

AUGUST 2020

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*The magazine for* FINANCIAL PLANNING PROFESSIONALS

# MONEY & LIFE

## The new normal

LEADERSHIP IN A RAPIDLY CHANGING  
ENVIRONMENT

**GLOBAL EQUITIES**  
OPPORTUNITIES  
IN A COVID-19  
WORLD

**FIDUCIARY DUTY**  
AVOIDING AND  
MANAGING  
CONFLICTS

**MARISA BROOME CFP®**  
APPOINTED  
CHAIR OF GLOBAL  
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FINANCIAL PLANNING  
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# ADAPT BOLDLY



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The COVID-19 pandemic has forced us all to get comfortable with an intense level of change, ambiguity and even chaos.

Over these past months, we've been called to quickly assess new information, rapidly adjust our priorities and make the best possible decisions amongst a cloud of uncertainty for our business, staff, clients and family.

As leaders, the scope of our roles has shifted dramatically at times and forced us to boldly adapt and lead with empathy and care. It's a big ask, but true leaders emerge in the hardest of times. This issue of *Money & Life* will inspire you to lead courageously in uncertain times.

## FPA [VIRTUAL] CONGRESS

During August, the FPA [Virtual] Congress masterclasses are focusing the pandemic's impact on the economy in the Investment Markets and Portfolio Design stream. Don't forget you can register at any time for the FPA Congress because each of the 17 sessions in the program are also available as recordings that you can access for 12 months. The program will see you earning up to half your CPD hours for the year. You can join the weekly masterclasses live, or watch on-demand at a time that works for you. Register online at the FPA website.

## FPA AWARDS

We're hearing so many powerful and important stories of FPA members supporting their clients during this particularly difficult year. There's no doubt the health crisis has sparked a financial crisis and FPA members have been on the frontline helping clients work

through their financial challenges to bring them clarity and confidence with a solid financial plan.

The FPA Awards is one way we can uncover and promote these stories. We want to acknowledge and recognise FPA members who are truly making a positive difference in the lives of their clients and who display the utmost level of professionalism and client care. I encourage you to make a nomination in the FPA Awards. Head to [fpa.com.au/awards](https://fpa.com.au/awards)

## FINANCIAL PLANNING WEEK 2020

Please mark in your diary for Financial Planning Week, 5-11 October 2020. Historically, our annual consumer awareness week has run in late August, however, in 2020, we are excited to join forces with our counterparts from around the world to celebrate and raise awareness of financial planning. This means Financial Planning Week in Australia will be aligned with World Financial Planning Day, taking place on 7 October 2020. More details to come soon.



**Dante De Gori CFP®**  
Chief Executive Officer



Follow Dante on Twitter  
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”

A photograph of the New York City skyline, featuring the Freedom Tower and other skyscrapers, reflected in the water. The image is used as a background for the top half of the page.

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# BROOME APPOINTED CHAIR OF FPSB RAP

The Financial Planning Standards Board (FPSB) has appointed FPA Chair, Marisa Broome CFP®, as Chairperson of the FPSB Regulations Advisory Panel (RAP).

The appointment, which is effective from 1 July 2020, will see Broome chair a panel of representatives from FPSB affiliate organisations across the world.

According to Broome, the RAP has a clearly defined strategic mission, including developing positions for regulation, legislation and the oversight of financial planning to support the work of the FPSB and its affiliates.

“As Chair of RAP, I hope to bring with me the learnings from Australia – where the introduction of professional standards were something we called for but the implementation of them has been problematic,” Broome said.

“And importantly, bring my learnings from this global committee to the discussions I have with regulators and legislators here in Australia, as part of my role with the FPA.

“I am delighted to work with the FPSB to develop guidelines and strategies that will support FPSB affiliates, as they navigate the regulatory challenges that face an emerging profession.”

Commenting on the appointment, FPSB CEO Noel Maye said that with Broome’s experience and involvement in helping to shape the financial planning profession in Australia, she was the right choice for this position.

“With more than three decades of experience in financial services and several leadership roles with FPA Australia, including her current role as Chair, Marisa brings a wealth of knowledge and experience to support and guide FPSB’s efforts to establish financial planning as a globally recognised profession.”

The FPSB owns the CFP® designation outside the United States. At the end of 2019, there were 188,104 CFP® professionals worldwide.

## NOMINATIONS OPEN FOR 2020 FPA AWARDS

Every year, the FPA Awards recognise members delivering the highest standards of trusted advice to Australians. We also celebrate those who have gone above and beyond to support their local community through pro bono and volunteer work.

This year we’re introducing a new award to highlight our continuing focus on innovation in the advice process, using technology and digital delivery of advice to consumers. The FPA Advice Innovation Award will recognise members who have automated their advice process or used technology in new ways to engage with clients and/or deliver advice.

FPA members are encouraged to apply for the following award categories before nominations close on 31 August:

### AWARD CATEGORIES

- FPA CFP® Professional of the Year Award
- FPA Financial Planner AFP® of the Year Award
- FPA Paraplanner of the Year Award
- FPA Professional Practice of the Year Award
- FPA University Student of the Year Award
- FPA Advice Innovation Award NEW
- Community Service Award presented by the Future2 Grants Committee

Applications are open from Monday 3 August.

For more information visit [fpa.com.au/awards](https://fpa.com.au/awards)

# The role of disruptive companies in a portfolio



This article forms part of the body of work written for and about the Loftus Peak Global Disruption Fund. Visit [www.loftuspeak.com.au](http://www.loftuspeak.com.au) to find more commentary, including Fund performance.

**COVID-19 forced new rules on global business, accelerating by years already established changes brought on by digital disruption. As Microsoft CEO Satya Nadella noted on the company's recent, impressive earnings call: "We've seen two years' worth of digital transformation in two months".**

## The world's response to the virus has exposed issues relating to index investing

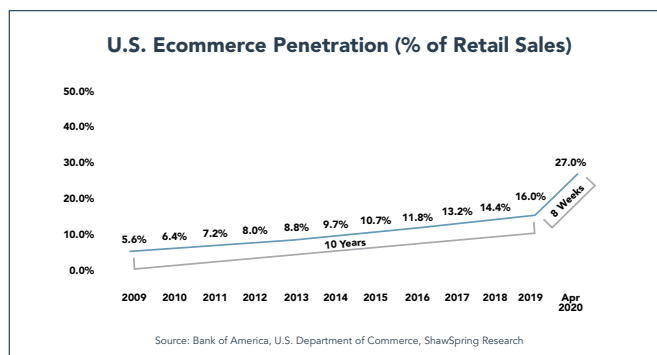
People are justified in feeling shell-shocked by the effects of COVID-19 on their health and the health of their loved ones, as well as alarmed by precipitous declines in employment across a wide range of industries. The impact on investment balances has been quite shocking as well: stockmarket indices around the world plunged 30% then whipsawed back to within 10% of January levels, with whole sections of the economy – airlines, hotels and some parts of retail in the kind of trouble that will not quickly be fixed.

What is less well-appreciated is that this stockmarket action has exposed a serious weakness in what convention has assumed has been safe - index investing - a practice which seeks to mirror the existing make-up of the global economy with similarly-weighted investment positions in energy and oil, automakers, retail, communications, banking as well as the other component companies that make up the index.

The rules around indices have broken down as technology has enabled an expanding group of disruptive companies to grow large using digital tools, such as ubiquitous 4G broadband coupled with networks of all descriptions, to radically change the way business is done. Who would have dreamed of selecting and paying for groceries using a mobile phone ten years ago, and having them delivered?

## There has been a radical re-think around the attributes of the best companies in the world

The five oil and gas companies which were in the top ten largest companies in the world by public market capitalisation in 2007 have all fallen out, replaced by disruptive companies including Apple, Amazon Tencent and Facebook. The chart below shows that it took ten years for ecommerce penetration to go from 6% to 16% - and then just 8 weeks to climb to 27%.



The virus is now a part of this witches brew of change. Shorn of all the political rhetoric and conspiracy theories, the virus means that the global economy will work differently for a time, meaning less physical contact.

The impact of the virus should be considered a "forcing function", demanding significant, lasting behavioural change to the very fabric of human interaction. Of course, it's more than just masks and gloves; it also means the adoption of digital tools to work, bank, shop, get medical help and be entertained.

This isn't new - the acceleration of the move towards digitisation has been in train for two decades, but with the recent crisis it is now more certain, and stock prices are reacting accordingly. Digital businesses like Amazon and Google, and other less-heralded but important names (such as Nvidia), have succeeded because they use networks and connectivity tools to transact goods and services at a lower cost. It just so happens that those tools, allowing contactless work, are even more important right now, with the forcing functions of the virus making it so.

## Our 3 critical rules of portfolio construction

1. Hold well run, highly cash-generative companies with strong balance sheets which won't be unduly threatened by an economic slowdown;
2. Hold liquid investments for protection in periods of market stress; and
3. Avoid tail risk by holding companies you know and understand rather than holding a larger portfolio with an eye to benchmark composition.

We believe that adopting an investment approach that acknowledges the powerful forces of disruption that have been unleashed will help you manage through this current crisis. The pace of acceleration of digitisation will continue to increase for some time to come, and so now is the time to consider a portfolio exposure to the companies which are at the forefront of these structural changes.



Investment insights from  
Alex Pollak, CIO of Loftus Peak.

For more information head to [loftuspeak.com.au](http://loftuspeak.com.au)

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# NEW AUTOMATED CPD SHARING ON FPA MY CPD

The FPA has rolled out a new tool as part of the FPA My CPD Portal, which will enable the sharing of CPD data between education providers and the FPA, while simplifying the CPD record-keeping of members.

Called the Learning Record System, this latest tool allows the FPA to automate the sharing of completed CPD data within the wider financial planning education network.

According to FPA Head of Education, Joanna Matthew, the Learning Record System will allow the automatic uploading of completed CPD data from the FPA's education partners to the My CPD Tracker, which will help to simplify record-keeping and CPD compliance for members.

"CPD data shared via the Learning Record System will be verified and will reduce the burden on licensees to confirm that CPD data is correct. It will also remove the pain point for members when it comes to spending their valuable time transferring completed CPD data from one system

to another," says Matthew.

"The Learning Record System links into the FPA's My CPD Tracker, which allows education providers to download their CPD data, where members can track and measure their CPD in one convenient place, thereby ensuring they fulfil all their personal CPD requirements."

According to Joanna Matthew, the aim of the FPA is to integrate the Learning Record System with all its CPD education providers, with Portfolio Construction Forum being the first partner to integrate with the system. This partnership will enable members to access over 3,000 pieces of investment-related content available from Portfolio Construction Forum, including articles, education courses, lectures and videos.

"We are delighted to be working with the FPA, where Portfolio Construction Forum will provide FPA members with access to our investment content," said Graham Rich, the publisher of Portfolio Construction Forum. "We are

the first partner to link our CPD tool - My CE - with the FPA's Learning Record System.

"We see this partnership with the FPA as complementary. The Learning Record System is an important way of automating the sharing of CPD data between education businesses, like ours, and the FPA."

In developing the Learning Record System, the FPA teamed up with Androgogic - a provider of educational technology infrastructure and services, such as learning management systems.

"We're excited to introduce the Learning Record System as the newest tool in the FPA My CPD Portal, which includes My CPD Tracker and My CPD Finder. We believe that by enabling education providers to automate the sharing of their CPD data with the FPA in one central online hub, members will have a more streamlined way of managing their CPD," Matthew says.

To access FPA My CPD Portal, go to [learn.fpa.com.au](http://learn.fpa.com.au).

## *The FPA congratulates the following members who have been admitted as* **CERTIFIED FINANCIAL PLANNER® PRACTITIONERS**



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### SA

**Thomas Huxtable CFP®**  
JB Were

**Benjamin Wells CFP®**  
ANZ Financial Planning

### WA

**Matthew Voce CFP®**  
TWD



# FPA [VIRTUAL] CONGRESS KEYNOTE EVENT: 3 SEPTEMBER 2020

This year the FPA Congress is giving members a chance to learn in a whole new way. With a series of virtual events running from 6 July to 19 October, we're offering masterclasses across four streams: The Regulators, Investment Markets and Portfolio Design, The FASEA Code of Ethics in Practice, and Professional Wellness and Client Care.

We're also delighted to announce that award-winning TV journalist, Helen Dalley, will be joining us to host the Congress Keynote event – Uncovering the Value of Financial Advice – on Thursday 3 September at 10.30am.

This virtual session promises to be an outstanding opportunity for all stakeholders involved in the financial planning process to share insights on

the importance of financial planning to individuals and communities.

The keynote will showcase stories from planners and clients, as well as key stakeholders and influencers in the finance space.

In a year when Australians have faced disruption from drought, bushfires and the global COVID-19 crisis, the program will highlight the positive impact financial planning has had in people's lives. Circumstances like these demonstrate just how critical financial planning is to the wellbeing of clients and their families.

This unique event will present a positive perspective on a profession that is undergoing transformation from within, as well as rising to the challenges and

opportunities of a changing economic landscape.

"This will be a proud moment of bringing our community together, to celebrate the work we do and acknowledge how vital this work is for our economy and community," says Michelle Tate-Lovely CFP®, Chair of the FPA Congress Committee.

The keynote is open to those registered for the Congress and will also be available for registrations as a stand alone.

—  
Visit [fpa.com.au/virtualcongress](https://fpa.com.au/virtualcongress) to find out more about all FPA Virtual Congress events and to register and get involved.

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# YOU SAY

*2020 has been a year of extraordinary change, highlighting how important it is for our leaders to keep people calm and informed. Three financial planners share their thoughts on what we look for in leadership during these uncertain times.*

**Ben Hatcher**  
CFP®

Principal Financial  
Adviser  
Tailor-Made Financial  
Services



**Susie Erratt**  
CFP®

Financial Planner  
Advanced Financial  
Planning Solutions



**Martin Webb**  
CFP®

Director  
Graham Financial  
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Clear communication and decisive action are essential during times of crisis. Whether they're hearing from financial planners or public health experts, people want the facts and to know leaders understand what they're going through.

## **Do you think we are looking more to experts for leadership during the COVID-19 crisis?**

**BH** “ Absolutely. We are certainly relying on health experts to provide guidance and quality information. Given the rapidly changing world, we are being forced to rely on our political leaders to make quick and hopefully, the right decisions.

I know our clients have looked to us for guidance on the financial impacts. We have trialed webinars for the first time, when the markets were in turmoil and the uptake was very pleasing.

Sometimes though, the media make it very difficult to ascertain who the real experts are (so many people from obscure Institutes being wheeled into TV interviews).

**SE** “ In times of crisis we often look to established experts. Recently, in the case of the bushfires, most of us can recall Shane Fitzsimmons from NSW Rural Fire Service or Professor Brendan Murphy, the Chief Medical Officer. We take comfort that they are experts in their fields and whilst employed by the Government, we expect them to be apolitical.

**MW** “ I believe we are being presented with more experts. Both State and Federal leaders have consistently deferred to 'experts' to explain what COVID-19 is and how we can best reduce the risk of catching and spreading the virus.

The fear and uncertainty created by the pandemic has provided an environment where the community has perhaps been more willing to accept an 'expert' view. This approach has put enormous pressure on our elected leaders to limit questions of experts that can be answered within their expertise. Medical expertise will have opinions on saving lives but perhaps less conviction on saving the economy.

## **What qualities do you think leaders need to help people stay calm and take positive actions during a crisis?**

**BH** “ I think clear, consistent and honest communication from leaders is imperative to show empathy for those in stress and need, and to keep people informed.

Leaders who have empowered people by delegating and trusting, has been a very positive upshot of the current crisis. Those who showed initial leadership with technology, work from home and other flexible arrangements, is a classic example of 'loss of control' for employers but has really been a wonderful opportunity, that can lead to increased productivity and job satisfaction.



**SE** “ Good leaders can do that. They must be able to listen, process and articulate their vision. However, equally, they must be able to take their audience with them. It doesn’t matter how good or clear their vision is if no one believes them or wants to accompany them on the journey. Authenticity is critical. You will not get it right every time, and neither should you, as this would indicate that new information is not being factored in. It is, however, important to acknowledge mistakes. People are far more forgiving when people own their errors or misguidance than when they blindly plough on and hope no one will notice.

**MW** “ The self-awareness that they do not have all the answers and the confidence to accept that this is okay. Leadership requires intellectual humility – a deep understanding of limitations and personal biases.

A good leader will know that they will be forced to make decisions in an environment that is uncertain. To quote: “No amount of sophistication is going to allay the fact that all of your knowledge is about the past and all your decisions are about the future.” (Ian E Wilson)

Leaders will demonstrate the confidence to seek views that challenge the status quo and the courage to change their mind when the situation changes around them – because it will.

### ***With so much uncertainty about the Australian and global economy, is it now more important to seek professional advice on your finances?***

**BH** “ Being a financial planner, the answer is a most definitive yes! But, in all seriousness, I would say getting quality information about so many aspects of life at the moment (health, ever changing travel restrictions, dealing with mental stress e.t.c.) is critical. Uncertainty creates much emotion, and therefore, getting professional advice on finances before making any big decisions is really important in the current environment.

**SE** “ In the current world of geopolitical uncertainty, coupled with a pandemic, it is more important than ever to listen to and take advice. It is hard enough for professionals to come to consensus on some things and they have all the information in front of them. A recent case in point is Afterpay. The share price was \$72.50. One broking house had a sell on it at \$27 fair value and another had a buy on it with fair value at \$101.

Due to the pandemic, people are more emotional about their finances than ever. Frequently this is a bad thing. It is very important for our economic

leaders to be clear and calm about what is happening, and while focusing on the positives, it should not be sugar coated. Not delivering too many messages at once is vital and politicians, in particular, have been very careful to clearly articulate the key message of the day. Similarly, with economists. They are constantly reminding us that investing is a long-term strategy and the basics of the Australian economy are strong. If you are unsure, seek advice.

Your peace of mind is as important as your bank balance.

**MW** “ I can accept that COVID-19 has raised anxiety but not uncertainty. Is today’s future really anymore (or less) uncertain than at other points in the past ... when we looked into the future?

The global economy is an infinitely complicated web of interconnections that is constantly changing. We need to accept that the only certainty is uncertainty. If we are to learn from the past, we should recognise that financial security is destroyed by poor decisions. History shows that poor decisions happen all the time.

If professional advice protects you from poor decisions, then you should seek it all the time.



# WHAT REMOTE LEADERSHIP REVEALS

*What are the leadership characteristics you see in yourself, as working lives transform in response to COVID-19? Leadership experts Sandy Wright and Milo-Arne Wilkinson explore different styles of leadership and how they are likely to be holding up in this crisis.*

There is something in the human psyche that craves leadership in a crisis. Under threat our tolerance for shades of grey is low, and that craving for leadership becomes binary. We either want someone who will tell us what to do and provide certainty (autocrat) or we want someone who will lift us and guide us to the promised land (messiah). Preferably we want both at the same time.

So, what can you do as a leader now? The internet is awash with articles about leading teams remotely and working from home – 42.5 million results in 43 seconds in fact! Let's try another tack in examining your leadership and how your character is holding up under pressure. Where are you on the autocrat/messiah continuum – are you fulfilling your inner autocrat or becoming the messiah you always believed you were? Or are you blossoming by recruiting both personas at the appropriate times?

Let's explore how these personas can play out in the workplace.

## PETER

Pre-COVID Peter was a well-respected, long-standing business-owner running a tight ship. He hand-picked a team who are dedicated, hard-working and loyal. Customers regularly rated the business highly and were happy to recommend it to others.

Peter was not a fan of flexible working but recognised he had to allow limited flexibility to be seen as a 'modern' leader. When the Government mandated lockdown, he was shocked. Aside from the need to equip his workforce with the ability to work from their homes, he quickly noticed the loss of proximity and inability to see them working created anxiety for him.

Peter mandated daily online meetings which started out well with good-natured discussion. Soon, however, the meetings took the form of a report from each person about what they did the day before. Then he would ask them to write down what had to be done before the next meeting. In his intensity he failed to notice the eye rolls and body language of his people, nor did he know that they were communicating secretly on a What's App group where this loyal work force were rapidly losing respect and even mocking him.

Peter's anxiety in this crisis unleashed his inner autocrat. If he doesn't recognise this and change his behaviour, his leadership may not survive, not only this period of COVID crisis, but will also have long-lasting effects when all this is over.

## KIM

Kim ran a consultancy business based on online bookings from her many consultants. Kim relied heavily on her reputation and charisma in dealing with the consultants, many of whom were inspired by her. The business attracted loyal customers who developed strong relationships with the consultants. Pre-COVID things ran like clockwork and communication amongst Kim and her team was high and regular.

During COVID, Kim stopped contacting the consultants directly and instead posted inspirational quotes and wisdom on her Facebook and Instagram accounts. There was no curiosity about how any of them were faring individually, nor did she encourage any sharing of experience. She made little effort to support the consultants with JobKeeper and instead told people to access JobSeeker.

On social media she hinted there were surprises in store when lockdown eased and sure enough a week before re-opening she announced new premises with new equipment. Not one consultant had been 'consulted'. She made the assumption that they all still wanted to be part of the team not realising that some of them had become so disillusioned and disconnected with her they were talking about creating a rival business.



## MEET HEATHER

Heather had only recently been appointed to a more senior role in her organisation. She knew she was going to have to prove herself because her new team was made up of former peers, only some of whom supported her move to a leadership role.

Then came the lockdown. The organisation was sending everyone home in a few days. She called her team together and laid out a strategy for handling the crisis that she had worked on all night. She made it clear which decisions were mandatory with no negotiation, which required negotiation and agreement from everyone or if no agreement then she would decide.

Heather then talked about how this strategy was designed to give people structure and safety so they could express fears and hopes and feel confident in being heard. In consultation with the team they crafted a series of messages to go out to staff appealing to their ability to rise to the occasion, how trusted they were and how much faith the senior team had in them.

With her team Heather set up a rhythm for online meetings with a variety of purposes – some were task reporting and information sharing, some were designated as 20 minute ‘coffee’ meetings where checking in and personal news only was shared.

Heather’s ability to shift gears in style and recognition of different needs won respect. She was able to curb the extremes of autocracy or messiah behaviour while recognising the advantages in small doses of both.

### WHAT CAN WE LEARN?

How has the pressure of COVID-19 revealed your character? Here’s how to perform all the roles your people expect of you:

- Find your areas of structure and autocracy to give some certainty to your team.
- Assess the content of your meetings – is there a variety of purpose and length of time? Online meetings tire the brain so make sure the content is worth it and not just a one-way process that serves only your needs as a leader.
- Be aware of your language and messages. When was the last time you inspired your people with language that stirs their better selves? Remember the words you use determine the emotions and behaviours of others. As a leader, a ‘command and control’ style will not work. The world has changed and telling people what to do will no longer work or earn respect.
- Ask yourself honestly, what is your character under pressure and what to you want it to be?

- Ask yourself what you would like people to be thinking, feeling and doing as a result of dealing with you.
- Be prepared to feel and show uncertainty and vulnerability because it will only improve your own honesty and external credibility. People are longing for that positive message, but we will not believe the positive messages if we are not transparent about the negative parts as well.

We serve as crisis leadership experts and have seen a procession of challenged leaders over the past six months. Our observation is simple, those who are willing to admit they are struggling in this climate are more likely to adapt and adjust than those whose words say ‘I’m fine’ but their actions show otherwise.

Remember, whatever impact a leader has on a culture can take 18 months to undo. Intentional leadership is now the ‘new normal’.

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**Sandy Wright is Program Director and Curator and Milo-Arne Wilkinson is a Behavioural Scientist for the Eleven Executive Leadership Program from Kaplan Professional.**

# POLICY PLATFORM IN FOCUS: REGULATION OF FINANCIAL ADVICE

*In the second of a five-part series, we focus on section two of the new FPA policy platform, Affordable Advice, Sustainable Profession. Effective consumer protection is a vital issue for our profession and we're putting forward a number of practical measures to reduce confusion for the benefit of both financial planners and clients.*

For clients to feel comfortable sharing information with and seeking advice from financial planning professionals, trust is essential. That trust comes from the personal relationship they have with their financial planner and the understanding that they are receiving advice from a qualified professional with a high standard of knowledge. But it also comes from having complete and effective consumer protections in place. These are the mechanisms that set consumers' expectations of the quality of advice they receive and allow them to seek fair compensation if these expectations are not met and they are disadvantaged as a result.

## BRINGING CLARITY TO TERMS AND DEFINITIONS

The Code of Ethics that now applies to financial planners has introduced principles to guide financial planners in delivering advice and recommendations that are in the best interest of their clients. However, there are a number of terms and definitions that can introduce confusion, for both financial planners and consumers, as to whether advice meets the best interest requirement.

By making amendments to a number of definitions that are still included in the *Corporations Act*, we believe there will be greater clarity on best interest for all stakeholders in the advice process.

## THE NATURE OF ADVICE

In March 2019, ASIC published its *Financial Advice: Mind the Gap Report 614*, exploring issues with consumer awareness and understanding of general and

personal advice. The report highlighted a problem that many in our profession are all too aware of – consumers receiving general advice benefit from minimal consumer protections.

Among the findings was the suggestion that the word 'advice' can lead consumers to expect that general advice is relevant to their

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*There are a number of terms and definitions that can introduce confusion, for both financial planners and consumers, as to whether advice meets the best interest requirement.”*

personal circumstances. This is why we make the case for changing the language altogether to make it very clear whether a consumer is receiving advice on the basis of their own personal circumstances. By restricting the use of the word 'advice' to personal advice only, we remove much of the ambiguity that can leave consumers following general advice assuming that it is tailored to their circumstances and in their best interests.

## PROTECTING BEST INTEREST FOR HIGH NEW WORTH CLIENTS

In the *Corporations Act*, we also find a definition and threshold for a 'sophisticated/wholesale investor' that could, in some cases, conflict with the FASEA Code of Ethics. An example provided on page 11 of the Code of Ethics demonstrates this, by describing a hypothetical case of a financial planner treating a client as a wholesale client with competency in financial matters on the basis of the value of real estate assets.

To protect both consumers and financial planners from the consequences of such ethical breaches, it makes sense to revisit and update the definition of a wholesale investor in the *Corporations Act*. This would bring clarity and better outcomes for financial advice scenarios where clients hold assets of substantial value but have limited financial capability.

## TERMS THAT CAN BE TRUSTED

With the raising of education standards for financial planning professionals comes a more clearly defined boundary between those qualified to provide financial advice and those who are not. The terms financial planner and financial adviser can only be used by professionals who have achieved these advanced education standards and the required period of experience.

The use of terms such as financial coach or financial mentor can introduce confusion for consumers as to whether that professional is qualified to provide advice. This is why we recommend an ASIC review of all terms – including financial planner and financial adviser – to determine





if current restrictions are effective in protecting consumers from unqualified advice.

## ADEQUATE COMPENSATION FOR BREACHES

Although Professional Indemnity Insurance (PII) is a requirement for all financial planners to be licensed, there is currently limited oversight of this requirement as well as issues with prohibitive costs from PII providers. This can lead to some financial planners letting policies lapse over time or not arranging adequate cover in the first place. This, in turn, creates problems for consumers seeking compensation for a breach of law or professional standards.

In the 2012 *Richard St. John* report, a number of recommendations were made to improve the operation of PII in financial services. In this policy platform we advocate for the Government to revisit these recommendations so consumers can access compensation when they need to.

Consumer protections are an essential part of the scaffold our profession builds its reputation on. In laying out these practical, achievable reforms in our policy platform document we are seeking to limit the potential for consumers to be exposed to misconduct and financial loss as a result.

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**You can download the Policy Platform in full from the FPA website at [fpa.com.au/policyplatform](https://fpa.com.au/policyplatform). We welcome comments and conversations on this document from members on our FPA Community Portal at [community.fpa.com.au](https://community.fpa.com.au).**

# EFFECTIVE CONSUMER PROTECTIONS RECOMMENDATIONS – A SUMMARY

## 2.1 GENERAL ADVICE

The law should be changed to rename the term ‘general advice’ to ‘product information’ and ‘strategy information’, which better reflects the definition and is less misleading to consumers. Any replacement must ensure that the term ‘advice’ can only be used in association with ‘personal advice’ – that is, advice that takes into consideration personal circumstances.

The general advice warning should be amended to include a statement that the recipient may benefit from advice which takes account of their personal circumstances and they should consider seeking advice from a financial planner.

At an appropriate point after renaming ‘general advice’ and amending the general advice warning, the Government should review the use of general advice to determine whether general advice is being provided in appropriate circumstances and if consumer interests are being protected.

## 2.2 RESTRICTED AND LIKE TERMS PROTECTION

ASIC should review the use of the terms ‘financial planner’, ‘financial adviser’ and like terms (including ‘financial coach’, ‘financial mentor’ and ‘financial guru’) to determine if restrictions on the use of these terms are effectively protecting consumers from unqualified financial advice.

## 2.3 SOPHISTICATED INVESTOR

The law should be changed to revise the test for a ‘sophisticated investor’ by increasing the dollar-value threshold to an appropriate and contemporary level, providing a method for indexation and introducing a financial capability measure.

## 2.4 PROFESSIONAL INDEMNITY INSURANCE

The recommendations of the *Richard St. John* report on ‘Compensation arrangements for consumers of financial services’ should be implemented in full to manage the cost, operation and effectiveness of professional indemnity insurance.



# BOLD STEPS TOWARDS CHANGE FOR INDIGENOUS AUSTRALIANS

*As CEO for the First Nations Foundation, Phil Usher is bringing his hallmark ideas and energy to a changed agenda for 2020 and beyond. He talks to Miriam DeLacy about his take on leadership and his goals for building financial capability and prosperity among Australia's First Peoples.*

Even if COVID-19 hadn't placed extraordinary limits on how we live and work, Phil Usher would still have major challenges to rise to in 2020. Having been Treasurer for the First Nations Foundation since 2017, Phil started the year as CEO for this not-for-profit on a mission to bring financial prosperity to Indigenous Australians.

A proud Wiradjuri man in his 30s, Phil is younger than your average CEO. During his varied career, he's worked in the public sector, start-ups, business consulting, investment ventures and more. From working for the Department of Human Services to setting up, running and selling his own online businesses, Phil's interests and skills are wide-ranging to say the least. He has a clear ambition to be continually learning and innovating in order to reach his goals.

His track record and achievements have inspired confidence in his fellow First Nations Foundation board members. Phil was 'discovered' by the team when speaking about his investing journey at a conference in Geelong, Victoria. "I was talking about compound interest and how learning about it in my teens gave me the ambition to start investing," says Phil. "I made it a goal to have \$100k in investments by the time I was 30. I missed it by about two months."

## **SAME GOALS, NEW PATHWAY**

Three years after this chance meeting, Phil took over as CEO for the First

Nations Foundation. Three months after that, COVID-19 changed the entire world, causing significant disruption to their 2020 agenda. But with characteristic creativity and determination, Phil saw this as an opportunity to find a new way to keep advancing towards their goals.

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The goal posts remain the same regardless of what obstacles you have in front of you. If you can avoid being overwhelmed by an unexpected change you can have the presence of mind to sit back, assess the situation and come up with alternatives.”

“For the last six years, we'd been running the Big Super Day Out as a major event for remote Indigenous communities,” says Phil. “This was a face-to-face event bringing

representatives from super funds to these communities to connect people with their lost super. The events were a tremendous success, enabling 1,636 Aboriginal people to recover more than \$24 million in super.

“With border restrictions, social isolation and the vulnerability of these remote communities to coronavirus, there was no way we could go ahead with the 2020 event. So we set about finding a solution that would continue to have this same positive impact on our overall goal of securing wealth for Aboriginal people.”

This is where Phil's start-up mindset came to the fore. “When you've got that experience of being an entrepreneur you can keep following a vision without getting stuck in the how you get there part,” he says. “The goal posts remain the same regardless of what obstacles you have in front of you. If you can avoid being overwhelmed by an unexpected change you can have the presence of mind to sit back, assess the situation and come up with alternatives.”

The solution taken up by the First Nations Foundation and their sponsors and funding bodies is a purpose-built online superannuation guide, written and designed with Indigenous people in mind. “It's a simple step-by-step guide to what super is and how to navigate the whole system, including instructions for MyGov to connect you with your lost super,” says Phil. “It's aimed at a younger audience aged 25-40 who might have had a few different



jobs, with thousands of dollars in SG contributions spread around different accounts. With so much time on their side to earn compounding returns, it's really important for this age group to bring all their super together."

While this initiative may not be designed to target all Indigenous Australians, Phil, his team and sponsors have confidence the website will be attracting a broad audience following launch in early July. "When I worked for the Department of Human Services we saw a very strong take-up rate among Aboriginal people for self-service access to Centrelink compared with other cohorts," he says. "It might be pitched to a younger audience, but we expect it will also support other age groups who haven't yet engaged with their super online."

## A COMMITTED, CREATIVE LEADER

In addition to rebooting the 2020 program for the First Nations Foundation, Phil has been very focused on connecting with his team and supporting them through the inevitable workplace changes of COVID-19.

"With people working from Newcastle, Melbourne and Brisbane, we're a distributed team anyway," says Phil. "So getting used to remote working wasn't really an issue. My main focus was to get everybody comfortable with my leadership style. I'm the opposite of a micro manager so it's less about the time you're putting in and more about meeting those KPIs and delivering what the project needs."

"Having said that, I wouldn't want anyone in my team working long days to stay on top of their workload. I've spent much of my career having a full-time job and working on side hustles and I've learned first-hand about the diminishing returns of working long hours to try and get more done. I've definitely found that doing less means being more productive so I'm keeping an eye on everyone to make sure they're able to get tasks done within a normal working week."

In describing these early career experiences, Phil tells a story of his challenging and creative approach to leadership. "I took up my first official leadership position at 27," he says. "I was the youngest in the team by 15-20 years. You're surrounded by people older than you which brings this great opportunity to absorb the knowledge that comes with experience. But as someone younger I had this drive to question the status quo. If I saw a way

to change things, I'd just come right out and ask. To other people in my team that seemed quite audacious but to me it was natural."

Phil credits the start-up culture of the early 21<sup>st</sup> century as having a strong influence on this why - not? attitude. "Watching TV shows like *Shark Tank* when I was younger showed me there really were very few barriers to innovation," he says. "Then we see a business like Uber come out of nowhere. For the last couple of decades we've been surrounded by these case studies of what you can achieve when you think outside of the box. As an entrepreneur and leader, I've found this to be a huge source of creative inspiration."

## TEAM MEMBERS AND MENTORS

At the First Nations Foundation, Phil continues to be the creative driver, pursuing a vision and setting ambitious goals. But he's the first to admit that his leadership style of getting things happening at speed can benefit from some practical planning. "I like to think big and chase down goals as fast as possible and I need a reality check sometimes," says Phil. "I've been very lucky at First Nations Foundation to have a working partnership with our Operations Manager who's really strong on all the practical details."

"Looking back on some of the most successful creatives in history, I see many examples of the partnerships it takes for ideas to actually have impact. Walt Disney may have been the gifted artist but it was his brother who came along and used his business acumen to build the animated movie empire we know today."

This Disney example is a clue to another source of Phil's leadership inspiration. He's an avid reader on a range of topics from biographies to Buddhism to behavioural finance.

"I find books to be an incredible source of knowledge," he says. "I'll read about someone successful and come away with the essence of their approach broken down into just a few key points. For Richard Branson, for example, it comes down to three things - having fun, investing in people because they're your biggest asset and if you were down to your last dollar, you'd spend it on PR."

## A TRANSFORMATION JOURNEY

Although Phil generally prefers audio books these days, he can trace his love

of reading back to high school. "In the year I turned 16, I met my wife for the first time," he says. "She was one of the really smart kids and gave me a lot of confidence. I also had this amazing English teacher who took me from English Standard to Advanced and I ended up finishing third in the class."

"This was a pivotal time in my life. I grew up in a housing commission area in Tamworth as one of six kids, with Mum looking after us and Dad working as a general assistant at local schools. I had no concept of wealth in primary school but I never felt like I missed out on anything. We still got to go on school trips and, looking back, I don't know how mum and dad managed it on the money they had."

"When I reached my teens, I became aware that money was actually pretty tight. Then my sister gave me a book for my 16<sup>th</sup> birthday which introduced me to key financial concepts. I learned about inflation and figured out how it would impact my buying power for the football cards I was collecting at the time. If the price of a pack went up from one dollar to \$1.10, I'd need to save an extra dollar to buy 10 packs."

## CHANGING DEFINITIONS OF WEALTH

Phil took business studies in year 11 and 12, going on to university to complete a Bachelor of Business and then a Financial Planning Diploma. Throughout his career, he's been dedicated to using this knowledge of the money world to support others, particularly people in Indigenous communities. Before joining the First Nations Foundation he took up a role in the Indigenous community engagement team in Redfern for the Department of Human Services. This work saw him connecting Aboriginal people with Centrelink services and supporting students and people who were homeless.

"From my own experiences growing up I learned that wealth accumulation isn't part of our Indigenous culture," says Phil. "We see our parents living paycheque to paycheque, so it's no surprise to discover 48 per cent of Indigenous people in Australia live in financial stress. This figure comes from a 2019 research report from the First Nations Foundation, in partnership with the Centre for Social Impact and National Australia Bank."

My Money Stories is another recent First Nations Foundation research project that reveals the difference in cultural norms between Aboriginal and



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*We have more Aboriginal people taking up senior professional roles and advancing in their career. So there's this opportunity to support them with practical knowledge and advice about money that they may not have picked up from family members and peers.”*

non-Aboriginal people. “We asked non-Aboriginal people what wealth means to them and they say owning a boat is their idea of being wealthy,” says Phil. “For Aboriginal people, wealth means a fridge full of food, so you can provide for your family and neighbours.

“For our people, wealth has never been about asset acquisition, it's about making do and looking after each other. I've been to Europe with my wife who is from an Italian family and I see the castles and all the buildings that show us the hierarchies these ancient empires were built on. In Australia, you don't see these because there was no empire building in our Aboriginal history. We had 500 tribes across the continent. There may have been conflict now and again, but no-one was trying to expand their territory and take more than they needed to look after the tribe.”

### **A FRESH PERSPECTIVE ON FINANCIAL EDUCATION**

With this cultural understanding of wealth in mind, the First Nations Foundation are taking a whole new approach to financial education

for Indigenous people. “With the Super Guarantee we are starting to see Aboriginal families with wealth to transfer from one generation to another,” says Phil. “And we also have more Aboriginal people taking up senior professional roles and advancing in their career. So, there's this opportunity to support them with practical knowledge and advice about money that they may not have picked up from family members and peers.

“In November, we'll be launching our Indigenous Money website, which is all about supporting Aboriginal people to get comfortable with looking after their money. It's a financial education resource, like *Finder* or *Money Magazine*, with practical tips on everything from getting a Tax File Number to how to finance a car. But the content is coming from around 30 Indigenous financial planners and financial counsellors. It's written for Aboriginal people, by Aboriginal people who understand these cultural differences and habits our audience have grown up with.”

### **FOUNDATIONS FOR A CHALLENGING FUTURE**

With 2020 expected to be a tough year financially for all Australians, the launch of Indigenous Money couldn't be coming at a better time. “This is going to be a challenging time. The Kinaway Chamber of Commerce which represents Aboriginal business owners in Victoria expects that over 50 per cent won't see their business survive.”

As a leader in a community that's facing such difficulties, Phil draws on the example of one of his leadership mentors, Nelson Mandela.

“I wouldn't call myself a natural leader and I don't self-nominate as one,” says Phil. “But I have always been that go-to person offering reassurance in a crisis. These times remind me of a story from Nelson Mandela's biography when he describes being on a flight during a patch of turbulence. As the aircraft was plunging and rolling, he kept reading his newspaper with an air of calm, even though he was just as terrified as everyone else. This is what it means to be a leader when the future looks uncertain and frightening. You need to be that strong foundation people can look to and know things are going to be okay.”

# THE GLOBAL REACH

*As the world slowly recovers from the COVID-19 pandemic, investors are being reminded of the opportunities and diversification benefits of global equities.*

*Jayson Forrest reports.*

Gripped by COVID-19 and an escalation in geopolitical tensions, it's hardly surprising that the past six months have been hugely unpredictable and volatile for global and local markets.

Recently, sentiment has turned negative on concern that the spreading coronavirus could force policymakers to slow the pace, or reverse, business re-openings, while the International Monetary Fund (IMF) downgraded its outlook for the world economy, projecting a significantly deeper recession and slower recovery than it anticipated in April.

Add to this an escalation in cyber 'cold war' tensions, increasing angst between China and the West, and a potential second wave of COVID-19, it appears volatility will continue to shape markets for some time to come.

According to Perks' director Simon Wotherspoon CFP® and his colleague Jason Russo – Head of Investment Research at Perks – the impact of policy easing and the introduction of government stimulus packages cannot be overestimated. They believe the swift action by central banks has eased many of the tensions in financial markets that built up in February and March.

"Credit markets have reopened. Capital outflows have stabilised across emerging market debt and equity funds," says Simon. "Meanwhile, governments have implemented significant fiscal programs that have gone a long way to relieve the worries over permanent structural damage and the scarring of economies that might otherwise have occurred during the period of lockdown."

Jason agrees, adding that we have recently seen an unexpected recovery, as the share market continues to rise, spurred by government stimulus and a sense that the global economy is beginning to normalise, with tollways in the U.S. returning to January levels, while foot traffic in European malls is back to 80 per cent of their pre-crisis levels.

So, given this rebound in markets around the world, should financial planners be re-considering global equities as part of their clients' investment portfolios?

## **HEDGING AGAINST VOLATILITY**

The Chief Investment Officer and Portfolio Manager at Bell Asset Management, Ned Bell, says planners should definitely continue to look at global opportunities. And while the impact of COVID-19 has not been as severe in Australia compared to other countries, he believes there

are still some very good companies and sectors overseas that you just cannot access in Australia.

"We saw a big sell-off in March and that gave us a great opportunity, as an active manager, to pick up some of the best quality companies available. And I think we will get more of those opportunities. This is a really good time to buy high quality companies, particularly when they are out of favour."

Despite the current volatility in the market, global equities continue to provide significant diversification benefits to an investor's portfolio, particularly in respect to a typical Aussie equities investor, where most portfolios are heavily concentrated on a relatively narrow universe of banks and mining companies.

"When you look overseas, you can get exposure to high quality tech companies, healthcare and consumer discretionary stocks that you simply don't get exposure to by investing in the local market," says Ned.

It's a view supported by Alex Pollak – the Chief Investment Officer and founder of Loftus Peak, a global funds manager with a focus on disruptive businesses.

"The global companies we invest in have products or services that are either not replicable, or not easily replicable, by companies in Australia," Alex says. "For example, big cloud and data services companies, and businesses that have a global reach with their products."

"Investing globally means Australian investors have access to significant growth profiles that wouldn't necessarily be available in Australia. The share prices of these global companies have performed well over a protracted period, but there is arguably still plenty of upside left."

Jason agrees: "In Australia we have limited access to some of the rapidly growing tech sectors, with concentration typically in materials and financials. However, both these sectors face ongoing challenges, so investing overseas provides much broader access to growth sectors."

"Investing overseas in unhedged equities typically provides a 'hedge' in volatile markets. We saw this as the COVID-19 panic set in during March. Unhedged international equities held up much better than Australian shares."

"So, when you have the right combination of strategies that deliver returns in a smart way, it gives you a portfolio that is more resilient to changes in correlations and to market events, a role in which global equities plays a key part."



# KEY THEMES SHAPING UP

*When it comes to future gazing, the one thing experts agree on is that volatility is likely to remain in the market for some time to come. That volatility is likely to be predicated on a number of key themes. These include:*

## 1 EARNINGS REPORTING SEASON

The U.S. earnings reporting season kicks off in July. This will largely be the first time the market gets commentary from companies on the impact of coronavirus over a full quarter of COVID-19 related conditions.

## 2 U.S. PRESIDENTIAL ELECTION

One topic that has fallen off the radar is the upcoming U.S. presidential election. However, since the start of the COVID-19 crisis in the U.S., the contest has become much closer.

## 3 GLOBAL TRADE TENSIONS

Rising tensions between the world's two largest economies – the U.S. and China – continue to deteriorate, which will affect markets and could lead to delays in reopening economies.

## 4 WINNING BUSINESSES

There is a subset of the market which can be classified as 'winning businesses'. These are businesses in sectors like IT and e-commerce that were already doing well pre COVID-19, and have travelled through the coronavirus crisis largely unscathed.

## 5 CHALLENGED BUSINESSES

The global recession will only accelerate the headwinds and potential demise of 'challenged businesses', including traditional retail business models and some energy companies dependent on fossil fuels.

With so much volatility, uncertainty and opportunities in the market, Simon Wotherspoon CFP® says there are three key messages that investors should keep in mind when allocating to global equities.

Firstly, he says, they should take a long-term view and not be panicked by short-term volatility. Secondly, maintain adequate portfolio diversification given the broad range of possible outcomes. And thirdly: "Be prepared to be offensive when others are fearful, and defensive when others are greedy."

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“So, when you have the right

combination of strategies that deliver returns in a smart way, it gives you a portfolio that is more resilient to changes in correlations and to market events, a role in which global equities plays a key part.”

As an asset class, Jeff Thomson – a portfolio manager at Alphinity Investment Management – agrees that diversification and access to greater investment opportunities are two compelling reasons to stay invested in global equities. But he also includes another important reason – relative value.

“Global equities offer good relative value compared to other asset classes. In a world of zero interest rates and a U.S. 10-year bond yield of approximately 60bps, the yield gap of global equities is below average, suggesting that it's still a relatively cheap asset class,” Jeff says.

## STRONG MARKET REBOUND

Yet, despite all the global volatility this year, markets have recorded strong rallies and are near their highs. It sounds counter-intuitive, but it's something Ned cautions planners to be aware of.

“The reality is markets have overshot on the upside. I always think about what a market is pricing in and then what's realistic in terms of what is being priced in. For example, if you look at the MSCI World Index, it's basically back to where it was in October 2019. So, it's pricing in a very similar outlook to what was priced in at October (pre-COVID), which does seem ridiculous.

“So, the index is now pricing in a U-type recovery, suggesting that the COVID-19 crisis will subside, which it's clearly not and actually seems to be getting worse. And it's also pricing in a very sharp earnings recovery next year, which looks increasingly unlikely.”

But why have markets rebounded so strongly?

According to Alex, it's a result of a relatively small number of very large disruptive companies, like Amazon and Microsoft, that have driven the market higher during the current coronavirus pandemic.

“Two months into the COVID-19 pandemic, Microsoft discovered that elements of its two-year growth plan for the digitisation of services had happened in just a few weeks. This acceleration of digitisation, which enabled people and businesses to

continue operating remotely, is what lit a bonfire under the stock prices of some of these companies.”

It's a view supported by Jason, who says much of the rise in markets has been concentrated on those companies that are perceived to have been the beneficiaries of the shutdown.

“Global equity markets, which have now bounced back to be close to flat for 2020, are being led by the winners in this new environment, such as IT and e-commerce,” he says.

However, while tech stocks have carried the markets back to near all-time highs, it's worth remembering that over 60 per cent of stocks are still more than 20 per cent away from their pre-pandemic highs.

“So, while companies like Amazon, Netflix and Microsoft have thrived, many stocks have been left behind in the recent rally. This bifurcation, or separation, now sees the top five stocks – Facebook, Amazon, Apple, Alphabet and Microsoft – account for more than 20 per cent of the U.S. market's entire value, which is the most concentrated it has been in history,” says Jason.

As a result of this rebound in equity prices, valuations have reached high levels again.

“Most equity markets now trade at 24-month forward P/E ratios not seen since the lofty days of the late 1990s. We see downside risks in the near term, followed by modest returns in equities, albeit better than in most other assets,” says Jason.

## KEY CONSIDERATIONS

Despite investment companies talking about an economic recovery, how this happens will be shaped by the long-term effects of COVID-19, which are still being played out.

So, where does that leave investors?

When investing in global equities, Ned believes it's important for investors to decide what type of style exposure – growth or value – they want with their investments.

“However, we think there is a lot of risk at either end of that spectrum. So, while those momentum driven growth stocks – like Amazon, Netflix and Tesla – are currently doing well, they are very expensive. They are basically on a forward P/E of 27x earnings, which is the most expensive they have been in about 10 years,” Ned says.

# TOP 10 OPPORTUNITIES



ALEX POLLAK



NED BELL



JEFF THOMSON

*The following companies represent some of the more exciting growth opportunities available to investors in global equities.*

- 1 ACTIVISION BLIZZARD**  
A U.S. video game company, with online games including Call of Duty, World of Warcraft and Guitar Hero. It is well positioned, with strong cyclical and structural tailwinds.  
| JEFF THOMSON

- 2 AMAZON**  
Amazon, one of the big four disruptors focused on e-commerce, cloud computing, digital streaming, and artificial intelligence.  
| ALEX POLLAK

- 3 AMERICAN TOWER**  
American Tower is a U.S. real estate investment trust, and an owner and operator of wireless and broadcast communications infrastructure in several countries. It is a key beneficiary of the 5G rollout.  
| JEFF THOMSON

- 4 BLACKSTONE**  
The Blackstone Group is a leading alternative asset manager, with top quartile long-term performance and a pristine balance sheet.  
| JEFF THOMSON

- 5 BOOZ ALLEN HAMILTON**  
A specialist IT consulting business, the main clients of Booz Allen Hamilton are the U.S. Department of Defense and intelligence agencies.  
| NED BELL

- 6 HERSHEY**  
One of the largest chocolate manufacturers in the world, Hershey is a relatively defensible business, as it produces products that hold up well in volatile markets.  
| NED BELL

- 7 KROGER**  
This U.S. retail supermarket, Kroger, is relatively inexpensive and it has been a big beneficiary of COVID-19.  
| NED BELL

- 8 MICROSOFT**  
A global cloud provider, Microsoft's products and services allow businesses to significantly cut cap expenditure related to their technology needs  
| ALEX POLLAK

- 9 QUALCOMM**  
A U.S. company that has been at the forefront of mobile connectivity globally, effectively enabling in all areas of businesses.  
| ALEX POLLAK

- 10 XILINX**  
Xilinx is a U.S. technology company that develops highly flexible and adaptive processing platforms.  
| ALEX POLLAK



# THE LITTLE RED BEAR

*Tupicoffs has just celebrated its 50 years in business. Neil Kendall CFP® talks to Jayson Forrest about leadership and the secrets to Tupicoffs' longevity and success.*



**NEIL KENDALL**  
CFP®

**POSITION:** MANAGING DIRECTOR

**PRACTICE:** TUPICOFFS

**ESTABLISHED:** 1970

**LICENSEE:** TUPICOFFS

**FPA PROFESSIONAL PRACTICE:** 1 AUGUST, 2011



The 4th of July might be a time of celebration in the United States but it's also a day of celebration in the Ann Street office of Tupicoffs, as the Brisbane-based practice notches up 50 years of business.

In fact, turn back the clock five decades and in 1970, John Gorton was the Prime Minister, a litre of petrol cost you \$0.57 cents at the bowser and the average Aussie's wage was around \$6,000. But it was also the year that Gary Tupicoff first opened the doors of Tupicoffs.

When Tupicoffs first hung out its shingle on 4 July, 1970, it was not just an auspicious date shared with the United States' declaration of independence, but as its Managing Director and Owner, Neil Kendall CFP® says, it was also that same day in 2014 that Tupicoffs became independent.

"It was fitting we made our declaration of independence on the 4th of July."

Fifty years on, and Tupicoffs is a thriving independent financial planning business, with nine practitioners specialising in helping clients deal with their complex financial challenges.

And with a solid track record over five decades, the business must be doing something right, which Neil attributes to one thing: focusing on the needs of clients.

"The formula to our longevity and success has been our focus on clients," Neil says. "Throughout those 50 years, we've always been consistent about doing the right thing for clients. We've also been clear on what we do and it's very simple: we worry about our clients' money so they don't have to."

Something that is also synonymous with Tupicoffs is its mascot, the 'red bear'. Originally, the red bear was introduced by its founder, Gary Tupicoff, to reflect his Russian heritage – red for Russia and the dancing bear – adding a bit of fun to the business' unique corporate identity.

"When you have a difficult name like Tupicoffs, then a red bear is easy for people to remember. Our clients each receive a red bear and some even take them on holiday with them. They send us photos of the red bear on holiday, which we have uploaded to our website. It's a bit of fun and it's something our clients enjoy doing."

## A CLIENT'S WHOLE LIFE JOURNEY

Neil first joined Tupicoffs in 1987, when he spent a one year stint with the business, before returning in 2002 to buy the practice. To chalk up 50 years of continuous business is an achievement not lost on Neil. And while the practice has enjoyed a number of significant highlights over those five decades, the one that Neil is particularly proud of is the business being able to be part of a client's total financial journey – from beginning to end.

"As a 50-year-old firm, we've been able to enjoy the total client journey. When you've had clients for 50, 40 or 30 years, you get to see them early in their working lives, you see them get to retirement and you see them enjoying their retirement. You're on the whole journey with them."

"Seeing clients achieve their goals throughout each stage of their lives is



*The red bear adds a bit of fun to Tupicoffs' unique corporate identity.*

something that, as a five decade firm, we're able to get to do."

Another highlight for Neil was Tupicoffs becoming the first practice recognised as an FPA Professional Practice in August 2011. This accreditation recognises the high level of commitment to excellence and professional development within a financial planning practice.

And then there's the difference the business has made, and continues to make, in the lives of its clients and team members.

"What we do as financial planners makes a meaningful and positive difference in our clients' lives. That is the standard we should always be testing our advice against," Neil says. "The fact that people's lives are improved because of what we have done, is something to be proud of. That's what this profession is all about."

And the results speak for themselves, with Tupicoffs regularly taking out professional awards. Most recently, these include finalist in the 2019 FPA Professional Practice of the Year Award, with team member, Crystal Bobir CFP®, taking out the 2019 FPA Financial Planner AFP® of the Year, and Lachlan Haigh being named 2019 FPA Paraplanner of the Year, while his colleagues Andrew Mann CFP® and Julian Stephenson were finalists in the same category.

"While it's great to win awards and be recognised by your peers, it means nothing if you're not focused on doing the right thing as a practitioner, and that is making people's lives better. That's what I'm most proud of," Neil says.

## A SINGLE-MINDED FOCUS

In addition to managing the ongoing success and vision of his business, from 2011 to 2018, Neil also spent an eight year stint as a Director on the FPA Board, with the last four years

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*Seeing clients achieve their goals throughout each stage of their lives is something that, as a five decade firm, we're able to get to do.”*

| NEIL KENDALL CFP®

as Chair. During this time, he played a pivotal role in the FPA's evolution to a professional association and in raising standards for practitioner members.

And also having worked with Government and law makers to ensure the professional evolution of financial planning in Australia, you could say Neil knows a thing or two about leadership. So, what does leadership mean to him?

"Leadership is about having a clear vision," says Neil. "Even in this profession, consumers still struggle to understand what good advice is. So, being able to define that by saying – good advice makes a meaningful

and positive difference in people's lives – that gives individuals something to aspire to. Having a clear vision by outlining what needs to be done and then helping people achieve that, is leadership – both from a client and team member perspective."

And while leadership is critical from a client standpoint, Neil says it's equally as important from a staff perspective. He adds that many of the Tupicoffs' team have achieved outcomes they never even contemplated. As an example, Neil turns to 2019 FPA Financial Planner AFP® of the Year recipient, Crystal Bobir CFP®.

"Crystal joined Tupicoffs as a client services representative. We showed her the path to becoming a financial planner and encouraged her down this path. We supported her through her degree and to becoming a planner. And through this support and Crystal's own ability and hard work, she was able to win a global award – the 2018 PlanPlus Global Financial Planning Award – as well as successfully complete the CFP® Certification Program."

Tupicoffs' approach to team development is working well, with individuals being helped to realise their potential – "potential they often didn't even know they had," says Neil.

And while he admits that effective leadership can be difficult at times, Neil says the key is to maintain a single-minded focus on what's required for the business, including clients and team management.

"You need to do what you say you'll do," he says. "You need to enable and empower people, and never



# FPA PROFESSIONAL PRACTICE PROGRAM

*The FPA Professional Practice program has been specifically designed to recognise financial planning practices that go above and beyond, by adhering to the highest professional standards to deliver best practice financial advice in the local community.*

*The benefits of becoming an FPA Professional Practice are many. They include:*

## 1 RECOGNITION

As an FPA Professional Practice, your financial planning practice will become a role model, and employer of choice, within your local professional community. Your demonstration of the highest professional and ethical standards, through commitment to the FPA Code of Professional Practice and CFP® Certification, will bring your practice the recognition and respect it deserves. The use of FPA Professional Practice branding in your office, on your website and on your business stationary, will set your business apart.

## 2 NEW CLIENT OPPORTUNITIES

As part of the FPA Professional Practice program, the FPA has implemented a series of national referral programs designed to connect Australians with your practice's financial planners.

## 3 PROFESSIONAL STANDARDS

By becoming an FPA Professional Practice, the quality of your business will be instantly recognisable. That's because at least 75 per cent of your practitioners are FPA members and a minimum of 50 per cent have achieved CFP® Professional status (or will become CFP® Professionals by 30 June 2024).

## 4 PRACTICE MANAGEMENT SUPPORT

FPA Professional Practices gain exclusive access to the FPA Connect, Share and Learn workshops with your peer business principals, as well as practice management tools and discounts.

### ELIGIBILITY CRITERIA

The FPA Professional Practice program is open to:

- Self-licensed financial planning practices;
- Local branches of employed financial planners; and
- Practices under a dealer group AFSL that have been operating for at least one year.

The eligibility to become an FPA Professional Practice is:

- 75 per cent of your financial planners must be FPA members in the following categories: CFP® professional, Financial Planner AFP® or Associate.
- 50 per cent of your financial planners are already CFP® professionals (or will become CFP® Professionals by 30 June 2024). There must be at least one CFP® professional in the practice to be appointed the Relationship Manager.
- Your practice commits to upholding the FPA Code of Professional Practice.

***For more information, go to: [fpa.com.au/professional-practice](https://fpa.com.au/professional-practice) or call 1300 337 301.***



compromise on your values and beliefs. And importantly, be fair to everybody, which includes staff and clients. I believe they're the keys to good leadership and if you bring all these elements together, you put yourself in a pretty good leadership position."

## ADAPTING TO CHANGE

The COVID-19 pandemic has been challenging for most businesses but Tupicoffs has managed this crisis quite seamlessly. How? By implementing its business continuity plan.

Neil explains: "As financial planners, we plan for people's lives. We plan for their retirement. We plan for when things might go wrong for them, by ensuring they have adequate insurance. So, we take that same discipline and apply it to our business. This means we have a business continuity plan that enables us to continue to deliver our services if something was to happen unexpectedly, like a global pandemic.

"We have a business continuity plan and we enacted that plan. So, essentially, other than not operating out of our city office, it's business as usual for us.

"When you're making a promise to clients to look after them, you need to have a mechanism to deliver on that. Unexpected things do happen and you need to prepare for that. For example, in Brisbane, we've had floods and power blackouts.

"So, just as we build plans for our clients, we have a continuity plan for our business that includes contingencies for the unexpected. We need to ensure we deliver on our promise to clients, regardless of the circumstances we face."

As part of this business continuity plan, Neil has had no problem leading his team remotely, having built a strong culture within Tupicoffs, where team members clearly understand how the business works and what is needed to be done.

"Working remotely has not been a problem for the business. Everybody knows what is required of them and they know how to make decisions while working from home."

Neil's key to effectively leading a team remotely is to stay in touch with staff and build team camaraderie. He does this by conducting staff briefings twice a week via Zoom, as well as quick catch-up meetings when required. Connectivity is critical,

says Neil, who admits to making an average of 200 phone calls a week, with most of these calls to staff, to ensure they are properly supported and equipped to do their work.

Understanding that self-isolation and remote working can be difficult for some people, Neil has also introduced fun elements into the online meetings to maintain team camaraderie. This includes Zoom background competitions, where individuals compete to come up with the best background.

"We had somebody dress up in a chicken costume for our Zoom staff briefing, and we had another person dress up in his cycling gear with a background from the Tour de France,

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*What we do as financial planners makes a meaningful and positive difference in our clients' lives. That is the standard we should always be testing our advice against.”*

| NEIL KENDALL CFP®

so it looked like he was winning the race. It's all in good fun. It helps to keep the culture going in the business, while ensuring that everybody remains connected, and not just on a work level but also on a personal level."

## GET USED TO CHANGE

With half a century under Tupicoffs' belt, Neil has his sights firmly set on the next 50 years. But despite considerable change and challenges facing the profession, he remains excited about the future.

"I believe in the next 5-10 years, the majority of financial planning practices will be unaligned and independent. We're already seeing an increase in the number of practitioners and businesses realising

that independence in financial planning is important, and that realisation is only going to increase over the next decade."

But he adds that doesn't mean there won't be larger dealer groups around in 10 years' time, instead, he believes they will be unaligned and independent.

"The issue of independence was always going to be a significant one for the profession. And while independence can be hard to address for many businesses, just because it's hard doesn't mean you shouldn't do it," Neil says.

"I think more and more practices will come to that realisation, particularly as clients increasingly demand independence in their financial advice."

And what about the ever-increasing level of compliance that the profession has to deal with? Is there too much compliance for planning businesses to cope with?

"Unfortunately, compliance might drive some practitioners away from the profession, but if you're not prepared to play by the rules, then don't be in the game," he says. "I believe that while the FASEA standards are excellent for lifting the bar on professional and education standards, regrettably, they have not been implemented well.

"However, despite this, these changes are for the best and will ultimately improve the overall calibre of practitioners and the profession, which will be a good thing."

Neil adds: "Our profession is evolving and at the heart of this change is independent advice. It's what clients want and it's what will underpin the profession in the years ahead.

"And, of course, independent advice will continue to drive Tupicoffs for the next 50 years and beyond."

***Tupicoffs is an FPA Professional Practice. An FPA Professional Practice is dedicated to the highest professional and ethical standards, through commitment to the FPA Code of Professional Practice and CFP® Certification.***

# DESTINATION UNKNOWN: LEADING FOR THE NEW NORMAL

*How are financial planning leaders adapting to the extraordinary changes we're seeing in our work, lifestyle and finances in 2020? Miriam DeLacy talks to Jenny Brown CFP®, Ben Hatcher CFP® and Leadership Educator, Heidi Denning about the leadership skills and behaviours that matter most in these uncertain times.*



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*My leadership style is usually to get consensus from the team before things start to happen. But with such sudden changes, in our working practices and also financial markets and our clients' assets, I had no choice but to get on with things.”*

| BEN HATCHER CFP®

For any leader at the helm during the COVID-19 crisis, change has arrived with a pace and impact that few have experienced before. The effects have been so widespread across different sectors and regions, families and businesses that comparisons to the world wars of the 20th century do seem appropriate. This is particularly the case when we still don't know how long existing impacts may last or how much our lives could still change.

As founders of their own respective practices, Ben Hatcher CFP® and Jenny Brown CFP®, have been leading a team and steering a business towards success for decades.

Ben and the Tailor-Made Financial Services team are spread across several locations in NSW, including Milton, Wollongong and Canberra. Until recently, Jenny and her JBS Financial Strategists team were headquartered together in their South Melbourne office. But since early March, both have needed to change how they operate at lightning speed in reaction to this extraordinary crisis.

## ACTING WITH CALM RESOLVE

Ben and family had recently relocated to Canberra from Milton, the original HQ for the business. So, he had already been practicing a remote-working scenario that was about to become standard for much of his team.

“We'd already set up the systems we needed to hold virtual meetings and easily share files across our different locations,” he says.

“In spite of this, there were still decisions I needed to make and act on really quickly. My leadership style is usually to get consensus from the team before things start to happen. But with such sudden changes, in our working practices and also financial markets and our clients' assets, I had no choice but to get on with things.

“And that quickfire approach has stuck. We've recently started a webinar series and that's something that would have involved six months of planning. With the way we're working now, it's taken just a few weeks to get it up and running.”

Early in March 2020, Jenny and her team also swung into action as they became aware of how severe the crisis was becoming.

“On Monday 9 March, I had a meeting with our leadership team about what it would take to close the office and keep everyone working,” she says. “By Friday 13, we'd made our decision and from Monday 16, everyone was working from home.

“It was no small achievement to get everyone up and running, with the right IT and all OH&S issues addressed for their personal work space. But with so many of our team using public transport to come to work, the health risks for our staff and clients were just too great. We knew it was the right thing to do.”



## ADAPTING TO PEOPLE AND SITUATIONS

With larger office spaces and most employees able to drive to work, many of Ben's team have continued to work from the office during the COVID-19 crisis.

"It's been a case of everyone doing what works best for them," he says. "Some are much more productive in the office environment. They really need that boundary between their home and work life. Others love having the flexibility to start and finish work when it suits them and having the flexibility they needed to fit in home schooling."

Ben is very clear that there was no stigma associated with the choices his team were making.

"It was all about personal preference," he adds. "It has served the business well for everyone to work in a way they're comfortable with, whether that's from the office or from home."

According to leadership expert Heidi Denning, this personal approach to managing team members is one of the most important competencies for leaders to demonstrate in a crisis.

"Some people will perform better when they're given less direction and more freedom, whereas others will be looking for more guidance," she says. "What was working for people in the office environment may not hold true when they're at home."

"Leaders are at their most effective when they know how their team members thrive and can adjust

their style accordingly," she adds. "Having said that, individualising your leadership is a difficult challenge. And you can only grow as a leader and practice this skill if you're open to getting feedback from people on how your 'natural' style is working for them."

"So, it starts with having an awareness of how you instinctively lead and putting the work in to try something new with different people and situations."

## COMMUNICATION IS KEY

Ben agrees that open communication has always been valued in his team environment. He says how important it is that people have permission to 'put in their two cents worth' for most situations. For Jenny, stepping up the frequency of communication and the range of tools was absolutely essential to making sure her team felt heard and involved while working from home.

"We've continued with all the routine communications and still have our Monday WIP team meeting and our daily huddles at 9.30am," says Jenny. "What we've added to that is a 2.30pm huddle Monday to Thursday and then a 4.30 get together on a Friday afternoon to talk about what we've worked on that week, any road blocks and just how people are feeling. Then we wrap up the week by playing a game together online."

As well as these group forums for keeping communication flowing, both Jenny and her business partner, Warren Hanna, have made a point of having more regular 'coffee catch-ups' with each person in the team.

"We did them together at first, to make it very clear that people could come to either of us to talk about anything that's on their mind," she says. "We used to have these face-to-face at a local café. Now they're shorter but happen more often, every three to four weeks instead of every two months."

Of course, none of this would be happening without access to technologies like Zoom and Microsoft Teams.

"We've been using Teams for a while for video meetings but now we're finding the chat function is really supporting our communication too," says Jenny. "We use it to quickly check if someone is free for a video chat, but it also brings in a more personal side to our team communication. We have a Dad Jokes thread and use it to share our home office photos so we feel connected on things other than work."

These are some of the small, informal ways to create the kind of communication that fosters a sense of connection and openness.

"This crisis has really heightened my sense of how people are feeling," says Jenny. "We've had a business coach working with the leadership team every month, but now we're catching up for two hours every two weeks. Off the back of those meetings we've brought a conversation into our weekly Friday rituals with the team, asking people to reflect on how empowered and positive they're feeling or whether they're feeling more like a victim of how things are





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*It's completely okay to not have all the answers and say that out loud. It's also okay for you to say that the decision I make today may be wrong next week, but based on what I have right now I'm making the best decision I can.”*

HEIDI DENING,  
LEADERSHIP EDUCATOR,  
AUTHOR AND SPEAKER

moving forward, both with their work and the wider world.”

Employees then answer a weekly survey giving themselves a rating of one to 10 on their current level of motivation and feeling in control .

“Including their name is optional, but everyone does,” says Jenny. “This gives us an opportunity to check in and offer to help people who give themselves a four or five and aren’t going so well. Bringing in extra tools like this has really kept communication top of mind for us at all times.”

## FOSTERING CLIENT RELATIONSHIPS

Of course, it isn’t just communication with teams that financial planning leaders need to work on during this time of crisis.

“When we closed our office, we communicated to our entire database of clients via email, but we also sent personal emails and followed up with phone calls,” says Jenny. “We were very honest, saying this isn’t going to be business as usual. But they’ve actually been hearing from us far more often than before. Each Zoom meeting has been shorter than our face-to-face meetings would have been but they’ve been far more frequent.”

Ben agrees that clients have been keen to talk more often. “We’ve been having more in-depth conversations with clients and not just about the financial aspects of their lives,” he says. “We got to know more about them and their families from hearing about what they’ve all been going through, with adult children losing their jobs and facing financial struggles that have come out of nowhere.”

These insights from both Ben and Jenny speak to an aspect of relationship-building that Heidi recommends for financial planning professionals during this time of crisis. “Now more than ever you need to be in the service of your clients,” she says. “Find ways to just show up and say ‘how can I help you, what do you need from me right now?’ Being in service is of such value in building a deeper relationship.”

## HAVING THE COURAGE TO CONNECT

Since closing the Melbourne office in mid-March, JBS Financial Strategists haven’t opened their

doors again. Jenny had told the team they would reassess the situation after Easter, but with the return to lockdown for metropolitan Melbourne in July, she is now certain the office won’t open until September at the earliest.

While it’s been hard for her not to have all the answers the team is looking for, Heidi Dening says that showing yourself to be a fallible leader makes it far more likely your team will see you as vulnerable and be able to connect with you as a result.

“It’s completely okay to not have all the answers and say that out loud,” says Heidi. “It’s also okay for you to say that the decision I make today may be wrong next week, but based on what I have right now, I’m making the best decision I can.”

“This honesty creates a trusting environment and opens up a new type of conversation between leaders and employees. It also gives other people permission to tap into their own courage by stepping up to offer help.”

Jenny also agrees you have to show you’re vulnerable. “The team needs to understand that you’re a human being and you have your bad days too. I’ll always acknowledge how I’m feeling and – thanks to our business coach – I’ll also be open about why I feel negative and how I could overcome it either by reaching inside or asking for help.”

For Ben, it’s taken courage to call clients and tell them he doesn’t have all the answers right now.

“It’s so important to be proactive and let clients know you’re there for them,” he says. “Checking in and acknowledging the stress they are going through is vital to the relationship.”

“And when you think about what people in Europe and the U.S. have been going through, losing family members, you feel less worried about having those conversations. You’re telling them they’ve lost a small percentage of their wealth, which is nothing compared with sharing news that they’ve lost a mum or a dad, a sister or brother.”

## A POSITIVE OUTLOOK

Having a sense of gratitude for his COVID-19 situation, compared with much of the world, has helped Ben maintain his own positive mindset at a challenging time.

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*You've got to show that you're vulnerable. The team needs to understand that you're a human being and you have your bad days too. I'll always acknowledge how I'm feeling and - thanks to our business coach - I'll also be open about why I feel negative.”*

| JENNY BROWN CFP®



## START AND END YOUR DAY WITH SELF-LEADERSHIP

“I’ve also made more time for exercise, which has been important for keeping me focused and motivated with so much going on,” he says.

Jenny agrees that having time to exercise and disconnect from work has become a priority for her routine. “In the past I walked the dogs listening to music or podcasts,” she says. “But now, I prefer to be out in the fresh air to just clear my mind and connect with nature.”

In spite of having a lot of change to work through, Ben has also found that he’s moved into a more strategic mindset in looking at what the business is doing.

“When you become so much more aware of what is and isn’t important, it prompts you to take a helicopter view of your business and reinvigorate your strategy,” he says.

“On that basis, we’re now moving into a new world of financial planning and taking steps to change how we invest, deliver services and our fee structure. We were always going to get there but this crisis has triggered a faster change agenda.”

“You must be prepared to lead yourself before you can expect anyone to walk with you” says leadership expert Heidi Dening. “During this crisis, one of the things you have some control over is starting and ending each day in a way that is going to help you show up ready to focus and make good decisions as things keep changing around you.”

### TO START THE DAY

Make time for stillness, followed by some movement, whether that’s a stretch in the lounge room or a short walk outside. Follow this up with some good nourishment so you have energy and your cognitive function is primed for whatever the day brings.

### TO FINISH THE DAY

Blurring the boundaries between work and life has been on the rise for years. During social isolation it’s even harder to separate the two. Create a buffer between your working and resting life by immersing yourself in something away from your laptop screen or phone. Choose some music or a podcast or sit down and read a whole chapter of a book.

When things are changing all the time it can be hard to feel like you’re succeeding. So it’s also important to have a daily ritual where you scan your day for something that’s gone well. This can build that resilience ‘muscle’ so it becomes used to acknowledging the good things that have occurred, and brings you the courage to be creative, adaptable and have influence.

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*Join leadership educator, author and speaker, Heidi Dening on 12 October 2020 at our Virtual Congress Session - “Tough times don’t last, resilient financial planners do’.*

# SUCCEED AS A LEADER

*The recent pandemic has seen the way leaders direct and manage their team's change. Dr Ty Wiggins outlines how leaders can take a proactive approach to this time of transition.*



It is an understatement to say that COVID-19 has changed the world we live and work in – from the health threat, to the changes in buying behaviour, to the acceptance of working from home. The changes in our society are significant and will be long lasting.

“

*A change is an event that occurs regardless of the person's willingness, whereas a transition is a choice and a psychological process ”*

| BRIDGES 2003

As big as these changes are, it does not necessary follow that we will make the necessary adjustments to transition through them.

All leaders and business owners are currently going through a significant change, but are you and your leaders consciously/proactively pushing forward with the transition or are they being dragged along by the changes kicking and screaming? Are they themselves, making the necessary adjustments, cognitively and behaviourally, that are required to transition through the crisis or are they waiting for things to go back to the way they were, hoping they don't get 'caught out' in the interim?

COVID-19 has forced all leaders and business owners into a transition, not dissimilar to a role transition where a leader moves into a new position in the same, or a new, organisation. One of the main failure points we see with role transitions is where the leader undertakes their new role (makes the change) but stays stuck in their old mode of thinking and behaviour (does not make the transition). The leader now holds a more senior position but is still operating at their previous level, unable to 'let go' of what is no longer working and adopt the new skill requirements to be successful at their new level.

Under COVID-19, the leaders that will perform most effectively both during and after the crisis will be the ones who respond to the challenges, are able to 'let go' of what worked for them before but no longer does, and transition effectively through the stages they experience.

Bridges (2003) suggested that a transition contains three phases: an ending, a neutral zone and a new beginning.

- The ending is indicative of the leader discarding old beliefs, assumptions and behaviours in acceptance of the new situation.
- The neutral zone involves the leader replacing the old beliefs and behaviours with new ones. This is the most challenging of the three stages due to high expectations, anxiety, uncertainty and a lack of definitive outcomes.
- Once the leader has grasped the new skills and outlook, they enter the third stage, a new beginning.

In a role transition, this three-phase process generally happens once. As a result of COVID-19, we can expect to see leaders undergo several transitions. They are in the middle of the first transition – the initial move to remote working and other aspects of our current state. They will then move through another transition back to working in central locations and then onto the 'new normal' which may take months to become clear.

In each stage there will be significant change thrust upon them. To succeed they will need to make the adjustments and adopt new skills/perspectives to effectively transition. Or they will find themselves stuck, less effective and underperforming.

COVID-19 has plunged leaders at all levels and across all organisations, into a forced transition – from what was normal to the current interim stage and then to what will be the new normal. In the same way as undertaking a new role is a transition, moving from the old business world into the COVID-19 business world is a transition. Leaders will likely face another transition, as and when, we come out of this crisis.



## THERE ARE 6 KEY CHALLENGES LEADERS FACE IN A ROLE TRANSITION:

### 1. COGNITIVE CHALLENGES

The ability to let go of what worked for them before in order to be successful in a new role, requires leaders-in-transition to change their cognitive models. Leaders can struggle to make these cognitive shifts, as they are challenged by long held beliefs, assumptions and values.

### 2. PSYCHOLOGICAL CHALLENGES

Leaders-in-transition commonly experience anxiety, stress, uncertainty, loneliness, isolation and self-doubt. Leaders-in-transition need to increase their level of self-awareness, emotional intelligence and emotional control to manage the psychological challenges they will face.

### 3. INTERPERSONAL SKILLS

As leadership roles increase in seniority, so do the requirements of strong interpersonal skills. Senior leaders need to be able to influence others, communicate and 'sell' their vision, establish trust and build support among multiple stakeholders.

### 4. BEHAVIOURAL CHALLENGES

For many leaders to be successful in a new role, new patterns of behaviour must be developed. Some of the behaviours that served them well in the past will not drive desired outcomes in the new role.

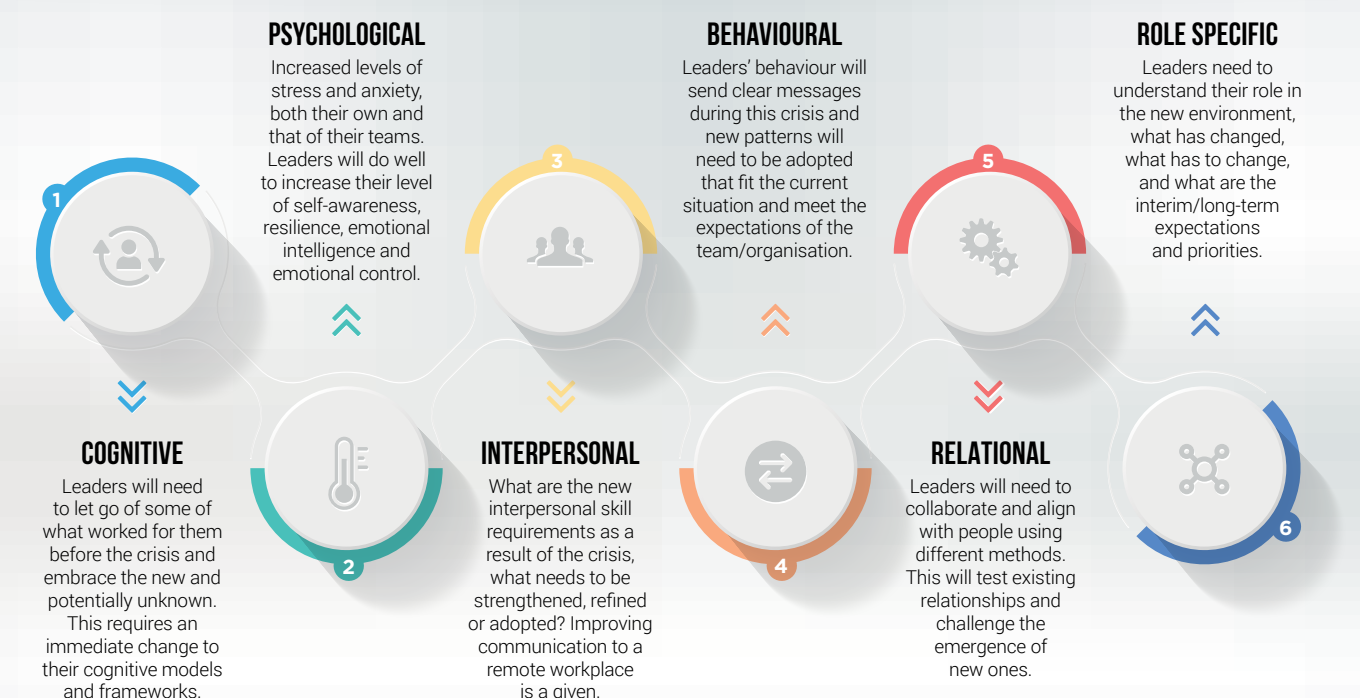
### 5. RELATIONAL CHALLENGES

Leaders-in-transition need to collaborate and align with different people in order to be successful in a new role. They tend to spend more of their time aligning and linking with people in a new role, building new partnerships, appreciating opposing views, dropping old biases and fostering discourse.

### 6. ROLE PERSPECTIVE CHALLENGES

Leaders-in-transition need to understand their new role within the context of the organisation and its culture from a systemic perspective.

*The same 6 challenges also apply to leaders and business owners in this COVID-19 forced transition. Below is the framework for leadership transitions adapted for the COVID-19 forced transitions we are seeing now.*



For leaders, and for those who are supporting leaders, this framework offers an excellent starting point for a discussion into the challenges currently faced. It will prompt for the changes required in the short and long term. It could also act as a starting point in designing practical development programs that will help leaders navigate this extraordinarily challenging time to hopefully emerge on the other side, less battered and bruised, and well-positioned for the recovery.

*Dr Ty Wiggins is the Global Lead for Executive Transitions and a member of the Leadership and Succession Practice for Russell Reynolds Associates located in Australia.*

# A STRONG ETHICAL FRAMEWORK

*With only four years' industry experience, Allen Ozdil AFP® wanted to improve his technical capability and in so doing, has taken out the CFP® Certification Program's Gwen Fletcher Memorial Award.*

With only two and a half years under his belt as a financial planner, Allen Ozdil AFP® must be doing something right, having recently taken out the prestigious Gwen Fletcher Memorial Award for being the highest achieving student in Semester 1 of the CFP® Certification Unit. It's an achievement the 26-year-old is still coming to terms with.

"To be honest, I was just incredibly happy to complete the program. So, to win the Gwen Fletcher Memorial Award is really quite surreal and completely unexpected. It's a great honour," says Allen.

“

*Early in my career, I wanted to ensure that not only did I have the highest technical standards, but I also had a strong ethical framework from which to work. I saw the CFP® Certification Program as the way to achieve those higher professional standards.”*

| ALLEN OZDIL AFP®

"The CFP® Certification Program is a very challenging course, and I put in a lot of effort to complete it. So, it's satisfying to see all that hard work pay off. Knowing the high calibre of some of the students sitting the program, it's very humbling to receive this award."

Allen, who is an Associate Adviser in the Melbourne office of Pitcher Partners, has always had an interest in economics and finance, so it was no surprise he decided to study economics at university. However, after 18 months, he found the subject too abstract and mathematical for his liking. Fortunately, an elective unit in financial planning introduced Allen to a facet of finance he hadn't explored before.

"Having completed this elective unit, it didn't take me long to realise that financial planning was a field where I could express my interest in economics and finance, but in a way that would allow me to help others achieve their goals and aspirations."

From this epiphany, Allen transitioned over to a Bachelor of Finance degree, majoring in financial planning – and it's a decision he does not regret.

## HIGHER STANDARDS

On graduating from La Trobe University in 2016, it was a natural progression for Allen to seek a career in financial planning, where he would aspire to higher professional and ethical standards, as part of his determination to make a difference in the lives of clients.

"Early in my career, I wanted to ensure that not only did I have the highest technical standards, but I also had a strong ethical framework from which to work. I saw the CFP® Certification Program as the way to achieve those

higher professional standards," Allen says.

On his way to becoming the highest achieving student in Semester 1 of the CFP® Certification Unit for 2020, Allen admits to struggling at times with the program, particularly during the assessments, adding that the coursework requires a significant sacrifice of personal time, but is "well worth the effort".

"The CFP® Certification Program is very content rich, so you need to allocate a lot of time to completing it. And you can't memorise all the coursework, so you need to develop a way where you can access information quickly," he says.

The approach Allen took was to use the course material as a resource by indexing and highlighting key areas that could be easily referenced.

"That way, if there was anything I wasn't sure about, I could use this approach to find information quickly, without having to waste too much time finding it."

## HELP AND SUPPORT

The FPA provides students with support for the CFP® Certification Program, including online chat rooms available through FPA Learn, where students can not only ask questions, but also follow the discussions started by other students to gain valuable insights and tips.

FPA Learn offers students the necessary support throughout the program. This includes information and resources via an interactive student platform, live and recorded tutorials, access to self-supported study groups, dedicated subject matter experts to assist in the chat rooms, and a student help desk.

## ALLEN OZDIL AFP®

**AGE:** 26

**EDUCATIONAL QUALIFICATIONS:**  
BFIN (MAJOR FINANCIAL  
PLANNING)

**POSITION:** ASSOCIATE ADVISER

**PRACTICE:** PITCHER PARTNERS

**LICENSEE:** PITCHER PARTNERS  
INVESTMENT SERVICES

**YEARS AS A FINANCIAL  
PLANNER:** 2 YEARS, 6 MONTHS



And while Allen availed himself of some of these resources, like the forums, he found particular value in participating in a study group with his colleagues at work.

"There were a few of us at Pitcher Partners studying the program at the same time, so we formed our own study group. Studying as part of a group was hugely beneficial. It enabled me to brainstorm with my colleagues and bounce ideas of each other, which helped me with my own thinking and approach to assignments."

### PROUD ADVOCATE

Today, Allen represents the new breed of practitioner joining the profession – tertiary educated, highly motivated, and driven to pursue a vocation built on high technical, professional and ethical standards.

It's not surprising that he has particular views on what it means to be a leader, responsible for coaching his clients on their life journey.

"Clients look to their financial planner as a leader. And when it comes to leadership and guiding our clients down a path of financial wellbeing, I believe it's absolutely essential to be honest with them at all times," Allen says. "I draw my inspiration from other senior practitioners at Pitcher Partners who are honest and upfront with their clients when it comes to goal setting."

He adds: "Every time I get to connect with a client and help them achieve their goals or improve their financial wellbeing, then that's the best reward for me as a financial planner."

"So, leadership requires planners to be upfront and honest with clients at

all times, rather than massaging their expectations. This is a fundamental tenet of the profession. It's what inspires me to get up each morning and go to work."

And at the heart of Allen's approach to planning is "defining" what motivates the client.

"To get the most out of a client, you need to find out what they're interested in and what makes them tick. That's the approach I use to maintain and strengthen my client relationships."

And for practitioners considering undertaking the CFP® Certification Program, Allen offers some sound advice.

"Don't underestimate the amount of time it will take you to do the program," he says. "You need to properly allocate time to your studies, while ensuring you balance out the time needed for work and family commitments."

### A BETTER PLANNER

As to the future plans of this high achiever, Allen has his mind firmly focused on more education and professional development.

"I'm still relatively new to the profession, so every day is a learning experience," he says. "I really enjoy my role advising clients, which is helping me develop and refine my skills. So, the future is all about becoming a better planner."

And with the Gwen Fletcher Memorial Award firmly chalked up, this young practitioner is firmly on his way to becoming the 'better planner' he aspires to be.

## THE GWEN FLETCHER MEMORIAL AWARD

The Gwen Fletcher Memorial Award was established in 2014 in memory of Gwen Fletcher AM, who was considered by many to be the 'first lady' of financial planning.

The award honours in perpetuity the memory of Gwen Fletcher, and supports one of her key legacies in her lifelong endeavours to champion the vital role of education and its central importance in nurturing the financial planning profession.

Gwen Fletcher was not only a respected financial planner but also an educator and mentor, and helped shape the industry into an emerging profession. She was also responsible for bringing the CFP® Mark to Australia in 1990.

The Gwen Fletcher Memorial Award is presented each semester to the highest achieving student in the CFP® Certification Unit, which covers all three required assessments in the CFP® Certification Program.



# LIFE SKILLS AT RISK CAMP

*Cahoots is using camps to help build the self-esteem, self-confidence and life skills of young people at risk.*



**GRANT RECIPIENT: KIDS CAMPS INC TA CAHOOTS**

**GRANT AMOUNT: \$10,000**

**ENDORSED BY: GARY THORNILEY CFP®**

**FPA CHAPTER: WESTERN AUSTRALIA**

For over 35 years, Cahoots has been creating and delivering programs across Western Australia for young people living with disabilities, mental health issues and for others who are at risk.

According to Cahoots' marketing and partnerships manager, Kaylee Nicholas, Cahoots' mission is to provide opportunities to young people to develop friendships, life skills, self-confidence and self-esteem, while improving their education skills through supportive and holistic networks.

"We are a registered NDIS provider, running a variety of inclusive day and overnight experiences, including camps, throughout the year. These 'experiences' cater to children and young people of all abilities aged five and over," says Kaylee. "Each of our activities is run by a qualified and experienced team who are dedicated to making our activities engaging and rewarding for the young people in Cahoots' care."

As a private client adviser at Morgans, Gary Thorniley CFP®, along with his colleague Scott Fraser, have enjoyed a relationship with Cahoots for the past couple of years, with Gary adding that Scott has supported a number of Cahoots' fundraising activities, including participating in an Urban Descent Fundraiser, which involved abseiling down a Perth skyscraper.

"If that's not showing our support for Cahoots, I don't know what is," says Gary.

## RECONNECT YOUTH PROGRAM

As part of the 2019 Future2 grants process, the not-for-profit was successful in winning a \$10,000 Future2 grant for its Cahoots SW Transitioning Youth at Risk Camp, which Gary was delighted to endorse.

The two day camp is aimed at building resilience, positive networks and community involvement for young Australians aged 14-17 who have been identified at being at risk by local support agencies within the South West region of Western Australia. Typically, these youths struggle with low self-esteem and self-confidence, drug and alcohol issues, and have minimal to no social networks.

Participants attending the camp engage in workshops and activities to boost their personal toolkit, including team building, self-esteem building, resilience/communication style activities, and activities that help build their emotional confidence.

According to Kaylee, the Cahoots SW Transitioning Youth at Risk Camp provides an opportunity for these young people to engage in meaningful social experiences, strengthen their networks and building resilience, which ultimately increases their community participation and social networks.

She says there is a strong link between a well-developed social network and independence, which helps to improve the health and wellbeing of program participants.



*Camp participants build their social skills, make friends, try new activities and develop life skills.*

“By attending the camp, the overarching aim for participants is to build their social skills, make friends, try new activities and develop life skills,” says Kaylee.

She adds that many of the young people participating in the camp have poor social skills, low or no support networks, and come from dysfunctional family structures, where they may be victims of domestic violence, and/or have drug and alcohol problems. And with the lack of strong role models in their lives, they can engage in risky behaviours.

“The Future2 grant will ensure that camping services are available specifically for these identified ‘youth at risk’ living in the South West of Western Australia.”

## FOLLOW UP

Post camp, Cahoots ensures that participants are followed up three months later by the program’s co-ordinator to identify what aspects of the camp has been helpful and how the experience has changed their outlook on life.

According to Gary, Cahoots and its camps address a need for at risk youth in regional areas where there can be limited opportunities or positive social interactions for them.

“Early intervention by respectable organisations, such as Cahoots, by providing personal growth opportunities, should increase the likelihood that these young Australians become well-adjusted adults, who

are better able to make positive contributions to their communities,” he says.

## WORKING IN PARTNERSHIP

In his endorsement of Cahoots’ Future2 grant application, Gary outlined how Cahoots works in partnership with Morgans, with the advice business managing the not-for-profit’s investment portfolio. It’s a close relationship, says Gary.

“Morgans is pleased to be assisting Cahoots better manage its investments to fund its projects and as an organisation, we have found Cahoots to very responsive to strategic advice around risk management and appropriate asset allocation.

“Through good advice and management, Cahoots appear to achieve a lot with their modest finances and I see that further support through the Future2 grant will have a real impact on the delivery of its programs and services.”

It’s a view shared by Kaylee.

“Cahoots is grateful for the support from the Future2 Foundation. The grant will enable us to provide appropriate opportunities for these young ‘at risk’ people to engage in meaningful social experiences, which helps to strengthen their networks and build resilience.

“This helps to increase their confidence with community participation, as well as their social networks, which helps to improve their prospects for local employment.”

**future2**  
the Foundation of the Australian  
Financial Planning Association

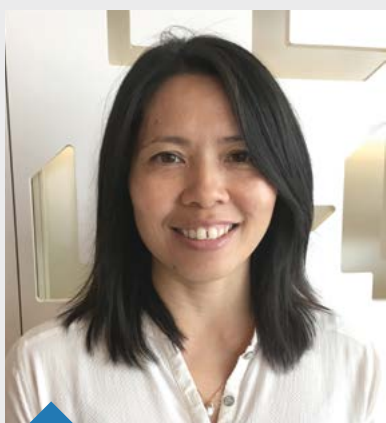
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*Through good advice and management, Cahoots appear to achieve a lot with their modest finances and I see that further support through the Future2 grant will have a real impact on the delivery of its programs and services.”*

| GARY THORNILEY CFP®

# CPD MONTHLY

Each month, Money & Life publishes two CPD Monthly articles. The following are overviews of this month's CPD accredited articles. To read the full versions of each article, and to receive your CPD hours, click on the Learn tab at [moneyandlife.com.au/professionals](https://moneyandlife.com.au/professionals)

**ARTICLE 1**

**Claudine Siou**  
IOOF TECHCONNECT

## FOCUSING ON FIDUCIARY DUTY - WHAT, WHERE AND WHEN

Recognising the nature of a fiduciary relationship is not always immediately clear and obvious. However, financial planners are required to understand how fiduciary duty operates and the impact it can have on their clients.

This article explains what fiduciary duty is and how conflicts should be avoided or if they can't be avoided, how they should be managed. The article also explores the use of a

power of attorney and how it differs from an enduring power of attorney, including how the fiduciary duty interacts with a power of attorney or an enduring power of attorney

### WHAT YOU WILL LEARN

- Conflicts of duty and interest
- Nature of fiduciary duty
- Powers of attorney
- Enduring powers of attorney



This article is worth  
0.5 CPD HOURS



ASIC knowledge area  
FINANCIAL PLANNING



FASEA CPD areas  
REGULATORY COMPLIANCE  
AND CONSUMER PROTECTION

**ARTICLE 2**

**Rob Lavery**  
KNOWIT GROUP

## CASHFLOW PLANNING AND ANALYSIS

This article examines why and how financial planners can build cashflow management and analysis as a core part of their client value proposition. By doing so, planners can realign their advice services from those that are product-driven, to those that drive the achievement of client goals.

By placing greater focus on cashflow management, and holding clients accountable for

their spending, planners can turn this fundamental part of the financial advice process from an incidental service to one that is central to a financial planning practice.

### WHAT YOU WILL LEARN

- Cashflow advice
- Integrating cashflow management into the client value proposition
- Data collection and analysis
- Advice model



This article is worth  
0.25 CPD HOURS



ASIC knowledge area  
SKILL REQUIREMENTS



FASEA CPD areas  
CLIENT CARE AND PRACTICE



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# FPA AWARDS

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## 2020

### CELEBRATING OUTSTANDING PLANNERS, PARAPLANNERS, STUDENTS AND PRACTICES

The FPA Awards recognise the outstanding work of FPA members, by showcasing the meaningful, positive difference you make in the lives of your clients.

Categories include:

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**FPA Professional Practice of the Year Award**

**FPA Financial Planner AFP® of the Year Award**

**FPA Paraplanner of the Year Award**

**FPA University Student of the Year Award**

**Future2 Community Service Award**

***NEW* FPA Advice Innovation Award**

**Applications close 31 August**

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