

# Investors' Corner

Citiplace, Perth  
for ASA, June 2023  
Convenor: Mark Dixon

A photograph of a fire cabinet containing a fire hose reel and a fire extinguisher. The hose is coiled on a metal reel, and the extinguisher is red and black. The cabinet is open, and the background is slightly blurred.

## 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.

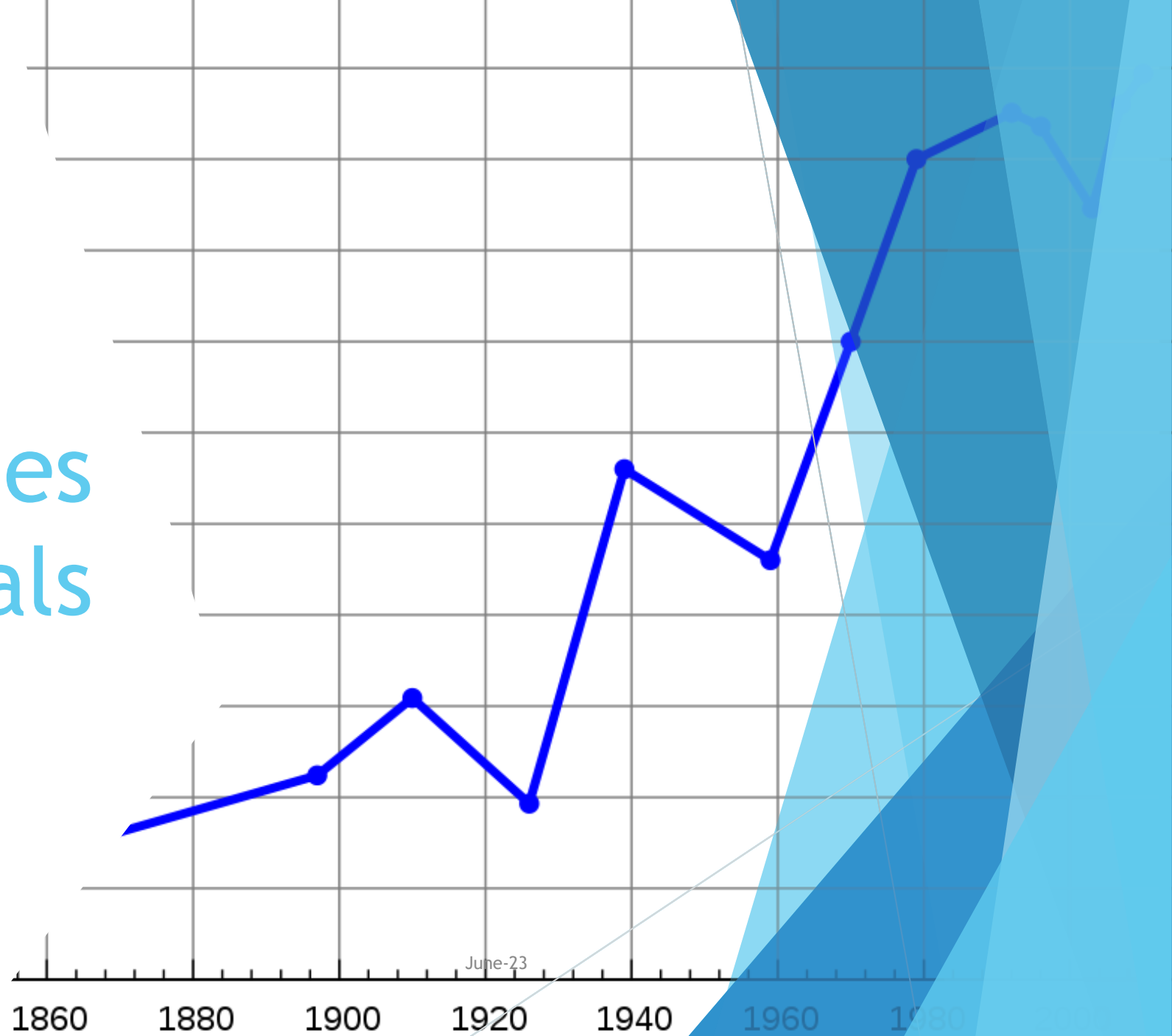
# Disclaimer

- ▶ 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
- ▶ Peter Scales – Macro-technicals
- ▶ Bob Kelliher - Income Investing
- ▶ David Brooke – Silex (SLX) Update
- ▶ Additional material for the group
- ▶ Next meeting – 20<sup>th</sup> July
- ▶ Close ~ noon.

# Peter Scales Macro-Technical



# Bob Kelliher Income Investing





# Silex

## Update, by David Brooke

# Stockmarket Game

ASA Perth City Group

**League table - ASA Perth City Group**  
**Rank 227 - Average portfolio value : \$49,156.15**

#	Participant user name	Portfolio value
1	Mark Dixon (Mark Dixon)	\$49,932.15
2	Aiming For Gains (Charlie Surace)	\$48,380.15
3	<b>SPUTZ (Carl Sputore)</b>	\$50,000.00

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June-23

**Save the date for Game 2, 2023**

Registrations will open on July 13  
Trading will run from August 10 to November 23

**Win Cash Prizes**

**Individual - Overall**  
First: \$2,000  
Second: \$1,500  
Third: \$1,000

**Individual University prize**  
Best-performing portfolio: \$1,000

**Leagues - 2 prizes**

**1) Minor League (10 and under)**  
First place -  
Group prize \$1,000

**2) Major League (11 or more)**  
First place -  
Group prize \$3,000

<https://game.asx.com.au/game/info/public/about-the-game>



# Additional Material for the group

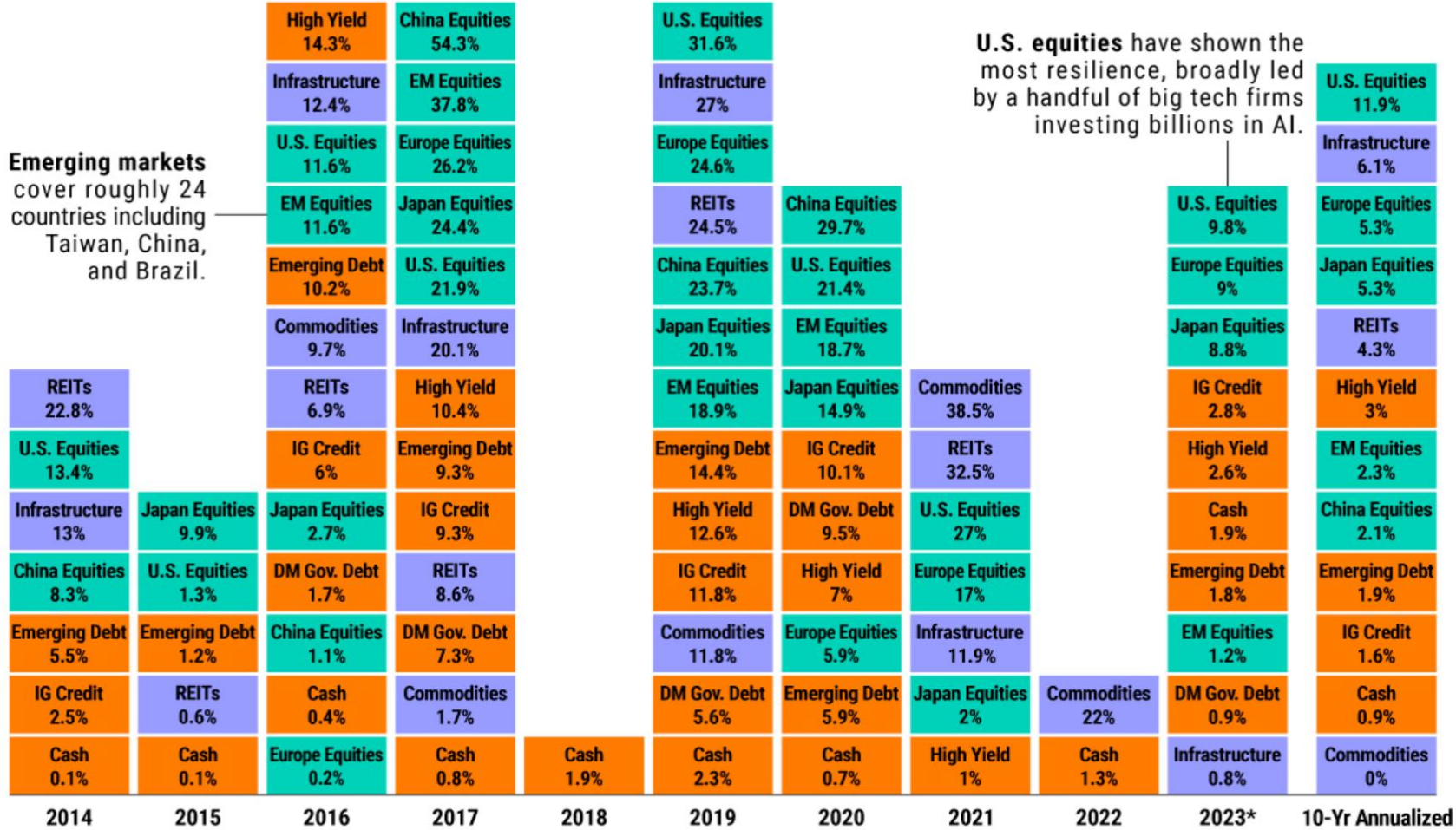
what are other  
words for  
extra material?



surplus, overkill, limit,  
something extra, remainder,  
excess, extra, spare, leftovers,  
superfluity



# Fastest Rising Asset Classes



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Equities Bonds Private Markets, Commodities

Source: Visual Capitalist

# Fortune magazine - 2 May 2023

Charlie Munger ... Berkshire Hathaway vice chairman ... [said] Investment managers are nothing more than “fortune tellers or astrologers who are dragging money out of their clients’ accounts,” he told the Financial Times in a wide-ranging interview published Sunday, arguing there’s currently a “glut of investment managers that’s bad for the country.”



# ALL THE METALS WE MINED

IN 2021

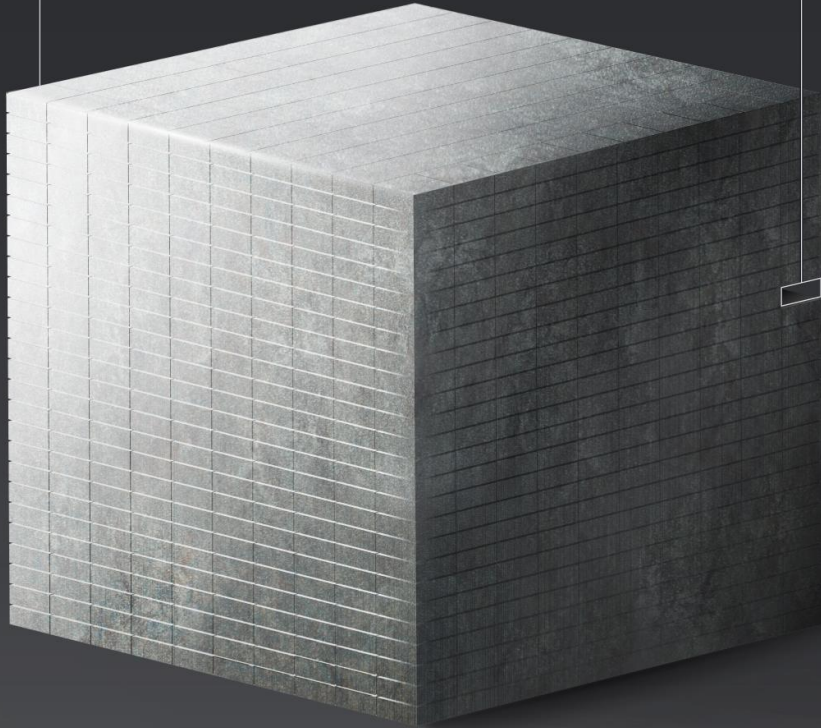
The world produced roughly **2.8 billion tonnes** of metals in 2021. Here are all the metals we mined, visualized on the same scale.

## IRON ORE

2,600,000,000 tonnes\*

= 1,000,000 tonnes

Iron Ore\*  
2.6B



## LARGEST END-USE



Steelmaking



Construction



Chemicals



Alloying Agents



Energy/Batteries



Magnets



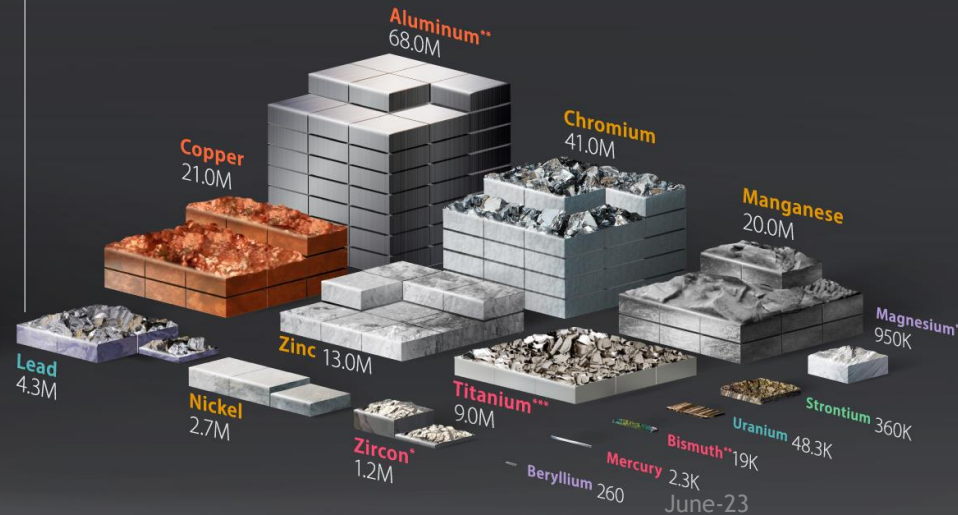
Electronics



Other

## INDUSTRIAL METALS

181,579,892 tonnes



## TECHNOLOGY AND PRECIOUS METALS

1,474,889 tonnes



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# COMMODITIES vs EQUITY VALUATIONS

## 1970—2023

L

Recently, commodity prices reached a 50 year low relative to overall equity markets. In the past, when this ratio reached such levels, commodity supercycles began.



*Commodity supercycle*

*Extended periods during which commodity prices are well above their long-run trend.*

*Source: Bank of Canada*

# Ratio: GSCI Commodity Index vs. S&P 500 Index

10

8

6

4

2

0



**1973-1974**

## Oil Embargo

During the Arab-Israeli War, members of OPEC imposed an embargo against the U.S. By the end of the embargo in 1974, oil prices had more than doubled.



**1971**

The U.S. suspended the dollar's convertibility to gold, allowing the precious metal's price to float freely on openly traded markets. Gold prices skyrocketed until 1980.



**2000**

## Tech Bubble

After the tech bubble burst in 2000, commodities outpaced equities as investors returned to invest in more tangible assets.



**2008**

Prices of many commodities reached all-time highs in 2008 before a sharp decline caused by the global financial crisis.



**2020**

## COVID-19 Pandemic

Lockdowns led to a sharp decline in demand for commodities. In order to support equity markets, central banks and governments implemented unprecedented monetary and fiscal stimulus.

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1970

1980

1990

2000

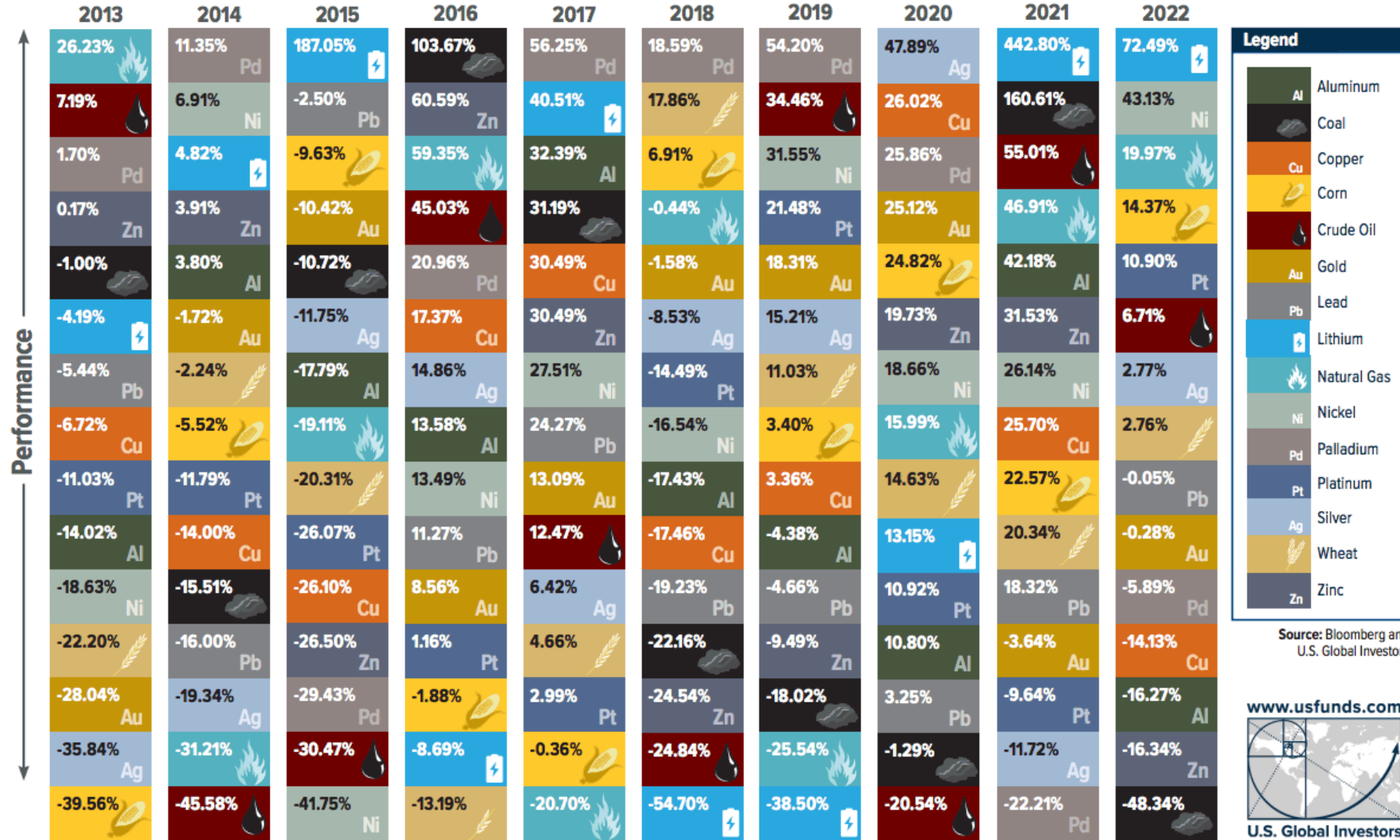
2010

2020

Source: Bank of Canada

Source: Visual Capitalist

# The Periodic Table of Commodities Returns 2022



Natural resources are the building blocks of the world, essential to progress and prosperity. These commodities, like all investments, can have wide price fluctuations over time. This table shows the ebb and flow of commodity prices over the past decade and illustrates the principle of mean reversion — the concept that returns eventually move back towards their mean or average. The price movement of commodities is historically both seasonal and cyclical. That's why when investing in natural resources, we believe it is important for your portfolio to hold a diversified basket of commodities and to be actively managed by professionals who understand these specialized assets and the global trends impacting them. As with all investments, diversification does not protect an investor from market risks and does not assure a profit, and of course, past performance does not guarantee future results. Returns are based on historical spot prices or futures prices.

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June 23

Lithium Production by Country 2022e in Tonnes

which produce it mostly from brine.



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# ▶ Lithium Producing Countries 2022

June-23

Canada 500 t  Portugal 600 t 



# Upcoming topics

- ▶ Different Investment strategies
- ▶ “Sophisticated Investors”
- ▶ A taxonomy of brokers



## Corporations Act 2001

No. 50, 2001

### Compilation No. 121

**Compilation date:** 1 March 2023

**Includes amendments up to:** Act No. 35, 2022

**Registered:** 7 March 2023

This compilation is in 7 volumes

- Volume 1:** sections 1–260E
- Volume 2:** sections 283AA–600K
- Volume 3:** sections 601–742
- Volume 4:** sections 760A–994Q
- Volume 5:** sections 1010A–1243A
- Volume 6:** sections 1272–1697  
Schedules
- Volume 7:** Endnotes

**§708(8)**

Each volume has its own contents

June-23

**This compilation includes a commenced amendment made by Act No. 13, 2021**

# Sophisticated Investor?

See: Federal Register of Legislation,  
<https://www.legislation.gov.au>

☰ Volume 3

- ⊕ Chapter 5A—Deregistration, and transfer of registration, of companies
- ⊕ Chapter 5B—Bodies corporate registered as companies, and registrable bodies
- ⊕ Chapter 5C—Managed investment schemes
- ⊕ Chapter 5D—Licensed trustee companies
- ⊕ Chapter 6—Takeovers
- ⊕ Chapter 6A—Compulsory acquisitions and buy-outs
- ⊕ Chapter 6B—Rights and liabilities in relation to Chapter 6 and 6A matters
- ⊕ Chapter 6C—Information about ownership of listed companies, listed registered schemes and listed notified foreign passport funds
- ⊕ Chapter 6CA—Continuous disclosure
- ☰ Chapter 6D—Fundraising
  - ⊕ Part 6D.1—Application of the fundraising provisions
  - ☰ Part 6D.2—Disclosure to investors about securities (other than for CSF offers)
    - ⊕ Division 1—Overview
    - ☰ Division 2—Offers that need disclosure to investors
      - 706 Issue offers that need disclosure
      - 707 Sale offers that need disclosure
      - 708 Offers that do not need disclosure**
      - 708AA Rights issues that do not need disclosure

*Sophisticated investors*

- (8) An offer of a body's securities does not need disclosure to investors under this Part if:
- (a) the minimum amount payable for the securities on acceptance of the offer by the person to whom the offer is made is at least \$500,000; or
  - (b) the amount payable for the securities on acceptance by the person to whom the offer is made and the amounts previously paid by the person for the body's securities of the same class that are held by the person add up to at least \$500,000; or
  - (c) it appears from a certificate given by a qualified accountant no more than 6 months before the offer is made that the person to whom the offer is made:
    - (i) has net assets of at least the amount specified in regulations made for the purposes of this subparagraph; or
    - (ii) has a gross income for each of the last 2 financial years of at least the amount specified in regulations made for the purposes of this subparagraph a year; or
  - (d) the offer is made to a company or trust controlled by a person who meets the requirements of subparagraph (c)(i) or (ii).

Note 1: Section 9 defines *qualified accountant*.

**Currently: net assets of at least AUD \$2.5 million, or, a gross income for each of the last two financial years of at least AUD \$250,000.**

# What can a Sophisticated Investigator do?

**Private Equity:** investing in companies that are not publicly traded on a stock exchange. Private equity investments can often offer high returns but come with increased risk.

**Venture Capital:** invest in startups and early-stage companies with high growth potential. This type of investment is high-risk but can yield significant returns if the company succeeds.

**Hedge Funds:** funds that use complex strategies, including short-selling, leverage, derivatives, and arbitrage, to generate returns. Hedge funds are typically open only to sophisticated investors due to their complexity and potential for high losses.

**Angel Investing:** Similar to venture capital, this involves investing in startups at a very early stage.

**Real Estate Investment Trusts (REITs):** private REITs available only to sophisticated investors.

**Private Placements:** capital raising event that involves the share issues to a small number of select investors.

**Structured Products:** complex financial products which are based on the performance of one or more underlying assets.

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**Unlisted Managed Funds:** funds not listed on an exchange.

June-23

# Where can I do these

# Close

- ▶ **Our next meeting:** Thursday, 20<sup>th</sup> July 10 am, Citiplace.
- ▶ **Other ASA groups:**
  - ▶ Stirling Discussion - 20 June 2023 (Tuart Hill)
  - ▶ Nedlands Discussion - 22 June 2023
  - ▶ Perth South of the River Discussion - 23 June (Bull Creek)
  - ▶ Perth Investor Forum - 4 July (State library)