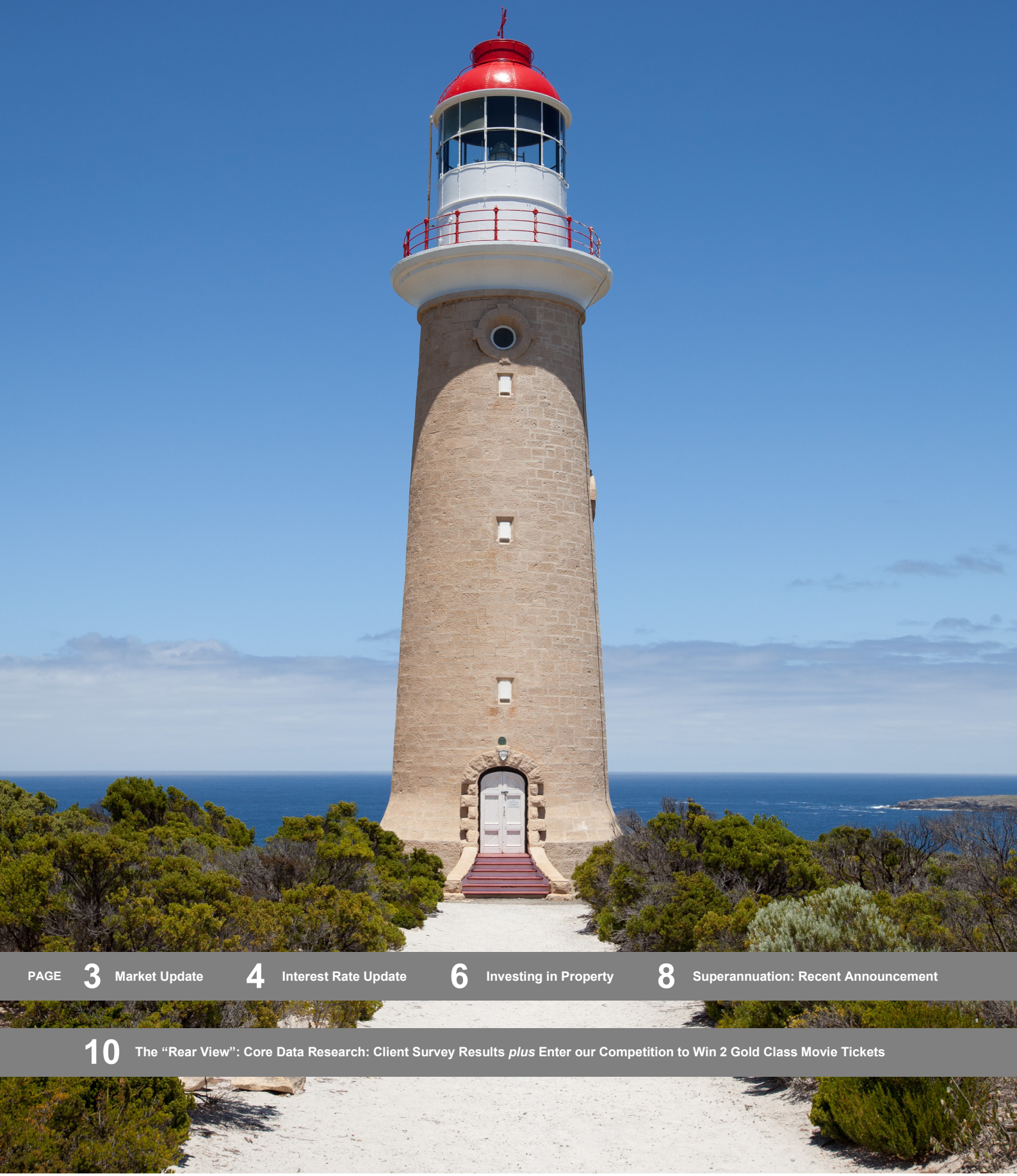
Insight

PALLADIUM WEALTH PARTNERS NEWSLETTER SPRING 2016



Welcome

INSIGHT

SPRING 2016

From all the team at Palladium Wealth Partners, welcome to the Spring edition of our in-house newsletter.

Although the cold weather has lingered on a little longer this year, Spring is upon us with the notable blossoming of a variety of trees and flowers and in turn our longing expectation of sunshine and warmer days will soon be here too.

Indeed this weekend, aside from it being the AFL Grand Final, we can also look forward to a long-weekend and setting our clocks forward an hour on Sunday 2 October as to enjoy (albeit with less sleep) longer days in the sun with the commencement of daylight saving.

So, we hope you will enjoy the coming months in what is now the run down to the end of another year—which quite frankly, we cannot believe how quickly it has come to pass.

In this bumper edition of our newsletter, we provide the latest Market Update, whilst also including articles about:

- Interest Rate Update;
- Investing in Property; and
- Superannuation: Recent Announcement.

In the 'Rear View" we express our gratitude to you, our clients, the majority of whom completed the Core Data Research Client Survey as well as discuss the results more broadly.

In final, we continue with our newsletter competition whereby you have the chance to once again win 2 Gold Class Movie tickets to Events Cinema by correctly guessing the location of the newsletter front cover picture.

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Market Update

Momentum propelled many investment markets to record highs over the last month with underlying economic indicators providing renewed hope that the need for ongoing monetary stimulus has come to an end. If so, the question begs "Is there finally some credible hope for optimism going forward?"

The last couple of months since our last newsletter update have provided us with some reassurance that the sky is not falling, be it economically speaking, with a number of key global market indices hitting new highs and corresponding market volatility falling back to acceptably low levels.

With the aftermath of the Brexit vote to leave the European Union (EU) albeit to date, not being as disastrous as feared, along with the EU, Japan and China in particular, showing encouraging signs of growth, so much so that they have chosen not to further increase stimulus measures already in place, to the upcoming US election — although likely to remain close should result in what *"the market"* expects a Hillary Clinton win, perhaps positive sentiment is justified.

In fact, one could argue all such observations bode well for the future notwithstanding global economic growth overall still remains stubbornly sluggish and interest rates continue to fall in many parts of the world.

Yet, is this new found stability merely a sign of fear fatigue and complacency or indeed one of renewed faith and confidence in that *"things can only get better" as* per the lyrics of the 1990's D:Ream hit song and as used by then Liberal leader Dr John Hewson in the unlosable 1993 Federal election campaign.

Let's take a look at each market more closely.

Australia

Australia's economic growth for the June quarter was once again beyond expectation coming in at 3.3% - a figure the envy of many other Western economies.

However, underlying much of the latest growth figure was Government expenditure contributing 1% and of concern was a slow down in a number of sectors such as housing construction which has to now, carried the economy since the end of the mining boom.

Coupled with the fact that inflation continues to fall to a low of 1% and the Reserve Bank of Australia (RBA) lowering the cash rate by 0.25% to 1.5% (a new historic low) in early August, future growth remains vulnerable.

Indeed, the ASX 200 weakened over the course of the last month underperforming global markets.

This was mainly due to external factors such as weakness of the Australian dollar ($A), commodity prices broadly falling along with a mute Australian company earnings reporting season and lack of ongoing capital expenditure, being weaker than expected having fallen by 19% over the course of the last year.

Source: Reserve Bank of Australia

Yet surprisingly, this has not yet translated into the labour market with the July figures showing the unemployment rate decreasing by 0.1% to 5.7%.

Of note however, is the fact that the increase in the number of employed people was entirely driven by part-time employment.

Other positive data include:

- Quarterly wages showing an increase of 0.5% with the annual rate steady at 2.1% suggesting income growth is no longer falling;
- Australian housing prices in August continue to rise up by 1.1%, taking annual house price growth to 7%; and
- Consumer confidence up 2% to 101 in August which was mainly due to the RBA interest rate cut and the increase in housing prices.

So looking forward, we are of the view Australia should continue on the steady path of ongoing growth without the need for the new RBA Governor Phil Lowe to cut interest rates further.

Globally

Much of the economic data from major global markets were in line with expectations over the last quarter.

Although nothing to celebrate, the dire warnings and predictions of crisis and doom, such as the aftermath of Brexit, the impending collapse of the Chinese economy by way of its mountain of debt as well as the financial crisis belying European banks have not manifested.

In fact, the UK market FTSE hit a new high, thanks mainly to the decision by the Bank of England (BoE) to cut the benchmark interest rate by 0.25% to a 322 year historic low of 0.25% along with the announcement of additional policy easing in the form of 60 billion pounds of sovereign bond and 10 billion pounds of corporate bond purchases.

The circus that is the US election keeps rolling on, yet and perhaps fortunately, the US economy continues to expand via increased consumer spending, signs of rising wages and falling unemployment and the Dow, S&P 500 and NASDAQ indices rising to new or near new highs over the last quarter.

In fact, the US Federal Reserve is now actively talking up the possibility of raising interest rates, which all things being equal, we expect will likely occur in December.

As for China and Japan, the former continues to manage its economy in line with market expectations and is seeking to slowly bring down credit growth in a managed and orderly fashion.

Whereas for Japan, although growth remains subdued, inflation anaemic, and interest rates being negative, the Bank of Japan (BoJ) in its recent September meeting has not chosen to increase stimulus measures beyond those already in place and push rates further into negative territory.

Europe on the other hand continues to face numerous challenges both socially and economically, yet surprisingly is now growing faster than the US, the majority of such underpinned by German and French growth.

And although European banks have been saddled with a high number of non-performing loans especially in Italy, they have all been stressed tested, some re-capitalised and are again lending and even generating profits despite negative interest rates.

So overall, "*things **may** only get better*" from here. In the meantime and until the next market update …….. **Enjoy Life!!**

Interest Rate Update

The Reserve Bank of Australia (RBA) cut the official cash rate for the second time in 2016 to a record low of 1.5%. In this article we look at the different types of interest applied to a variety of loans following the latest historic decision

At the beginning of August, the Reserve Bank of Australia (RBA) cut the official cash rate for the second time in 2016 to a new historic record low of 1.5%.

The RBA is Australia's central bank and it meets on the first Tuesday of each month to review and set the target cash rate, which is the interest rate on overnight loans in the money market.

The decision to change the cash rate influences, to varying degrees, other interest rates in the economy including the rate that banks and other financial institutions set on the money they lend.

The principal medium-term objective of monetary policy is to control inflation. The Reserve Bank Board sets interest rates with the intention of stabilising the currency, maintaining full employment and economic prosperity.

Controlling inflation also preserves the value of money over time. To achieve these objectives the RBA focuses on a target for consumer price inflation of 2 to 3 per cent per annum.

If inflation is on the increase, the RBA may increase interest rates with the view to slowing growth and keeping inflation in check.

The impact of increasing rates normally forces consumers and businesses to borrow less and save more, which slows down economic activity. In essence, loans become more expensive while holding more cash becomes more attractive.

On the other hand, to simulate the economy, interest rates may be decreased to encourage consumers and businesses to borrow which helps the economy to grow through a boost to retail and capital spending.

The recent decision by the RBA to cut rates was designed to encourage more consumers and businesses to spend money.

For some this move by the RBA to cut rates has sparked concerns that Australia is heading into recession (which is defined as two successive quarters of negative growth).

However, the RBA have indicated that the decision to cut rates was due to low inflation and the Australian Dollar ($A) being valued higher than what they would like to see.

To put things in perspective, the decline of our interest rates has been gradual since 2008 but interestingly, Australia has not been in a recession for 25 years.

When the rest of the world suffered during the Global Financial Crisis (GFC) in 2008, Australia's economy managed to resist a recession due to a large extent by the RBA's ability to cut interest rates (six cuts between August 2008 and April 2009 led to the interest rate dropping from 7.25% to 3%) and subsequently help stimulate the economy.

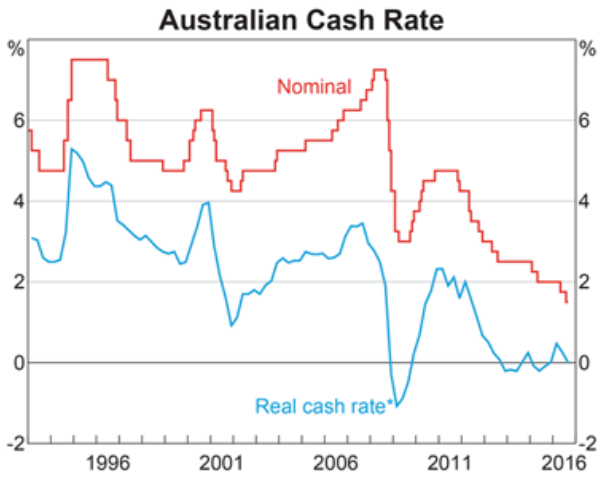
Whilst low interest rates are great news for borrowers, it's not such great news for people saving with no mortgage and retirees alike as the interest rates and returns on cash savings and term deposits also usually suffer.

Because of the way that Australian banks and financial institutions have tended to match the RBA's rate movements in the past, most of us have come to expect that a reduction in the cash rate announced by the RBA will flow through to our personal mortgages.

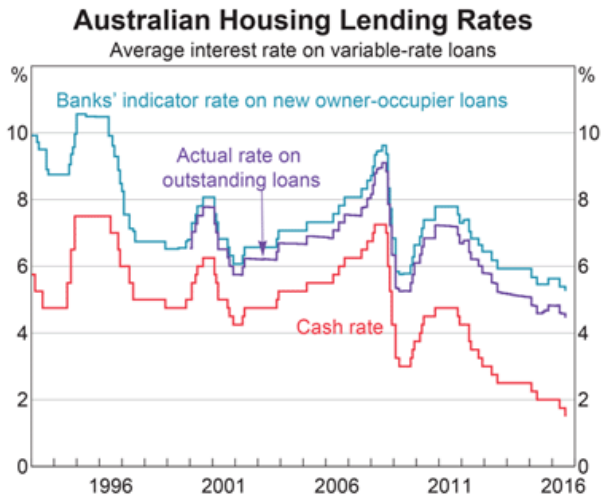
However, since the GFC banks have started to make changes outside of the RBA movements sometimes electing not to pass on the full reduction as has been the case with the latest interest rate cut.

In fact, several financial institutions have decided to increase their term deposit rates in light of the recent interest rate cut, which may have been done to ease concerns by savers and retirees and/or to attract new deposits.

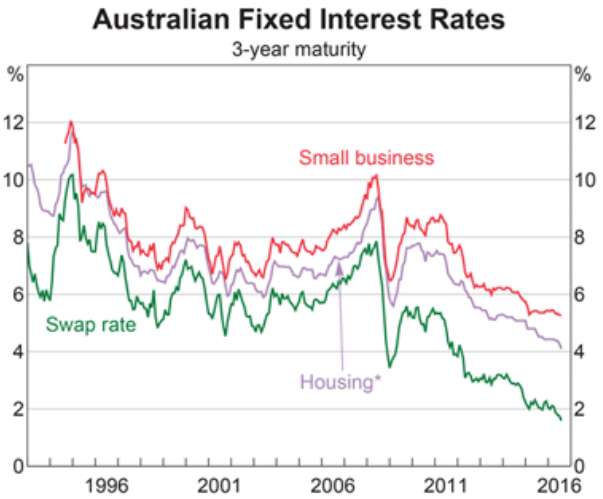
The difference between the interest rate set by the RBA and that set by the banks is influenced by the cost to the bank to borrow the money themselves to then lend on, as they do not typically have sufficient funds to cover their loans.



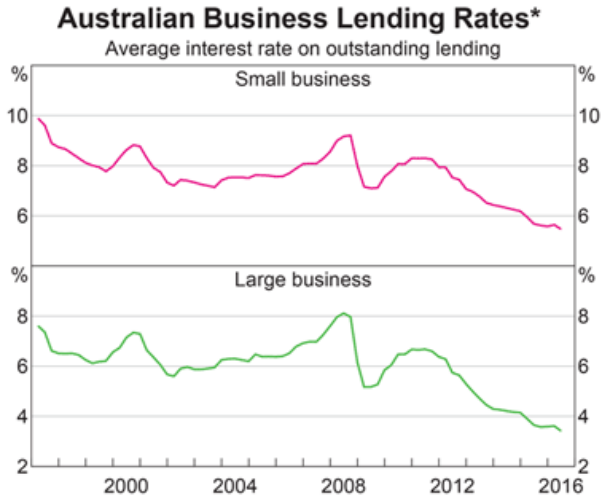
Source: ABS, RBA



Source: ABS, APRA, Perpetual, RBA



Source: Banks' websites, Bloomberg, Canstar Cannex, RBA



Source: APRA, RBA

There is also an allowance for administration costs, risks associated with lending as well as a margin in order to be profitable.

While you may have little influence over what rates a bank charges for its lending, you do have the option of considering what type of interest arrangement suits you best, given your personal circumstances as well as your view on the economic outlook.

It is important to consider which type of loan is right by taking into consideration not only the current interest rate but also the impact future fluctuations to interest rates may have on your ability to make repayments.

Comparison Rates

When advertising a loan interest rate lenders must provide a comparison rate. Essentially, a comparison rate identifies the true cost of a loan.

The comparison rate combines the loan amount, term of the loan, repayment frequency, interest rate and all fees and costs associated with the loan.

When comparing the comparison rates of loans it pays to look for an amount and term closest to the amount and term of your loan.

Honeymoon Rates

Put simply, a honeymoon rate is a discount on a variable interest rate for a home loan product that is offered for an agreed initial period when the home loan is first taken out.

After the honeymoon rate period has passed, the home loan will revert to a variable rate which is usually higher.

When considering these types of rates be sure to weigh up the short term benefit with the medium and longer term realities of such arrangement.

Variable Interest Rates

A variable interest rate moves up and down with market conditions which means your loan repayments may increase or decrease as the rate changes.

Variable rate loans provide you with flexibility to make additional repayments, redraw on those additional funds and take advantage of features such as a 100% interest offset facility.

Fixed Interest Rates

A fixed interest rate will not change for an agreed fixed period of generally between 1 and 5 years.

During this period your repayments remain constant, which can be useful for budgeting purposes.

However, fixed loans are less likely to offer the option of making unlimited additional repayments and access to facilities such as interest offset accounts.

When taking out a loan many people are required to make a decision on whether to fix their home loan interest rate or opt for a variable rate. This is a personal decision which should be made only after taking into consideration:

- Your level of comfort and ability to service variable interest rate increases or decreases.
- Your desire to make additional repayments to your loan over time – most fixed rate loans only allow a set amount of repayments per fixed rate period.
- How long you plan to keep your home loan, be it, if you choose to repay your loan or sell your home during the fixed rate period, you may incur break fees for terminating the contract early.

There is the option of fixing only a part of your loan which can give you both fixed rate certainty and variable rate flexibility.

As with most financial considerations, seeking our professional advice or that of your financial institution loan provider is always recommended.

Investing in Property

With the Spring property season about to commence across Australia what are the types of property to consider investing in and what should I be mindful of before doing so?

With the Spring property season about to move into full swing, many people may be questioning whether buying an investment property is an appropriate option for them.

In making this assessment there are a number of things worth considering and here we discuss a range of factors relevant to residential and commercial property investment, listed investments commonly referred to as Real Estate Investment Trusts (REITS) as well as unlisted property syndicates.

The first thing to note is that buying property as an investment is different to purchasing your own home or holiday home, both of which implicitly have emotional and personal value.

Residential Property

For most people, a residential property investment is an asset purchased to achieve an investment objective, and its acquisition is based on financial benefit.

A residential property investment is a vehicle for capital growth and income through rental receipts (which can fully or partially offset mortgage repayments). It can also facilitate tax benefits through negative gearing.

Whilst, a residential property investment is often considered to be a more stable investment than other types of assets, in reality residential property is also subject to price fluctuations.

The fluctuations may be less obvious as property is a relatively illiquid asset and each property is not bought and sold every day.

If you invest in a residential property, potential issues you could face include loss of income due to lack of tenancy or reduced income from a soft rental market, expensive maintenance and repairs, increases in mortgage repayments due to interest rate rises, and even losses in capital value resulting from declining property prices.

You need to think carefully before buying a residential investment property and be prepared to weather these changes.

Be mindful that residential property requires ongoing attention through the life of the investment, which you may attend to yourself or you can outsource to others like a real estate agent or property manager.

This includes acquiring and monitoring finance and insurance, managing tenancy, paying council rates, organising repairs and tax reporting.

If you hold the property for a longer duration, you may also need to think about renovations.

Residential property investment has relatively high entry and exit costs, and is generally better suited to investors with a preference for long-term holding.

Other questions to ask if you are considering buying property are:

- Is property investment in line with my investment strategy?
- Am I comfortable with the risks?
- Have I factored in all the costs of buying, including pre-purchase inspections, stamp duty and conveyancing fees, and the costs of selling?
- How much debt am I comfortable taking on and do I have access to finance?
- Am I prepared to enter a long-term investment?

Commercial Property

Investing in commercial property is different to residential property.

'Commercial property' is a term that covers a range of property options including office and retail space, storage sheds, car parks and industrial properties such as warehouses and factories.

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The key differences between commercial and residential property investment are:

- The tenants are referred to as the "lessee"
- Lease periods are generally for longer time frames i.e. 3,5 and even 10 years.
- There can often be longer periods of vacancy as it can be hard to find suitable tenants.
- Rent is generally reviewed annually and increased with CPI.
- Expenses such as rates and water are generally paid for by the lessee
- The lessee can change the property (i.e. paint or fit out) but is usually required to return the property to original condition at the end of the lease.
- GST applies to the purchase price, rent received and any expenses relating to the commercial property
- Banks will typically only lend up to 60-70% of the value of the commercial property

Investors with sufficient capital (or those who are willing to borrow to invest), are typically able to invest in commercial real estate by buying a specific retail premises, office space, warehousing or industrial property.

Similar to residential property investment, commercial property investors should do their research and have clear buying guidelines before purchasing.

Factors such as location and demographics, tenant quality and vacancy rates, the rental return (also referred to as yield) and likely future capital expenditure are some key things to research prior to investing.

Whilst individuals, partnerships, companies, trusts and self-managed super funds can invest in commercial property, when borrowing to purchase a property most banks will generally require a larger deposit of around 30%.

As a general rule of thumb, it is typically riskier to invest in a single asset, as opposed to a number of assets.

The same goes with property investment in that it can be more risky to invest in a single property as opposed to a portfolio of commercial properties.

The benefits of diversification will help to spread the investment (and risk) both geographically and within industry sectors such as retail, industrial and office property investments.

REITS

Another way to invest in property is through listed property securities often referred to as Real Estate Investment Trusts (or REITS) globally and Australian Real Estate Investment Trusts (A-REITS) here in Australia.

REITS are companies that own and manage property on behalf of their shareholders. The properties that typically make up a REIT portfolio may include retail property such as shopping centres and commercial shops and buildings, medical centres and healthcare facilities as well as industrial facilities, office buildings and self-storage properties.

For many investors, the major draw card for investment in REITS is the ability to gain exposure to the commercial property market without the need for significant investable capital or requirement to buy and manage the properties directly.

In fact investors' money is pooled with other investor's money on a unitised basis which in turn is used to purchase a portfolio of properties that are professionally managed by a team of property specialists.

A-REITS are listed on the Australian Stock Exchange (ASX) and there are a selection of 50 or so trusts to choose from.

Global REITS can be obtained indirectly via managed funds or directly via purchase of the REIT shares on the relevant stock exchange.

They offer investors the benefit of investing in property, but with liquidity, i.e. the option to sell at any time, regular income in the form of distributions, the potential for capital gains and most importantly diversification, be it the opportunity to invest in a range of properties that are typically unavailable to smaller investors.

Property Syndicates

A property syndicate is a direct property investment, which is managed and marketed by a licensed property dealer. When investing in a property syndicate you should receive a Product Disclosure Statement (PDS), which has been lodged with ASIC.

Property syndicates were particularly popular in the 1980s and 1990s, however since the Global Financial Crisis (GFC), factors such as insolvency and notable collapses of Fincorp and Westpoint just to name a few, lower yields, higher interest rates and uncertainty of property values has seen demand and popularity of these investments decline.

In final, whatever property investment type you may choose to consider investing in, we encourage you to thoroughly do your research and speak to a variety of professionals inclusive of us, your ongoing financial advisers.

Superannuation: Recent Announcement

We discuss the Federal Government's recently announced proposed amendments to the superannuation reforms since the 2016/2017 Federal Budget.

The Federal Government recently outlined amendments to the superannuation reforms announced in the 2016/2017 Federal Budget.

Below is a summary of the measures that have been amended. The detail of each measure will only be known once the draft legislation is published and the final outcome will only be known after Parliament considers the legislation.

Further information can be obtained from the Department of Treasury website at www.treasury.gov.au

Non-Concessional (NCC) Contribution Cap

The original proposal was to replace the existing NCC cap with a lifetime limit of $500,000, including all NCCs made since 1 July 2007.

This measure is now to be replaced with an annual NCC cap of $100,000 (currently $180,000).

Individuals under age 65 will also be able to continue using the bring-forward rule.

This new NCC cap, which applies from 1 July 2017, will be based on four (4) times the lower concessional contribution (CC) cap of $25,000.

However, individuals with a superannuation balance of more than $1.6 million will no longer be able to make NCCs from 1 July 2017.

The individual's account balance will be tested at 30 June of the previous financial year.

Those with account balances close to $1.6 million would only be able to make use of the bring-forward rule to the extent that the sum of the fund balance, the current year contribution and each brought forward contribution is less than $1.6 million.

The threshold amount will be linked to the transfer cap amount relating to amounts being transferred to pension phase.

Individuals who have triggered the bring-forward rule prior to 1 July 2017 and have not fully utilised that amount will have the remaining bring-forward amount reassessed on 1 July 2017 in line with the new caps.

As the existing rules remain until 1 July 2017, clients who are able to utilise the existing thresholds should consider doing so **once the legislation is finalised**.

This is particularly important for clients who have total superannuation savings of close to or exceeding $1.6 million. This is likely to be the last year individuals with super savings of at least $1.6 million will be able to make a NCC.

The re-contribution strategy can be reconsidered where appropriate for clients.

Unimplemented advice as at Budget night that recommended superannuation contributions should now be reviewed based on these changes.

Note: There are no changes to the contributions made under the CGT cap amount of up to $1.415 million relating to the small business CGT concessions.

Work Test

It was proposed to remove the work test for individuals aged 65 to 74. The Government will not proceed with this change.

This means the work test of 40 hours within 30 days must be satisfied for those aged 65 to 74 to be eligible to make contributions to superannuation.

This retains the requirements under the current legislation.

Catch-Up Concessional Contributions (CC)

The Government will continue with the proposal to reduce the CC cap to $25,000 from 1 July 2017. However, the commencement date for the catch up contributions will be delayed until 1 July 2018.

From 1 July 2018, individuals will be able to make CCs above the annual cap, where they have not fully utilised their CC cap in previous financial years. Amounts are carried forward on a five (5) year rolling basis. Amounts not used after five (5) years will expire.

This measure is limited to individuals with a super balance of less than $500,000. There is no detail as to when the account balance is assessed to determine eligibility.

Clients who have the capacity to fully utilise the current CC cap for 2016/2017 may wish to consider doing so before the CC cap reduces.

Unchanged Measures

- $1.6 million transfer cap for tax free earnings in the pension phase of superannuation and the need to reduce pension balances to this threshold by 1 July 2017.
- Abolishment of anti-detriment payments.
- Reduce the CC cap to $25,000 from 1 July 2017.
- Tax on earnings for amounts held in a transition to retirement pension.
- Reduce the income threshold from $300,000 to $250,000 that the additional 15% tax payable on CCs.
- Increase of the income thresholds for eligibility for the spouse superannuation contribution offset.

	BEFORE			AFTER (from 1 July 2017)		
	TAX	LIMIT	OTHER	TAX	LIMIT	OTHER
CONCESSIONAL (BEFORE–TAX) CONTRIBUTIONS Include: • compulsory Super Guarantee contributions; • voluntary salary sacrificed contributions; and • voluntary personal contributions where a tax deduction is claimed.	15% 30% if income and super >$300K Refund tax if income ≤$37,000 **Low Income Super Contribution**	$30,000 p.a ($35,000 p.a. for people 50 and over)	Only the self-employed whose salary and/or wage is less than 10% of their income can make deductible contributions. People aged 65-74 can only make voluntary contributions if they are working. People can only make non-concessional contributions to their spouse if their spouse is less than 65 or 65-70 and working.	15% 30% if income and super >$250K Refund tax if income ≤$37,000 **Low Income Super Tax Offset**	$25,000 p.a for everyone and allowing catch-up contributions of unused caps from the prior 5 years for people with balances of $500,000 or less from 1 July 2018.	**More people** are able to claim a tax deduction for super contributions to eligible super accounts up to the cap. People aged 65-74 can only make voluntary contributions if they are working. People can only make non-concessional contributions to their spouse if their spouse is less than 65 or 65-70 and working.
NON-CONCESSIONAL (AFTER–TAX) CONTRIBUTIONS Include: • contributions from take home pay; • inheritances; • spouse contributions; • proceeds from sales of assets; and • contributions above the concession limit.	After-tax income no tax in fund	$180,000 p.a 3 year bring forward for people under 65 >>>>	$1.4 million additional CGT cap for eligible small business owners. Tax offset for spouse contributions only where recipient income is less $13,800	After-tax income no tax in fund	$100,000 p.a for people with balances less than $1.6m with 3 year bring forward for people under 65.	$1.4 million additional CGT cap for eligible small business owners. Tax offset for spouse contributions where spouse income is less $40,000
EARNINGS TAX ON ACCUMULATION ACCOUNTS	15%			15%		
EARNINGS TAX ON RETIREMENT PHASE ACCOUNTS	TAX FREE	No limit No limit on the size of retirement phase accounts.	People who have reached preservation age but are under 65 and not retired **can access** a transitional super income stream (TRIS) with tax free earning. Only income streams that pay a regular income are eligible for the earnings tax exemption.	TAX FREE	$1.6m transfer balance limit Excess balances can be held in an accumulation account.	People who have reached preservation age but are under 65 and not retired **can still access** a transitional super income stream (TRIS) but earnings on the amount supporting it will be taxed at 15% Innovative new retirement income stream products will **become eligible** for the earnings tax exemption.
BENEFITS	TAX FREE	Minimum draw down requirements for retirement account based pensions.	People can elect to treat certain income streams (including TRIS) as lump sum payments to **reduce their tax liability.**	TAX FREE	Minimum draw down requirements for retirement account based pensions.	People will **no longer** be able to treat certain income streams (including TRIS) as lump sum payments to reduce their tax liability.

Source: Department of Treasury website

- Introduce the Low Income Superannuation Tax Offset (similar to the Low Income Superannuation Contribution which will be abolished from 1 July 2017.
- Ability for all individuals to claim a tax deduction for superannuation contributions with the removal of the 10% test.

Source: MLC Technical

The "Rear View"

Core Data Research Results

We provide a summary of your responses to the recently conducted Core Data Research which was overwhelmingly positive.

CORE | DATA research

2016 Palladium Wealth Partners Client Survey

We are pleased to report our Core Data Client Survey results were nothing short of spectacular!

As promised, we have analysed the results and read every piece of feedback that came through from Core Data Research.

All clients were given the opportunity to participate anonymously in our survey, with a total of 69% of clients responding.

To provide some context, the industry average client response rate is around 35%.

We gained a number of key insights with one particular theme most evident, namely

"Continue to grow the business without losing sight of what we currently do for you, our existing clients."

Rest assured, as we grow this is something we are ever mindful of given a significant portion of our growth to date is through referrals from you, our existing clients.

There are five (5) specific key results we believe are worthwhile sharing with you:

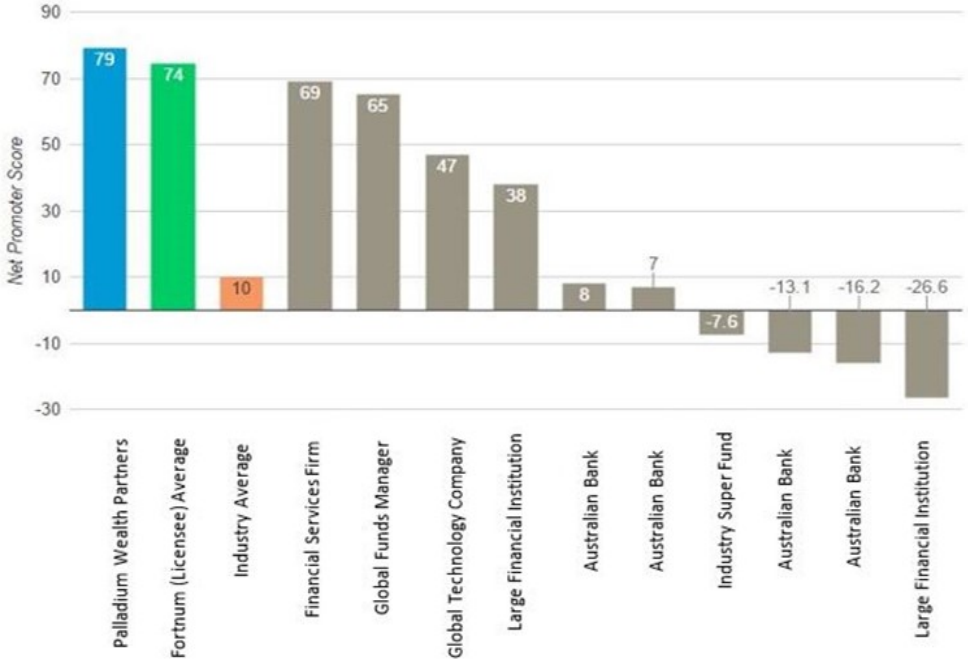
Net Promoter Score (NPS)

For those that may be unaware, a Net Promoter Score (NPS) is used globally across a range of industries and businesses. It is an index ranging from -100 to +100 that measures the willingness of clients to recommend a company's products or services to others.

It can help gauge the customer's overall satisfaction and loyalty to the brand.

Our NPS was:

Palladium Wealth Partners NPS:	**+79**
Financial Planning Industry Average NPS:	**+10**



Value

Palladium Wealth Partners:	**95%**
Financial Planning Industry Average:	**82%**

This is something that can be different for each individual client and not necessarily something tangible that you can see or touch.

What we all know however, is that `value' felt by clients is a strong driver for overall client satisfaction and loyalty.

Intention to Refer

Palladium Wealth Partners:	**93%**
Financial Planning Industry Average:	**74%**

Scoring quite highly in this area is obviously a very pleasing result.

The main anomaly for us is that assuming 93% of clients refer others to us, and if say 75% of those referrals became clients after speaking with us, our overall client numbers would triple over two years!

The reality of this is not all referrals end up as client meetings, some prospective clients only need once off guidance, and others become long term ongoing clients such as yourself.

It must be stated that ultimately we always want to be in a position to be able to help any friend or other family members that you feel could benefit from our guidance and advice.

However, one area we feel we can improve on is to better articulate what it is we do that translates into `value' that our existing clients feel and experience.

If we do this, evidence suggests we will end up helping more clients in better ways. You will hear more from us on this at reviews and client seminars.

As a starting point, some time ago as a team we formulated a Client Value Proposition (CVP) for the business, and what better time to share this to try and encapsulate what we are trying to achieve. Please refer to the Palladium Wealth Partners CVP on the next page.

Understanding

Palladium Wealth Partners:	**96%**
Financial Planning Industry Average:	**83%**

This is an area we believe is crucial to any ongoing professional relationship.

PALLADIUM WEALTH PARTNERS — CLIENT VALUE PROPOSITION (CVP)

"You are at the centre of all that we do.

By engaging with us, you and your family will be provided with tailored advice and customised service.

You will feel empowered to make informed decisions and ultimately be able to rely on our team to provide you with peace of mind."

We have rated highly out of 100 and intend to retain a key focus on this for our client-adviser meetings as well as your interactions with the whole Palladium team.

Support Staff

Palladium Wealth Partners:	**95%**
Financial Planning Industry Average:	**82%**

We regularly receive great feedback directly from clients on the interactions they have with our support staff, being Fay, Dianne and Nicole. The survey results have affirmed that we have a great team of people here to help you.

We cannot thank them enough for their willingness to assist you and their dedication to a great ongoing client experience.

In Summary

Whilst we are ecstatic about our results, we will not rest on our laurels.

We intend to run client surveys again in future years so that we can compare results and ensure that they remain high.

This will be particularly important in view of us continuing to seek out improvements in the way we look after you, keep achieving great client outcomes, and growing the business in the right way.

Congratulations to Pamela Adam winner of our Winter newsletter competition in guessing the correct location of the Winter newsletter front cover picture which for everyone's curiosity was that of Kuitpo Forrest in the Mt Lofty Ranges.

How would you like to have another chance to win 2 Gold Class Movie tickets on us?

All you need to do is guess the exact location of the picture on the front cover of the Spring newsletter.

Simply email us at **enquire@palladiumwealth.com.au by Sunday 16 October 2016** with the correct answer along with your full name and contact number and you will go into the draw to win.

The draw of all the correct entrants will be conducted on Monday 17 October 2016 and the winner will be contacted by telephone.

We will post out the tickets to the winner and announce to you all who that winner was in our Summer newsletter. **Good Luck!!**

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