



As 2018 draws to a close and the Christmas holiday period commences, we'd like to take a moment to reflect on some of the events and take this opportunity to Thank You for your continued support. We take great pride in looking after you and for a number of families, we are now looking after the third generation, which is a great honour. With tremendous sadness, we have experienced the loss of a number of amazing people this year, due to both illness and accident. Those of you that have suffered the loss of loved ones will know that during these difficult times, we are here for you.

We know ourselves, when we hear the word insurance, we think how much has it gone up now? At every turn there seems to be another premium to pay; Car, House, Contents, Life, TPD, Trauma, Income Protection, Health...

This year, we have assisted yet again, multiple claims being paid for Death, Trauma and Income Protection, across the various insurers we deal with. Each year, we are surprised by the claims that occur, never thinking that would have happened to the many people that we've become so fond of. However, when these events happen it really reassures the importance of the advice we provide and how truly valuable it is when needed most. If it has been a while since you last reviewed your cover, please contact us to arrange your next review appointment.

Another emotion-charged decision is Aged Care. This is a unique area of financial planning where we have assisted a number of families with this life-transition for their spouse, parent or other loved ones. Rochelle specialises in this area of advice and the many "thank you" cards she has received throughout the year is a testament to the brilliant job she does. However, with Rochelle having three young daughters (the youngest soon to enter primary school) working only three

days a week means we generally only offer aged care advice to existing clients. Aged Care can be a complex and often confusing process so if you are considering how this might be factored into your future financial plan or need advice in this regard sooner than later; please speak to us at your next review – we are here to make life easier for you!

This year has seen the Australian banks look to separate their wealth management, insurance and advice businesses from their operations. This is due to a number of reasons such as enabling them to increase their capital reserves, simplify and focus on their 'core business' (banking) and also likely due the Royal Commission.

It was only 20 years ago that the banks, insurers, wealth managers and advice business were in a frenzy to amalgamate so this is a massive reversal of their strategy of trying to be all things to all people. To name a few of the changes that are taking place: Suncorp Life and Asteron have been sold to TAL. ANZ's Onepath Life and Macquarie Life business have been sold to Zurich. CommInsure has been sold to AIA. Colonial First State Global Asset Management (CFSGAM) is being sold to Mitsubishi UFJ Financial Group. NAB sold 80% of its MLC Insurance business to Nippon Life and also has its advice business up for sale. ANZ has sold the majority of its Wealth Management business to IOOF.

We continue to monitor these changes within the industry to ensure we are comfortable with the new owners' direction. In most cases this will lead to increased investment into these products and business along with long term innovation.

Contact us to arrange an appointment!

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In our June newsletter, we mentioned that Trish would be relocating to Brisbane to be closer to her father. Trish moved to Brisbane on the 6th December and will start working remotely from an office in Brisbane from the 14th January. We know that Trish has been very humbled by all the words of thanks and even some small gifts from a number of you. We will be trialling the new working arrangement for a three month period and hopefully with technology we can make it a success moving into our 9th year of working together.



Some of you have now become familiar with our newest team member, Kristy Watts; who commenced working for us in June and was really thrown into the deep end with the typical End of Financial Year demands at that time. Working in Client Services, Kristy has brought a gentle and willing nature to the role and fits into the team really well. Kristy has worked in property management for the last 10 years and prior to this, worked in financial services for a brief time. She is enjoying her return to the industry and we think she is doing an outstanding job. We are excited to see what the future lies ahead for her.

In August a number of new clients joined us that had previously arranged their personal and business risk protection/ life insurance requirements through Matthew Zaccour & Associates. Zaccour, after many years in the industry, has decided on a career change. His business operated out of Joe Vella Insurance Brokers' premises and he and Joe approached us to look after these valued clients in the future. We welcome these new clients to Parrish Financial! Matt Hancock, who has worked for Zaccour for the past two years, continues to assist in all facets of this business, having already spoken with many of you. Matt has brought with him a can-do attitude (plus a little cheekiness – which we all enjoy). He is an avid Cross-Fit competitor; and with just under a year to go, he continues to thrive in his studies towards becoming a Lawyer. We

appreciate and look forward to him remaining with us into the New Year.

To further support this part of the business we are excited to announce that a new adviser will be joining the team in January that will focus on personal and business insurance advice. With over 10 years experience specialising in personal and complex business risk protection advice this will be a great addition to our knowledgeable and diverse team. Further details to follow!



COMMUNITY SUPPORT

We believe in giving back to our community and are pleased to share with you the following charities, foundations and federations that we have supported through donations this year.

- Cancer Council (Cairns)
- Australian Red Cross (Gordonvale)
- Couch (Cairns)
- Australian Pole Sports Federation (Jude Perrett, local Physiotherapist, is very passionate about (and is a driving force) in trying to get pole sports recognised as an Olympic sport. We are very proud of Jude and all that she has done).
- FNQ Suicide Taskforce
- Feed the Farmers (Buy a Bale)
- Little Star Kids Camps



CHRISTMAS CLOSURE DATES

Closing 4:00pm Thursday 20th December 2018.
Re-opening 7:30am Monday 7th January 2019.



The revelations and depth of the misconduct as outlined in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has been absolutely disappointing and somewhat mind-blowing. The Royal Commission Final Report is due to be submitted to the Governor-General by 1 February 2019. In any industry, unfortunately there will always be a few bad apples that have no ethics. We are hopeful that a regulator who is no longer considered a 'toothless tiger' will take action, ensuring that these unethical people will be brought to account in a timely manner in the future. Naturally, these actions cause a flow-on effect for everyone in the industry, and we are no exception. Increased regulation will result; however, we are staying positive and have commenced introducing the mandated changes to our already quality/robust processes to ensure we continue to meet our obligations to you, our valued clients.

In November, the Financial Adviser Standards and Ethics Authority (FASEA) released the FASEA Standards Summary outlining the new minimum education requirements for the industry – its aim being to raise the education, training and ethical standards of financial advisers. In summary, it calls for relevant providers (Advisers) to hold a degree or higher or equivalent qualification, pass an exam, undertake continuous professional development and comply with a Code. For new entrants from 1 January 2019, they are also required to undertake a professional year.



We welcome these increased professional standards. Both Matthew and Rochelle have completed Masters degrees in Financial Planning and hold the Financial Planning Associations highest professional designation being–Certified Financial Planner CFP® which includes ongoing professional development each year.

No doubt next year will bring its own set of challenges. We as a business are always looking at more efficient ways of delivering advice to you. We are hopeful that this can be achieved through some elements of technology improvement however with the ever-changing regulations this always seems to slow these processes down.

The best way for us to be able to provide you with ongoing advice and to assist in keeping you on track is for you to keep us updated of any change in your circumstances and to ensure you make the time for regular reviews of your plans with us.

From all the staff at Parrish Financial we wish you and your families a Merry Christmas and hope you have a safe, relaxing and enjoyable festive season and look forward to continuing to be of service to you in 2019.

*Matthew, Fred, Rochelle, Nicole, Lee-Anne,
Trish, Kristy, Matt, Christine*

CONFERENCE TAKE OUTS

In November, Matthew attended a three day Advice Professionals Conference in San Francisco, USA. Here is what he had to say about it:

I really enjoy the time out of the office to discuss the various issues within the industry with other advisers and industry professionals. It's also a great opportunity to hear from some of the best technical minds, economists and also hear from a range of speakers on various topics; over and above the various technical and economic sessions (which I won't bore you with the riveting detail). However, a few really interesting presentations I feel impressed to share.



Joe Navarro, a Nonverbal Communication Expert who has published 12 books, including the international best seller *What Every BODY is Saying* and has 25 years of experience in the FBI as a special agent in the area of counter-intelligence and behavioural assessment. Joe was able to go through some of the innate body language that we demonstrate and also distinctively possess from birth. One of the many interesting examples he provided was that research shows that blind children react the same way as others by putting their hands up to cover their face when they are scared.

Ken Chestnut is Global Ecosystem Lead for Big Data, Artificial Intelligence/Machine Learning, Blockchain, Contact Center, and Voice at Amazon Web Services. Ken spoke about Amazon's culture of Innovation and how their mission is to be the Earth's most customer centric company. They focus on making customers' lives easier and they start all their thinking with the customer and work backwards. One of the big take outs here is not to think of Amazon Prime as just an online retailer. They are first and foremost a technology company that is disrupting industries such as retail, transport, food, data services, online streaming of music and videos. Amazon owns Whole Foods in the US. You would wonder why a technology company owns a supermarket. The reason is data! They want to know what you are buying, do you have a pet, are you into sport, do you have children and they want to be able to do it better and get it to you cheaper and faster. They have a part of their company called Amazon Flex, this is effectively the Uber of parcel delivery whereby like Uber there is a flexible and willing workforce that are online and ready to deliver the product in the shortest possible time. They have stores in the US called Amazon Go where you walk in, scan your phone as you enter, you grab what you want off the shelf and leave. No need to go to the check out as the cameras/Artificial Intelligence know what you have collected and will simply debit your account linked to your phone. No need to line up at the check-out. Legalised shoplifting?

Doug Stephens is one of the world's foremost retail industry futurists. His intellectual work and thinking have influenced

many of the world's best-known retailers, agencies and brands including Walmart, Google, Home Depot, Disney, BMW, Citibank, and Intel. It was interesting to hear his perspective immediately after Ken Chestnut from Amazon.

Doug certainly left no doubt in anyone's mind that e-commerce had changed the landscape in retail forever and he saw these changes as really the 'end of the beginning'. He sees the Amazon effect as Chapter 1 of the future book of e-commerce. Over the next ten years mobile Internet traffic will increase tenfold. In China they celebrate 'Singles Day' on the 11th November (11/11) each year. These led to 100,000 cars being purchased online – in one day! He sees retailing adapting to be more experience based. Although people will order higher volumes of goods online (that's a given) people will still want to leave their home to interact with others and shop and try new things. Face to face retailing will become more personalised. For example: if you go to buy sneakers, there may well be a treadmill there to try them out or if it's an adventure store, perhaps a rock wall to climb and test your purchase. Large shopping centres will likely need to convert some of their space back to community areas and hold events to attract people to the centres as they will want to go there for an experience rather than just to shop.

After the conference, Monique joined me and together we spent a week in New York. We visited Wall Street and the notorious "Bull" which is featured in many box office movies, as well as did tours of Ground Zero Memorial and the usual tourist attractions that are

what make up the "concrete jungle" as New York is commonly referred to. It sure was nice to return home and see Harvey, who will be turning 2 in February! He enjoyed his time away from mum and dad; and has a very special bond with his Ma and Pa (Leone and Fred).



MARKET COMMENTARY AND OUTLOOK

What has happened on stock markets recently?

Over the course of the last couple of months share markets overseas as well as here in Australia have experienced sharp falls. Both the broad US equity market (the S&P500) and the local market (the S&P/ASX300) have fallen by more than 10% which is termed a "correction". The recent falls have been accompanied by increased volatility (larger daily movements in prices). Many worry that worse is to come and that equity markets might enter a "bear market".

Technically a bear market is one that falls by 20% or more, but more generally a bear market is one where prices are trending



lower over a sustained period of time. Australia like most global markets has been in a bull market (prices trending higher over time) since March 2009 when the low of the last bear market, the Global Financial Crisis (GFC), was seen.

To many it might not seem like we have experienced a very good bull market over the last ten years given the price of the ASX300 is still lower today than it was at its peak in 2007 before the GFC. However once you consider the dividend income that is paid by Australian shares and look at the total return (the ASX300 Accumulation index which measures price increase plus dividend reinvested) the returns look much better. The current sell off should be viewed in these terms, investors are still well ahead of where they were in 2015, that last time there was a market correction, let alone where they were in 2007 when the last bear market began.

Are the recent falls in global share markets driven by economic fundamentals or rather fear of what might happen?

The real question to ask whenever markets correct is what is driving the selling, whilst it is often hard to really understand what drives markets in the short term, a good understanding of the fundamentals can give you a better understanding of the medium to long term outlook.

In our opinion, the drivers of the current sell off are;

- Concerns about a continuing escalation of the trade dispute between the US and China
- Uncertainty relating to the outcome of the Brexit negotiations between the UK and EU
- Worries that interest rates in the US might rise to a level where economic activity slows and therefore corporate profits will fall

Whilst all of these concerns are legitimate, we are inclined to be more optimistic than the pessimistic tone of market sentiment.

We believe that a compromise between the US and China will be reached as despite what Donald Trump says trade wars are not easy to win. The US administration clearly believes

they have a good negotiating hand and it is certainly true that continued imposition of tariffs hurts China more than the US as they export far more to the United States than they import. The fact that despite all the rhetoric a new trade deal between the US, Mexico and Canada has been negotiated gives us reason to believe that a deal can also be done with China.

Growth of \$10,000 of S&P/ASX 300 Accumulation & S&P/ASX 300 Price Indices



In the meantime, Chinese authorities have acted to prevent their economy slipping too far with a stimulus package of fiscal and monetary policies far larger in scale than was implemented in the aftermath of the GFC.

It is hard to be as positive about Brexit, however as long as some sort of deal is agreed before the divorce date of the end of March next year then fears of economic turmoil in Europe should not come to pass.

Looking at market concerns around a slow-down in the US economy, there is continuing evidence of ongoing economic strength, which is counterbalancing an easing in momentum in other parts of the world. Moreover, inflationary pressure appears generally contained, thus reducing the likelihood of the too many more interest rate hikes. As long as the cost of borrowing is relatively low and demand in the US is robust then corporate profits should remain healthy and support the equity market.



The outlook for Australian shares

Despite the recent big falls in share prices the outlook on average for profitability of listed Australian

companies has not deteriorated. The Australian economy is still growing at a rate of between 2.75 and 3.00% per annum, employment continues to climb and interest rates remain at historic lows. Not all sectors are strong. The consumer is constrained by high debt levels, falling house prices and a lack of real wage growth. However public sector spending, in particular on infrastructure projects, is providing a boost at the same time that exports are strong which in turn is helping to raise government revenue.

In August when companies released their full year results for the 2018 financial year they provided guidance towards what to expect in 2019. Interestingly the level of earnings growth expected now for the 2019 financial year stands at around

8.6% which is actually higher than expectations back in August which stood at around 7.6%. So when you consider the price of the market has fallen by more than 10% whilst expectations of corporate profitability have risen by more than 10% it becomes evident that the Australian share market is offering more value than it was a few months ago. Simply put, the recent price weakness is not justified by earnings weakness but is a reflection of heightened negative sentiment. As we enter 2019 a turn around in sentiment should allow share prices to recover to reflect the fundamentals.



HOW TO CREATE THE ULTIMATE BUCKET LIST:

What do you wish you could tick off your bucket list? Meet Sebastian Terry, the man who's living his dream life – and motivating others to do the same.

If you knew you only had a short period of time to live, what would you do differently? That was the question that Sebastian Terry, author of **100 Things: What's On Your List?**, asked himself following the death of a close friend at a young age. "After considering my friend's life, I realised I probably wasn't living my own to the fullest," Sebastian said. "I wrote down a list of things that would make me smile more. I created a blueprint to happiness, and I dropped everything in my life to pursue it." From marrying a stranger in Las Vegas to living with a tribe in Kenya, Sebastian has already completed more than 70 things on his bucket list. Here are his top three tips so you can do the same.

Tip 1. Set achievable goals According to Sebastian, your journey to a more enjoyable life starts with an important first step: creating a list. He said, "The

first thing that anyone has to do is give themselves permission to sit down and consider their goals, values and beliefs. A meaningful list will derive straight from those values." And Sebastian doesn't accept excuses from people who say there are external factors preventing them from setting goals for themselves. "At the end of the day, we're accountable for what we do in our lives," he said. "You don't have to have 100 goals, but make sure you have at least one."

Tip 2. Don't be afraid to dream Sebastian encourages others to dream big when they set their goals – which means thinking outside of the box. "I think we're all dreamers, but we're not given permission to dream by society," he said. "We're conditioned to living in a certain way and doing the things that people around us do."

But when you step out of your comfort zone, you can discover a whole new world of possibilities and realise you're capable of much more than you think. "You're testing yourself in a new way," Sebastian said, "You get to learn about yourself a little bit more and grow as a person."

Tip 3. Make plans – and stick to them While some of your dreams may be things that can only happen spontaneously, most will take considerable amounts of planning. Sebastian commented, "One of my goals was to compete in an Ironman competition. It took a lot of preparation: I had to buy the right gear and train for nine months." That's why it's essential to create a plan and then break it down into smaller steps so you can reach it. And, to help you stick to your plan, Sebastian recommends taking inspiration from those who've already achieved similar goals. "We didn't know we could fly to the moon, but now we know," he said. "Look around at what other people are doing – because then you get to see what's possible."

Planning for the best When it comes to funding your dream life, a strong financial plan is a vital tool for helping you achieve your bucket list items. Your financial adviser can help you set goals and put plans in place to reach them. So, what's on your bucket list?

Have you been in for a review lately? Contact us to arrange an appointment!

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