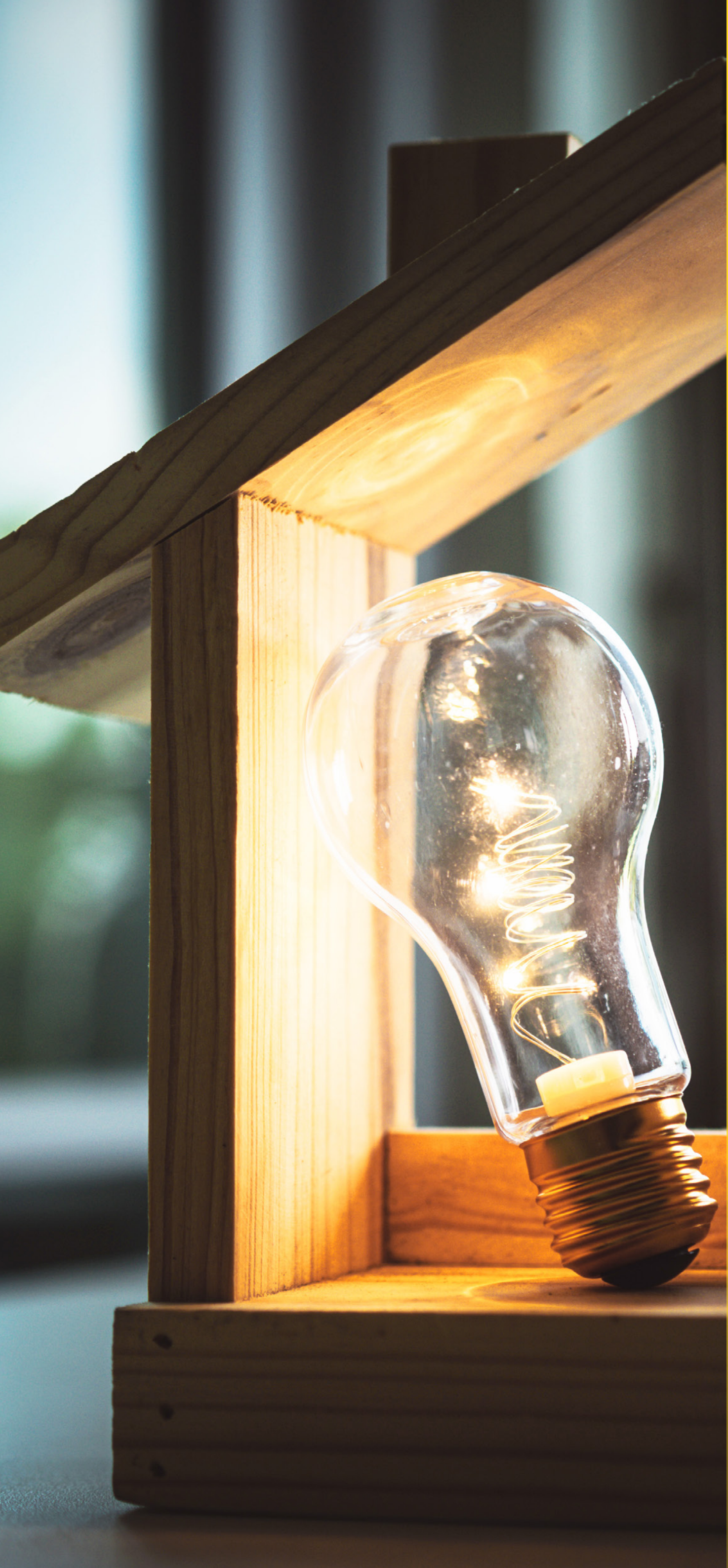

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Investment Strategies

3 key areas of interest to consider

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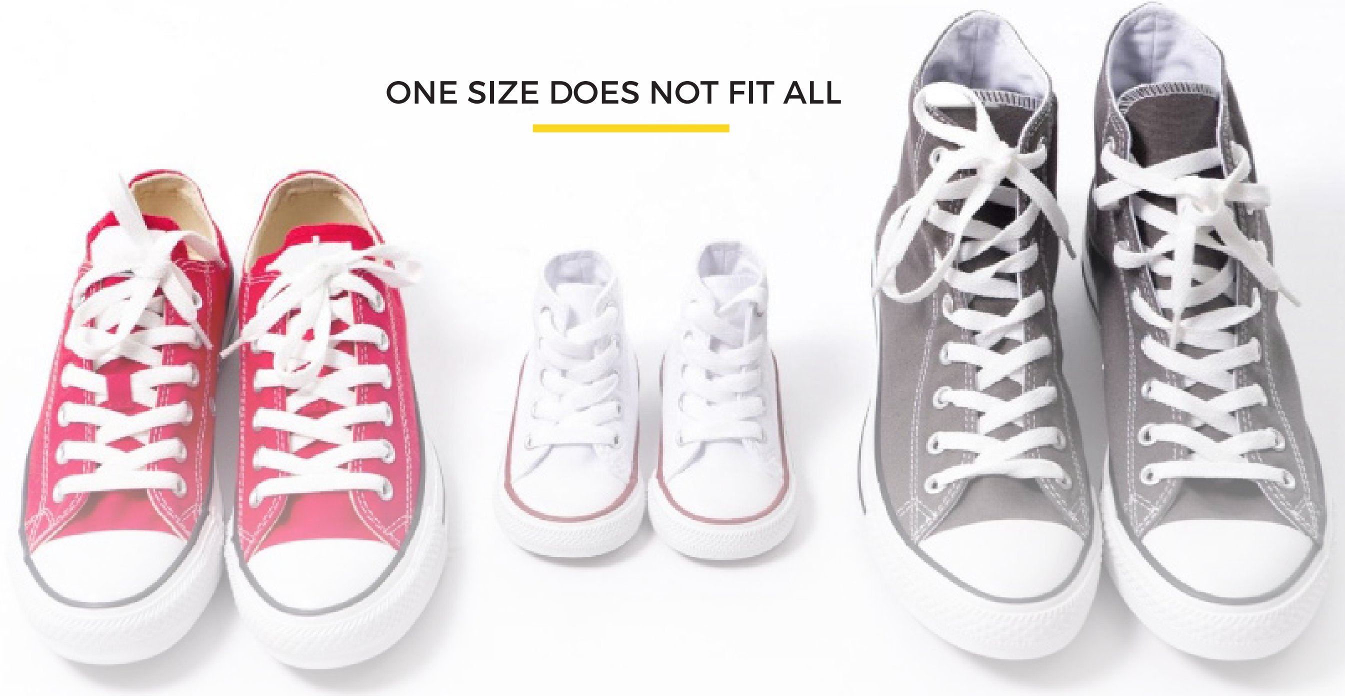
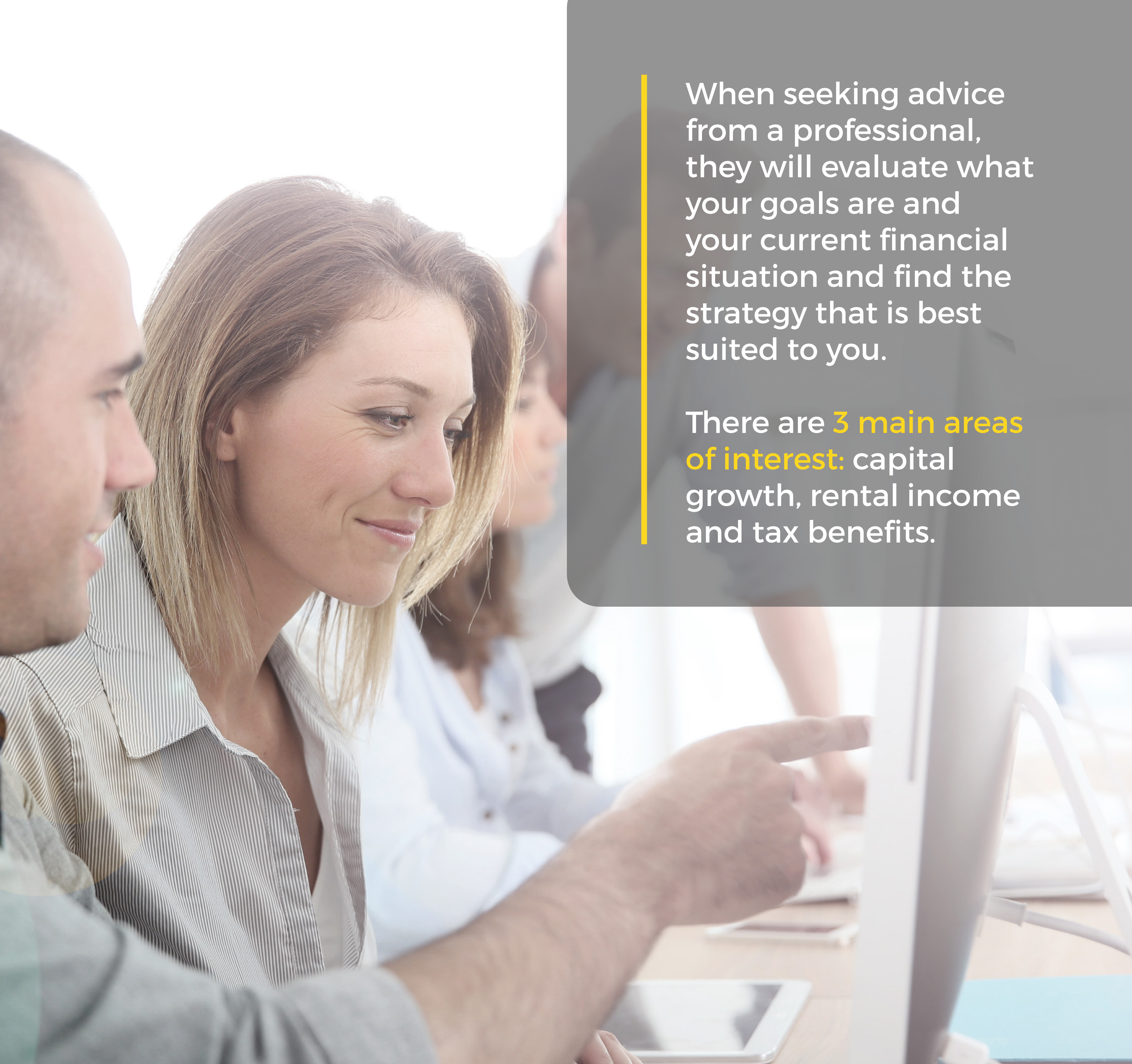
ONE SIZE DOES NOT FIT ALL



When assessing your investment strategy, it is important to keep in mind that everyone is in a different financial position and an investment strategy is not a 'one size fits all' solution.



When seeking advice from a professional, they will evaluate what your goals are and your current financial situation and find the strategy that is best suited to you.

There are 3 main areas of interest: capital growth, rental income and tax benefits.

Rental yield and income

In most cases, when you have a rental property, you will rent out the space to a tenant which will act as an ongoing income.

In some investment strategies, the aim is to have the tenants' rent cover all expenses, such as rates, insurance, mortgage, etc, and for the leftover to provide passive income to the investor.

Rental yield refers to the calculation of the potential income from an investment. This will allow you to compare between rental properties and to measure the rental yield as a percentage.

Net rental yield

Rental income − Property costs ÷ Market value = Net rental yield

Rental income	Property costs	Market value	Net rental yield
$33,800 p.a	**$4,920 p.a**	**$690,000**	**4.2%**

Property costs:

- Council rates $2,600 ($650 p.q)
- Strata levies $1,400 ($350 p.q)
- Rental Management $520
- Insurance $400

There are 2 ways to calculate the rental yield, one with the gross rental income and one with the net rental income. A more accurate assessment is based on the net rental yield because it takes into account the costs and fees payable, like Council rates, insurance, management fees, etc.

Figures above are approximate and are for illustration purposes.

2 Tax benefits

Legislation and tax law are forever changing and everyone's financial position is different. After seeking advice from a professional, some strategies can work in your favour to positively affect the amount of tax you pay.

Let's talk about the term 'gearing'. When a property is 'positively geared' it means that the investment strategy is to earn a profit/additional income from the rental income. You should note however, that the profit earned will be added to your taxable income which will impact the amount of tax you pay.

When a property is 'negatively geared', the investor is claiming a loss which is deducted from their taxable income. Potentially putting them into a lower tax bracket and decreasing their tax bill.

Capital growth

Capital growth refers to the increase in value of your investment over time. This is calculated by using your properties value at the time of purchase and comparing with the current market value.

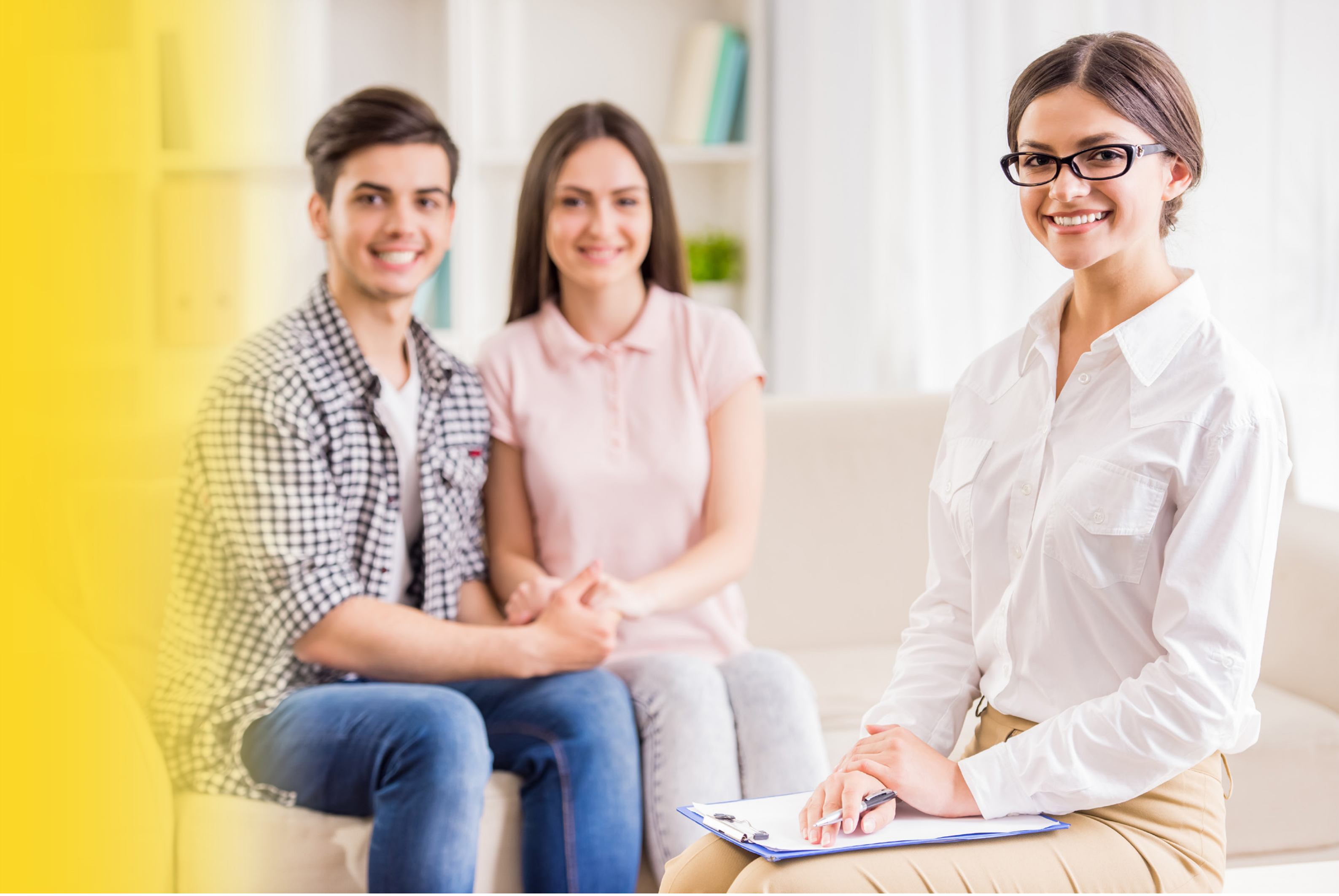
If your strategy focuses on capital growth then usually it means that your plan is to hold onto the investment long term to allow the value to increase over time.

Market value	−	Purchase price	=	Capital growth
$690,000		**$520,000**		**$170,000**

Figures above are approximate and are for illustration purposes.

Not sure where to start on your investment journey or what strategy to take?

Give Buyers Club a call to book your FREE one-on-one meeting to discuss your goals and start you on your investment journey.



We also have a prestigious list of finance specialists, accountants and legal professionals that we would be happy to refer to you to ensure that you make a well informed investment decision.

Welcome to the Buyers Club.

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