Cuffelinks

Connecting investors with ideas

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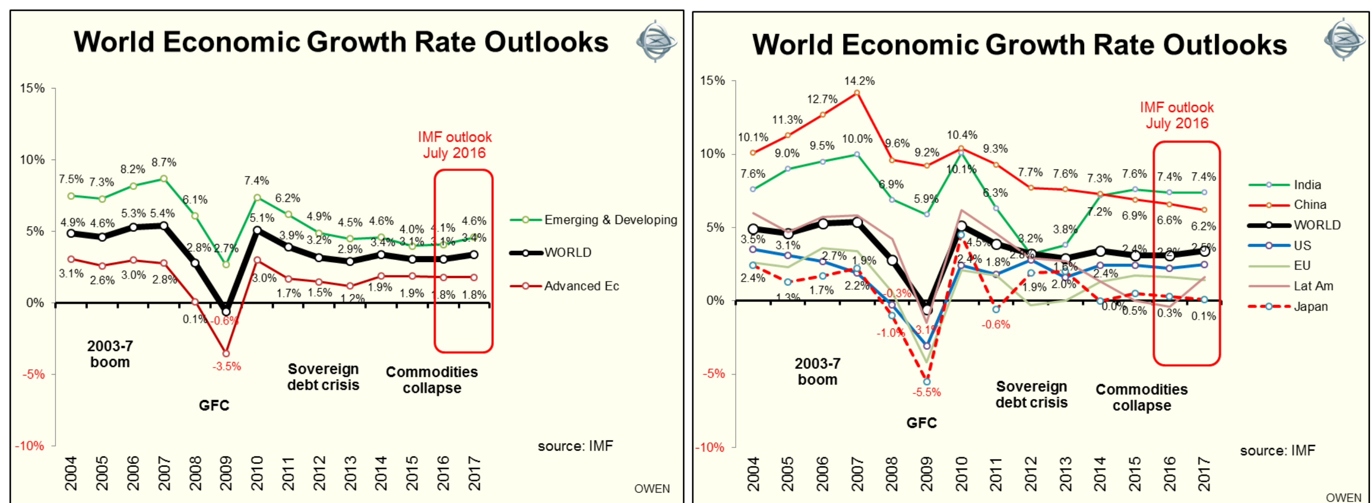
Benign economic growth but what about shares?

Ashley Owen

Global economic growth is expected to be around 3% in 2016 (about the same as in 2015) and then at least another 3% in 2017. These growth rates are near long term growth levels, and indicate quite benign outlooks. Growth expectations have been revised downward a little over the past year, mainly in response to the 'Brexit' vote at the end of June 2016. The following charts show economic growth rates and outlooks in major regions and countries, based on IMF numbers.



In the major economies:

US growth is expected to remain at between 2% and 3% pa. There are continuing improvements in the housing market driving construction, employment and consumption. Manufacturing industries are also being boosted by cheaper energy, lower wages and higher productivity. This growth is more than making up for the fiscal tightening in the government sector, with trillion dollar deficits reducing to less of than half of that level.

European growth will continue at sub-3% for some time, driven mainly by Germany and also by the PIIGS as they recover from their deep recessions. The main risk to growth is deflation and the ever-present risk of a major banking crisis at the core, especially in Germany.

Japanese 'Abenomics' policies worked well in 2013-2015 in depressing the yen and boosting share prices, but did nothing to improve overall growth nor to get inflation into consistently positive territory. The economy is still very weak.

Chinese growth rates peaked in 2007 and have been declining ever since. The government is committed to propping up growth with ever-more debt to political pet projects to keep the population employed and quiet. As bad debts build up in the state-controlled banking sector and privately funded 'shadow banking' sector, and property prices continue to sky-rocket, the next credit collapse is bound to happen sooner or later. However, the government is in a relatively good position to restructure banks, demand and employment, just as it has done in the past.

All of this refers to economies but that has little bearing on share prices as we shall see.

No relationship between economic growth and stock market returns

One of the main problems with the traditional top-down approach to assessing the outlook for stock markets is that it assumes that economic growth drives earnings growth and that earnings growth drives stock prices (or at least that expectations of economic growth and expectations of earnings growth drive stock prices), or perhaps even that expectations of economic growth drive stock prices directly.

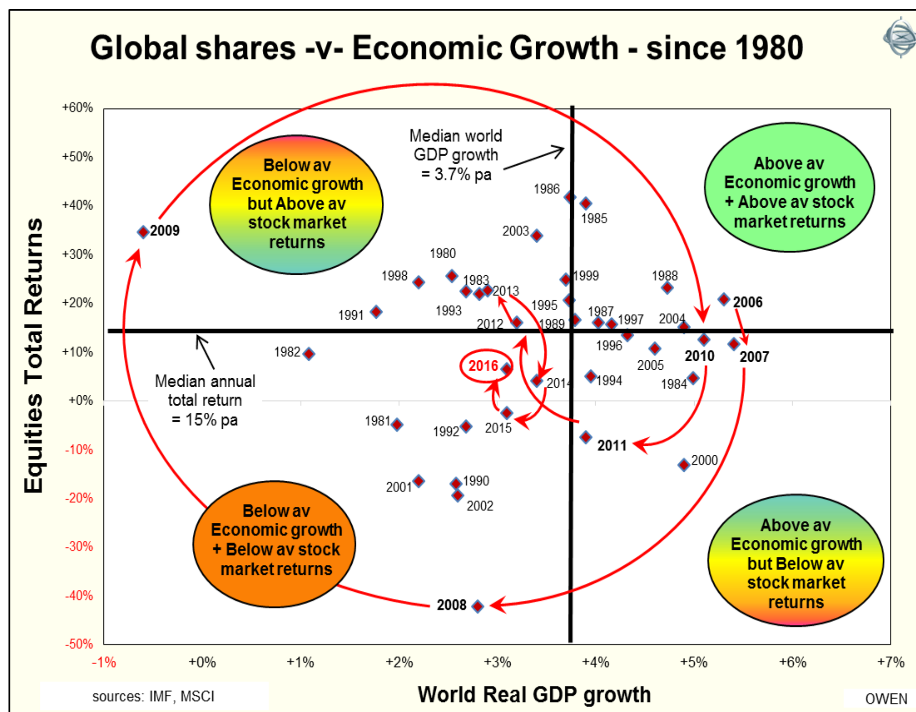
None of these assumptions hold true very often. There is no meaningful statistical correlation between economic growth and stock market returns, either at a global level or in individual countries. We consider the global picture first, since economies are highly interconnected and stock markets are also highly correlated.

Only rarely does *above* average world economic growth coincide with *above* average stock market returns. In only 2 years in the past 32 years since 1980 has this been the case – 1988 and 2006.

Also, in only 4 years has *below* average economic growth coincided with *below* average stock market returns – 1981, 1990, 2001 & 2002.

In fact at least half of the time when economic growth was *above* average, stock market returns were *below* average, and at least half of the time when economic growth was *below* average (including in recessions), stock market returns were *above* average.

This can be seen in the following chart of world real GDP growth and world stock market total returns in each year since 1980:



Most experts expect years in top right or bottom left quadrants

If there was any consistent positive relationship between economic growth and stock market returns, most years would be either:

- in the top right segment (good economic growth coinciding with good stock market returns)
- or in the bottom left segment (poor economic growth coinciding with poor stock market returns).

But this is not the case in the real world. At least half the years turned out to be good for economic growth but not good for shares (bottom right section) or bad for economic growth but good for shares). There is a similar story when looking at cross sectional returns in individual countries in any particular year, and this is also the case so far in 2016.

Despite the global gloom and growth downgrades this year, stock markets in most countries are doing quite well, with three straight months of gains since the 'Brexit' panic at the end of June.

I have observed over many years that dire warnings about economic slowdowns from esteemed bodies like the IMF (most recently after the Brexit vote) are often followed by share price rallies, and bullish statements about economic growth (notably at the tops of boom) are often followed by share price collapses. A further problem with the economic top-down approach is the fact that economists never forecast recessions and they are notoriously late in recognising them when they do occur. Even when the numbers are broken into countries, those with the best stock market returns this year are where the recessions are the deepest.

Conclusion

There is no reason the lowering of economic growth outlooks this year – notably following the Brexit vote – will lead to lower share prices.

We should not blindly assume that high/improving (or low/deteriorating) economic growth rates will lead to or accompany good equity returns (or poor returns in the case of low/deteriorating economic outlooks), as most market economists and commentators do.

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Three key retirement factors other than super

Jeremy Duffield and Deborah Ralston

In his classic 1960s article, *Marketing Myopia*, Harvard Professor Ted Levitt challenged executives by asking them, 'What business are you in?' He argued that businesses focusing on products and services, rather than their customers' specific needs, were on their way to obsolescence. He cited the example of early railroad barons who discovered too late that they were in the transport rather than the rail business, and did not adapt their product to suit. Levitt's key point is that businesses that respond to their clients' evolving needs, as they are shaped by demographic and technological change, will be sustainable over the longer term.

The 'What business are you in?' question is now especially pertinent to the superannuation industry, as the current debate about the purpose of super demonstrates. When funds focused on accumulation, the answer was straightforward; to generate the best investment returns to maximise retirement savings, but with many members now moving into retirement the answer is not so simple.

Finding new ways to serve members

Strategic thinking is centred around ways to serve ageing members. Is superannuation only about providing a financial outcome and satisfactory incomes in retirement, or should it have a broader scope and help members to have satisfactory retirements overall?

The journey for funds started with developing products that provided income streams and allowed for longevity risk. Critical steps were understanding members' financial profiles, something many funds had never done, and using digital advice products to better identify desired retirement financial outcomes.

Recognising retirees' different needs is challenging. It's not just about their super balance, risk preference and expected longevity. It also involves their standard of health, wealth outside of super, expectations as to standard of living, and for some, bequests. Retirees are an incredibly diverse group with complex needs.

Health, aged care and home equity

Solutions, however, are not readily available. In the paper Financial issues in retirement: the search for post-retirement products (by Professor Ralston), three key areas outside super but critical in retirement are identified: the costs of health, aged care, and the ability to access wealth stored in housing. Many retirees live in a form of self-imposed poverty due to their fear of outliving their savings, and the need to maintain a precautionary pool to accommodate unexpected health or aged-care costs.

1. Health

Concerns for health care are top of the agenda. While a universal health system ensures a minimum standard of treatment for all citizens, those who want to ensure higher quality health care, a doctor of their own choice and immediate access for elective surgery, have few tools to manage this risk. Consequently, they will err on the side of caution and minimise expenditure, just in case. Innovation to deliver the ideal product - long-term health insurance, a combination of annual health insurance within an annuity structure - is precluded due to universally applied community rating. Greater flexibility by way of lifetime health insurance based on an individual's risk factors would allow for greater risk protection and peace of mind.

2. Aged care

Regulatory reform in the aged care industry is aimed at providing for a more consumer-driven and competitive industry. The single comprehensive asset/income means test, introduced on 1 July 2014, was designed to provide a strong social safety net for older Australians, while at the same time ensuring that those who can afford to pay do so. In 2014, an aged self-funded retiree needing assistance was faced with paying around $13,800 annually for a Home Care Package, or an average of $330,000 Refundable Accommodation Deposit for a residential place. In the latter case, residents also pay a maximum of $43,000 per year in daily and means tested fees (as at September 2015), plus an additional Extra Service charge for higher-standard accommodation.

These are substantial costs and at present there are few tools to manage these financial risks and be prepared for such contingencies. A deferred annuity market will be of use here, pending the long-awaited rules for such products. Another possible solution is Long Term Care Insurance, a product market that currently does not operate in Australia.

3. Home equity solutions

The most important solution may well be flexible products that allow Australians to access wealth stored in the family home. Given that around 80% of retired Australians own their own homes outright, with an average value of around $600,000, this can be a very useful resource to draw on to supplement income or for unexpected capital expenses.

Currently, there are only around 40,000 reverse mortgages on issue in Australia, with an average loan size of $92,000. With 2.3 million people over 70 and a potential market of almost $1.5 trillion according to the Australian Bureau of Statistics, the current uptake is small beer indeed. It would appear that both the demand for and the supply of this product is limited mostly due to 1) the commercial and reputational disincentives of potential negative equity and difficulties in funding, and 2) government policies which exempt the family home from the pension assets tests. Perhaps this explains why there has been so little innovation in reverse mortgage products.

It's not only about superannuation

We need better products. In response to this increasingly user pays system, we are seeing the emergence of new products such as HomeSafe's home equity release and fractional ownership models for property such as from DomaCom or Brickx. New developments in annuities are occurring and more are on the horizon.

Retirees need a central point of guidance and advice on how best to manage not only their super but their total wealth and health in their retirement years. Putting together the right integrated solutions presents a challenge for those operating in the post–retirement area.

Super funds that enjoy long-term trusted relationships with their members are well placed to assist. Quite apart from maximising member benefits, this form of value-add ensures member retention as an increasing proportion move into the retirement phase.

The question for super funds is: "What business are you in?"

Jeremy Duffield is Co-Founder of SuperEd and was Managing Director and Founder of Vanguard Investments Australia, where he retired as Chairman in 2010. Deborah Ralston is Professor of Finance at Monash University and was previously the Executive Director of the Australian Centre for Financial Studies.

A decade of Magellan: lessons in building a fund manager

Graham Hand

[Let's deal with the disclosures upfront. Magellan Asset Management is a sponsor of Cuffelinks, and Chris Cuffe and I have known the principals since well before Magellan started. Magellan recently celebrated its 10th anniversary, but I don't want this to read as a 'puff piece'. It's an insight into the early struggles and how to build an asset management powerhouse in a decade].

Magellan was established in September 2006, and its funds under management (FUM) did not reach $1 billion until April 2010. By September 2016, it held $42 billion. It kick started the business with a Listed Investment Company (LIC) raising of $378 million in December 2006, driven by the market contacts of Hamish Douglass and Chris Mackay from their investment banking days. The LIC proved critical to give an underlying earnings base while the unlisted funds grew slowly, especially when the GFC hit in 2008. As shown below, Magellan did not establish a meaningful reputation among advisers and retail investors until 2010, and confidence in equity investments after the GFC took time to recover. In fact, the GFC came early enough in the history of their open-ended funds that they had little FUM there, and so Magellan faced far less of the redemption problems of larger players.

Slow start while engaging gatekeepers

Other than the LIC market, the opportunities for fund managers to directly access retail investors in 2006 were scarce, requiring a business to build relationships with financial advisers, researchers and well-established platforms. For the first few years, this meant Hamish Douglas and Head of Distribution, Frank Casarotti, wore out the shoe leather meeting the major platform providers such as BT, Colonial First State (CFS) and AMP, and the adviser groups both big and small.

For example, every fund manager wanted to be on CFS's FirstChoice, as it was used by thousands of CBA-aligned and independent advisers. But it had a limited menu, and CEO Brian Bissaker was not interested initially in an unproven fund run by a couple of investment bankers. Says Bissaker:

"The issue with putting them on our main platform when they first set up was that FirstChoice was 100% mandates which was its competitive advantage and every new mandate required seeding from CBA capital. We could not in all conscience put bank capital into a fund where the two managers, although highly experienced and respected investment bankers, had no funds management experience. That's why we wanted to see at least three years of track record."

And so Douglass and Casarotti waited years until Bissaker opened the door, and it was the same across the other major platforms. Magellan did not have a month of retail flows over $50 million until 2012, but they never stopped making the calls, drinking the bad coffee, presenting wherever possible and telling the Magellan story. They needed to build a performance record, dealer group addition to approved product lists, researcher ratings and appetite in the retail market first.

"It was not until somewhere between years 3 and 4 when we looked at the timing of new product releases, agreed the commercial arrangements and showed the demand we had generated, and it was year 4 before we were added to the major platforms," says Casarotti. "Now we have about $1.4 billion on FirstChoice alone."

A differentiated global offer

In 2006, retail global equity portfolios in Australia were dominated by Platinum. Magellan thought their investment style would at least complement Kerr Neilson, who had done a trailblazing job. An early discipline was to be 'ex-resources', since most local investors were probably overweight resources already. The investment discipline was focussed on identifying outstanding global companies and sectors especially relevant to Australian investors, such as emerging market or industries not well-represented on the ASX. For example, they promoted emerging markets exposure by investing in the big US companies like Microsoft, Proctor & Gamble, Visa and eBay who were selling goods and services in Asia and South America. There was no equivalent on the ASX. To this day, they look at where the revenues are earned, not the company's country of domicile.

Magellan built its investment team to about 15 relatively quickly (it now has 36 among staff of 101), and was able to cover global equities by screening the universe to less than 200 names, from which 25 made the portfolios. They had good access to companies even when they were small, because they had the novelty of coming from Australia. Hamish and Chris used their investment banking background to delve into different types of insights to many other asset managers who studied the financials.

Magellan also set an unusual absolute target of 9% rather than the more common 'index plus'. The global fund held up reasonably well in the GFC, aided by the declining currency, but the early days of the infrastructure fund were difficult, as they were underweight utilities, which held up the best, but more overweight on transport infrastructure which lost more heavily. They ground through the GFC, meeting with anyone who wanted to discuss the portfolio. Coming out the other side, especially once it was clear the central banks would prime the system, the big US companies with global brands and distribution recovered strongly, and performance kicked in well.

Money starts to flow in

Casarotti remembers one meeting in Christchurch at an outdoor café, just coming out of the GFC, and a NZ adviser said they would be moving $9 million across to their fund. Casarotti kicked Douglass under the table, because for many months, they'd only been seeing lots of $5,000 to $10,000. He recalls opening the spreadsheet of applications from the administrator and it was empty most days. This was a massive moment. The first $100 million month felt like a major milestone.

When dealer groups asked Magellan to sponsor conferences, Casarotti pushed back, saying they wanted to see the deal flows first. It was a time when rebates paid to dealer groups were common and Magellan did not play the game. There was an institutional price for large parcels with a base fee of around 0.8%, while both the listed and unlisted retail fund have a base fee of 1.35% (all with performance fees in addition).

The first big institutional win was into 'proprietary passive' by the infrastructure team, and a few large global equity mandates out of the UK such as St James's Place pushed the FUM from $3 billion to $5 billion. The distribution partnership formed with Frontier Partners in August 2011 in the US has introduced about $9 billion from a who's who of investors.

In 2014, Magellan was 8% under a strong market of 20%, at which point about 4,500 advisers were using their funds. Casarotti recalls only eight phone calls. He feels the reason there was so little complaining was that Douglass had communicated their strategy continuously to the market, they were achieving the 9% target, and underperformance was generally due to the strength of resources and mid-caps, which Magellan did not hold. While new inflows slowed, redemptions were modest, and applications picked up again with better performance.

Where the business stands today

As at 30 September 2016, Magellan held total FUM over $42 billion. Of this, $12.6 billion is retail and $29.7 billion from institutions (Australia/NZ $4.5 billion, US $9.6 billion, ROW $15.6 billion). Total in global equities $35.4 billion, infrastructure equities $6.9 billion.

To this day, the direct-to-retail business is only about 5% of unlisted funds, and even the listed vehicles have a lot of adviser input. Going direct does not have a price advantage for the investor.

During the GFC, the company's share price hit a low of 33 cents (2 March 2009), although the business held about 90 cents per share of cash. It shows the severity of the market panic. Based on an investment in the recapitalisation in May 2007 at $0.975 per share, assuming dividends are reinvested, an investment of $1,000 then would be worth about $26,000 today. The share price has been above $28.

Graham Hand is Editor of Cuffelinks and Magellan is a sponsor.

When age pensions were not welfare

Noel Whittaker

When the financial planning industry was in its infancy, I often heard older people talk about the way the pension system used to be. According to their recollections, a portion of all income tax was hived off and credited to a separate fund, out of which a pension would be paid for life.

Because it was all so vague, and because there was nothing on any of my old tax returns that mentioned the alleged fund, I never took it seriously.

Digging a bit deeper

Then just before the last election, I was bombarded with emails readers had received from the Mature Australia Party. The title was certainly a barbeque stopper: "The big lie – the age pension is not welfare!"

The email claimed, *"Older people spent their lifetimes paying for their pensions with an early version of the compulsory superannuation scheme. In 1945, the Commonwealth split personal income tax into two components. One of them, the social services contribution, was to be used exclusively to finance Social Security cash payments. The revenue from the contributions was paid into a National Welfare Fund."*

It said that by 1950, the balance in the fund was £100 million, which would be several trillion dollars in today's money. According to the email, in 1977, Prime Minister Malcolm Fraser transferred the balance to Consolidated Revenue but to this day, the contribution is still coming out of everybody's pay packet.

These 'revelations' started me on a journey to find out the truth, which culminated with my finding the seminal book on the subject, *The Foundations of the National Welfare State*, written by Rob Watts in 1987 and published by Allen and Unwin.

Watts claims that the idea for a National Welfare Fund started in February 1943, when Treasurer Ben Chifley was finding ways to fund Australia's contribution to the Second World War. The Curtin Government had publicly vowed never to tax low income earners, but they faced a major problem – a shortage of money.

At that stage, the states were raising their own income taxes, but the Curtin Government decided it could boost its own coffers claiming taxing rights. The states objected strongly, but on 23 July 1942, the High Court upheld the right of the Commonwealth to take over taxation.

The need to raise money

By the end of 1942, the Curtin Government had to find an additional £40 million, but what kind of spin could they put on it so it could not be described as a tax increase? They talked about introducing a separate Social Security tax, but decided that such a move would create administrative difficulties and confusion. In the end, it was simpler to raise taxes across the board.

And so the National Welfare Fund was born. True, a part of all taxes received were paid into it, and certain pensions were paid out of it. But no taxpayer had a separate balance in their own name, so there was no possibility that monies paid in would be allocated to a particular contributor.

The years passed, governments changed, and eventually they ended the charade of a separate welfare fund. Any money left was transferred to Consolidated Revenue, from where the money for social security benefits now comes.

Now, some minor political parties are agitating for the money that was originally in the National Welfare Fund to be paid to older people, on the grounds that it was their money all the time. The sad reality is that there is nothing there to pay out. It's all gone down the vast black hole called 'government'.

Noel Whittaker is the author of Making Money Made Simple and numerous other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions. Email: noel@noelwhittaker.com.au

Home ownership struggles will drive policy change

Rick Cosier

Last month, I explained that without making any extra contributions, a 30-year-old couple would run out of super at age 75 if they needed a combined income of $59,160 a year after retiring at age 64.

But this isn't the only problem facing many couples today. The cost of housing means that not only will they struggle to make extra super contributions, they will have real problems buying a home. Based on my experience with clients, it's a major issue for practically every Australian under 30.

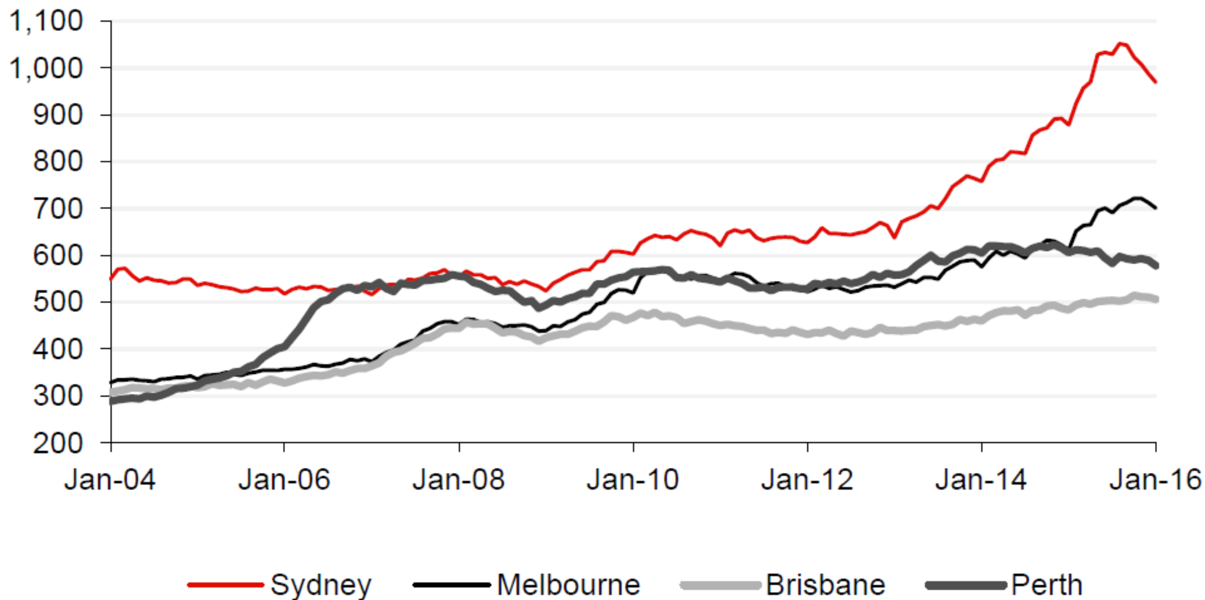
Who can afford a Sydney house?

A measurement of official house price data and mortgage costs by comparison website RateCity looked at the salary required for a single person to afford repayments on a 30-year loan. The main criterion was that the individual could not spend more than a third of their income on housing costs. Here are the results for Sydney:

Median House Price: $825,000
Loan Size: $660,000
Interest Rate: 4.74%
Monthly Repayment: $3,439
Annual Income Needed: $137,556

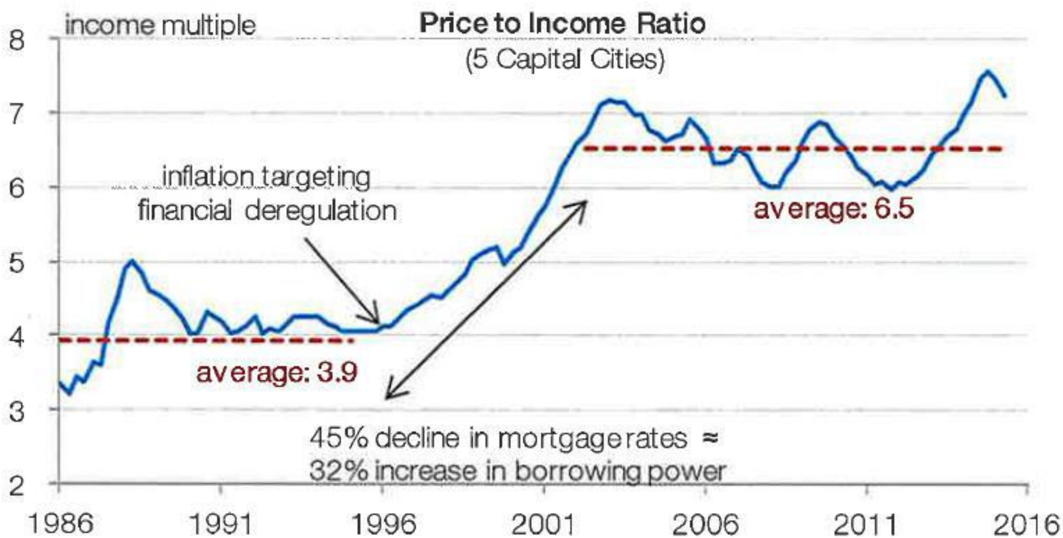
Are these figures an accurate reflection on what is happening? I would suggest not. First, few single first home buyers earn $137,556. Secondly, the median house price in Sydney is now a lot more than $825,000.

'000s, Median house prices



Source: Macquarie Equities, APS and UBS

Thirdly, people are clearly spending more than one third of their income on loan repayments. As you can see from the chart below, property prices are more than seven times average income levels.



Source: Morgan Stanley and Macquarie Equities

What caused the surge from 1996 to 2003? Consumer confidence, immigration and housing shortages are possible reasons, but I suspect rising wages and dual household income earners were the key factors.

Whilst not many 30-year-olds earn $137,556, it's quite possible that a 30-year-old couple can be jointly earning $120,000. Given the lower tax rates that two incomes generate over the single person, a 30-year-old couple could generate sufficient income at today's interest rates to make the necessary mortgage payments listed above. However, home ownership in Australia has fallen from 71% to 67% in the last 20 years.

Other buyers and finance sources

Clearly, there are far more people buying properties than only 30-year-old couples. Overseas buyers and investors appear responsible for much of the post-2010 surge, and favourable tax concessions are pushing homes out of reach for a high percentage of younger Australians.

Anecdotal evidence from clients suggests that the desire to get a foothold in the property market is causing many people to adopt strategies that are increasingly risky.

Living with parents is a popular solution to the housing problem, but that becomes strained after a while. Many parents now use equity in their home to finance a mortgage for their children. A major bank recently confirmed that 10% of its property loans were guaranteed by people other than the purchasers.

This is fine if the debt is not too large and the children can pay it off quickly. But the risks with this strategy are high. If the debt repayment becomes difficult due to unemployment, interest rate rises, a property downturn, divorce or an unexpected pregnancy, both the parents and the children could suddenly have a major cash flow problem. It wouldn't take much for both to lose their homes.

Buying an investment property whilst living with your parents or renting is another popular strategy. This has some positives if the rent covers the loan interest and expenses while benefitting from a rising property market. Negative gearing allows an offset of the excess loan interest and costs (above rent received) against other income tax.

However, many investors underestimate the costs involved, especially if they never live in the property later. Land tax, capital gains tax, stamp duties, council rates, strata levies, repairs and maintenance, etc could render the whole venture uneconomic. Many people look to maximise deductions by taking out an interest-only loan, but this can backfire if the property is worth less than the loan when it comes to sell.

Policy inequity will lead to change

The idea of renting somewhere and hoping for a significant decline in the housing market is not popular with my clients. The overwhelming feeling is that rent is dead money and pays off someone else's mortgage. The reality is, though, that the vast majority of people under 30 have little choice but to adopt a 'wait and see' approach. Despite the inequality, the Federal Government appears to have little desire or perhaps ability to rectify this imbalance. Tax policies such as negative gearing and capital gains tax concessions favour those with capital or access to it, and even the Reserve Bank has admitted the tax breaks encourage investors to increase the prices they will pay.

Unlike in the US with the rise of Donald Trump, in the UK with Brexit and throughout Europe with the growth of right-wing parties, in Australia any middle-class resentment is still largely hidden. Although real wages and salaries have not increased much in recent years, the substantial rise in property prices has made large sections of the population feel much wealthier. However, negative gearing is the enemy of most Gen Y and Millennials wanting to find their own home, as they are outcompeted by investors. In my opinion, the days are numbered for negative gearing and the 50% capital gains tax discount.

Rick Cosier is a financial adviser and Principal of [Healthy Finances Ltd](). *This article is general information and does not consider the circumstances of any individual.*

Location, location, location! Is your ETF Australian domiciled?

Adam O'Connor

Exchange traded funds (ETFs) that provide access to international markets, sectors and specific thematics continue to grow rapidly on the ASX, with now approximately 70 ETFs providing international equity exposures. International ETFs provide Australian investors with a simple and cost effective way to access growth opportunities, including under-represented – or even absent – sectors from the S&P/ASX 200. However, as with any investment, it's important to look at how the fund is structured. An often overlooked issue is the location or domicile of the fund, where the devil, of course, is in the detail.

Australian domiciled funds vs. CHESS Depository Interests (CDIs)

ETFs that invest in international (i.e. non-Australian) assets will generally come in one of two forms, largely indistinguishable on the surface but with quite different structures.

An Australian domiciled ETF is one that is formed, registered and regulated in Australia, is resident in Australia for tax purposes, and whose 'home' exchange is the ASX.

The alternative structure for international ETFs trading on the ASX is through a CHESS Depository Interest (CDI) in an already established offshore fund. In the case of ASX traded ETFs, all CDIs currently available are for funds based in the US. A CDI is a financial product quoted on the ASX which confers a beneficial interest in the underlying financial product to which it relates. A CDI will generally be listed by a global fund manager with an Australian presence and, though quoted on the ASX, it is actually a 'cross-listing' of the US fund.

Buying an interest in a fund that is domiciled in the US, for example, and cross-listed in Australia, presents certain considerations for investors.

- Foreign governance: Offshore funds are governed primarily by the laws of the country of their original listing, not Australian law.
- Additional administration: Because each CDI is an interest in the offshore fund, CDI holders are required to submit a W8-BEN form to the fund if they wish to reduce their withholdings tax (e.g. from 30% to 15% under the Australia-US double tax treaty). This is not a one-off and requires periodic updating.
- Legal implications: Being governed primarily by foreign law, investors in offshore funds may have to contend with legislation that does not exist in Australia, such as potential US Estate Taxes for US-domiciled investments.
- Extra layer of withholdings tax – an Australian resident holding a CDI on a US listed global exposure is subject to withholding tax when distributing income to the US fund and again as an individual investor in a US domiciled fund when the income is distributed to Australian CDI holders.

By contrast, an investor in an Australian domiciled fund does not need to fill out individual W8-BEN forms because *they are filled out once at the fund level,* by the fund manager. Also:

- being governed primarily by Australian law there are minimal, if any, direct foreign law impacts for investors; and
- generally speaking, the investor is only subject to withholdings tax once on a global exposure – on the distributions from the foreign companies into Australia – not twice ie from the foreign companies into the US and then into Australia.

Australian domiciled or CDI? It's worth 'looking under the bonnet' before you invest.

Adam O'Connor is Manager of Distribution at BetaShares. BetaShares is a sponsor of Cuffelinks, and all their international funds are Australian-domiciled. This article does not consider the personal circumstances of any investor.

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