



Nucleus

W e a l t h

NUCLEUS INSIGHTS

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Introducing today's speakers



Certified Financial Planner (CFP)

Years of "making the complex, simple" for clients of:

AMP Financial Planning

Mercer Financial Advice

Akambo Private Wealth



- Co-author with Ross Garnaut of The Great Crash of 2008 and editor of the Garnaut Climate Change Review
- Chief Economics editor and Founder of the Diplomat magazine
- Chief Editor of highly read MacroBusiness blog



- Responsible for Mining & Energy, Big Data



- Head of Quantitative Strategy



- Founding partner and Head of Investment Research





Nucleus Insights : The China Triple Threat

Agenda

China Triple Threat

1. Fighting the Fed
2. Trump trade war
3. The debt!

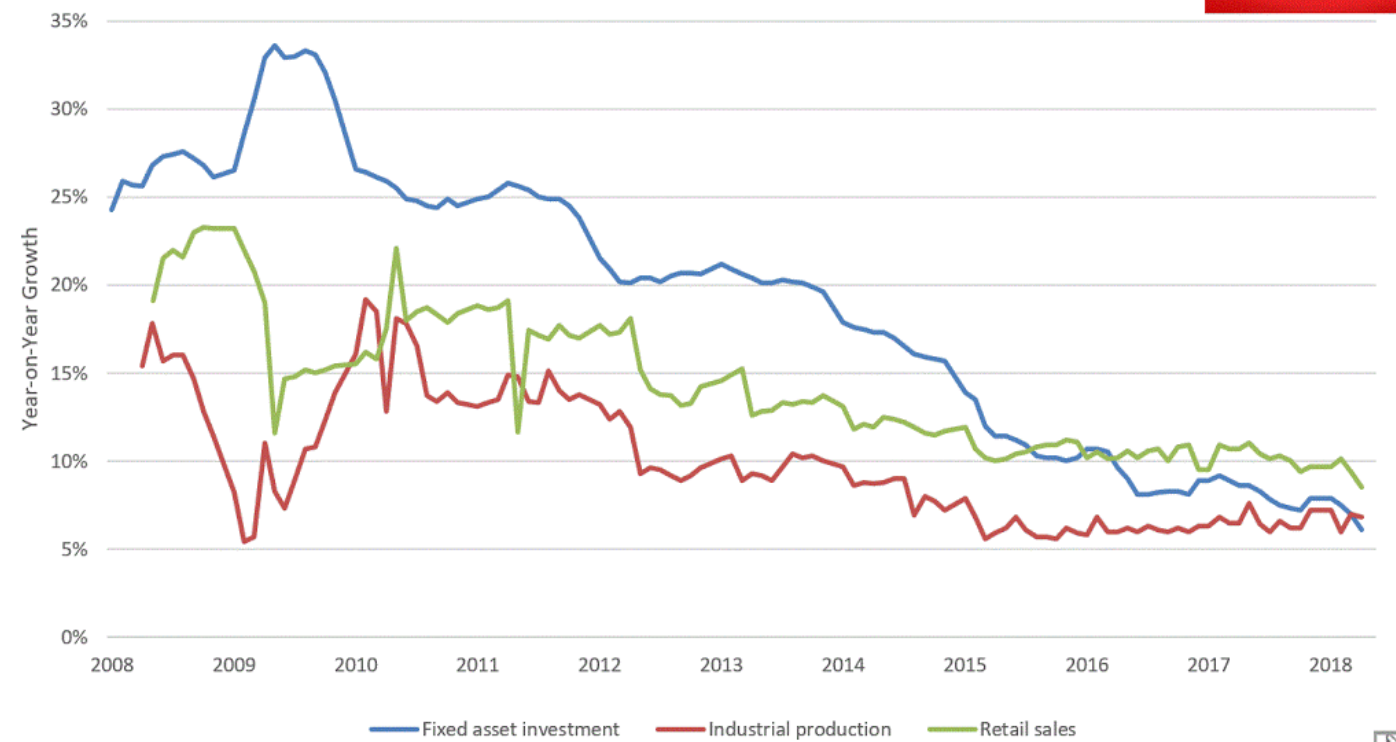
David Llewellyn Smith
Tim Fuller
Damien Klassen



China

Where is China now?

Chinese growth internals



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Tim Fuller
Damien Klassen

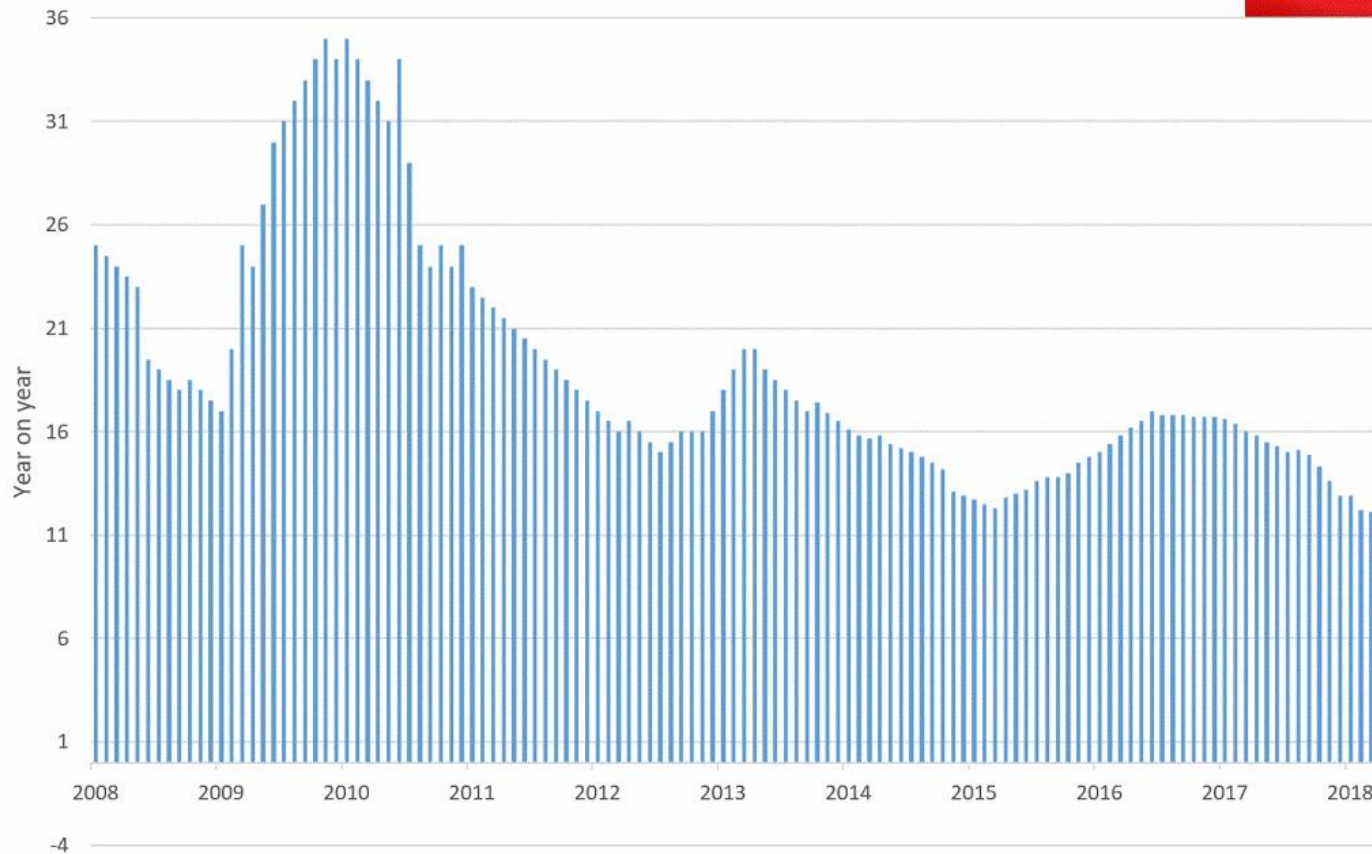


China

Where is China now?

China broad credit (TSF + bonds)

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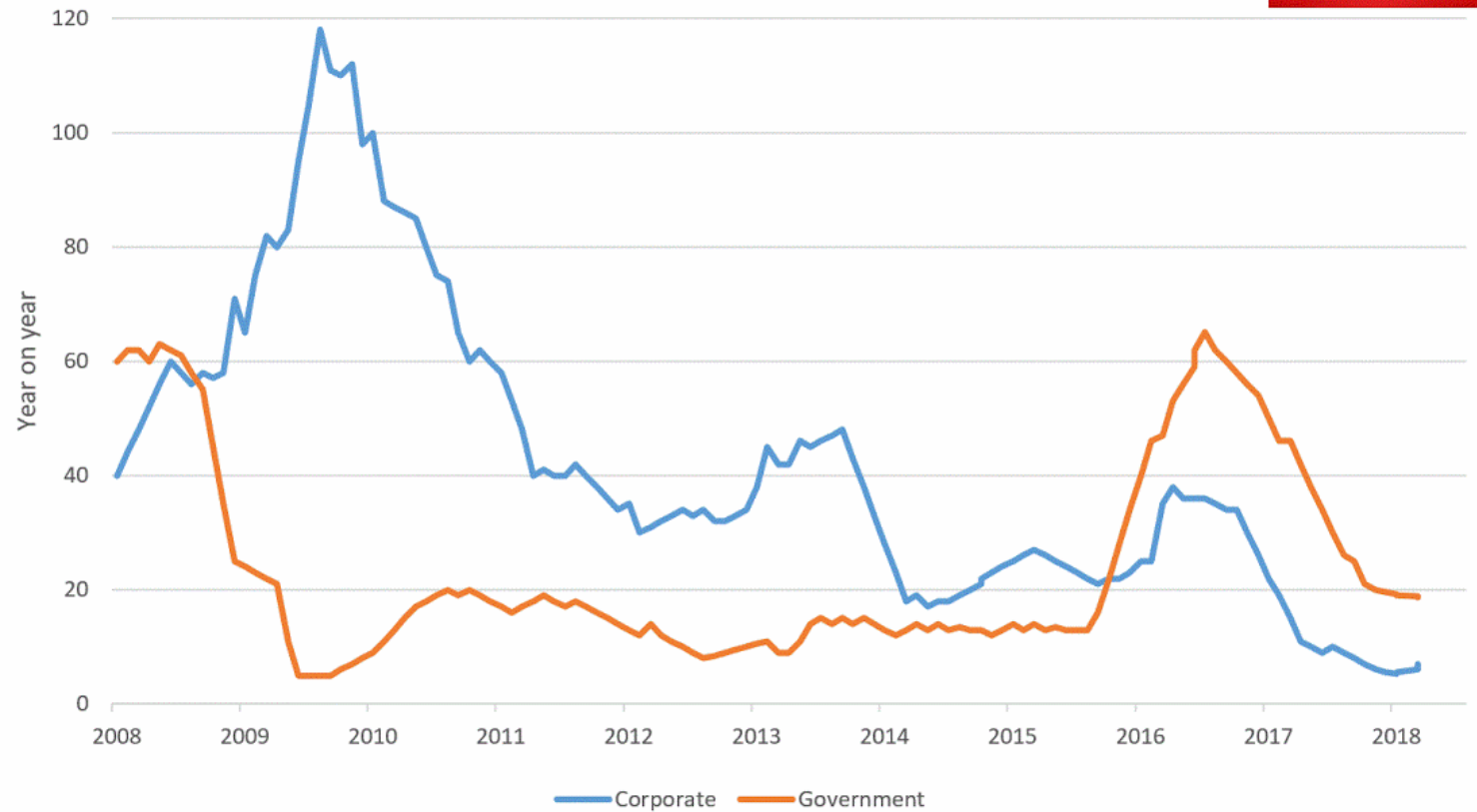
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China

Where is China now?

Chinese bond issuance



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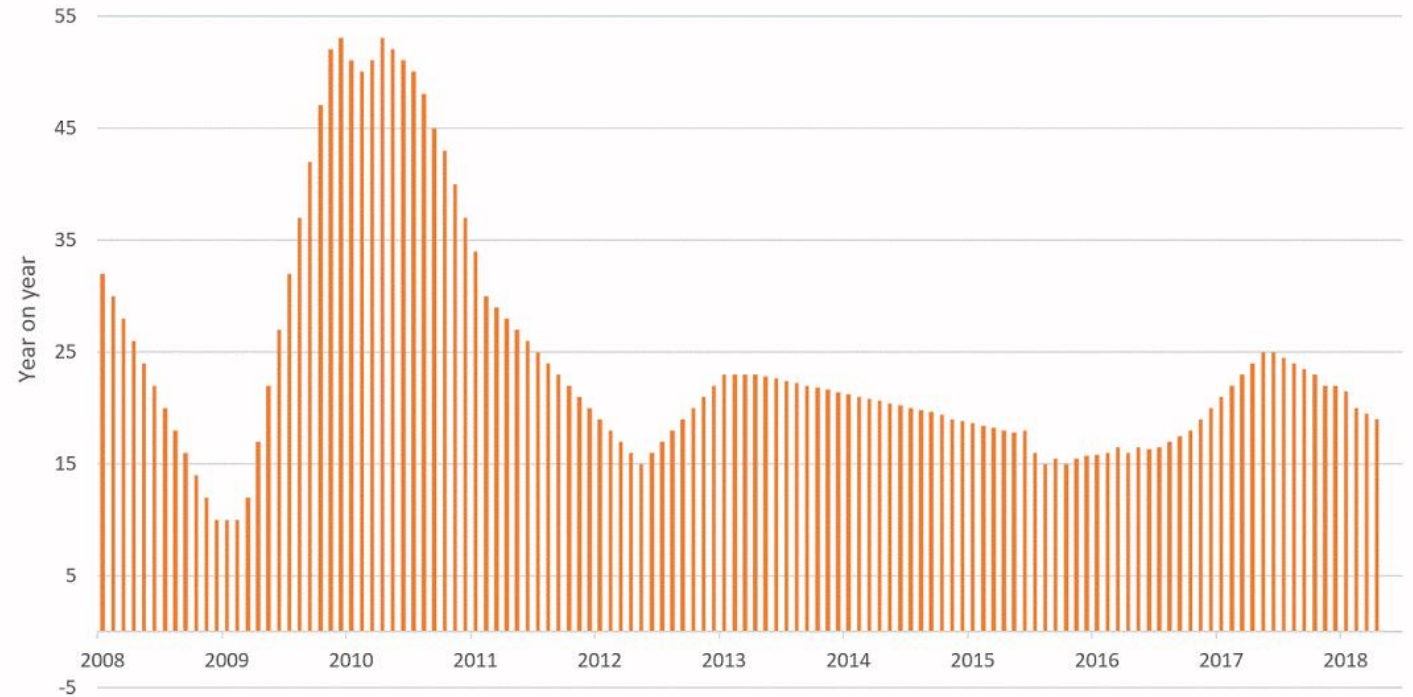


China

Where is China now?

Household loans

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Fighting the Fed

Emerging markets crisis



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Tim Fuller
Damien Klassen

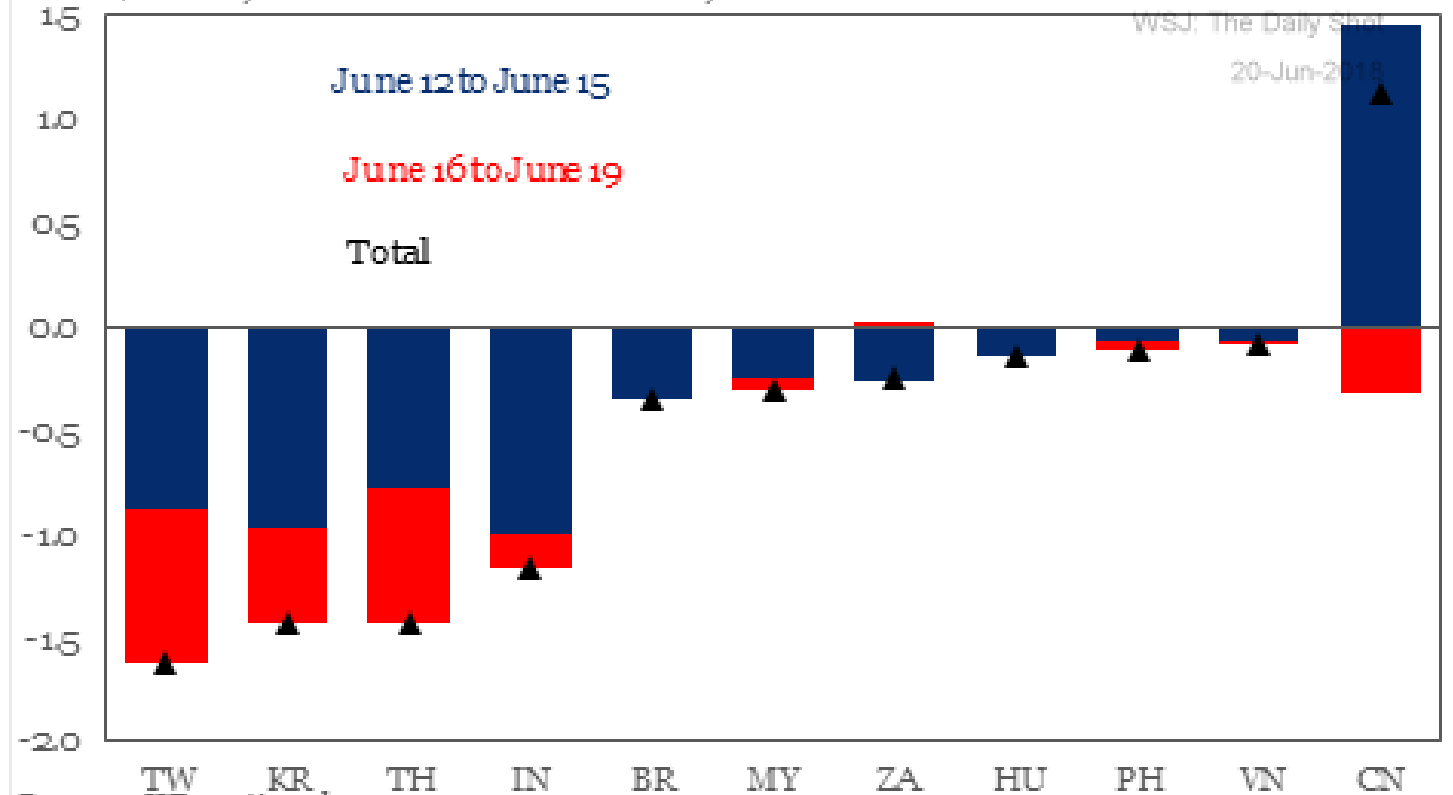


Fighting the Fed

Capital outflow coming to China

Emerging Market Portfolio Flows by Country

\$ billion, cumulative flows since June 12, 2018



Source: IIF, national sources

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Tim Fuller
Damien Klassen



Fighting the Fed

Impossible Trinity

What is the impossible trinity and what can China do?

- cut reserve ratio requirements;
- ease money market rates;
- more fiscal stimulus;
- manage macroprudential;

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Tim Fuller
Damien Klassen

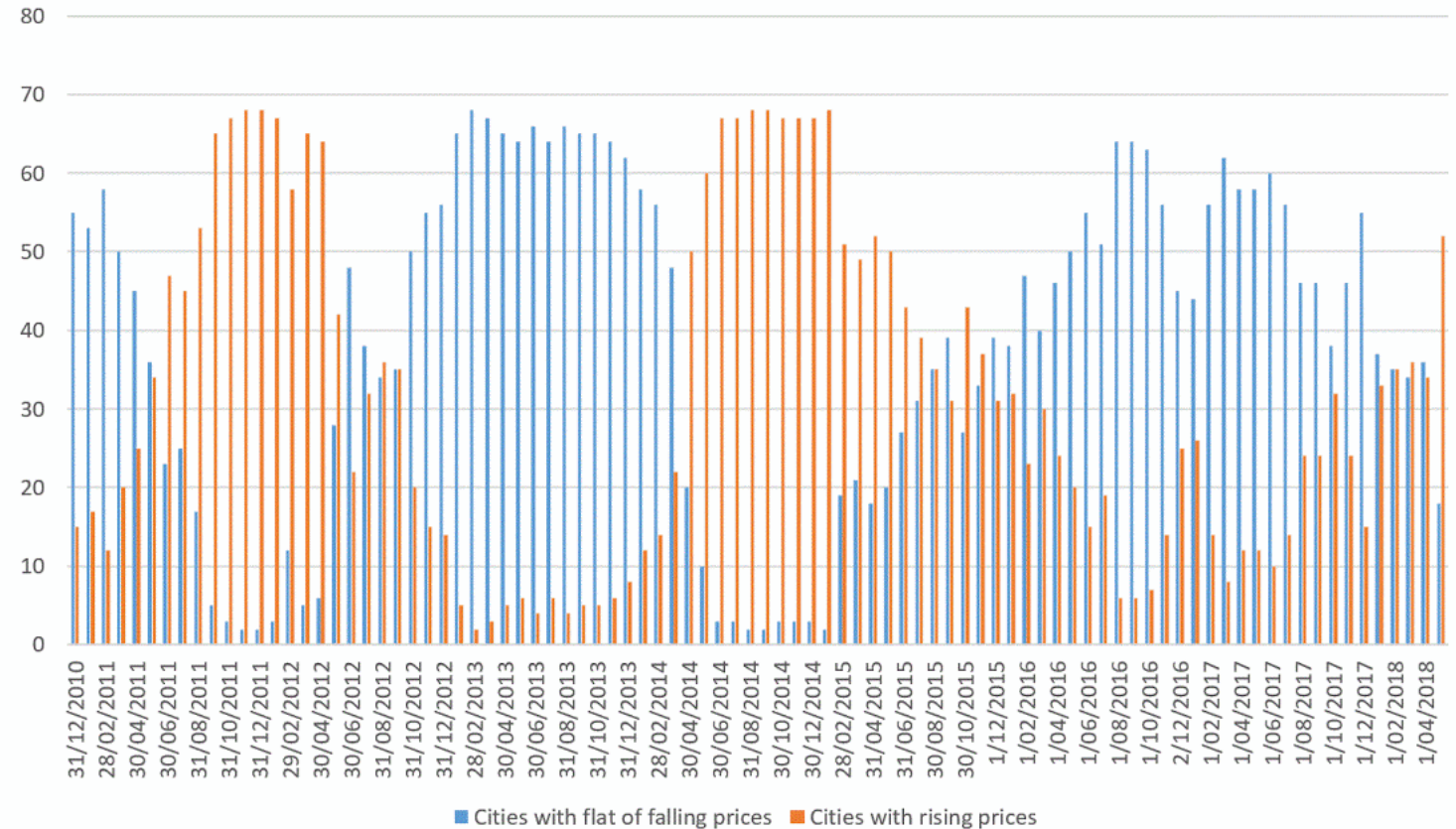


Fighting the Fed

Impossible Trinity

China new house prices

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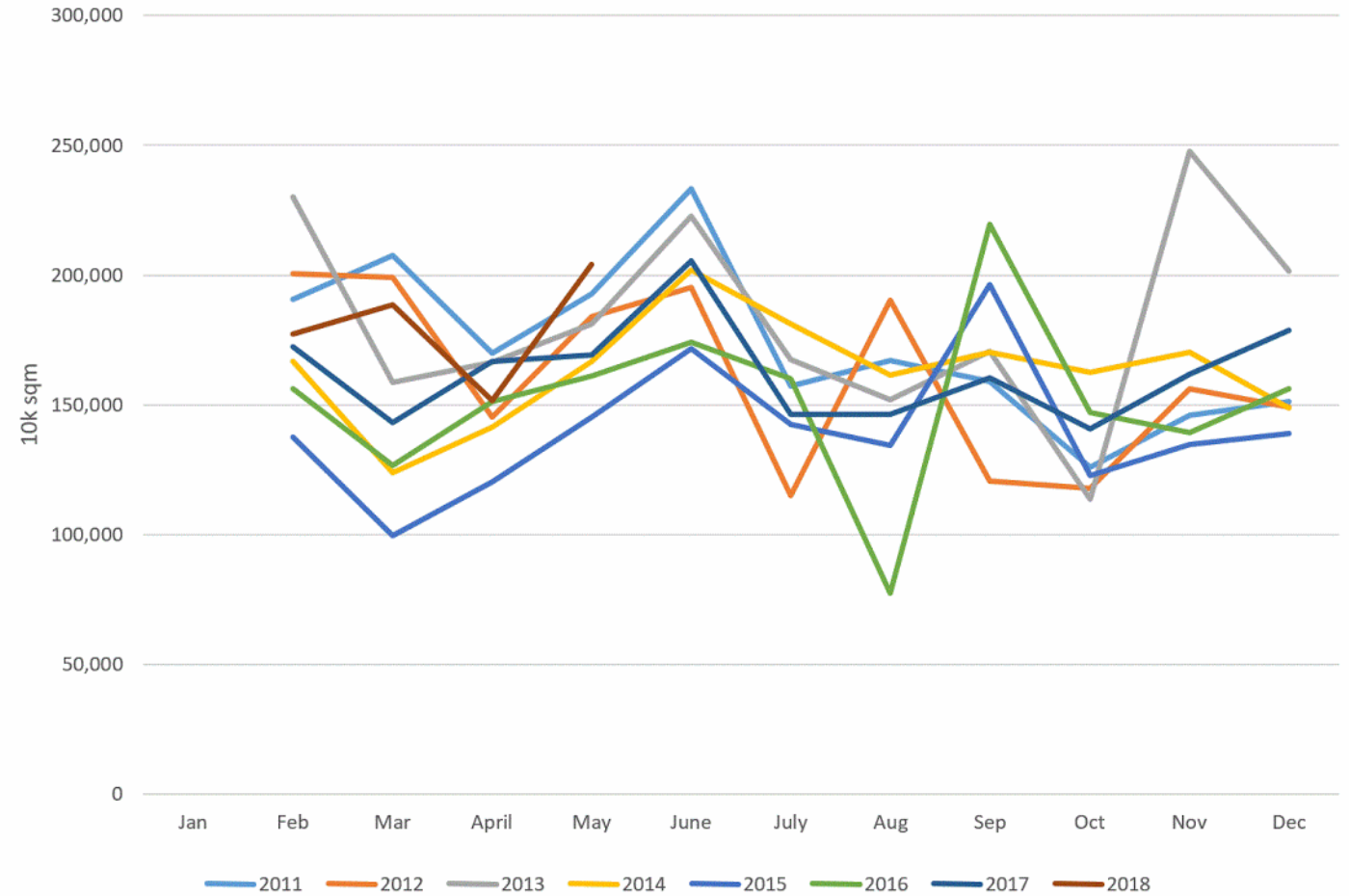
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Fighting the Fed

Impossible Trinity

Year to date construction starts



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Tim Fuller
Damien Klassen



Trade Wars

US has the
advantage

- US China Exports <\$200b
= 1% of GDP
- US China Imports \$500b
= 2.5% of US GDP, 4% of
China

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Tim Fuller
Damien Klassen



Trade Wars

US has the
advantage

- Rising USD / increased tariffs = not much effect on prices in US
- Falling Yuan / increased tariffs = lots to lose in China

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Damien Klassen



Trade Wars

Obvious Solution?

- Buy lots more oil from the US?
- Note Iranian complications

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Trade Wars

Upshot

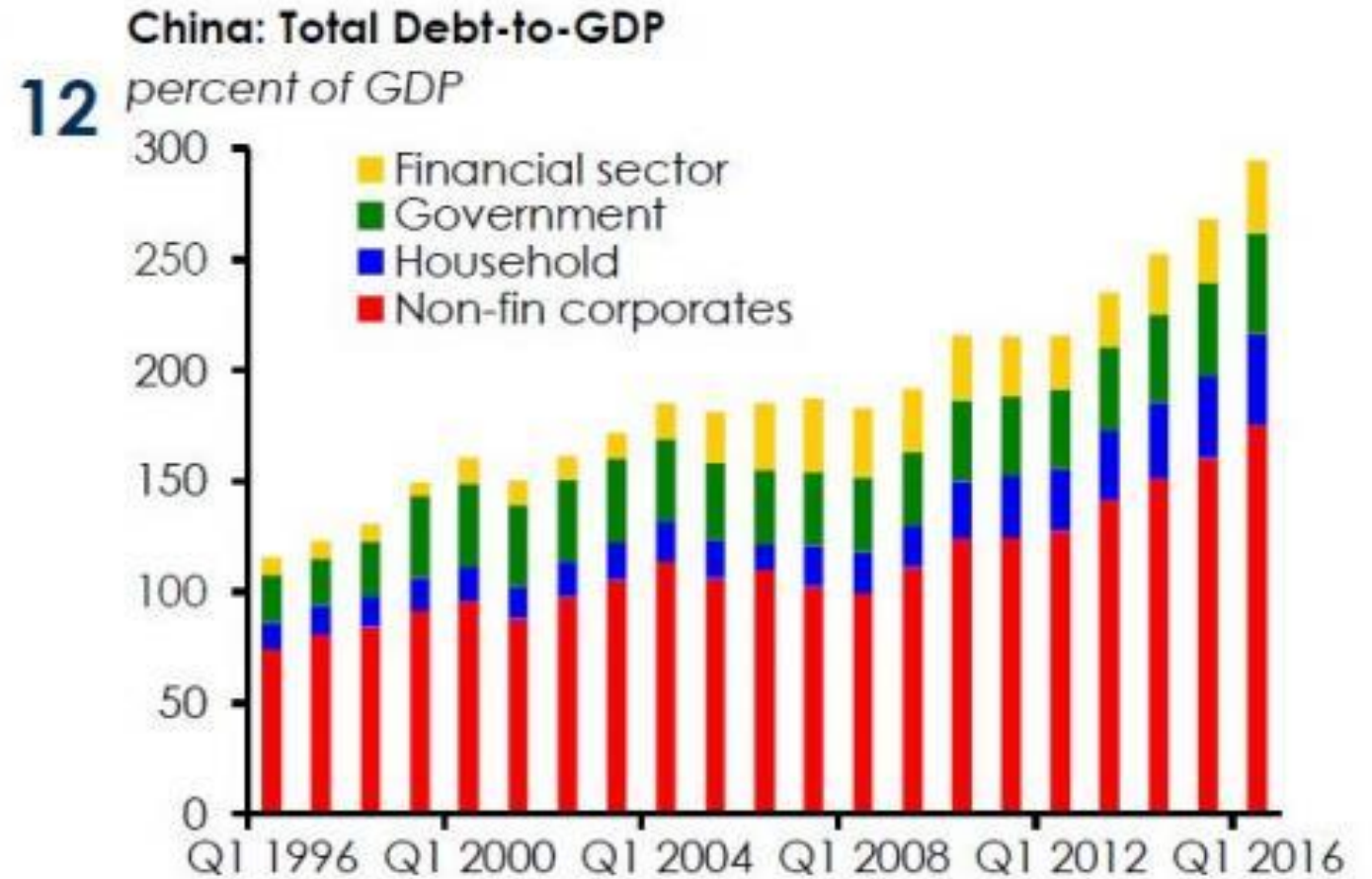
- US has upper hand in negotiating
- Not that meaningful yet
- Real risk is if it escalates

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The Debt!

Is Rebalancing even possible?



Source: PBOC, BIS, IMF, IIF.

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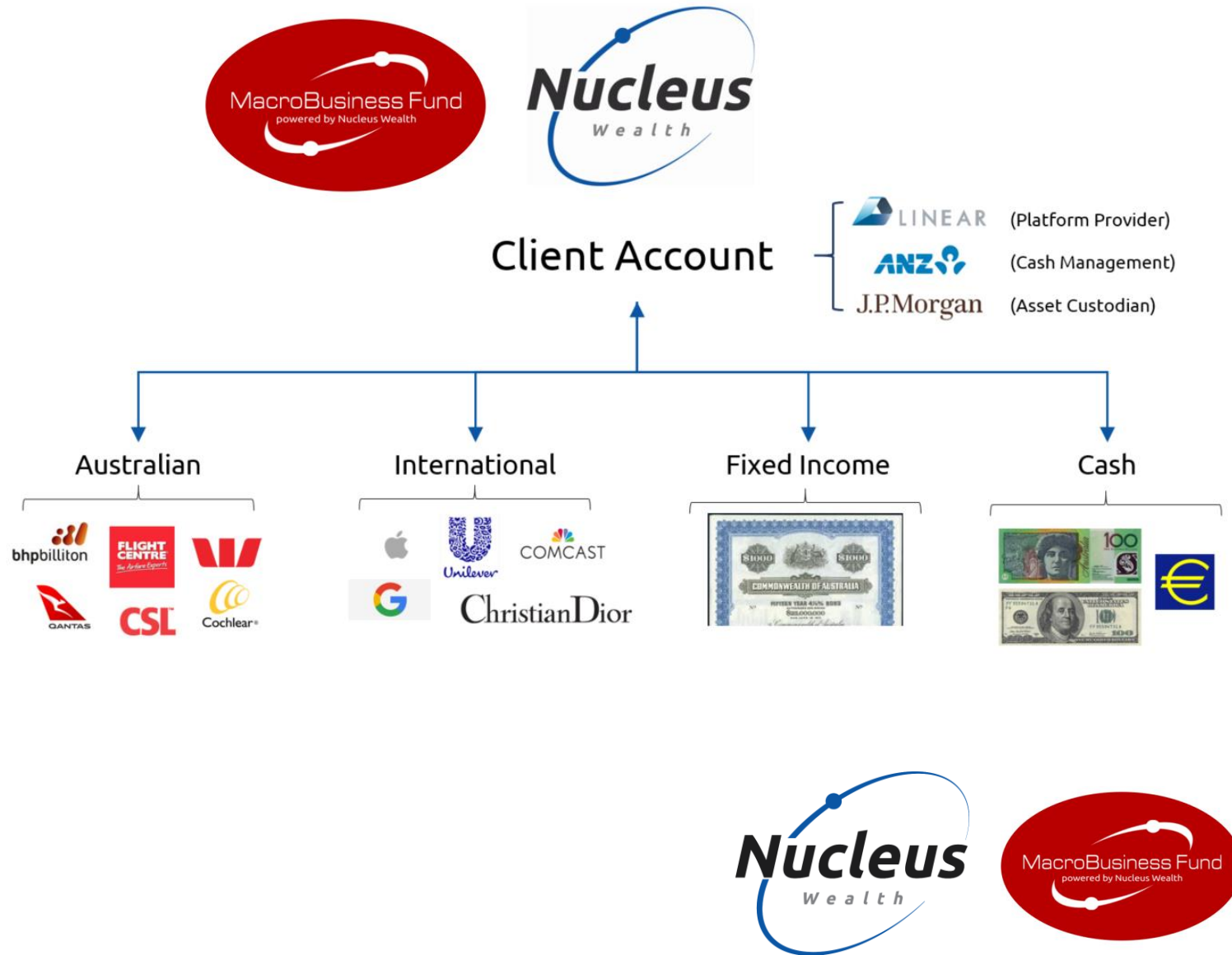
Implications for investment

- Bulk commodity prices still to weaken
- Rising US inflation and \$
- Falling AUD
- Reduced / Increased Chinese capital flow

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Tim Fuller
Damien Klassen



Investing with Nucleus Wealth



Investing with Nucleus Wealth

HEALTH



- No Fast Food
- No GMO Foods

VICES



- No Gambling
- No Alcohol
- No Pornography
- No Tobacco

ANIMAL RIGHTS



- No Animal Testing (Broad)
- No Animal Testing (High Impact)

RELIGION



- No Contraception
- Only Sharia / Islamic

CLIMATE CHANGE



- No Fossil Fuels (High Impact)
- No Fossil Fuels (Broad)
- No Fossil Fuels (CSG)
- No Nuclear
- No Loggers - OGF

WAR



- No Arms (High Impact)
- No Arms (Broad)

HUMAN RIGHTS



- No Immigration Detention
- No Jails



Investing with Nucleus Wealth

- Complete investment solution
- 19 individual ethical screens
- Experienced investment managers
- Completely transparent

- Lower fees as we get rid of the multiple layers of middle-men between you and your money
- Tax effective





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Current Balance \$258,091

Tactical ^

Your Holdings Summary ? ■ Underweight ■ Overweight

Cash

Govt. Bonds

Australian Shares

International Shares

Your Assets Summary

Additional Assets ⊕ ▾

Portfolio Detail

Sector Groups

Regions

Defensive

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