

Investors' Corner

Citiplace, Perth

for ASA, April 2023

Convenor: Mark Dixon



"'Regular', 'Hot' or 'Extra-hot'?"

Source: Dave Carpenter

Citiplace - Emergency Procedure

- ▶ If smoke is detected, or fire alarm is raised, follow exit signs
- ▶ Upon evacuating the building, meet at ***designated area***
- ▶ Do not use lift in an emergency

- ▶ **Designated area**
 - ▶ Turn right from the Citiplace Centre and proceed over the bridge to the pond area past the Art Gallery, if safe to do so.
 - ▶ Regroup there for head count if safe to do so.
 - ▶ If emergency personnel instruct differently then follow their directions.

Disclaimer

- ▶ The Australian Shareholders' Association (ASA) has provided the facilities for this meeting to provide general information about the ASA and to stimulate interest in financial markets.
- ▶ The ASA is not licensed to give financial advice.
- ▶ Presentations made here are not designed to provide any specific investment advice to any person present.
- ▶ The ASA does not accept any responsibility to inform you of any matter that subsequently comes to our notice that may affect any of the information discussed.
- ▶ Anyone wishing to act on any matter discussed should seek independent advice from a licensed financial adviser.

Agenda

- ▶ Intro – welcome, emergency procedure, disclaimer
- ▶ Open discussion on financial news and companies
- ▶ Peter Scales – Macro-technical
- ▶ John Ellis - ChatGPT demo
- ▶ Additional material for the group
- ▶ Next meeting – 18th May
- ▶ Close ~ 11:55 am

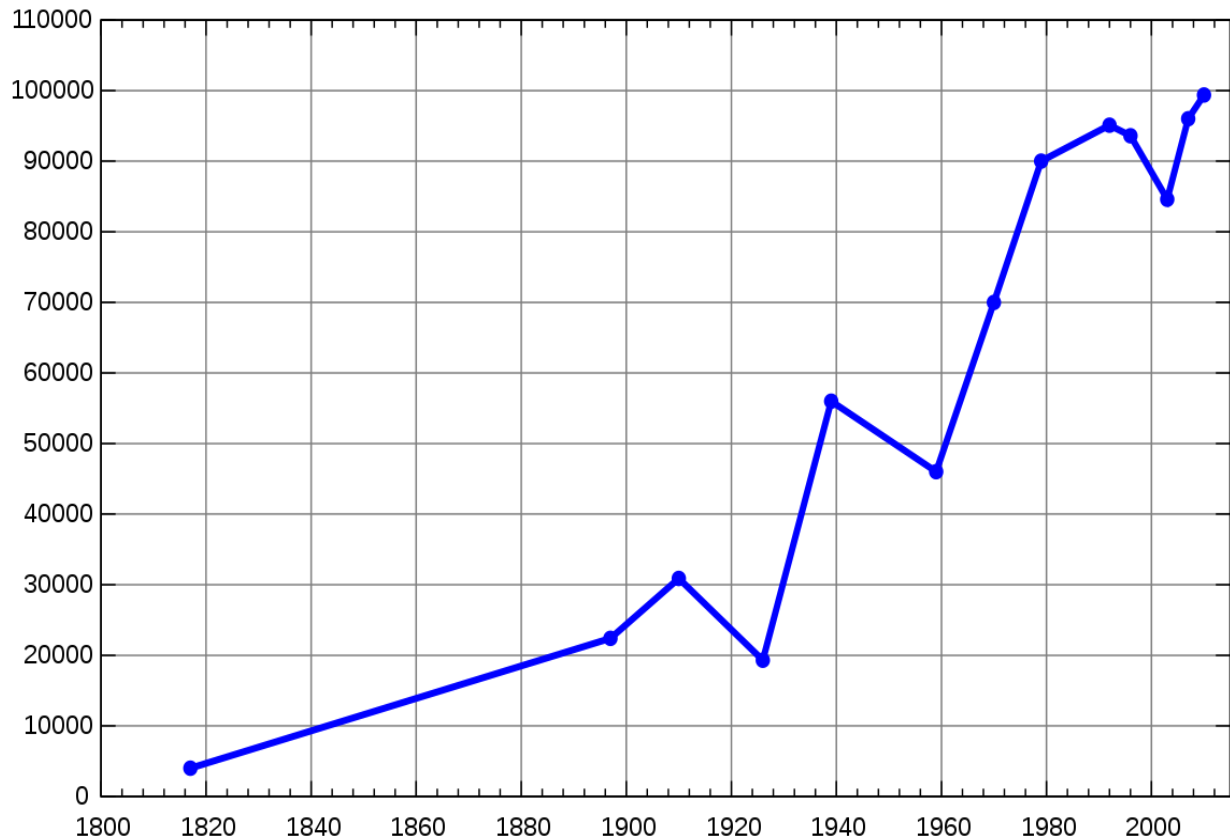
Economic & Financial Thoughts

- ▶ What has interested you in the financial press recently?



Source: Dave Carpenter

Peter Scales Macro- Technicals

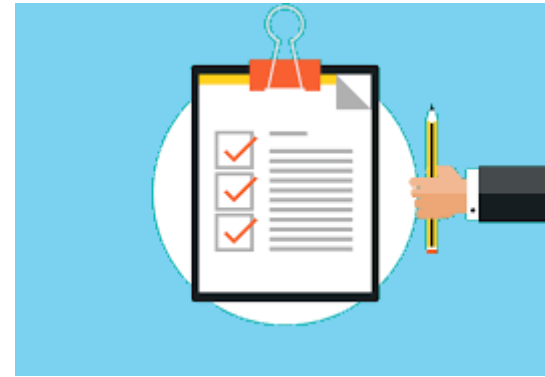


ChatGPT demo - John Ellis



Source: Tom Fishburne, Marketoonist.com

Survey follow-up



- ▶ Possible tipping comp? - ASX Trading Game - We can operate as a league. Must register by 4-May!
<https://game.asx.com.au/game/info/public/about-the-game>
- ▶ Possible name change? [Perth City Investors?]
- ▶ Current issues up front - how did that go?

How to join the ASX Sharemarket Game league - ASA Perth City Group

- ▶ Go to the new ASX portal - <https://www2.asx.com.au> select **LOGIN**
- ▶ If you are not previously signed up to MyASX, select **JOIN NOW >**
- ▶ If you have a MyASX login, use your MyASX username and password.
- ▶ Once in the portal, select ASX Sharemarket Game and **register**.
- ▶ **To join the league:** Under the "Resources" menu, select "Leagues" and then "Join leagues".
- ▶ Enter in these details: **League ID:** 37605 **Password:** ASA2sing
- ▶ Join the league: **ASA Perth City Group**
- ▶ Start tipping (see tutorial info for how-to!)
 - ▶ Potential Col: I started yesterday, to set things up (but I'm already down!)

Announcements

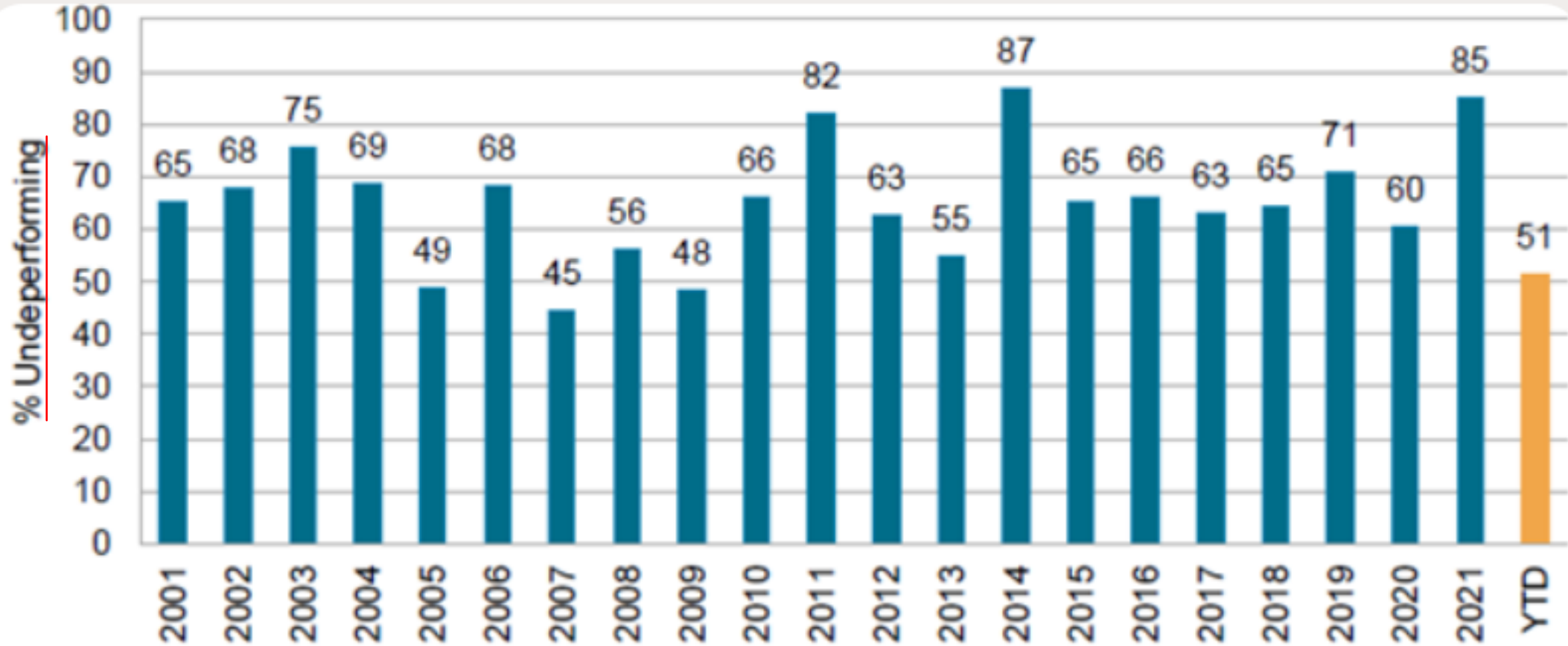
- ▶ ASA and ASX announcements and events can be found at <https://www.australianshareholders.com.au/> and <https://www.asx.com/>
- ▶ Allocation of proxies to ASA
- ▶ Investor Conference in May
- ▶ *Equity* magazine available in digital (PDF) format.

What is SPIVA

- ▶ **“S&P Indices Versus Active”** - published by a division of S&P Global for the last 20 years.
- ▶ I.e. how have actively managed funds around the world performed, over both the long and the short term, against the relevant index (e.g. S&P500, ASX All Ordinaries).

Most material here is from S&P Dow Jones Indices and from BetaShares Australia.

Percentage of Large-Cap Domestic Equity Funds Underperforming the S&P 500 Each Year



Source: S&P Dow Jones Indices LLC. Data as of 30 June 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.



Percentage of US and Australian active funds underperforming the broad sharemarket (to 30 June 2022)

| | Time period | | | |
|---|-------------|---------|---------|----------|
| | 1 year | 3 years | 5 years | 15 years |
| US Large Cap Funds underperforming | 55.4% | 85.9% | 84.5% | 89.4% |
| <u>Australian</u> General Equity Funds undersperforming | 47.9% | 50.3% | 77.2% | 82.9% |

Quotes from SPIVA

- ▶ “ The mid-2022 US Persistence Report found that within each of the reported domestic equity categories, among all the funds whose performance placed them in the top quartile for the 12 months ending June 2020, *the percentage of funds that managed to remain in the top quartile over the next two years was... zero. Not a single fund that was in the top 25% in the year ending 2020 remained there for the following two years.*
- ▶ “ Turning to the Australian market, the Australia Persistence Scorecard (June 2022) showed that less than 10% of Australian equity funds in the top quartile as of 30 June 2020 remained there at 30 June 2022, while *none* of the [ASX Listed] funds in the International Equity, Bond or A-REIT categories remained there.

SPIVA Conclusions

The conclusions, which SPIVA states are 'robust across geographies', include:

- ❑ Most institutional managers underperform most of the time.
- ❑ The tendency for underperformance typically rises as the observation period lengthens.
- ❑ When good performance does occur, it tends not to persist. Above-average past performance does not predict above-average future performance.

Close

- ▶ **Next meeting:** Thursday, 18th May 10 am, Citiplace.
- ▶ **Other ASA groups:**
 - ▶ 27th April – Nedlands Discussion
 - ▶ 28th April – Perth South of the River (Bull Creek)
 - ▶ 2nd May – WA Member's Meeting (State Library)