MONEY MATTERS.

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STAYING IN TOUCH.

Take the initiative.

The purpose of financial planning is ultimately to make life more enjoyable. With that in mind, the articles in this edition are focused on ways that you can take the initiative to improve quality of life for you and those around you.

The issue of financial security and independence for women is one area where there is increasing levels of public scrutiny and awareness. Our article on financial challenges faced by women points out areas where they can 'take the bull by the horns' to create greater financial certainty for themselves.

Financial security for the family as a whole is dealt with in our article titled 'what is your most valuable asset'. This examines the need for a sound personal insurance plan to underpin our lifetime income earning potential.

Many people choose to take a more proactive role to make the world a better place through their investment plans and this can be done through the increasingly popular phenomenon of ethical funds. We share some insights into what these are and how they work.

Our lifestyle segment this time looks at some nifty ideas to beat the winter blues, while building health and happiness.

Enjoy the read and remember your adviser is always at hand to answer questions.

Regards,

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IS ETHICAL INVESTING RIGHT FOR YOU?

The concept of ethical investing is on the rise and is now an important option for many personal investors.

There is a growing awareness in society about the impacts our lifestyle and our consumption have on environmental and social welfare. This concern now extends to personal investment and many investors are keen to explore ethical investing.

What is it?

Ethical investing relates to the scrutiny that a managed fund manager places on the selection of assets, in relation to environmental and social aspects. This has resulted in a new sub-class of managed funds known as ethical funds.

These funds employ a sophisticated review process to screen investments and decide whether they qualify to be included in an ethical fund.

Positive and negative screening

In general, there are two methods applied to ethical investment selection.

- Positive screening – where the fund manager is proactive in sourcing companies that abide by high ethical standards.
- Negative screening – which takes a more passive approach based on excluding companies with poor ethical practices.

Beyond these general categories, each fund manager may implement more specific criteria for making selections.

Independent standards

The popularity of the ethical investing movement has led to the formation of an industry body known as the Responsible Investment Association Australasia. This body sets out standards for fund managers to apply in their investment selection process, so that personal investors can have confidence in a fund's ethical bona fides.

Would an ethical fund suit you?

Despite the layer of extra scrutiny involved, ethical fund performance can generally be comparable to funds without ethical screening, so they can be a worthwhile fund category for many investors to consider. Your Matrix adviser is well equipped to discuss the ethical fund options with you and how they can be incorporated into your portfolio.

BRIDGING THE GENDER FINANCIAL GAP.

When Aretha Franklin and Annie Lennox belted out the hit song, "Sisters are doing it for themselves", it was a bold declaration of how far women had come in society, in terms of taking the initiative and fighting for equality.

Thirty years on, however, there are still many areas where women struggle for equality. Financial self-determination is perhaps one of the most significant areas where progress needs to be made.

The gender pay gap

The matter that perhaps gains the most attention in public discussion is the limitations in employment opportunity and the general discrepancy in incomes between men and women. While there has been progress in many career areas and women now appear in many leadership roles in business, public service, media and sport, the gap still exists.

To quantify the extent of the problem, we can look at a recent report that points out a 16.2% gap in incomes[1]. This figure has been stubbornly static over the last 20 years or so, indicating a need for more to be done to bridge the divide. Causal factors could be such things as lower paid job types being dominated by women, a lack of acceptance of women in certain career areas and a predominance of women leaving work to raise children.

Whatever the reason, however, we know that this phenomenon restricts women building their own financial independence.

Family ties

Taking time off to care for children is still a role where women largely bear the burden. This naturally means that there is a greater dependence on their partners for financial support and less funding being dedicated to things that build financial independence, such as super and other wealth creation plans.

An interrupted career path and an ongoing need to care for children also makes it more likely that women will seek part time employment, which further limits financial development.

A longer retirement to be funded

One area where women continue to outdo men is in the longevity stakes. Once a male reaches age 65 their life expectancy is an average of 19.5 years. Women on average will exceed this average by nearly three years[2]. This positive is a double edged sword, given that women may need to fund a longer retirement.

Playing catch-up on super

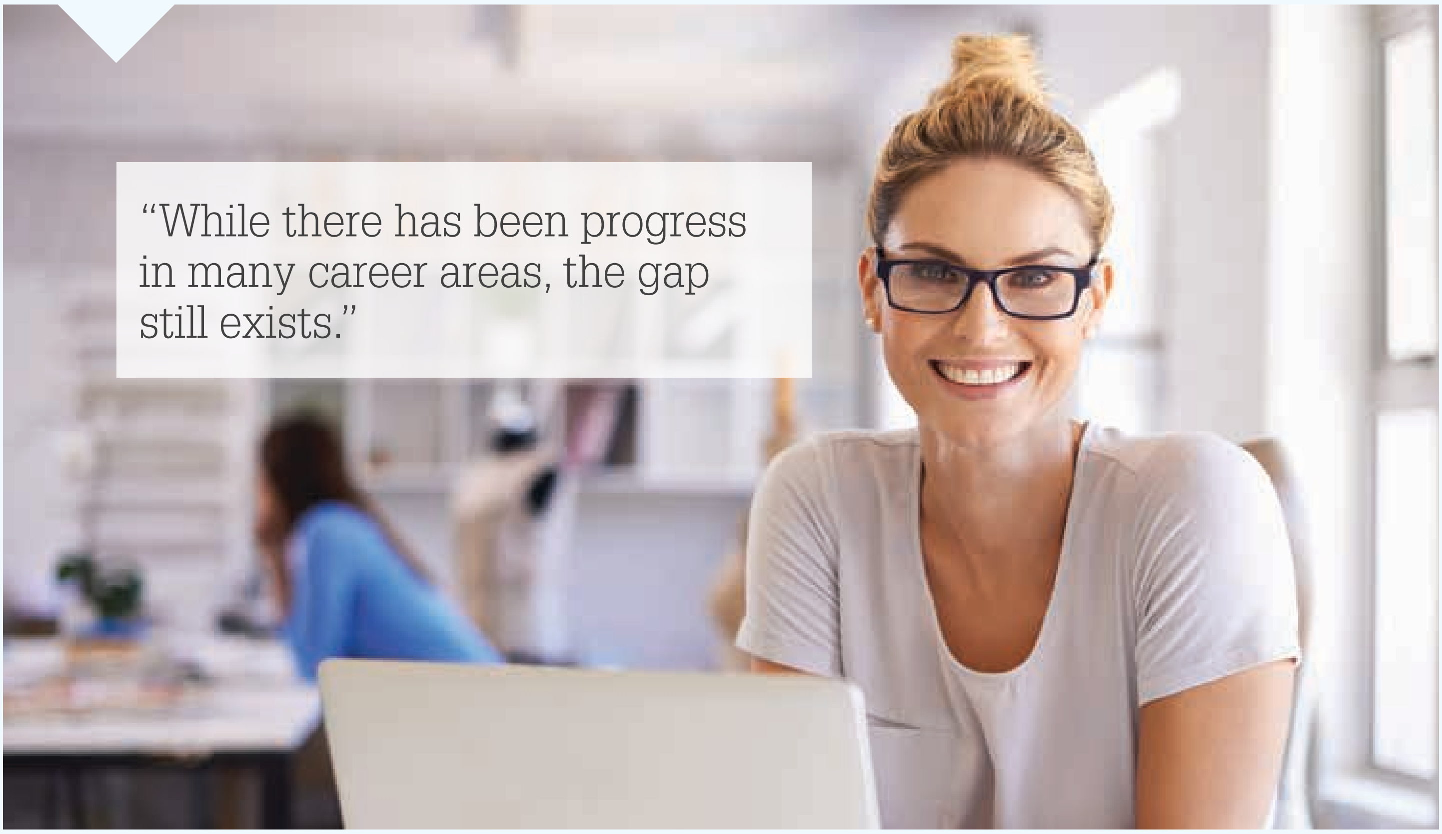
The Association of Superannuation Funds of Australia have uncovered some sobering statistics on just how far behind most women are when it comes to super accumulation. Their research shows that women between ages 50 to 54 have an average of $84,228 built up in super, while men enjoy a much healthier $146,608. This gap widens in the 55 to 59 age range with $115,046 for women compared to $227,765 for men. It widens again in the 60 to 64 bracket with $138,154 vs $292,510[3].

Such a profound shortfall cannot be remedied overnight, but it underscores the need for women to take a proactive role in gradually building their own super resources to create a platform for financial independence in the future.

A financial plan for freedom

Other areas of financial development, such as protecting income and livelihood with adequate insurance, budgeting, investments and an overall financial plan, are all critical to further strengthening this platform. Sisters certainly do need to 'do it for themselves' by taking the initiative, educating themselves and forging their own financial path in life. Your Matrix adviser can be a key ally in helping you get there, so take advantage of their expertise in planning your future.

1. Workplace Gender Equality Agency: Gender pay gap statistics August 2016.
2. Australian Bureau of Statistics: Life tables, States, Territories and Australia - 2013-2015.
3. The Association of Superannuation Funds of Australia Limited: Superannuation account balances by age and gender December 2015.



IS YOUR MOST VALUABLE ASSET EXPOSED?

Imagine owning an asset that is more valuable than your house, car and other possessions put together. Wouldn't such an asset be worth insuring?

Remember buying your first car or some other object that excited you? The sense of achievement and the pride of owning something of great value is a feeling that few would forget.

Later on you have the thrill of purchasing your first home, which brings with it a great sense of establishing your own future and providing a foundation for life for you and your family.

Taking on the responsibility of owning major assets like these is usually followed by a strong urge to protect their value by insuring against mishaps, such as loss, fire, storm or other calamitous events. Insurance makes emotional sense through the peace of mind it provides and logical sense through the security it may provide to replace or repair the asset if the worst happens.

But what is your greatest asset?

Physical assets, such as cars, homes and other possessions may amount to substantial value measured in tens or hundreds of thousands of dollars. However, these may not be your greatest assets. Your greatest asset is arguably the thing that underpins all of your other purchases and assets and, indeed, your very lifestyle. Put simply, your capacity to earn an income.

Consider your lifetime earning potential

To illustrate how your income earning capacity may be your greatest asset, let's project some simple figures.

Imagine a 20 year old earning $30,000 per year. Even if that person never experienced a pay rise for their entire life, they will have earned $1.35 million by the time they retire at 65.

Scale that up to a 30 year old earning $100,000. With no inflation their lifetime earnings amount to $3.5 million by 65.

There's a lot at risk

If you had any other asset that was valued at those sorts of figures you would probably not hesitate to insure it, due to the sheer scale of the cost to replace it. The fact that income is not a tangible asset like a house or car, however, means that many people fail to consider it as an asset at all and leave it exposed to risks.

Even though it is not a tangible asset, income is subject to a range of risks that could temporarily or permanently stop it from flowing. An accident could leave you off work for weeks or months, or in some extreme cases could leave you incapacitated permanently. An illness could similarly affect you for an extended period. In the very worst scenario, premature death could occur and leave a dependent family totally exposed to having no income at all.

Income replacement protects your future

To protect against the risks of income loss and the impact it would have on loved ones, an effective solution is to insure one's income and one's life. Income protection provides a monthly income stream for temporary or permanent income loss due to illness or accident. Life insurance can provide lump sum cover to replace a lifetime of income. TPD cover can also provide lump sum cover in case you become totally and permanently disabled. Finally, trauma cover can give you lump sum cover if certain serious medical events occur.

Your Matrix adviser can tailor a personal insurance package to suit your situation and help secure your family's future against the loss of a significant asset.

The colder months are nearly upon us and for many of us this can be a real downer for our mood and our general health.

Rather than just resigning yourself to a season of hibernation, there are some simple things you can do to stay happier and healthier. Why not take the initiative now and give these ideas a try. They could be just what you need to warm up your winter.

Sleeping habits

The temptation to sleep in is much greater on cold mornings, but this can dampen your mood and make you feel more sluggish. Keep your sleep patterns consistent to combat this by aiming for a regular bedtime and around eight hours per night. Avoid late evening sugary snacks and get up early to maximise your daylight hours, which can have a positive effect on mood.

Eat smarter

It's natural to want to indulge a little more when it's cold and dark as a way of cheering ourselves up. The usual suspects are simple processed carbs and sugary foods like chocolate, but these can produce a spike in blood sugar followed by a slump in mood.

Plan your snacks ahead to replace these foods with healthier options like nuts and crunchy vegetables, which have much greater health and weight management benefits.

Make some soup

Replace the usual heavy winter fare with some soup instead. The process of making soup in itself is therapeutic, the aromas that fill the home are divine and the health benefits can be positive. Use lots of vegetables, legumes and a good bone broth as a base.

Getaway goodness

Why not cheer yourself and a loved one up by taking the occasional brief getaway to a favourite winter spot. Visit some winery or craft regions, for example, where you can enjoy some indulgence, a bit of retail therapy and finish the day in front of an open fireplace to warm the toes and the heart.

MARKET UPDATE.

OVERVIEW

Most share markets experienced strong performance over the March quarter. Investors remain positive about prospects for stronger global economic growth, particularly in the US. Fixed interest markets by contrast have experienced fairly subdued returns. We see the outlook as being balanced between a continued positive economic picture, and the risks of more increases in interest rates in the US. Rising interest rates have, at times in the past, led to some instability in share markets. Accordingly, we continue to believe that maintaining a balanced approach with a diverse mix of investments remains appropriate. That is, some investments that will do well under the positive scenario; and others that will help to mitigate risks should rising interest rates lead to rising volatility.

INTERNATIONAL SHARES

President Trump has been well received by the share market in the United States. The market has priced in expectations that tax cuts (now probably delayed until 2018) will boost both the economy and company profits. Emerging markets, which are the share markets in less developed economies, have also experienced very strong performances as fears of trade protectionism have faded.

AUSTRALIAN SHARES

In Australia, the share market continues to do well. There are warning signs emerging that banks may start to experience a few headwinds, as concerns grow about expensive and overvalued residential property markets. It's clear that the regulators are signalling to the banks that a more considered and cautious approach to mortgage lending is appropriate in this environment. In time this will probably mean slower lending growth however, the banks have been able to counter this by boosting their profits through raising the interest rates they charge, particularly on investor loans.

BONDS AND CASH

In Australia, the RBA held rates at 1.5%. In the statement accompanying the decision the central bank took a balanced view towards the outlook. A few concerns were expressed about both the economy and the frothy nature of the residential property market. Balancing this the RBA noted that a stronger global economy was a positive. We think the RBA is on hold for the foreseeable future, and would expect cash rates to be fairly stable in the coming months.