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# Financial *focus*

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

*With the Federal Election looming, we've had plenty of discussions on proposed policies. With most people convinced Labour will we thought we'd look at some of their proposed policies....*

## Key Labor Policies

Labor have made plenty of noise on Tax Reforms should they win the election. Here are some of the key proposals:

### Reducing the non-concessional contributions cap

The ALP have proposed to reduce the non-concessional contribution cap from \$100,000 to \$75,000 each year. A bring forward cap of \$225,000 over 3 years will be allowed.

### Abolishing concessional contribution carry forward

From 1 July 2018, you can carry forward unused concessional contributions for up to five years and then catch up those contributions to help boost your super. That will be removed.

### Excess Imputation Credits will not be refundable

This is getting the most coverage and really effects self-funded retirees. They have subsequently announced some exemptions to 'pension or allowance recipients'. If you don't get a payment from the Government, don't expect your franking credits refunded.

### Halving the 50% Capital Gains Tax



### Discount

For all assets purchased after a certain (currently unspecified) date your general discount will decrease from the current 50% to 25%. No change to superannuations 33.33% discount rule.

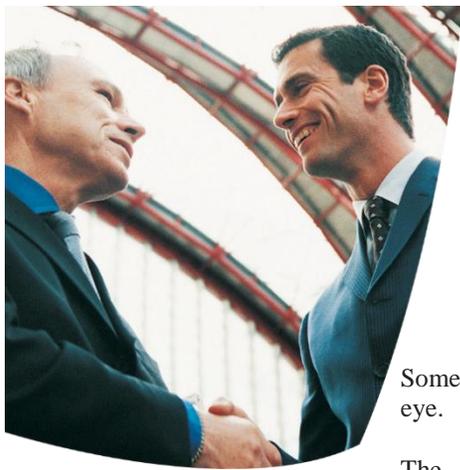
### 30% minimum tax rate on discretionary trust distributions

To tackle the use of income splitting to minimise tax the ALP has proposed a minimum 30% tax rate on discretionary trust distributions to beneficiaries aged 18 or over.

## STOCK WATCH



Wagners Holding Co (ASX: WGN) has had a difficult time in just over 15 months since listing on the ASX. A recent decline of 30% sees WGN trade well below listing price. With a recent note from Boral pointing out it can buy cement a lot cheaper from some one else, so WGN either drop your price or suspend sales for six months. Wagners has chose suspension. Maquarie slashed it's price forecast to \$1.70 noting the balance sheet is looking stretched. Credit Suisse are a little more bullish at \$3.55 (over twice the price!). Reality, probably in the middle.



# March Market Update

*It has been an incredible recovery since a forgettable December Quarter. What do we do now.*

Some results really caught the eye.

The previously mentioned Altium well and truly on track to hit its \$200m revenue by 2020. In fact, it raised the bar and set a target of \$500m in revenue by 2025.

**“ Invest on future potential not past performance.”**

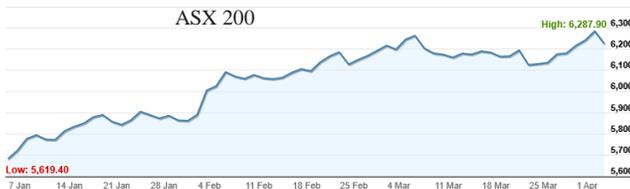
PETER LYNCH

CSL was a case of boring. It's on target. It's growing comfortably. Still. And it says it has a long path way for future growth.

Top company's are find but CSL is one that just continues to grind out great results.

It's all about the bounce and I'm not talking about the pitch at the WACA on hot January day.

Since the market bottomed on



Christmas eve its been an incredible rise.

Whats even more surprising is the fact Reporting Season was smack bang in the middle. And if ever there was the chance of Shane Warne style leggie smashing through your leg stump, Reporting Season is it.

But, in the end reporting season was almost an even card with (roughly) a third on target, a third upgrading and third missing expectations.

It was almost a case of "boring!" except those exceeding expectations, like Altium or Appen, seeing their share price take off where as those missing, like COH, hit for six. So it all depends where you were sitting.

The price took off and quickly priced in its new goal of "Market dominance".

BHP & RIO, fearing a Labor election win took the chance to use their large cash income to pay a beefed up dividned and offload some of those accumulated franking credits. To be honest, we expect a follow-on from this with more companies to join in the Franking Credit pay day.

But be ever vigilant with such company's. What has made them great today, may hurt tomorrow.

For example, Altium has delivered on is \$200m by 2020. A more than doubling of that target is a significant increase I can't help but wonder whether their competitors will be as idle as they were when Altium first set it's goal of "Market Dominance" some years ago.

The business landscape is forever changing and past performance isn't always an indicator of future performance. Be vigilant.

## Loan Market

A **quick note** from the world of home loans:

1. Macquarie no longer provide self-managed super lending, but a fixed rate of 3.69% on O/O.
2. NAB are doing a special offer on their Base Variable rate owner occupied loan of 3.79% (subject to certain requirements of course).

Rate Cuts by the RBA are the hot tip in town. Some even suggest 2 by Christmas.

**SMARTER INVESTING:**  
Experience vs. Discipline



## Focus on the Future

Investing requires making informed decisions based on things that have yet to happen. Past data can indicate things to come, but it's never guaranteed.

In this 1990 book "One Up on Wall Street" Peter Lynch stated: "If I'd bothered to ask myself, 'How can this stock go any higher?' I would have never bought Subaru after it already went up twentyfold. But I checked the fundamentals, realized that Subaru was still cheap, bought the stock, and made sevenfold after that." It's important to invest based on future potential versus past performance.



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