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Financial *focus*

ADDRESSING THE NEEDS OF INDIVIDUAL INVESTORS AND PLANTING THE SEEDS FOR A SECURE FUTURE.

Nothing is more certain in life than Death and Taxes. But with the right planning there doesn't have to be taxes upon your death. Simple steps to help reduce your tax

Superannation Death Benefits Tax

It's been long considered that Australia doesn't have "Death Taxes". But the reality is a little different because instead, we have a tax on the Lump Sum payment of Superannation Benefits. This tax can be as high as 32%.

Whether a Death Benefit is taxed will depend on who you elect to have your superannuation paid to. This election is made via a binding or non-binding death benefit nomination with Superannuation Fund

Where a Death Benefit is paid to an individual that is deemed to be a dependant of the deceased the benefit is deemed to be non-assessable and thus, no tax is paid.

The question then becomes "who is a dependant?"

This question is less clear and depends on the relationship you have with the individual. For example, your spouse is deemed to be dependant but your Adult Child, probably not.

It's important to review your nominated beneficiary to avoid the hidden tax!



Relationship	Dependant?
Spouse	Yes
Former Spouse	No
Child under age 18	Yes
Child aged 18 or over	No
Financial Dependant	Yes
Interdependent relation	Yes



STOCK WATCH

Bapcor (ASX: BAP) is one of Australia's largest suppliers of car parts and accessories and has a growing footprint across the Australian and New Zealand markets. It was a strong performer in FY 2018 and posted pro forma net profit after tax growth of 31.6% to \$86.5 million thanks to positive performances from **all** business segments. With consensus targets averaging \$7.45 it's time to sit tight but if there was any weakness there might be a chance to buy.



September Market Update

The market's robust run hits some hurdles but is it the end of the bull run, a period of consolidation or will we see more of the same?.

Over the last Quarter we've seen the ASX200 largely range trade. When you consider the period includes Reporting Season that is an interesting outcome.

Most commonly those companies that performed best, traded overseas. CSL, Altium, BHP and so forth. That, in my opinion will continue. The US economy is booming. It'll drive up the \$US

“ Be fearful when others are greedy and greedy when others are fearful.”

WARREN BUFFETT

To add fuel to the fire, we're seeing valuations go higher and higher – the US Chase Shiller P/E Ratio is pushing

higher and higher....So, it's not unfathomable. But BEFORE you panic consider Trump. It is literally

raining cash in the US. Have a read of [this great article](#) that explains how much of an impact his economic policy has had on driving profits of corporate America.

And with US companies repatriating profits, they'll buy back shares in large numbers and that drives earnings growth too.

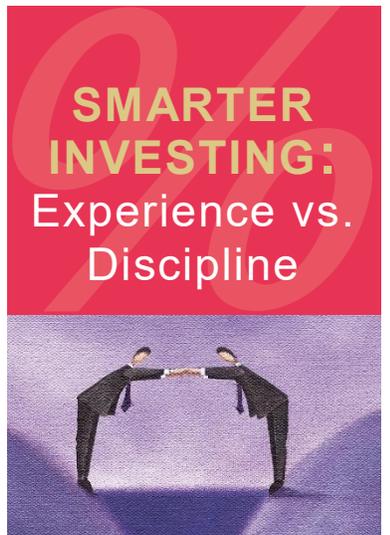
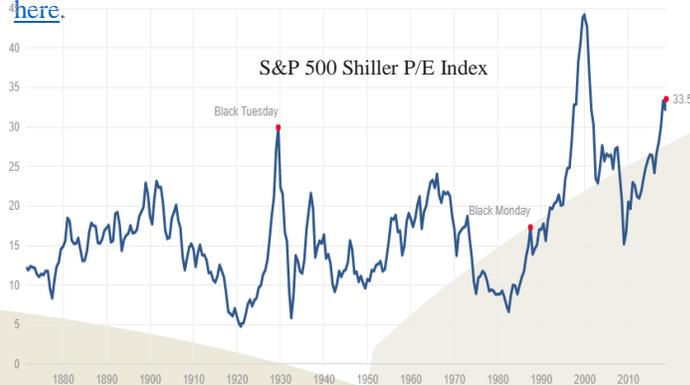
Rather than us discuss with you whether it's time to buy or sell more shares, we'll leave that to the Oracle of Omaha himself, [Mr Warren Buffett](#). It's a long interview but well worth it as he discusses valuations, buying more Apple shares, tariffs and inflation.



As was reported in the AFR “From an earnings perspective, most companies delivered. When looking at the ASX300, an impressive 77.8 per cent of companies either met or exceeded expectations, which was an improvement on the 75 per cent from 12 months ago.” That should give us some comfort about the relative strength of Corporate Australia and the Australian share market. However, that doesn't make us immune.

(or the \$A down) and that gives our companies extra earnings on the conversion. Yet during all of this we've seen the calls for a major market correction to occur in 2019 or 2020 grow. Most claim the key indicator of the looming 'crash' is the squeeze between the US' 2-year and 10-year Treasury notes. You can read more [here](#) or if you don't want to read, watch [here](#).

As Business Insider discusses [here](#), Australian Bank's profits are falling and are likely to continue to suffer as their cost of funding rises and the Housing market slows. And it is slowing. In fact, it's a risk we can no longer overlook.



SMARTER INVESTING: Experience vs. Discipline

Winners stay winning

It's human nature to think that what goes up must come down and vice versa.

Most people apply that to the stock market by looking to buy shares that are trading near their 52-week lows hoping that they bounce back whilst selling those that are trading near their 52-week highs.

In our experience, it is a more rewarding strategy to focus on winning companies and understanding why they are winning.

That's why Warren Buffett said, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price".



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