

Your Life Quarterly Update



Your Life
Financial Services

Summer Edition December 2020

Invest In Your Life

We would like to wish you and your family a very Merry Christmas and Happy New Year.

Hopefully our lives can return back to normal in the new year.

In this edition we outline:

- Winner : Adviser of the year Jason Danjoux
- Share Market Update
- Holiday Adventures : Mudgee
- Super Foods : Brazil Nuts



Winner : Adviser Of the Year

We are so proud to announce that **Jason Danjoux** was recently awarded the **WINNER of the Australian Unity Adviser of the Year 2020**.

This is the pinnacle of awards, Australia wide recognising the quality of advice that Jason and his team provide on a daily basis.

After a significantly challenging year for everyone, winning the Adviser of the Year award is an amazing achievement for the whole team.



Global Market Update

We have outlined below the major market indices as at 1st of December 2020 and their movement over the past 12 months

Country	Index	Index 1/12/2020	% change in 12 months
Australia	ASX 200	6588.50	-0.91%
USA	Dow Jones	29823.92	8.79%
USA	Nasdaq	12355.11	43.89%
UK	FTSE100	6384.70	-10.31%
Hong Kong	Hang Seng	26568.68	3.91%
Japan	Nikkei	26787.54	16.81%

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

Review of 2020 and Outlook for 2021

Overview

2020 was dominated by the coronavirus pandemic where we witnessed shares plummet over March 2020 then slowly increase on the back of policy stimulus and vaccine optimism.

For 2021, the combination of massive policy stimulus and the prospect of vaccines provides provision for a return to normality by end of 2021/early 2022. We should also witness a decent rebound in economic growth. This combined with lower interest rates is likely to see solid returns from share markets. Australian shares are likely to be relative outperformers for the year ahead.

The main things to keep an eye on are: coronavirus and vaccines; China tensions; inflation; as well as the hit to immigration in Australia and its impact on home prices.

Review of 2020

2020 didn't exactly turn out the way many expected a year ago. For Australia, the year started badly as severe drought had given way to the worst bushfires on record. But just as the bushfires were receding it gave way to the coronavirus pandemic.

This caused a massive health crisis claiming at least 1.5 million lives, with many countries seeing at least two waves.

Share markets fell approx. 35% in February/March, commodity prices collapsed with the oil price going negative at one point as investors sought out safe havens like bonds.

The poor management of the Corona Virus, contributed to the loss for President Trump at the US election.

The pandemic also increased tensions with China and is likely to leave a longer term mark with a further set back to globalisation, more social tensions and bigger government and public debt. There is also the risk that massive printing of money may eventually result in higher inflation. While 2020 is a year many of us would prefer to forget, from an economic point of view, the current outlook is not as bad as initially feared in March 2020.



The main reasons for a better outcome include :

- An unprecedented and rapid fiscal stimulus that protected businesses, jobs and incomes;
- Debt forbearance schemes that headed off defaults;
- Massive monetary stimulus that saw interest rates plunge;
- Social distancing which has helped contain the virus, albeit better in some countries than others.

This has enabled economic activity to bounce back faster than expected through the second half of the year as restrictions eased.

While share markets plunged in March during the early stages of the pandemic, they then rebounded thanks to massive fiscal stimulus, low interest rates and bond yields that made shares cheap, as well as good news on vaccines that enabled investors to look forward to further recovery in 2021.



ASX 200 : 1 year movement to December 2020

Government bonds had reasonable returns as yields fell in response to central bank rate cuts and bond buying along with safe haven demand – which drove capital growth. Real estate investment trusts had negative returns as a result of a hit to property space demand and rents.

Review of 2020 and Outlook for 2021

2021 Recovery

Just as 2020 was dominated by the pandemic and this determined the relative performance of investment markets and stocks, 2021 is likely to be dominated by the recovery. This in turn will have a profound effect on investment markets.

There are four reasons for optimism.

First, massive fiscal and monetary stimulus is still feeding through economies with very high saving rates indicating pent up demand that can be spent once confidence improves. This will also help offset the wind down of some support measures like JobKeeper in Australia.

Second, the news on vaccines is positive. While uncertainties remain, by end 2021 or early 2022 there is a good chance the world will be approaching a degree of herd immunity.

Third, a new US president in Joe Biden should usher in a period of more stable policy making in what is still the world's biggest economy. In particular, it will likely head off a return to trade wars that could have wreaked havoc in 2021. A more diplomatic US approach to resolving differences with China could also help Australia move down a path to resolving its own differences with China.

Finally, Australia along with NZ has navigated 2020 remarkably well, controlling coronavirus far better than most comparable countries and seeing its politicians and institutions work well together. It also led to structural reforms that may help future growth (eg. property tax reform in NSW, IR reform nationally).

Inflation is likely to remain weak, reflecting still high levels of spare capacity which in turn means interest rates will remain low. While this is not good for those relying on bank interest, it benefits the household sector as a whole (with debt exceeding bank deposits) & corporates, eases the servicing of high public debt levels and makes shares cheap.

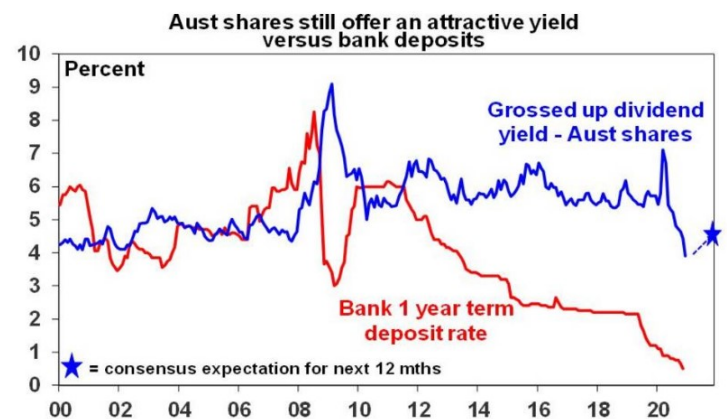
Shares are at risk of a short term correction after having ran up so hard recently and 2021 is likely to see a few rough patches along the way (much like we saw in 2010 after the recovery from the GFC). **However, looking through the inevitable short term noise, the combination of improving global growth and low interest rates forecasts well for growth assets generally in 2021.**



In particular, we are likely to see a continuing shift in performance away from investments that benefitted from the pandemic and lockdowns - like US shares, technology and health care stocks and bonds - to investments that will benefit from recovery - like resources, industrials, tourism stocks and financials.

Global shares are expected to return around 8%, but expect a rotation away from growth heavy US shares to more cyclical markets in Europe, Japan and emerging countries.

Australian shares are also likely to be relative outperformers helped by better virus control, enabling a stronger recovery in the near term. Sectors like resources, industrials and financials will benefit from the rebound in growth. Due to the low returns from cash and Term Deposits investors continue search for yield. This is benefitting the share market as dividends are providing a greater return than Cash and term Deposits over the longer term.



Source: Bloomberg, AMP Capital

Source : Shane Oliver Review of 2020, Outlook for 2021.–
From Pandemic to recovery. 9th of December 2020

Holiday Adventures: Australian Destinations - Mudgee

What does your dream holiday look like?

Mudgee

Location

Mudgee is a town northwest of Sydney in New South Wales, Australia. It's known for its colonial buildings and surrounding countryside with dozens of wineries.

Activities

The Mudgee region in Country NSW offers, award-winning boutique wineries that are worth a visit alone.

The elegant town of Mudgee is on the banks of the Cudgong River. Its rich pastoral history and colonial gold rush era is reflected in the tree-lined heritage streetscapes. A short drive north is Gulgong, a colonial gold mining town with about 130 heritage-listed buildings, including Australia's oldest operating opera house.

Food

Some of Mudgee's top wineries include Lowe Wines, Robert Stin Win, Harrington Estate, Logan & Robert Otley Vineyards.

Must See Attractions

The month-long Mudgee Wine and Food Festival in spring is a highlight of the region's events calendar. Enjoy an assortment of dining options, from cafes and pubs to high-end restaurants like Zin House and Pipeclay Pumphouse.

Source : www.visitnsw.com/destinations/country-nsw/mudgee-area



Brazil Nuts

This Delicious South American Kernel is one of the richest natural sources of Selenium and Vitamin E. These are 2 powerful antioxidants with anti-ageing properties that help guard against many disorders including heart disease and Cancer.

The Brazil Nut is extremely nutritious with high levels of protein, unsaturated fat, selenium, zinc and other minerals, plus substantial quantities of Vitamin E and B complex.

Antioxidants prevent cell damage by mopping up free radicals and thus preventing the "oxidative" chain reactions that can damage DNA.

Accumulated damage by free radicals is known to be an important factor in ageing and disease.

Anti Oxidants play a preventive role in many conditions including asthma, heart disease, immunodeficiency disorders and cancer.

Selenium enhances immunity by activating an enzyme in the body called Glutathione peroxidase which inhibits the formation of free radicals and suppresses tumour growth. Hence a small amount of Brazil Nuts can be beneficial to the body's self defence.

Source : The complete Guide to Nutritional Health. Pierre cousin 2000 page 196.



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