



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





Resources

DIRTY BUSINESS



Nucleus Insights : Commodities outlook

Agenda

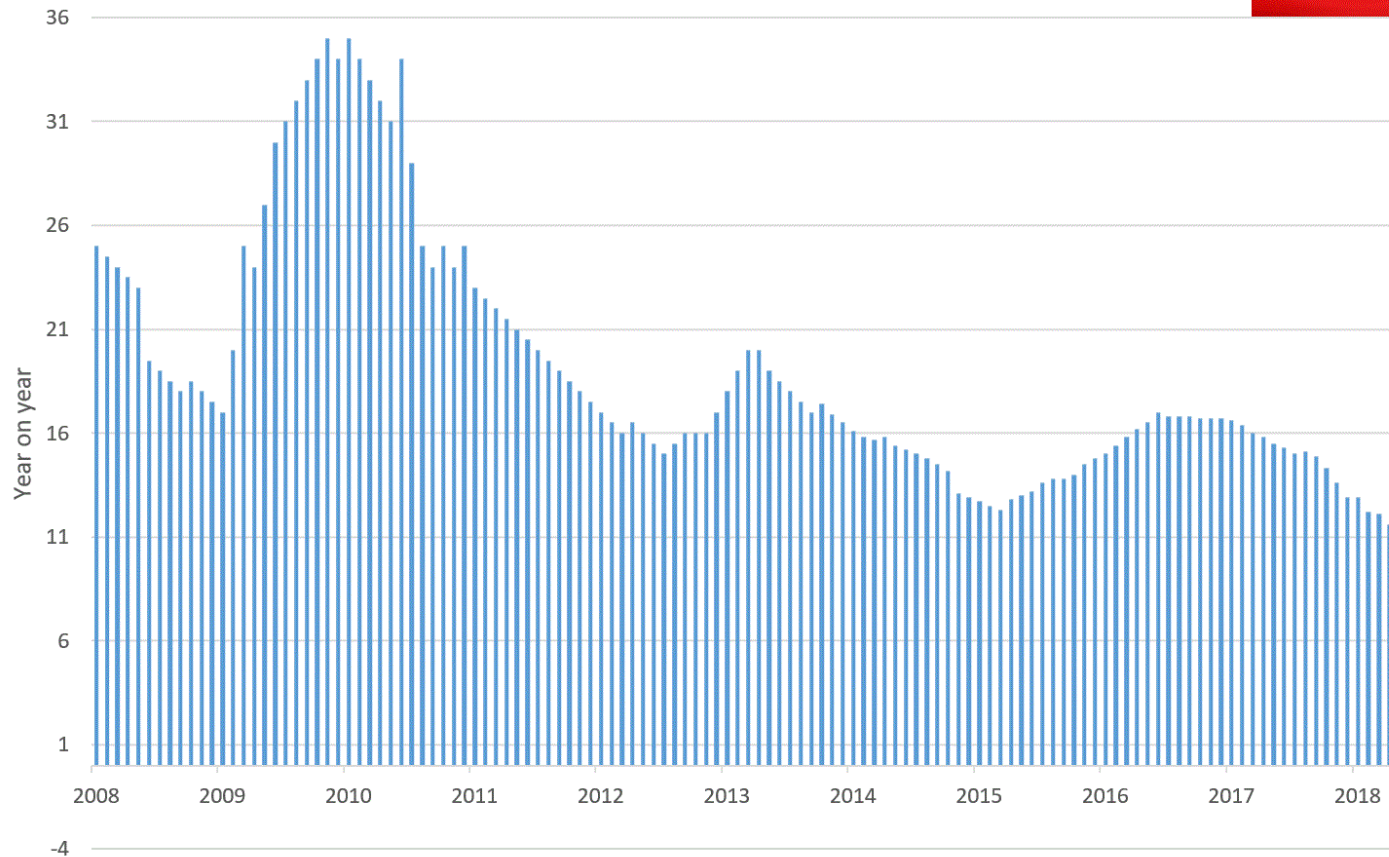
- The state of play
- Trade wars: Grand bargain or explosion for US and China?
- Iron ore, coal, metals and oil outlooks
- The investment cycle and valuations
- Investment implications

David Llewellyn Smith
Tim Fuller
Damien Klassen



Demand (macro)

China broad credit (TSF + bonds)



David Llewellyn Smith
Tim Fuller
Damien Klassen



US Dollar

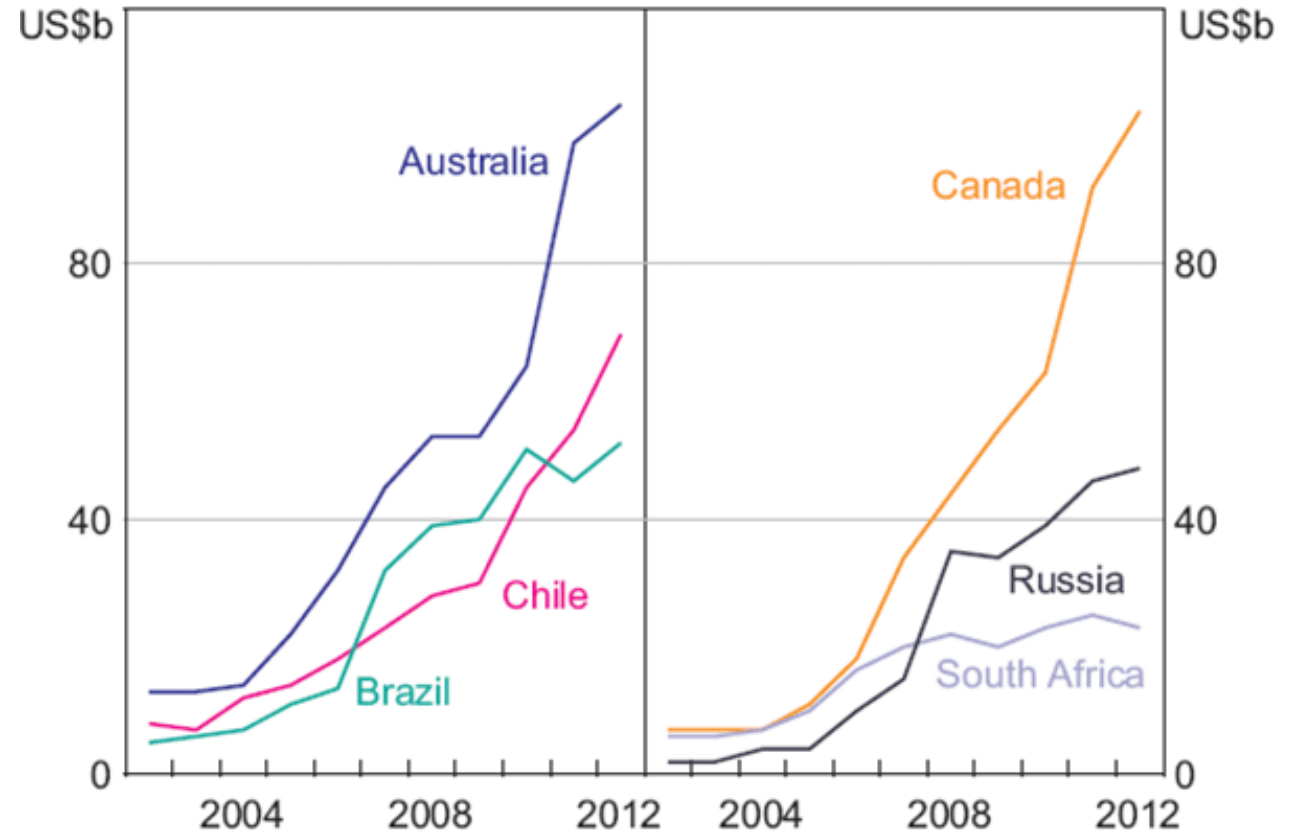


David Llewellyn Smith
Tim Fuller
Damien Klassen



Supply (micro)

Minerals Investment Projects*



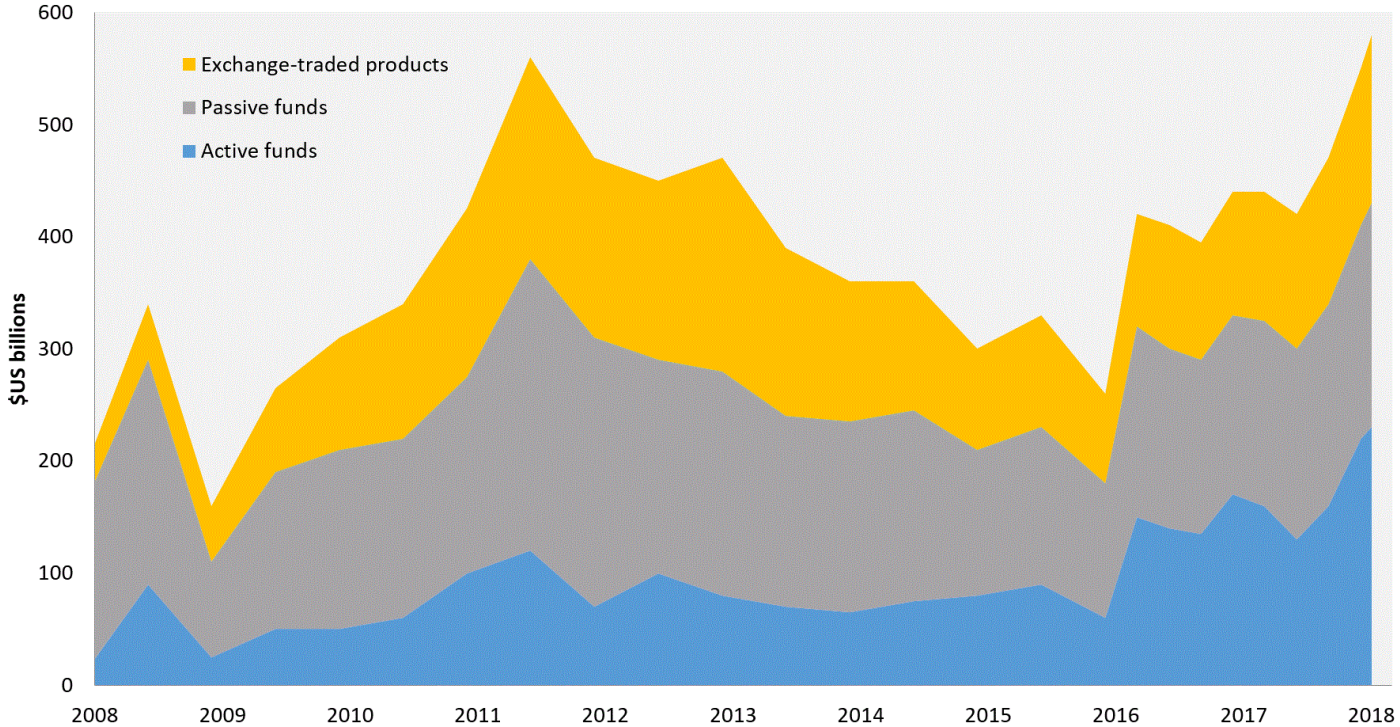
* Stock of minerals projects from the pre-feasibility stage through to construction; excludes energy (oil, coal and gas) projects
Source: *Engineering and Mining Journal* annual survey of mining investment (various years); RBA

David Llewellyn Smith
Tim Fuller
Damien Klassen



Commodity financial products AUM

Source: Citibank



Inventories

www.macrobusiness.com.au



David Llewellyn Smith
Tim Fuller
Damien Klassen



Trade War

- China over barrel as trade and capital account attacked.
- Poor options: Will make Chinese slowdown worse and possibly trigger crisis if it eases monetarily into the slowdown.
- The answer is fiscal.

David Llewellyn Smith
Tim Fuller
Damien Klassen



Types of Companies

- Explorers
- Under Construction
- Marginal Producers
- Tier 1 Producers

David Llewellyn Smith
Tim Fuller
Damien Klassen



Mining Economics

- Cost per tonne Mined
- Ratio of Ore to overburden
- % of metal in ore
- Distance to travel
- Milling costs

David Llewellyn Smith
Tim Fuller
Damien Klassen



Mining Economics

- Companies make 1 or 2 big decisions once every 5 years
- Very little control over outcomes
- Hard to judge success

David Llewellyn Smith
Tim Fuller
Damien Klassen



Quant Factors

- Quant not good at resources if you use the traditional factors
- Down is up and up is down
- Good at company identification
- Capex a key indicator

David Llewellyn Smith
Tim Fuller
Damien Klassen

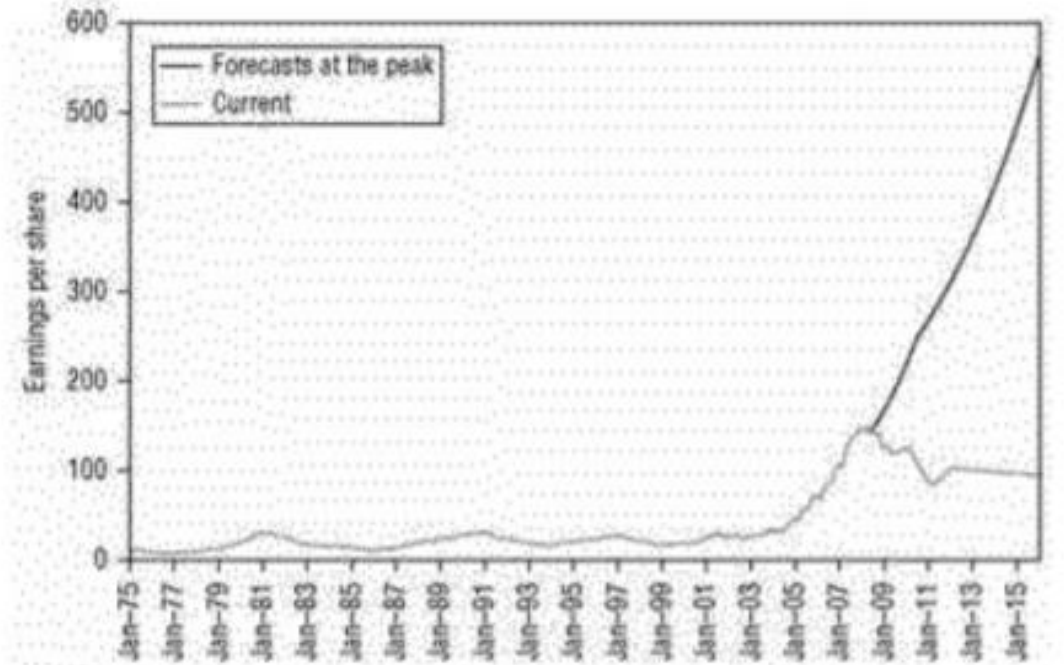


Quant Factors

Don't trust the
forecasts

EXHIBIT 10.1 World Mining Sector Earnings and Forecasts

Source: GMO.



David Llewellyn Smith
Tim Fuller
Damien Klassen

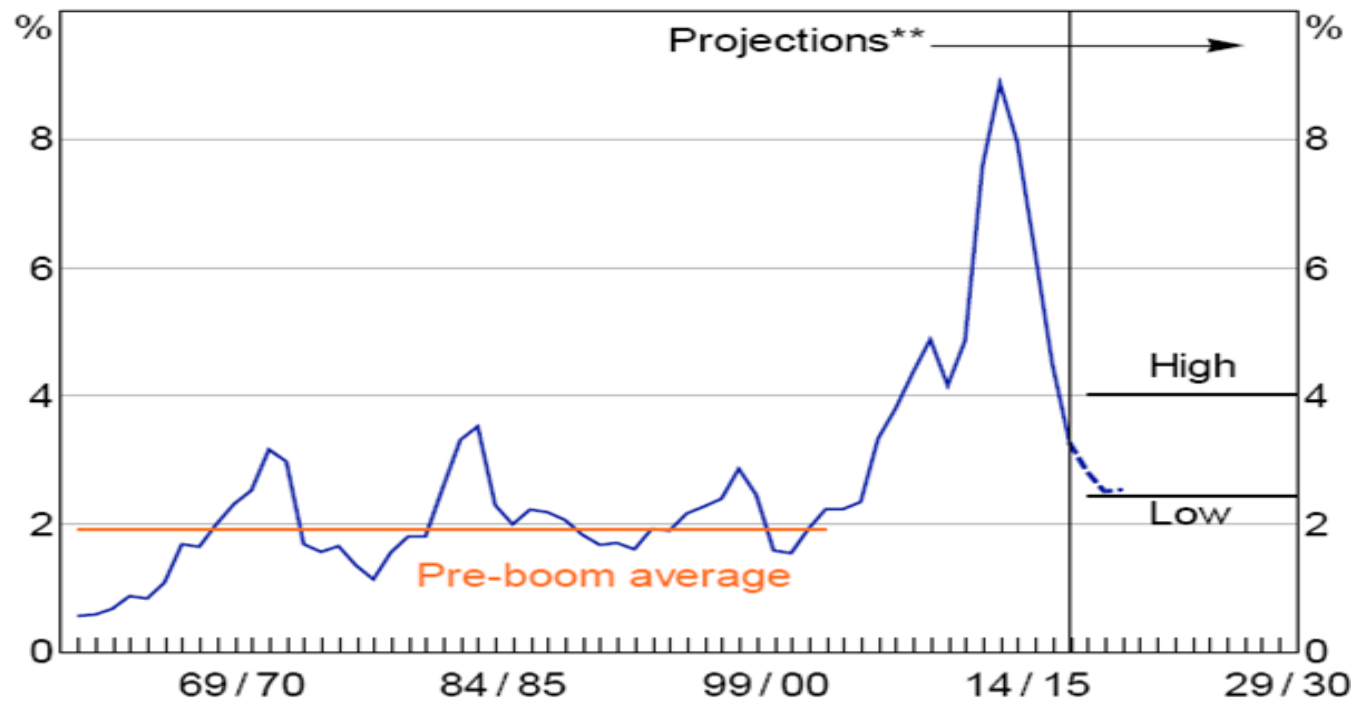


Capex

Cycles are long

Mining Investment Projections*

Share of nominal GDP



* Dashed line is Feb 2018 SMP forecasts

** High and Low scenarios reflect different assumptions on the mining sector's long-run share of total output

Sources: ABS; RBA

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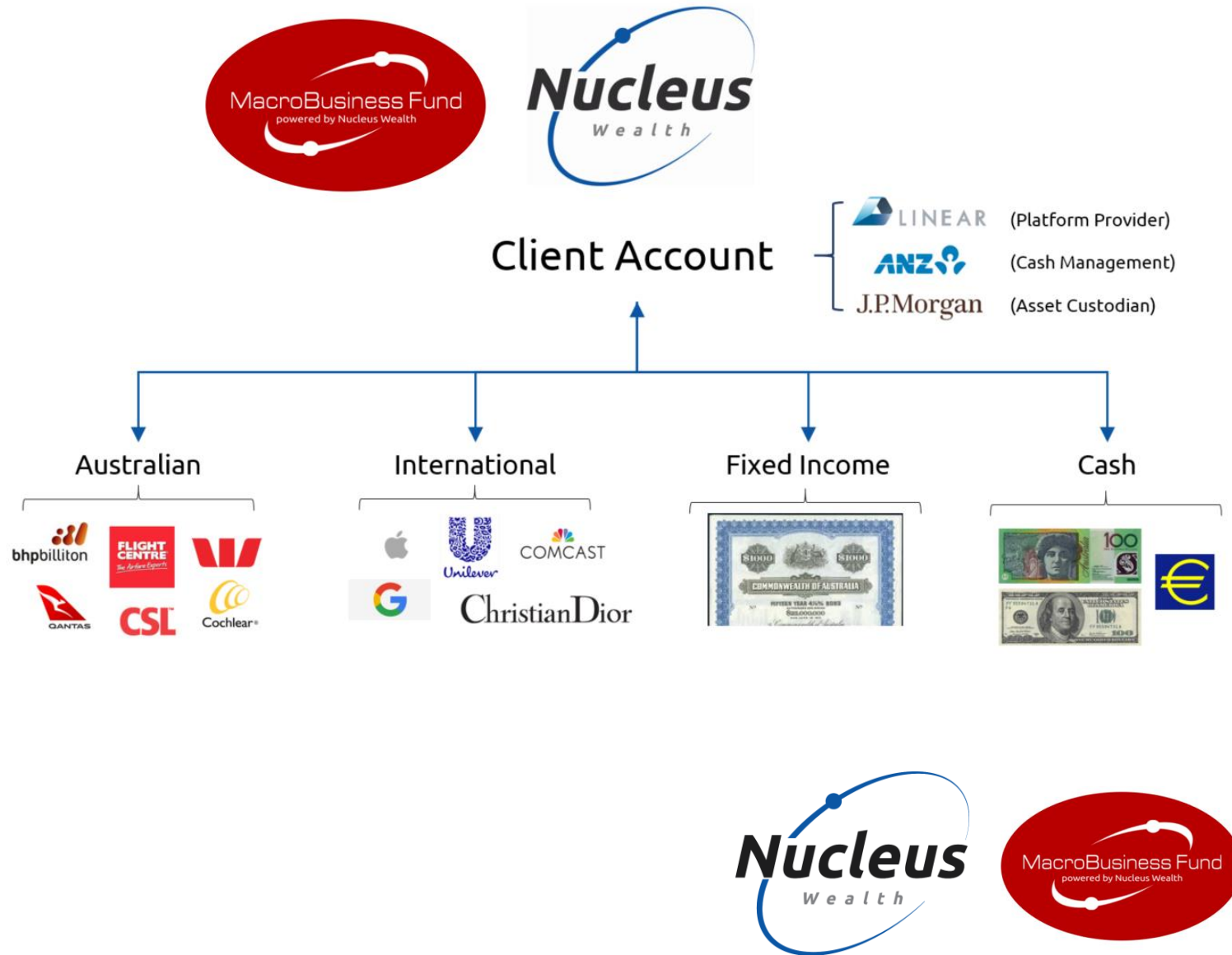
Implications for investment

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

David Llewellyn Smith
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





portal.nucleuswealth.com

The screenshot shows the Nucleus Wealth client portal dashboard. At the top, the Nucleus logo and "NUCLEUS WEALTH" are displayed in a blue header bar. Navigation links include "Invest With Us", "Blog", and "Client Portal". The user is identified as "John Citizen & Jill Citizen - Joint Account" with a "Take a tour" button.

A prominent blue bar displays the "Current Balance \$258,091". Below this, a "Tactical" section is expanded to show "Your Holdings Summary". This section contains four gauge charts, each with a legend for "Underweight" (light blue) and "Overweight" (dark blue):

- Cash:** 35% overweight
- Govt. Bonds:** 27% overweight
- Australian Shares:** 10% overweight
- International Shares:** 27% overweight

Below the holdings summary is the "Your Assets Summary" section, featuring two pie charts. The first pie chart shows the asset allocation: Cash (orange), International Shares (light blue), and Bonds (dark blue). The second pie chart shows the asset composition: Total Defensive (green) and Total Growth (purple).

An "Additional Assets" dropdown menu is visible below the asset summary. The "Portfolio Detail" section at the bottom includes filters for "Sector Groups", "Regions", and "Defensive", with a partial pie chart visible below the "Sector Groups" filter.

Nucleus Wealth is now on iTunes and Podcasts!

[Bit.ly/NucleusInsights](https://bit.ly/NucleusInsights)



podcastaddict





Keep your investment goals in focus.

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