

GENERAL UPDATE

Dear Clients,

Welcome back to the final edition of the AD Wealth Update for 2021. It's been a year filled with uncertainty for many here in Melbourne, however, we are proud to be coming out the other side together as a community and a business and head into what we hope will be a better year.

In saying this, we have navigated a generally successful path for our clients this year at AD Wealth with the release of 3 Information Memorandums (IM's) including the second IM for the highly successful Winterfield Estate in Ballarat and the continuous development and growth of many other projects in the specialised property investment space. Our traditional portfolio investments have remained strong and generated healthy returns for our clients as outlined in Brad's recap of the year below.

Please note our office will be closed from December 23rd 2021 to January 18th 2022. If you have an urgent query during this time please contact your adviser directly. We thank you for your ongoing support and trust in the AD Wealth team throughout 2021 and wish everyone a well-deserved holiday and festive season and a happy new year heading into 2022!



Matt Morley
Director

SPECIALISED PROPERTY INVESTMENTS



DECEMBER 10TH KYNETON DA

In late 2020, we received a planning permit for the subdivision which included a number of conditions that were commercially unfeasible.

As a result, we challenged these conditions at VCAT and last week received notice that our case was successful meaning in 2022 we can direct our attention towards finalisation of the senior debt and commencement of construction.

Please click [here](#) to watch a video from our Developer Goldfields about the Kyneton Development Approval.

SPECIALISED PROPERTY INVESTMENTS CONT'D

DECEMBER 13TH

TARNEIT TENANT - COLES

The Tarneit Town Centre Project recently agreed to terms with Coles for a 3,500 sqm store via a Heads of Agreement (HoA). Coles



will serve as the anchor tenant in the development and we expect increased interest from other retailers over the next 12 - 24 months based on past developments where we have had such a strong and established anchor tenant. We are expecting to receive a planning permit by mid 2022 with a view to conducting a capital raise and commencing the early construction phase of the project.

ECONOMIC UPDATE

THE YEAR THAT WAS

And I thought 2020 had it all ... how wrong was I.

I was less than 6 days into my summer break before the wheels started to fall off. Democracy took a back seat as protesters stormed Capitol Hill with Congress fleeing as rioters assaulted law enforcement officers, vandalized and looted property. The mob eventually dispersed only to reappear 12 months later & 10,000 miles further away on the steps of the Victorian Parliament brandishing gallows, nooses and burning effigies.

Whilst society may have temporarily forgotten its values and manners, we nonetheless become more educated and smarter as we awoke one morning to find out we all had PHDs with every Tom, Dick and Harriet being an expert in vaccines. "Do you have the dreaded AZ? The new age Moderna? Or the crowd favourite Pfizer?" All of a sudden every syringe was labelled, and everyone had an expert view to offer yet all these same individuals couldn't tell me what brand of Flu shot, Tetanus shot, Hepatitis shot, Meningococcal shot, Tuberculosis shot etc they ever had.

However, when you enter a snap 7-day lockdown that goes for over 77 days there isn't much you can do other than become experts in COVID-19 or direct your attention to homeschooling 3 primary school children (with neither option being all that enticing). Yes, we evolved from the Garden State to the Education State to the Lockdown State. But notwithstanding I'm fairly certain we'll tie again with Vancouver and Vienna for the world's most liveable city.



ECONOMIC UPDATE CONT'D

Thankfully we had a number of distractions on TV to keep us sane throughout the year as we all “worked” from home. We had the humorous Parliamentary Enquiry into Hotel Quarantine which was reminiscent of Who’s on first, What’s on second, followed by the awe-inspiring Olympics and Paralympics where gold medals were shared, coaches made the highlights reel, and world records were broken. But the pinnacle wasn’t our athletes, rather our footballers, with Melbourne erupting following 57 years in the wilderness. Perth too erupted when they found out 3 Melbournians attended the match, which turned out to be their last outing for the next 10 months.

And just when we thought it was all done and dusted, we got hit by an Earthquake...you really can’t script this stuff.

So with all of the above happening, you wonder how the Investment Committee had time to meet let alone focus on the job at hand. From the unregulated bitcoin, to property booms, to equity bubbles, to bond tapering, to interest rate rises, and now inflation, there has been a lot the Investment Committee has had to contend with. At the best of times it’s hard to make sense of, and even harder when you consider that today 48 companies in the ASX 300 don’t make a profit, and the combined market value of these companies is \$200 Billion. Make sense to you? Since 2000, if you had solely invested in loss-making companies you would have lost 99% of your capital. But the popularity of loss-making companies continues to grow as everyone wants to find the exception. Amazon was a loss-making company valued at \$18 billion all the way up to 2002, now 20 years later it is a profitable business valued at 1.63 trillion. Not a bad little return.

Unfortunately, the mandate of the Investment Committee prohibits it from chasing these types of companies and returns. However, we still managed to earn a tidy profit over the year for our clients with our Moderate, Balanced, Growth and stand-alone Australian Equity Portfolio returning 6.17%, 9.49%, 13.14% and 17.54% respectively. Thus, much like our athletes, you could call these returns a gold-winning performance.

Thankfully the sun is about to set on annus horribilus and 2022 can (I hope) only be a better year for all. Wishing you all the best.



Brad Akkerman
Director (Principal Partners)