CREATING FINANCIAL FREEDOM

Money

NEW FOOD WARS P50

FEBRUARY 2024 • ISSUE 274

START TALKING NOW
AVOID INHERITANCE DISPUTES

THE OZEMPIC EFFECT
MIRACLE DRUG, ECONOMIC CHAMPION

UNDIES IN A TWIST?
THE STEP ONE SUCCESS STORY

TOP 50 SHARE AND PROPERTY BUYS

INSIDE

HOW DISRUPTION IN THE RED SEA IMPACTS INFLATION
LATEST OPTIONS FOR AGEING IN PLACE
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NEXT ISSUE ON SALE FEBRUARY 29

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NEW YEAR, NEW YOU

It's the same for us at *Money.* We began refreshing the magazine in December, and our new year's resolution is to keep providing you with cleaner pages, easier navigation and informative graphics. We will also add some exciting content as the Year of the Wood Dragon (a time of abundance, prosperity and fortune… please let it be true!) unfolds.

Our focus remains on quality, with our regular experts giving you the inside edge on money, property and investing.

This year started well for us, with news from Roy Morgan market research that our readership is up almost 10%. That's no small feat in the social media age, but we take our position as a trusted, independent voice in a market cluttered with finfluencers seriously.

Our mission to lead you on the journey to financial freedom remains as strong as ever as we enter our 25th year.

We began in 1999 – when cash was king, the internet was dial-up and Nokia 3210s were red hot – and continue to publish in the era of Bitcoin, exchange traded funds, artificial intelligence and electric vehicles. And we can tell you, there's never been a dull moment. We'll keep you abreast of the celebrations for our birthday later this year.

In this issue, we cover the big stories that affect you as a consumer, including the fragmentation of the grocery market (and how you can get the best deals), the meteoric rise of Ozempic as a weight-loss drug and options for looking after the elderly people in your life.

And for the stories that affect you as an investor, we delve into the possible implications of increased US-China tensions and look at the difference between growth and dividend ETFs.

For your enjoyment this Valentine's Day, we interview Mali Corinaldi, co-owner of iconic Melbourne restaurant Rupert on Rupert, for Hot Seat (page 86). She reveals the financial and romantic side of running a business with her partner, Ric.

Our headline offer, though, is an expert take on the Top 50 property locations and Top 50 shares to consider buying in 2024.

Welcome to 2024 with *Money.*

Michelle

Michelle Baltazar,
Editor-in-chief

SAVINGS & GIVEAWAYS

14 Win one of 10 copies of *6 Principles to Retire Younger & Richer,* by Daniel Walsh.

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WIN A 12-MONTH SUBSCRIPTION

Tell us what you like about *Money,* or let us know when we get it wrong. Share how the magazine has helped you, stories you'd like to see, and what you're facing on your own personal finance journey. If your letter is chosen as our Letter of the Month, you'll receive a 12-month subscription to *Money* magazine.

SUBSCRIBE THIS FEBRUARY AND RECEIVE TWO FREE BOOKS, VALUED AT $39.98. SEE PAGE 91.

WE'D LOVE TO HEAR FROM YOU

Email: money@moneymag.com.au or write to: Money, Level 7, 55 Clarence Street, Sydney NSW 2000.
Remember to include your name, address and phone number. Letters may be edited for clarity or space. Because of the high number of letters received, no personal replies are possible.

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YOUR SAY

Letter of the month

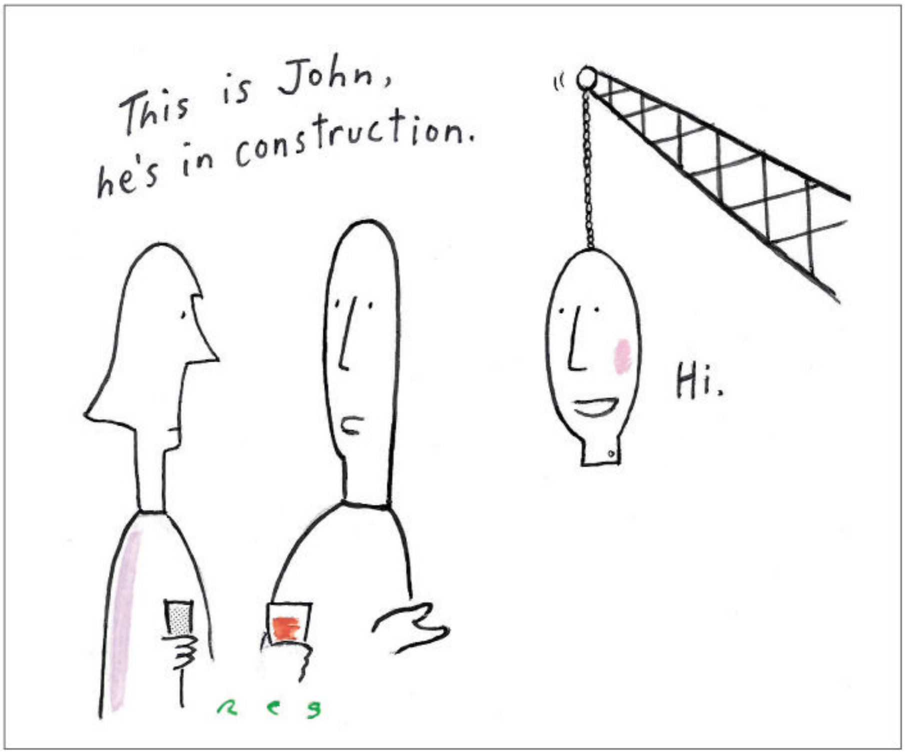
Take it from Kenny: the stockmarket is a gamble

I'm a bit of a country music buff (I'm 74). While playing a Kenny Rogers album, I came across the song *The Gambler*, which gives sage advice to investors:

"You've got to know when to hold 'em, Know when to fold 'em, Know when to walk away, Know when to run, You never count your money, When you're sittin' at the table, There'll be time enough for countin', when the dealin's done."

Don't know if Kenny played the market, but he is smack on.

Will



Greed's role in a recession

Love the magazine and new look, but I had some thoughts on Max Riaz's managed funds article, "Another day of reckoning" (December-January).

I was disappointed to read his theory that increasing interest rates are the precursor to recessions, particularly regarding the GFC. This narrative completely ignores the mismanagement and greed of the large financial firms whose fraudulent dealings ignited a global collapse of share value and market confidence. It completely diminishes the criminal acts of those people in power who defrauded their customers.

Further, to scaremonger investors into a cash position, simply out of fear for a slowing economy, jeopardises their future wealth creation. Inflation will only eat away at their capital and they will miss the rise when the market invariably recovers.

Sorry, Max, you haven't built the argument that high interest rates equal recession for me.

Tara

Solar-searching exercise

Thank you *Money* for the recent focus on Gen X and planning for retirement. I found the insights to be very helpful.

Earlier this year I splurged and got 10kW of solar panels added to my roof (with no battery) to offset my growing electricity bill. Upon trying to identify a reasonable electricity retailer, I was dumbfounded by the multiple factors that make it nearly impossible to compare suppliers.

There is time-of-use pricing, fixed usage rate pricing, seasonal usage rate pricing, daily use access pricing, dedicated circuit pricing and solar rebates that are either fixed or only for the first 'x' amount of kW – it all makes it way too difficult to compare them.

I would love to see an article comparing supplier prices where solar is fitted.

Don

Adapt to the situation

In response to Phil Slade's answer to 'What's a nifty but thrifty item you are planning to buy yourself in 2024?' (December-January), I suggest he take a powerboard on his travels – $2.98 gives you four sockets for all your rechargeables, and if you go overseas, you only need one adaptor. Much cheaper than a remote docking station and doesn't take up much room in the suitcase.

Diane

It's a living thing, too

A quick reply to Alan, who sent a letter regarding family money (December-January). As I sit on my outdoor deck, Christmas Day, listening to my three daughters laugh and play carefree in the pool, sun shining, breeze on my face, dogs at my feet and a cold drink in my hand, I think to myself… money can't buy the love, sense of belonging, sense of worth, happiness and joy of family. It is not a 'financial thing'. It is an innate need for something greater than just existing. May you find what you are looking for and accept those with a different view. Cheers, big ears, it is a bell-shaped curve, my friend.

Mark

Age matters to lenders

I'd just like to add something to Paul Clitheroe's reply to Tina in (Paul's Verdict, December-January issue). Age does have another negative when applying for a mortgage: the lender will often reduce the term, resulting in higher repayments, possibly making it unaffordable. This has been my experience when trying to refinance.

Linda

Corrections

In our December-January issue on page 47, the co-contribution and current graph lines were transposed. Additionally, the interest period listed in the tables for the Best-Value Flexible Home Loans awards should have read 'annual' rather than 'monthly'.

‘What are the top ways you plan to reduce your living expenses this year?’

JOANNA TOVIA
Senior journalist, Money

When scrolling on social media, where we’re all targeted with ads for things we love, I’m trying to get into the habit of saying “I have everything I need” when I’m tempted to make a purchase. It’s a surprisingly effective way to curb those impulse buys. Keeping the kitchen well stocked with ingredients for simple dinners is also a goal, to reduce what we spend on takeaway.

See Joanna’s feature about the pros and cons of house and land packages on page 66.

CHRISTOPHER NIESCHE
Journalist

This year I’m planning to try out the Wendi app, a subscription management service that looks back through several years of bank transaction data to identify streaming TV subscriptions, website subscriptions, insurance, professional memberships, storage, club associations and health and fitness clubs. I’ll then cancel the subscriptions, memberships and services that I’d forgotten I was paying for and no longer use.

See Chris’s fascinating investigation into Ozempic manufacturer Novo Nordisk on page 70.

ANTHONY O’BRIEN
Small Business columnist

Too much of my income goes to my mortgage. I’ll chat with my lender to see if we can shake things up. If not, I’ll shop around. With the kids growing, our grocery bills are growing, too! I’ll be checking out Costco to help trim expenses. Here’s a fun one: a mate scored a deal on electricity even without solar panels. I’ve got a referral, and I’ll be swapping to more wallet-friendly energy faster than you can say ‘Amber’.

See Anthony’s column this month about using social media to grow your business on page 57.

SUSAN HELY
Journalist

My kids have left home but I still shop as if I am feeding a family of four. I get carried away at the markets and buy too much food, which I end up throwing out. I estimate I can save at least $30 a week or $1560 a year. I don’t need to buy many clothes or things for the home. But if I do, I pick things up in the last throes of a sale, where the 30% off becomes 40%. If you are lucky, prices can be cut by 50% to 70%.

See Susan’s deep dive into options for older Australians wanting to stay in their own home as they age on page 48.

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2024: will we be held over a barrel?

The expectation that inflation will fall depends on what happens in the Red Sea

It's time to reset ourselves for another year. But first, let's appreciate how much things improved during the 2023 calendar year, albeit knowing some things did get worse.

Inflation ended 2022 on a peak of 7.8% before beginning to come off the boil as it finished 2023 at just below 5%. Nevertheless, because our Reserve Bank took too long to raise the cash rate in the first place to fight inflation, it meant that the cash rate finished the year higher than where it started: 3.10% at the end of 2022 compared with 4.35% at the end of 2023.

As a result, mortgage rates climbed during the year from an average 5% to an average 7%. At least average rates on term deposits also rose, although not as much, from 3.65% to 4.6%.

But when the rise in the official cash rate jumps 1.25 percentage points, a third more than the 0.95 percentage point rise in term deposit rates, it's easy to see who's bearing the brunt of all this: mortgage owners.

In the main, it's new borrowers with young families, the very people who will struggle the most with the least spare cash and who have lower capacity to cut back elsewhere.

If you have money, 2023 was a bit of a different story. The ASX finished 2022 on a 12-month total return of -5%, but in a big turnaround finished 2023 up by almost 10%.

If you think that was impressive, you'll be stunned by what happened in the US. At the end of 2022, its stockmarket closed out the year with a shockingly low 12-month return for the flagship S&P 500 index of -12%. But one year later, at the end of 2023, the index was up a whopping 27%.

So, as good as the pick-up in the Australian stockmarket was, the pick-up in the US was more than two-and-a-half times better. Which explains why 2023 was another good calendar year for

default MySuper products. They finished 2022 on a depressing 12-month return of 5%; the Rainmaker MySuper index finished 2023 on a 12-month return of 9%.

Economy under pressure

These diverse metrics, however, betray mixed signals. They hint that there are some savage pressure points emerging in the national economy.

Let's start with how record migration levels might be pushing up demand for housing, which drives up rents and property prices. According to the Australian Bureau of Statistics, while net migration was 203,000 in 2022, through 2023 it was two-and-a-half times higher at 520,000.

But the raw number of new migrant arrivals jumped from 430,000 in 2022

to 740,000 in 2023. Hardly a surprise then that the Australia-wide average home price increased 4% from $890,000 to $925,000. To keep up with demand, Australia has no option but to get a lot better – and faster – at building homes.

The inflation, rising food prices, surging interest rates and rental squeezes of 2023 had other manifestations: the electorate has started to scrutinise governments much more harshly, especially one coming out of its first-year honeymoon period. Enter stage left the Federal government's two-party-preferred lead over the Opposition more than halving from a five-point advantage to just a two-point advantage.

> **The story of 2023 was one of rising inflation. For 2024, it will be all about when we'll see it fall**

Two vital indicators

So, where to now for 2024? The most incisive way to explore this is to consider the two most influential lead economic indicators: bond yields and oil prices.

Bond yields are the interest rates that institutional investors receive if they lend large amounts of money to governments or, on the flipside, are the cost that borrowers have to pay if they want access to this money in the form of large loans. At the end of 2022, yields on flagship 10-year government bonds were 4.05% and by the end of December 2023 they were 4.10%.

While it's only a slight increase, it signals that investors are expecting inflation and the price of credit to hold steady for a while longer. Which means they will price that in when considering investments, so if they invest, it's the baseline of what they expect to receive for taking almost no risk.

Conversely, if they do take risks, they expect to have a reasonable chance of making much higher rates of return. The way this plays out is that if investors can get a guaranteed 4% return without taking any risk, why would they take the risk on buying shares on the stockmarket?

But this is where it gets interesting, because in the 10 months between January to October 2023, the ASX delivered six negative monthly returns – and three of those were in August, September and October. But in both November and December, the ASX delivered one of its legendary 'Santa rallies' of 5%. This suggests that while investors might not be expecting interest rates to fall, they are expecting inflation to slow and for interest rates to start coming down as we approach 2025.

The biggest risk to this is the oil price, as this column has explored before. Despite simplistic commentary at the start of the Hamas-Israel conflict that oil prices would spike, the geofinance of the Middle East and oil is more nuanced. In fact, the hold that OPEC+ has over world oil prices is weakening and oil prices fell – signalling we should expect inflation to fall.

But at the end of December, tensions in the southern end of the Red Sea disrupted oil shipments causing prices to spike. For Australia, a nation that imports most of its oil, that's a huge problem, especially if it also points to commodity prices staying down.

The story of 2023 was one of rising inflation. For 2024, it will be all about when we'll see it fall and the benefits of this to households' hip pockets. To gauge if this is going to happen, your lead indicator to watch is Red Sea oil shipping volumes and global oil prices. ■

Alex Dunnin is director of research at Rainmaker Information.

THE BUZZ

Scams and insurance delays push complaints to record high

If you thought you had a busy 2023, spare a thought for the team at the Australian Financial Complaints Authority (AFCA), who took on a record 102,790 complaints in 2023 – 23% more than in 2022.

AFCA deals with complaints about financial services and products, though it only steps in as a mediator if a resolution can't be achieved between a consumer or small business and their bank, insurer, or superannuation fund.

Scams notched up the highest growth in the number of complaints – 8987 in 2023, which was nearly double the 2022 number – though AFCA's chief executive, David Locke, is optimistic that countermeasures being rolled out by financial institutions will help stem the tide.

"As we head into 2024, our hope is that this will be the year that anti-scam initiatives by industry and government finally disrupt this serious and organised crime," he says. (See Scamwatch, right.)

Many Australians impacted by natural disasters were also clearly left unimpressed by the efforts of their insurers, as complaints related to delays in claim handling (up 20%), claim amounts (up 24%) and denial of claims (up 50%) were among the top five issues of 2023.

The surge in complaints is a sign that firms need to lift their game.

"We believe many financial firms could be doing a better job of handling complaints within their own internal complaints processes, so only the most complex cases reach AFCA – which is the role we are meant to play," says Locke.

"Instead, the volume of complaints reaching us is putting unnecessary pressure on the external dispute resolution system and inevitably causing further delays for consumers."

So, where's the silver lining in all this?

First, 70% of financial firms haven't had a single complaint lodged against them since AFCA was launched in late 2018.

Second, AFCA says the average amount of time it took to address and close a complaint was 69 days in 2022-23 financial year – far quicker than its predecessors.

Perhaps most importantly for consumers, AFCA helped secure more than $300 million in compensation and refunds in 2023. Since 2018, the total is close to $1.3 billion.

In a perfect world, there would be no complaints. But it's clear that AFCA provides a service that is delivering real results for consumers and small businesses and it's a much-needed one.

To learn more about AFCA, head to the *Money* website (moneymag.com.au) to read our interview with chief operating officer Justin Untersteiner.

Tom Watson

CALENDAR OF EVENTS

Monday, February 5
Balance of trade

Tuesday, February 6
RBA interest rate decision

Tuesday, February 13
Westpac consumer confidence

Wednesday, February 14
NAB business confidence

Thursday, February 15
Unemployment rate

Wednesday, February 21
Wage price index

ON MY MIND

These public holidays are optional

GLEN HARE

We don't have public holidays at Fox & Hare Financial Advice. No King's Birthday, Boxing Day or Australia Day. Being forced to 'celebrate' sucks – especially if you don't want to.

So, we've made public holidays interchangeable. Want to celebrate Diwali instead of Good Friday? Lunar new year over Labour Day? Don't want to celebrate any of them but add seven days to your annual leave? Go for it!

Our policy enables our team to switch an existing public holiday for an alternative day off. Essentially, we are allowing a person to make use of the time that they are entitled to, but on a day that is significant to them.

Some people may find certain public holidays personally irrelevant or even offensive because of their historical, social and/or political context. Others may simply want to extend a holiday or to take time off for important days in their calendar – such as a child's birthday, running a marathon or attending Mardi Gras.

Gone are the days of a homogeneous Australia, if that ever existed to begin with. No two of us are the same, and we feel we'd be missing out on an incredible opportunity if we didn't celebrate that.

Glen Hare, co-founder, Fox & Hare

SCAMWATCH

Accord will make banking safer

We know the announcement of a new 'initiative' can cause a little ennui and a lot of 'yes, but will it ever happen?' But this time it's truly significant.

Late last year, all of Australia's banks – be they customer-owned, mutuals, building societies, credit unions or commercial – signed a landmark accord to implement substantive anti-scam measures across the entire industry.

The Scam-Safe Accord, a $100 million investment by the banking industry, is a new 'confirmation of payee' system that will ensure people can confirm they are transferring money to the person who is meant to receive it. With 15.4 billion transactions worth $2.5 trillion occurring every year across the banking sector, the new payee system is a major undertaking.

The good news is that it will be rolled out this year and next.

The upshot is that customers will receive more warnings and delays when paying someone new or increasing their payment limits, and new customers will go through biometric checks when opening new accounts.

▶ **See 'Watch out for new scams' on page 16.**

How to claim 'extras' for rental finance

If you own a rental property, you can claim a deduction for any borrowing expenses that you incurred in arranging finance to purchase it. These are costs (over and above the normal tax-deductible interest on the loan), such as:

- Loan establishment fees
- Lenders mortgage insurance (insurance taken out by the lender and billed to you)
- Title search fees charged by your lender
- Costs for preparing and filing mortgage documents (including legal fees)
- Mortgage broker fees
- Fees for a valuation required for loan approval and
- Stamp duty charged on the mortgage.

If your borrowing expenses are $100 or less, you can claim the full amount in the income year you incur the expense.

Where your total borrowing expenses are more than $100, you spread the deduction over the shorter of either five years or the term of the loan.

If you obtained the loan part way through the income year, you need to adjust your claim according to the number of days in the year you had it.

You can claim a deduction for the balance of the borrowing expenses in the final year of repayment if you either repay sooner than the term of the loan or repay it in less than five years.

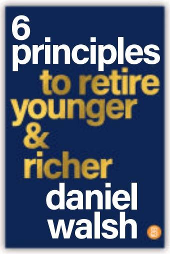
There are a number of expenses that can't be deducted, including:

- stamp duty on the transfer of the property title (unless you live in the ACT, where it is deductible) – this is added to the capital gains tax cost base of the property
- life insurance premiums associated with the loan and
- borrowing expenses where the loan is taken out for private purposes (for example, it is used to purchase your family home).

Mark Chapman is director of tax communications at H&R Block.

NEWS & VIEWS

BOOK OF THE MONTH



6 PRINCIPLES TO RETIRE YOUNGER & RICHER

by Daniel Walsh (Major Street Publishing, $32.99)

As chief executive and founder of Your Property Your Wealth, an award-winning buyer's agency, Darren Walsh is well equipped to pass on his secrets to investing success.

In his book, he outlines six important principles that we can apply to our own lives to improve our chances of achieving financial freedom sooner. He emphasises that you don't need to own 30 properties to retire younger and richer, but you do need to learn how to invest your income into assets that grow in value and make money over time "even while you sleep".

Ten readers can win a copy.
In fewer than 25 words tell us why you would like to win this book. Enter online at moneymag.com.au/win or send entries to 6 Principles to Retire Younger & Richer, Money, Level 7, 55 Clarence Street, Sydney, NSW, 2000. Entries open January 29, 2024, and close February 28, 2024.

PODCAST OF THE MONTH

FRIENDS WITH MONEY #132: NEW YEAR'S RESOLUTIONS TO KICK OFF 2024
Guest: Jessica Irvine
Hosted by: Michelle Baltazar

Have you made a new year's resolution to work on improving your health by making better food choices and physical exercise a bigger part of your life?

To up the ante, in this podcast, CommBank personal finance expert Jessica Irvine gives you some inspo to help you tweak your financial health in 2024, too.

Tune in to pick up clever tips to improve your financial wellbeing, and find out what money-boosting ideas Jessica thinks are a waste of time. Essential listening for anyone wanting to start the new year on the right financial foot.

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NEWS BITES

If the Federal government's fuel efficiency standards come into action, we will have better access to cleaner cars that are cheaper to run, providing much-needed relief for the environment *and* our wallets. The Climate Council has released data that shows drivers on popular holiday routes could save as much as $297 on petrol if they swap to an EV or up to $219 with a fuel-efficient petrol car.

2024 is shaping up as the year of the tradies, techies and healthcare workers, according to LinkedIn research into the best career paths for Australians to consider. All these workforces are expanding, with the healthcare sector taking the lead as the nation's biggest employer.

If you earn between $45,001 and $200,000, from July 1 you can look forward to paying less tax. Taxpayers in that income range will be merged into a single tax bracket with a tax rate of 30% from that date.

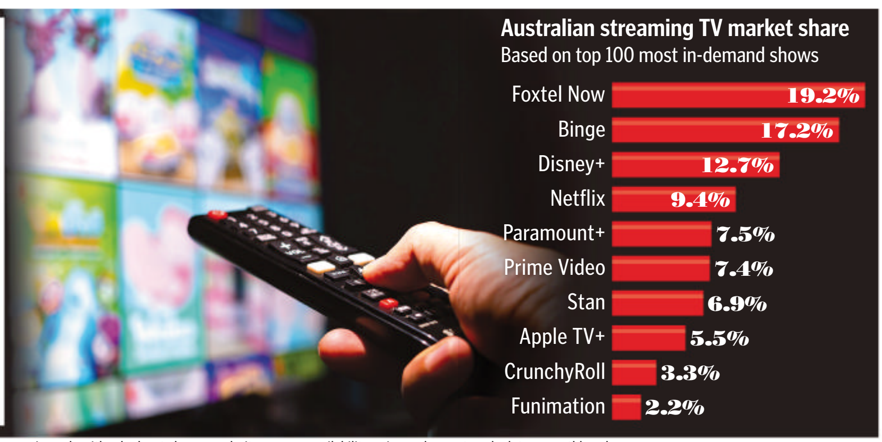
Have you worked out how much debt you racked up over Christmas? Now is the time to do the sums and start drawing up an action plan to get your debt under control. See moneymag.com.au for Smart Ways to Start Paying Off Your Christmas Debt'.

READ MORE DAILY NEWS AT moneymag.com.au

SNAPSHOT What we're watching

Best Australian streaming TV
Premium paid apps, Nov 2023

Rank	Service	Score**	MoM
1	Prime Video	60	+33%
2	Disney+	58	+4%
3	Binge	57	+12%
4	Paramount+	53	+2%
5	Apple TV+	30	+24%
6	Netflix	29	+3%
7	Foxtel Now	29	+10%
8	Stan	23	-5%
9	Funimation	17	0%
10	CrunchyRoll	15	-6%



Source: Finder * Annual subscription ** Finder's app comparison algorithm looks at show popularity, season availability, price and more to calculate a monthly value score

MY MONEY

▶ MORE MONEY STORIES ON P48-58

COVID BONUS

Insurers hand back $4.3 billion

We are pleased to be the bearer of news that may help restore faith in our institutions while also fattening our wallets. Our consumer watchdog, the Australian Competition and Consumer Commission, recently reported that health insurers are continuing to compensate consumers for premium increases and profits made during the initial Covid years in 2020-22.

If you cast your mind back to those dark times, health funds saved almost $4.1 billion during the pandemic years. As part of a make-good, in the year to June 2023 they returned $3.5 billion to consumers via reduced premiums or refunds to bank accounts. This year they plan to return another $840 million to policyholders.

"Since the arrival of Covid, Members Health funds moved quickly to put in place give-backs, premium increase deferrals and targeted hardship relief," says Matthew Koce, the CEO of the Members Health Fund Alliance, the peak industry body for 25 funds, with more than five million members.

The startling news is that it amounts to $4.3 billion – $2 million more than they made. When does that ever happen? Here at *Money*, we hope it's a harbinger for the year ahead.

It's also interesting to note that post pandemic, Australians have raced to sign up for private health insurance, with more than 55% now members of a fund.

"Since Covid, participation in private health insurance has grown by a massive 975,000 Australians, with more than 5.3 million with a Members Health fund," says Koce.

COMPILED BY VANESSA WALKER

Watch out for these sneaky new scams

Australians are being warned to keep up their guard in 2024 as crooks adopt new technology and techniques to roll out a wave of new scams. According to NAB, there are six particular concerns: voice impersonation scams using artificial intelligence (AI), term deposit scams, remote access scams, more sophisticated romance scams, ticket scams and phishing scams using QR codes.

"AI voice scams are one of the six we are closely watching in 2024," says Laura Hartley, NAB's manager for advisory awareness. "They can be created with as little as three seconds of audio taken from a social media post, voicemail or video on a website."

"We know they are happening in the UK and the US, in particular, and anticipate it's just a matter of time before these scams head Downunder."

COMPILED BY TOM WATSON

PROPERTY

▶ MORE PROPERTY STORIES ON P60-69

RENT INCREASES

Tenants struggle in tight market

Renters across the country will already know it, but now it's official: 2023 was another tough year.

The national median rental price for both units and houses rose 11.5% to $580 a week over the year, according to PropTrack's latest Rental Market Report, while the median price for capital city dwellings rose 13.2% to $600.

"Rental markets are extremely challenging for renters, with rents continuing to grow very quickly across much of the country amid strong demand and very low vacancy rates," says PropTrack economist Angus Moore.

Perth topped the nation with a 20% increase during 2023 followed by Melbourne at 18.3%, while Sydney and the rest of Western Australia both recorded rental growth of 16.7%. Western Australia was the exception among regional markets, as rental prices outside the capital cities grew at a more subdued rate of 4.2% over the year – partly a reflection of the falling rates of sea and tree changers flocking to regional areas compared to the pandemic highs.

"There are some signs that rent growth may be slowing, and there is some relief on the horizon. While rents are still growing very quickly, rent growth in 2023 was slower across the combined capital cities compared to 2022," says Moore.

"The outlook is slightly better for regional renters. Median advertised rents have been stable for two consecutive quarters, sitting at $500 per week since June."

Capital city median rents

Sydney	$700
Melbourne	$550
Brisbane	$600
Adelaide	$540
Perth	$600
Hobart	$500
Darwin	$590
ACT	$610

Source: PropTrack, December 2023

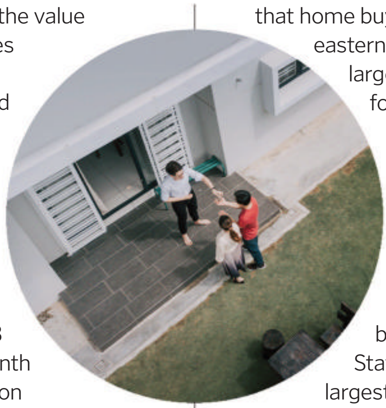
First home buyers venture out again

First-time buyers appear to be gradually easing their way back into the property market, new figures released by the Australian Bureau of Statistics (ABS) show.

During November, more than a third of all new owner-occupier home loans were taken out by first home buyers. The 11,205 total was not only 17% higher than at the same point in 2022, but the highest it has been in 18 months.

First home buyers were particularly active in Victoria (3516), followed by NSW (2730), Queensland (2173) and Western Australia (1512).

More broadly, the value of new mortgages taken on by all buyers also ticked up. Following a steady fall during 2022 as interest rate increases kicked in, new loans edged up throughout 2023 to reach a 15-month high of $27.5 billion in November.



Mish Tan, the head of finance statistics at the ABS, says that home buyers in the eastern States were largely responsible for the rise.

"The growth in owner-occupier and investor lending seen through 2023 was driven by the three States with the largest populations.

For both owner-occupiers and investors, NSW saw the most growth," she says.

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INVESTING

▶ MORE INVESTING STORIES ON P70-77

PORTFOLIOS

ETF popularity soars

Interest in exchange traded funds (ETFs) has gone from strength to strength in recent years, according to a new report published by Computershare, with the company recording 230% growth in the number of retail investors holding ETFs since 2020.

Computershare revealed that just over half of all ETF investors (50.5%) among the registers it oversees own one ETF and the most common portfolio value is between $1000 and $5000 (21.2% of investors).

"It's clear that Australian investors are continuing their love affair with ETFs, with many factors driving the product's continuing popularity, including easy-access trading platforms, lower fees and investors becoming more likely to move their disposable income into the sharemarket since the start of the pandemic," says Ibrahim Hussein, Computershare Australia's head of ETFs.

The company doesn't anticipate this interest to fade away, noting that greater awareness and further product rollouts are factors likely to drive growth.

The year 2023 proved to be another busy one for ETF launches, many of which give investors access to the likes of gold, cash and fixed income, which are categories that drew heightened interest during the year.

Among those to launch in recent months are the Betashares Inflation-Protected US Treasury Bond ETF, the JP Morgan Income Active ETF and the iShares Physical Gold ETF.

How much investors are holding in ETFs

Investment value	Share of investors
$0-$5000	36.1%
$5000-$20,000	23.5%
$20,000-$100,000	25.4%
$100,000+	15%

Source: Computershare 2023 ETF Insights Report

'Historic' decision set to boost Bitcoin

Retail investors will have greater access to Bitcoin through traditional exchanges following a decision by the US Securities and Exchange Commission (SEC) last month.

The regulator granted permission for 11 funds to list spot Bitcoin exchange traded funds, though Gary Gensler, chair of the SEC, made it clear that the decision was not a tick of approval for the cryptocurrency itself or for crypto exchanges.

"Today's action does not approve or endorse crypto trading platforms or intermediaries,

which, for the most part, are non-compliant with the Federal securities laws and often have conflicts of interest," says Gensler.

According to Caroline Bowler, chief executive of Australian-based exchange BTC Markets, being able to invest in bitcoin through more established investment products such as ETFs is likely to increase its appeal among some investors.

"This further opens cryptocurrency to both retail and institutional investors via a traditional financial product," she says. "It is also reasonable to assume this will expand crypto markets in general, as liquidity follows utility. So, while this is a historic day for the industry, the impacts will be increasingly felt over time."

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SHARES

IPO MARKET

Sunnier outlook for launches

After a few flat years, the prospect of improving economic conditions and interest rate cuts could provide the foundation for a stronger initial public offering (IPO) market in 2024.

At a global level, both the total of number of IPOs (1298) and the proceeds generated ($US123 billion) were lower in 2023 than in 2022, according to the latest *Global IPO Trends* report published by Ernst & Young.

While there are plenty of unknowns, George Chan, the report's author and Ernst & Young's global IPO leader, says this year could prove more positive for the IPO market.

"Globally, moderating inflation and potential 2024 interest rate cuts could attract investors back to IPOs by improving liquidity and return outlooks.

"However, sustained geopolitical instability may undermine confidence. Broadly, the year ahead hinges on an improving macroeconomic backdrop for IPO revival, as companies eagerly await more favourable market conditions to widen IPO windows."

So, which well-known companies could go public in 2024? While none has officially filed yet, the payments and technology firm Stripe, social media giant Reddit and fashion retailer Shein are among the potential offerings creating the most buzz.

On the Australian IPO front, mining companies Fuse Minerals and Golden Globe Resources are set to list on the ASX in February, while Far Northern Resources, Australian Wealth Advisory Group and Western Australia Energy Resources are scheduled further down the track, according to the ASX list.

800

The approximate number of IPOs that were withdrawn or postponed globally in 2023 – the highest proportion of the total volume recorded in the past decade.

Source: Ernst & Young

▶ MORE SHARES STORIES ON P78-85

HOLD WOODSIDE (WDS)

The Intelligent Investor Gaurav Sodhi

RECOMMENDATION

BUY	HOLD	SELL
below $25.00	up to $35.00	above $35.00

HOLD at $30.26

Source: Intelligent Investor; price as at December 12, 2023, close of business

Having taken over BHP's oil divison in a 'transformational' deal just over a year ago, Woodside Energy is thinking about another one: a merger with Santos.

A combined business would be dominated by Woodside, which produces almost 200 million barrels of oil equivalent (mmboe) and boasts reserves of 3.6 billion boe. Santos produces about 80mmboe, generally at lower margins. Reserves are less than half those of Woodside.

A combined entity would generate more output, but Woodside's high-quality portfolio would be diluted by Santos's poorer-quality assets and it's not clear free if cashflow would improve.

There are only two reasons that Woodside would pursue this deal. Either it has low confidence in its existing growth projects or the board and management are pursuing size for its own sake.

Our confidence in the business and board has been shaken. As miners have shown for decades, poor capital allocation can kill returns even from the best assets. Investors with a conservative bent should consider reducing their position or selling out.

We're raising risk levels to high, while cutting the buy price to $25 and lowering the sell price from $40 to $35. **HOLD**.

Gaurav Sodhi is deputy research director, Intelligent Investor.

COMPILED BY TOM WATSON

STORY ALAN DEANS

The story of Step One undies

Profile

Greg Taylor

Entrepreneur who founded Step One underwear. Age 42; lives in Paddington, Sydney, and has a one-year-old son, who is taking Mandarin language lessons. "It's difficult to learn when you are older," explains Greg.

As a boy, Greg wanted to be a Boeing 747 pilot and he eventually started taking flying lessons 10 years ago; loves swimming and working out in his home gym; collects watches – "anything that ticks". Credits his father, Maurie, and mother, Colleen, as the best parents he could wish for. "They gave me every opportunity." First job, growing up in Benalla, Victoria, was collecting cans at the football. Later, hired classmates to collect them for him, paying them only half the price he earned. "I was just directing the traffic." His best investment was paying off the mortgage on his home. Invests in companies that will change his life.

While at high school in Adelaide, Greg Taylor hankered to play cricket. His dream was to represent Australia, but after the South Australian Sports Institute visited one day to check out the school's talent, he received three offers to join its weightlifting, baseball or rowing programs. His mother found the offers crumpled in the bin and urged him to try rowing.

Impressing the talent scouts with his power in the flimsy skiff, Taylor was offered a scholarship. "I gave it a go, and just fell in love with it," he recalls. "I was 15, and my parents would drive me every morning to training at West Lakes [a suburb of Adelaide]."

Rowing taught him discipline and how to organise his life better, and gave him a great work ethic. He continued the sport at university, where he trained 14 times a week, paying his way by selling chocolate biscuits to other athletes. The long hours meant he sometimes fell asleep in lectures, but he still graduated with a business degree in accounting.

Bucking the stereotype of the boring accountant, Taylor moved to Sydney with the idea of building a car sales app, which he named Better Deal. His proposal was for people to list details of what they wanted and owners would pitch cars they had for sale.

"It was a reverse auction for cars, and we had to get dealers on board," he says. "We launched the app and got a tiny article in one of the newspapers. I woke up and had 30 missed calls." Among them were television programs *A Current Affair* and *Today Tonight*. The rush of traffic took the app down. Car dealers complained to the car makers, Taylor says, and threatened him with litigation because the app could hurt sales through their dealers. His solution was to sell the app.

Next up was advertisements printed on disposable coffee cups. With funds saved from the first venture, Taylor developed an online loyalty card. People scanned their QR code in a cafe to earn a free cup for every 10 they bought. He says that venture also quickly took off,

PHOTOGRAPHY BY MICHELE MOSSOP


STEP ONE

gaining 500,000 users. But it ran up against cafes, which couldn't make any money from it and had no incentive to promote it.

The stars aligned

Undaunted, he then launched a bar tab app called Clip. It was aimed at those who drink or eat at pubs. Some large hotel groups, such as ALH, signed up, but this time Taylor was taking just 1% of each sale and couldn't make it pay.

He recalls: "I had about five grand left. I was sleeping at a mate's place. I either had to move home or to my parents in Bendigo or take the couch."

Soon after, he met his future wife, Sophie, and came up with the notion of Step One, which has now made his fortune.

"We went to New Zealand and were hiking. I have big, big legs from my rowing days, and I was chafing from wearing bike shorts. I used creams, but that didn't solve it."

If existing underwear brands couldn't fix the issue, Taylor decided he would have to make his own. "I would make the best underwear, and they would stop chafing."

The people who had previously backed him, however, wouldn't help. "I couldn't get one investor. They said I had lost my marbles."

Carrying a card in his wallet with access to his life savings of $15,000, along with samples of his underwear, he flew to Guangzhou, in China, to attend the giant trade fair. He told vendors there that he wanted to buy 5000 pairs, but they turned up their noses. He was advised to go to the smaller, northern city of Chengjiao, where businesses could look after him. There, a clothing maker helped to design a solution for chafing. An order was filled for 5000 pairs – all that he could afford.

A friend worked on a video promotion that was uploaded to Facebook, which garnered a large number of orders. Leveraging the demand by committing to new manufacturing orders, Taylor says he made sales of $1.5 million in the first year.

"You've got to back yourself. You've got to believe, 'I'll sell these. I know I'll do it', otherwise I'll get left behind."

The orders grew from 20,000 pairs to 40,000, and then 60,000. Taylor says that during the first two-and-half years, he was always out of stock. Sales were worth $1.5 million in the first year and $2.5 million in the second. Sales were expanding also in the UK, and orders to Chinese factories reached 100,000. Step One's cashflow was rapidly gaining in scale.

Just as new designs were released and TV ads made, Covid struck.

As it turned out, people bought more and more clothing online, including underwear. Advertising rates fell, giving Taylor cheaper deals. Shoppers turned in droves to online shopping. "I do believe very much that at some point in everyone's life, the stars will align if you give it enough goes. It's not for the faint-hearted."

At this point, a pair of Step One undies was being sold every eight seconds.

A decision was made then to raise $90 million in capital by listing the company on the ASX. Investors initially traded Step One's shares at $1.53 each, but they quickly went to $3 – valuing the company at around $600 million.

Taylor now says that was too high. A taxation issue arose, war erupted in Ukraine and interest rates started to rise. The company's earnings projections were missed and investors cut its share value in half.

To add to the stress, Taylor had to move out of home when his wife contracted Covid. "You have got to be strong. I've been sued. I've been broke. I've been rich. I've been sick. I've been healthy. I've been through all of these things. But you have to stick with it. If you believe in what you are doing, and you solve a problem, a functional problem for people, you market it well and you make a good product... that's how a business works."

On the up and up

But Taylor took the setbacks personally. He believed that he had let down many people. In his mind, he initially thought that he was fine. But not so. "No one wants to talk to you. Everyone hates you."

The money for the capital raising had already been paid into the bank, so there was no going back. "I've gone from this euphoric high to an horrendous low, where people are screaming at me. And fair enough, right? The buck stops with me."

While he was determined to still meet the projections made in the company's prospectus, that was not possible.

"The only thing you can do is get back on the horse and just work and work. We got [down] to 22c per share, and our market capitalisation was less than our cash at bank plus our assets. I felt this was still a good business. We had some hiccups, but we would get there.

"Then, a year ago, we were up 200% [in share price], and this morning [December 2023] we were up 260%. We have released a women's product, and we've done everything we said that we would do. Our profit was up 300% last year, which was great.

"We're slowly getting people's trust back. You need to do that, but over a period of time. People don't see the stress that causes, and the care and consideration you have for their money.

"We will continue doing what we do. I don't feel like I come to work, any day. It's a joy to come here. It's a joy with our team and what we do. When things are going well, it helps." ■

“I’ve been sued. I’ve been broke. I’ve been rich. I’ve been sick. I’ve been healthy. I’ve been through all of these things. But you have to stick with it...”

Serial entrepreneur Greg Taylor launched three apps before he found success with Step One anti-chafing underwear. But even then, the path has been rocky.

PHOTOGRAPHY BY MICHELE MOSSOP

ASK PAUL

Rachel says her sister has conned their parents in a property dispute

Sadly, this is typical of the dramas that wreck families

Q Five years ago, my elderly parents had to sign their house over to my sister to sort out issues with her mortgage. They had previously built and lived in a large home together, but she then purchased a home before the other house sold and the bank assumed she owned the whole property, not half. At which point they signed it over to her. She was meant to pay $20,000 off her mortgage in 12 months for it to be signed back into their names. Five years have passed, and during that time my sister has managed to convince my parents they still own the property by showing them the deed of assignment (where they signed over their house) and telling them it was the deed to their home and, because their names were on it, it showed they still own it. The certificate of title is in my sister's name. What can they do to get their house back? They've told me that when they pass, I will get half of the house, but I don't think that just because it's in their will this will happen. Side note: my sister and I don't get along.

This is my first answer for 2024, Rachel, and you have not given me an easy start! Unfortunately, family issues around money and assets are all too common, often causing much angst and many fractured relationships. Much of the responsibility lies with us parents.

I was reading with interest in *The Australian Financial Review* an article on why wealth transfers fail. It included a graph, sourced from Mutual Trust, which broke down the primary reasons: 60% of all failures were due to lack of communication, 25% to a failure to prepare inheritors and 12% to a lack of shared family purpose. The bits that so many people tell me are important – investment strategy, tax planning and all the complex stuff – cause 3% of the problems.

So, come on, parents and grandparents, get your act together while you have the capacity to do so. Secrecy and sticking your head in the sand about how your money transitions to the next generation is a perfect formula for creating a fractured family. Discuss it before you lose the plot or die. While I can't guarantee investment outcomes, I can guarantee we will all die!

Now, to your issue, Rachel. I have no idea why your parents did not just go guarantor for your sister's mortgage. Given the value of property, $20,000 is not a huge amount and clearly it is causing much stress for you and possibly your parents. If you cannot sort out this issue by meeting with your parents, you need to see a solicitor with all the information you have.

You may or may not want to take action, but the very first step is understanding your rights.

Depending on the solicitor's advice, it may be wise to then meet with your parents and the solicitor. One thing I do know is that there is often as much emotion as logic when it comes to families and money. An independent third party, such as a solicitor, is separated from emotion and can present your parents with the facts in a neutral way.

Need Paul's help?

Send your questions to: Ask Paul, Money magazine, Level 7, 55 Clarence Street, Sydney NSW 2000 or money@moneymag.com.au.

Sorry, but Paul can't personally answer your questions other than in the Q&A column. By submitting your question to Money, you consent to having your question and the response you receive from Paul published in the print and digital edition of *Money*.

Fiona is about to start a retirement pension through her super fund

What to ask yourself before selling $70k in bank shares

Q I have $70,000 worth of CBA shares. Should I sell them and use that money to live on before I start the retirement pension from my superannuation account?

You have given me a seemingly simple question, Fiona, but it's a little like an iceberg: I can see 10%, but 90% is hidden below the surface. It is often like this with money questions, and how much simpler can a question be than yours? I'd love to be able to just say yes or no, sell or don't sell.

What I do know is that you must be getting close to retirement age. But here is a list of things I don't know. It is worthwhile you looking at this list, because while I am not going to be able to give you a yes or no answer, your own answers may allow you to make a decision. Or if you talk to your super fund or an adviser, they will certainly want to know the answers.

So, here we go:

- How much do you have in super?
- What is the cost base on your CBA shares? In other words, what price did you pay for them? This determines your capital gains tax if you sell.
- What other assets do you have?
- How much income do you need in retirement?
- After looking at your assets and income, would you now or in the future qualify for the age pension?
- What is your tax position?

This is a great time to build your future financial plan. You can do this yourself or, as I mentioned, talk to your super fund, as it will have an advice service or a professional adviser.

So, while I can't tell you to sell or not sell, on top of these questions I would be asking myself about my experience with the CBA. I imagine it has been a good investment and it pays a fully franked dividend of around 4%. To get the correct answer to your question, you need to go back to my list and start building your long-term financial plan.

Will is weighing up whether to take on a two-year job as a contractor

Good chance to build wealth outside super

Q I have been offered a great work opportunity on a two-year contract. I can choose to be an employee (with superannuation and leave) or a contractor (higher pay without super/leave). My super is already more than $600,000 (I'm 39 and ex-military, hence the high balance).

I am tempted to take two years as a contractor to increase my out-of-super investments and to add to my wife's super, which is lower than mine after time out of the workforce with children. I also thought the tax deduction opportunities would be greater with a contractor's ABN. Aside from the insurance aspects, can you see any financial downside in a short period of contracting work?

Insurance is certainly one issue, Will, but as you know you can buy cover privately and I suspect your super will have cover. But do check that out and be sure you have appropriate cover.

Beyond that, I am less concerned about you working as a contractor or employee. Obviously, the contract conditions are important, and I would want you to take into account the potential long-term job security that employment would give you compared with a contract.

Once you have established the facts, which you probably have already done, and decided a two-year contract is the way to go, then I understand exactly what you are trying to do and have no problem with your strategy. My suggestion is to visit your accountant and sort out structures and tax breaks, vehicle ownership and so on.

You are young, and I do agree with building wealth outside super, given you have a very solid balance already. Building your wife's super makes sense, but again discuss this with your accountant or adviser.

The bigger picture interests me the most. I'd be looking beyond the two-year period if you go the contract route and plan what lies beyond that. Otherwise, you are in a terrific financial position and well on the way to financial independence.

Q & A

Suzanne has put aside a bundle of cash for her kids to use when they're older

Keeping $100k at home in the safe is frightening

Q I have put aside two lots of $50,000 in cash ($100,000 total) for each of my children to use for either a wedding or house deposit in the coming years. Currently, the cash is hidden in fireproof satchels in a home safe.

I'm concerned about – with the talk about becoming a cashless society – whether I should change this cash for money orders or deposit it into a secret account? I don't want the kids to know about this gift until the time is right, which may be another five to 10 years or so.

Goodness, Suzanne, I am very admiring of your efforts to put cash aside for your children and love the use of the fireproof satchels, but unless I am missing something, I don't think we are at huge risk of a war, invasion or the next Great Depression. But the money does have one near certain, insidious risk: inflation.

If the money sits in the fireproof bags for, say, the next 10 years, and inflation averages, say, 3%, the buying power of $100,000 will be less than $70,000. The next problem is that property tends to appreciate, on average, by around 5% to 6%. So, if buying a property were an objective, in 10 years the value of property could easily be 50% higher, or more.

I do understand why you would like to keep the amount of money you have put aside to yourself. It is a very generous gift. Let's look at your options. First, we are moving to using less cash, but I really don't see a cashless society for many decades, so I don't see money orders being a great idea. Second, by 'secret account' I imagine you mean a secure, high-interest bank account. This appeals to me a lot more. The money would be secure from theft and you would earn around 5%. This would keep the kids' money closer to inflation.

So, my vote is to pop the money into a secure bank term deposit or high-interest account. Frankly, keeping so much cash at home frightens the daylights out of me due to the risk of a robbery and its value being destroyed by inflation.

Tamara's teenage children want to invest their savings

Steer clear of the dodgy spruikers

Q I have two young teenagers (14 and 15) who are starting out in the workforce. They have a bit of money put aside and are asking me how they can learn about shares.

I don't really know where to start them off or even if they can at their age. Do we have a 'drip-feed' system where they can pay 'x' amount a month into a portfolio? I really need them to get sound advice.

Excellent question, Tamara. Of all the skills you can give your teenagers, money is one of the most important. Where you have an enormous headstart is that they are interested, and the fact that they are asking you rather than you pushing them is terrific.

I'd suggest they look at the Australian Securities Exchange (ASX) website, as it has a range of courses, starting with the essentials of investing in shares. This is free. Another terrific free source of information is ASIC's Moneysmart website; it's well worth them reading the shares section.

From here they can go to any number of courses. Where you can really help them is by keeping them clear of the get-rich-quick courses involving short-term trading and promises of great wealth. These courses do make people wealthy, but it's usually the people selling and promoting these courses; consumers generally do very badly. My suspicion is that the promoters of these courses take consumers' money and do what we should be doing, buying sensible investments with a long-term view.

I am totally biased, as I am chair of InvestSMART, but I mention it because it is cheap and I know it is effective. InvestSMART has a 'boot camp for beginner investors'. This costs $49.50, but you might want to take a look, as it could be a good birthday gift.

In terms of a fund that takes regular contributions into a share fund, there are plenty of these. But do go for a low-fee manager. For example, Vanguard does this well and offers funds with a $200 minimum and regular investment.

Once your teenagers have done the ASX course, though, they may prefer to buy a few shares on the ASX that they choose. While a managed fund is probably the best solution, you do not learn a lot buying shares and it may well be something they find to be a valuable learning experience.

Dave's son only uses cash and doesn't have any personal debt or loans

Why a good, low-fee card can be a bonus for your credit rating

Q G'day, Paul. I was having a conversation about all things financial, including personal credit ratings, with my eldest adult son the other day and was not sure what advice to give him, or indeed my other son. My son (25) is living away from home (with no assistance from the bank of mum and dad) at university and has a part-time job.

He has around $20,000 in emergency savings, and he has also started some small investments in exchange traded funds. He has never had any personal debt, loans or credit cards of any kind, and has always only spent money that he physically has.

When the conversation turned to building his credit rating for the future, I suggested that he may want to think about applying for a credit card. This was somewhat of a difficult piece of advice for me to give, as I didn't want to encourage the use of credit if it wasn't required, and he was not overly keen as he sees no need for one. At present his recurring bills are rental expenses, mobile phone, internet and insurance, including health cover, and all are always paid on time.

Could I please ask your thoughts, given his situation? Should I advocate that he apply for a credit card to assist with building his long-term credit rating, or are there any alternatives?

The answer is 'yes' to the credit card, Dave. If you had told me he had $20,000 in debt, no job and so on, we'd be having a very different conversation.

But the reality is that our system relies strongly on at least a transaction card. It's very handy not just for his credit rating, but also when he travels.

What might amuse him is using one of the search engines to find the best 'no-fee' credit cards. With his sense of financial discipline, we both know he will pay it off in full inside the interest-free period and, like me, he will probably enjoy using the bank's money for free and building up frequent flyer points.

Don't forget, a good credit card always paid off in full is a no-brainer. I compare it to a club with poker machines. Those who play the pokies pay extra voluntary tax to the State government, fund various community groups and, of course, access low member prices for food. The winners are easy to find – those who use the clubs and avoid thieving poker machines like the plague.

It is the same with credit cards. The sad reality is that we have around $33 billion on cards attracting interest. Those of us who pay off our cards in full with no interest are being subsidised by those who are unable to do so. I get loads of freebies from my card, way in excess of the annual fee I pay.

I am sad that, like a club with pokies, my 'freebies' are paid for by pokies losers and I'm sad my credit card freebies are paid for by those with card debt. But all I can do is to suggest that people don't play pokies and pay off their card in full by the due date, or at least change to a low-rate card.

This is a long 'yes' answer, but I see many benefits to your son in getting the right credit card for his purposes. ■

SMART SPENDING

Destination New York City

If you only have a short time in NYC, it pays to have a plan. You can do a lot without spending a great deal of money, and you'll still come home on a high.

Sights for sore eyes... Above, Brooklyn Bridge, Strawberry Fields, High Line and hot dogs on Brooklyn Bridge.

Three things to do

1. Time your museum visits: It will cost $US30 ($44) to gaze at the incredible art on display at the Guggenheim Museum, but every Saturday from 5pm to 8pm you can choose the entry amount you want to pay. Book ahead for tickets. The Jewish Museum offers free admission on Saturdays, and admission to the 9/11 Memorial & Museum is free on Mondays between 5.30pm and 7pm (you can book a ticket from 7am on the day). Many other museums offer free admission at certain times/days but if you'd rather choose when you go, a New York CityPASS will save you 40% on tickets to five attractions, including the Guggenheim, 9/11 Memorial & Museum, Intrepid Museum and Empire State Building – and you skip the queues.

2. Walk the streets: NYC is infinitely walkable but don't try to tackle it all in one day – mapping out a rough route with your hotel's concierge is well worth doing. Early risers walking over the Brooklyn Bridge will be rewarded with sun-soaked views over the Lower Manhattan skyline and the Statue of Liberty, and an absolute must is the 2.3km High Line, an elevated public park running along a former freight train line on Manhattan's West Side. Download the free Bloomberg Connects app for on-the-spot insights into the art, design and gardens you'll pass by on your walk. Strolling through Central Park is not as easy as it sounds – it covers 340 hectares – so be selective. Beatles fans won't want to miss Strawberry Fields, the living memorial to John Lennon, located near 72nd Street subway station and the Dakota Apartments, where Lennon lived (and died).

3. Eat and drink: Look for food trucks (see roaminghunger.com) and delis for an affordable breakfast or lunch. Bagels, pizza slices, tacos, dumplings and hot dogs are easy to find, or stash a healthy salad or sandwich in your day pack from your local Trader Joe's to eat on the go. On weekends, indulge in a bottomless brunch – many restaurants offer free-flowing cocktails for 90 minutes with your meal. JOANNA TOVIA

DRIVING PASSION

What to look for when buying your first car

Shopping for your first set of wheels is an exciting and emotional time, when you're faced with balancing matters of the head, the heart and the hip pocket.

A Carsales study has revealed that one in five vehicles purchased in a 12-month period was a 'first car', and three out of four of those were used.

Whether you're a chomping-at-the-bit school leaver or maybe a more mature late-blooming first-car buyer, there are a few things you need to know before you part with your hard-earned cash.

But which one?

Consumers are spoilt for choice. From affordable micro-cars to SUVs and budget-blowing sports cars, there's a sea of cars on the market.

Understanding which car is best suited to your needs is the first step – it also sorts the relevant from the irrelevant, delivering a shortlist of potential cars that truly makes sense. Finding a car can be time consuming, so efficiency is a good thing – start by looking online.

Laws are non-negotiable

It's important to know the law that applies to you as a learner or probationary licence holder. It's different in each state and territory.

If you are on a probationary licence, some of that 'narrowing the field' has been done for you. To avoid disappointment, be sure that the car you want is the car you're legally allowed to drive.

Make sure you're covered

There's no use in finding the car of your (current) dreams only to find you have zero dollars left to insure it. There are several factors that impact your insurance premium, so make sure that you budget for insurance and take the time to get the right coverage for you and your car.

Whether you drive a well-worn or a brand-new car, everyone needs insurance. And the sting of annual insurance premiums is real. We understand that you can't do anything about your age, if you have a garage and definitely not your driving history, but there are some factors you can control.

The best way to control that is research and shopping around for the best insurance that suits you.

Show it you care

Now that you know how much time, money and effort goes into finding a new car, our best advice is to look after yours. Wash it, polish it, care for the interior and stick to the suggested service schedule. A well-maintained car is a more valuable car and one day you'll be looking to trade in your first for another. Pay it forward.

CARSALES.COM.AU

INDULGE

Share the love

If it's true that the way to a loved one's heart is through their stomach, then this well-stocked hamper will be a winner this Valentine's Day. And 10% of the gift value ex-GST will be donated to your selected charity.

How much: $291
(the hamper pictured)
Where from: charityhampers.com.au

WINE

QUAFF

2023 Chill No Chill Pinot Noir Syrah $25

This fresh Yarra Valley red from De Bortoli came from Leanne de Bortoli's challenge to her daughter, Kate Webber, and fellow winemaker Jono Thompson to produce a summery red that would be equally delicious either chilled or not. It works: there's a lightness of touch yet depth of flavour; silky smooth with bright red berry, strawberry jube flavours. Wonderful finesse.

SPLURGE

2022 Gundog Estate 'Rare Game' Shiraz $75

This is made from carefully selected, low-yielding vines with a history dating back to the Ben Ean vineyard and made in the style of elegant Hunter River burgundy. So, it's intense, fine and restrained with gentle aromatics, fleshy, refined power, long and pure. It will age but may well be hard to resist along the journey.

PETER FORRESTAL

SMART SPENDING

SMART TECH

Get set to launch your own podcast

It needn't cost a fortune to launch your own podcast from home, but it's important to get clear on your goals before splashing out on equipment. The good news is that more people than ever are listening to podcasts; the not-so-great news is that it's becoming harder – but not impossible – to make money out of it.

If your podcast is a passion project or a way to build brand recognition for your business, making money out of it may not be a top priority. If it is, refine your niche (how will your podcast be different from the other four million out there?), come up with a marketing strategy and plan your first 20 episodes – 90% of podcasts fizzle out after the first few.

The first step in podcasting from home is to choose an audio-friendly spot in which to record. A large, tiled room with glass doors and high ceilings is a recipe for reverberation and an instant turn-off for listeners. A small room with carpet, curtains and other soft furnishings is far more suitable.

The next step is to set yourself up for success with the right microphones, headphones and software to professionally record, clean up and broadcast your podcast.

JOANNA TOVIA

Home studio set-up
A good microphone with a foam cover can mean the difference between a tinny sound that labels you an instant amateur and a high-quality recording. Microphones cost $50 to $1000 and you'll need a good set of headphones to hear what you're recording loudly and clearly. Mic stands allow for hands-free recording.

Interview options
A portable microphone such as the Zoom H5 Portable Field Recorder allows high-quality recording on the go. Recording interviews with remote guests will require signing up to a platform such as SquadCast ($12 a month) or Zencastr ($18 a month), so you can see your guest and record much better audio than video-conferencing tools can (we're looking at you, Zoom).

Edit your audio
Editing allows you to remove unwanted noise, delete 'ums' and long pauses, and improve clarity. Beginners will quickly get the hang of the free program Audacity, while Adobe's Audition offers more advanced features (but costs $30 a month). Alitu costs more ($38 a month) but is a simple, one-stop shop to record, edit, host and schedule your podcasts.

GIVE IT UP

Homeless miss out as cash declines

Paying for goods and services with a card or phone is becoming the norm, and carrying around cash has become a rarity. But for homeless people who rely on cash donations to get by, times are getting tougher.

According to the Reserve Bank, there's $1.1 billion less cash in circulation than a year ago, and most Australians are 'low cash users'. In fact, while we paid cash for 70% of our purchases in 2007, now we use it for only 13% of what we buy.

ATMs are disappearing, too, making it harder to make a quick cash withdrawal for someone in need. Some organisations are taking matters into their own hands. Vendors selling copies of *The Big Issue* street newspaper, for example, can be set up with PayID or a Square device for card payments and about a third of sales are made via tap-and-go.

"Vendors have shown incredible resilience over the past years, working through challenging circumstances to earn an income and improve their lives," says Amy Hetherington, editor of *The Big Issue*. "Sales are down compared to pre-Covid levels as a result of reduced foot traffic and the declining use of cash."

Research also shows passersby are less willing to donate using tap-and-go due to scepticism or distrust, and many cashless payments require a bank account, a phone number that doesn't change or a fixed address – all things that can be challenging to maintain for anyone living on the street.

In Australia, more than 100,000 people are homeless on any given night, according to the Salvation Army.

YOUR QUESTION

How can I take $500k out of super to buy a home?

I received a superannuation split as part of divorce proceedings. The money, about $900,000, is with CSC (military super) and is in its growth phase; it accumulates about $45,000 a year as an Associate A account.

Potentially, my super will increase by $300,000 by the time I'm 60 and by another $350,000-$400,000 by age 67 if left untouched, bringing the total close to $1.6 million.

I have just turned 54 and would ideally like to access my super (part thereof) at 60 so I can put it with other funds to purchase a freestanding home.

Is there a way to do this that does not involve a self-managed fund? I realise retirement age is age 67 but it's such a large amount of money that it would change my circumstances significantly to be able to access $500,000 at 60.

There is a lot of information about superannuation, most of it confusing. I want to be careful about how I approach accessing those funds, as ideally I would also like to use my super to carry me through retirement.

It has been suggested that I set up an SMSF and purchase real estate that way, but I am aware that I cannot live in a property purchased through an SMSF. Is there a defining rule for buying property through an SMSF that determines at what point you can live in it? This might change how and when I access my super.

Michelle

"I dance Salsa and intend to dance my way into retirement with the right financial advice."

PHOTOGRAPH BY MATTHEW SHANKS

HAVE A QUESTION?

If you have a question you'd like Paul to answer, email money@moneymag.com.au or write to Level 7, 55 Clarence Street, Sydney NSW 2000.
Questions need to be 150 words or less and you must be willing to be photographed. Readers who appear on this page will receive a six-month subscription.

PAUL'S VERDICT

Satisfying a condition of release is the key to accessing your savings

Be wary of setting up your own super fund – they're expensive to run

You have certainly nailed it when you say super is confusing, Michelle. At times I get very frustrated about this; at other times I just have to laugh. A pretty good summary of the complexity in super is that I gave up trying to work out the incredibly detailed and complex issues in super legislation years ago and use a specialised super expert who works inside the firm that gives us tax advice.

At a general level, I've got pretty good knowledge of money issues, but when it comes to individual, specific advice, we all need a professional.

But we can take a look at some bigger-picture issues that I think are important to you.

At the age of 54, $900,000 in super is a significant sum. You also mention that you have other funds outside super that you could use to purchase a freestanding house.

From this comment, I am guessing that you may own an apartment or a non-detached home. These outside-super assets will be very valuable to your future plans.

Realistic assumption

We can use the start of compulsory super in 1991 to give us at least a historical view on super returns. A good, low-cost growth fund will have returned some 8%-9%pa over the 32 years since then. This has included major market ups and downs, so it's a pretty good length of time.

If we take the sort of investments a major super fund holds – shares, property, infrastructure, interest-bearing investments and so on – this type of return makes sense.

The Australian sharemarket has returned some 13%pa, including dividends, since 1900. So, while historical investment returns are only an indication of future performance, we have thousands of years of history.

Sure, a meteorite may hit our planet, a nuclear war may break out or a new virus may kill all of us. But humanity has struggled along and generally prospered for many thousands of years, so I am not unhappy to take a conservative guess.

Let's assume your super earns around 5%pa above inflation. This makes your estimate of another $300,000 in super, in today's money, a realistic assumption.

Now we look at you taking out $500,000 at 60. This is quite possible, but there are rules around accessing super – no surprises there. Your birth date is after June 30, 1964, so your preservation age is 60. This means that if you retire you can take out any amount you like.

But what if you are still working? You could take a pension from your super, but this is not going to give you the $500,000 you will need. So, we need to turn to the 'conditions of release'. The Australian Taxation Office makes this pretty clear.

A condition that may work for you is that you cease an employment arrangement on or after 60.

This is a valid condition of release, even if you do not intend to retire permanently from gainful employment, and you can access superannuation accumulated up until then. So, you might cease working, access some super and start working again.

Incidentally, you can access your super at 65; you mention 67, but you may be thinking of the age pension.

Future lifestyle is at stake

Next, we need to talk about an SMSF. Sure, you could move super to this and potentially borrow to buy a property. Here we are getting way past my general thoughts. This is a very big decision. An SMSF is expensive to run.

It does concern me that many advisers who recommend them benefit from the fees that flow from an SMSF and I wonder if the returns are any better than you would get from your current fund. Here I advise you to be cautious.

I imagine your current fund offers access to professional advisers. Please go and have a meeting with one of them, or an independent super expert. Your future lifestyle is quite dependent on the decisions you make today.

You need advice from an expert who knows everything about your situation. Only then can you make the best decision.

Move slowly and seek personal, professional advice. Do not hesitate to get a second opinion. You are in a very strong financial position; now is the time to develop a robust plan. ■

TOP 50

PROPERTY AND SHARE BUYS

8 standout locations, p37 • 5 standout shares, p46 • Build your future, p45

STORY TERRY RYDER

Prices continue the strong run

No property booms in sight for 2024 but slow and steady growth in most cities and regional areas is forecast, according to Hotspotting's real estate analyst Terry Ryder.

RESIDENTIAL REAL ESTATE has started 2024 with a lot of momentum. Buyer demand has become stronger over the past 12 months and most (though not all) cities and regional markets have launched the new year with considerable impetus.

So, 2024 is shaping up to be a positive year, continuing the trend that built in key markets as 2023 evolved.

I don't expect booms, but rather steady growth in most cities and regions.

Just as 2023 defied the forecasts of economists, delivering solid price growth in most jurisdictions, 2024 will do better than the pessimistic predictions that emerged late in 2023.

Nicola McDougall, president of Property Investment Professionals of Australia (PIPA), says all the reasons for upward price pressure in 2023 remain.

"Even with the reduction in migration by the Federal government, the build-up of demand in the market will take some time to dissipate," she says. She also believes Australians have ridden the interest-rate cycle better than many bank economists expected.

Gary Brinkworth, CEO of national property valuers Herron Todd White, agrees. "What's most striking is that in the face of all the market levers pulling in different directions, property has proved a resilient and stable asset class for those with a long-term outlook. Values have, overall, increased and selling activity remains robust.

"This has all been founded in the lack of supply – both for sales and rentals. Without more supply, housing prices and rents will remain elevated and will likely increase in 2024."

Additionally, as we consider the outlook for 2024, there are no remedies in sight for the core issues:

- The building industry has myriad problems and can't produce homes fast enough.
- Government policies still stymie development with restrictive taxes and red tape.
- As Brinkworth notes, there is a continued increase in construction costs. The price gains for a range of baseline materials have slowed but labour is now in short supply and costs remain high and timelines extended.
- Policy changes are invariably detrimental to investors, which deters the cohort that supplies 90% of the homes available for rent, worsening the rental shortage. As McDougall notes, "investors are voting with their feet, getting out of states with a lot of anti-investor policies".
- Over the past two decades, State governments have not been funding social housing and have sold off properties.

Brinkworth summarises the main issues as:

"There simply isn't enough housing to meet the demand for shelter and that's seen vacancy rates plummet and rents ramp up. The high cost of building has reduced the supply of new accommodation, while increased compliance and taxation caused many mum and dad investors to exit the market".

The other big factor is the steady rise in buyer activity throughout 2023. The year began with weak markets in Sydney, Melbourne and Brisbane, as well as in many regional areas. But as the year continued, sales activity picked up steadily.

At the end of 2023, seven out of 10 suburbs and towns across Australia had positive sales activity trends, according to the summer 2023-24 edition of the *Price Predictor Index* by Hotspotting.

This is the momentum that will create a strong start to 2024.

What buyers should consider

It's normal for Australia to have multi-speed markets – some rising, some stagnating, some falling – and that will be the case in 2024. Here are the key things to note when considering whether to buy in the coming year:

- I expect Sydney, Melbourne, Brisbane, regional Queensland and regional NSW to have the strongest growth markets in 2024.
- Adelaide, regional South Australia, regional Western Australia, regional Victoria and Hobart are likely to be consistent and deliver solid uplift.
- Perth has been a national market leader for the past two to three years, but there are signs of its boom tapering off.
- Canberra, Darwin and regional Tasmania will struggle again.
- The trend of rising demand for affordable apartments will attract more media attention. The dominant paradigm of real estate, that houses on land deliver better capital growth than apartments, is under threat.
- No viable solutions are being presented for the rental shortage.

HOW WE DID

Predictions versus outcomes

At the beginning of 2023, we endorsed "a growing chorus of real estate analysts who are forecasting that residential property prices will rise in 2023".

We noted that economists working for the big banks and other institutions were predicting major price decline, but specialist real estate researchers saw prices growing in the year ahead. We backed the specialists over the economists and stated we saw solid, but not prolific, price rises in most markets across Australia.

Here's what we reported 12 months ago in *Money* magazine:

No one is forecasting rises like we saw in 2021, when the national average was an increase above 25%. Rather, most analysts are suggesting moderate growth. That's certainly how we see it at Hotspotting.

It never occurs to mainstream media to question the real estate forecasts of economists working for the big banks and other institutions like AMP Capital. Their track records are dismal.

Most of 'the usual suspects' are predicting significant price decline in 2023 and they will be proven wrong again.

In contrast to economists' forecasts of a 15%-20% price decline, the average result throughout Australia was an 8.3% rise in house prices and a 6.3% in unit prices (based on CoreLogic data).

Governments continue to discourage investors, and the building industry can't build dwellings fast enough, so the pool of rental homes will likely get smaller in 2024.

As McDougall says: "It's taken years to get to this point and it will take years to get out of this situation. We warned about this in 2014-15 with the Australian Prudential Regulation Authority changes to interest-only lending and then we had the Federal Labor campaign against negative gearing. So, we've had seven or eight years of investors being below their normal market share."

Rents and yields will continue to rise. New housing approvals fell to their lowest levels in more than a decade in October 2023. "Unless we make concerted efforts to boost housing supply and reduce the cost of building new homes, we will continue to see the housing and rental crisis worsen," says Denita Wawn, Master Builders Australia chief executive.

We are unlikely to see mortgage rates go much higher and some forecasters expect them to come down in 2024, which will boost sentiment but will not create a boom.

Looking back: the key influences

When Domain declared in December that 2023 was "the year that surprised everyone", it got it wrong. The year surprised those who believe interest rates are the dominant factor, but specialist real estate analysts had correctly forecast a solid growth year for dwelling markets.

Money magazine with its Top 50 feature in February 2023, was one of the informed sources that got it right. As McDougall says: "We saw the continuation of the low supply of property, plus strong and rising demand."

As at December 1, 2023, according to CoreLogic, the 'year to date' figures showed that house prices had grown 8.3% with capital cities up 9.9%, while city apartment prices rose 6.6%.

Perth led with house prices up 13.9%, followed by Sydney's 12.5% and Brisbane's 12.1%. South Australia, up 9.6%, was the pick of the regional markets.

The only markets that failed to record house price growth in 2023 were Hobart (down 0.7%), Darwin (down 0.9%) and regional Victoria (down 1.7%).

The different fortunes in markets across the nation in 2023 confirm that real estate is local in nature and it's normal to have multi-speed situations.

In the apartment markets, multiple locations had annual price growth between 9% and 11%, including Brisbane, Adelaide, Perth, regional Queensland, regional South Australia and regional Western Australia.

The factors underpinning price growth can be distilled to a single word: shortage. The nation is building too few dwellings, there has been a shortage of listings of properties for sale and there is an under-supply of homes for rent. Vacancies across Australia have been falling steadily for seven years (except for the 2020 Covid spike).

At a time of supply shortages, demand has kept rising, boosted by high population growth (and turbocharged by record levels of overseas migrants).

Home lending is up, with ABS figures showing October recorded year-on-year growth in new mortgage commitments. Loans for owner-occupiers, investors and first-home buyers all increased.

The much-touted mortgage cliff (people moving from low fixed rates to higher variable rates and not coping) turned out to be more of a step ladder.

Internal migration continued to be a big factor, enabled by technology that allows more people to work remotely.

The cohorts that have elevated buyer demand include affordable-lifestyle seekers, downsizers (many of them in a position to buy without a mortgage), overseas migrants and renters becoming home buyers (sometimes the mortgage payments are less than the rent).

A July 2023 report published widely in the media declared 2023 to be 'the year of the apartment'. Real estate analyst Nerida Conisbee, chief economist for the Ray White agency network, said Australia was likely to see more people embracing apartment living, while Hotspotting has charted rising demand in locations where apartments dominate the dwelling mix. As McDougall says: "You can buy an apartment in a good suburb at half the price of houses – and many people want a lock-up-and-leave lifestyle. Also, there are more immigrants coming from nations where apartment living is the norm."

NEW SOUTH WALES

STANDOUT LOCATION
Canterbury-Bankstown

In the summer edition of the *Price Predictor Index*, Hotspotting ranked the Canterbury-Bankstown LGA as 'the national growth star', the strongest municipality in Australia for real estate performance. Among the leading suburbs are Bass Hill (median house price $1.1 million) and Condell Park (median price $1.2 million for houses and $785,000 for units).

2023 REVIEWED **City of Wollongong**

We singled out Wollongong last year because buyers were seeking an affordable lifestyle close to the capital city and Wollongong ticked many boxes. It ended 2023 as the strongest rising market in regional NSW and many suburbs recorded good price growth, headed by Figtree (up 18%) and Mangerton (up 14%).

Sydney began 2024 as one of the nation's leading growth markets. In 2023, it recovered from the 2022 downturn, with sales activity growing stronger as the year evolved, which translated into 12% price rises for houses and 8% for apartments, according to CoreLogic.

Hotspotting's analysis in the summer 2023-24 edition of the *Price Predictor Index* finds that 84% of Sydney suburbs have positive trends with sales activity, a forward indicator of price growth. There are rising markets right across the Greater Sydney area, from the CBD and inner west to Penrith and Liverpool.

Inner-city precincts dominated because apartments have rising demand, with buyers motivated by location, lifestyle and affordability relative to houses in the same area (apartments are often less than half the price).

Middle market areas also stand out, notably the municipalities of Canterbury-Bankstown, Parramatta, Georges River and Ryde.

Heading west there are markets with growing momentum in the Blacktown, Liverpool and Penrith regions.

Regional NSW also experienced a revival in 2023, though not as emphatically as Sydney, with some of the iconic sea change locations still in the doldrums, notably Byron Bay and the Central Coast.

Byron Bay, in particular, overshot realistic value in the Covid boom and its median house price has dropped 20% in the past year.

The strongest regional market is Wollongong (see left) and its near neighbours Shoalhaven and Shellharbour, while Newcastle is also well into a revival phase.

Smaller regional cities with renewed energy include Orange, Ballina, Goulburn, Tweed Heads, Port Macquarie and Nowra.

VICTORIA


Port Melbourne... cityscape views

STANDOUT LOCATION
Melbourne City

The City of Melbourne LGA is at the forefront of a national trend of rising demand for well-located and affordable apartments and ranks as one of the strongest markets in the nation. Buoyant markets include Melbourne CBD (median unit price $410,000); Carlton (median prices $1.45 million for houses and $340,000 for units); and South Yarra (median prices $2.13 million and $583,000).

2023 REVIEWED – **City of Hume**

We noted last year that a lot of Melbourne's population growth was spilling into the northern fringe, and Hume was one area where buyer demand remained strong. As with most of Greater Melbourne, late in 2023 suburbs began to recover from price decline.

Melbourne evolved from a struggling market to a boom spot in the second half of 2023 and is a national leader on growth momentum.

Almost half of the suburbs in Greater Melbourne now have rising sales volumes and 87% of them have positive trends in their markets. This represents a massive transformation from the situation at the start of 2023.

This return to a market characterised by high buyer demand is seen right across the Greater Melbourne area, with the exception of the Mornington Peninsula.

The City of Melbourne, which includes the Melbourne CBD and near-city suburbs, is thriving, but so too are middle Melbourne precincts, such as the Whitehorse and Monash local government areas, as well as outer-ring areas, such as the City of Casey in the south-east, Wyndham in the south-west, Melton in the west and Whittlesea on the northern fringe of Greater Melbourne.

The regional Victoria market has continued to improve, although it's not rising as dramatically as Melbourne has recently. Geelong continues to be a market leader, with most of its suburbs having positive trends in sales activity and prices. Leading performers are Armstrong Creek (median house price $680,000), and Charlemont ($616,000).

Bendigo has an equally positive market, led by suburbs such as Eaglehawk (median house price $515,000). Ballarat is a little less bullish. The Mitchell LGA, on the northern outskirts of Greater Melbourne, continues to attract buyers from the capital city. All Mitchell Shire towns have growing demand.

QUEENSLAND

STANDOUT LOCATION

Gold Coast

There has been a dramatic surge in buyer activity in regional Queensland, and the Gold Coast is at the forefront of the revival. Growth markets include Benowa (median prices $1.5 million for houses and $730,000 for units), Broadbeach Waters (medians $2.01 million and $715,000), Burleigh Waters ($1.37 million and $660,000), Merrimac ($820,000 and $600,000).

2023 REVIEWED – Townsville

A year ago we said the dynamic North Queensland city of Townsville had all the credentials for a big year – and there were growth suburbs in 2023 right throughout the city, led by Nelly Bay (up 13% in 12 months), West End (up 18%) and Currajong (up 10%).

The Greater Brisbane market has gone to another level in its recent recovery, following a major surge in buyer demand in the second half of 2023, with 85% of suburbs on the rise. Earlier in the year, many suburbs had declining activity but by year end there were none.

All sectors of the Greater Brisbane market are performing, with the inner precinct emerging increasingly as a leader. Most of the suburbs clustered around the Brisbane CBD have busy markets – a trend evident in all the major cities of Australia, with more buyers opting for apartments.

The Brisbane north precinct is pumping strongly and the neighbouring Moreton Bay region is equally busy, with many buyers seeking affordable options. Similarly, Logan City in the south and Ipswich City in the south-west have also responded to the theme of strong recovery.

There has been a dramatic surge in buyer activity in regional Queensland, converting the recovery observed in mid-2023 into a notable up-cycle.

Some of the key regional centres are now booming markets, while others are in the recovery phase and heading in that direction.

Very few have yet to get on board with the trend of positive markets, with just 13 locations across Regional Queensland classified as declining markets by the *Price Predictor Index*.

The Gold Coast is leading the regional Queensland revival and the Sunshine Coast is on the recovery path but less advanced than the Gold Coast.

Other regional cities well advanced in the return to growth markets include Cairns and Gladstone.

Gold Coast at nightfall

WESTERN AUSTRALIA

STANDOUT LOCATION

Bunbury

While the Perth market was showing signs of fading late in 2023, the City of Bunbury was heading in the opposite direction. The commercial heart of WA's booming south-west region, Bunbury offers an attractive seaside lifestyle and affordable housing, which accounts for it having a population growth rate well above the national average. Most suburbs have median house prices below $500,000.

2023 REVIEWED – City of Armadale

We said a year ago that the Armadale LGA in the far south of Greater Perth offered value for money – and in 2023 it was a nation-leading market. Many suburbs had double-digit price growth, including Camillo (17%), Brookdale (14%), Harrisdale (12%) and Armadale (12%).

Late in 2023, the Perth property market showed the first signs of tapering off, after three years of rising sales activity and prices.

Perth ended 2023 as the No.1 city on annual price growth, but it's unlikely to retain that status in 2024.

In recent years, Perth has been on a different path from the major east coast cities. Sydney, Melbourne and Brisbane all declined in 2022, but Perth continued to rise. It was a national leader throughout 2023, with the big eastern cities heading into recovery as the year evolved.

Now 2024 looks like a year led by the biggest cities, while Perth will be fading somewhat. In the second half of 2023, there was a notable drop-off in sales activity across Greater Perth, usually the first sign that a boom is coming to an end.

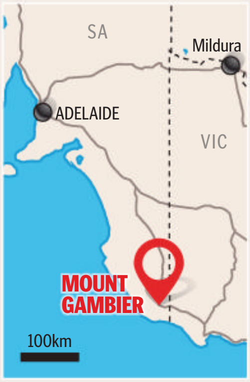
A decade ago, a Perth property boom (related to the extraordinary resources boom at that time) was followed by six years of price decline. That won't happen this time, as the WA and Perth economies are stronger and more diversified these days. But we are unlikely to see double-digit price growth in Perth in 2024.

Regional WA has been a standout for the past couple of years and some of the key regional centres are likely to outperform Perth in 2024. South of the capital city, Mandurah and Bunbury have growth markets, both offering an affordable lifestyle, while north of Perth the regional city of Geraldton looks to have a vibrant future.

SOUTH AUSTRALIA

STANDOUT LOCATION
Mount Gambier

This is one of the largest regional centres in South Australia, offering affordable housing, lifestyle opportunities and employment growth in a vibrant regional economy. With a median house price of $390,000 (up 9% in 2023) and yields above 5%, Mount Gambier is a location worth considering.



2023 REVIEWED –
City of Salisbury

Our comment last year was: "With affordability the driving force in real estate and affordable Adelaide one of the leading markets nationally, the northern suburbs of the city are attracting growing demand". In 2023 every City of Salisbury suburb had double-digit price growth, with some up 20%.

Adelaide is the nation's No. 1 market for consistency. While the bigger cities have had ups and downs over recent years, Adelaide navigated 2022 without any problems and chugged on steadily in 2023.

The city is underpinned by one of Australia's strongest economies (ranked No. 2 in the October 2023 edition of *State of the States* by CommSec) and attracts buyers because it's considerably cheaper than the bigger cities.

It also has the most persistently low vacancy rates in capital city Australia: the national vacancy rate was just 1.1% in November (SQM Research), but Adelaide was less than half the national level at 0.5%.

It's expected to be a solid, steady market in 2024, but not a booming one – with good performance spread across Greater Adelaide, but most notably in the bottom end areas and parts of the middle market.

The cheaper areas, including the Playford and Salisbury LGAs in the northern suburbs, continue to attract demand, while middle areas such as the Campbelltown, Port Adelaide Enfield and Tea Tree Gully municipalities provide a blend of quality and affordability.

Regional South Australia is always overlooked in national discussions about real estate, but it continues to be one of Australia's best performers. In 2023, the median house price for regional SA rose 10% (only Sydney, Perth and Brisbane did better).

Affordable regional centres such as Mount Gambier and Murray Bridge have good prospects, while the towns of the Copper Coast have busy markets and lifestyle locations such as Victor Harbor and Port Elliot continue to attract buyers out of Adelaide.

TASMANIA

STANDOUT LOCATION
Clarence LGA

The suburb of Geilston Bay (median house price $750,000) is one of the few locations in Hobart and regional Tasmania with a rising market in terms of sales activity.

In a generally lukewarm Hobart market past its previous peak, the City of Clarence and suburbs such as Geilston Bay offer the best chance of some growth in 2024.

2023 REVIEWED – **Hobart**

We said a year ago: "Given Hobart no longer offers the affordability that inspired its boom, the market has passed its peak in terms of sales activity and prices stagnated in 2022 ... Hobart is unlikely to produce significant price growth in 2023".
In fact, Hobart's median house price dropped around 1% in 2023.

The Tasmanian property market ended 2023 with sales activity moderating and prices weak.

The rise of Hobart – and regional Tasmania markets led by Launceston – started four or five years ago, as the State's economy steadily improved. Eventually, Tasmania was ranked the No. 1 economy in the nation by CommSec's *State of the States* report.

But by 2022, the State's boom had peaked and in the October 2023 edition of *State of the States*, Tasmania was ranked sixth among the eight States and Territories.

Hobart prices remained stagnant in 2023 and rents are no longer growing. Vacancies, while still tight, are double the levels of a year ago.

Most Hobart suburbs experienced decreases in their median house prices in 2023, with several falling by more than 10%.

With sales activity solid but not vibrant at the end of the year, it's difficult to see 2024 being a growth year for the Tasmanian capital.

A key factor is that Hobart, traditionally the cheapest of the capital cities, no longer has that price differential, being more expensive than Perth and Darwin and similar to Adelaide.

In addition, PropTrack figures published in December showed listings of homes for sale had lifted 23% in 12 months.

While the Hobart market is lukewarm entering 2024, regional Tasmania is generally cold.

Most regional locations have negative trends in sales activity and prices have fallen in many locations.

In Launceston, for many years one of regional Australia's best performers, prices dropped in many suburbs in 2023.

ACT

STANDOUT LOCATION
Kingston

The summer 2023-24 edition of the *Price Predictor Index* found only one suburb in Canberra worthy of the 'rising' classification – inner-city Kingston. Canberra is an expensive city, and the second most pricey real estate market after Sydney. But Kingston's apartment market had a median price of $655,000, according to CoreLogic.

2023 REVIEWED – **Canberra**

We said a year ago: "Steadiness is the hallmark of the ACT property market and there's no reason why 2023 will be any different, with prices likely to show minor increases throughout the coming year". Canberra's median house price rose 1.0% in 2023, according to CoreLogic, compared to the national average of 8.3%.

Canberra has long been renowned for its consistency and steadiness as a property market, but in 2023 it sullied its reputation.

By year end it was ranked as the weakest market jurisdiction in the nation by a considerable margin.

The summer 2023-24 edition of the *Price Predictor Index* commented:

"Canberra continues to be Australia's weakest property market, bereft of any signs of life or energy, contrary to trends elsewhere across the nation. While many other cities have vibrant markets, the national capital is mired in the mediocrity of the politicians who reside there."

While many of the capital cities had markets that got stronger and stronger in 2023, Canberra went in the opposite direction, weakening noticeably as the year wore on. Declining sales activity was a characteristic of most of the national capital's suburbs, with the inner-city apartment enclave of Kingston the only exception.

This steady decline in sales activity has been happening in Canberra for the past 18 months, with no signs of improvement.

It hasn't helped that the ACT has a weak economy, ranked second last among the States and Territories by CommSec's *State of the States* report.

Canberra... clear blue skies

NORTHERN TERRITORY

STANDOUT LOCATION
Darwin City

Central Darwin, where apartments rule, has experienced an uplift in buyer demand recently. Darwin City (median unit price $435,000) and nearby Parap (median unit price $385,000) have the affordability that is attracting buyers. For investors, Darwin overall has the highest gross rental yields in capital city Australia (6% for houses and 7.3% for units)

2023 REVIEWED – **Darwin**

We said a year ago: "Darwin is likely to produce solid but moderate growth in 2023". The final outcome was a little less than that: its median house price fell by 0.8% and its median unit price by 0.4%. The Darwin market was reasonably steady in 2023, but didn't develop any forward momentum.

Darwin, like Canberra, is hampered by an underlying Territory economy that is under-performing national and its own historical standards.

The Northern Territory has the bottom-ranked economy in the nation. There has been relatively little construction work happening, dwelling commencements have been below average, and there's been poor retail spending and little economic growth.

There are few major infrastructure projects to energise the economy and create jobs.

It's difficult for the Darwin property market to perform against that backdrop. It did have a fairly vibrant market against national trends in 2022 (when we called it the "unheralded hero of the Australian property market"), but it fell away in 2023, also against national trends.

Towards the end of 2023, there was a glimmer of improvement in the Darwin market, but it remained mediocre by national standards – and well below the levels it reached in 2021 and 2022, when most locations had rising sales activity, boosted in part by government spending.

Darwin enters 2024 with the second weakest market among the major jurisdictions of Australia, after Canberra.

The only sectors showing a glimmer of energy are the inner-city suburbs where apartments dominate – and some of the affordable suburbs of the Palmerston LGA, such as Gray (median house price $400,000), Gunn ($505,000) and Zuccoli ($540,000).

Alice Springs, the only property market of substance in the Territory outside Darwin, continues to struggle, although there are signs of life in the suburbs of Gillen and Araluen.

CORELOGIC'S TOP 50 LOCATIONS FOR 2024

SUBURB	LGA	STATE	MEDIAN PRICE	GROWTH (%PA) HISTORICAL 1 YEAR	GROWTH (%PA) HISTORICAL 10 YEARS	GROWTH (%PA) FORECAST 2024	MEDIAN WEEKLY RENT ($)	MEDIAN YIELD
Ashfield (unit)	Inner West	NSW	720,000	2%	1%	10%	570	4.2%
Bexley	Bayside	NSW	1,550,000	4%	6%	8%	800	2.8%
Campsie	Canterbury-Bankstown	NSW	1,500,000	1%	3%	8%	725	2.7%
Mount Druitt	Blacktown	NSW	870,000	4%	5%	8%	520	3.3%
Newtown	Inner West	NSW	1,720,000	1%	5%	8%	900	2.9%
Penshurst (unit)	Georges River	NSW	630,000	0%	4%	8%	500	4.1%
St Marys	Penrith	NSW	815,000	-5%	5%	8%	465	3.3%
Wentworth Point (unit)	Parramatta	NSW	730,000	1%	0	10%	700	5.0%
Woonona	Wollongong	NSW	1,380,000	-3%	9%	10%	820	3.1%
Boronia	Knox	VIC	842,000	-2%	3%	10%	500	3.3%
Collingwood (unit)	Yarra	VIC	632,000	-8%	2%	10%	590	4.8%
Doveton	Casey	VIC	560,000	-9%	1%	8%	420	3.8%
Eaglehawk	Bendigo	VIC	508,000	2%	10%	10%	440	4.8%
Hawthorn East (unit)	Boroondara	VIC	647,000	-4%	1%	8%	480	4.1%
Kyneton	Macedon Ranges	VIC	820,000	-7%	9%	8%	530	3.1%
Melbourne CBD (unit)	Melbourne	VIC	410,000	-4%	-3%	10%	600	7.2%
Mitcham	Whitehorse	VIC	1,200,000	1%	3%	10%	550	2.5%
Weir Views	Melton	VIC	565,000	-1%	4%	8%	420	3.9%
Bellbird Park	Ipswich	QLD	610,000	5%	10%	10%	550	4.7%
Blacks Beach	Mackay	QLD	420,000	2%	6%	8%	520	6.1%
Bowen Hills (unit)	Brisbane inner	QLD	420,000	-6%	2%	12%	550	6.1%
East Toowoomba	Toowoomba	QLD	858,000	22%	11%	12%	520	3.7%
Golden Beach (unit)	Sunshine Coast	QLD	750,000	3%	11%	12%	570	4.1%
Nundah	Brisbane north	QLD	1,075,000	-4%	9%	8%	610	3.2%
Trinity Beach	Cairns	QLD	665,000	3%	7%	8%	650	5.0%
Varsity Lakes (unit)	Gold Coast	QLD	625,000	6%	8%	12%	728	5.6%
Waterford	Logan	QLD	605,000	7%	9%	10%	565	4.9%
West Gladstone	Gladstone	QLD	330,000	3%	14%	12%	400	6.5%
Andrews Farm	Playford	SA	450,000	20%	10%	8%	460	5.3%
Berri	Berri Marmera	SA	310,000	11%	8%	8%	340	6.2%
Greenwith	Tea Tree Gully	SA	655,000	7%	9%	10%	520	4.3%
Moonta Bay	Copper Coast	SA	450,000	20%	10%	8%	380	4.4%
Salisbury	Salisbury	SA	500,000	16%	11%	8%	450	4.8%
Seaton	Charles Sturt	SA	750,000	2%	8%	8%	570	4.0%
Windsor Gardens	Port Adelaide	SA	740,000	14%	10%	8%	560	4.0%
Woodcroft	Onkaparinga	SA	660,000	11%	11%	10%	500	4.1%
Cannington	Canning	WA	450,000	1%	3%	7%	520	5.6%
East Perth (unit)	Perth	WA	440,000	-6%	-2%	10%	600	6.8%
Golden Bay	Rockingham	WA	485,000	14%	10%	7%	540	5.3%
Gosnells	Gosnells	WA	420,000	16%	6%	7%	480	6.1%
Midland	Swan	WA	380,000	4%	5%	7%	440	6.0%
Tuart Hill	Stirling	WA	620,000	-3%	2%	7%	560	5.0%
West Perth (unit)	Perth	WA	430,000	1%	0%	10%	600	6.7%
Kingston (unit)	Canberra	ACT	655,000	-1%	5%	8%	600	4.6%
Geilston Bay	Clarence	TAS	740,000	-1%	10%	7%	560	4.2%
Lenah Valley	Hobart	TAS	775,000	-15%	7%	7%	580	4.3%
Newstead	Launceston	TAS	715,000	0%	13%	7%	520	3.9%
Riverside	West Tamar	TAS	590,000	-5%	12%	7%	470	4.3%
Darwin City (unit)	Darwin	NT	425,000	-4%	2%	10%	590	7.7%

SOURCES: DATA SOURCED FROM CORELOGIC; 2024 FORECASTS FROM HOTSPOTTING

STORY JESSICA AMIR

Sail through the turbulence

With 2024 shaping up to be another volatile year, Jessica Amir, market strategist at Moomoo, gives us insight into the keys to prospering.

I often get asked "Where should I invest, Jess?". To which I usually respond with, "Pick a great company you think will be around in 10 years."

This kind of advice is an echo of Warren Buffett's investing style: "If you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes."

Consider what one of the most successful investors, the late Charlie Munger, said when he was asked about the secret to his success. He gave a one-word answer: "Rational". This straightforward outlook sets the scene for successful investing.

I have interviewed many investment managers and chief executives in my career and most of them have become wealthy by investing for the long term. Rome was not built in a day; neither should your investment portfolio be.

By waiting for market pullbacks to buy stocks and investing in companies with strong cashflows as well as steady and growing customers, you too could reap a fortune in the long run.

The global economy in 2023 was tumultuous. Australians were hit with rapid interest rates hikes despite assurances that rates wouldn't budge until 2024, the cost of living suddenly skyrocketed, the advancement of AI and tech grew to new heights, and global conflict plunged the stockmarket into uncertainty. Investing was far from a game of predictability and many stocks that were set to prosper sank instead. So, can we expect something similar in 2024?

This year, it's likely we will continue to see turbulence across global economies, new technologies and geo-political conflicts, perhaps heightened by the US election towards the end of the year. This sets the scene for a few key themes to watch, as well as five stock picks that will rise above the turmoil and expose investors to potential significant growth.

The top themes for 2024 are:

Technology and AI

Artificial intelligence will fundamentally change how we operate as a society; it will create new products, accelerate coding and help drug discovery, cybersecurity and education. Technology and AI blew up considerably in the past year, with major tech players advancing the frontier for AI-based platforms. Over the next decade, this sector is set to explode domestically and globally. You may be dabbling in ChatGPT, but many argue that this kind of AI could be primitive compared to where the world's biggest companies want to take it.

The AI market is projected to see explosive growth over the next 10 years. Spending is expected to increase at 42% a year over the next 10 years. Most of this money is expected to be spent on generative AI infrastructure (almost $US300 billion, or $447 billion, by 2032, up from $US1.5 billion in 2022), while spending on AI hardware is expected to grow by 30%. In 2024, look out for leaders in this sector, including Microsoft, Nvidia, Alphabet, Apple and Amazon. With an amassed value of more than $US1.7 trillion, these companies will not only invest significantly in AI but will lead the charge in offering AI products for retail consumers.

Electric vehicles

Electric vehicles (EVs) are having their moment in Australia. Chances are that one of your friends and family members has an EV. The ACT is banning fuel-powered cars by 2035, so it's only a matter of time before other States and Territories follow.

The US, China and European Union are on track to hit 60% of EV penetration by 2030. This is the shift that's seen EV car sales skyrocket and will likely continue to drive EV car makers' earnings over the long term.

According to the International Energy Agency, the sale of electric vehicles is expected to rise from 13.8 million in 2023 to 38 million by 2030. Car makers are also phasing out fuel car sales, with Ford, Mercedes-Benz, BYD, Jaguar and Land Rover due to stop producing them by 2024.

Healthcare

These stocks in the US are thriving and in Australia and they are making a comeback as they are often regarded as quality assets, with spending on healthcare accounting for 10% on average of a country's budget. Pharmaceutical companies such as Eli Lilly have dominated headlines after creating new weight loss drugs to help obesity, alongside Novo Nordisk **(see page 70)**, while Insulet (a wearable insulin infusion business) and Dexcom (glucose monitoring) seem to be forgotten.

With 11.6% of Americans diagnosed with diabetes, demand for products from the likes of Insulet is not going away, and the company's shares are expected to move up from their one-year low.

Many healthcare companies have high repeatable cashflows. Currently, both Insulet and Dexcom, as examples, are undervalued by the market (known as consensus).

They are expected to see a profit growth of 65% each next year.

Consumer staples

Shares in these companies are cheaper than they have been in years. Food and groceries, wine, beer and milk shopping are expected to rise considerably. So, it's important to watch milk, and chicken companies, supermarkets and even pizza businesses, as they are likely to see earnings rise, which bodes well for supporting share price growth.

One company that has seen a large upgrade to earnings is the chicken and turkey business Inghams (ASX: ING). In the staples sector, Inghams has overwhelmingly seen the most earnings upgrades by investment analysts. The reason is simple. Costs are down and sales are likely to grow. Wheat accounts for 70% of a poultry business's costs. The wheat price is down by 28% this year, and Inghams shares are up by 43%.

Commodities and dividend payers

I'm calling it: copper is primed to be a commodity champion in 2024. Why?

Well, as its largest consumer, China recently imported a record amount of copper, with imports now running at their fastest pace since 2018. Paired with a slight dip in copper's market value,

> This will be a huge comeback year for Bitcoin, the currency of the future, which gained 175% in 2023

China's strong demand suggests that now is a good time to pick up this commodity.

Gold reached record levels late last year and the rally is likely to continue, given the Federal Reserve in the US is likely to cut interest rates to avert a recession in 2024. As we've historically witnessed, the aftermath of interest cuts will be the US dollar going down while the price of gold receives a leg-up. For example, in 2019, gold rose by a new high of 61% after the Fed slashed interest rates. If all goes according to plan, gold will be a major commodity to stock up on before the economic dominoes fall.

Bitcoin (and Bitcoin-linked companies)

Before you roll your eyes, hear me out. You need to watch the currency of the future, Bitcoin, and profitable businesses (yes, profitable businesses) that make money from it. We have finally reached a game-changing moment.

The price of Bitcoin has gained 185% since December 2023 to the time of writing, sitting at $US46,000. This is supported by likely US interest rate cuts and, critically, the US regulator's approval of Bitcoin exchange traded funds (ETF). Ten years in the making, this allows retail investors and professional investment managers to easily add Bitcoin to their portfolios and buy it on a regular basis.

On January 11, the world's first 11 Bitcoin ETFs began trading, receiving $US4.6 billion in one day. Most funds went into BlackRock's ETF, as it is the world's biggest investment manager and has a strong reputation. The fact that investors can now buy Bitcoin via an ETF – just like buying a share – will boost its price, as it will be added to investment managers' portfolios.

You can also expect mainstream usage to increase. Public companies such as Tesla and Microsoft already accept Bitcoin as payment; you can also use it to pay for flights and coffees. Although it may be a while before Bitcoin is fully assimilated into everyday life, it will likely put the 2022 crash behind it and hit new highs.

● This article is general in nature and should not be considered personal advice.

Jessica Amir is a market analyst at the trading platform moomoo.

JESSICA AMIR'S TOP 50 STOCKS FOR 2024 ($US unless indicated otherwise)

	NAME	EARNINGS PER SHARE	MARKET CAP	PRICE EARNINGS RATIO	YIELD %	1 YEAR PRICE TARGET
TECH, AI, CHIPS	APPLE INC	7.14	2879bn	27.89	0.52	198.77
	MICROSOFT CORP	12.97	2793bn	33.07	0.80	417.75
	ALPHABET	7.10	1774bn	20.35	NA	155.42
	AMAZON.COM INC	4.53	1564bn	35.07	NA	182.82
	NVIDIA CORP	20.44	1313bn	27.07	0.03	648.27
	META PLATFORMS	17.98	919bn	20.48	NA	385.17
	ADOBE INC	20.37	267bn	32.64	NA	648.55
	ADVANCED MICRO DEVICES	3.81	241bn	44.45	NA	142.30
	QUALCOMM INC	10.66	156bn	15.20	2.29	144.41
	APPLIED MATERIALS INC	8.99	126bn	19.75	0.85	167.54
EV INDUSTRY	TESLA INC	3.83	747bn	66.98	NA	243.11
	BYD (yuan)	14.19	609bn	13.56	0.59	328.82
	VOLKSWAGEN (euro)	29.82	59bn	4.21	7.12	161.89
	GM	7.59	50bn	5.21	0.99	44.99
	STELLANTIS (euro)	5.24	71bn	3.93	6.62	26.56
	BMW (euro)	16.19	64bn	5.86	8.44	108.04
	LG ENERGY (won)	10,442.86	95,238bn	48.82	NA	558528.56
	PANASONIC HOLDINGS (yen)	160.26	3476bn	11.27	2.29	1979.38
	APTIV	5.86	23bn	14.97	NA	114.72
	FORVIA (euro)	3.21	4bn	NA	NA	27.87
HEALTHCARE	UNITEDHEALTH GROUP	27.89	497bn	19.84	1.40	597.52
	ELI LILLY	12.43	594bn	54.63	0.83	633.92
	JOHNSON & JOHNSON	10.72	389bn	15.50	2.95	175.26
	NOVO NORDISK CLASS B	22.36	490bn	32.26	0.98	124.26
	MERCK	8.53	300bn	19.10	2.60	124.84
	INSULET	2.48	14bn	88.91	NA	228.76
	DEXCOM	1.70	50bn	79.77	NA	139.16
	CSL ($A)	7.10	141bn	31.54	1.27	318.13
	RESMED ($A)	0.81	39bn	23.90	1.12	31.54
	COCHLEAR ($A)	6.38	19bn	52.54	1.37	258.73
CONSUMER STAPLES	PROCTER & GAMBLE	6.90	352bn	22.83	2.52	163.72
	COSTCO	17.05	296bn	42.01	0.61	671.34
	WALMART	7.11	429bn	23.29	1.43	178.77
	COCA-COLA	2.80	259bn	21.68	3.07	65.09
	WOOLWORTHS ($A)	1.61	45bn	25.05	3.99	38.12
	COLES ($A)	0.81	21bn	20.54	5.87	16.13
	ENDEAVOUR GROUP ($A)	0.30	9.8bn	19.18	5.66	5.83
	METCASH ($A)	0.29	3.5bn	12.75	8.68	3.89
RISING STARS	BLOCK	3.02	43bn	24.46	NA	77.03
	UBER	1.51	124bn	41.30	NA	66.86
COMMODITIES & DIVIDEND PAYERS	BHP ($A)	2.68	245bn	11.78	7.75	49.02
	RIO TINTO ($A)	7.62	181bn	11.92	6.47	130.61
	FORTESCUE METALS ($A)	1.36	85bn	10.68	9.05	20.82
	WOODSIDE ENERGY ($A)	1.54	59bn	14.60	15.78	34.75
	WHITEHAVEN COAL ($A)	1.41	6.9bn	0.93	12.83	8.50
	CROMWELL PROPERTY GROUP ($A)	0.04	1bn	10.00	10.82	0.61
	MAGELLAN FINANCIAL GROUP ($A)	0.68	1.6bn	11.68	13.28	8.30
	GROWTHPOINT PROP. AUST ($A)	0.22	1.8bn	13.00	8.70	2.91
	INSIGNIA FINANCIAL ($A)	0.30	1.7bn	8.89	8.30	2.68
	CENTURIA CAPITAL GROUP ($A)	0.13	1.4bn	14.70	8.89	1.60

SOURCES: MOOMOO, BLOOMBERG; 10-1-24

Think long term to make a big difference

How to build your financial future is a choice that only you can make. While savings accounts currently offer high interest rates, investing in stocks is one of the most strategic ways to build long-term wealth while also allowing your money to make a difference in the future.

Picking stocks can be tricky, but trust in the telltale signs such as quality cashflows, diversified business models, strong outlooks, growing customer bases and steady profits when building your portfolio this year. If you're looking for a more low-maintenance alternative to individual stocks, consider exchange traded funds such as iShares Core S&P/ASX 200 (ASX: IOZ), Betashares Global Sustainability Leaders (ETHI) and iShares Global 100 (IOO).

At the very least, consider investing in the S&P 500, which continuously selects and manages the top 500 companies in the US – it's a diversified and solid option for beginners. If you had invested $10,000 a year ago, you would now have $12,400. If you had invested it five years ago, you would have $17,700. This really shows the power of investing for the long term.

As the legendary US investor Warren Buffett once said, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

This famous quote points out a simple truth: successful investing depends on selecting sectors and companies that will serve our economy and society in the long run. That's why these five themes (see next page), and my top 50 stocks, have made it on the hit list for 2024.

As always, invest responsibly and remember that past performance is no guarantee of future results.

STANDOUT SHARES

How 2023 went

The US market, as measured by the S&P 500, soared by 24%, while Australia's S&P/ASX 200 rose by 7.8%. Returns on the five stocks we highlighted in 2023 were mixed. Some investors could have benefited by locking in their profits when the share price rose by 10% or more. This highlights the need to be nimble if you want to maximise profits. Investors who want a hands-off style of investing should consider ETFs that track either the S&P 500 or the ASX.

In 2023, Woodside shares rose by 11% from January to mid-September, but then fell, ending 2023 12% lower than a year earlier. Investors could have benefited from its shares rising to September, before they fell amid oil price weakness.

Lockheed Martin shares rose by 10.4% from January to April, before falling and ending 2023 down 6.8% amid speculation that defence equipment orders would slow.

Alibaba fell by 12% in 2023 amid the slowdown in consumer spending in China.

Albemarle surged by 28% from January to mid-February, and then fell, ending the year 33% lower on lithium oversupply concerns. BHP rose 10.5%.

Top 5 picks for 2024

The broad US sharemarket looks to be heading for another strong year, but technology stocks will likely shine the brightest.

The reason for this is that inflation has been falling and the US central bank, the Federal Reserve, has vowed to cut interest rates as a result. This will support profits in 2024, helping companies to recover from the slump in 2023.

As such, the five stocks selected that will likely have a strong 12 months are Apple, Nvidia, Tesla, Block and Uber.

Read on...

1 Apple

As one of the largest global companies, Apple's share price will continue to reach new heights. While it holds a steady but weakening grip on the smartphone market, it will likely venture into new territory and lean on its other revenue streams in the coming years. Currently, Apple generates 52% of its revenue from iPhones, 10% from wearables, 7.4% from Macs and 7.4% from iPads. The remaining 22.2% comes from its services, which hit an all-time revenue high in 2023.

Clearly, Apple has a strong revenue model and plans are already being made to diversify into new products and services. In the coming years, it will develop its first autonomous electric vehicle, and the bets are on that it will be coming after Tesla's market when it launches in 2026. With the impending interest rate cuts in 2024, Apple has plenty of tailwind behind its market growth, so invest now to cash in on its potential growth spurt.

Share price ($US)

2 Nvidia

As a global leader in the AI space, the chip maker is expected to generate a $54.98 billion profit this year. Not only is it the company behind the H100 chip used for Open AI's ChatGPT, but it is also pioneering an advanced graphics processing unit (GPU), the H200, designed for training AI models. At this stage, chips like these are predominantly used in data centres and networks, but once consumers get hold of this technology in their everyday devices, a new generation of AI will be born. Keep a close watch on this key player.

Share price ($US)

3 Tesla

As the leading electric vehicle producer, Tesla will hold its place in the electrification sector. With 50% of its profit from the US and the remainder sourced internationally, Tesla has been steadily growing its global market share and revenue. Not only have lithium prices fallen, but the price of a Tesla is expected to increase – both will contribute to its goal of $35 billion in profit by 2027. Factor in the broader expectation that consumers will have a bit more cash to splurge after interest rates dip and you'll see why I think Tesla and the EV market in general are poised to enter a new stage of growth in 2024 and beyond.

Share price ($US)

4 Block

This is the company behind the Square terminal that you may 'tap' to pay for a doctor's visit, a coffee or a meal. It bought the buy now, pay later app Afterpay and has a mobile payment service, Cash App.

Block makes 33% of its revenue from transactions and 41% from Bitcoin, which includes holding Bitcoin and another 26% from subscriptions. With the cost of living increasing, Square will rake in more and more profits with its 1.6-1.9% fee for every transaction. And as the US central bank cuts rates, that will boost consumers' discretionary spending, which will increase Block's revenue. Plus it sees more merchants and businesses using its Square terminal, giving it a growing customer base.

Block will benefit from a rising Bitcoin price, after the US regulator, the SEC, approved the creation of Bitcoin ETFs. This landmark event will give retail and sophisticated investors easy access to the biggest cryptocurrency via ETFs. Increased Bitcoin buying will support the Bitcoin price and Block's profits. Block's revenue will also grow after it launched a Bitcoin mobile wallet app.

Share price ($A)

5 Uber

The global delivery and rideshare company is likely to gain entry into the pin-up index, the S&P 500. Uber has turned its business around and produced two quarters of profit. With new momentum, it just needs another two quarters of profit, which is highly likely, to gain entry into the S&P 500, which is the most bought index in the world. You shouldn't miss this boat, especially if you missed Tesla's 89% jump after it was added to the S&P 500 in December 2020.

Uber's popularity is surging, with revenue expected to grow from $US32 billion ($48 billion) in 2022 to $US36 billion in 2023. This comes from its diversified global business model, which rakes in 44% from ride-hailing, 34% from deliveries and 22% from freight. With all this in mind, growth could continue into 2024. ■

Share price ($US)

Take baby steps to help children save

A long-term, tax-effective investment can make a big difference to a young adult's finances

Parents and grandparents are becoming increasingly anxious about the financial future of their children and grandchildren, and with good reason.

"People are worried about their kids being able to afford houses in the future, and being able to move out of home," says Chris Brycki, CEO of Stockspot, an online investment adviser.

During the most recent ASX Investor Day events around Australia, Brycki had the opportunity to address the audience, and the most popular questions were about the best way to set up an investment for children and grandchildren.

"A lot of parents are trying to be proactive in helping to encourage kids to save, and they are helping to save for kids earlier, knowing that the power of compound growth will play out over many years," says Brycki.

Questions included: What is the most tax-effective, long-term investment vehicle for kids? How do you set up an account for a child given the tax rules for those younger than 18? In whose name should the investment be? Can the investment be transferred to a child in the future? Can parents and grandparents specify a certain age when the money is released? What should they invest in and how can they do it in a sensible way?

One of the most thoughtful and constructive gifts for a new baby in the family is to set up a small investment. Putting money aside for your children early on can make a meaningful difference to their lives as young adults.

You don't have to put a lot in the fund upfront. A popular strategy is to drip-feed money into the investment regularly.

Here's an example from Vanguard. If you had invested $50 every month, or $600 a year, for 20 years until the end of August 2022, the balance in a high-growth diversified Vanguard portfolio would have grown to $27,583. Saving more means more powerful compounding. If you had put in $100 a month, or $1200 a year, for 20 years, it would be $55,161. If you upped it to $200 a month, or $2400 a year, it would be $110,318.

Off to a stronger start

Putting aside money for a child early on means that by the time they reach young adulthood they will hopefully have accumulated a tidy sum. It can make all the difference to seemingly insurmountable financial hurdles, such as paying off student debt or building a home loan deposit.

A friend recently told me her father had put money into a fund for her daughter. He regularly topped it up over 15 years until he died. When her daughter turned 23, there was a whopping $200,000 in the account.

It's hard not to be impressed – and, of course, a bit envious – by such a generous act. My parents didn't put money aside for my kids, but my mum generously gave plenty of valuable time, providing free childcare and unconditional love.

Another friend who recently became a grandmother, asked her son and daughter-in-law what they needed for their baby. They were very clear about what they wanted. They didn't need baby clothes, cots, prams, or toys because friends and relatives had donated their used ones. And they were happy to search Facebook Marketplace for any remaining items when they needed them.

What they wanted was money placed in an investment that would grow over time. And they were specific: they wanted low-cost, diversified index funds. They had

done their homework. Diversified index funds and exchange traded funds (ETFs) that invest in a range of different assets are tax efficient, charge low fees and are transparent, so they can see what they invested in.

It is a relief that investments for children have evolved over the years, because they were once tricky to navigate.

When our children were babies, my partner and I set up savings accounts for them at a Big Four bank with a branch around the corner, to make small deposits over the years. Back then, savings accounts paid negligible interest and charged high fees that ate away at the balance. The branch closed. One year, we had less at the end of the 12 months than at the start. We ended up closing the accounts.

Index funds and ETFs

Investment companies specialising in index funds and ETFs are offering parents and grandparents tailored children's accounts. Vanguard has attracted 17,000 new children's accounts since it opened them on its personal investor platform a year ago.

Around 80% of parents and grandparents are opting for an auto investment, so that regular savings go into the account. The advantage is that the account benefits from dollar-cost averaging. The total fee for the high-growth option, the most popular of the four diversified options, with 85% of accounts, is 0.29%.

The high-growth investment option is made up of seven index funds and holds 90% in growth investments, such as shares and 10% in income-producing assets.

Brycki is passionate about teaching children how to invest early in their lives.

Stockspot offers a range of children's investment accounts, with sustainable high-growth and growth options being the most popular. Parents using Stockspot usually set up a child's account when their children are between the ages of five and 10 years, says Brycki.

LICs and managed funds

There are other sorts of investments for children. Not that long ago, financial planners recommended buying direct blue-chip shares in a big mining company or a bank as a failsafe investment. But the trick is picking the right share.

Brycki says putting all your money in a single company exposes you to unnecessary risk.

"Instead of instilling financial wisdom, it might inadvertently encourage a risk-prone approach to investing," he says.

Listed investment companies (LICs) and managed funds have also been popular because they diversify across companies and sectors. But actively managed funds charge higher fees than index funds and can underperform over the long run. "It is worth noting that only around 15% of fund managers outperform the market consistently," says Brycki.

When your child turns 18

To make an investment in Australia, legally you have to be 18 years or older. Parents or grandparents hold the investment in their name and some accounts allow them to add a designation, which acts to identify that it is a child's account – for example, 'Sam's account'.

If you have been holding the investment in your name, you can transfer it to the child when they turn 18.

Often parents or grandparents think 18 is a bit young to get a chunk of money and prefer that their kids get the money in their mid to late 20s.

If you are a grandparent, you can specify that the ETF account goes to your grandchild in your will.

Some parents set up a family trust to hold their child's investments.

Investment bonds

Parents also like the sound of insurance bonds, often called investment bonds or education funds. They are a combination of an investment portfolio and a life insurance policy offered by life insurance firms. They invest in a range of asset classes, such as shares, bonds, property and infrastructure, as well as diversified portfolios. You invest on behalf of your child or grandchild and the ownership is transferred to the child at a future date that you decide on. The money can be used for education fees or a car, or it can go towards accumulating a house deposit.

Investment bonds have complexities to understand. First, they are called 'tax paid', which means the tax on investment earnings is paid by the bond issuer at the company rate of 30%. If you hold the investment for 10 years, you don't need to pay personal income tax or capital gains tax. It is important, however, to be aware of the fees. ■

▶ **Read 7 Things to Avoid When Setting up Accounts for Your Kids at moneymag.com.au.**

The shopping

Technology and fragmentation are disrupting the way we buy groceries. But it's government intervention that may finally reduce prices. Given all the changes at the checkout, here's how to shop savvy this year.

STORY TOM WATSON

Whether it's a dash to the local store or a regular expedition to the vast aisles of a major supermarket, buying food is one of life's certainties. But grocery shopping as we know it is about change.

First, on the horizon is pressure to lower prices, with major chains, Coles and Woolworths, called before a Senate inquiry into price gouging and profiteering (due to wrap up in May) and an investigation into the effectiveness of the Food and Grocery Code of Conduct underway. This comes after data from the Australian Bureau of Statistics showed shoppers spent $10.8 billion in supermarkets and grocers in October 2021 (around $420 a person), but as of October 2023 that number had increased to $11.9 billion ($445 each).

Then there's all the new subscription-based players that offer product-specific home deliveries that undermine the tradition of single-supermarket loyalty.

Perhaps the biggest change, though, is the raft of technological advances set to revolutionise the very nature of shopping.

As Sarah Megginson, personal finance expert at Finder, says, an increased appetite for convenience has fast-tracked a revolution in grocery shopping.

revolution

"Just five years ago, our options were pretty much limited to shopping in-store with a traditional checkout. But now you can do your shopping and check it out yourself, and in some stores you can scan your items and check them out as you move through the store (see What the future holds, page 53).

"You can also do an online shop from a supermarket or instant grocery delivery service like Milkrun [owned by Woolies] or Uber Eats, or have it delivered direct to your boot at a store pick-up point."

The lay of the land

Traditionally Australia's two major chains, Coles and Woolworths, have dominated the market. Together they operate almost 2000 stores across the country and are estimated to have a market share in the 65%-70% range. But there's a battle going on with rival supermarkets trying to grab larger portions of this market for themselves.

Since launching in 2001, the German discounter Aldi has established itself as the third largest player in Australia with 591 stores and 10% of the market share, while US retail giant Costco has rolled out 15 stores since coming to Australia in 2009.

Then there's Metcash (which supplies its network of around 1600 IGA, Foodland and Friendly Grocer stores), Harris Farm Markets and regional players such as Drakes Supermarkets.

Supermarkets under challenge

Coles and Woolworths are also being challenged by major online retailers, such as Amazon, which are appealing to customers seeking better value, especially on non-perishable goods.

A survey by the investment bank UBS revealed that while most Australians who shop for groceries online do so primarily with Woolworths (44.7%) or Coles (28.8%), both have lost online market share since the pandemic. Meanwhile, online retailers Amazon (9.4%) and Catch (4.1%) have increased their share of the online grocery pie in recent years.

Other shoppers are gravitating towards businesses such as Who Gives A Crap (toilet paper and tissues) and Zero Co (cleaning and body care products) that not only provide the convenience of online ordering but offer products that appeal to the environmental or sustainability values of their customers.

Current market share

SUPERMARKET	MARKET SHARE
Woolworths	37.1%
Coles	27.9%
Aldi	9.5%
Metcash	6.9%
Other (Costco, Drakes, Harris Farm, etc)	18.6%

Source: Statista (2023)

Why loyalty doesn't pay

All the traditional and emerging options give grocery shoppers more choice which, Megginson believes, is ultimately a good thing for our wallets.

"It's almost always in your best interest to shop around and compare. In September, we did a price analysis between Aldi, Coles and Woolies on a basket of 46 items and no surprises that Aldi came out about 7% cheaper than Woolies and Coles, which were very similar.

"But it depends on your lifestyle and the benefit you'll get from it. I've got one friend who, every Thursday, will look at her list and go through Coles, Woolies and Aldi and do a shop at each of them. She reckons she saves about $40 a week doing it that way, which is about $2000 over the year."

And while there's nothing wrong with sticking to the one supermarket – whether out of choice or necessity – it's worth appreciating the tricks that supermarkets employ to keep your loyalty.

"Supermarkets are very keen to get your business and keep it, and there's a whole bunch of psychology that goes into that to keep you engaged and shopping with them," says Megginson.

"One example is both Coles and Woolies do rewards offers where, if you spend a certain amount every week for four weeks, you'll get a discount off your next shop. That's great if you're already going to spend that money, but for some people it will be an incentive in the back of their mind to spend more."

▶ **Turn the page to read how online food shopping has evolved, find out how to outwit sneaky retailers, and what the future of shopping has in store for consumers.**

$1.6b

is Woolworths Group's net profit (up by 4.6%) for the FY 2022-23. Coles Group recorded a profit of 1.1bn (up by 4.8%) for the same period. Source: Woolworths Group and Coles Group annual reports.

Real costs of online grocery shopping

Whereas many Australians have been shopping online for clothes for years, the uptake in online grocery shopping didn't really kick off until the onset of the pandemic, when many people either couldn't, or didn't want to, venture into a supermarket.

The benefits are pretty straightforward. For some, it's simply more convenient to jump online, plug in their grocery list, choose a delivery day and window and then wait for their groceries to arrive at their door.

Despite this, the number of people who do most of their grocery shopping online appears to be relatively small, according to 2022 data from market researcher Appinio.

Only 1.7% of Australians reported doing their entire grocery shop online, while 11.5% said they shopped mainly online and a further 34.7% did a mix of online and in-store shopping. More than half (52.1%) said they only shopped in a physical store.

So why the reluctance to get onboard with online supermarket shopping?

Online grocery shopping isn't without its drawbacks. The first is the extra cost for delivery or shipping, though some may argue that delivery fees are a small price to pay for convenience and petrol savings.

Looking at Coles and Woolworths, delivery fees range from $2 to $15 depending on how quickly you need your groceries and the time of day you want them delivered. Delivery is free at Coles with purchases of $250 or more (see table, right).

For super-fast deliveries, Coles and Woolworths charge higher fees than instant grocery delivery services, such as Uber Eats and Milkrun, but it's worth remembering that the instant delivery services add a price premium to the each item you purchase.

40%

This is how much Australians could shave off their grocery bills by shopping across multiple supermarkets.

Source: Choice

Perils of online delivery

Another dilemma faced by online grocery shoppers is the quality of the produce.

"I've found buying fruit and veg online is tricky and you often end up getting green bananas, limp lettuce or avocados that are still a week away from being ripe," says Megginson. "That's the problem with not being there to pick fruit and veg in person, in store."

Then there's the issue of stock shortages. During the online selection process shoppers can elect to have an out-of-stock item substituted by a similar product from another brand, though this won't always be a perfect match. The other option is to tick the 'no substitutes' box, but you're likely to receive a notification that several of the items you ordered are out of stock, leaving you short.

Whether it's an item that doesn't match, is damaged or is missing altogether, online consumers are entitled to their rights. According to the Australian Competition and Consumer Commission, "online businesses have the same responsibilities to consumers as physical businesses", which means you may be entitled to a refund if the item is damaged or not what you ordered.

Online delivery fees

	COLES	WOOLWORTHS
Standard delivery	$2-$11	$5-$15
Fast delivery	$15	$15
Minimum spend	$50	$50
Free delivery spend	$250+	Variable
First delivery free?	Yes ($100+)	Yes ($100+)

Source: *Money* magazine

Retailer tricks and how to beat them

- **Shop on a full stomach:** Bread and milk and other essentials are often placed at the back of the store to increase the odds that you'll be tempted to add pricey convenience and junk foods to your trolley along the way. Instead, head straight to the essentials and fill your trolley with these first. To help you resist the tempting convenience foods placed in your path, only shop on a full stomach.
- **Pay attention to trolley size:** Avoid the over-sized trolleys unless you think you really need one and pick up a basket, or one of the smaller trolleys on offer. You'll be less likely to 'fill 'er up' to the brim with non-essential, costly items.
- **Keep an eye out for product placement:** Brands pay more to have their products placed at eye level on the middle shelves so you spot them first. A similar strategy applies to how products are displayed online. Instead check the top and bottom shelves first, where you're more likely to find better value items.
- **Recognise price anchoring:** Supermarkets use this strategy to establish a price point in a shopper's mind. Placing more expensive items next to cheaper ones has the effect of making the expensive item look like a better quality product even if it's not, and the cheaper item look like a better deal to bargain hunters when it's not. Keep this in mind when shopping and get into the habit of looking around more before deciding on a product.
- **Don't be fooled by supermarket meal ideas:** Supermarkets tend to group the makings of a meal 'for your convenience' to encourage you to buy pricier items. Instead, plan your meals before shopping and you'll be less likely to reach for products you wouldn't normally buy.

$$

You can use apps such as Frugl and WiseList to compare product prices across multiple supermarket chains and locations to get the most bang for your buck.

What the future holds

From the emergence of self-serve checkouts to the arrival of new players, the grocery landscape has already been transformed in recent years, but there's more to come.

Here are some of the trends that are tipped to grow in the coming years.

- Online shopping: Unsurprisingly, it is expected to grow as more people become hybrid or omni-channel (as it's now called) shoppers. And online deliveries could be made even faster and more frequently in the future by driverless vans or drones.
- In-store experiences: If online shopping does become the norm, will that change the function of physical supermarkets? A report on the future of shopping published by PwC envisages a world in which grocery stores focus more on produce, premium items and in-store experiences such as cooking classes and even virtual reality-enabled demonstrations.
- Checkout-less shopping: Amazon Go stores arguably popularised the move towards checkout-less shopping in the US, but closer to home Woolworths has started to adopt the same model with Scan&Go. Shoppers use an app on their phones to scan items as they move through the store, then once they finish, they pay in the app and walk out. ■

An attitude of gratitude

Understanding your money behaviour will improve your financial freedom and feeling grateful is a fascinating – and financially rewarding – place to start

STORY EVAN LUCAS

When I first started working and participating in the world of markets, wealth and money, there was this underlying theme – almost a feeling, if you will – that your current money position was 'scarce' and that the only way to improve this feeling was to create more money. What I found even more interesting was that making more money for clients, your family or yourself never removed or improved the perception that money was a scarcity.

The more I ruminated on this realisation over my career in money, the more I was drawn back to one of the fundamental concepts in economic theory: that all resources are scarce. In other words, all resources are finite and will run out one day. Another way to think about it is that you can't buy everything as you'll never have enough.

This is a key concept. Let me go back to the pure economics. Economics assumes that the demand for a good or service is always greater than the availability of that good or service. This means our choices are limited in any economy, and limiting choice means we can't always have what we want.

This concept has always struck me as psychological and behavioural as well as economic. Why? Because

there is a negative connotation to not having choice, and as human beings we are drawn to the negative as a starting point. This leads to protective thinking: if I don't risk the limited resources I have, I will never be without.

I would suggest that is why pessimism and scarcity are perfect bedfellows: I don't have enough, I can't lose what I have and I must keep what I have. This statement is very much a Western culture thought, with no room for the collective in 'I' thinking.

I will point out that this 'never enough, always wanting more' scarcity mentality has benefits. A scarcity mentality has been found to enhance people's short-term productivity – think of those who work all hours to close some huge, important deal. It can also inspire people to 'live for today' and look to sustain a here-and-now mentality.

It is very likely that people with a scarcity mentality see real purpose in it. Their identity is wrapped up in this kind of work and thinking, and they derive huge satisfaction from the achievement of living with scarcity.

But despite its benefits, the drawbacks of a scarcity mentality well and truly outweigh the benefits. Why? Scarcity narrows your focus to the immediate and to what you lack. Your view is on today's bills, tomorrow's meeting and yesterday's mistake. Scarcity takes away one of the core themes we discuss in *Mind over Money*: gaining time, a longer-term perspective and looking holistically at your finances.

Why emotions are important

The human mind is absolutely wired towards the immediate. We desire short-term gratification. This leads to financial impatience. Further to this, recent research around the scarcity mindset shows that sadness exacerbates financial impatience, even when the sadness is unrelated to the financial decisions at hand.

Now, what we've discussed reinforces the view that maybe emotions are something you need to suppress to combat financial impatience. Note, however, that emotions are adaptive and are designed to help you navigate the world. With that in mind, surely some emotions are capable of reducing impatience and moving you towards accepting delayed returns.

This is where emotional gratitude comes into its own. Studies have found that emotional gratitude reduces impatience even in real money scenarios. The even more impressive finding from these studies is that the effects of gratitude are more impactful on our money thinking than just generally having a positive, happy state.

To put this another way, feeling grateful can actually make you feel richer.

A recent study from Northeastern University, Harvard University and University of California, Riverside, looked at the effects of gratitude as a tool for reducing economic impatience.

Seventy-five participants were assigned to one of three groups and asked to spend five minutes writing about an assigned topic. Group one was asked to write about an experience that made them feel grateful. Group two was tasked with writing about something that made them feel happy. Group

Studies prove changing your mindset from scarcity to gratitude has a profound effect

three was tasked with focusing on the events of a typical day. Once all three groups had begun their writing tasks, researchers then asked them to choose either to receive an amount of cash immediately or a greater sum of cash sometime into the future.

The results were quite interesting. Both the ‘happy’ group (two) and the neutral group (three) were willing to forgo receiving $85 in three months once the upfront total reached $55. Instant gratification overrode their long-term thinking. Group one, however, had significantly more patience and self-control, needing $63 upfront to give up future gains of $85, a 12% advantage over the other groups.

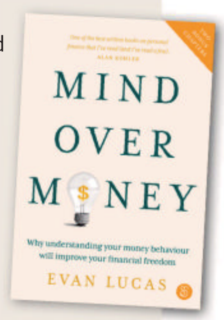
The conclusion from the study was that gratitude reduces excessive economic impatience. It shows that gratitude encourages a forward-focused outlook and that focusing your emotional response on something like gratitude has a more positive impact on your economic choices than a broader emotional view.

I know that the concept of gratitude helping you with your money creates a level of scepticism. This is unsurprising considering gratitude involves feelings, emotion and acceptance, which clash with the ideas of hard decision-making, rational thought and maximisation that are traditionally associated with money and investment.

Nevertheless, studies prove over and over that changing your mindset from scarcity to gratitude will have a profound effect on your overall wealth and future long-term happiness, and embracing gratitude will allow clarity, acceptance and better decision-making. ■

Win a copy of the book

This is an edited extract from the revised *Mind Over Money* by Evan Lucas (Major Street Publishing, $29.99). To win one of five copies, tell us in fewer than 25 words what money habit you’d like to change. Enter at moneymag.com.au/win or send entries to Money, Level 7, 55 Clarence Street, Sydney, NSW, 2000. Entries open on January 29, 2024, and close on February 28, 2024.



Spread the social love

Leveraging platforms such as TikTok, Instagram and Facebook in innovative ways can be game changing for a small business

Reaching new customers and keeping them engaged is a challenge for any small business, but the right social media strategy can light a fire under your business and give it the personality it needs to set it apart from competitors.

A report by consumer insights platform Meltwater found 81% of Australians engage with social media. Along with keeping up with friends and family and catching up on the latest news, close to one in four uses social media to find inspiration for things to do and buy.

In other words, social media can put you in touch with consumers who are willing and ready to spend.

The size of your marketing budget is less important than you might think. Paid social media advertising doesn't always pay off as there's no guarantee of hitting the mark with customers. Algorithm changes make it harder than it used to be to reach potential new customers organically, but when you strike the right chord with your audience it can be a low-cost way to promote your brand and build a loyal following – and the time spent creating content that connects can be well worth your while.

Success tends to build on success. The more engaging your content, the more new customers your posts, reels and stories reach. Then, it's all about being consistent.

Which platform is best?

Maintaining a social media presence can be time consuming, and it may make sense to focus on one or two areas, rather than thinly spreading resources over every platform. That means deciding which one best suits your business, product and customer profile.

In terms of most-used platforms, Facebook dominates the social media market with 73.8% usage in Australia, followed by Instagram (55.5%) and TikTok (41.5%).

It's not just about market share, though. If your business lends itself to visual images, Instagram may be your preferred platform. If your enterprise is better suited to marketing through words rather than images, Facebook can be the ideal conversation starter. TikTok, on the other hand, lends itself to video marketing and appeals to a younger crowd. Almost 70% of TikTok users are under the age of 24. Plus, 37% of users say they have discovered something new on TikTok and immediately bought it, according to customer engagement platform Khoros.

Thinking laterally

The best social media marketing strategies don't simply push a product or service, but they generate additional income streams through entertaining or informative content. The videos Tim the Lawnmower Man creates for his two-million-strong audience on YouTube, Facebook and Instagram, for example, do far more than enhance his reputation as a competent lawnmower man. The videos, in which Tim knocks on random doors and offers to mow people's lawn for free, bring in substantial advertising revenue.

Three Birds Renovations is another success story. The trio's (pictured, left) videos and posts provide before-and-after renovation inspiration and serve to showcase the suppliers they use (for which they earn a fee). Having a large and engaged social media following allows them to promote the Three Birds Reno School, another source of income.

Giveaways and highlights

Once small businesses see what they get back from giving away something for free, it often becomes a key component of their social media strategy. Competitions and giveaways generate engagement and spread the word to people genuinely interested in what a business sells or offers.

Want to draw special attention to content you've created for your Facebook audience? Adding @highlight in the comments makes a post more visible on people's feeds and keeps it near the top of their feed for longer. Adding @followers in the post's text box is another useful trick because it sends every member of a Facebook group a notification that they've been tagged in a post.

Tackle negativity with ease

Social media can turn a negative comment into a very public dressing down.

It may never happen to you, but the best way to handle negative comments is with the '3-P' approach: be prompt, be public and prevent further fallout. Acknowledge the failing with an apology, explain why it happened and invite the poster to speak to you privately via direct message to put a cap on any further damage to your brand. ■

Anthony O'Brien is a small business and personal finance writer with 20-plus years' experience in the communication industry.

Get a taste of the Snickers effect

In the face of turmoil and fear, focusing on certainties will bring peace of mind

There are myriad stories about Warren Buffett that we've heard many times over. But the other day I heard a new story that I think is very apt for today.

A fellow presenter had a few moments alone with Buffett backstage at an event. It was the height of the GFC in 2008 and the concerned colleague asked him: "With so much uncertainty, upheaval and disruption in the market, how on earth can we determine what the best investment strategy is?"

Warren said: "Do you know what the most popular chocolate bar in 1930 was?" "No," he replied. "Snickers," said Buffett.

"Do you know what the most popular chocolate bar was in 2007?" he continued. The other speaker shrugged, bemused. "Snickers."

Buffett's point was that even with all the political, digital and social changes since the 1930s, some things stay the same – so bet on them.

As humans, we are terrible at predicting the future. It is a scientific fact that has been proven countless times across multiple disciplines. But we are such an anxious mob, fearful of the future, and never has that fear been more pronounced than it is today. We're anxious about wars, the climate, digital disruption, crime, inflation, home ownership, investment strategy, global politics, local politics, our careers, our kids, our savings or debt, our relationships, being cancelled, psychological safety, social media presence – the list seems endless.

But all of this is a fool's game. Why on earth do we waste so much cognitive energy focusing on the unpredictable and largely uninfluenceable? We have no idea what the future holds, and being anxious about it is simply falling prey to a base human instinct that is designed to help navigate the jungle, not modern life.

We need to stop predicting change and instead focus on what is likely to stay the same. As humans, we are much better at that. By focusing on what will stay the same, we experience a solidity, a peace that comes through certainty.

How to cultivate a healthy optimism

- List all the things that are likely to stay the same in the next 10 years. Include simple things such as dishwashing or holidays and bigger things like healthcare and big industry.
- Limit your media consumption. Expose yourself to enough to keep informed, without entertaining the 'clickbait' world of sensational journalism. It commoditises and stokes fear.
- Find a daily habit that completely calms your mind. This could be a nature walk, making a cup of tea, journalling or some mindfulness practice. Whatever it is, ensure it is completely calming and focuses on the present moment.

Covid's panic merchants

A good example of this was seen in the different reactions to Covid and the future of work. Those who exclaimed the workplace would be revolutionised quickly moved to sensational and dire depictions of the future. But those who recognised there were many things that would stay the same tended to have a more measured response.

The panic merchants declared this was crazy and ignorant. But on reflection, whose approach to the future was closer to the truth? We still have a need to work in-person with others, conference centres are back busier than ever, and schools, restaurants and hospitals still operate almost exactly as before.

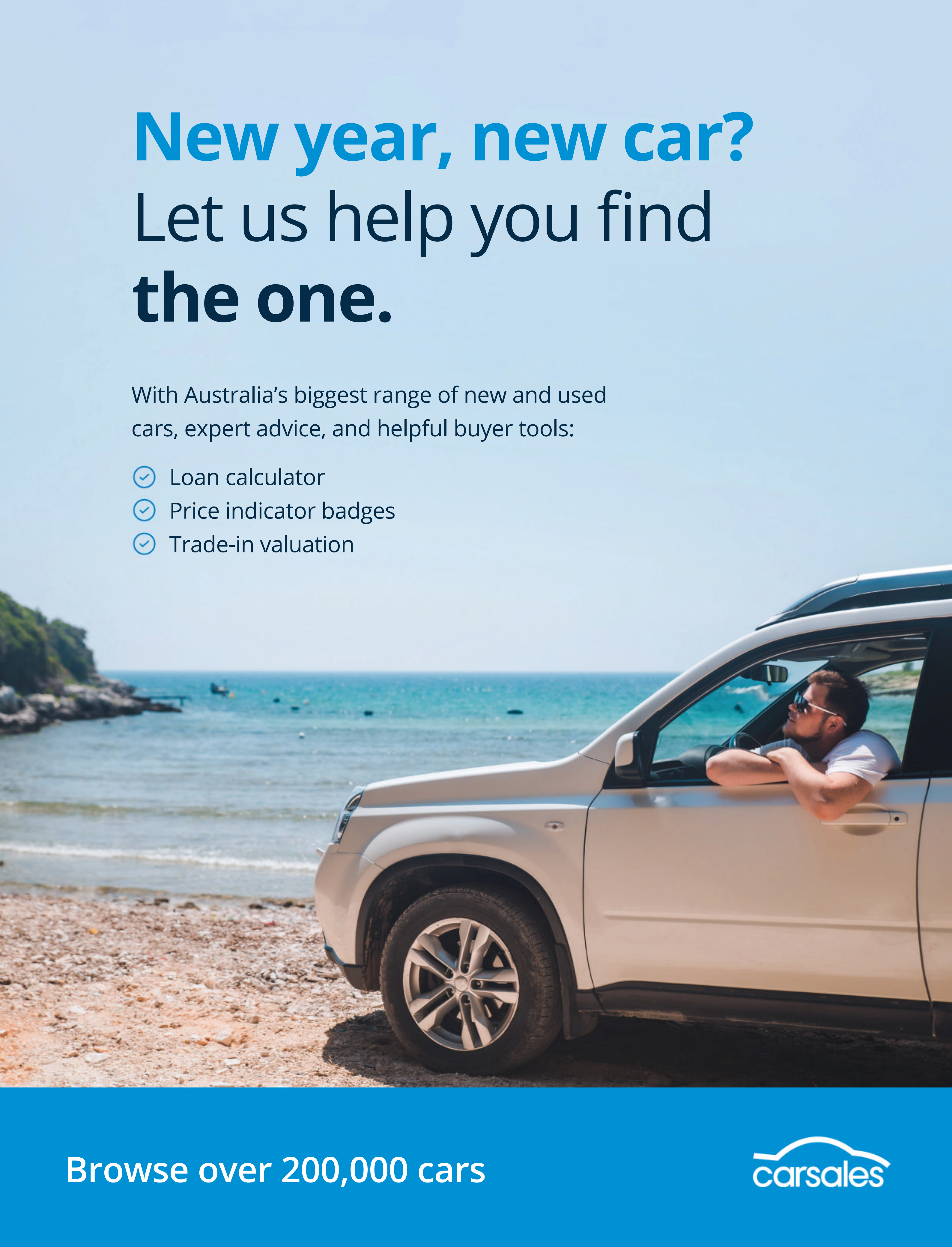
It's true that we are more cashless than before, and video conferencing has reshaped the way we work and interact, but that's hardly the vision of the future some people tried to paint only a few years ago. Was it really worth all the anxiety?

The people who were able to focus on what was likely to stay the same were much less prone to fear, much less likely to spend or invest irrationally, and much more likely to feel at peace. It is a subtle change in perspective, but adopting this strategy will make a huge difference in the way you approach your financial health in the present climate of anxiety.

Rather than trying to predict trends and cashing in on short-term abnormalities in the market, ask yourself what is likely not to change in the next 10 years. In most cases, these will be relatively boring and mundane things – but that is exactly why they are great investments. They are impervious to trends, populist dogma or political sensationalism.

This is how you find peace in the face of fear, and optimism in the face of uncertainty. It's not that you'll necessarily be optimistic about how the future will look, but rather you'll be optimistic about your ability to navigate the future, whatever that might be. That is the true power of optimism. Long last the Snickers effect. ■

Phil Slade is a behavioural economist, psychologist, and co-founder of decision architecture firm Decida.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STORY SUSAN HELY

No place like home

Government care packages are booming and private providers are entering the market in droves. Here's how to age in your home in 2024.

My mother, Rosemary, had a mantra in her old age. "I never want to leave my home and go into aged care."

She wasn't alone. Around 80% of Australians want to be at home for as long as possible as they grow older.

Being independent is a top priority. Familiarity with their home and cherished memories, knowing the neighbours as well as being close to their doctor and health services give people a lot of comfort. But to continue living in their home as they age, older people need to stay healthy and make adjustments to the house as required so it is a safe environment for an elderly person.

Rosemary needed help to live on her own. For a long time, she stubbornly refused to have a stranger come into her home, and would not consider a retirement village.

I was time poor, working and raising a family, so I dashed in and out to check on her. I noticed the meals I'd prepared weren't eaten and she was losing weight. The blister packs of pills weren't touched, and she couldn't remember whether or not she'd taken the tablets her doctor prescribed.

Neighbours worried about her when they saw her alone, but it took a lot of cajoling before she would entertain a home care package.

The first step was a visit by an assessor from the Aged Care Assessment Team, known as ACAT. The wait time was about nine months then as she wasn't deemed to have urgent needs. The assessor's verdict was that Rosemary qualified for low care, which involved carers visiting four days a week, for an hour a day, to make her lunch – and stay while she eats it – check she was taking her medication as well as occasionally taking her to the doctor or a clinic to dress her ulcers.

To help people like Rosemary – and some disabled younger people – to remain at home, the Federal government delivers funding for home care packages (HCPs). The four HCPs range from $10,000 for basic care (known as level one) up to $60,000 for high care (level four). The government contribution is paid directly to the home care provider the person chooses. The person receiving the care works with the provider to arrange the services they need.

Around 2500 Australians qualified for an HCP every week in the July to September quarter in 2022 to help them remain at home and delay going into aged care.

For elderly people, it is cheaper to stay at home with a home care package subsidy than pay for a retirement village lease or a bond for a nursing home as well as the many fees.

Long waiting list

Getting help in your home is big business, with around 912 approved home care providers.

Some commercial companies, such as Mable, Like Family, Careseekers, Aged Care Guide and Aged Care Online, allow you to search for and connect with individual home care and support workers in your area.

Generally, they take a client fee as well as a fee from the support worker. For example, Mable charges a client fee of 7.95% and the workers a 10% fee. Provider fees have been capped by the government from January 2023 at 15% of the package and 20% of the care management.

The government's My Aged Care portal points out that Aged Care Guide, Aged Care Online and Mable are commercial websites with sponsored content. "Providers can pay to appear higher or first in search result rankings. Reviews on these websites may not represent the views of all users of the service and do not necessarily reflect the views of the Australian government."

If you are waiting for a funded service to be available or you aren't eligible, you may use a provider that isn't subsidised or regulated by the Australian government. You have to pay the full cost of the services until you are eligible for an HCP.

So popular are HCPs that a total of 278,000 Australians were receiving one at the end of September 2022, up by 13% on the previous year's figures. But there is an enormous waiting list, with 42,000 people. The length of the waiting time depends on how urgent a person's needs are, as well as the level of care needed.

In November 2023, My Aged Care said the wait time for level one HCP was less than a month, level two was three to six months and level three six to nine months. Level four HCP was one to three months.

It is often the simple things rather than the challenging ones that elderly people need help with from these carers: such as getting in and out of bed, showering, getting dressed and

> "Providers can pay to appear higher or first in search result rankings." My Aged Care portal

grooming. It can also be day-to-day living tasks, such as preparing meals, doing the laundry and cleaning. Healthcare includes dressing wounds, physiotherapy and managing conditions such as poor eyesight and hearing problems.

Property maintenance, such as cleaning the gutters and looking after the garden, are also included, as well as social activities, such as outings and companionship.

Keeping the home safe

As Rosemary grew more frail, the carers recommended changes at her home to keep her safe from falling. Government services helped with some of these, such as installing grab rails in the toilet, shower and bath. She needed easy-access taps.

One of the biggest needs is maintaining the home. Whether it is an apartment or a house with a garden, there are plenty of jobs to do. There are many decluttering and packing services for elderly people, be it larger companies, such as Property Clearance, or personal organisers who offer customised help.

Independent but need a little help?

- Consider home-delivered meal kits, such as HelloFresh, Dinnerly or Marley Spoon.
- Join your local Facebook page for trusted recommendations for around-home help.
- Download a medication app, such as MedAdvisor. It manages prescriptions, and arranges delivery from your chosen pharmacy.

Home care package annual subsidy

Level 1	Basic	$10,000
Level 2	Low level	$18,000
Level 3	Intermediate	$39,000
Level 4	High level	$60,00

In addition, the government requests a basic daily fee and an income-tested care fee.
Note: Until June 30, 2024. Figures rounded to the nearest $1000. These amounts do not include additional supplements that a provider may be eligible for.

Source: Department of Health and Aged Care

How to find a service

With so many home care service providers, how do you confidently choose the right one? Do you select a not-for-profit service or a private business?

Some councils, such as Monash in Victoria, offer services, but the best place to start is myagedcare.gov.au. By adding your postcode, you can target providers in your local area, to see if they can help with the services you need.

There is also servicesaustralia.gov.au.

You need independent advice about services, but it isn't always easy to find. Some States offer navigational help such as the WISE information service from Victoria's non-profit Council on the Ageing (COTA). Phone 1300 135 090 or visit cotavic.org.au/our-programs/care-finder.

From July this year, there will be a streamlined program called Support at Home that merges the Commonwealth Home Support Program, Home Care Packages and Short-Term Restorative Care, which currently have different approaches to assessment, eligibility, service providers, funding and fees.

Of course, home care isn't for everyone. Managing a home and garden on your own when a partner dies can be overwhelming. People may want the security of carers that comes with a nursing home.

While the shocking management of Covid in residential aged care caused a rethink about the service, it can be almost impossible for families and friends to manage certain conditions, such as dementia, blindness and mobility. About one in seven of those aged over 70 ends up in residential aged care. Around 60,000 Australians each year go into residential aged care.

Frustrated by providers' unreliability

While there are more than 900 providers of home care packages around Australia, some are stretched, with staff shortages leading to frustration about inconsistent workers and service times.

When Janet's father went home after four heart attacks, the hospital-run home care for six weeks worked smoothly. When it ended, Janet organised a home care package and chose a service that was well reviewed and in the area.

"It started off okay", she says, "but then it constantly changed the time and the carers. "Almost every week, my dad would get a message that the carer couldn't come at the regular time and needed to reschedule.

"It meant that the care for my dad depended on him answering the phone and being across the staff changes. Sometimes he didn't get the message and was waiting, expecting the carer. Sometimes the rescheduled time didn't suit him and he got agitated. He didn't like the constant staff changes and explaining his circumstances each time."

Janet says that for people who aren't skilled, "it is kind of a nightmare".

More than 20,000 older Australians complained to the Older Persons Advocacy Network (OPAN) about their home care packages in 2022-23. Another 5000 complained about the Commonwealth Home Support Programme. Complaints jumped by 36% compared with the previous year.

Common complaints included the limited choice and control over who delivers the services, when they are delivered and the types of goods and services that can be delivered, says Craig Gear, the chief executive of OPAN.

People want consistent support from someone who knows their needs. They want a reliable service at a regular time that isn't cancelled and rescheduled.

Older people say they are at the mercy of service providers and their fee increases, because there is a such a shortage.

For support and information, contact OPAN on 1800 700 600 or the Aged Care Quality and Safety Commission on 1800 951 822. ■

Land of milk and money

Despite the vagaries of the weather and prices, agricultural land has been a strong performer

It might come as a bit of a surprise but, according to the Rural Bank's *Australian Farmland Values* 2023 report, Australian agricultural land has been a strong long-term performer, with the national median price for farmland rising by an average 8.5% a year in the 20 years to 2023. It has outperformed the S&P/ASX 200 and residential property over one, five, 10 and 20 years.

"While farming is a volatile industry beholden to the cycles of the weather and global markets, the value of farmland has proved to be resilient over the past few decades," says Michael Curtis, senior agricultural analyst with Rural Bank. "Not only have farmland values withstood the various agricultural and economic downturns that have arisen, farmland has continued to grow and perform well as an asset class in its own right."

Among the attractions of investing in farmland are strong returns on long leases, the growing importance of food security and the ability for investors to diversify their portfolios away from equities and other more volatile asset classes. But there are also significant risks, such as fluctuating climate conditions and volatile commodity prices.

While there are a range of agricultural stocks listed on the ASX, including Costa Group, Cobram Estate Olives, GrainCorp and Select Harvests, access to farmland investment options is not so easy.

Big agricultural property assets are mainly held by wealthy farming families and individuals, institutional investors and pension funds. For example, Gina Rinehart, Australia's wealthiest individual, is believed to control about nine million hectares, equating to about 1.2% of Australia's landmass.

There are several Australian agricultural property funds but some require large initial investments. The Warakirri Farmland Fund, which holds and develops a portfolio of investment-grade agricultural properties and leases them to quality agricultural businesses, requires a minimum investment of $20 million.

There are a few ways retail investors can access the farmland sector, including through managed funds, listed companies and fractional property investment, though the choices are still quite limited. And because some of the investments detailed here don't have long track records, it's important to do your own homework before you invest.

FIVE WAYS TO GET YOUR SHARE

1 Rural Funds Group (ASX: RFF)

This is Australia's first ASX-listed diversified agricultural real estate

investment trust (REIT) and you can access it with as little as $500.

RFF owns a diversified portfolio of Australian agricultural assets in five core sectors that are predominantly leased to corporate agricultural operators (79%). It seeks to generate earnings and income growth through productivity improvements and conversion of assets to higher and better use. Distribution growth of 4% a year is targeted, with the forecast dividend distribution yield being 6% for 2024.

Total assets, adjusted for the independent valuation of water entitlements, are $1.8 billion, with cattle expected to account for 34% of revenue in 2024, followed by almonds (32%) and macadamias (15%). The weighted average lease expiry (WALE) is 13.9 years, which is considered high. A high WALE indicates that a property has a stable income stream, as tenants are committed to long-term leases.

If you invest in this REIT you will pay a management fee of 0.6% a year on the adjusted total assets and an asset management fee of 0.45% of the adjusted total assets.

2 Centuria Agriculture Fund

This unlisted managed fund focuses on glasshouse farming, predominantly tomatoes, because it is less exposed to climate risk. It has glasshouses in NSW, Victoria and South Australia. It was set up in July 2022. All the properties are leased and the WALE is a healthy 17.5 years. The facilities are valued twice a year and have a current valuation of $324 million.

You need a minimum of $10,000 to invest in this fund and it pays monthly distributions. The one-year return to October 31 is 5.42%, which is also the distribution for this period. The total of the management fee and expenses is capped at 0.95% of the fund's gross asset value. There is a performance fee of 20% of the trust's performance above a total return of 8% after fees and costs.

If you do invest in this fund, be prepared to be in for the long haul as it offers only limited withdrawal opportunities.

Core Property, which provides research and ratings, gives the fund a recommended rating reported: "It provides an opportunity to invest in a portfolio of agricultural assets with a focus on high-performing assets with strong lease covenants. The agriculture sector continues to benefit from worldwide population growth, relatively affordable land values and increasing demand for Australian food products."

3 AAM Agri Access Fund

You can access this fund with a minimum of $10,000. It aims to invest 80% of its assets in AAM managed funds while adopting sustainable business practices. The funds it invests in are generally closed-end, unlisted wholesale investments in the Australian agricultural sector with a focus on diversification across geographic location, supply chain and commodity. The remaining 20% of its assets are in cash, cash-like investments and ASX-listed securities to assist with liquidity and diversification of returns.

The fund, established in September 2022, gives retail investors access to large-scale agricultural real estate assets with 'hands-on' active management. It aims to provide investors with quarterly income and long-term capital growth. The suggested minimum timeframe is five to seven years.

4 Kilter Agriculture Fund

Established in May 2023, this fund invests in farmland, water and ecosystem assets to deliver transformative yields and build asset value through strategic acquisitions and best-practice farm management. It targets base-case returns of 10% for investors, made up of 4% from cropping, 5.4% from land capital growth, 2.1% from water capital growth and 0.7% from carbon and biodiversity. Minimum investment is $50,000. The fund has been operating for less than a year and produced a total return of 0.3% for the three months to October 31.

5 LAWD Bricklet Marketplace

This provides options for buyers to invest in farmland without the capital needed to purchase an entire property. Marketplace gives investors the ability to buy or sell Bricklets, providing liquidity and a pathway to accumulate a diversified land portfolio.

At the time of writing there were Bricklets available in several rural properties, ranging from as little as $1000 for one Bricklet and up to $44,900. As a co-owner of the property, you would share expenses and income in the proportion of your holding. As this is a very specialised investment, each offering needs to be carefully checked out before you proceed. ■

Pam Walkley, founding editor of Money *and former property editor with* The Australian Financial Review, *has hands-on experience of buying, building, renovating, subdividing and selling property.*

House and land deals have come a long way, but there are traps to avoid before you get the keys to the door

STORY JOANNA TOVIA

Packaged dreams

Buying a house and land package can make the dream of building your own home a whole lot easier and more affordable. Things don't always go to plan, however, and delays and unexpected costs can arise.

The best way to prevent problems is to arm yourself with information: knowing what to check before you sign the contract, which builders to trust, and what financial support could be available can be game changing.

Housing estates have been growing in popularity since World War II, when rising real estate prices pushed first home buyers with growing families out of the inner city in search of their own 'quarter-acre block'.

Things have changed for the better since then, and house and land packages are no longer solely targeted at young families on modest budgets. Housing estates have become less about cramming in as many homes as possible and more about creating a desirable place to live.

"Some of these estates were absolutely atrocious," says Steve Matsoukas, director at Loan Gallery Finance. "The streets were narrow, the houses were small, and not a lot of thought was put into the liveability of an estate ... it was all about 'how many blocks can we cut this paddock up into?' Over the past few years, they've all gotten significantly better, and now they're actually taking out awards for design excellence."

Parklands, waterways, walking tracks and leafy streets abound, and estates are typically close to transport, schools and shopping centres. A variety of designs and sizes have eliminated streets of cookie-cutter houses, and they now suit a range of budgets. While they still hold appeal for young families needing extra space, these estates also attract single people buying their first home, upsizing couples and retirees eager to escape the city and live out their golden years in peace.

Function and style

Rob Douglas, CEO of McDonald Jones Homes, says the people who can benefit most from a house and land package are investors and those building or entering the housing market for the first time.

"Having the house and land package combination minimises the work people have to do, and everything is packaged upfront, making it as easy and as stress free as possible for those looking to build," says Douglas.

McDonald Jones Homes, the largest home builder in NSW, has adapted its designs since the pandemic to accommodate demand for flexible living spaces, home offices and study nooks, and solar/electric vehicle chargers in garages. Douglas says buyers are also looking for a design that flows and a seamless transition between indoors and out.

"Mum and dad want a place they can retreat to, so we ensure the main bedroom delivers that aspect. Then it's all about the living areas, be that indoor or outdoor spaces. Open-plan living, an alfresco area for entertaining and a home theatre are now common design features in today's floorplans."

House and land buyers are also looking for plenty of natural light within the home and a central kitchen with an island bench and butler's pantry. "Homes today need to be good to look at and easy to live in," says Douglas. "They need to combine practicality, functionality and style."

Steve Matsoukas says first home buyers are often surprised at the small deposit they need to buy a house and land package. The Australia-wide Home Guarantee Scheme has made it possible for first-timers to break into the market with as little as a 5% deposit. Through the scheme, the Federal government provides a guarantee for up to 15% of the purchase price, helping those with a limited deposit to avoid lenders mortgage insurance.

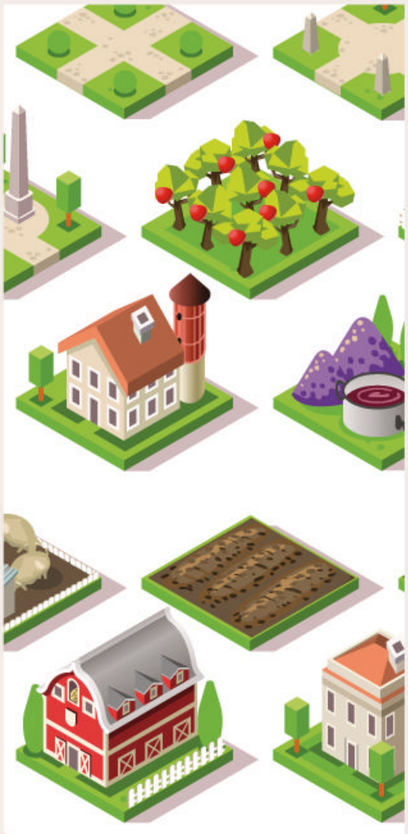
"The saving for a typical client is between 3% and 4% of their loan amount, or between $18,000 and $24,000," says Matsoukas. "When the guarantee scheme was first announced, it was targeted at Australian citizens who were first home buyers specifically. From July 2023, it has been expanded to include permanent residents as well as those who have not owned property in the past 10 years. The thinking behind allowing those that hadn't owned property in the past decade was trying to help those who have gone through something like a divorce or a business failure rebuild their lives and to provide a safe and secure place to raise a family."

The average price of a house and land package in a greenfield estate (a newly released block of land in a residential, industrial, commercial or agricultural zone) is around $750,000, says Matsoukas, with a typical first home buyer needing a deposit of between $41,000 and $54,000.

"It's eminently achievable for most people buying their first home, and a far cry from the ludicrous amounts generally touted in the general media as a minimum deposit amount."

6 steps to building success

- Check what's included in the package price – landscaping, driveways and fencing are not usually covered.
- Find out what grants and subsidies you may be eligible for and when they expire.
- Use a well-established company with transparent costs and itemised inclusions.
- Build in a buffer to allow for delays and unexpected costs.
- Check that the builder is registered and has domestic building insurance.
- Don't hand over the final payment until all defects have been remedied.



HOME SWEET HOME ... AT LAST

Even if there are hiccups along the way, few things beat the feeling of living in your own newly built home.

For Brad, 31, and Joel, 29, securing a corner block for their dream house was the easy part, but throw in a pandemic, global supply issues and unprecedented demand, and getting that home built took much longer than they anticipated.

Covid had already taken hold when Brad and Joel decided to take advantage of a government grant and build a house in Mount Duneed, Victoria. Their H&L Victoria house and land package allowed them to customise the layout and select the tiles and cabinetry they wanted for their Hamptons-style four-bedroom home. From the time they signed the contract to the day they moved in, it took a frustrating two-and-a-half years, which meant camping out at a family member's home for a year longer than planned.

They had no complaints about their experience with H&L Victoria, a new home broker, but once the land was titled and the builder stepped in, their problems began. "Their customer service was absolutely horrific," says Brad, referring to Escape Homes. "I'm an understanding person, things happen, but there was no clear communication, no empathy, no apology for the delays and they'd rarely tell you what they were waiting on or give you any timeframes."

Brad understood the company was facing building material delays and shortages and had an overload of builds on its books, but having to put their lives on hold for an unknown period, with intermittent, vague contact from the builder, took its toll. Like many others facing the same delays, they relied on H&L Victoria to step in and push the builder to finish the home.

"H&L Victoria honestly did everything in their power to make our experience good, but by the time we moved in, we weren't even excited," says Brad. "We were exhausted, and we were so over waiting."

Despite the delays and frustration, they were satisfied with the quality of the build and have been living happily in the home for almost a year. "At the end, we were defeated, but this is our genuine dream home," says Brad. "We love it."

First homeowner grants and stamp duty concessions, which vary by State and Territory, can provide significant extra assistance.

Save while you wait

The time it takes from signing up for a house and land package contract to the day you move in can be lengthy, but this wait can also be a blessing. Australia's new open banking policy allows you to see all your bank accounts on one real-time dashboard and to share your banking details with a third party, such as a mortgage broker or financial adviser. Some mortgage brokers work closely with their clients to help them get clear on where their money's going, and how they can reach their savings goals faster.

It can take up to a year for a block of land to be titled, says Matsoukas. "In that time, we help clients get a better understanding of what's happening to their money, and potential places where they could save so they have as much as possible when they get into the purchase."

House and land packages are generally purchased with a construction loan, which is interest-only until fully drawn.

Easier times ahead

Although building material prices have stabilised in Australia, they are still about 33% higher than before the pandemic, according to Housing Industry Association senior economist Thomas Devitt. "Home building costs increased significantly during the pandemic, as the whole developed world experienced the same housing and renovations booms as Australia." Instead of spending their money on travel, entertainment and dining out, people across the globe funnelled that money into their homes (see graph on page 69).

"There was also a broader desire for space and amenity during the pandemic, given how much extra time we were all spending at home, and that drove demand for new and renovated housing. The whole world was scrambling for building materials at the same time, while global supply chains were struggling to turn back on after earlier pandemic shutdowns."

To make matters worse, land costs also surged during the pandemic as people sought larger lots (a reversal of the trend of previous decades) further out of the city, says Devitt. Capital city lot prices increased by 22% in just 18 months (September 2020 quarter to March 2022 quarter), while regional lot prices increased by 36% over the same period.

By the end of 2024, Devitt says interest rate cuts and extra government support for home buyers may make things easier.

What can go wrong

While house and land packages provide plenty of benefits – a seven-star eco home oriented to the block, a streamlined building process (no need to deal with council approvals) and more affordable pricing than a knockdown-rebuild or buying/renovating an existing home, there can be downsides.

Matt Turner, managing broker at GSC Finance Solutions, says the high cost of

Shantelle and her dog, Miley

CASE STUDY

GETTING MORE FOR LESS

Buying a house and land package made sense for 28-year-old Shantelle Mckillop, who moved into her new home in Moe, Victoria, in July 2023.

"I originally wanted to be close to Melbourne but because I'm single and buying on my own, I kept getting priced out of the suburbs that I wanted to buy in," says the emergency services dispatcher. "I have a big dog, so I didn't want an apartment."

Many of her family members live in Moe, two hours east of Melbourne, so when her mother suggested buying an affordable house nearby, Shantelle decided to go for it – she could always rent it out later if she wanted to move back to Melbourne.

Although she chose the smallest block on offer at Hunter Park estate, it was still much bigger than what she'd been looking to buy in the city. With building materials already in short supply, she went with Metricon Homes, a large, established company she hoped would be unlikely to run out of stock. The build went smoothly, and Shantelle and her dog, Miley, are enjoying their new home and big backyard.

land and building materials means house and land packages do not currently provide as much value for money as they did before the pandemic, but this situation will likely be temporary. Doing your due diligence will prevent some of the problems that can arise between signing the contract and moving in, but Turner cautions that some issues will always be out of your control.

- The builder could go bust. When Porter Davis went into liquidation in March 2023, leaving 1700 homes unfinished in Victoria and Queensland, the government had to step in to refund home buyers. Although builders are required by law to take out domestic building insurance to protect their customers in case of liquidation, it doesn't always happen.
- Fixed costs aren't always fixed. Contract clauses can allow builders to pass on increases in the cost of materials to customers.
- Delays can drain your bank account. If you're paying rent as well as making mortgage repayments on the land and the first stages of your new home build, but the promised completion date comes and goes, it can be costly as well as stressful.
- Promised infrastructure and amenities don't always eventuate. Although developers have to deliver on the amenities outlined in their planning application to council, occasionally government funding is withdrawn for anticipated schools or infrastructure.
- Zoning laws can be changed. Changes to floodlines or zoning laws can mean your planned home falls through, which may not leave you out of pocket, but will set you back to square one.

"We're not seeing many really positive experiences with house and land packages lately – there's been some huge delays – but I don't think that's going to be endemic of the industry going forward," says Turner. ■

Home building costs through the ages

Source: ABS. House Construction Input Price Index, annual growth rate

Reality behind a 'dream drug'

Ozempic and similar weight-loss treatments have made a huge social and financial impact, but whether they live up to the hype remains to be seen

STORY CHRISTOPHER NIESCHE

Millions of people around the world are turning to Ozempic to help them lose weight, but its effects are being felt far beyond the bathroom scales.

The drug's ability to help people shed extra kilos has given a huge boost to the economy of Denmark, where it is produced; is shaving billions of dollars off the value of companies that stand to lose out from a thinner population; and could have far-reaching effects on the economies of Australia and other nations where obesity is a growing problem.

Ozempic was approved for use as a diabetes treatment. It and similar drugs contain semaglutide – it mimics the action of a naturally occurring hormone called GLP-1, which helps the pancreas produce insulin and, in turn, works to manage type 2 diabetes.

Although not designed to be a weight-loss medication, it has been found to have the side effect of reducing appetite by keeping you full for longer, which may prove helpful for those with obesity.

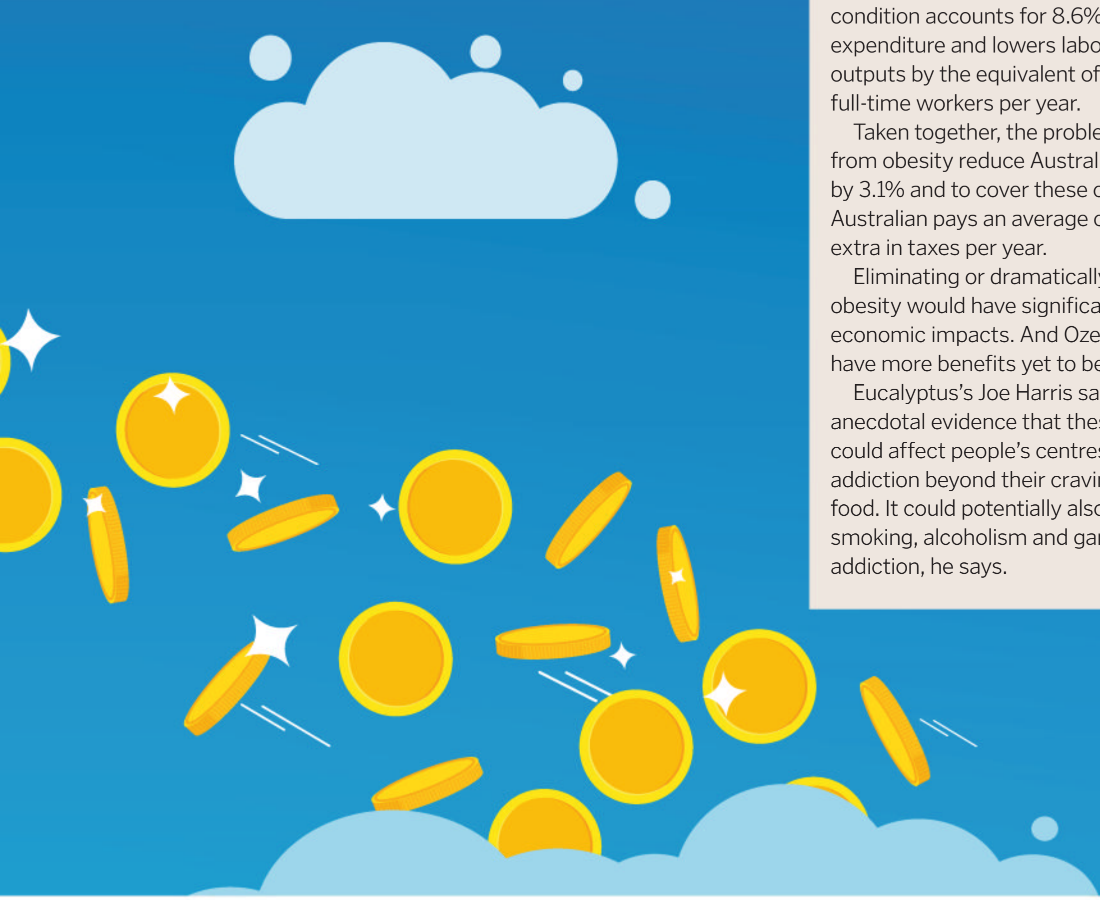
Such is the global demand for the drug that Novo Nordisk, the Danish pharmaceutical company that supplies Ozempic, has told Australia's Therapeutic Goods Administration (TGA) that the supply will remain limited in 2024 .

The TGA has asked doctors not to prescribe Ozempic to new patients unless there are no suitable alternatives or there is a strong clinical reason to do so, and to switch existing patients to a different drug if possible.

The drug is only approved by the TGA for lowering blood sugar in adults with type 2 diabetes and is subsidised by the Pharmaceutical Benefits Scheme.

When prescribed 'off label', that is, for other uses, there is no government subsidy. Nonetheless, that hasn't deterred hordes of Australians from seeking out the injectable medications as a weight-loss aid.

The Australian company Eucalyptus says it has supplied 'tens of thousands' of patients with GLP-1 medications through its Juniper brand for women and its Pilot brand for men, but it declined to



provide specific numbers. While it has supplied Ozempic in the past, the global shortage means it now supplies similar drugs including Mounjaro or the compounded form.

Weight-loss treatments can start at about $200 a month for a low dose of GLP-1, or $600 a month for an entry-level course of Mounjaro, which the company says has proven to be more effective for weight-loss than Ozempic in clinical trials.

Joe Harris, CCO at Eucalyptus, a healthcare technology company, says the drug has taken the public by storm. While some see it as a silver bullet, Harris says Ozempic needs to be used in conjunction with exercise and better eating to take effect and for weight loss to be maintained. “It’s a big leap forward in the way that people approach obesity because it can interrupt a pattern of failed attempts at weight loss by changing your relationship with food,” he says.

Revenue takes a hit

Australia’s ‘weight-loss services industry’ – which includes advice and counselling services, and diet products and meals – generated revenue of $483 million in 2022-23, according to data from the economic forecaster IBISWorld. It does not include prescription drugs.

IBISWorld expects revenue in the sector to slump due to competition from non-diet-specific meal kits and the new generation of weight-loss drugs. “Although more Australians are attempting to lose weight than ever before, stiff competition has constrained industry revenue and caused profitability to contract,” it said in a report from June 2023.

Certainly, there is no better sign of the decline of the traditional weight-loss sector than Eucalpytus’s purchase of the Australian arm of 40-year-old weight-loss business Jenny Craig. The company was already struggling for survival before the advent of GLP-1 drugs, but Harris expects other traditional weight-loss companies will also struggle to compete.

Novo Nordisk, which makes the weight-loss drug Wegovy along with Ozempic, became Europe’s most valuable company in September, when its sharemarket capitalisation climbed above

Obesity costing us $678 each per year

Australians live on average 2.7 fewer years due to obesity. The condition accounts for 8.6% of health expenditure and lowers labour market outputs by the equivalent of 371,000 full-time workers per year.

Taken together, the problems arising from obesity reduce Australia’s GDP by 3.1% and to cover these costs each Australian pays an average of $678 extra in taxes per year.

Eliminating or dramatically reducing obesity would have significant economic impacts. And Ozempic may have more benefits yet to be confirmed.

Eucalyptus’s Joe Harris says there’s anecdotal evidence that these drugs could affect people’s centres of addiction beyond their cravings for food. It could potentially also reduce smoking, alcoholism and gambling addiction, he says.

$US420 billion ($630 billion), overtaking LVMH, the parent company of luxury brands including Louis Vuitton and Dior.

The company is also propping up the Danish economy. The country's gross domestic product grew by 1.7% in the first half of 2023. But if we strip out the contribution of Novo Nordisk, which sold $4 billion in weight-loss drugs alone in the first half of the year, the Danish economy would have shrunk by 0.3%.

But it's not just companies in the diet sector that are being affected by the rise of Ozempic and other drugs. Shares in Australia's ResMed slid more than 40% in the second half of 2023, taking about $20 billion off its market capitalisation.

The company makes respiratory machines that help sleep apnea sufferers breathe through the night. The most common cause of the condition – where sufferers spontaneously stop breathing while sleeping and are at risk of dying – is obesity.

With GLP-1 drugs promising lower obesity rates, investors are concerned that fewer overweight adults will mean lower sales.

The company itself says it is less concerned. ResMed has seen it all before, chief operating officer Robert Douglas told investors in June last year. Similar predictions of doom were made when bariatric surgery first became popular and yet the company has thrived since then.

Douglas says obesity is only a contributing factor to sleep apnea and there is currently far more demand for treatments than the company can meet.

The Ozempic effect has also hit the Australian pharmaceutical maker CSL, but for different reasons.

In October, Novo Nordisk released a study showing that the drug could help delay the progress of kidney disease and the news shaved about 25% off CSL's share price.

In late 2022, CSL spent $19 billion to acquire drug maker Vifor, which makes kidney deficiency treatments, and investors are concerned Ozempic will lower demand for the product. But the kidney treatment business only accounted for 39% of Vifor's revenue, which in turn accounts for only 15% of CSL group revenue, according to analysis by investment bank UBS.

Like ResMed, CSL says it isn't concerned. Chief executive Paul McKenzie says he has seen big predictions made for other wonder drugs over the years, with expectations that they would revolutionise the treatment of conditions such as obesity, high cholesterol and Alzheimer's. "But, fundamentally, to move a whole market and make that go away? We just don't see it," he says.

Market's big assumptions

Certainly, Scott Phillips, chief investment officer of the equities research house Motley Fool, isn't yet convinced the new-generation drug's effects will be as far reaching as feared by investors.

Ozempic has the potential to offer society-changing outcomes if it's used properly by potential beneficiaries, says Phillips, but he adds: "The challenge for anyone in business, let alone in the markets, is to work out if this the new wonder drug to beat all wonder drugs or does it become another flash in the pan? The market is assuming large and sustained success from Ozempic, which is out of all proportion to its current use."

Its success depends on prescriptions from doctors and the correct use by patients, and that it's as clinically effective as currently presumed – and none of these factors is assured, says Phillips.

A 2023 Morgan Stanley survey of 300 patients taking the drug showed the daily consumption of calories dropped by 20-30%. The US investment bank found patients report the most significant changes in frequency of trips to fast food and pizza chains – down more than 70% – and reduced consumption of confectionery, baked goods, salty snacks, sugary drinks and alcohol.

US retail giant Walmart has said it is already seeing a reduction in the amount of food and calories its shoppers are buying. The revelation in early October sent shares in PepsiCo, Coca-Cola, McDonald's and retailer Costco lower.

Should Ozempic and other similar drugs turn out to be as effective in reducing obesity as some hope, it will also have far-reaching effects on global economies. ■

Dividend vs growth ETFs

STORY NICOLA FIELD

Understand the difference between income and capital growth ETFs then see what's right for you

HIGH-YIELDING SHARE-BASED ETFs

Company	ASX code	Stock price	Managed expense ratio	Annual yield*	Fund size
Vanguard Australian Shares High Yield ETF	VHY	$66.98	0.25%	5.11%	$3bn
Global X S&P/ASX 200 High Dividend ETF	ZYAU	$8.20	0.24%	7.74%	$59m
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	IHD	$13.39	0.22%	4.81%	$280m
Scr SPDR MSCI Australia Select High Dividend Yield Fund	SYI	$26.41	0.20%	5.50%	$407m
Russell Investments High Dividend Australian Shares ETF	RDV	$27.82	0.34%	5.23%	$225m
Betashares Australian Dividend Harvester Fund	HVST	$12.01	0.72%	7.08%	$178m
Betashares Resources Sector ETF	QRE	$7.45	0.34%	5.95%	$231m
SPDR S&P/ASX 200 Resources Fund	OZR	$13.67	0.34%	7.91%	$146m
Vanguard MSCI Australian Large Companies Index ETF	VLC	$72.90	0.20%	5.07%	$210m
Vanguard Australian Shares Index ETF	VAS	$89.13	0.07%	3.96%	$12bn

Source: ASX, Betashares and Vanguard. *Data at December 8, 2023.

As well as the attraction of low fees and strong diversification, exchange traded funds (ETFs) listed on the Australian Securities Exchange (ASX) give investors the potential to pocket regular income.

ETFs that focus on dividends will, by definition, invest in company shares. But not all share-based ETFs aim to harvest dividends. Some are pitched at capital growth.

Chris Brycki, founder and CEO of the investing platform Stockspot, says growth ETFs tend to zero in on capital appreciation, often exemplified by sectors such as US technology. "In contrast, dividend ETFs prioritise generating income through dividend-yielding shares."

An ETF's name can indicate a dividend focus. This is pretty clear with, say, Vanguard's Australian Shares High Yield ETF. However, not all dividend-driven ETFs invest in Australian shares. Betashares' S&P 500 Yield Maximiser aims to generate dividend income through a portfolio of US stocks, by using what is known as a 'covered call' strategy.

Checking out the ETF's fact sheet is the best way to know exactly what you're buying into.

While dividend ETFs can pay attractive yields (see table), some of the highest yields come from funds that aren't focused on dividends at all.

The SPDR S&P/ASX 200 Resources Fund, for example, has notched up impressive yields (7.91% at the time of writing) by concentrating on the big resources companies (for example, miners BHP and Rio Tinto, and Woodside Energy), which have a track record of paying generous dividends.

Brycki believes focusing on either capital growth or dividends can expose investors to unnecessary risks. "Growth ETFs tend to be quite volatile, while dividend ETFs can be highly sensitive to interest rates," he says.

He prefers a strategy that blends ETFs offering both dividend income and capital growth potential. "This allows investors to enjoy a continuous yield while simultaneously nurturing their capital over time," says Brycki. "We refer to this as a total return approach."

When it comes to picking ETFs as long-term investments, Brycki recommends looking at the fund's size. "Larger is better since there's less chance of the ETF shutting down."

Other factors worth a look include the management fee and other costs, the dividend yield – and how sustainable it is – and the long-term performance.

Depending on your income needs, you may also want to consider whether the ETF pays distributions quarterly or semi-annually. ■

Clever countdown to retirement

There are some big questions to answer if you want to make the most of your precious savings

What does it take to set yourself up for a secure and happy retirement? It's a question five million baby boomers will ask over the next few years. While you can get away with limited engagement when your super is in accumulation phase, it's not an option when you exit the workplace and have to live off your hard-earned savings.

There is a whole host of things to figure out: which retirement product to choose; what your living costs are going to be; the amount of income you need; and whether you are eligible for any government benefits. It's not something to leave to the last minute.

Marisa Broome, principal of Wealthadvice, suggests the following approach. "The first thing you have to work out is whether you have enough super. Is there any way of topping it up? Are you going to receive an inheritance? Are you thinking you might downsize your house and contribute some of the proceeds to super? Do you have cash sitting in a term deposit that could be more effective sitting in your super?"

Broome says super funds are good at managing members in accumulation phase but "lousy" at helping them in pension phase. "Something like 30% of the money paid out of super is paid as a death benefit. Fund members don't know how to convert it into an income stream and they see it as emergency money."

Super funds have a new legal obligation to help members to prepare for retirement, and were recently told to lift their game and assist members with the transition.

Flexible and tax friendly

Craig Sankey, head of technical services and advice enablement at Industry Fund Services, says many people don't know the difference between accumulation phase and drawdown phase. "They just leave their money sitting in their regular accumulation account. This is not the best outcome from a tax perspective, nor from managing your cashflow."

When super is in accumulation phase, investment earnings are taxed at 15%, whereas they are tax free in pension phase. People also lack the confidence to select a pension product.

The most common retirement product is an account-based pension (allocated pension). "It provides great flexibility, there are no restrictions on taking out lump sums and nearly all super funds offer this style of product," says Sankey.

"If you invest in an account-based pension, you will need to make an investment choice. Just like the accumulation phase, you can invest in one or many different options. However, unlike accumulation, there is no default or MySuper option."

Sankey recommends choosing an option that has a level of risk you are comfortable with and still achieves a decent return but won't cause panic if it experiences downturns.

"You still need these funds to last another 15 to 20 years," he says.

He says your fund should be able to recommend a suitable option (see table, right). "Many funds offer this service at no additional fee. Help with choosing an appropriate investment option may be covered in your membership or administration fee."

Also check whether you are eligible for any government benefits, such as the age pension, says Broome.

"There's nothing wrong with a simple, old-fashioned account-based pension. If you've got $400,000 in super when you retire and start drawing an income stream, you will eventually, if that's the only asset you've got apart from your home, qualify for the age pension and the super income stream will top up what you get from the age pension.

"Even if you retire with only $100,000, it can make a big difference. Someone attending a public retirement session who owned her own apartment said she could afford the strata fees because there was enough income coming from her super every year. That peace of mind was enormous for her. She couldn't have done that if she just had the age pension."

Keep a 'bucket' for cash

Broome recommends a 'bucket' strategy with an account-based pension to avoid locking in losses when markets are down.

"You could have a few years' income sitting in the cash option and the rest in the balanced or growth option. This way the bulk of your capital has the opportunity to recover and grow, and not be impacted by market volatility."

The bucket is topped up when markets recover.

Be realistic when budgeting: "The first five years of retirement are expensive. You may need to do maintenance work on your home, buy a new car, computer or mobile phone because they used to be provided by work. How suitable is your home to get old in?" **(See No Place Like Home on page 60).**

Broome says people often stop spending money because they don't know how long they're going to live. "If you've been earning a lot of money for a long time, you might think you're never going to be eligible for the pension. But as a couple over age 67, you can have almost $900,000 in assets, outside of your home, and still be eligible for some pension."

Sankey encourages people to contact their super fund. "There's currently a push for super funds to provide more education, help and advice in this space. Most of this is already included in your membership fee so you may as well take advantage of it."

He urges people to regularly review their pension balance and how much they are drawing down each year.

"Some people will find that their balance is still going up. They may be achieving returns that are larger than their regular drawdowns.

"And don't forget to keep your information and balances up to date with Centrelink so they can provide the appropriate level of payments that you are due," he says.

How much you can take out

With an account-based pension, you are required to draw down a minimum amount each year. This is based on your age and account balance as at July 1 each year (see table, below).

There is no maximum drawdown or limit on what you can take out and you can request your income payments to be paid fortnightly, monthly or annually.

"If you start a pension midway through a financial year, the minimum payment for that first year is pro-rated. For example, if you need to draw out $10,000 minimum for a full year and you start a pension on January 1, the minimum would then be $5000," says Sankey. "Generally, if you request a once-off lump sum withdrawal, it will be treated as such, and not count towards your minimum pension drawdown requirements."

He says some people take out the minimum drawdown as they are concerned they may run out of money. Others see a large balance and take out big amounts in the first few years.

"The appropriate thing to do is work out how much you need over a month or year and see how long that would last given your super balance. There is obviously a trade-off between spending down money and wanting it to last your lifetime.

"Don't forget to also consider the age pension, as this provides most retirees with some level of income in retirement. Even if you are not eligible for the age pension on day one, as you draw down on your funds over time you may become eligible at a future point, or you may go from being a part pensioner to a full pensioner.

"This should give some level of comfort that at least a basic payment will continue throughout your retirement," says Sankey. ■

Minimum drawdown rates

Age at July 1 each year	Minimum drawdown rates
Preservation age to 64	4%
65 to 74	5%
75 to 79	6%
80 to 84	7%
85 to 89	9%
90 to 94	11%
95 and over	14%

Source: Industry Fund Services

Check the risk label

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Source: Industry Fund Services

Vita Palestrant was editor of the Money section of The Sydney Morning Herald *and* The Age. *She has worked on major newspapers overseas.*

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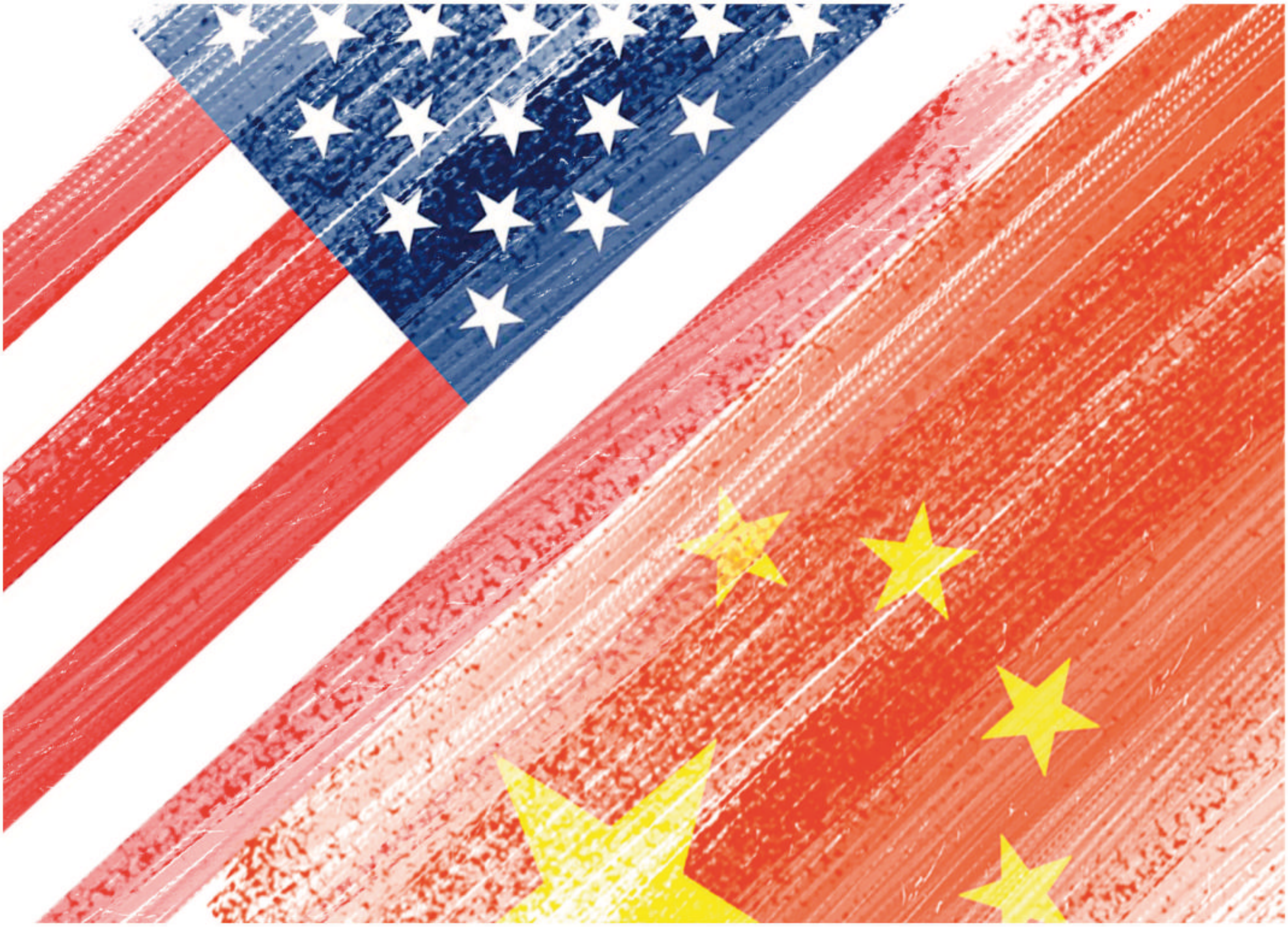

How to solve the 'war puzzle'

History indicates what might happen to markets in a US-China conflict

As global markets grapple with the rising tensions between the US and China over Taiwan, investors are wondering how to navigate the landscape.

A recent essay in *Foreign Affairs* magazine titled 'Preparing for a Long War With China' offers a crucial perspective on the potential for conflict and its implications for global investment returns (particularly in the US and Australia).

This article aims to provide investors with the possibilities for returns in the context of potential war between China and the US, looking at how markets responded in past wars to help us understand what might happen.

The essay points to the increasing probability of a conflict, particularly given China's recent military actions in the Indo-Pacific region. Taiwan is underscored as a potential flashpoint, given its strategic and economic significance.

It discusses several possible scenarios, ranging from a swift Chinese conquest of Taiwan to a more extended, conventional war involving a US-led coalition. It also addresses the spectre of nuclear escalation, a concern given both nations' arsenals, but suggests that historical precedents indicate a restraint in using nuclear weapons.

The analysis points to the likelihood of a protracted conventional war, one that could be less devastating than a nuclear conflict but still exact enormous costs (economic, social and humanitarian).

This kind of conflict would likely involve new forms of warfare, extend over a vast geographic area, and challenge both the US and China in unprecedented ways.

Given the enormous size of the US and Chinese economies, you would be justified in having grave concerns for the global economic output and investment returns should a war break out.

However, there is a peculiar phenomenon known as the 'war puzzle' that has long baffled financial academics. This intriguing anomaly, where stockmarkets exhibit lower volatility during periods of war, stands in stark contrast to the expected increase in uncertainty and instability.

Spending's key role

The insightful paper *Stock Volatility and the War Puzzle*, published by the US National Bureau of Economic Research in 2022, delves into this paradox, shedding light on the interplay between government spending and market stability.

Surprisingly, historical evidence suggests stockmarkets tend to be more stable during wartime. This anomaly, observed in both world wars and other significant 20th-century conflicts, is often attributed to increased government spending in defence sectors, which provides stability to these industries amid broader economic volatility.

The stimulatory effect of government spending was also experienced during the Covid pandemic.

Since 1885, the US has found itself involved in, or affected by, world wars for about 20% of the time. Stockmarkets have shown comparable nominal returns during both war and peace.

The US stockmarket was far more volatile during World War I than during World War II. It rose nearly 100% during the early stages of World War I (1915 recorded the best single-year increase in the history of the Dow Industrial), then fell 40% when the US became involved, and rallied when the war ended.

In stark contrast, World War II presented a more tempered picture with greater involvement of the central banks. The stockmarket fluctuations were more contained, never straying beyond 32% from pre-war levels. By the time Germany surrendered on May 7, 1945, the Dow Industrial index was 20% above the pre-war level. The detonation of the atomic bomb over Hiroshima caused stocks to surge 1.7% as investors recognised that the end of the war was near.

The onset of the Korean War on June 25, 1950, caught investors off guard, with the Dow dropping a significant 4.65% – a greater fall than the one following the attack on Pearl Harbor.

Yet, the stockmarket's reaction was more subdued as the conflict progressed, never dipping more than 12% below the pre-war level.

The Vietnam War was one of the longest and least popular of all US wars. But a year and a half after the Gulf of Tonkin incident on August 2, 1964, the Dow reached an all-time high of 995.

The announcement of the war on terror against Iraq in March 2003 caused investors to sell the Dow by 15%, only then to recover by the same amount in eight days to March 20, when the 'shock and awe' offensive commenced.

The real impact of wars on stocks becomes evident when we consider inflation. In wartime, inflation in the US has soared to nearly 6%, a stark contrast to the sub-2% rate seen in peacetime. This significant difference means that the real, inflation-adjusted returns on stocks have been much higher during peaceful times.

In case of a potential US-China war, I expect defence, technology, manufacturing, essential materials and banking sectors might experience stability or growth, driven by increased government spending.

For bond markets, the primary concern in a wartime economy is higher inflation and record government borrowing to fund the war. I would largely be invested in very short duration government and high-quality corporate bonds. I would also stick to the US dollar and Australian dollar debt, as foreign non-reserve currencies will struggle under the global political and economic uncertainty.

While the potential for a prolonged US-China conflict presents a multifaceted challenge for global investors, staying informed and calm is recommended. If history is any guide, use the war-related drawdowns in the market to buy high-quality stocks for long-term real returns. ■

> Historical evidence suggests stockmarkets tend to be more stable during wartime

3 FUNDS TO WATCH

Betashares Nasdaq 100 ETF (ASX: NDQ)

Aims to track the performance of the Nasdaq-100 Index (before fees and expenses), which comprises 100 of the largest non-financial companies listed on the Nasdaq market, including many that are at the forefront of the new economy.

VanEck Australian Subordinated Debt ETF (SUBD)

Portfolio of regulatory Tier 2 capital investment-grade credit quality subordinated floating rate bonds that rank ahead of Additional Tier 1 capital bonds, such as listed hybrids.

iShares US Aerospace & Defence ETF (CBOE: ITA)

Listed on the Chicago Board Options Exchange, it seeks to track the performance of US equities in the aerospace and defence sector. These companies manufacture aircraft and other defence equipment.

Max Riaz is an investment manager and director at Banyantree Investment Group, with responsibilities across equity and multi-asset strategies. See banyantreeinvestmentgroup.com.

Mix & match for best results

Diversification across asset classes, companies and countries reduces risk and improves long-term performance

STORY PAM WALKLEY

Diversification is a term you will hear often when it comes to investing. It simply means not putting all your eggs in one basket. Spreading your money between assets and asset classes is the easiest way to boost your returns while reducing risk.

Investing in a spread of different assets, across multiple industries and in a variety of geographical areas lowers your portfolio's risk because different asset classes do well at different times.

"Over the past 20 years, we can see that the steadiest return is achieved by a well-diversified, multi-asset portfolio," says Prue Cheeseman-Goodes, a director of wealth management at HLB Mann Judd Sydney.

"The best-performing sector one year could likely be the worst performer the next year. You want to ensure you are appropriately diversified across the different asset classes, to balance out performance in different markets at any given time."

The Federal government's ASIC Moneysmart website (moneysmart.gov.au) states that having a variety of investments with different risks will balance out the overall risk of a portfolio: "If one business or sector fails or performs badly, you won't lose all your money."

You start by investing across different asset classes, such as shares, property, bonds and private equity. Then you diversify across the different options within each asset class. For example, if you buy shares, you buy across a range of sectors, such as financials, resources, healthcare and energy. You can also diversify by investing across different fund managers and product issuers, according to Moneysmart.

Investing in offshore assets is also vital. Australia, for example, represents only around 2% of the world's stockmarkets by capitalisation. And it's not only size that matters. International markets give investors access to sectors either under-represented locally (think information technology and companies such as Apple, Facebook, Google and Microsoft) or not represented at all (think car manufacturers such as Ford, Hyundai, Toyota, Honda, BMW and General Motors).

Diversification is different for each investor. Things you should consider include your investment time horizon and tolerance to risk, says Cheeseman-Goodes.

"That is, if you have a long time until retirement and need to access your super, you can afford to ride out investment waves and be more aggressively invested in a high-growth option. But you also need to ask yourself if you would feel comfortable seeing the volatility associated in the case of a market crash, or if would you be better off having a more balanced approach to avoid sleepless nights," she adds.

Risks in chopping and changing

Cheeseman-Goodes doesn't necessarily recommend changing the portfolio risk profile automatically simply because of a change in age.

"This can result in a large capital gain or can result in locking in losses, which needs to be considered in relation to your overall wealth situation," she says.

"The change should be more aligned with your tolerance for risk and appetite for growth compared to your sleep-at-night comfort level with volatility.

"It is important to make sure you understand the impact of chopping and changing your strategy – you want to ensure you are making decisions for the right reasons.

"The worst time you could be selling investments and switching to cash, or a more conservative option, is when markets are falling, as this will realise any capital losses in the investments.

"In most cases, you would be better sticking it out until the markets recover, as history shows that markets will bounce back after a big fall.

"After the recovery, you can reconsider your risk profile and whether you should be making a switch," says Cheeseman-Goodes.

1 ETFs: simple and cheap

Deciding on the right mix of investments can be overwhelming. The simplest option is to invest in a diversified exchange traded fund (ETF) or managed fund, such as those offered by Vanguard.

"For a hands-off investor, an ETF can be a good option to ensure you receive the market return," says Cheeseman-Goodes. "This can be better than trying to handpick stocks or funds yourself."

Vanguard's four diversified, ready-made portfolios provide access to more than 16,000 securities across multiple assets. Each is designed to suit a specific risk profile:

- **Conservative** (ASX: VDCO): for investors with a low risk tolerance. It holds 70% in defensive assets (fixed interest, bonds and cash) and 30% in growth assets (Australian and global shares). The return for the five years to November 30, 2023 is 2.95%pa.
- **Balanced** (VDBA): for investors seeking a balance between income and capital growth. It holds 50% growth and 50% conservative assets and has returned 4.71%pa for the five years to November 30, 2023.
- **Growth** (VDGR): for investors seeking long-term capital growth. It invests 30% in defensive assets and 70% in growth assets. It has returned 5.53%pa for the five years to November 30, 2023.
- **High growth** (VDHG) is designed for buy-and-hold investors who seek long-term capital growth, with a higher tolerance for volatility. The five-year return to November 30, 2023, is 8.6%pa.

▶ **See Dividend vs Growth ETFs on page 73.**

2 Robots: no room for emotion

Robo advisers are another alternative for set-and-forget investors who want automated, diversified portfolios. These low-cost, low-minimum platforms suit novices and include Stockspot, Six Park, QuietGrowth and InvestSMART.

InvestSMART, for example, calculates your risk appetite and investment goals to pair you with one of nine diversified ETF portfolios. As with other robo advisers, you can then automate your investments, which takes the emotion out of the decision making.

The platform also features built-in tax efficiency, an app to help you manage your investments and brokerage fees from $5.50 a trade or 0.11% of the trade value, depending on which is higher. The minimum investment is $5000 and investment fees are $55 a year up to $18,000 invested, 0.55% for portfolios between $18,000 and $82,000 and a flat charge of $451 a year for more than $82,000.

This platform enables you to automate your investment decisions, including everything from timing the market to rebalancing your portfolio. It also provides important reminders once you have reached investment milestones and may need to adjust your strategy.

You can sign up for InvestSMART's automated investment advice service by following a handful of simple steps, including specifying your investment timeframe and your risk appetite. Its algorithms and automation technology will create your tailored portfolio. Before any investment can be made, you will need to transfer funds.

3 Super: ready to adapt

Super funds also offer a range of investment options. For example, AustralianSuper offers eight pre-mixed portfolios ranging from stable to high growth, including a socially aware option. Average five-year returns to June 30, 2023, range from 3.49%pa to 7.61%pa.

"Our investment options each have a mix of asset classes to meet each person's objectives," says Alistair Barker, head of asset allocation for AustralianSuper, which manages more than $300 billion of retirement savings.

Economic conditions do affect asset allocation. "We see risk of an economic slowdown," says Barker. "Recent increases in jobless claims, as well as bankruptcy filings and default rates, suggest signs of a weaker economy."

Based on the potential for slower growth, AustralianSuper has positioned each of its diversified portfolios defensively. "We have reduced the level of growth assets, such as Australian and international shares, and increased the level of fixed-interest assets in each portfolio," he says. "During a period when interest rates are peaking and inflation is moderating, fixed-interest assets are expected to perform better.

"Looking forward, our investment team is also considering the next steps of this economic cycle and looking at how factors such as technological change, the energy transition and global geopolitics will affect long-term asset prices.

"As the economic cycle progresses, we expect to increase risk in the portfolio, and especially if valuations for growth assets become more attractive." ■

Woulda, shoulda, coulda

The new year gives this trader the chance to reflect on the things he wishes he had known

I like the concept of a 'new' year. For a stockmarket trader, it's as good a time as any to take a moment to look back and torment yourself with all those things you didn't know, but could have guessed, that would have made investment so easy over the past 12 months – simple things that would have taken all the stress out of it, saved an enormous amount of time and helped us to prematurely and gloriously retire.

Every year there are a handful of these things that you needed to know that would have swept away all the bollocks, the financial theory, the research, the complications and all the endless blah, blah, blah we were bombarded with. Things that made us money, a few words that we shoulda, coulda but didn't distill from the many thousands of unnecessary words that we read in their pursuit.

You don't have to wait for the new year to do it. You can do it any day of the year; look back over the past 12 months and identify certain X factors that you needed to know. I like to call them Post-it Notes – one-line instructions that you wish someone had stuck on your trading screen at the beginning of the year that would have simplified everything.

A year ago, for instance, the most valuable Post-it Notes might have said:

- Take the year off, the stockmarket is going nowhere.
- Banks and resources will move less than 1% in 12 months.
- The lithium boom will bust.
- The market will lose its head over AI stocks.
- Buy data centres (NEXTDC).
- Having dropped 30% in 2022, the NASDAQ will bounce 37% in 2023.
- Nuclear power will be declared green in Europe. Buy uranium stocks.
- Persistent inflation will catch central banks by surprise.
- Interest rates will not peak until November.
- Covid will not return. Nor will Dan.
- You will make 87% and 70% in two big boring stocks: James Hardie and Boral.
- The moment bond yields peak, buy real estate investment trusts. The biggest REIT, Goodman Group, will go up 33%.
- Buy Bitcoin in anticipation of the US Securities and Exchange Commission's (SEC) ETF approvals.
- Don't bother catching the knife on ResMed and CSL.
- *Marcus Today* member pick Neuren Pharmaceuticals will double.

So what of the Post-it Notes for 2024? Here are a few possibles:

- Trump returns to The White House. Stockmarket booms.
- Bitcoin hits new all-time high as SEC's ETF frenzy spurs self-fulfilling demand for limited commodity.
- ARK Invest's Cathie Wood is fund manager of the year for 'million dollar Bitcoin' prediction.
- Rise of the hydrogen vehicle sees lithium 'fad' investors ruined.
- Second-hand vehicle prices plummet as new model innovation emulates the 1980s PC boom.
- Macquarie abandons EV infrastructure project as numbers 'don't add up' in Australia.

- Australia's biggest carbon emitter, AGL, is best performer in the S&P/ASX 200 as renewable energy ramp-up hits ESG hurdles.
- AI stocks plummet as language-learning models cannibalise traditional earnings streams.
- Nvidia is worst performer in NASDAQ as Amazon, Microsoft and Alphabet develop own chips.
- Data centres boom again as EV Uber fleet requires more processing power than globally available.
- The US turns up its oil

production as renewable energy blackouts proliferate.

- Oil price returns to long-term average of $US20.
- Inflation drops below central bank's 2%-3% targets globally as oil price plummets.
- Bond yields return to zero.
- Housing market demand explodes as mortgage rates plummet.
- Major Australian banks surprise market with unexpected earnings growth as credit demand jumps as bond yields slip.
- Company earnings crater as four-day week delivers lower productivity on top of implied 20% salary rise.
- Australian dollar returns to 110c as China fires infrastructure bazooka.
- World destroyed instantly as GoogLeNet achieves sentience.

Or more likely:

- Australian house prices remain static as RBA leaves rates on hold all year.
- US inflation slowly creeps towards Fed target.
- Republicans win US election with new candidate as Trump watches from Alcatraz.
- Ukraine war slips into its second year without progress.
- Lithium prices recover slowly as project closures tighten supply.
- Big tech retreats as AI earnings growth matures.
- Chinese delay infrastructure spending as property crisis lingers.
- Oil prices settle as OPEC+ production cuts persist.
- Four-day week bill rejected by Senate for fourth time.

I remember seeing on Sky Business an old broker I hadn't seen before. Not young. With the clarity of a newbie, he made the comment that he and his wife were wishing for one more boom before they retired. This year maybe. Let the games begin. ■

For a free trial of the Marcus Today *newsletter, go to marcustoday.com.au.*

Buy into the event of a lifetime

STORY GAURAV SODHI

On top of its quirky mix of cinemas, hotels and a ski field, Event's greatest asset is its undervalued property portfolio

What happens when a cinema business, a chain of hotels and a ski resort get together? No, this isn't the start of an obscure joke; those are the three segments that comprise EVT, one of the oldest businesses on the ASX.

Its origins go back more than a century, beginning with cinema exhibition, and over the years it has been involved with cinema production and distribution and has owned cinema chains in Fiji, the Middle East and Germany.

Cinema remains a significant part of the business, with EVT owning Event Cinemas, Moonlight Cinema and the rights to IMAX screens. The company operates more than 650 screens in Australia, about 150 in New Zealand and more than 370 in Germany. It sells more than 10 million movie tickets in Australia alone and generates about $50 million in earnings before interest and tax (EBIT), less than in pre-Covid years but still enough to generate double-digit returns on assets.

Watching movies isn't as popular as it used to be, but the screens are bigger, the seats are fancier and the prices are definitely higher. Cinema remains a surprisingly profitable business, albeit one that depends on the flow of hits coming from Hollywood.

As EVT has grown, it has become more complex. Alongside the foundation cinema business sits a significant hotel business, including the Rydges chain, QT, Altura and several smaller brands.

Altogether, the business operates 79 hotels nationwide and generates decent returns (Covid years excluded). The hotel business made $60 million in EBIT last year at 75% occupancy rates (below pre-Covid levels), but margins have rebounded as per-room revenues have increased.

The star of the hotel business is the QT brand, a high-fashion chain of hotels that attracts high prices – revenue per room of $215 a night compared with the group average of $176 – and higher occupancy. If you thought a combo of hotels and cinemas is a bit weird, it gets weirder.

In 1987, EVT bought the Thredbo ski resort, a business it still runs.

If this seems an odd addition to a cinema exhibitor, that's because it is. This was, however, the 1980s when conglomerates were fashionable; EVT also owned a wildlife park.

Thredbo might be an odd fit, but it has been a profitable business. Last year it generated $100 million in revenue and $35 million in EBIT. If you've skied at Thredbo, those margins won't surprise you. The resort typically generates returns on assets of more than 30%.

Lobby of QT Sydney ... this iconic building once housed department store Gowings; today it's part of the jewel in EVT's crown.

In aggregate, the cinema business, the hotel chains and Thredbo generated EBIT of $111 million last year. During the years of Covid disruption, EVT made hefty losses but, pre-Covid, profits were even higher.

Cashflows will be challenged

These businesses are well run and generate outstanding cashflows, but they have flaws. The cinema business has been fighting declining audiences for years; the hotel business requires copious capital expenditure to maintain assets; and Thredbo is at the mercy of the weather.

The $1.8 billion market capitalisation seems to adequately capture the value of EVT's odd mix. In fact, on an EBIT multiple of 16 times, the business looks dear.

Here's the twist: EVT isn't a cinema or hotel business, it's a property business.

On the balance sheet sits a property portfolio with a market value of $2.3 billion. It is recorded at cost but gets a market appraisal every few years. The property portfolio binds the businesses together.

EVT owns a slew of hotels, including Rydges Melbourne and QT in Sydney, as well as key cinemas, such as the Event complex on George Street, Sydney.

However, the crown jewel is a 4700sqm city block EVT owns in Sydney, opposite the QVB. It includes the Gowings building (bought from the administrator when Gowings went bust), the State Theatre building and QT Sydney.

As anyone who plays Monopoly knows, adjoining land is worth more than isolated lots. EVT plans to redevelop its centrepiece with a larger hotel and commercial space, which would add significantly to its value. Yet the properties are currently valued on an isolated basis.

This is just one example to show that, through the patient acquisition of strategic lots, EVT retains enormous optionality to create value. The property values reported by EVT likely understate their worth.

EVT carries less than $300 million in net debt, taking its enterprise value (market cap plus net debt) to about $2.1 billion. The value of EVT's property currently exceeds the enterprise value of the parent group and that is without considering the additional value to be unlocked with redevelopment options. At current prices, we get the three businesses – which can earn $100 million annually – free.

Recognising the clear value on offer will depend on management, so assessing its skill and incentives is important.

We don't have concerns here. Group chair Alan Rydge holds almost 40% of the business and has been in that post since 1980. The board and management of EVT have, over the years, shown discipline, conservatism and patience.

Despite ample collateral, EVT has only used modest debt, refrained from zealous acquisitions and paid consistent dividends. A founder's mentality is particularly important in these businesses because long-term earnings depend on frequent capital expenditures.

A less scrupulous management might be tempted to skimp on spending and show higher cashflows, profits and dividends.

Ways to unlock the value

The business strategy is one long employed by the Rydge family.

In 1960, the Rydge patriarch bought land in Point Piper, Sydney, from a cattle grazier. Over the next 60 years, the family has patiently accumulated neighbouring lots. It now owns six adjoining lots in the most expensive suburb in the country.

EVT can be viewed in a similar light. This is a land-banking operation that happens to run profitable businesses on said land. Most of the business's value comes from sitting atop land holdings that are steadily rising.

Management has publicly stated that it is looking for ways to release value. We can see plenty of ways that might happen.

The operating businesses are worth at least $5 a share ($100 million EBIT at a conservative multiple of eight times), which, when added to property of more than $12 a share, suggests there is at least $18 of value in the stock.

If the operating businesses were sold individually, higher prices are likely. We note Village, a competitor to Event, rejected an offer of $700 million from a buyer. Event is a larger business and could be worth more.

Successful hotel chains typically trade at EBIT multiples of 12 or more, so spinning off hotels or Thredbo – neither appears to be priced into today's valuation – could unlock value. Management might also sell property or generate value with redevelopments.

We don't know how we will make money, but with a high-quality property portfolio underpinning the valuation, the odds of doing so are high.

The path ahead is clear. Investors are being paid a fully franked yield of more than 3% to sit and wait while latent value is realised. It's an offer too good to refuse. **BUY.** ■

Gaurav Sodhi is deputy research director at Intelligent Investor.

SECTOR DISCRETIONARY RETAIL

Less than great expectations

In a challenging cyclical sector, quality and strong long-term results will support retail share price growth

The past three years have been a roller-coaster ride of fear, greed, opportunity, loss and profit. I put those last three words in that order for a reason: despite a slowing economy, rising prices and accelerating interest rates, the Australian Securities Exchange delivered a healthy gain in 2023. And in the US, the S&P 500 did even better.

Here at home, the information technology sector was the top performer, followed by consumer discretionary. How is that possible, with a slowing economy and retail sales (excluding food) going backwards, year on year?

Essentially: expectations. The prospect of lower sales (and consequent lower profits) was largely factored into share prices at the beginning of 2023. To wit: when Harvey Norman (in which I own shares, for the record) announced that sales had fallen 12% for the first few months of the new financial year, the share price hardly budged.

Expectations matter, in the short term. They matter in the long term, too, but as our timeframes lengthen, it's business quality – and long-term results – that will almost always be the main driver of value and, hence, share prices.

Don't be sucked in

It's also important to remember that retail will always be a cyclical business. Expecting a company in this sector to be able to post regular, sequential growth every year, despite economic circumstances, is likely to end in tears. Which doesn't mean you shouldn't buy them – just that you need to know what you're buying and what to expect.

Year-on-year declines will happen sometimes, but as long as the business grows over time, and the bad years don't endanger its survival, cyclicality needn't concern you if you're prepared.

A note here, though: valuation always matters, but matters even more with cyclical businesses. Many investors have been sucked into buying shares of a booming retailer at what seemed to be a reasonable multiple of current earnings. But if that level of profitability is only achieved once every seven or 10 years, it can be an expensive price to pay.

And over longer timeframes, it's also important to think about the influences that are likely to impact our investments. A seismic trend most people seem to have forgotten – or are taking for granted – is the march of ecommerce. It has been hidden by the ebb and flow of Covid-impacted retail activity and the slowing economy. But the ecommerce Pac-Man will continue to gobble up bricks and mortar.

The winners won't necessarily be online-only retailers. But, with few exceptions, I wouldn't want to be a physical-only retailer. This is a business of high fixed costs, low barriers to entry and slim margins. It doesn't take much in the way of a fall in sales to turn a profitable retailer into a loss-making, endangered one. So, you'd want a retailer or brand with a solid online presence that is likely to compete strongly in that world. ■

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Foolish takeaway

A retailer that's aggressively pushing (further) online, and hasn't been shy to close underperforming stores, is a good start. Owning most of the brands sold in those stores is also a source of control and enhanced margins.

And internal diversification – a 'house of houses of brands' – is also a nice thing to have. If you can top that with a very long-term track record of retail success, you're looking pretty hard to beat.

That description fits Solomon Lew's Premier Investments (think Peter Alexander, Smiggle, Just Jeans and more) very well, and the company is this month's Best in Breed.

Best in Breed's 2024 tips so far*

SECTOR	STOCK	ASX CODE
Discretionary retail	Premier Investments	PMV

*The table is compiled through the year, with each month's new tip appearing on the list for the rest of the year. The focus is on the fundamental long-term qualities of the businesses.

"We quickly discovered the joy and financial success that can come from mixing business with pleasure."

Mali Corinaldi

In the lead-up to Valentine's Day, the co-owner of iconic Melbourne restaurant and wedding venue Rupert on Rupert talks about the joy, hard work, money and life lessons involved in running a small business with her husband, Ric Corinaldi.

Romance is in the air ... Mali and Ric are all set for Valentine's Day.

When did Rupert on Rupert first open?

We opened our doors for the first time in February 2015.

What's the story behind the name?

Ric is responsible for the name. He's a man of few words and a fan of direct and efficient communication. [The restaurant is on Rupert Street, Collingwood.]

How would you describe the menu?

We offer a share-style Mediterranean menu with a bold Italian flourish care of our passionate head chef, Amir. His delectable handmade pastas proudly showcase his Roman heritage.

What makes the restaurant special?

So many things. Perhaps it's the towering elegance of our iconic fiddle-leaf figs brushing against the ceiling, or the cascading evergreen jungle that fills our vibrant conservatory, or the sultry sunset ambience of our dining hall.

How many people do you expect to serve dinner to this Valentine's Day?

We're anticipating a carnival of romance, full to the brim with swoony lovers living their best lives. Beyond being an à la carte restaurant, Rupert has a reputation as a wedding venue, so it's more than likely that Valentine's Day, which falls on a Wednesday this year, will be reserved for a mix of couples who have previously celebrated their special day with us and want to savour the memories, as well as prospective couples envisioning how they might create their own memories with us. We also have a couple who were married on Valentine's Day booked in to celebrate their first anniversary.

How does this compare to an ordinary Wednesday?

Wednesday nights at Rupert attract an eclectic mix of people, with couples coming in for a cheeky recce to check out the goods before committing, and friends catching up over a mid-week pizza. On occasion, we'll have a catered corporate function or an intimate masterclass in cocktail creation happening in the private cocktail lounge.

How and when do you organise Valentine's Day at Rupert?

Amir is passionate and extremely organised, so the menu has already been lovingly crafted and is chock-full of the flavours of aphrodisia.

What values do you want to bring to the occasion?

We unashamedly love LOVE at Rupert, so Valentine's Day gives

PHOTOGRAPHY BY ELSA CAMPBELL

us an excuse to celebrate romance with some sexy bells and whistles, decadent food, intoxicating cocktails, and a red rose or two.

Tell us about being restaurateurs. Was your vision different from the reality?

To be honest, there was no real vision other than to create a beautiful space for community and loved ones to gather and celebrate. Neither of us had a smidgen of experience in the hospitality industry, other than the fact that I am an avid foodie and had some experience in event management. To suggest we were green rookies is something of an understatement, but what we lacked in know-how we made up for in chutzpah. And we obviously invested in some great staff who deliver expertise.

What has been the biggest challenge of running a restaurant?

Running the friggin' restaurant! The sheer relentless requirement that we deliver excellence day after day, no matter what else might be going on in life. Whether it's navigating the everyday human sagas of staff heartbreaks, tackling a mid-service dishwasher meltdown, coping with stormwater flooding after a sudden downpour, or facing broader challenges like the trials of Covid, economic downturns and the competitive dance with other venues – the greatest challenge lies in mastering the hustle and staying the course, no matter what curveballs life throws our way.

What has been the greatest surprise?

Our love of working together. Ric and I are big personalities, shall we say, with a wealth of strong opinions delivered with enormous passion. This merger could have been an absolute disaster. Instead, after some initially intense negotiation and embarrassingly public marital spats, we've discovered an unexpected and delightful alchemy in our professional partnership. The whole is most definitely greater than the sum of its parts.

What was your earliest money lesson as a restaurateur?

The imperative that we keep a close eye on the delicate balance between wages and revenue. It's a tricky dance this one, as the last thing you want to do as the venue owner is compromise on service, so it always comes down to investing in staff that bring some quality mojo to the hospitality mission.

What was a big financial turning point for you?

While hosting weddings at Rupert wasn't initially part of the plan, the overwhelming interest from guests caught us by surprise. The venue's inherent beauty effortlessly evokes a magical vision that practically sells itself. Once we embraced this unexpected path and made a strategic pivot or two to meet the demand, we very quickly discovered the joy and financial success that can come from mixing business with pleasure.

What's the best money advice you've received that influenced the business?

Keep one close eye on the cashflow and the other on the impending tax bill. It's not rocket science, really. You need to spend money to make money. If the venue looks tired, it will feel tired and we all know that if 'you snooze, you lose'! Recognising the crucial importance of regularly rejuvenating the environment (whether with a menu update or pretty new wallpaper) is essential and ensures every guest feels inspired and valued.

What's the best investment you've made in the restaurant?

This one's a no-brainer: quality staff. The venue is only as good as the beautiful people we have employed to represent it and the degree to which they are willing and able to safeguard our values with respect and sensitivity.

What's the worst investment decision you've made?

We've generally been pretty lucky and/or pretty savvy with our investment strategies to date. Ric and I are guilty of extending more support than is perhaps economically sensible to staff who are struggling with personal challenges, but this is a question of values and we'll unapologetically do it again. Making money is not necessarily our first priority.

When it comes to you, what is your favourite thing to spend money on?

I am a sucker for beauty and creating exquisite spaces that elevate the senses, so my indulgences always come in the form of beautiful homewares. Given Rupert is essentially my second home, the temptation to decorate is tantalising and it can prove a sound business decision to limit the time I spend alone with the credit card. To my mind, there is always a justifiable reason to invest in tangible design elements that will have an emotionally positive impact on the guest, but our accountant may disagree ...

How would you spend your last $50?

Two Negronis. One for me, one for my man.

Finish this sentence. Money is good for ...

taking care of loved ones. ■

VANESSA WALKER

DATABANK

The tables on these pages contain data and information to help you compare managed funds, which are pooled funds managed professionally by investment experts.

Managed funds displayed in these tables are multi-sector or asset class specific. Multi-sector managed funds invest across a diversified mix of asset types spanning equities, property, bonds, cash, infrastructure, private equity and alternatives.

Managed funds are normally set up as unit trusts. You may be able to invest in them directly or through a platform.

Top 5 sector benchmarks

Sector	Benchmark	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Australian Equities	S&P ASX 200 Accum Index	3.0%	8.9%	7.2%	6.6%
International Equities	MSCI World ex AU Index	12.3%	12.5%	11.4%	12.7%
Property	S&P ASX200 A-REIT Index	-3.6%	2.7%	1.9%	6.4%
Australian Fixed Interest	Bloomberg Barclays Australia (5-7 Y) Index	-2.0%	-4.6%	-0.1%	2.2%
International Fixed Interest	Bloomberg Barclays Global Aggregate Index	0.1%	-4.8%	-0.4%	2.0%

Top 5 Australian funds by size

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Vanguard International Shares Index Fund	VAN0003AU	0.18%	1997	$23,112m	11.8%	12.1%	10.9%	12.2%
Vanguard Australian Shares Index Fund	VAN0002AU	0.16%	1997	$18,213m	2.3%	8.6%	7.1%	6.5%
ISPT Core Fund			1994	$17,326m	-4.3%	4.8%	4.0%	8.1%
Vanguard Australian Shares Index ETF	VAS	0.10%	2009	$13,180m	2.4%	8.7%	7.2%	6.5%
DEXUS Property Fund		0.55%	1995	$11,360m	-6.1%	4.7%	4.3%	8.4%
SECTOR AVERAGE		**0.67%**		**$782m**	**3.9%**	**4.9%**	**4.9%**	**5.9%**

Top 5 funds by 1-year return

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Loftus Peak Global Disruption Fund	MMC0110AU	1.20%	2016	$302m	30.8%	6.9%	15.1%	
Hyperion Global Growth Companies Fund	WHT8435AU	0.70%	2014	$2,344m	26.8%	5.6%	15.6%	
Ironbark Royal London Concen. Glob. Share	MGL0004AU	0.90%	1996	$2,035m	24.7%	21.2%	16.4%	13.8%
Zurich Inv Conc. Global Growth Fund	ZUR0617AU	1.10%	2015	$124m	24.2%	10.3%	15.5%	
Invesco Global Opportunities Fund	GTU0102AU	0.95%	1999	$24m	23.0%	16.2%	11.1%	11.5%
SECTOR AVERAGE		**0.81%**		**$729m**	**5.3%**	**7.6%**	**7.0%**	**7.5%**

Top 5 diversified funds by 1-year return

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Morningstar High Growth Real Return Fund	INT0042AU	0.65%	2001	$86m	14.4%	14.1%	7.0%	7.7%
Orbis Global Balanced Fund	ETL3967AU	1.20%	2017	$9m	12.3%	13.3%	6.7%	
Morningstar Growth Real Return Fund	INT0038AU	0.59%	2001	$499m	11.3%	9.9%	5.4%	6.3%
Morningstar Multi Asset Real Return Fund	INT0040AU	0.74%	2000	$281m	9.7%	10.0%	5.3%	
MLC Wholesale Index Plus Balanced	MLC7387AU	0.29%	2017	$765m	9.3%	6.6%	6.3%	
SECTOR AVERAGE		**0.69%**		**$605m**	**3.4%**	**4.2%**	**4.1%**	**5.1%**

Source: Rainmaker Information. Data sourced October 31, 2023. *Numbers stated here depict averages, other than the Rank column, which is the total number of funds in the category. For any queries on these tables, please contact info@rainmaker.com.au.

DATABANK

These products may be recommended to you by a financial adviser.

The performance results displayed are the annualised investment returns each managed fund has delivered after taking into account taxes paid by the unit trust and investment fees.

Research was prepared by Rainmaker Information. For more information see **rainmaker.com.au**

RAINMAKER INFORMATION
INDUSTRY INTELLIGENCE

Top 5 Australian equities funds by 1-year return

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Betashares Australian Resources Sector ETF	QRE	0.34%	2010	$227m	15.6%	18.2%	13.0%	7.8%
SPDR S&P/ASX 200 Resource Fund	OZR	0.39%	2011	$177m	15.5%	17.9%	12.8%	7.7%
Betashares S&P/ASX Australian Technology ETF	ATEC	0.38%	2020	$190m	11.4%	-2.6%		
Morningstar Australian Shares Fund	INT0022AU	0.36%	2000	$288m	10.4%	7.2%	7.4%	6.6%
VanEck Australian Resources ETF	MVR	0.35%	2013	$390m	10.3%	16.0%	11.3%	9.1%
SECTOR AVERAGE		**0.66%**		**$803m**	**1.8%**	**8.5%**	**6.8%**	**6.8%**

Top 5 international equities funds by 1-year return

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Global X FANG+ ETF	FANG	0.35%	2020	$408m	66.4%	14.7%		
Global X Semiconductor ETF	SEMI	0.57%	2021	$135m	44.5%			
Betashares Metaverse ETF	MTAV	0.69%	2022	$3m	34.6%			
Loftus Peak Global Disruption Fund	MMC0110AU	1.20%	2016	$302m	30.8%	6.9%	15.1%	
VanEck Video Gaming and Esports ETF	ESPO	0.55%	2020	$66m	26.9%	-1.6%		
SECTOR AVERAGE		**0.82%**		**$794m**	**10.0%**	**9.1%**	**9.1%**	**10.5%**

Top 5 income-focused equities funds by 1-year return

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
iShares S&P/ASX Dividend Opportunities ETF	IHD	0.30%	2010	$298m	9.7%	8.4%	5.6%	2.9%
SPDR MSCI Australia Select High Dividend Yield Fund	SYI	0.35%	2010	$415m	7.2%	10.8%	6.8%	4.7%
Betashares Aust Top 20 Eqt Yield Max. Fund	YMAX	0.59%	2012	$437m	6.8%	9.8%	5.5%	3.7%
Vertium Equity Income Fund	OPS1827AU	0.97%	2017	$70m	5.6%	10.7%	7.1%	
Vanguard Australian Shares High Yield ETF	VHY	0.25%	2011	$3,189m	5.6%	14.1%	8.8%	5.8%
SECTOR AVERAGE		**0.78%**		**$452m**	**3.1%**	**9.5%**	**5.8%**	**5.4%**

Top 5 ESG funds by 1-year return

Name	APIR code	Mngmnt fee (pa)	Start date	Size	1-year return	3-year return (pa)	5-year return (pa)	10-year return (pa)
Magellan Sustainable Fund	MGE4669AU	1.35%	2020	$8m	18.2%			
Pengana Axiom International Ethical Fund	HOW0002AU	1.35%	1994	$312m	15.7%	4.4%	7.9%	8.4%
Ashmore Emerging Markets Equity Fund	ETL3590AU	1.20%	2021	$119m	14.8%			
Dimensional Emg. Markets Sust. Trust	DFA8887AU	0.60%	2021	$315m	14.2%			
Morgan Stanley Global Sustain Fund	ETL9199AU	1.18%	2020	$26m	12.5%	7.9%		
SECTOR AVERAGE		**0.78%**		**$245m**	**3.1%**	**4.9%**	**5.9%**	**7.1%**

WHAT THEY MEAN

Performance after investment fees. Investment returns after investment fees annualised to describe each fund's returns per annum. But if your managed fund achieves a high return and charges you an extra "performance fee", Rainmaker has not taken this into account. Past performance is not an indicator of future performance.

Rank. Funds are ranked against all managed funds in each segment, not just those included in each table.

Indices and averages. Arithmetic average investment returns or average fees for all fund investment options within each category, that is, not fund size weighted.

The table helps you compare super funds. It showcases publicly available MySuper investment options offered by some of Australia's biggest funds.

Rainmaker categorises them into risk options based on percentage of growth assets in their portfolio. The high-growth risk option has more than 85% in growth assets (growth has between 75% and 85%), balanced has between 55% and 75%, and capital stable products have less than 55% growth assets.

The performance results are the annualised investment returns each option has delivered after taking account of all taxes and fees. Past performance is no indicator of future performance.

The table only lists funds designated AAA, Rainmaker's Super fund quality rating. Rainmaker Information prepared this research. **selectingsuper.com.au**

DATABANK

Best Super Funds: Top 20 MySuper – October 31, 2023

Ranked by 3-year return

Name of fund & investment option	Strategy	Growth assets	Risk category	1-year return	1-year rank	3-year return (pa)	3-year rank	5-year return (pa)	5-year rank
Telstra Super Corporate Plus - MySuper Growth	LC	89%	High Growth	5.2%	11	8.4%	1	7.1%	2
Essential Super Employer - Lifestage 1980-84	LC	74%	Growth	6.4%	1	8.4%	2	5.5%	21
Hostplus - Balanced	S	81%	Growth	4.7%	20	8.2%	3	6.8%	4
FirstChoice Employer - FirstChoice Lifestage (1980-1984)	LC	96%	High Growth	6.3%	2	8.1%	4	5.4%	23
Mine Super - High Growth	LC	89%	High Growth	5.3%	9	8.1%	5	7.0%	3
ART - Super Savings - Business - Lifecycle Balanced Pool	LC	77%	Growth	4.6%	21	7.8%	6	6.5%	7
Active Super Accumulation Scheme - High Growth	LC	95%	High Growth	3.7%	32	7.6%	7	6.6%	6
Aware Super Employer - High Growth	LC	84%	Growth	5.8%	5	7.3%	8	7.2%	1
Mercer CS - Mercer SmartPath 1979-1983	LC	89%	High Growth	4.8%	16	7.2%	9	6.5%	8
GuildSuper - MySuper Lifecycle Growing	LC	100%	High Growth	4.9%	15	7.0%	10	6.5%	9
Virgin Money SED - LifeStage Tracker 1979-1983	LC	90%	High Growth	6.0%	3	6.9%	11	6.7%	5
AvSuper Corporate - Growth (MySuper)	S	76%	Balanced	4.9%	14	6.8%	12	5.6%	20
HESTA - Balanced Growth	S	69%	Balanced	5.0%	12	6.7%	13	5.9%	13
AMP SignatureSuper - AMP MySuper 1980s	LC	86%	High Growth	4.6%	22	6.5%	14	5.8%	16
TWUSUPER - Balanced (MySuper) Option	S	72%	Balanced	5.2%	10	6.5%	15	5.5%	22
ANZ SCSE - ANZ Smart Choice 1980s	LC	80%	Growth	4.8%	17	6.5%	16	5.7%	17
AustralianSuper - Balanced	S	66%	Balanced	4.1%	29	6.4%	17	6.5%	10
Vision Super Saver - Balanced Growth	S	70%	Balanced	5.5%	8	6.3%	18	6.2%	12
CareSuper - Balanced	S	77%	Growth	4.7%	19	6.2%	19	5.7%	18
smartMonday PRIME - MySuper Age 40	LC	86%	High Growth	3.0%	34	6.1%	20	5.8%	15

SelectingSuper Benchmark Indices – Workplace Super

Index name	Performance to October 31, 2023		
	1 year	3 years (pa)	5 years (pa)
Rainmaker MySuper/Default Option Index	4.5%	6.2%	5.7%
Rainmaker Growth Index	4.8%	6.9%	6.1%
Rainmaker Balanced Index	3.7%	5.0%	5.0%
Rainmaker Capital Stable Index	2.7%	2.3%	3.0%
Rainmaker Australian Equities Index	2.1%	8.3%	6.8%
Rainmaker International Equities Index	8.7%	7.4%	7.6%

SOURCE: RAINMAKER INFORMATION. RAINMAKERLIVE.COM.AU

WHAT THEY MEAN

Performance after fees: When calculating fees, Rainmaker assumes a member has $50,000 in their account.

Strategy: Some MySuper products invest your superannuation based on age and are known as lifecycle funds (marked LC). The table includes the LC option for 40-year-old members. Non-lifecycle funds are known as single strategy (S).

Rank: Funds are ranked against all MySuper investment options available in Australia.

Indices and averages: To produce these indices, Rainmaker analyses the results of more than 3300 investment options.