessional contributions.

Concessional contributions are before-tax contributions and are generally taxed at 15% within your fund. This is the most common type of contribution individuals receive as it includes superannuation guarantee payments your employer makes into your fund on your behalf. Other types of concessional contributions include salary sacrifice contributions and tax-deductible personal contributions.The government sets limits on how much money you can add to your superannuation each year. Currently, the annual concessional contribution cap is $30,000 in 2024/25.

Non-concessional contributions are voluntary contributions you can make from your after-tax dollars. For example. you may wish to make extra contributions using funds from your bank account or other savings. As such. non-concessional contributions are an after-tax contribution because you have already paid tax on these funds. Currently, the annual non-concessional contribution cap is $720,000 in 2024/25.

Super contribution options for people under 75

If you're under 75, you can make and receive various types of contributions to your superannuation. such as:

- Compulsory superannuation guarantee contributions
- Salary sacrifice contributions
- Personal non-concessional (after-tax) contributions
- Contributions from your spouse
- Downsizer contributions from selling your home

Work test rule relaxed

After age 67, you'Il need to meet the "work test" or qualify for a "work-test exemption" to make personal tax-deductible contributions. To satisfy the work test, you must work at least 40 hours during a consecutive 30-day period each financial year. Prior to 1July 2022, the work test applied to most contributions made by individuals aged between 67 to 75, but now it only needs to be met for personal tax-deductible contributions. The good news is that you don't need to meet the work test for other types of contributions, so being retired won't stop you from contributing to superannuation.

If you don't meet the work test condition, you can use the "work test exemption" on a one-off basis if your total superannuation balance on the previous 30 June was less than $300,000 and you satisfied the work test requirements last financial year. Meeting this requirement will allow you to also make personal tax-deductible contributions to superannuation.

Super contribution options for people over 75

Once you turn 75, most superannuation contributions are no longer allowed. The only exceptions are compulsory superannuation guarantee contributions from your employer (if you're still working) and downsizer contributions from selling your home.

If you're about to turn 75 or have just passed that milestone, you still have one final chance to make or receive other contributions. Superannuation funds can accept contributions for up to 28 days after the month you turn 75. For example, if you turn age 75 in October, the contribution must be received by your superannuation fund by 28 November.

Final Word

Changes to the contribution rules now allow more flexibility for people in their 60s and 70s to add to their superannuation. So whether you are still working or retired, you can continue to make superannuation contributions to benefit you in retirement and beyond.

ECONOMIC NEWS

Market Key Points

- The Australian equity market had a strong month rising 3.0%, supported by a rally in the Materials sector. More defensive sectors, for example Health Care and Consumer Staples were the notable weak spots.
- Of note globally was the rally in Chinese equities with the CSI 300 Index (CNY) jumping 21.1%.

Australian Equities

The ASX 200 closed September at a new record high, reaching 8269 points. The Index finished up 3.0%, buoyed by the US Federal Reserve's first interest rate cut and the Chinese government's stimulus package.

Sector returns were relatively concentrated. Materials led with a gain of 13.1%, followed by Information Technology (7.4%) and Property (6.6%). Health Care (-3.2%) and Consumer Staples (-1.7%) were the worst-performing sectors, with Communications (-0.9%) also in the red.

China's announcement of a substantial stimulus package boosted Australian mining stocks. The notable rebound in commodity prices was a welcome positive for struggling names such as Rio Tinto, BHP, and Fortescue, all of which posted double-digit monthly returns.

Health Care was dragged down by CSL, the largest company in the sector, whose share price ended the month lower after issuing softer guidance for the 2025 financial year. Meanwhile, in Consumer Staples, Woolworths and Coles shares dipped on news that the ACCC is taking the companies to court over allegedly misleading consumers on pricing discounts.

Overall, September was a positive month for the Index, driven by encouraging news from the US and China.

Global equities

Emerging Markets outperformed developed markets in September with Developed markets losing-0.47% (MSCI World Ex-Australia Index (AUD)) versus a 4.33% return (MSCI Emerging Markets Index (AUD)) as appetite for Chinese companies continues to rebound.

US markets continued to hit new all-time highs in September with the Federal Reserve cutting rates by 50 basis points, the first cut in four years, as economic data remained upbeat. The S&P 500 had the best performing September in eleven years with a gain of 2.02% (in local currency terms) as companies recorded strong earnings growth of 11.3%, the best performing quarter since Q4 2021. US-mega-cap stocks boosted markets, with the Nasdaq 100 Index gaining 2.5% (in local currency terms) recovering from a lacklustre July and August.

Chinese equities were among the best performing markets in September with the CSI 300 Index gaining a massive 21.11% (in local currency terms) as authorities announced new stimulus measures to help boost the economy, specifically the property sector and equities markets. The Chinese central bank cut key interest rates and continued to pledge further support and inject liquidity into the financial system. The news of new stimulus measures pushed the Hang Seng Index up 18.32% (in local currency terms).

Property

The S&P/ASX 200 A-REIT Accumulation Index TR accelerated significantly in September, with the index finishing the month 6.58% higher and up 47.00% YTD. Global real estate equities moderated (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged)) advancing 2.32% for the month. Australian infrastructure continued its the trend seen in July, with the S&P/ASX Infrastructure Index TR returning 1.52% for the month and up 9.08% YTD.

September saw increased activity relative to August on the M&A front across the A-REIT sector. Six Growthpoint Properties Australia (GOZ) industrial properties will be acquired (up to an 80% interest) by TPG Angelo Gordan, a US based global alternative investment manager. Hotel Property Investments has rejected a $3.65-per-share offer from Charter Hall Retail REIT (CQR), which presently has a 15% stake in the firm. They have cited an undervalued offer as grounds for the rejection. Stockland Group (SGP) has received ACCC clearance for the acquisition of Lendlease's MPC projects, which will require divestment of its master planned community project in Illawarra, NSW. National Storage REIT (NSR) has settled the issue of AUD$300m 3.625% guaranteed exchangeable notes due in 2029, listed on the Singapore Exchange (ST: SGX).

The Australian residential property market experienced an increase of +0.5% Month on Month (as represented by CoreLogic's five capital city aggregate). Perth continued its strong run and was the biggest riser (+1.6%, 24.1% YoY), followed by Adelaide (+1.3%) and Brisbane (+0.9%). In contrast, Melbourne continued to experience a fall in value (-0.1%) alongside Canberra (-0.3%) while Hobart (-0.4%) was the worst performer.

Fixed Income

In September, the Australian bond market remained stable, while globally, falling yields resulting from investor reactions to central banks cutting interest rates led to positive returns for the month.

Economic Key Points

- The RBA kept rates at 4.35% as inflation remains too high and flagged that policy would continue to be restrictive for some time.
- Australian annual inflation eased to 2.7%, below expectations.
- The Fed and ECB cut interest rates to 5.0% and 3.65% respectively. The BoE held the rate at 5.0%.

Australia

The RBA kept interest rates on hold at 4.35% at the September meeting, as widely expected, keeping borrowing costs unchanged now for the seventh consecutive meeting. The Central Bank continue to view inflation as being too high, continuing to rely on data to influence decision making and stating that policy would need to continue to be restrictive for some time. RBA to release minutes from its September meeting where it kept rates on hold at 12-year high of 4.35%. Following the meeting RBA governor Michele Bullock said the board did not explicitly consider a rate hike for the first time since Mar 2024.

The monthly CPI indicator rose 2.7 per cent in the 12 months to August down from 3.5 per cent in July. This fall largely reflected a record 17.9 per cent annual drop in the price of electricity on the back of the combined impact of Commonwealth Energy Bill Relief Fund rebates and state government rebates in Queensland, Western Australia and Tasmania. .Retail sales rose 0.7% in August, above the forecast 0.4% as spending was boosted by warmer than usual weather. Annual sales increased 3.1% in the same period.

The unemployment rate remained steady in August, coming in at 4.2 per cent, but employment growth remained ahead of market expectations at 47,000.The Westpac-Melbourne Institute Consumer Sentiment Index decreased to 84.6 in September on renewed concerns that the economy is headed for a hard landing, Consumers were less fearful of interest rate rises but more unsettled about their job security.

Composite PMI fell to 49.6 in September, driven by a sharp drop in goods production that outweighed moderate services growth. The NAB business confidence came in at-2 in September, up from-5 in August with notable improvements in retail and recreation and personal services.

The trade surplus came in at $5.64 billion in August, ahead of the expected $5.5 billion.

SOURCE: LONSEC INVESTMENT