Investment Market Update

Issue 59– Winter 2016

Message from the Manager

Despite an ongoing volatile market, our business continues to grow and invest. We have upgraded all of our computer servers, beefed up back-up and implemented up-to-date client communication software.

We've moved toward collecting data for Melbourne clients on an ongoing basis, rather than updating it right before review time. Our reporting and internal systems place us at the front of the field in financial planning and increase the accuracy of reporting, reduce the chance of errors and improve our ability to make timely and beneficial recommendations for you. Initially the transition involves a lot of work, and I am personally grateful to the many staff who have embraced and contributed to this project. We ask clients to be proactive in providing information to us, even if it may not seem to have direct relevance to whatever is important to you at the moment. Rest assured, we would not ask if it was not needed – our efforts on your behalf will only be improved if our information is historically accurate and up to date.

We entered into an arrangement with Fixed Interest Group (FIIG), which enables clients to direct purchase traded bonds. The initiative is the culmination of almost a year of paperwork and compliance effort. We expect it to contribute to portfolio yields while lowering risk.

Finally, in CDIF we have gained a retail exemption for the sale of electricity. This means we will be rolling out solar installations on 3rd party buildings and charging the occupier for consumption. Our work to date demonstrates significant returns, which in time is expected to lift yields in CDIF.

David French
Managing Director

Some thoughts on

Two years ago Analyst/Consultant Owen Evans presented a seminar for clients entitled **'Fun with Vertical Fiscal Imbalances'**. A core message was that Australian Governments had effectively no clue as to the extent revenues would fall as a result of the mining boom, and that we were in for a lengthy period of declining living standards. "The response", Owen said, "was that government would increasingly be **confined to short terms and instability would become the norm"**. Let's look at some facts that have emerged since then.

By a relatively large majority UK voters elected via referendum to leave the EU. This was clearly a surprise to most commentators and markets, with Sterling and global equities markets getting thrashed on the day, the PM announcing his resignation (to take place by October) and roughly half the Labour Party front bench resigning. Watching it live was like watching lemmings jump into the sea below, a feeling exacerbated when the most interesting commentator turned out to be **Lindsay Lohan**. Here's a few observations:

The **short term economic implications for the UK and Europe are clearly negative**. The longer term implications are also negative but may not be overtly visible. One must presume that global GDP growth falls very slightly over the next two years because of this. One also must conclude that interest rates are likely to stay lower for longer and

the **direct impact on Australia and Australian listed companies is likely to be imperceptible**. But there may be a small bias in favour of domestic related businesses as opposed to exporters and interest rate sensitive stocks. There is certainly no reason to think that Brexit will hasten a global economic recovery and for that reason there is **no rush** to return to investing into mining and resources related industries.

The Brexit debacle was immediately followed by Australian voters demonstrating a significant swing toward a union leader from a Government roundly rejected by voters in 2013. Preferring heart over head, Australia has essentially ended up with a hung parliament and a Senate controlled by individuals who variously want to ban live cattle exports (thereby **effectively killing the NT economy**), subsidise Tasmanian electricity generation and **reintroduce financial transactions taxes**, reintroduce tariffs that will **increase the price of goods for everyone**, and based on petitions of just 200,000 people, **introduce rolling**

referendums to decide laws. If you think that is kooky, consider that by the end of the year a boorish reality TV star could be the next US President.

These outcomes are both seemingly bizzare and based on a well-honed ignorance of what matters.

Western prosperity since 1946 has been based to a large degree on growth in trade, personal freedom and mobility, and increasing economic integration. The days of having three different electricity outlet types in the UK and 35 in Europe have been coming to an end. Brexit is a vote against trade, against mobility and against integration. In effect 17m Britons voted for an immediate pay cut. It seems unlikely that they would have done that, if they understood the impact. The fact that two of the main proponents of Brexit have now stood down, suggests a total lack of belief in the BS they were peddling.

Brexit was an **unexpected outcome** and following issues with US polling during the primaries it calls into **question the capacity of western leaders to understand what exactly it is their constituents want or expect** from Government. Instead of making and delivering on policy, Governments are deliberately pandering to interest groups/issues, because:

a. there is no point in trying to convince rusted-on supporters,

b. the mistrust and pressures linked to a decline in living standards, we are living in a time where people are relying on their feelings for guidance, rather than education or logic,

c. add to this the internet which is enabling democracy by popular engagement, with the consequence that many people have plenty to say, but not much knowledge about what they are saying; and

d. across the west we have an aging population increasingly fearful of the impact of immigration. It is born of a nationalistic fervour and a desire to build barriers against all manner of perceived threats (but immigration in particular).

A basic tenet of economics is that what is good for the individual is not necessarily good for the population. The inability to measure voting intentions accurately, combined with a willingness to vote against **perceived** self-interest (even if it is the general interest) suggests that unusual political outcomes may have become standard. As a result of these factors, the gridlock that hampers decision making in many Governments is set to become more serious.

As we have said countless times in client newsletters, we have entered a time of extended volatility and uncertainty and we are experienced in managing that. This experience is critical when the main alternative to investing in markets is to put your money in the bank. Interest rates of below 2 per cent are about a third of the income generating capacity of most of the portfolios we build. The choice to put your money in the bank ensures you lock in very low interest rates, and that you are eating into an increased amount of your savings, just for day to day expenses.

In terms of the market outlook, Brexit will likely see markets unstable for a while. But they were already unstable, and the portfolios we have built for clients have shown good results in withstanding that. As we have said in client newsletters, **interest rates are unlikely to increase any time soon**, and in general that is good for the portfolios we build.

Given the trade advantages of the EU, we will be amazed if the longer term outcome is not that the UK struck a deal with the EU such that most if not all of the primary economic advantages were retained, but that the UK exerted more control over its borders. In this context, it's worth noting that Norway subscribes to almost all of the EU rules, thereby retaining trade benefits, but without being a member (of course, it gets no say on how those rules are formed).

Overall, our view is that we are in for a very long period of sub-trend global growth and this will continue to result in global economic and social instability. For many years there will be no free kicks and the rewards will go to those who can look beyond the emotion. We believe that is the most valuable service that we can offer clients.

David French with Owen Evans
Managing Director

Financial Planning

Demystifying Managed Funds
Part 1

Whether we are talking about commercial activities, government, leisure pursuits or just day-to-day living, the use of jargon is very evident. That is, specialised language concerned with a particular subject. The financial services sector abounds with terminology relevant to its activities and products and it can help the user of these services to sometimes simply go back to basics to make sure everyone understands what is meant by certain words or terms.

An oft-used phrase is "managed fund". The product providers keenly push the potential benefits of their managed funds. For instance: easy diversification; expert money management; invest for income, growth or both; convenient regular savings plan. These benefits are fine, however this marketing stuff does not explain how a managed fund works. Let's lift the lid on the operation of managed funds and make sure we understand what is going on.

Firstly, there are a variety of different styles and tax structures for managed funds. In later articles we will cover how entitlement to income and capital growth from the investments is handled, how superannuation funds and insurance bonds differ from managed funds that distribute their taxable income to investors, explain the differences between unlisted and listed managed funds and also how "active" funds contrast with "passive" funds. For now, let's focus on plain vanilla unlisted managed funds where the investor is responsible for any tax on investment earnings.

These managed funds operate as unit trusts, a well-established and cunningly effective way of dealing with pools of money for collective investment where new participants in the pool can easily join and departing participants can be paid out without disrupting things for the other participants. The participants in these structures are called "unitholders".

When a new unitholder joins (or an existing unitholder invests more money in the pool) new units are issued by the fund manager. When an existing unitholder leaves, their units are redeemed by the fund manager. So, new units could be issued and existing units redeemed every day impacting the number of units on issue. The price at which new units are issued or existing units redeemed is where the effectiveness of this structure comes in.

The fund manager would value the investments held in the collective pool, typically every day where prices are readily available. These investments could include cash deposits, interest-bearing securities and listed shares. Physical properties are valued less frequently. So, the total value of the collective investment pool is calculated (let's say this is $100,000,000) then the number of units on issue is sourced (let's say this is 25,000,000 units). Dividing the value of the pool by the number of units on issue gives the worth of each unit (in this example $4.00 per unit). If no new units were issued nor existing units redeemed and the underlying value of the investments in the pool increased the next day to $100,500,000 then each of the 25,000,000 units would have an underlying value of $4.02. *In practice the numbers would not be neat and round as shown here.*

So, if new units are to be issued the underlying worth of each unit might be $4.00; many unit trusts would charge a small premium for issuing new units, so the actual issue price might be $4.01. *A new investment of $25,000 would receive 6,234 units at $4.01 each*. If existing units are to be redeemed the underlying worth of each unit would also be $4.00; many unit trusts charge a

small amount for redeeming existing units, so the actual redemption price might be $3.99. *A redemption of 5,000 units would receive proceeds of $19,950 at $3.99 each unit.* The "buy/sell" difference between the issue price, redemption price and unit price is retained by the fund and is designed to avoid continuing unitholders being negatively impacted by transaction costs incurred when new units are issued or existing units redeemed.

So, unit trusts are a simple and effective way to administer pools of investments where new participants can join and existing participants leave with minimum fuss. Our next article will cover how entitlement to income such as interest and dividends is handled and the two different ways it may be passed onto unitholders.

Chris Heyworth
Senior Financial Adviser

Insurance

Horror stories, the Big 5 and what to do about it!

I'm looking to shed some light on insurance claims and hopefully shatter some illusions that insurance companies never pay claims. We've all heard at least one horror story about an insurance company not paying a claim. The most recent you may recall is the CommInsure scandal as reported by Four Corners in March this year. The story reported that claimants had suffered a trauma event, illness or injury and somehow did not meet the required definition to receive payment.

A recent independent study, across the main 13 insurance companies in 2015, shows they paid almost 90,000 claims totalling $6.9 billion. These figures are up from 75,000 claims, totalling $4.9 billion in 2014. This is a staggering increase in just one year, and it has been consistently rising in recent times.

Additionally, the insurance Big 5 stood up to their devastating reputation yet again in 2015 as leading causes for claims across all types of life insurance. The Big 5 include: cancer, heart disease, mental health (e.g. stress, depression, anxiety), musculoskeletal (e.g. Osteoporosis, broken bones, torn ligaments) and neurological (e.g. Alzheimer's disease, Multiple Sclerosis, dementia).

This year alone I have assisted with six new claims and one ongoing claim. That's one per month on average. Six of these claims fell into the Big 5 category. It's so gratifying to know that these clients and their families are covered should the unexpected occur and their insurers have fulfilled their promises by paying the claims.

Something to contemplate when considering your own situation, how many of those 90,000 claimants do you think expected to claim? How do you think their dependants would have fared if they didn't receive the claim proceeds? How will your dependants fare if you're not insured?

To make sure you don't become the next horror story, be sure to follow these three tips:

1. Don't give insurance companies a reason <u>not</u> to pay a claim – be truthful on your application form and disclose all pre-existing conditions.

2. Consider taking out a level premium option – this means your premium will be the same price year-to-year, only increasing with CPI. By doing so, you will be able to hold the policy longer when your risk of claiming increases.

3. Speak to an adviser – in most cases where an insurance company has not paid a claim the claimant has not had an adviser. An adviser will be able to assist you in making the right choices when considering life insurance.

If you or anyone you know have any questions regarding their own situation and are considering taking out or making changes to life insurance, please let us know. It would be unfortunate to see you make the same mistakes other have made before you.

Amy Gill
Risk Adviser

Farewelling Bob

We all knew it was coming; how many 80 something year olds are still working full time? Even still, when Bob announced his retirement it was a surprise. The general feel in the office was that of sadness, but also excitement for Bob. He has worked so hard his whole life and now he is finally retiring and can enjoy life.

Once the date was set and plans put into motion regarding his replacement, I was tasked with writing a "little something" regarding Bob's departure and the Rookie replacement. To say I have procrastinated is an understatement; need help with scanning, sure I've got time for that. Ran out of milk, don't worry I'll go get it, wouldn't want a coffee riot on our hands. The truth is it's very difficult to convey in words how much Bob means to Cap Invest. He has been working for this organisation for over a decade and him leaving feels like the ending of an era.

In every way, Bob is a true gentleman. He is so generous with his time and knowledge; always willing to lend a hand to the lost little lambs (such as myself) that approach his desk. There doesn't seem to be anything that can ruffle his feathers; he's seen and done it all. Bob has such an ease and calmness about him that will be sorely missed.

Bob and his wife Brenda have plans to move to a little unit in Wellington Point. It will be quite an adjustment considering they currently own a farm on the outskirts of town. But from what I've been told, Bob's done his homework and the retirement village has a reputable Water Aerobics instructor. He is also looking forward to dominating the green in lawn bowls.

I'm quite excited about the opportunity I've been given and the new role I'm stepping into. I think the thing I'm looking forward to the most is the afternoon naps when it all just gets a bit too much. Although, I've been told that when Bob does it, it's endearing but if I try to have sneaky kip on the job, no one will hesitate to kick my chair and wake me up.

In all seriousness, I don't think anybody could ever replace Bob, but I will do my best to fill the very big shoes I've been left with.

Jodie Thompson
Share Trading Officer

An Adviser's Perspective

I've been a financial advisor for about 17 years, and have met with quite literally hundreds of clients. I've always found it fascinating to learn how people think and act in respect of their wealth. The conversations I have with clients tend to have common themes.

The financial planning process itself is pretty straightforward. At the initial meeting I aim to understand the client; their current situation, objectives and preferences. After all it's all about them. Thereafter, I prepare recommendations in respect of appropriate strategies, structures and investments that will help increase the chances of them achieving their objectives.

As such, for me, it's the interaction with clients that I find interesting. Listening to a client, and confirming back to them my understanding of their objectives and preferences is, of course, paramount in this process. This process can be straightforward or lengthy, as many clients are unclear as to exactly what their objectives are, and what they may need to do in order to achieve them.

My discussions with clients often come down to the same following points:

1. Spend less than you earn;
2. Invest surplus income in quality assets that generate income;
3. Review your investment portfolio on a regular basis;
4. Structure your financial affairs as simply as possible, but no simpler; and
5. When it comes to the investments themselves:
    - I don't, and can't, promise to 'shoot out the lights' on investment returns. (Quite frankly, if I could do that on a consistent longer term basis I wouldn't need a day job!)
    - Risk, or the volatility in the value of your investments, always, ALWAYS, equals return.
    - Risk is not necessarily a bad thing or something to be avoided.

(if you avoid all risk that the value of your investments would decline, all you'd be left with are bank deposits paying 1.75% per year. So don't avoid all risks, however, make sure that you understand the risks and receive an appropriate level of compensation for assuming them).

My aim is always to place my client in a position from which to make an informed decision. The decision is always theirs to make. I'm simply looking to provide constructive input to assist them.

Robert Syben
Senior Financial Adviser
Head of Financial Planning

Investment Briefs

Wesfarmers

WES

In past newsletters we have discussed the current issues facing the Australian supermarkets industry. Much conjecture is based around whether the entrenched oligopolistic market structure is in the early stages of fracturing. The arrival of foreign budget players such as Aldi and Lidl have caused some upheaval however, as we have mentioned previously we envisage a relatively stable oligopolistic market structure to endure. As a result, we have increased portfolios' positions to Woolworths (WOW) and its direct competitor Coles owned by the Wesfarmers (WES) conglomerate.

Wesfarmers is a relative new comer to the supermarkets industry through its takeover of Coles in 2007 for a massive $22 billion. The conglomerate saw an opportunity to acquire a supermarkets business that was being badly managed and rapidly losing the battle with WOW. The move was company changing however ill-timed, immediately preceding the Global Financial Crisis. Also, the acquisition severely compressed WES's return on capital invested which fell from 15% in 2005 to sub 4% in 2008. Debate will continue as to the virtues of the Coles acquisition although what is certain is that since this date, the new Coles has thrived and is now at a point where it is seriously challenging WOW.

We are purchasing WES in client portfolios. We envisage a trough has been experienced in the company's total returns as Coles continues to perform and Bunnings extends its market leadership position with the winding down of Masters. In fact, Deutsche Bank have calculated that incremental return on capital post 2010 is a very impressive 17.1%. This underlines the fact that it takes some time to absorb such a sizeable acquisition in Coles and for these returns to be reflected in the group's returns.

Due to the eclectic nature of WES's conglomerate structure there are still some warts to be found. Target for example is underperforming along with the coal division. Furthermore, management recently decided to expand the Bunnings model into the UK after it acquired the Homebase home improvement chain. We have reservations around the ultimate success of this move. However, it is the company's projected return profile and natural supermarkets hedge along with the quality of the Bunnings Australia business that justifies our position in WES going forward.

transurban

TCL

Rarely do companies extend so much dominance in their given field that they are coyly termed 'legal monopolies'. Transurban (TCL) may be one of those. Its origins are in Melbourne as the owner of the Citylink contract awarded in 1995 by the Victorian Government. Transurban has spent the next twenty-one years extending its presence within Melbourne in adjoining assets as well as establishing a dominant presence in Sydney along with an entry into Queensland via its 62.5% share in a number of toll roads there. It is fair to say, TCL is the big fish in terms of Australian toll roads and this looks like being the case for quite some time.

The critical link for TCL is creating a network of assets. This has many inherent benefits. Not only does it differentiate TCL in the tendering process for new assets (such as the Western Distributor project in Melbourne) but it enables a 'pull-through' effect on traffic numbers for TCL's adjoining roads as the network as a whole becomes more efficient. This has clearly been borne out with TCL's network of Melbourne assets. However, Sydney itself has witnessed a significant pull-through effect in assets such as the M2 and M5 roads. NSW is also the stage for TCL's $16.8 billion joint venture Northconnex project which will effectively be the main exit point north of Sydney.

The largest green fields project however, will be Melbourne's Western Distributor. Valued at $5.5bn, the project is made up of three interrelated major projects; the Monash Freeway upgrade, Webb Dock access and the Western Distributor. It is expected the Western Distributor will add a second river crossing, significantly reduce travel times and remove 6000 trucks off local streets. Furthermore, it is expected that a bridge will be added acting as an alternative to the currently congested West Gate Bridge. This is a significant project for TCL and is expected to add sizeably to the company's valuation and future cash flows.

TCL is currently our largest equity position in client portfolios. We have built up the stake over time due to the monopolistic market structure and predictable cash flow profile. We are excited by the company's future growth profile and relatively long nature of its concession leases on its portfolio of assets.

MFG MAGELLAN ASSET MANAGEMENT LIMITED

Magellan Global Infra Fund

Recently we initiated global infrastructure fund Magellan Infrastructure Fund onto our Approved Products List. This was after extensive research into the global infrastructure space and involved deep dive research and interviews with four other global infrastructure funds. We made this decision after concluding that the previous global infrastructure fund incumbent Macquarie International Infrastructure Fund no longer met our requirements for investment.

As a group, we are always seeking to achieve the best risk adjusted returns possible. We believe this is achievable through investing in the 'best of breed' investment options whilst minimising investment risk as much as possible. We outsource our investments in areas of which we don't have a core competency or in areas which we cannot reasonably access. International equities is one of these.

Magellan Global Infrastructure Fund was successful for a number of reasons. What made it stand out over its competitors was its overtly strict definition of what constitutes an infrastructure investment. Magellan define infrastructure as characterised by monopoly-like assets that face reliable demand and enjoy predictable cash flows. Adherence to this tight definition of infrastructure has generally enabled Magellan to position the portfolio away from sectors that have faced significant volatility such as in the oil and gas space recently. The fund is concentrated in nature, and holds only twenty to forty of its best opportunities, which is consistent with how we manage Australian equities.

The fund has been one of the best long term performers in its field. Over three years, the fund has outperformed its benchmark (the S&P Global Infrastructure Index) by 5.2% annualised, by 4.3% over 5 years and by 3.32% since inception (August 2007). As at May this year, the fund's major holdings included positions in Transurban, Crown Castle (US owner of critical wireless infrastructure such as cell towers), Flughafen Zuerich (owner of the largest airport in Switzerland) and Atlantia SpA (a company with a holding in the Autostrade per I'talia, the largest concessionaire on the Italian autostrade network). Magellan currently have their largest weightings in Toll Roads (19.5% of the portfolio), Communications (16.5%), Transmission and Distribution networks (13.2%) and Airports (12.4%).

Lachlan McKenzie-McHarg
Adviser Equities Dealing and Research

Financial Planning Association (FPA) – Student offer

Are you related to or do you know someone studying **business, finance or financial planning**?

Each year the Financial Planning Association holds a conference covering a wide range of topics related to financial planning and business in general. It's an event that is right up there in information and quality and this year Capricorn/Pentad is offering to sponsor attendance by a student nominated by clients of each of our Rockhampton and Melbourne offices.

FPA FINANCIAL PLANNING ASSOCIATION PROUD MEMBER

This year the conference is held in Perth from the 23rd to 25th November. We will provide for travel to Perth and accommodation and the Financial Planning Association is providing entry to the conference.

Please let your adviser know if you would like to nominate someone.

David French
Managing Director

Staffing update

Selena Smith – Receptionist / Administration Support

We warmly welcome Selena Smith as our newest member of the Rockhampton team. Selena will be your first point of call when phoning or dropping in to the Rocky office. Selena has worked in banking and administration for the past 20 years and brings a wide knowledge in both areas. You can contact Selena on 1800 679 000.

Angela Brierley – Senior Client Services Officer

We also warmly welcome Angela Brierley to the Melbourne team as our Senior Client Services Officer. Angela will be taking over Tamika's role and has a great deal of experience in this area.

Jake Brown – Business Consultant

Jake Brown has returned as our full time Business Consultant. Jake will be starting in our Melbourne office at the end of August. Jake has been part of our team for the past five years during his studies and has recently finished a degree in Economics/Commerce.

Tamika Albon

Regrettably, Tamika will be finishing up with us in August after about 18 months as a member of our client service team in Melbourne. We wish her all the very best in the future.

Rebecca Gough

Sadly we will no longer be seeing Bec's happy face and dry wit around the office. After starting with us as a teenager almost 5 years ago, Bec finished up with us in July to take up a role with Penguin Books. She's following her passion, which is terrific to see. We wish her great success.

Janice Vass

Unfortunately, our Melbourne receptionist, Janice was obliged to tender her resignation in July on medical instruction. For many years, Janice has been the welcoming, smiling, first point of contact for our Melbourne clients. We'll miss her, and wish her all the very best.

Bob Stewart

We would like to wish Bob, our Senior Stock Broker our congratulations on his retirement. Bob is one of our longest serving employees and he will be missed greatly by everyone.

Russell Warmington

One of the 'founding fathers' of the Melbourne office, Russell Warmington is retiring. Among other things, he plans to travel the world, doing good deeds (and spending his children's inheritance). A Melbourne client function will be organised later in the year to send him off in style.

Client Services Update

Client reviews

CIPL and Pentad staff will be contacting you throughout the year to schedule portfolio reviews, should you wish to come in outside of these times for any reason, please don't hesitate to contact us on…

Rockhampton – 1800 679 000
Melbourne – 1800 804 431

Portal access

Did you know you can access all of your portfolio information online via our client portal at www.capinvest.com.au

Some internal changes to our system now allow you to access the portal as soon as your bank account is created. You will be able to see your portfolio being built step by step. For clients moving portfolios from Asgard, please be aware that the process for transferring managed funds can be lengthy and any questions relating to this can be directed to your adviser.

Quarterly Reports

Your quarterly reports were processed on the 29th of July. You should have, by now, received these in the post or via email. If you have any queries regarding the delivery of your reports please contact our office on 1800 679 000 or enquiries@capinvest.com.au.

Any queries relating to the content of your reports will be dealt with by your adviser.

Rose Sladden
Client Services Manager

Client Survey Results

To best understand how we are doing as a business, we thought it best to contact our clients for advice and feedback. By understanding our current clients, it will be easier to develop marketing for prospective clients.

A survey was designed to find out from you, our valued clients, how you liked our current practices in regards to communication. Questions were asked about the use of our website, your thoughts on the information and frequency of the newsletter, what platforms you currently use on social media and what information you would like to learn more about on social media or in the newsletter. The survey received roughly 100 responses.

Questions pertaining to how engaging the website was based on design, navigation and the information were not answered as much as the other questions. With the responses, the client portal will stay on the website; however the design, navigation and information will be updated.

There was great feedback for all the hard work that goes into the preparation of the newsletter. Clients value the information and like how it is communicated. The newsletter will continue to be delivered quarterly.

Most current clients will probably not be on social media, nor follow us on social media. This is ok. Knowing that our clients like our newsletters and the information that goes into them is helpful. Social media will be available to all those who want to see what we are doing, and will be made up of the general knowledge of the information that is currently put out to our clients for prospective clients to get to know us.

Lastly, in our email and letter, our clients were asked to provide testimonials of their experience with CIP and Pentad. Testimonials are a great way for the client to have their say and to inform us of what we are doing well. Great job and well done to all advisers on the wonderful testimonies we received. These testimonials will be updated on the website as soon as possible. They are a great boost for all staff in the office to hear how their hard work pays off.

Thank you to all the clients who participated in this survey. It is appreciated.

CIP / Pentad going viral

Capricorn Investment Partners and the Pentad Group have been developing a YouTube channel and it is about to go live! This channel is called **Ask My Advisor**. Our very own friendly Risk Adviser Amy Gill, will be hosting the monthly talk on all things financial.

This is YOUR chance to ask US the questions that have been playing on your mind. To send your questions in, find us on social media with #askmyadvisor at Capricorn Investment Partners and the Pentad Group: Facebook, LinkedIn and YouTube or tweet us at @askmyadvisor. Alternatively, you can send us an email to enquiries@capinvest.com.au to have your questions answered.

August is Small Business Month. Do you or someone you know own a small business?

September is Spring Cleaning Month. Are you interested in a declutter or fresh start on your finances?

October is Mortgage Month. Are you or someone you know buying your first home? Do you want to get into the rental market?

We'd love to hear from you! Ask us anything!

Kelly Drobek
Marketing and Social Media Officer

Our offices Rockhampton / Melbourne

Rockhampton – 1800 679 000 or enquiries@capinvest.com.au

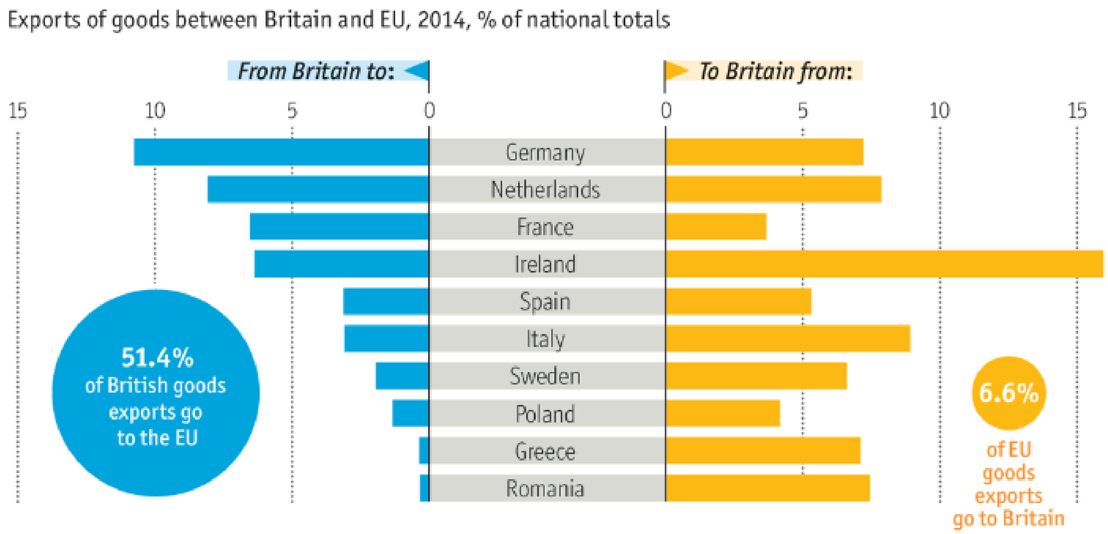
David French	Managing Director
Sue Dunne	Senior Financial Adviser
Bob Stewart	Senior Financial Adviser (Equities Dealings)
Selena Smith	Receptionist/Administration Officer
Bronwyn Nunn	Portfolio Admin / Compliance Support Officer
Jodie Thompson	Share Trading Officer
Julie Rush	Compliance Manager
Rose Sladden	Client Services Manager
Adrian Cahill	Consultant / Analyst
Jake Brown	Business Consultant
Katrina Tearle	CHESS Administrator
Natasha Kuhl	Portfolio Administrator / CHESS
Cheryl Walton	Paraplanner / Analyst
Kelly Drobek	Social Media & Marketing Officer
Christine King	Bookkeeper
Sandra French	Bookkeeper
Kailan Augustine	Bookkeeper
Boden Abell	Undergraduate Trainee

Melbourne – 1800 804 431 or clientinfo@pentad.com.au

Chris Heyworth	Senior Financial Adviser
Lance Livermore	Senior Financial Adviser
Robert Syben	Senior Financial Adviser
Mark Buisman	Senior Financial Adviser
Joshua Scipione	Financial Adviser
Scott Plunkett	National Risk Protection Adviser
Amy Gill	Risk Adviser
Lachlan McKenzie-McHarg	Adviser Equities Dealing and Research
Ming Hou	IT Manager
Angela Brierley	Senior Client Services Officer
Sharon Pollock	Client Services Officer
Ian Maloney	Manager - Share Trading
Paul Young	Manager - Client Services & Paraplanning
Ken Khoo	Paraplanner
Stephen Coniglione	Investment Research Officer
Prudence Lawrence	Temp Receptionist / Administration
Jaimi Summerton	Receptionist/Administration Officer (casual)

CHART PACK *Information at a glance*

<u>What's Good For EU is good for Britain;</u> There is clearly a symbiotic relationship between Britain and the EU



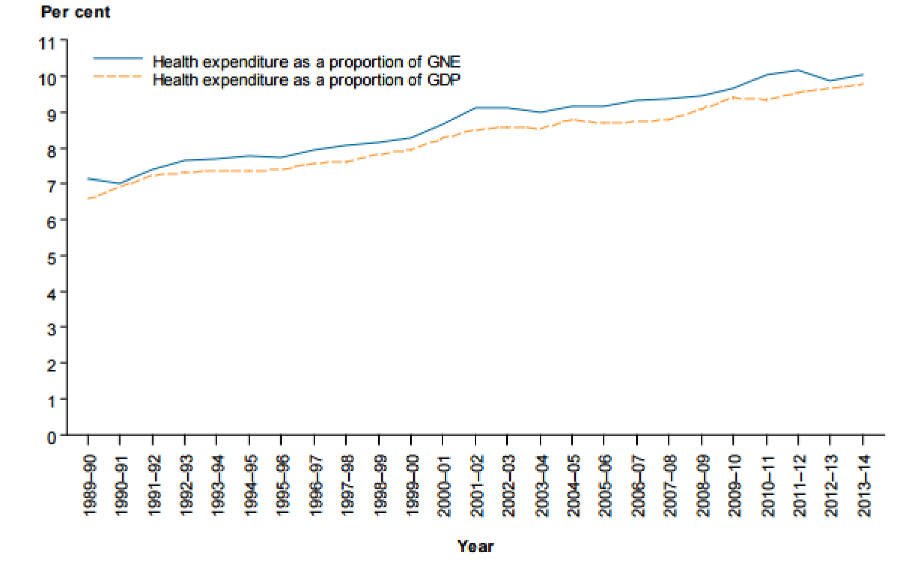
Source: *IMF Direction of Trade Statistics (The Economist)*

<u>Race to The Bottom;</u> US long term yields continue to slide on the back of Brexit.

Source: *Yahoo Finance*

CHART PACK *Information at a glance*

Budgetary Strains; The rationale for our favourable viewpoint on private healthcare is articulated below, with rising health expenditure as a % of GDP.



Source: Table A3.

Figure 2.3: Total expenditure on health as a proportion of GDP and GNE, 1989–90 to 2013–14

Source: *Australian Institute of Health and Welfare*

The content of the newsletter constitutes general advice and does not take into account your particular needs. Please seek appropriate advice before acting on anything contained herein.

Brenda, Bob's & David at Bob's farewell party – July 2016

Bob is our oldest employee and has been with us since 2003.

Over that time he has been a valuable part of the office, not only for his diligent and knowledgeable contribution to his day to day work, but in the stability and considered approach he adds to the office. He's an old school gentlemen, but no push-over. He taught me that the client is not always right! One time an elderly woman called complaining about something or another, Bob said "now you tell me when I have ever led you up the garden path?" Of course there was no response, and the relationship went back to normal! He's been a real supporter of our business and has been responsible for our share trading activities which have grown significantly.

Bob's been committed, he's lent his hand to help in tough times, even in his 80's he's learned new software, he's groomed younger staff and I can never remember hearing him complain. Over time Bob has become a friend, and for a Boss, that's about as good as it can get.

We're having a little send-off for him at Nindigully in Western Queensland on the 16th September. Bob was born in the pub there so what better place to celebrate his retirement. Any clients up for a bit of a lark in the bush would be most welcome to attend.