Successful Investor Secrets

The investment world can change dramatically from one month to the next. But these secrets of successful investors never go out of style.

Successful investing can be one of your biggest allies in the quest for long-term financial security. Unfortunately, unsuccessful investing can leave you wishing you'd kept your money in the bank.

So what are the secrets to making your investments achieve what you want them to achieve?

Here are some of the tactics used by successful investors around the world.

1. Start with a plan

Smart investors don't just look for 'good' investments. They look for investments that will help them achieve specific goals. You may be seeking a return above that available on cash or term deposits. In this case there are other investments such as shares and fixed income, which may be expected to generate higher returns than cash over the long term, however, they are also more volatile, so investors need to consider both the risk and return components of their portfolio.

2. Diversify widely

One of the main goals of investing may be to ensure you have a mix of assets that are likely to perform well at different times helping you survive any downturn in a specific market or industry sector. While many Australian investors are heavily exposed to Australian shares, a well-diversified portfolio will generally hold assets in each of the major asset classes (e.g. Australian and international shares, property, fixed income and cash).

3. Watch your costs

It's easy to get fixated on the returns your investments can generate. But successful investors always keep track of, and seek to minimise, the fees and taxes associated with owning them.
A 'buy and hold' strategy can help you avoid transaction costs like brokerage, or buy and sell spreads from managed funds. It can also help you reduce capital gains tax, which generally decreases by 50% when you've held an asset for over 12 months.

4 Protect your assets

Even a carefully constructed investment strategy can come unstuck if you need access to your money in an emergency.
A smart strategy is to ensure you maintain a sizeable cash reserve, and put in place appropriate insurance such as income, TPD and life insurance. Having appropriate insurances in place can help prevent the need for a 'fire sale' of your investments if you suffer a serious illness or accident. *(Source: RI Article Hub)*

Suite 10/232 Robina Town Centre Drive ROBINA QLD 4230 | PO Box 3288 ROBINA QLD 4230| 07 5593 000 | enquiries@ritcoastal.com.au
Visit us on the web: www.rigoldcoast.com.au | Find us on Facebook: RIT Coastal

ISSUE 03
Sept 2019

RIT Coastal

In this Issue

Jeff's Jottings

Spring is a welcome change with the longer days and warmer nights. Now is a good time to spring clean, including your finances, so make an appointment with your adviser if you haven't seen them recently.

Australia continues into its 29th consecutive recession- free year and while there has been several discussions of Australia's economy slowing, treasurer Josh Frydenberg believes the figures show the fundamentals of the Australian economy are strong. He has claimed there has been a "major improvement" and we will wait and see when the final 2019 budget is released, to perhaps unveil the first general government underlying cash surplus since 2007-2008.

Now we are heading into storm and bush fire season, it's a good idea to make sure you are prepared in case you need to evacuate your home. You can do this by keeping all of your important financial and personal documents and sentimental items in one convenient place ready to take at a moments notice.

Kind Regards,

Jeff English

Jeff English

Chief Executive Officer &
Senior Financial Adviser
RIT Coastal

Market Update

Highlights in July

- The Reserve Bank of Australia delivered a back-to-back rate cut in July, following on from June's move.
- Financial markets are still pricing further rate cuts by the RBA.
- There was a sharp drop in bond yields in July, both locally and globally.
- The ASX 200 lifted by 2.9% hitting record highs during the month.
- The CoreLogic data showed that dwelling prices stopped falling in July. This was the first lift in prices since the downturn commenced in September 2017.

Cash

After the rate cut in June, the Reserve Bank of Australia (RBA) doubled up with its second 25bp cut at the July meeting, reducing the cash rate from 1.25% to 1%. This took yields across most maturities to new record lows. Market pricing eased back slightly after the second cut, but in the last few days of the month, terminal pricing came close to a further 50bp of rate cuts priced in for mid-2020. Central banks globally remained reasonably dovish, with expectations of policy easing led by the Federal Open Market Committee (FOMC) which was delivered in early August.

Australian economic data did not offer a particularly strong signal, with the RBA possibly suggesting a pause by adding that cuts could come 'if needed'.

Australian and Global Fixed Interest

Central banks took the centre stage in July. The month started with the RBA cutting the cash rate by another 25bps to 1.00%. The month ended with the US Federal Reserve delivering a 25bps cut to the Fed Funds target rate to 2.00% - 2.25%, its first rate cut in more than a decade. In addition, the FOMC also decided to stop shrinking the Fed's balance sheet as at 1 August at US$3.65trn.

Elsewhere, Bank of Korea also cut interest rate by 25bps to 1.75%, the first cut in three years. Bank of Japan trimmed its 2019 Japan Gross Domestic Profit (GDP) and inflation projections and is ready to take additional easing measures if inflation pressure don't pick up. The European Central Bank (ECB) also shifted to an explicit easing bias and is expected to cut the deposit facility interest rate in September.

The likelihood of a disorderly Brexit has increased following the election of Boris Johnson as the United Kingdom. prime minister. UK TLAC bonds struggled, widening more than 15bps in three days towards the end of the month in fear of a hard Brexit.

The US/China two-day meeting in Shanghai resulted in no breakthrough in key trade issues such as intellectual property rights and forced technology transfer. Instead, the two sides have agreed to meet again in Washington in early September.

The Australia bond market had a small sell-off (yields rose) in the first couple of weeks of July, but rallied back strong (yields fell) in the second half. The Australian government 10-year bond yield fell from 1.32% at end of June to 1.18% at end of July.

Australian Dollar

The AUD trade weighted index fell by 1.0% in July, with AUD/USD down 2.5% in the month.

The AUD started the month on the back foot ahead of the widely expected RBA cash rate cut on 2 July. However, a record high Australian June monthly trade surplus saw the AUD rally in the days following the RBA's rate cut. The rally was short-lived after stronger than expected US non-farm payrolls. AUD continued to drift lower until US Fed chair Powell's testimony to Congress. Powell strongly signalled that the FOMC was poised to cut

RI Re-Connect Melbourne 2019

In August , some of our advisers attended the annual RI Advice Group Re-Connect Conference in Melbourne at the Park Hyatt Hotel.

It was a special event for our team, as it was the first time Steve and Dave were able to attend as Advisers.

Our new $20 bank note - why is it special?

Released into circulation on **9th October 2019,** not only does our new $20 bank note look bold and innovative, it has a range of innovative new security features designed to keep the banknote secure from counterfeiting.

It also retains the portraits of Mary Reibey and Reverend John Flynn, which are drawn from the same source photographs represented on the first polymer $20 banknote.

Mary Reibey was a convict who arrived in convict Australia and later became a successful businesswoman, running her shipping and trading enterprises, whilst John Flynn pioneered the world's first aerial medical service now known as the Royal Flying Doctor Service.

interest rates in July. On 19 July markets were pricing a 64% chance of a 50bp cut following comments by NY Fed President Williams. This saw AUD/USD hit its highest level for the month at 0.7082.

However, the NY Fed quickly clarified that Williams had not been hinting at a 50bp cut. As a result, market pricing for a 50bp cut unwound over the rest of the month, taking AUD/USD lower with it. AUD did pare losses on 31 July after Australian Q2 CPI beat expectations and reduced market expectations for a RBA rate cut in August. However, the firmer USD after Powell's comments following the FOMC meeting saw AUD/USD fall to close on its lows for the month, and to more than a three and a half year low (excluding levels traded in the 3 January flash crash).

Commodities

Commodity prices were mostly lower in July, led by coking coal. Nickel and to a lesser extent, gold, were the exceptions. The main negative drivers across the commodity space were growing demand fears and a stronger USD.

Nickel prices surged last month on the back of falling LME stockpiles. LME nickel stockpiles have been falling for some time and a ~20% increase in nickel prices can't fully be explained. Other factors likely helped nickel prices higher too. Nickel ore supply from Indonesia was impacted by heavy rains last month. The expected surge in electric vehicles has boosted the demand outlook for battery metals including nickel.

Iron ore prices remained steady in July, despite an improving supply outlook. Iron ore port stockpiles in China, which have been in freefall since early April finally ticked higher last month. Vale also maintained its 2019 iron ore sales guidance Gold futures rose in July on the prospect of US interest rate cuts.

Premium coking coal spot prices declined notably in July. Demand concerns appear to be the main driver, particularly with the weakness in China's manufacturing activity. Other developments are also adding downside pressure to seaborne coking coal prices. Customs officials at Jingtang and Caofeidian coal ports in Chinese province of Hebei said they would halt customs declaration services from July 16 until further notice.

Australian Residential Property Market

The fall in national dwelling prices came to an end in July. Prices lifted 0.1%, the first monthly gain since the downturn commenced in September 2017. The total peak to trough fall was 10.2%. This was slightly less than our expectation of a 12% total peak to trough fall.

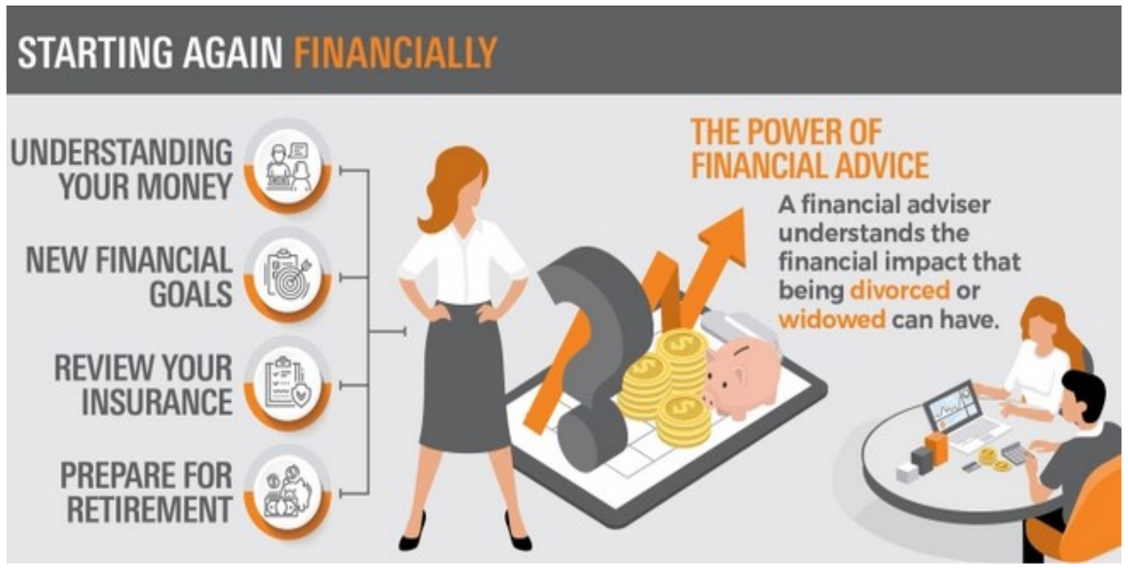
The gains were led by dwelling price rises in Sydney, Melbourne and Brisbane. Prices all lifted by 0.2% over July. Five of the eight capital cities saw prices rise, while three fell: Adelaide (-0.3%), Perth (-0.5%) and Canberra (-0.3%).

In Sydney prices rose for apartments (0.3%) and houses (0.2%). Despite concerns over the supply of apartments, prices are still rising. Housing affordability reasons could be at play here. Prices are also rising at all value points with upper quartile value properties rising 0.2%, the medium quartile up 0.3% and the bottom quartile rising 0.2%.

The same thematic is occurring in Melbourne. Prices for units are lifting faster than houses despite the sheer volume of supply that has come onto the market. Dwelling prices for Brisbane rose for the first time since November 2017. Prices in Perth continue to fall despite falling rental vacancy rates.

Some stabilisation in dwelling prices could help the consumer over the second half of 2019, especially when combined with interest rate cuts and tax refunds. The RBA has stated they are looking at the data for signs of aggregate demand lifting. We still expect the RBA to cut rates a third time to support the economy and lower the unemployment rate. We expect the next rate cut in November.

(Source: Colonial First State)



Four Ways Social Media Affects Our Spending

Can Social Media Use be linked to spending?

Research shows it can. For example, one study found that social networks such as Facebook and Instagram can motivate impulsive buying behaviours.

But how does social media affect our spending?

1. Advertising

Sites like Facebook and Instagram have evolved from social networking platforms to powerful advertising tools. We only need to look at our social media feeds to realise how businesses use targeted advertising to expose us to brands, products and services.

Targeted posts are effective at getting us to spend because they're typically developed based on our demographics and even our behaviours.

2. Fear of missing out

Social media creates a tendency among users to compare their lifestyle to those of others. This comparison can trigger a fear of missing out or FOMO, leading us to buy and consume just to fulfil the urge to keep up with everyone else.

3. Encouraging imitation

Images of products or aspirational lifestyles posted on social media by people we respect or admire might influence us to spend unnecessarily or indulgently.

This happens when we look to them for cues or guidance when we don't know how to act and simply copy what they're doing. Psychologists call this social proofing.

4. Seamless shopping experience

Social media platforms can also encourage spending by providing a seamless shopping experience. For example, Facebook enables retailers to sell on the platform itself, and Instagram lets them add links to products and services mentioned in their posts so users can purchase them online. This makes it extremely easy to spend.

Social media can help us make better choices by exposing us to more products and services and enabling us to learn about other people's experiences using them. But it can also influence us to spend unnecessarily or impulsively.

By setting financial goals, you can make smart choices with your money. Your professional financial adviser can help you get started by creating a plan and budget to help you secure your financial future.

(Source: RI Article Hub)

Welcome to our newest team members - Albert and Cecile

Our newest Adviser Albert has worked within the finance industry since 2001 and has been an adviser since 2009. He commenced his advising career with CBA and has qualifications in Advanced Diploma Financial Planning and a Bachelor's Degree in International Finance.

Albert is passionate about helping clients to meet their financial goals now and in the future, and having a greater understanding of their financial situation.

In his spare time, Albert enjoys spending time with his family on the Gold Coast.

Cecile has returned to the RIT Coastal team, previously working in the Robina office between September 2017 to June 2018. During this time, Cecile was the office all-rounder, assisting clients with all of their administration needs.

It has been two years since Cecile moved and settled down to Tweed Heads, sharing a love of the area with many RIT Coastal clients. She enjoys water sport activities spending time on the river, decorating her new home and enjoying the surrounding stunning beaches and hinterland.

Cecile looks forward to hearing from all our wonderful existing and new clients for many years to come.