

Investors' Corner

Citiplace, Perth
for ASA, 16th May 2024
Convenor: Mark Dixon

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

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.

Agenda

- ▶ Intro – welcome, emergency procedure, disclaimer
- ▶ Peter Scales – Macro-technical, with discussion
- ▶ Monica Wong – Questions on investing
- ▶ John Ellis – Themes of 2024
- ▶ Next meeting – 20th June
- ▶ Close ~ noon.

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.



Peter Scales — Macro- technical, with discussion

Questions on Bonds,
SMSF
& Advisors
— from Monica Wong

Questions

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Answers

?

Please share your thoughts:

- 1. Pros & cons of bonds?** Including role of bonds in a portfolio and how they deal with inflation compared to securities.
- 2. Best way to buy bonds?**
- 3. Why and when would a person consider closing a Self-Managed Super Fund, either to put it into Industry or Retail Super, or to liquidate it to cash/investment outside of super?**
- 4. When is a Financial Advisor useful?** And apart from initial advice on our financial structure, is there ever a time when it is good to give them control over our SMSF or non-Super assets?



Themes

Themes of 2024 — John Ellis



MARKET THEMES OF 2024

SOME CURRENT THEMES

Drones /Defence Systems

Artificial Intelligence – “AI”

Battery Minerals

Uranium

Copper

Gold

Energy/Oil

Japan

India, and next month, we could look at

Health, Financials, and Perth Real Estate!

LIKE MARILYN,
WE HAVE TO
KNOW WHICH
WAY THE WIND IS
BLOWING, AND
USE IT TO OUR
BEST ADVANTAGE.





FOR LEGAL DRINKING AGE +

Drones /Defence Systems

(THE 12 MONTH SHARE PRICE PERFORMANCE IS SHOWN IN BRACKETS)

- **DroneShield Ltd (ASX: DRO): (+217%)** This company focuses on AI-based counter-drone technology, designed to detect and neutralize drone threats, for use by police and military forces around the world.
- **Electro Optic Systems Holdings Limited (ASX: EOS): (+121%)** Develops remote weapon systems, targeting equipment and other defence electronics.
- **Bisalloy Steel (ASX:BIS) (+85%)** Australia's only processor of quenched and tempered high strength, abrasion resistant and armour grade alloyed steel plates.
- **Austal Limited (ASX: ASB): (+51%)** A well-established company that builds military vessels including patrol boats and frigates.
- **Codan Limited (ASX: CDA) (+51%)** Produces metal detectors and electronic equipment used for mine countermeasures and military communications.
- **Xtek Ltd (ASX: XTE), now Highcom Ltd, ASX:HCL: (-61%)** Xtek/HCL supplies small unmanned aerial systems and a variety of other products.
- **BrainChip Holdings Ltd (ASX: BRN): (-39%)** Designs artificial intelligence technology that can be used in various applications, including military target recognition and autonomous weapons systems.

Artificial Intelligence – “AI”

We can buy shares in;

Developers of AI

Companies using AI – Practically everyone

Platforms to support AI – Chip makers, Data Centres

Chip Developers

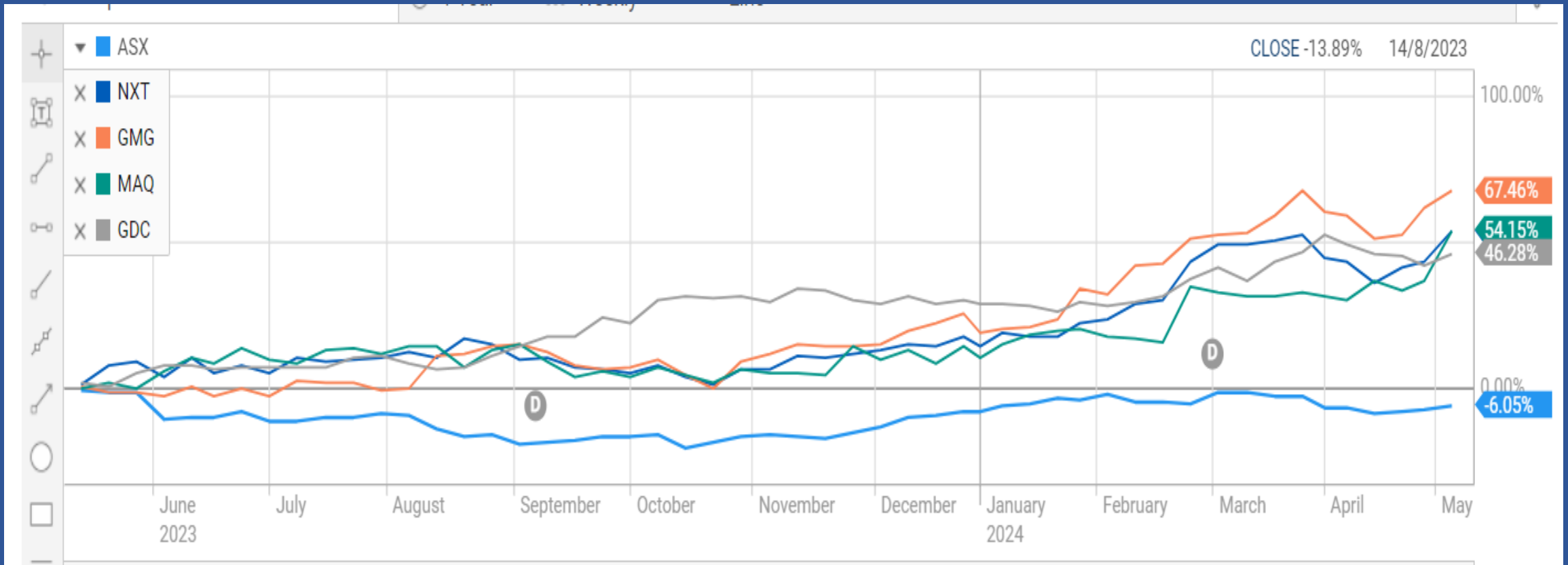
- **Weebit Nano Limited (ASX: WBT)**: Develops next-generation ReRAM (Resistive Random-Access Memory) technology for use in embedded non-volatile memory applications.
- **4DS Memory Limited (ASX: 4DS)**: Develops and licenses next-generation memory technology called memristor technology for use in high-performance computing applications.
- **Archer Materials Limited (ASX: AXE)**: Develops and manufactures graphene-based materials for use in various applications, including lithium-ion batteries and electronic devices.
- **BluGlass Limited (ASX: BLG)**: Develops and manufactures next-generation glass materials for use in the semiconductor industry.
- **Revasum Inc. (ASX: RVS)**: Develops and licenses gallium nitride (GaN) technology for use in radio frequency (RF) devices.

Data Centres

- **NextDC Limited (ASX: NXT)**, and **Global Data Centre Group (ASX: GDC)** are two of the ASX-listed companies that develop and operate data centres across Australia, providing co-location, cloud, and managed service solutions.

Data Centres

NextDC Ltd (ASX: NXT), Global Data Centre Group (ASX: GDC), Macquarie Technology (MAQ) and Goodman Group (GMG) are ASX-listed companies that develop and operate data centres across Australia, providing co-location, cloud, and managed service solutions. The chart shows the 12 months share price performance.



Renewable Energy/Battery Minerals

Most of the energy retailers are making some sort of claim about renewable energy;

Origin Energy, Meridian Energy, Mercury NZ, Ifratil, Genex Power.

Mr Albanese wants to promote solar panel manufacturing in Australia!

<https://youtu.be/vyS9uqRLbB8?si=k3bdNQqP6wALImPD>

There aren't any ASX-listed companies that directly manufacture solar panels but one company, ClearVue Technologies (ASX:CPV), manufactures solar cells, which are a key component of solar panels

Battery Minerals

The major battery materials are lithium, graphite, cobalt, nickel and manganese.

- Graphite is the primary material used in anodes. RNU, Renascor Resources has just received \$185M in government funding for its Siviour Graphite Project in South Australia. Silicon and lithium titanate are also being tested.**
- Common cathode materials include lithium cobalt oxide (LiCoO₂), lithium nickel manganese cobalt oxide (NMC), and lithium iron phosphate (LiFePO₄)**

LITHIUM

Lithium prices surged in 2023 but collapsed, leaving many Australian hard rock lithium companies high and dry.

However, the world will be short of lithium in future years.

The US has a chronic shortage and produces very little lithium of it's own. Brines are cheaper to process than the hard rock lithium mined in WA.

ASN Anson Resources, based in West Perth, is developing an underground brine deposit in Utah.

VUL Vulcan Energy Resources, listed on the ASX and in Frankfurt, based in Perth and Karlsruhe, is developing brine-lithium production and geothermal energy generation in Germany.

VUL ASX Chart



   [Advanced](#) 

[Show News](#) [vs Index](#) 

[Mov Avg](#)  [Vol](#) [RSI](#) [BB](#)

[Day](#) [3m](#) [6m](#) [1yr](#) [5yr](#) [20yr](#)

Uranium (for Nuclear Power Generation)



Three Mines Policy: Since 1979, Australia has maintained a (*) policy of limiting uranium mining to three existing mines – Ranger, Olympic Dam, and McArthur River. This policy is not set in stone, but there is currently no political will to change it.**

Boss Energy's (BOE) Honeymoon mine is inexplicably left out, and currently, only BHP's Olympic dam is producing uranium. Australia is one of the few developed countries with no nuclear power, but Mr. Dutton wants to change all that.

But our election cycle is four years, and nuclear power stations take between five and ten years to build.

There are 440 reactors around the world, with 60 more under construction, and another 430 are planned. With supply and demand currently in balance, what does the near doubling of reactor numbers tell you?

Japan has now restarted 10 of the almost 40 reactors that were idled in the aftermath of the Fukushima nuclear disaster in March 2011, and Japanese uranium consumption is predicted to increase rise from 1900 tonnes in 2023 to 2900 tonnes in 2024.

Bangladesh, Egypt and Turkey are all constructing their first nuclear power plants.

New reactors are planned for China, India, Vietnam, Poland, Czech Republic, Russia, Canada, and the United States, which has just banned the import of uranium from Russia, which was previously 24% of US uranium imports.

South Korea exports its nuclear energy technology widely, and was the lead contractor in the building of the UAE's first nuclear power plant, under a \$20 billion contract.

26 reactors provide about one-third of South Korea's electricity, from 26 GW of plant.

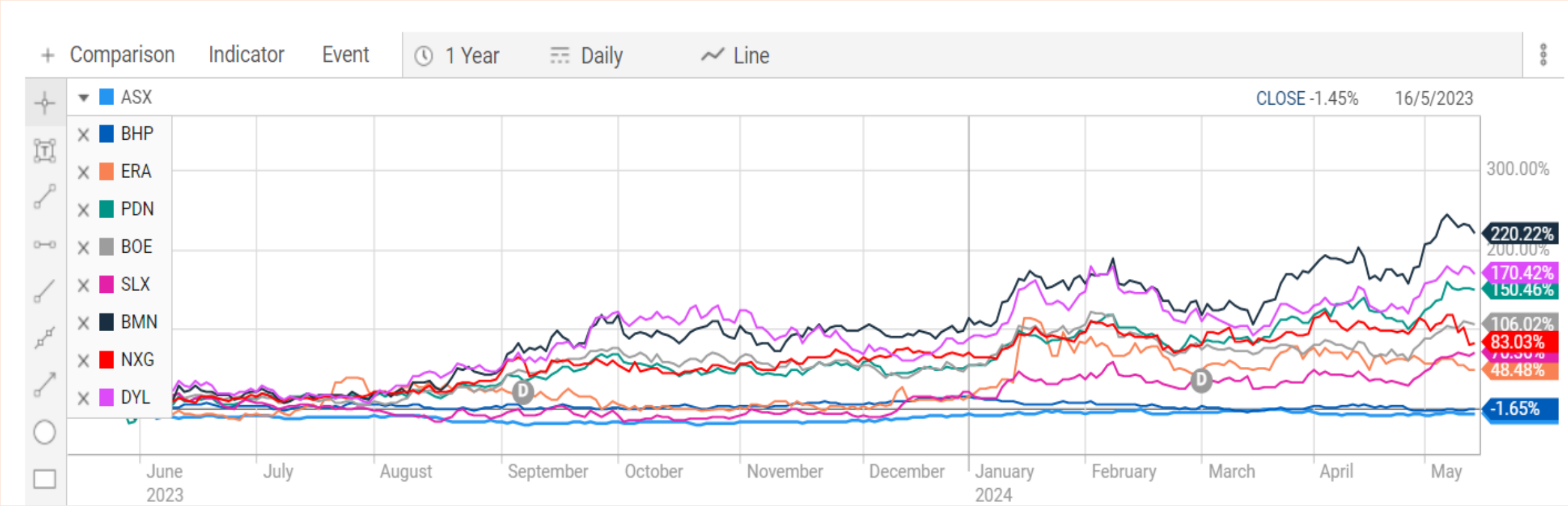
ASX LISTED URANIUM COMPANIES

- **BHP Group (ASX: BHP):** Olympic Dam mine in South Australia is a large operation that produces copper, gold, silver, and about 2,000 t.p.y uranium as a byproduct.
- **Energy Resources of Australia (ERA Ltd) (ASX: ERA):** ERA's Ranger mine in the NT was Australia's largest uranium producer, but production ceased in 2021 and the mine is currently undergoing rehabilitation.
- **Paladin Energy Ltd (ASX: PDN):** Paladin is a leading uranium explorer and developer, with projects in Namibia and Malawi. They are not currently producing uranium in Australia, but they have ambitions to become a significant supplier in the future.
- **Boss Energy Ltd (ASX: BOE):** They are not currently producing uranium but are aiming to develop their Honeymoon project in South Australia.
- **Deep Yellow Ltd (ASX: DYL):** Deep Yellow is an exploration and development company, with uranium projects in Namibia and Western Australia. They are not currently producing uranium in Australia but have projects under development.
- **Bannerman Energy (ASX: BMN)** BMN's Etango Project in Namibia has environmental permits and has been de-risked through drilling, technical evaluation and operation of a process demonstration plant facility.

Others are Silex SLX (Laser enrichment, and NXG (in Canada)

Projected global demand for uranium in 2024 is 67,500 tonnes.

Kazakhstan is the largest producer and it appears that globally, production meets demand.



Copper

Copper is essential for all aspects of electrification, particularly electric vehicles (EVs) and grid systems.

Australia only produces about 4% of global copper production.

The next slide lists some ASX listed copper companies

BHP Group Limited (ASX: BHP): BHP is the world's largest mining company and a major producer of copper with copper mines in Australia, Chile, and the US. It recently failed in a bid to take over Anglo American.

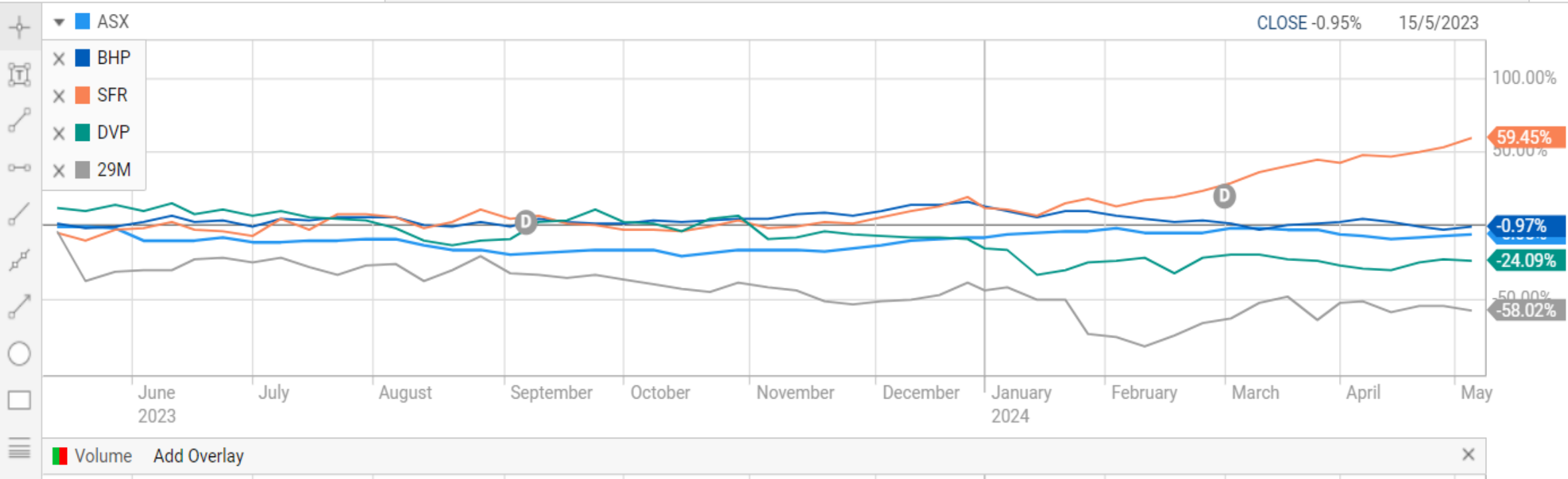
Sandfire Resources Limited (ASX: SFR): Sandfire is a mid-tier miner that operates the McIntyre copper mine in Western Australia.

Develop Global Limited (ASX: DVP): Develop Global is a development company focused on the refurbishment of the Jabal Sayyid copper project in Oman.

29Metals Limited (ASX: 29M) and Aeris Resources (AIS) are exploration and development companies with copper projects in Queensland.

Please note: This is not an exhaustive list and there are other ASX-listed companies that may have copper exploration or development projects.

+ Comparison Indicator Event 1 Year Weekly Line

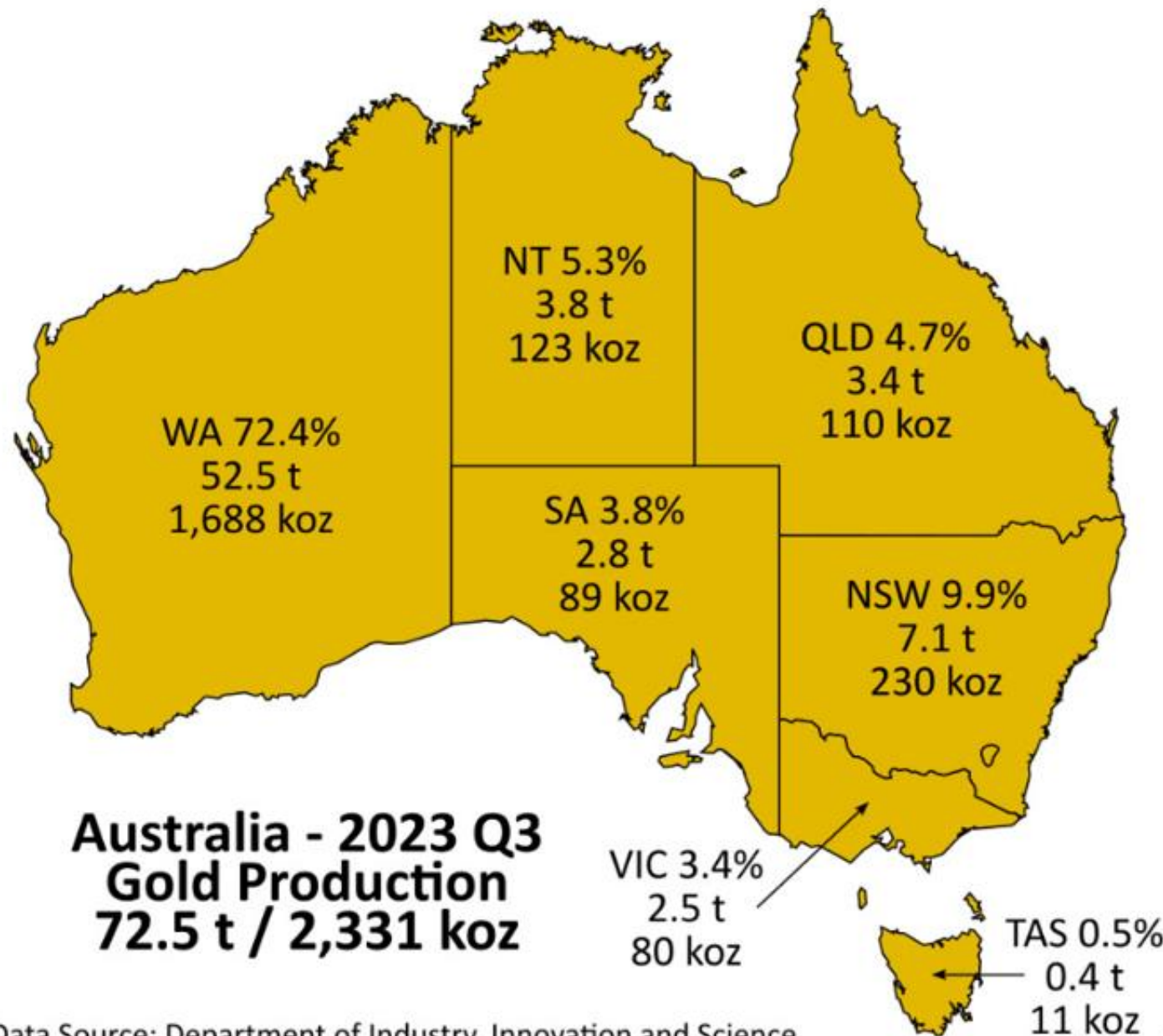


Gold

Gold is a difficult area because the price of gold can change overnight due to political decisions, interest rate changes and exchange rate fluctuations.

We don't even know who is buying most of our gold....

To add to the complexity, there are more gold companies on the ASX than any other metal. Gold seems to attract beginner investors who think they can get rich quick.



**Australia - 2023 Q3
Gold Production
72.5 t / 2,331 koz**

Data Source: Department of Industry, Innovation and Science
Australia quarterly gold production

Australia is one of the world's leading gold producers, and several major companies are involved in this industry. Here are some of the biggest:

- 1. Newcrest Mining Limited (ASX: NCM):** Newcrest is the largest gold mining company in Australia by production. They own and operate several mines across Australia, including Cadia Valley in New South Wales and Telfer in Western Australia.
- 2. Northern Star Resources Limited (ASX: NST):** Northern Star is another major Australian gold producer with mines located in Western Australia and the Northern Territory. They are known for their efficient and low-cost operations.
- 3. Newmont Corporation (ASX: NEM):** Newmont is a global mining company with a significant presence in Australia. Their Boddington mine in Western Australia is one of the largest gold mines in the world.
- 4. Evolution Mining Limited (ASX: EVN):** Evolution Mining is a gold producer with mines in Western Australia and Queensland. They are focused on developing and operating high-grade gold deposits.
- 5. Perseus Mining Limited (ASX: PRU):** Perseus Mining is a gold producer with mines in West Africa and one in Western Australia. They are expanding their operations and looking to become a major player in the Australian gold industry.

Company	Production Cost (AISC)	Notes
Evolution Mining (ASX: EVN)	-A\$1701/oz (September 2023)	This negative cost is due to Ernest Henry mine's significant copper by-products, crediting gold production costs. Removing these credits, AISC is estimated at around A\$1373/oz [2].
Newcrest Mining (ASX: NCM)	A\$157/oz (September 2023)	<u>Cadia</u> Valley mine also benefits from copper co-production, bringing down the AISC for gold [2].
Tropicana (AngloGold Ashanti & Regis Resources)	A\$1237/oz (September 2023)	This is a standout performer with a relatively low AISC [2].
Northern Star (ASX: NST)	Information not readily available	While a major producer, recent AISC data wasn't found during this search. You can try looking at their quarterly reports for this information.

Energy/Oil

- . The Middle East war puts oil supplies at risk.
- . Oil and gas prices are likely to rise, impacting consumers and economies globally.
- . The long-term impact depends on the severity and duration of the conflict.
- . Regarding gas, do not believe any of the hype about Carbon Capture and Storage.

SOME FOOD FOR THOUGHT

WA produces about 50 million tonnes of LPG per year, from Gorgon, Pluto, Wheatstone, Prelude and the North West Shelf.

This results in **~190 million tonnes CO2 going into the atmosphere** each year, that we have no way to remove.

The CO2 we release today will continue to warm the planet for centuries to come.

The energy in WA's gas production could be more than be replaced by a single 1 GW nuclear reactor, which would produce about **2.7 tonnes of high level waste** per year, which we can deal with.

The major ASX listed oil and gas companies

Woodside Energy Group Ltd (ASX: WDS): Formed in 2022 through the merger of Woodside Petroleum and BHP's oil and gas business, Woodside Energy Group is the biggest ASX-listed oil and gas company by market capitalisation. The company is a leader in Australian natural gas production and a pioneer in the country's liquefied natural gas (LNG) industry.

Santos Ltd (ASX: STO): Santos is the second-biggest oil and gas producer in Australia. The ASX-listed firm supplies oil and gas products to domestic and international markets.

Ampol Limited (ASX: ALD): Ampol Limited, formerly known as Caltex Australia, is a leading fuel supplier and refiner in Australia. While their core business is not exploration and production, they are a major player in the downstream oil and gas sector.

Japan

The next slide lists some of the many ETF's providing exposure to Japan.



There are many Japan ETFs listed around the world, each with a different focus. Here are some of the most popular ones:

- **iShares MSCI Japan ETF (EWJ):** This ETF tracks the performance of the MSCI Japan Index, which is made up of large and mid-cap Japanese companies. It's a good option for investors who want broad exposure to the Japanese stock market.
- **Vanguard FTSE Japan UCITS ETF USD Dist (VGJU):** This ETF tracks the FTSE Japan Index, which is similar to the MSCI Japan Index but with some slight differences in weighting. It's a good option for investors who want broad exposure to the Japanese stock market.
- **SPDR MSCI Japan UCITS ETF (0909):** This ETF also tracks the MSCI Japan Index, providing broad exposure to Japanese equities.
-
- **iShares MSCI Japan Small-Cap ETF (SCJ):** This ETF tracks the performance of the MSCI Japan Small Cap Index, which is made up of small-cap Japanese companies.
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- **GlobalX Japan BetaShares Japan ETF (Currency Hedged) (HJPN):** This ETF tracks the S&P Japan Exporters Hedged AUD Index, which is made up of Japanese companies that generate a significant portion of their revenue from exports. The currency hedge helps to mitigate the risk of fluctuations in the value of the Japanese yen.

HJPN ASX Chart



   Adv. 

News vs Index 

India

India up to recently has been a sleeping giant but is now waking up.



There are two ASX-listed ETFs that offer exposure to the Indian stock market:

- **Betashares India Quality ETF (ASX: IIND):** This ETF focuses on investing in the top 30 Indian companies based on a quality score that considers factors like profitability, low debt, and earnings stability. It isn't hedged against currency fluctuations, so the value can be impacted by exchange rate movements between the Australian dollar and the Indian rupee.
- **Global X India Nifty 50 ETF (ASX: NDIA):** This ETF tracks the Nifty 50 index, which represents the 50 largest and most liquid companies listed on the National Stock Exchange of India. It offers broad exposure to the Indian stock market and is also not currency hedged.

NDIA ASX Chart



We've covered a lot of ground!

Artificial Intelligence – “AI”.

Drones /Warfare/Defence Systems.

Renewable Energy/Battery Minerals

Uranium

Copper

Gold

Energy/Oil

Japan

India

Do you have any questions?

Close

- ▶ **Our next meeting:** Thursday, 20th June 2024, 10 am, Citiplace.
- ▶ **Other ASA groups:**
 - ▶ 21st May – Stirling Discussion Group (Tuart Hill)
 - ▶ 23rd May – Nedlands Group
 - ▶ 24th May – South of River group (Bull Creek)
 - ▶ 4th June – WA Members Meeting and Investors Forum
 - ▶ 19th June – Busselton Discussion

<https://www.australianshareholders.com.au/learn-connect/local-meeting-groups/>