



**INCOME INVESTORS  
BEWARE!**

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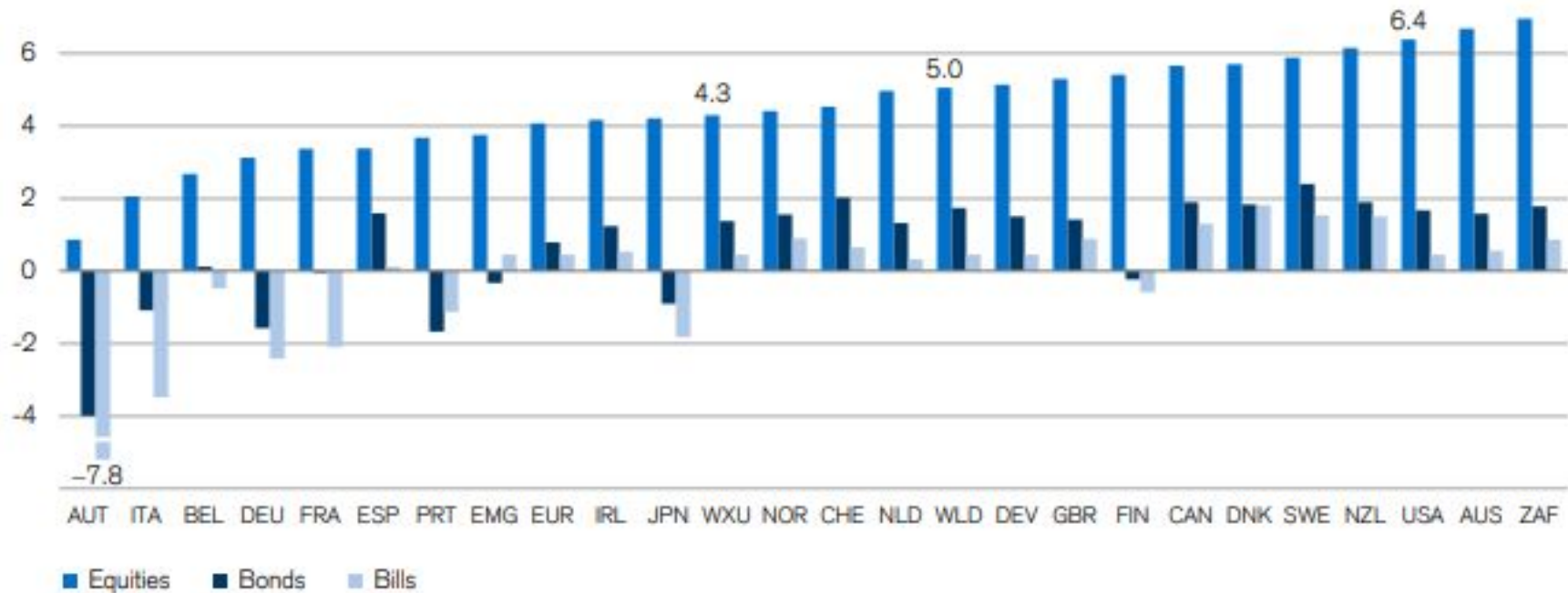
# Agenda:

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- Income investors had it tough for years, now in sunshine. How do you prepare for rain.
- What rates available on: Cash, bonds, international shares, aussie shares, inflation linked bonds
- Bond returns, locking in rates. How to invest in bonds. Direct vs
- Inflation linked bonds
- Aussie weights vs international weights, asset allocation decision
- Unlisted asset, fund lockup
- Look at dividend drawdowns, international vs Australia.
- International dividends: buybacks. Growth in dividends
- Aussie dividends. Worry about sectors
- CBA valuation
- Net effect: get bonds to lock in current interest rates for longer. Get shares for growth

# Long Term returns:

Figure 11: Real annualized returns (%) on equities versus bonds and bills internationally, 1900–2022



## Income:

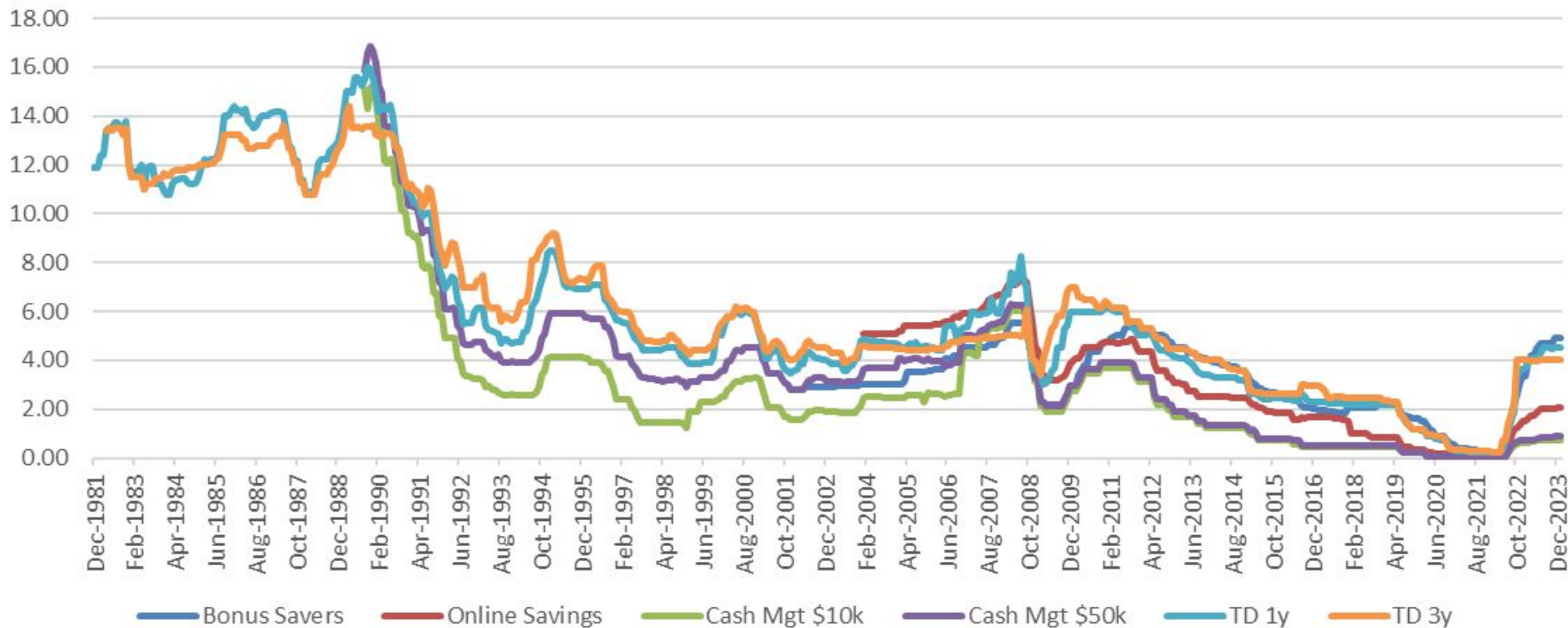
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- Income investors had it tough for years, now in sunshine. How do you prepare for rain.
- Think about capital vs income
- Think about tax
- Think about structure

# Income Investors:

## Australian Bank deposit rates

Source: RBA



## Bonds:

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- In fund vs owning outright.
- Tax issues / distributions
- 
- Think about capital vs income
- Think about tax
- Think about structure

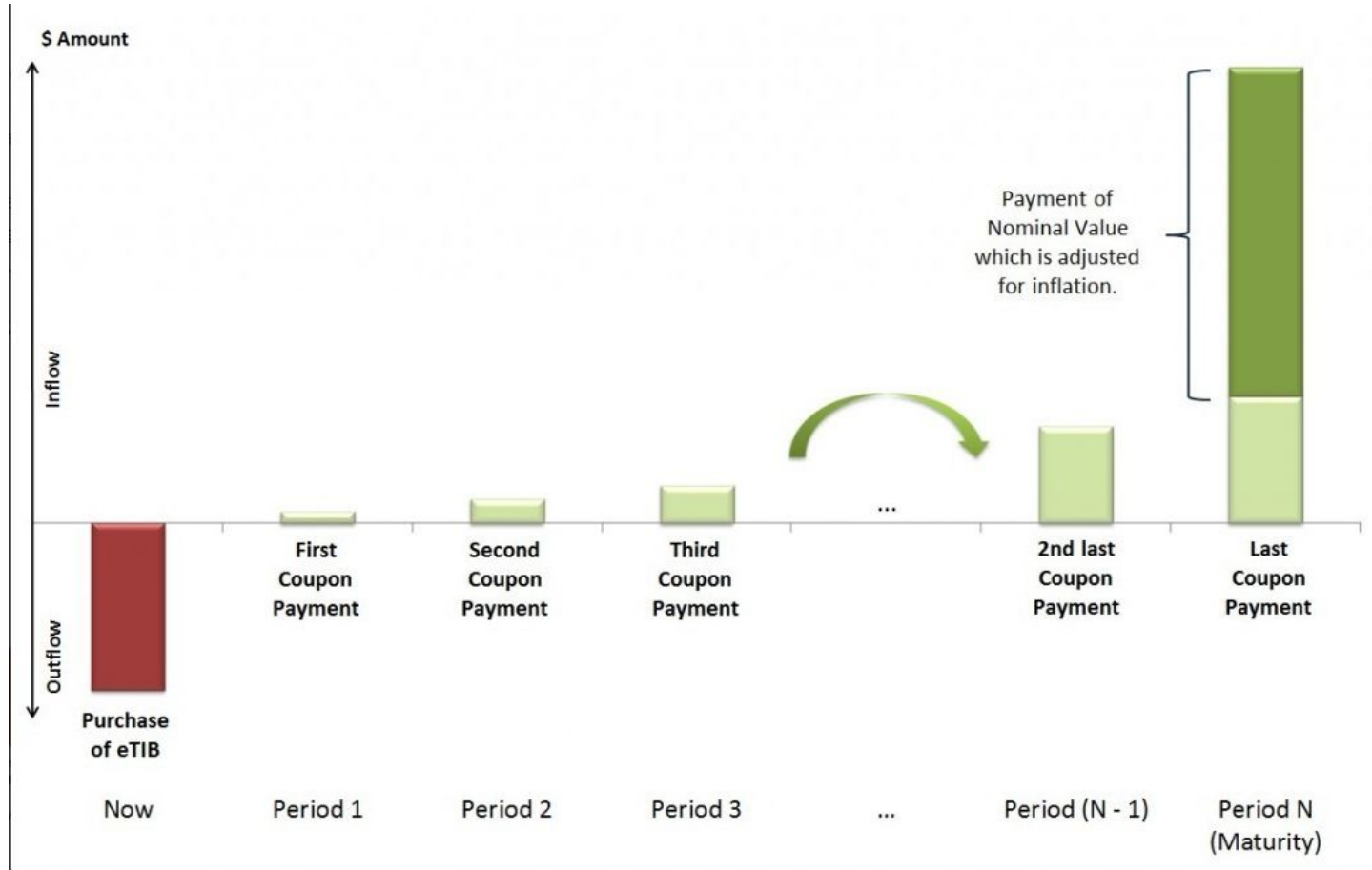
# Bonds:

## Australia »

Name ↕	Yield	Prev.
 Australia 1Y	4.009	4.084
 Australia 2Y	3.804	3.905
 Australia 3Y	3.780	3.870
 Australia 4Y	3.792	3.896
 Australia 5Y	3.840	3.946
 Australia 6Y	3.933	4.031
 Australia 7Y	4.008	4.086
 Australia 8Y	4.129	4.210
 Australia 9Y	4.165	4.246
 Australia 10Y	4.180	4.284
 Australia 12Y	4.248	4.329
 Australia 15Y	4.384	4.481
 Australia 20Y	4.526	4.620
 Australia 30Y	4.532	4.592



# Inflation Linked Bonds:



## ILB:

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- Running yield is 1-1.75%

## Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

### Climate Change

- No Fossil Fuels (Worst Offenders) 
- No Fossil Fuels (Any) 
- No Coal Seam Gas or Fracking 
- No Nuclear Power 
- No Old Growth Forest Logging 

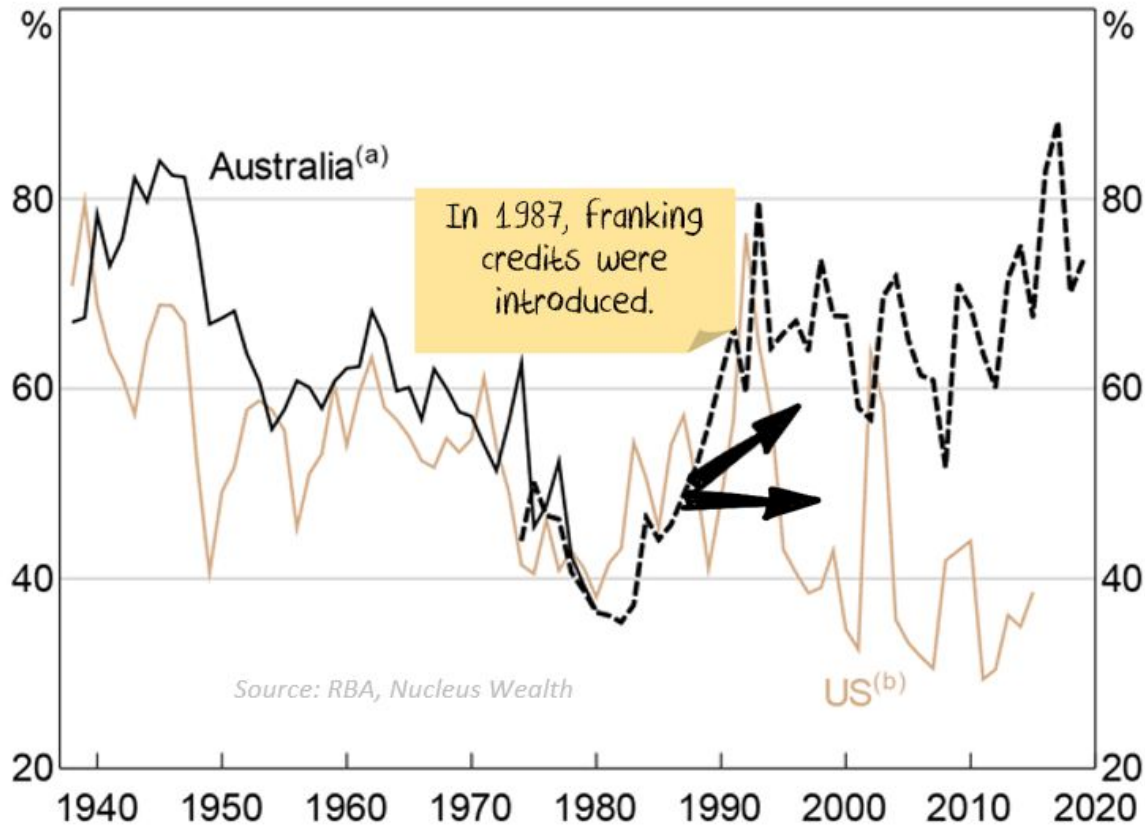
## Asset allocation / Franking:

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- Aussie weights vs international weights, asset allocation decision
- Unlisted asset, fund lockup
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- International dividends: buybacks. Growth in dividends
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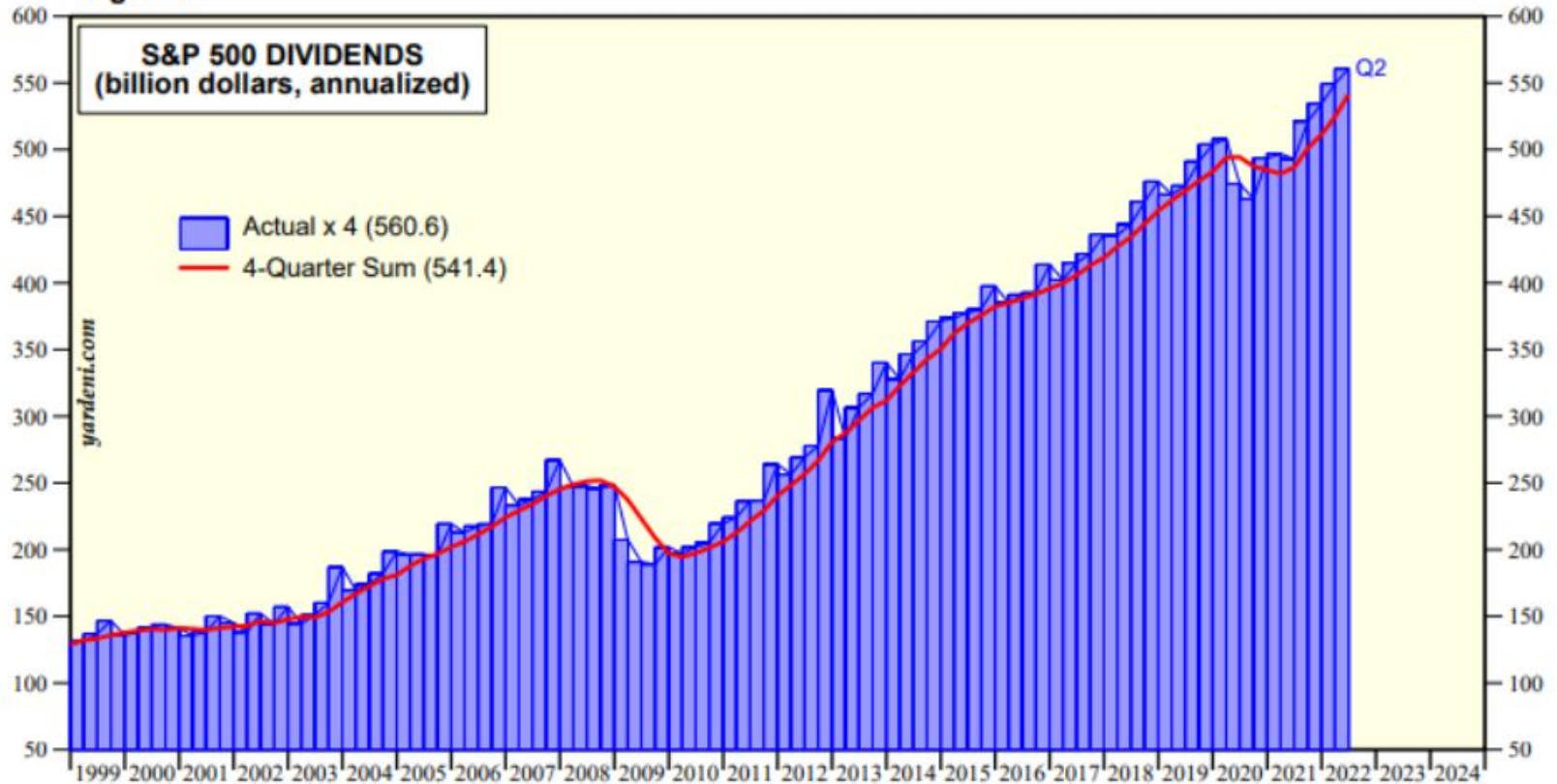
# Franking distortion:

Figure 4: Dividend Payout Ratios



# Dividends vs buybacks:

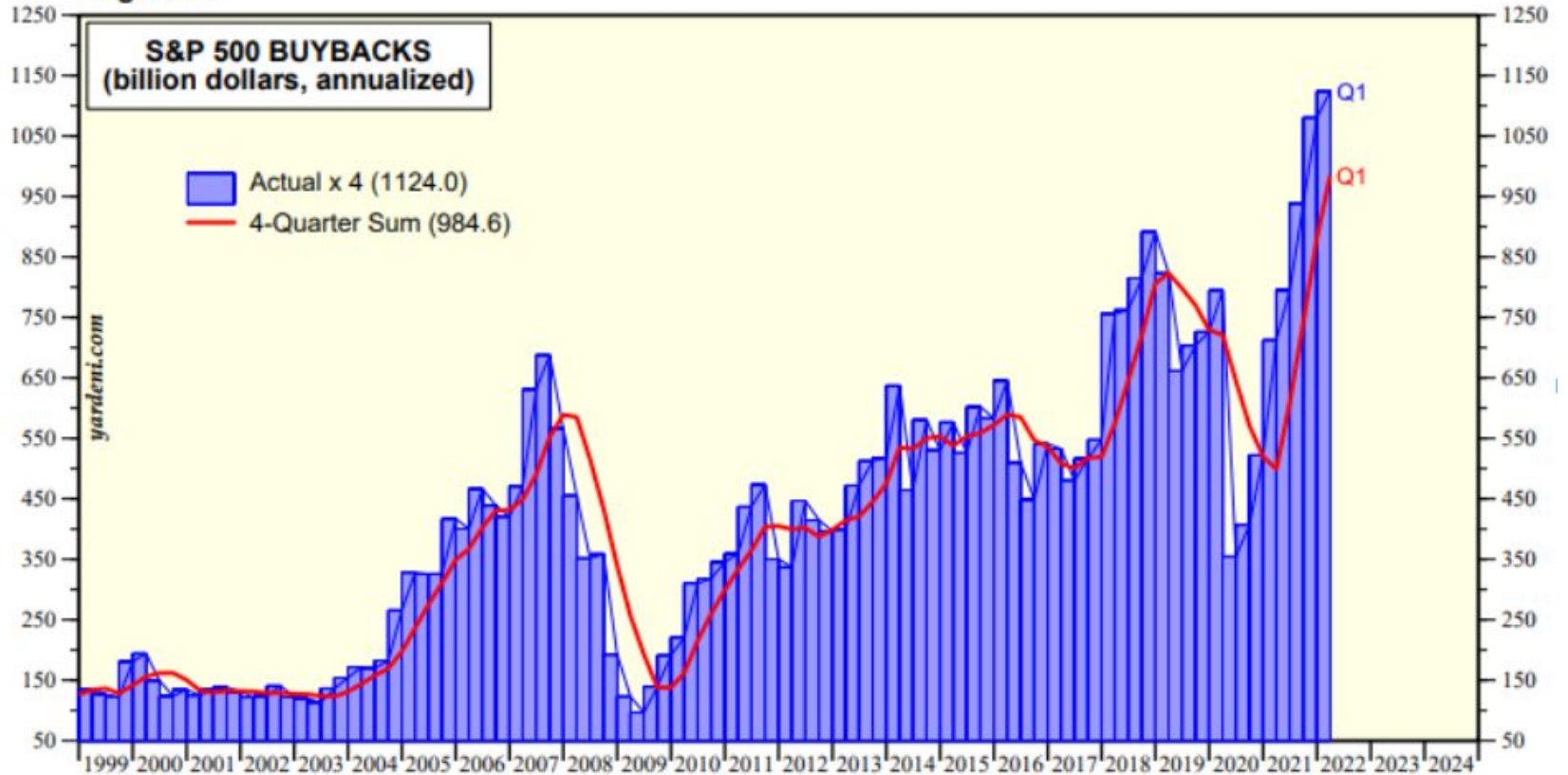
Figure 2.



Source: Standard & Poor's.

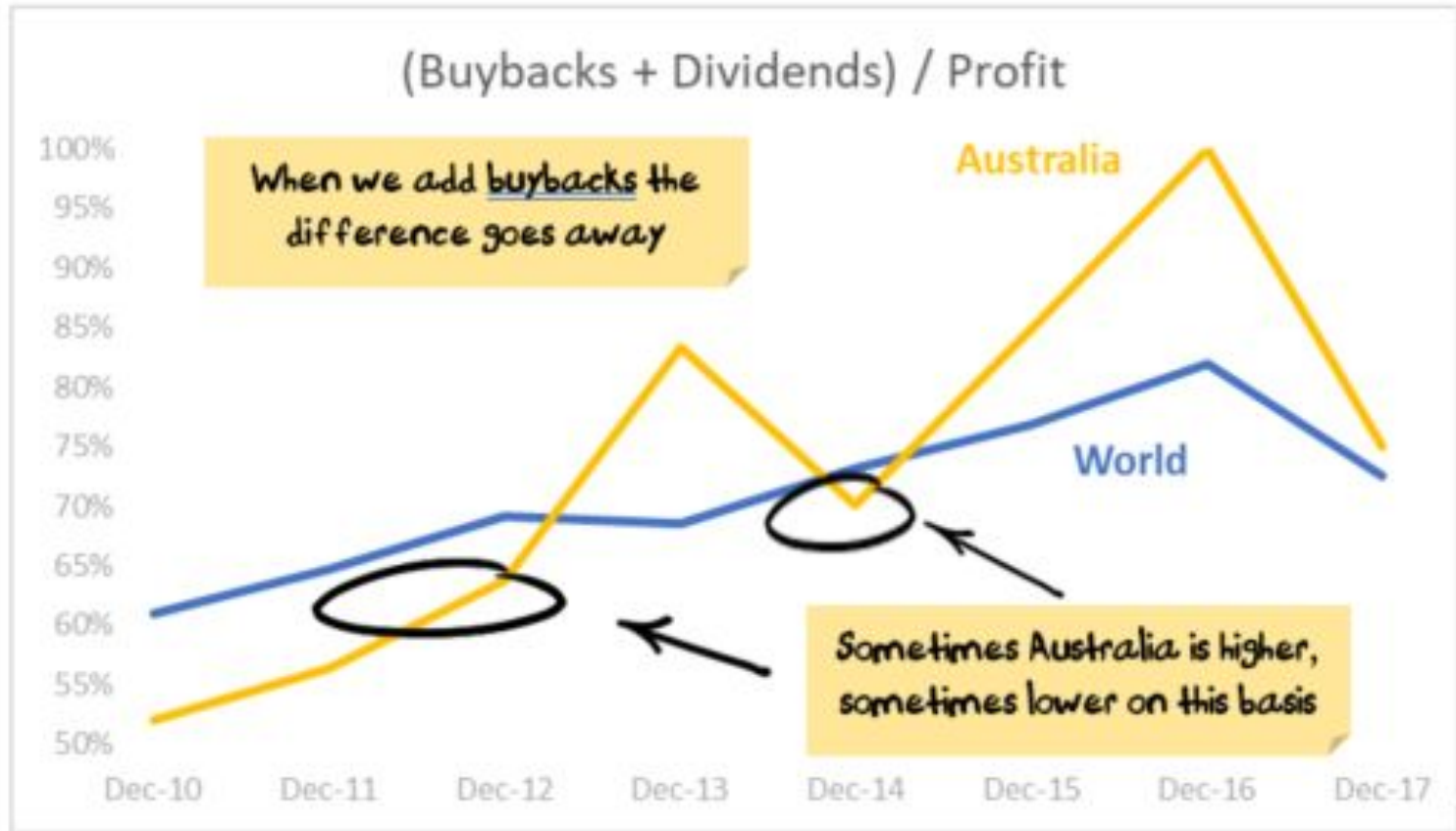
# Dividends vs buybacks:

Figure 1.



Source: Standard & Poor's.

# Dividends vs buybacks:





# Personalise Your Portfolio

## Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

## Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



# Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

## Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

## Asset Allocation = Half the difference:

	Yield	
	World	Aust
Health Care	1.9%	1.7%
Information Technolo	0.8%	0.1%
Financials	3.2%	4.7%
Real Estate	3.9%	3.8%
Consumer Staples	3.0%	3.6%
Energy	4.2%	4.9%
Industrials	1.9%	4.1%
Materials	2.8%	4.4%
Utilities	4.4%	6.4%
Consumer Discretion	1.3%	3.1%
Communication Servi	1.2%	2.9%

Source: Capital IQ, Nucleus Wealth

## Other:

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- Unlisted asset, fund lockup
- Look at dividend drawdowns, international \$1 to \$4.33 vs Australia \$1 to \$3
- CBA valuation
- Net effect: get bonds to lock in current interest rates for longer. Get shares for growth

## Viewer question of the week:

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**What income sources have we missed?**

**Drop your answers in the comments**

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