

The Goodman News



UPDATE FROM THE CEO

By the time you read this article I hope to be on a four-wheel drive tour of Northern Australia with family and friends. The adventure sees me travelling to Kakadu in the Northern Territory and Karumba in the Queensland Gulf Country, among other destinations. Our original plan was a tour of Australia's renowned Kimberley region of WA, but tough border restrictions forced a change of plans.

That said, when viewed against the current national and international backdrop, I'm grateful disrupted travel plans are my only complaint.

I am fortunate to lead a business which is needed as much as ever during times like these, and a business that can continue to operate with minimal disruption when required.

ifa Excellence Awards finalists

The financial services industry is facing considerable upheaval not only from the pandemic, but also the reforms arising from the Hayne Royal Commission and increased educational requirements.

Goodman Private Wealth has experienced minimal impact from these regulatory changes because we have been leaders in industry best practice for many years. I am pleased to announce we have again been recognised as finalists in the ifa Excellence Awards, for the third consecutive year. Winners will be announced in November.

Your feedback

Being in the fortunate position we are, we continue to invest in our future and yours. Our Strategic Plan for 2021-2022 centres on projects which improve the advice and service we deliver to you, our clients. To help guide us, we are seeking your feedback. In the coming week you will receive an email inviting you to spend just five minutes sharing your insights into how we might serve you better. We are ambitiously aiming for 90 percent participation from our clients, so please keep an eye out for our email and click on the link to complete our survey.

New team members

Essential to our success is the quality of our people. On page 4

we introduce our newest team members - Ashleigh and Oscar. James Goodman and I are only able to advise you at the highest level because of the expertise and support we receive from the people around us. When you speak to a member of our team, you can be confident you are dealing with some of the best people in the industry.

We're not industry leaders by accident

The fortunate position we find ourselves in today has not happened by accident. It is the result of foresight, not following the herd, strategic execution, a great team of people, and a fabulous community of clients. While I like to think our success may be deserved, I'm also very grateful for it. I trust you and your family have plenty to be grateful for too. I look forward to sharing a few stories from my trip to Northern Australia when we next speak.

Best regards

Brad Church

Chief Executive & Senior Adviser

What sort of returns are you *looking for*?



JAMES GOODMAN
Senior Adviser

Investing used to be about targeting the best financial return – pure and simple. However, in recent years, the once niche idea of looking for an additional type of return - a ‘social impact’ return – has come into consciousness for many people.

The theory behind a social impact return on investment is to use one’s capital to avoid harm or to facilitate positive outcomes in the world.

We’ve noticed it in the news (think of the big superannuation funds divesting their interests in coal companies) and anecdotally amongst our clients who are increasingly interested in using their capital to avoid harm or to promote positive environmental, social, and governance (ESG) outcomes. An example of a positive impact investment approach might be to actively seek out investment in biotech companies researching and developing cancer treatments.

Of course, avoiding harm and promoting good are subjective

concepts, and a few patterns have emerged over the past 10 or 15 years.

Spectrum of capital

The diagram below seeks to show the full range of investments. From traditional investments with a purely financial return focus on the left, through a range of ESG investments in the middle, and ending with impact only purely donations on the right.

Negative screening

Often the first step in ESG investing, ‘negative screening’ is the specific exclusion of assets for personal ethical reasons. For instance, plenty of people have told me they don’t want to invest in companies

that manufacture armaments or cigarettes.

The sweet spot?

For many, the optimal ESG investments fall under the ‘Financial-First’ column. Here, investment capital is used purposely and effectively to make positive change, without sacrificing anything in the way of financial return. This is a very tall order in practice, but possible.

Impact-first investing

Investors in the ‘Impact-First’ column are willing to accept a less than market rate of return for the risk taken, with a view to achieving a greater social outcome. An example might be purchasing a social impact investment bond with a coupon rate

SPECTRUM OF CAPITAL



APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS				PHILANTHROPY
				IMPACT INVESTMENTS		
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	IMPACT DRIVEN		IMPACT ONLY
				FINANCIAL-FIRST	IMPACT-FIRST	
FINANCIAL GOALS	Target competitive risk-adjusted financial returns				Accept low risk-adjusted returns	Accept partial/ full capital loss
FEATURES	Manage ESG risks					
	Pursue ESG opportunities					
	Intentionality: delivering impact is central to underlying assets/investments					
	Impact investment is measured and reported					
IMP INTENTIONS	MAY OR DO CAUSE HARM	ACT TO AVOID HARM				
		BENEFIT ALL STAKEHOLDERS				
		CONTRIBUTE TO SOLUTIONS				

Source: Phenix Capital Impact Management Assessment 2019

of 6 percent, but where an objective risk-assessed rate of return for that bond would be 10 percent.

Who's doing it?

Big super funds are doing it, in part due to pressure from their members. Individual investors are doing it, and philanthropic investment funds are doing it. There is an oft-considered theme in the philanthropic investment fund world that one's investment capital should be put to good use 'in addition to' the annual granting donations made from such funds.

Our ESG results

When we're looking for ESG and social impact investments, we're faced with two inherent issues.

First, finding investments that fit both the highest quality financial and ESG criteria is not easy. There is a seemingly endless number of investment types, but very few which can tick both boxes.

Secondly, every investor's ESG views are different. One person's climate-saving nuclear power, for instance, is the next person's 1,000 years of unacceptable radioactive waste. Also, whilst measuring the financial return of an investment is relatively straightforward, measuring the social impact return of an investment is far more difficult.

We can help

Despite the challenges, we've been able to find assets for each of our clients to match with their individual ESG views. Importantly and pleasingly, we've been able to do this in a way that hasn't compromised their financial goals. Contact us to learn more about ESG investing and for assistance with your queries.



SUPER CHANGES *and your individual plan*

This new financial year sees a range of superannuation law changes taking effect. For many, it is an opportunity to set aside more capital for retirement funding (in a tax preferred manner). For our clients, we understand these changes and have incorporated them into your individual plan so that you get the full benefit.

Contributions caps higher

As a result of indexation, the concessional (pre-tax) and non-concessional (after-tax) contributions caps have now increased. Concessional contributions can now be made up to \$27,500 each year, and the non-concessional cap has been extended to \$110,000 per annum or \$330,000 if using the bring-forward arrangements.

For those who are still working, you are probably already aware the Superannuation Guarantee rate has increased from 9.5 percent to 10 percent, effective from 1 July 2021.

Total super balance increased

Coinciding with these changes is an increase to the threshold amount individuals can have in superannuation and still be eligible to make non-concessional contributions into superannuation. The total super balance (TSB) has increased from \$1,600,000 to \$1,700,000.

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The more exciting opportunity is for those aged 65 and 66. It is now easier to make contributions into superannuation on a non-concessional basis. You still need to be eligible, based on your TSB, but it does apply to both the annual cap and the bring-forward cap. This change was part of the Government's More Flexible Superannuation reforms.

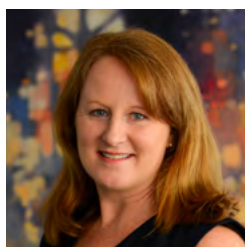
If you are nearing retirement, the pension transfer cap has increased to \$1,700,000. This means you can commence a pension income stream up to this new indexed amount.

Pension drawdown relief extended

For those already in retirement phase, whilst you generally don't have an opportunity to place more money into superannuation, the pension drawdown relief has been extended by the Federal Government with the continuation of the 50 percent reduction in the minimum pension payments for this financial year. In response to the pandemic, this continuation aims to provide flexibility for individuals to lower their pension drawdown levels if it is appropriate.

Your individual plan

We are across these changes and how they impact our clients, leaving you to focus on what's important to you. If you can take advantage of any of these changes, rest assured it will be incorporated into your individual plan.



SHARYN BESCH

Financial Planning Subject Matter Expert

Meet our team members

Ashleigh Walls - Administration Manager

We are delighted to introduce our Administration Manager Ashleigh Walls, who joined us earlier this year. Ashleigh has a strong track record in delivering on what is promised and has taken on her responsibilities with enthusiasm and professionalism. You can read more about Ashleigh at goodmanwealth.com.au.



Oscar Victorino - Paraplanner and Portfolio Administrator

We are delighted to welcome Oscar Victorino to our team as Paraplanner and Portfolio Administrator. Oscar brings excellent analytical, project management, and client services skills to the role, having previously worked for a national funds manager for over a decade as an investment operations analyst and a client services representative. You can read more about Oscar at goodmanwealth.com.au.



Supporting Mater Smiling for Smiddy

Earlier this year, James Goodman joined a group of 50 cyclists for a bike ride in Far North Queensland with not-for-profit Mater Smiling for Smiddy.

The group cycled from Cairns to Cape Tribulation to Port Douglas, and then looked upwards on the long climb to visit the Atherton Tablelands. The tour was done under police escort over 680km and nearly 7,000m of ascents; included cycling legend Phil Anderson as a rider; and traversed some of the region's most spectacular scenic roads. A less known tourist site visited was a crossing of the highest road in Queensland (1,162m), near Ravenshoe.

Smiling for Smiddy was founded after the death from melanoma of 26-year-old Adam Smiddy in 2006. This group raised awareness and funds for cancer research at the Mater. Together, the riders raised more than \$500,000 for the cause.



James Goodman third from right.