Investors' Corner

Citiplace, Perth

for ASA, 17th July 2025

Convenor: Bob Kelliher

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- 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.
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Agenda

- Intro — Welcome, emergency procedure, disclaimer
- Macro-technical, with discussion — Peter Scales
- Argenta — Guy Buters
- Super for Retirement – Irvine Hay
- Reserve Bank – Interest Rates
- Next meeting — 21st August
- Close ~ noon.

Argenica –AGN
… Guy Buters

It’s all about reducing neuronal loss by reducing secondary brain injury

0.95
0.90
0.85
0.80
0.75
0.700
0.65
0.60
July
2024
August
September
October
November
December
January
2025
February
March
April
May
June
Volume
Add Overlay
1.2M
1M
800k
600k
400k
200k

What Damages the Brain?

- Stroke -around 56,000 strokes per year in Australia 12.2 million incident cases of stroke in the world, 143 million disability-adjusted life-years (DALYs) lost..
- Traumatic brain injury
  - Single event or CTE from repeat concussion
  - 142,000 hospitalisation for head injury in Australia in 2022
- Hypoxic brain injury (lack of oxygen to the brain)
  - Neonates
  - Drownings, cardiac arrest etc

ARG-007

- This compound can cross the blood brain barrier
- Supplies the amino acid arginine which is required to prevent secondary brain injury.
- Secondary brain injury occurs when damaged neurons release chemicals that cause further injury. This results in loss of more neurons.
- In animal models of brain injury there is an up to 70% reduction in stroke volume. Reduction of 1% of brain injury has been shown to cause better clinical outcomes in humans.
- Similar beneficial results in preventing brain injury from trauma or hypoxia in animal models.
- Phase 1 trial completed showing it’s safe in human volunteers.

Phase 2 Trial

- Currently running a double blinded trial in 10 centers in Australia on pts who have had a stroke and are about to undergo mechanical clot retrieval (thrombectomy).
- Enrolled 92 patients. These pts have received either the active drug (ARG007) or a placebo. Neither patient or doctors know what they receive.
- Trial results should be released by end September 2025. This will provide information regarding safety plus they will measure size of damaged area 48 hour after clot retrieval. Number of patients is probably not large enough to show a clinical difference between two groups(But it might!). Clinical outcomes in strokes are measured by modified Rankin Score.

Modified Rankin Score

Score	
0	No symptoms at all.
1	No significant disability despite symptoms; able to carry out all usual duties and activities.
2	Slight disability; unable to carry out all previous activities, but able to look after own affairs without assistance.
3	Moderate disability; requiring some help, but able to walk without assistance
4	Moderately severe disability; unable to walk without assistance and unable to attend to own bodily needs without assistance.
5	Severe disability; bedridden, incontinent and requiring constant nursing care and attention.
6	Dead

Administration of ARG007

- IV administration over 10 minutes.
- Can be given by ambulance prior to hospital arrival.
- "Appears" to be without side affects. If there are no significant side effects and its relatively cheap it will be given "just in case". As a comparison the true cost of a CT scan is around $**675.**
- Currently there are only two therapies for ischaemic strokes.
  - 1 Mechanical clot retrieval costs around $7718 requires a specialised unit and is only effective within 8 hours. Current trial is ARG007 plus thrombectomy.
  - 2 Thrombolysis with aTP costs $US2750. This drug needs to be given within 3 hours and causes internal bleeding.
- Hospital costs general bed $2,869/d, ICU $5400/d
- Nursing home beds $500 per day

Potential

- The economic impact of stroke in Australia in 2020 was**$6.2 billion** in direct financial costs and a further $**26** billion in premature mortality and lost wellbeing (short and long-term disability). If this drug reduces the impact of strokes by a significant degree the value is very significant. If that generates a demand for ARG007 its value will be significant..
- Argenica suggests a price of **$US8000** per dose. Currently there are 550,000 admissions for acute stroke in the USA. If half of the admitted patients were treated with ARG007 this would be $US2.2 billion per annum sales in the USA.
- Hypoxic ischaemic encephalopathy in neonates. This can cause lifetime effects including cerebral palsy and mental retardation. Argenica awarded A$2.5m grant to advance pre-clinical studies.
- Traumatic brain injury. 140,000 admissions per year in Australia Awarded A$1.2m grant to advance pre-clinical studies
- Alzheimer’s Awarded A$350,000 grant to advance pre-clinical studies

Block buster drug

- Annual sales of more than a billion dollars
- Lipitor generated sales of $164 billion dollars, Ozempic $20 billion per annum
- Argenica currently valued at <$100 million
- Patent expires ?2035
- Expected cost per dose initially high $8000 which will drop once its off patent expires but... there is the PTE (patent term extension for novel applications) but cost to produce ranged from US$0.01 to US$1.45 per unit, with most in the lower end of this range.
- If ARG007 is shown to be effective for Alzheimer's etc it will need repeated doses.

Possible outcomes

1 Unexpected negative result of current trial…. wasted your money

2 Still needs to undergo phase 3 trials before being approved for marketing. Phase III pharmaceutical clinical trials have been estimated to have average costs ranging from $USD11.5 million to $52.9 million. Success rates of phase 3 trials is around 60%.

3 If current trial successful it's considered likely company will be taken over by large pharmaceutical company. High takeover premiums – Biotech takeovers typically feature significant control premiums. Since 2020, the average biotech takeover premium was **87.5%**, compared to the M&A universe average (ex-biotech) of 41.7%.2 Apr 2024.Examples include Merck takeover of Prometheus at $200 per share. The big prize in the deal is PRA-023 (now MK-7240), a novel candidate in ulcerative colitis (UC), Crohn's disease and other autoimmune conditions. The monoclonal antibody made waves in December of 2022 with a phase 2 readout that was so impressive that it shot Prometheus' stock price from $36.06 per share to $117.21 over a two-day span.

4 Successful competitor which produces a similar drug (currently non on market). This would reduce the potential sales and value of ARG007.

Super for retirement income

What's important? What structure? A personal journey

Irv Hay July 2025

Open to questions during talk   I'm a retired exploration geologist, Wife is semi–retired lecturer

This presentation was **distilled from my 6-month research project** on this topic**   Wife and I **<u>weren't</u> L-platers on super** when we started, BUT.
Firstly **<u>we have found</u>**....   **super IS complicated** ...**constantly changes . Ok, we have to live with it**
Next: If topic is TOO BORING....***or you've **heard it all before**
****go to sleep** ...I'll wake you at the end***

I **don't know you v. well BUT*****<u>Already</u> making assumptions** about you!
I'm assuming that: You're already retired ANNND met conditions of release
If my **assumptions incorrect**,
*****go to sleep** ...I'll wake you at the end

SMSF..... a topic in itself.   So If you **are interested in, or have** SMSF ...
What am I going to say? ***** **Anyone?******** Go to sleep!**

JOKES aside* There <u>MAY</u> be something in this talk for you

Although I miiiight have told you to go to sleep, please, wake up for this bit

<u>NOT</u> a financial Advisor

If in Doubt, GET ADVICE

"OK I've checked your Super.
You need to decide….

- Who will wear the mask? Aaaand…
- Who will drive the getaway car…"

There are **lots of different retirement strategies**

****** (allow reading time)****

Some better * Some …..maybe not so good.**

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What, and why?

- SOA. If not SOA, then what?
- Over 6 Months 'work', many spreadsheets & research
- Key learnings
- Wrote a book! It's too long…

Telstra Retirement Lifestyle Planner -free …for now
SuperGuide.com.au ~$100pa

We paid for advice We got*full* **Statement Of Advice, Yuk!** OK, sorta yuk…**some good** stuff ***BUT*** **.advisors' FEES & recommendations: HIGH FEES …before we make a buck Soooo, if not the SOA advice….then what?**

We learned…**lots. ideas changed**, as we learned.
I Had complicated **spreadsheets** …modified them ….**wrote more**
Found excellent websites. FREE advice.
Excellent FREE online calculators…eg **TELSTRA** retirement income -best of many

Few years ago, I signed up - **free monthly updates on** what I consider **THE best Oz super advice website …SuperGuide.com.au**
Eventually paid full subs …..best buck I ever spent: $100 bucks/pa, Bit more for SMSF module

During all this, I **wrote a 57 page book** about super income, I'm STILL writing the damn thing! **Did it for wife & I. A Breadcrumb trail for when we get more doddery.**
Then for **friends.**
Best effort to **distill it down to our KEY LEARNINGS** *But remember, ….
.**IT's NOT MY FAULT!** Check & confirm everything

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Not just super…

Assets <u>inside</u> super:

-15% tax PRE Retire

-0% tax POST Retire

(TTR another story)

Assets <u>outside</u> super:

-"it depends"

-minimise tax

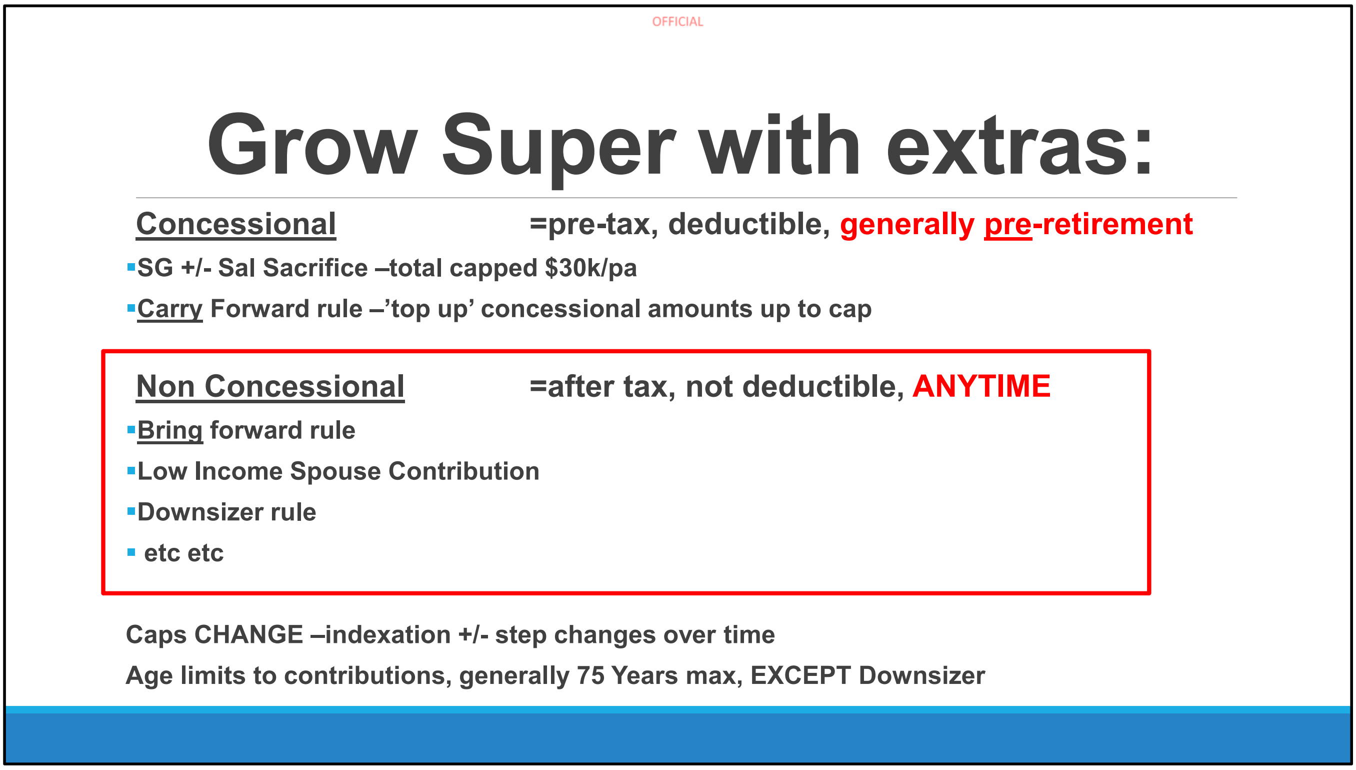
This stuff is **broader than just super**

but **Why super**? ****
ZERO tax! …once meet conditions of release

Forget the Division 296 etc…..this is an overview

Tax:
Kerry Packer 1991 Print media enquiry (abbrev.):

"**Of course I'm minimizing my tax**. …As a government, I can tell you, ***
you're not spending it that WELL, we should be paying you **EXTRA**"



Busy slide **Key point** of slide:
NON concessional still works POST retirement

Say **WE win Lotto, rich Auntie Alice dies** ***

WE bang it in super….it's the **tax free income!**

Importantly, **caps apply to ALL money** going into super*** **We have to** remember…

The CAPS and the RULES CHANGE all the time

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Risks to retirement income

1. Longevity
2. Inflation
3. Sequencing –mainly 1st 10 years!
4. Market gyrations
5. Lack of Diversification
6. FEES!!!! May be BIGGEST risk?
7. Statutory (maybe join SuperGuide.com.au)

Need

- SANF

What I think are THE risks, In **order they appear on slide:**

- **1. Outlive** our wealth
- **2. Eats up** our wealth
- **3. Cripples** our retirement topic in itself
- **4. Listed assets go UP** and……they **go DOWN**…..****CASH IS NOT KING**… it's a junior prince. **Reacting to gyrations** is a great way to destroy our super. Instead…
- **5. Spread the risk**. **Mix DIFFERENT baskets** for our eggs. **Different assets –different risk profiles**
- **6. FEES**…they might be **worse than we think***** I'll **talk about them later**. But….******They matter!!!**
- **7. Lastly regulations change …can't change them. But we need to be up to date (eg SuperGuide) –I get NO kickbacks!!!**

Lowering risks eg via **Call & Put** so-called "Twin Win" or hedging options… to reduce volatility =**Higher fees** OR….
Panic and go 100% CASH safe? –ish. **
Then totally exposed to longevity and inflation risks
Whatever WE do …need **SANF** (sleep*at*night*factor)..
WE have to be able to **live with our choices**

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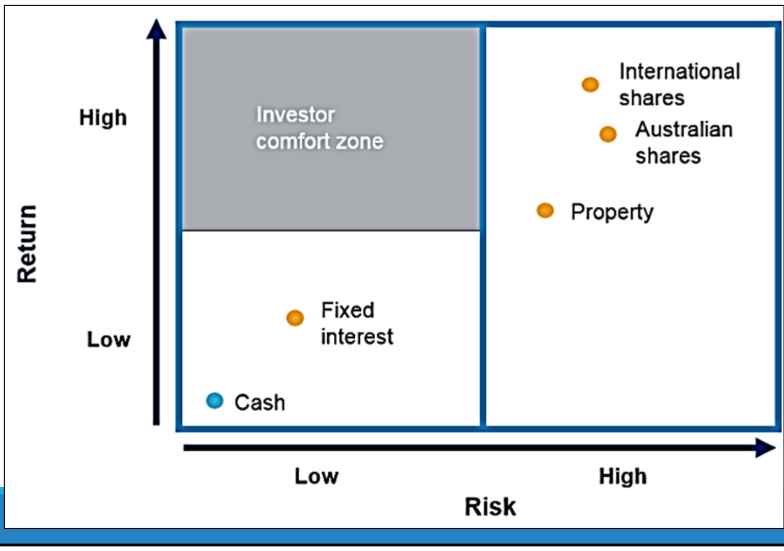
Assets? Risk? What???



This is **useful**

- We **all** would **LIKE to be in** grey area …**high RETURN, low RISK**   Very **difficult**
- **Where CAN** we be (the rest)

- **NO one best asset*****   **All** have their place.   **We needed** a **mix of different ones ****

On average we get a:

- **20% Market correction every 5 years**
- **large bust every 10-12 years**

Shares WILL fall ** then rise   …rinse & repeat; I call it **headless chooks**
Markets eventually recover AAAAND …..listed assets have the **highest returns**.
More risk = more return.
We **can't AVOID volatility if want to beat key risks that I listed**
Can **Minimize** risk with **asset diversity**

I called it 'portfolio splits': ie % allocations of each asset types. I used our SOA as a guide, plus AI, comparing various PreMixes etc

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Assets? Risk? What???

Defensive:

- Cash
- Fixed interest/Term Deposits
- Bonds

Mid range-defensive:

- **Infrastructure**

Assets,, a bit more detail

First Defensive

Cash –wot it sez on tin. LOWEST risk, buuuut***low GROWTH. **High inflation, cash goes backwards**

Term deposits –ALL outcomes known …eg 6 months at 3.5% etc. **Less valuable in a falling interest** rate environment

Bonds –only **some outcomes** known; COST known COUPON known ie interest rate SALE price & sale timing UNKNOWN.
MORE valuable when interest rates declining

Infrastructure –nice to have if **we** can get it eg SYD toll roads.
Ideally unlisted (less volatility),
tricky to find within super, **except in PREMIXes** eg Balanced, Stable etc

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Assets? Risk? What???

Growth:

- Listed Property
- Australian shares
- International Shares (+/-exchange rate hedging)

Then there are the GROWTH assets ie **Higher risk AND HIGHER returns**

KEY word here **** they are all **LISTED**
Rise and fall with markets
Exchange rate risk. Hedging… we pay for it***

We wanted as many of these as we could get, i.e Asset diversification.

Defensive for **SANF, riding out volatility** and **sequencing risk**
Growth for …well, growth. To **beat inflation and longevity risk**

I could write a book on the percentage allocations to each.
I did write many too many spreadsheets, used AI etc etc

But we could just mirror say, a Balanced PreMix splits

As much as we can anyway.

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Investment options

A. PreMix/diversified:

Capital stable/Conservative

↓

Balanced

↓

All Growth

Increasing risk, increasing returns

TWO Main Types:

Premix and **Individual Asset class options**

<u>**PreMix:**</u>
Sooo many names, soo many different ‘steps’ of risk & return

We needed to **find our own SANF level**

NB **Super funds <u>GAME</u> their naming & performance** eg **all Balanced** premixes are **NOT alike** but **some** funds **would like us to think so**

We needed to **look past the label** on tin
Drill down to **% growth assets in each** higher % growth =higher return AND higher risk

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Investment options

B. Individual asset classes:

- Generally less choice in ‘standard’ super funds
- More choice in SMSF or platforms

But….FEES!

Individual asset classes:

Even more choices in some funds= higher cost eg **CFS has almost 200**

More complexity and range =higher costs

Industry funds usually have less choice….. But lower fees

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Plan A: Buckets!

Similar to SOA

SOA had buckets – we found it a **helpful way** for thinking about **percentages** of growth vs defensive assets in each **conceptual bucket** *****

We <u>had</u> to **think** about **defensive and Growth splits of our portfolio***   Why bucket thinking? ***

Already mentioned, moments   **Defensive for SANF when** market = **demented chooks**

Growth assets to beat inflation & longevity risks

The Income funding periods of each B is very subjective
eg more nervous, more in defensive B1 +B2's   BUT get lower returns overall, since less available for B3

B1: conservative portfolio   MORE of Cash +/- Fixed Interest+/- Bonds, for SANF
B2: mid risk, mid growth   MORE risk but still some defensive   hybrid of B1 + B3
B3: pedal to the metal: 80-100% GROWTH eg listed assets

We moved away from actual bucket strategy, but **used the <u>ideas</u> in our income choices**

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SANF –it's the market stupid!

(Sleep At Night Factor)

Could we live with similar corrections/recovery periods?

- **- 50% ASX drop/2 months –Black Monday Oct 1987**
- **- 50% ASX drop/2 years –GFC Sept 2008**
- **- 30% ASX drop/14 months –COVID Mar 2020**
- **- Trump 2025-27?**

As already mentioned……**corrections happen.** Happen **faster now automated trading algorithms; AI** –even worse!

During these **"Headless chooks" events ***** when **algorithms** go nuts

We need to **stay the course**… did we **acid-test our plan**? **Can we stick with it?** Or **will we join the chooks**?

The **Market ALWAYS recovers** …if not?…**Nothing matters anyway**.
See on slide, **recovery** can be **long, OR short** (2 months to 2 years ….or longer?)

Are our **defensive assets sufficient** to provide **income, until the recovery**?
For a year? 3 years? 5?
Or **will we run out**… start **burning up our long term,** GROWTH bucket? Or go 100% cash? **Sequencing risk no longer academic, awful reality**

<u>If</u> we **addressed diversification risk, sequencing risk** etc
We won't NEED to lose OUR heads too. Or our capital****

FEES!

- 1%?
- 1.2%?
- 1.5%

Who cares, they're making a heap of $$$ for me

Maybe….

I've **learned how much fees COMPOUND over time**

i.e. **Fees <u>on top of</u> fees, year on year**

They could **EAT our returns**
They could **EAT retirement funding**
thereby **increasing longevity and inflation risks**

Not important? ***Try these…

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FEES!

Active Vs Passive ie managed vs index

- **SPIVA Australia Studies (latest 2023):**
85% share funds failed to match index funds over last 15 years

- **International studies:**
94% share funds failed to match global benchmark

So if our **actively managed super** only managed to **beat a passive, indexed fund 15% of the time**

We would be still paying much higher fees, for the out-performance that <u>isn't</u> being delivered for 85% of the time!

Active fees can be 1% ….even 2 or 3 %
Passive can be as low as ~0.3% of our total portfolio value. Per year.

Lets see how fees can add up.
We'll **start with low fees. It's graphic enough**

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FEES!

ART Example:

$1M portfolio. 6% growth/pa. Flat income $85,000 pa.

25 year period

Balanced PreMix Vs Individual asset classes mix

0.6% total fees Vs 0.14% total fees

$119,000 lost to fees at 6% return

$200,000 lost to fees at 8% return

Maybe we SHOULD care?

Here's some **real world fee numbers:** I **used the Australian Retirement Trust numbers**, with their **online fees calculator:**

Assuming flat withdrawals (it was **simpler for me to calculate)**
0.6% is for ART Balanced 0.14% is for a similar ART splits of Cash, Bonds, Property, Indexed Australian shares, and unhedged Indexed International shares.

0.6% total fees VS 0.14% Not too bad eh) ? **(click)**
After 25 years that equals **$119,000 LOST TO FEES that's the difference between those two rates**. **(click)**
At 8% return, ie roughly the longer Australian super average growth rate, **the amount lost to fees is $200,000**

These cases **assume flat withdrawals of $85k pa**. **I could** calculate **withdrawal examples indexed to inflation** …I don't **need** to do it. I'm convinced about fees
I'll just point out that **our SOA would have cost us $12k pa. we would have paid that, BEFORE WE MADE A BUCK**…**1.3% of our total super**,

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FEES!

Would we rather have:

- **the $119k you 'lost'?**
- **the $200k you 'lost'?**

Maybe we SHOULD care?

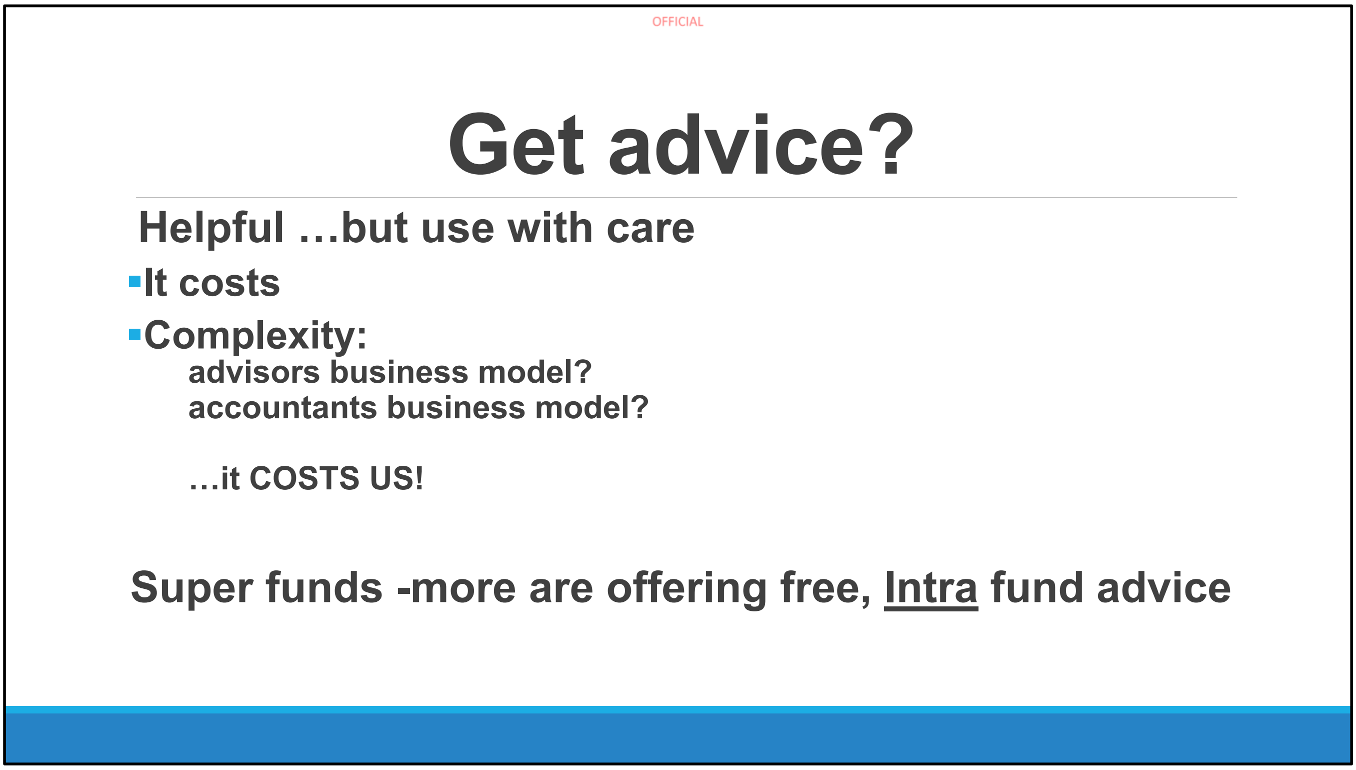
I **wrote a spreadsheet** to work out **amounts lost to higher fees**:

- To **see the cost impact** of different investment choices ...ie **actual dollar amounts we might LOSE in fees**

- I just plug in the numbers
- Then Pick my jaw up off the ground

If I use **Higher returns, more capital, or Longer periods –it gets MUCH, MUCH worse!**

It becomes <u>literally millions</u> lost to fees. Tell your kids and grandkids. Fees Matter



More complex retirement solutions cost more:

- **Advisor time, overheads +Compliance costs**
- **Risks** - recent **Shield** and **First Guardian** Master fund collapses

Advisors tend to develop **complex, fee-rich plans**

- We got **FREE advice from 2 industry funds** **Weren't even members**!
- Funds can ONLY offer **Intra-fund advice on <u>THEIR</u> PRODUCTS**

- Otherwise it's FULL FEE SOA. They have their place.

- **Lots of free stuff** out there…we have to find **objective advice**,
- not from outfits promising fantastic returns

- We used eg **SuperGuide.com.au** a LOT. We'll continue to use it.
- **It's free for members to ask questions from experts** too!

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It’s all too much!

What to do:

- Assess our risk profile
- Choose our PreMix that matches

Most people <u>might</u> have SANF in range:

- Conservative – Balanced

Believe me, I get it. Super is complex, tricky and always changing

With aging, cognitive decline, ….the KISS principle may become **more important?**

Maybe it’s just too hard. My solution:

Any super fund has a **<u>risk tolerance</u> calculator** **<u>We worked out ours</u>**

Bang our super in <u>appropriate</u> PreMIx to our tolerance we get the SANF.
It’s still relatively low fees eg <1% pa
Over 1% is just giving money away. Give it to me instead!

OK JOB DONE! We can enjoy our retirement

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DISCLAIMER

It’s not my fault!

- If you listened
- If you did something afterwards

You know the drill.

I said it once ***I’ll say it again. It’s*not*my*fault! ***
Orright? YOUR choices …YOUR risk profile

OK. You can ALLLLLL….****WAIT FOR IT*** ******
WAKE UP NOW. Oh, you’re awake!

I’m done. **Any questions?**

Coming Soon

Our next meeting: Thursday, 21st August, 10 am, Citiplace.

Other ASA groups:
5-Aug, 10:15am — Perth Member's Meeting & Investors Forum in State Library Theatre Auditorium, contact Kaye
21-Jul, 2:30 pm — BIG-W (Peppermint Grove Library), contact Anne
24-Jul, 10 am — Nedlands Discussion (Drabble House), contact Kevin
25-Jul, 10 am — Perth South of the River (RAAFA, Bull Creek), contact Peter
1-Aug, 10 am — BIG-E (Citiplace, Perth), contact Jim
19-Aug, 10 am — Stirling Discussion (Osborne Community Centre, Tuart Hill), contact Chris
20-Aug, 10 am — Busselton Discussion (Busselton Community Resource Centre), contact Bernie

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