

## Welcome to the Autumn 2017 edition of the ACD Financial newsletter

> Practice News	> ACD's Investment Corner
> Date For Your Diary	> Fight Of His Life
> Super/Pension Changes From 1 July 2017	

### Practice News

#### Adviser News



**Andrew** – Edwina, the kids and I have had a great start to the year. Daisy is now in year 12 with her head buried in the books. Zara is the assistant director for her school house play of “101 Dalmatians” performing shortly. Felix changed his summer sport to Water Polo, which he loves because it’s like rugby but in a pool. Edwina is busy working as solicitor and horse riding. The family has taken a third horse, a beautiful ex-race horse, which I want to be riding. I am little bit sore and sorry for myself after hurting my shoulder in the surf.



**Guy** The Amons are expecting another grandchild. We are not sure how this will impact grandparent duties or travel options ... but we are aware that other people’s babies will become automatically less cute! On a more serious note, I am becoming increasingly aware that there is more and more debt stress in our community ... and life is becoming more complex than it should for those who are forced to rely on government agencies.



**Steve (Chandler)** My son Jeremiah has started school this year and is enjoying making new friends. Birte is now looking for a career path now she has more time. Annie has sat the selective school exam for year 7. Mimi (nearly 10) would live in a Zoo if she could as she just loves animals. I started back doing Bikram yoga. Hardest thing I've done but the body appreciates it.



**Steve (Christie)** – Steve and TJ have enjoyed summer but are certainly enjoying the slightly cooler weather. Other than the break between Christmas and New Year they worked the whole way through, so are looking forward to the Easter break. Big birthday milestone for TJ soon, so Steve is planning a special trip and gift. He is not renowned for his holiday planning and gift-choosing abilities, being more the home body and “keep it simple” type, so any prayers and well wishes that he can pull off the perfect birthday bash for TJ are desperately needed. Leading up to Christmas, Andrew Harding, Steve and friends somehow survived another

bushwalking feat - from Bundeena to Otford, again cannily pitching tent just as the thunderclouds rolled in. That they were not poisoned by the water drawn from the only water source – a shallow, muddy, scum covered pond – or the industrial strength water purification tablets they had to use was a minor miracle in itself. They are planning the next walk as you read this.

### Date For Your Diary

#### ACD Winter Forum

##### Bentham Asset Management

##### *What Is Happening To Fixed Income?*

Bentham Asset Management is a specialist global fixed interest and credit investment manager. The portfolios are designed to generate income while diversifying risk in global credit markets.

##### **Where:**

Bayview Golf Club  
1825 Pittwater Road  
Mona Vale NSW 2103

##### **When:**

Friday 2 June 2017  
12.15pm for a 12.30pm start

**RSVP:** To Gillian Hedges on (02) 9997 7477, or email [gillian@acdfinancial.com.au](mailto:gillian@acdfinancial.com.au) by 25 May 2017.



### Super/Pension Changes From 1 July 2017

ACD continues to work through client records to ensure we can optimise client’s finances prior to 1 July.

If you want bring your review forward please let us know at your earliest convenience.

### ACD's Investment Corner

We trust that you are enjoying the *Investment Monthly*, which you should be receiving by email each month (if you are not and would like to receive a copy, please let your ACD Adviser know). The *Investment Monthly* can be a little more current as to what is happening in markets around the world than this quarterly Newsletter.

In the March *Investment Monthly* we look at recent economic performance across a number of economies, including here in Australia. The overall message is that globally, economies are doing well. Yet strangely, there remains a widespread fear and uncertainty – a paradoxical

situation which we have discussed previously. Read more in the March edition of the *Investment Monthly*.

### Portfolio returns.

Portfolio performance over the 12 months to the end of February 2017 has been solid. As shown in the table below, a Balanced investor should have received good returns.

Returns After Fees				
	3 Mth	1 Yr	3 Yrs	5 Yrs
Portfolio Return	3.65	12.64	6.92	9.45
Benchmark Return	2.72	8.04	4.91	7.13
/- Benchmark Return	0.94	4.60	2.01	2.32

Note the above returns are for a theoretical model portfolio. Actual portfolio returns will differ from client to client, depending on:

- their risk profile and so the asset allocation within their portfolio;
- whether money was invested into or taken from their accounts over the relevant period;
- when their portfolios were rebalanced; and/or
- whether they otherwise held investments different to the Balanced Index model portfolio.

Please do not hesitate to contact your ACD Adviser if you would like to discuss the above or have any questions.

Portfolio return is calculated using the ACD Balanced Index Model Portfolio, assuming monthly rebalancing. The Benchmark return is the return for the FE UT PG Multi-Asset Balanced Index, assuming monthly rebalancing. Note returns are shown to 28 February 2017 using the current weights, which have changed over the course of some or all of the relevant period, so the model returns portfolios are indicative only and not indicative of future performance or any actual client portfolio performance. Source: ACD Financial, Lonsec iRate

## Fight Of His Life

An excerpt from In The Black, February 2017 issue

At the age of 90, Allan Lorraine CPA, geared up for the fight of his life – a fight to right the wrongs of a proprietor and a bureaucracy that didn't seem to care.

In October 2009, Allan Lorraine CPA, secured a place for himself and his wife at Mentone Gardens, VIC.

In June 2013, the management of Mentone Gardens called a meeting, summoning residents and relatives. The 50 or so unsuspecting people who filled the residents' lounge were addressed by a voluntary administrator who announced the company was going into liquidation.

"I put up my hand and asked about the bonds," recalls Lorraine. "The administrator replied that he would not take questions publicly. Almost immediately I realised it was all over, that we weren't going to get our money back."

He was right. When Mentone Gardens, operated by Parklane Assets, was placed into liquidation in September 2013, residents discovered their deposits and bonds had not been held in a trust, as they had been assured. In total Parklane owed residents \$4.5million.

Lorraine, a qualified accountant since 1949, a member of CPA Australia since 1975 and a former investigator with

the ATO was convinced there were ways of getting the money back.

He formed a committee with a dozen people to represent the bondholders. Lorraine was not just doing this for himself but for the many residents who no longer had capacity due to ill health to take action for themselves.

No single agency has overall responsibility for the aged-care sector, it was only in 2012 that the SRS Act (Supported Residents Services) required residents' funds to be held in trust.

Over the next 18 months Lorraine wrote hundreds of letters, contacted ASIC, the Victoria Police Fraud Squad, Department of Health and local, state and Federal politicians and organised petitions to parliament.

"The approach I took was to always act professionally, stick to the principles and the job at hand and not let people blindside you."

Based on his own research, Lorraine believed the Dept of Health had breached its duty of care and that the best approach was to request the state government to pay the \$4.5m to the residents as an ex-gratia payment in order to avoid facing a mass class action.

Despite bureaucratic stonewalling, in late 2014 a letter from Lorraine to the Victorian ombudsman, Deborah Glass, had raised sufficient alarm for her to launch a formal investigation.

Glass was impressed by the firmness of Lorraine's principles and his determination to fight for justice on behalf of all of those who had lost a lot more than money.

In 2015 the Ombudsman's report exposed Mentone Gardens "litany of failings", including administration of medication and quality of care. The Victorian Dept of Health had failed for 3 years to identify Metones' insolvency. Glass' 2015 Report recommended ex gratia payments to all people (and their estates) who had lost bonds, deposits or unspent fees paid in advance.

In late 2015, the money was paid and, on 21 October 2016, Allan Lorraine was honoured by the governor with an Order of Australia medal for his service to the community, particularly to aged care.

The letter recommending the award concluded: "His extraordinary and outstanding qualities include an Australian spirit, some might call it grit, in refusing to let go of an intrinsically unfair, unjust and illegal circumstance that no-one wanted to hear about."

Allan Lorraine, smh.com.au, 2014

