

# Sale of Colonial First State to KKR

As you may have seen on the news, CBA has announced it has entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. KKR is a US private equity firm that currently has in excess of \$300 billion in assets under management. Completion of the transaction is subject to APRA and Foreign Investment Review Board (FIRB) regulatory approvals, but it is expected to complete in the first half of calendar year 2021.

CBA and KKR have stated that they plan to undertake a significant investment program, with a particular focus on technology systems and digital delivery of services, which in turn should improve both the quality and experience of the offering for members and investors.

## KKR

KKR is one of the world's leading Private Equity firms based out of New York and listed on the New York Stock Exchange. It has longstanding experience investing in Wealth Management businesses and the initial statements from KKR on this purchase have been positive. They have stated that they want to prioritise investment in technology systems and the delivery of digital services clients, as well as areas such as member education services. Given KKR's experience in this space and these initial statements, we don't see any initial cause for obvious concern with this transaction, and there is the potential for long-term improvement across CFS's range of products.

## Implications for CFS Members and Investors

At this stage there is no impact for clients who hold investments and/or their Super via a CFS fund or platform. CFS will continue to provide the investment management without change to service, and administrative functions. There are no actions or changes that anyone needs to take at this time.

Longer term, and assuming the sale is approved and completed, we would expect to see this sale to KKR lead to an improved offering over time. Given the uncertainty that has existed around CBA's commitment to the CFS business since the Royal Commission, this transaction should provide greater certainty, direction, and investment in the CFS business going forward.

As our valued client, we will provide you with any relevant updates as the transaction progresses.

# Keeping Busy During Self-Isolation

Whilst 2020 has been far different than any of us could have predicted, it doesn't mean that making the most of a bad situation is impossible. Here are some things that you can do at home to keep busy.

- Schedule a Zoom or Skype date with your friends and family:** with the technology of today you can catch up with friends and family without leaving your home.
- Start a betting pool on how much of a baby boom there'll be during quarantine**
- Learn a new hobby:** like knitting, baking and gardening.
- Get active at home:** even though gyms are closed, you can still head to YouTube for some home workouts.
- Go for a (socially distanced) walk or run**
- Take a relaxing bath**
- Create some quarantine art**
- Take a (virtual) world tour:** there are many websites that offer amazing virtual tours
- Take an online course to learn something new**
- Finally read the rules to those long and intense board games you've played with the family.**



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# RIT Coastal

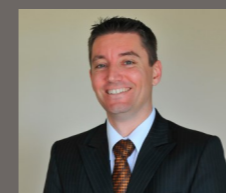
## Jeff's Jottings

Welcome to the June edition of our quarterly newsletter - and what a quarter it has been.

As expected, Covid-19 has had a significant impact on our markets resulting in a dip in the beginning of April. Although this saw the average investor's portfolio take a hit, the markets seem to be stabilizing to a degree in recent weeks. As the quarantine laws relax further, our economy should start to regain its momentum.

Although the start of 2020 has been unprecedented, the upside of the pandemic has meant many of us, myself included, have had some well needed time with family. I stay hopeful that things can only improve from here.

Kind regards,



Jeff English

CEO and Senior Financial Adviser

RI Toowoomba and Ipswich



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## Market Update

### What happened last quarter?

Over the March quarter, a minor health report from China quickly transformed into a full-blown pandemic. Coronavirus has infected more than 700,000 people globally and resulted in extreme economic disruptions that impacted billions more worldwide.

As developments evolved, world policymakers announced trillions of dollars in various support measures to help stabilise global economies and financial markets. Australia was no different.

While the RBA cut the cash rate to a low of 0.25% and announced monetary policy measures to help support the economy, the government enforced lockdowns and announced three stimulus packages worth more than \$200 billion to help aid businesses and households impacted by the pandemic.

Developments in global economies impacted financial markets. Investors embraced a less-risky approach to investing, rapidly selling out of share markets and buying into safe-haven assets such as government bonds and cash.

All investments were impacted, however, global fixed interest investments returned more to investors over the quarter - up 4% compared to global shares, down 10%.

### How did this impact investments?

Financial markets were highly volatile and sensitive to Coronavirus developments. For example, despite peaking at all-time highs in February, global share markets still declined by 10% over the quarter. This would mean that members in funds with higher exposures to riskier growth assets likely received more negative returns than members with more conservative investment portfolios.

### What is the outlook?

The volatility that financial markets experienced over the quarter was extreme, so it's understandable for members to feel concern about the value of their superannuation investments.

While it's too soon to tell when markets will recover, history shows us that they eventually do. So it is important to remember that while markets can and do fluctuate over the short and medium term, investing your superannuation does require a longer-term view.

Looking ahead, we anticipate that financial markets will continue to be volatile before showing some signs of stabilisation as world economies, businesses and households adapt to a new normal.

In the meantime, our team is communicating closely with investment managers to understand the risks and opportunities in investing during this period. As markets learn more about the Coronavirus and its implications every day, we can gain more insight as to the economic impacts of the pandemic - in turn, helping us to make more informed decisions on behalf of our members over time.

As always, we would like to thank you for your continued support and wish you well in these difficult times.

(Source: Colonial First State)





## Winter is for Soup

With the cooler months comes a chance to try those soul-warming recipes that are just a little too warm for our summer heat.

Below is a twist on an old favourite - pumpkin soup with a little extra kick!

### Curried Pumpkin Soup

#### Ingredients

- 1 tbs peanut oil
- 500g diced butternut pumpkin
- 1/3 cup korma curry paste
- 3 cups chicken or vegetable stock
- 270ml coconut cream
- 1 cup cooked and shredded chicken breast
- 100g green beans, trimmed
- 1/2 cup Greek style yoghurt
- 1 long green chilli, sliced (optional)
- 1/4 cup shredded coconut, toasted
- 2tbs chopped chives

#### Method

Step 1: Heat oil in a large saucepan over medium heat. Add pumpkin and cook for 2 mins. Add curry paste. Cook for 30 secs or until fragrant.

Step 2: Add stock to the pan. Bring to the boil. Reduce heat to medium. Simmer for 5 mins or until pumpkin is tender. Remove from heat. Cool slightly. Use a stick blender and blend until smooth.

Step 3: Add coconut cream and place over medium heat. Bring to a simmer. Add chicken and beans. Cook for 2 mins or until beans are bright green and tender.

Step 4: Divide soup among serving bowls. Top with the yoghurt. Sprinkle with chilli, coconut, and chives.

(Source: Taste.com.au)



## Covid-19 Update

As you are probably aware, since 15th of May Queensland started Stage 1 of easing restrictions. This has meant that you are now allowed up to five visitors in your home; gatherings of up to ten people outside of the house, in libraries, attending weddings and at church; funerals with up to 20 people indoors and 30 outdoors; recreational travel within 150 kilometres of your place of residence; all retail shopping; dining in at cafes, restaurants, pubs and hotels, with up to ten people allowed inside at any one time; open homes and auctions with up to ten people; and beauty therapy services, with up to ten people allowed in-store at any one time.

In the case of a continual decline of the number of Covid-19 cases in Queensland, we will move to Stage 2 of easing restrictions by the 1st June. This will mean gatherings of up to 20 people in most public spaces including dining, religious spaces and weddings. Funerals will also be increased to 50 people. Stage 2 will also see the reopening of cinemas, gyms, amusement parks and concert venues, with the same restrictions of up to 20 people. During school holidays, families will also be able to travel but only in Queensland.

(Source: QLD Government)

Covid-19 has also had a major impact on the economy and the financial system. The restrictions on people moving across borders and implemented social distancing measures has resulted in major disruptions to economic activity across the world. This is likely to remain the case for some time as efforts to contain the virus continue. Eventually, the virus will be contained, life will return somewhat to normal and the economy should start to recover. Currently a priority for the Reserve Bank of Australia is to support jobs, business and livelihoods of Australians. The Reserve Bank is supporting the economy through three main targets; Lower the Cash Rate Target to 0.25 Per cent; target a 3-year Australian Government Bond Yield of Around 0.25 Per cent; Provide a Term Funding Facility for the Banking System, to Support Lending to Businesses.

(Source: Reserve Bank of Australia)

## End Of Financial Year

While the negative impacts of the Covid-19 pandemic continue to be foremost in our thoughts, we must also acknowledge that it is getting close to the end of financial year and tax time. Below is a list of some tips to get you thinking about the end of the financial year:

- Don't forget to keep your work related receipts that have not been reimbursed by your employer for deductions when lodging your tax return. Especially for those of you that have been working from home recently.
- Don't forget about investment income and related expenses.
- Check to see if you are eligible to make a super co contribution or split your super contributions with your spouse.

## Government Stimulus package

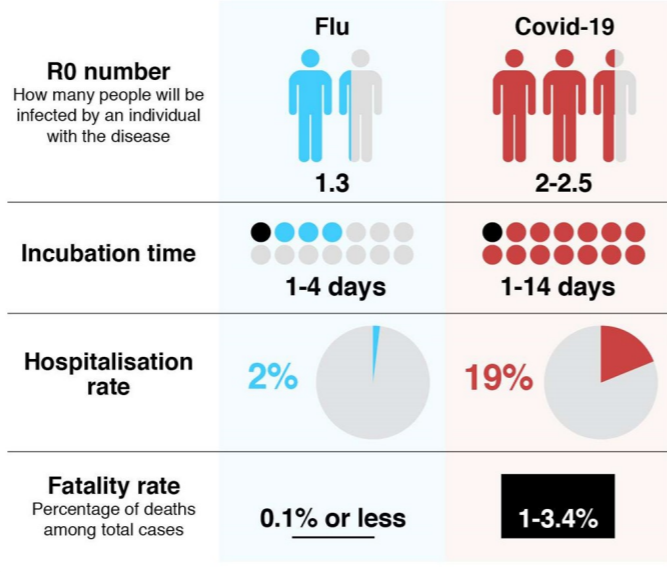
Additionally, in response to the economic impacts of Covid-19, the government has announced a number of initiatives to help individuals and businesses at this uncertain time. The changes include:

- Accessing some of your super if you're in financial stress
- Changes to social security benefits

If you feel one of these initiatives can be of benefit to you or would like some more information, please contact our office for further assistance.

### The flu v Covid-19

Numbers that show coronavirus is much worse



Sources: WHO, CDC

## What does liquidity mean for super?

Have you been hearing about liquidity in the media and wondered what it means for super? Our team explains what liquidity is and why it can be important.

Recently, there has been some media coverage surrounding the 'liquidity' of super funds and their ability to support the Australian Government's early access to super initiative, which was designed to help support members financially impacted by Coronavirus. Understandably, this may have caused some questions from members about what this might mean for their super.

### What does 'liquidity' mean?

In the financial world, the term refers to how easily an investment or product can be turned into cash. For superannuation, liquidity can refer to how much cash a super fund holds, or how easily a super fund's investments can be converted (or sold) into cash.

Generally speaking, the more liquid an investment is, the easier and faster it is to buy and sell. For example, shares are considered highly liquid as they are frequently bought and sold on share markets. However, direct investments in property or infrastructure are considered less liquid because of the time and difficulty often associated with buying and selling them for a given price.

### What role does liquidity play in a super fund?

Liquidity can be important for super funds for several reasons, including helping the fund ensure cash is available for day-to-day operations. Including transfers for members changing funds, for payments to members of account-based pensions and to ensure the necessary cash is available for members to draw on as part of the governments early access super scheme.

(Source: Colonial First State)

**AN INCREASE IN SCAMS TARGETING SUPERANNUATION**

Scammers are taking advantage of people financially impacted by the Coronavirus crisis.

- Never give any personal information about your superannuation to someone who has contacted you.
- Never give any personal information about your superannuation to someone who has contacted you.

**NEXT STEPS**

If you think you may have provided information to a scammer, please contact your financial adviser immediately. More information on Coronavirus scams is available at [scamwatch.gov.au](http://scamwatch.gov.au)

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## Australia's new \$100 Banknote is on its way

The Governor of the Reserve Bank has officially revealed the last design of the 'Next Generation Banknote' series. Whilst the banknote won't be released into circulation until later in the year, below is a little information and a sneak peek on what is coming.

Governor Philip Lowe said, 'Australians should feel proud of our banknotes. They are innovative and contain world-leading security features that keep the banknotes secure. The new \$100 banknote celebrates the contributions that two outstanding Australians – Sir John Monash and Dame Nellie Melba – made to our society.'

Sir John Monash was an engineer, soldier and civic leader. Monash is widely recognised for his service as a commander in the First World War. He led the Australian Imperial Force (AIF) during its successful campaigns in 1918 and subsequently managed the repatriation of Australian soldiers and presided over the AIF Education Scheme, which assisted with their transition to civilian life. Monash was instrumental in building the Shrine of Remembrance – which features on the banknote – in his hometown of Melbourne. He also served as the vice-chancellor of Melbourne University from 1923 to 1931

Dame Nellie Melba was an internationally renowned soprano who performed in Australia, Europe and the United States of America in the late 19<sup>th</sup> and early 20<sup>th</sup> century. The banknote

includes an image of Melba in costume as Rosina in Rossini's *Barber of Seville* and the monogram from the cover of her homecoming concert tour program of 1902. Melba also made important contributions to the arts through teaching at the Melba Memorial Conservatorium of Music, now the Melba Opera Trust, in her home town of Melbourne. She also published the *Melba Method* (1926), an educational resource for singers.

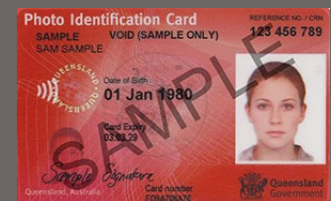
The new banknote includes representations of Australian flora and fauna. The \$100 features the Australian Masked Owl (*Tyto novaehollandiae*) and Australia's national floral emblem, the Golden Wattle (*Acacia pycnantha*), which is native to south-eastern Australia and southern inland areas of New South Wales.

Existing \$100 banknotes remain legal tender and can continue to be used.



(Source: Reserve Bank of Australia)

## Photo Identification Cards



Photos courtesy of [www.qld.gov.au](http://www.qld.gov.au)

At any age, it is important to have a photo identification card for proof of identity purposes. Whilst most people over the age of 18 will have a driver's licence they can use as proof of age and identity, not everyone can or will hold a licence.

This poses a problem for anyone as it is important to have a valid photo identification (ID) for situations such as applying for Age Pension or other financial arrangements.

Fortunately, anyone in Queensland over the age of 15 can apply for a Photo ID Card (previously known as the 'Adult Proof of Age Card'). It is an ideal and valid form of photo ID for people who are not old enough to obtain a driver's licence or don't hold a licence or passport.

You can obtain your Photo Identification Card at the same time as you hand in your Drivers License at the Department of Transport.

At RI Toowoomba we accept all forms of valid photo ID. If you are coming into the office, bring your valid photo ID as we have a JP\* or C. Dec\* who can validate it for you. However, if your appointment was not face to face or you live away from the office, you still must obtain a JP\* or C. Dec\* to validate your identification. The original of the validated ID must then be mailed to us. Emailing a copy of your validated identification can not be accepted.

\*Justice of the Peace  
\*Commissioner of Declaration