

Your Life Quarterly Update



Your Life
Financial Services

Autumn Edition March 2021

Invest In Your Life

Welcome to the Autumn edition of Your Life Quarterly update.

In this edition we outline:

- The new Carry Forward unused super concessional contributions rules to help boost your super and reduce tax.
- Bitcoin unraveled.
- Holiday Adventures : Adelaide
- Super Foods : Blueberries



Carry Forward unused super concessional contributions

From 1 July 2018 if you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap (of \$25,000 p/a) and make additional concessional contributions for any unused amounts.

The first year you will be entitled to carry forward unused amounts is the 2019–20 financial year. Unused amounts are available for a maximum of five years, after which they will expire.

We have outlined an example in the table below.

Financial year	Concessional contributions made during year	General concessional contributions cap	Unused concessional contributions cap for year	Cumulative unused cap available to carry-forward to next year
2018–19	\$20,000	\$25,000	\$5,000	\$5,000
2019–20	\$15,000	\$25,000	\$10,000	\$15,000
2020–21	\$0	\$25,000	\$25,000	\$40,000

Global Market Update

We have outlined below the major market indices as at 1st of March 2021 and their movement over the past 12 months

Country	Index	Index 1/3/2021	% change in 12 months
Australia	ASX 200	6789.6	5.41%
USA	Dow Jones	31535.51	24.11%
USA	Nasdaq	13588.83	58.61%
UK	FTSE100	6588.5	0.12%
Hong Kong	Hang Seng	29452.57	12.72%
Japan	Nikkei	29663.5	40.30%

The USA NASDAQ was the best performing index over the past 12 months.

Bitcoin Unraveled

Overview

Digital currencies and blockchain technology may have a lot to offer - but that does not mean Bitcoin will be it.

Due to extreme volatility, high transaction costs and slow processing, Bitcoin does not cut it as digital cash.

Bitcoin does not generate cashflows either, hence making it very difficult to value.

Key for investors : Do not invest in something if you don't understand it, and recognise that just because Bitcoin has surged in price, it does not prove its worth.

We are constantly receiving enquiries regarding Bitcoin and the option of investing in this asset. This interest is largely being driven by the resurgence in its price – where at its recent high it was up nearly 15 times from its low last year.



Digital or crypto currencies, led by Bitcoin, and their blockchain technology is very complicated. The blockchain basically means that transactions in Bitcoin are verified and recorded in a public ledger (which is the blockchain) by a network of nodes (or databases) on the internet.

New Bitcoins are created as a reward for an intensive computational record keeping process called mining, that groups new transactions into a block which is added to the chain. Bitcoin is also anonymous, with funds just tied to Bitcoin addresses which require a private key to access. Bitcoin was invented in 2008 by a person or group named Satoshi Nakamoto and the first genesis block was created in 2009.

Because of Bitcoin's limited supply and independence from government and central banks, it's seen as a hedge against a surge in inflation.



As with many things tech, the more that people use it, the greater its appeal. For example, PayPal will now let customers buy, hold or sell Bitcoin on its platform; and Tesla recently invested \$US1.5 billion into Bitcoin and will accept it as payment for their cars.

Reasons to be skeptical

An alternative view is that it's just another financial market bubble and should not be taken seriously. There are numerous grounds for caution regarding Bitcoin.

1. Bitcoin is not suitable for everyday transactions as digital cash. **Bitcoin transactions are not cheap with the average fee for a transaction now running at around \$US30.**

2. **Transactions can take 10 minutes or more to complete** because of the computational time taken by miners. Bitcoin averages less than four transactions per second whereas Visa processes around 25,000 per second. Attempts to speed this up (via e.g. the Lightning Network) don't seem to have gotten very far. This renders it impractical for retail use.

Tap and go would become tap and wait 10 minutes!

3. **Bitcoin's price is very volatile.** Over the last ten years, its volatility was 15 times greater than the US share market, 12 times greater than gold, 31 times greater than the US dollar index and 18 times greater than the \$A/\$US exchange rate. This makes it completely unreliable in fulfilling the store of value purpose of money.

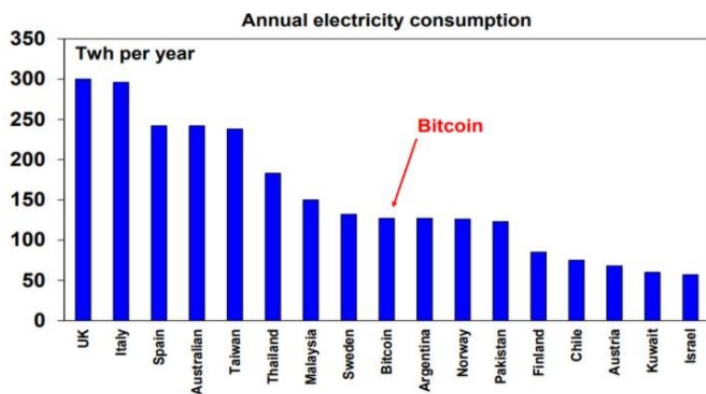
Sure, it has gone up sharply in value this year, but it has already had two 20% plus setbacks along the way and it lost more than 80% of its value in 2011, 2013-15 and 2017-18.

All of these things suggest that Bitcoin has limited value as a currency for regular transactions. We can now do digital transactions instantaneously and cheaply with the tap of a phone so why bother with all the issues around Bitcoin?

Bitcoin Unraveled

4. Bitcoin has had issues with theft and hacking. Standard banking can provide protection of your savings in the event your account is compromised. There have been several issues of people losing their private keys and being unable to access their Bitcoin, whereas losing your bank account password is a nuisance but hardly ever a disaster.

5. Bitcoin is bad for the environment. According to the Cambridge Centre for Alternative Finance, the amount of energy needed by computers to mine Bitcoin is nearly 0.6% of total global electricity consumption and its annual electricity consumption is equal to that of countries like Argentina, Norway and Pakistan – and more than 50% of Australia's. A single Bitcoin transaction consumes as much energy as 500,000 Visa transactions.



Source: Cambridge Centre for Alternative Finance, AMP Capital

6. While digital money based on blockchain/public ledger technology may be the way of the future, this does not mean it will be with Bitcoin. There are thousands of them popping up.

7. Bitcoin and other crypto currencies face numerous threats from governments.

In particular:

- Governments are unlikely to give up their monopoly on currency and ordinary members of the public may not fully embrace crypto currencies unless they have government backing.
- Government intervention may also escalate if concerns grow that it's being used for illegal activity. It was estimated a few years ago that 25% of Bitcoin users are associated with illegal activity.

8. Finally, it's impossible to value Bitcoin. Unlike property or shares in a company, it is not a capital asset and so does not generate cash flow in order to be able to value it. Unlike most commodities, it is not used to make things for economic use.



Unlike gold (of which around 45% is in jewellery) it does not have an alternative use to resort to. This makes it impossible to put a price on what it's worth – it could go up to \$1,000,000 but it may only be worth \$100. And when it's impossible to fundamentally assess the value of something, it's easy for people to dream up all sorts of levels as to what it's worth.

So, what is it and why has it gone up exponentially?

Bitcoin is something to speculate on. Bitcoin has all the hallmarks of a classic bubble: a positive fundamental development in terms of a claimed high tech replacement for paper currency; self-reinforcing price gains that are being accentuated by social media hype; all convincing enthusiasts believe they are on to something and the only way is up.

Bitcoin could keep going up for a long way yet as more investors are lured into the belief that they are on the way to unlimited riches, with that belief reinforced by prior price gains.

What does this mean for investors?

First, it's hard to work out where to put Bitcoin in an investment portfolio. It's far too volatile to be considered a defensive asset like cash. It's impossible to assess as a growth asset in order to get any reasonable idea as to what it may return.

Second, one big lesson from the Global Financial Crisis is that if you don't fully understand something, you shouldn't invest in it. Bitcoin is anything but easy to understand. Third, remember what it says in the fine print: past performance is not a reliable guide to future performance. All it tells us is that people have been buying it .

Source : Olivers insights. Bitcoin, it's not a currency, its not a capital asset, so what is it. Shane Oliver 4th March 2021.

Holiday Adventures: Australian Destinations - Adelaide : South Australia

What does your dream holiday look like?

Welcome to Adelaide.

Location

South Australia's capital has something for everyone. This city has it all - famous wineries, world-class restaurants, beautiful beaches, culture and music.

Activities

Blessed with pristine shores and award-winning wineries on its doorstep, a Barossa Valley Food and Wine Tour or a Kangaroo Island day trip from Adelaide is the perfect addition to any itinerary. Those looking for an unforgettable animal encounter will enjoy a day at Adelaide Zoo or Monarto Safari Park .

Food

The list of world-class restaurants is long, from Leigh Street's Shōbōsho for a Japanese sensation, Sunny's for a slice of authentic Napoli-style pizza with a retro feel, to MasterChef Australia 2019 winner Sashi Cheliah's newly opened Gaja By Sashi for a Singaporean twist.

Must See Attractions

The top attractions in Adelaide you should visit include, Adelaide Oval, Victoria Square, Adelaide Central Markets, Glenelg Beach, SA Museum or many churches around the city.

Source : www.travelassociates.com.



Blueberry

Blueberries are known for their anti-cancer and anti-bacterial properties. They are good for the health of the eyes, intestines, circulatory system and urinary tract.

Blueberries have excellent antioxidant properties which make them useful for preventing cancer and other degenerative diseases.

Blueberries also have a powerful antibacterial action in the intestine (especially upon coli bacteria) and can promote the healing of gastric ulcers. The leaves of the blueberry plant also contain tannin which has strong anti diarrheal properties.

Blueberries can also improve eyesight. This is thought to be due to the compounds in berries that enhance the health of capillaries in the eyes.

Since blueberries are an excellent antioxidant, they are important in the diet to promote long term health and to prevent age related physical changes and chronic diseases.

In particular people with cardiovascular problems, mild diabetes, eye problems, urinary tract or intestinal infections should eat blueberries regularly. Blueberries are also known to help alleviate arthritis (rheumatoid) and rheumatism in the bones and joints.

Source : The complete Guide to Nutritional Health. Pierre cousin 2000 page 40.



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