



IT'S HARD TO KILL A BANKING CRISIS

Agenda: Credit crunch!

- Background
- This time is different
- Three paths
- What to watch
- Where to hide
- Investment implications

This time is different: two phase shock

- Something has broken
- US regionals in \$1tr deposit run, no end in sight
- CRE under pressure
- Need to deleverage, lending will fall
- KRE is 40% of credit, 50% SME, 80% CRE in US. Stronger delta
- Usually, insolvencies come first. This time, banking crisis is creating credit crunch, then insolvencies and more tightening as recession takes hold



Build Your Portfolio

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Account Selection

Investment Choice

Risk Profile

Build Your Portfolio

Ethical Overlay

Review

Applicants

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Final Review

* How much money are you looking to invest?

\$ 100,000

Multi Asset Portfolios

Tactical Growth

Tactical Income

Tactical Accumulation

Direct Portfolios

Core International

Core Australia

Passive Portfolios

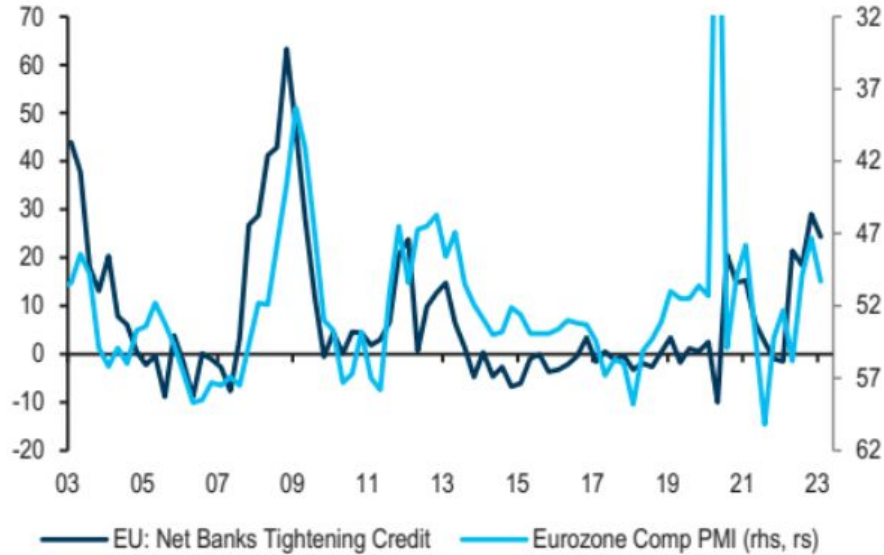
Australian Leaders

Global Leaders

Government Bond Ladder

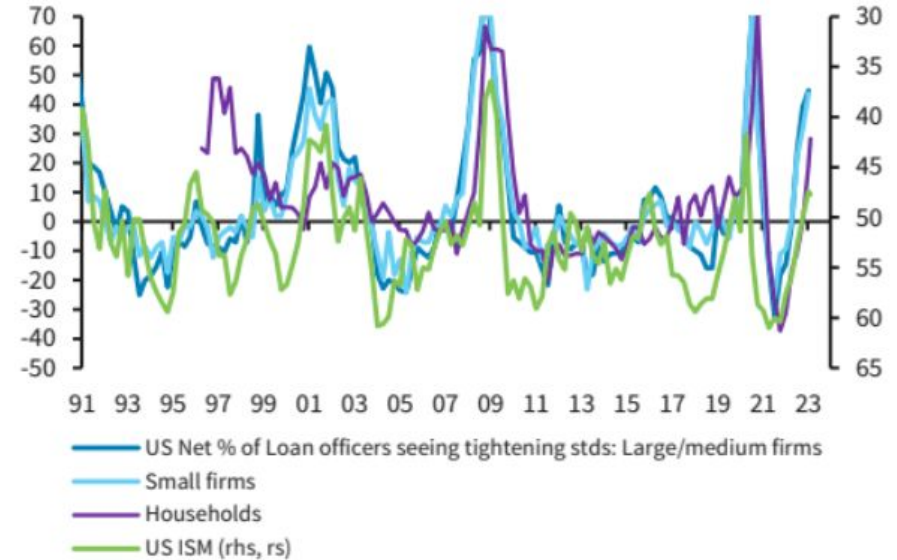
What to Watch for

FIGURE 11. Tightening of lending standards tends to coincide with falls in activity in Europe...



Source: Bloomberg, Refinitiv, Barclays Research

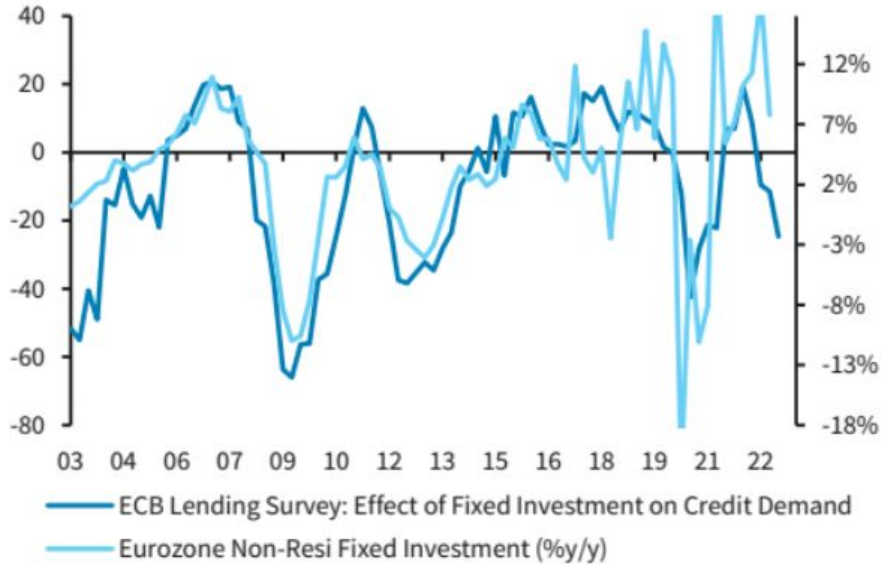
FIGURE 12. ... and in the US



Source: Bloomberg, Barclays Research

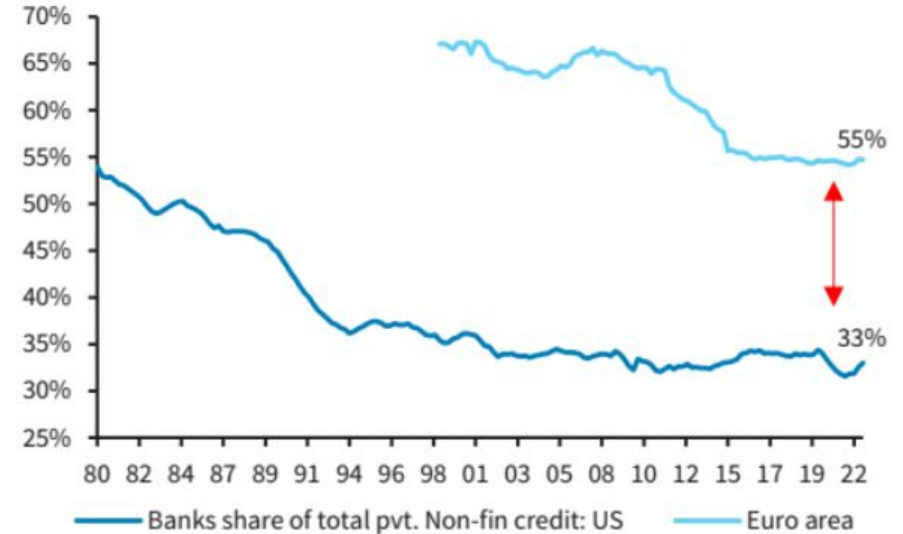
Worse in Europe than US?

FIGURE 15. Tightening lending standards point to weaker capex ahead in Europe



Source: Refinitiv, Bloomberg, Barclays Research

FIGURE 16. % of banks loans as share of total financing is much higher in Europe than the US



Data as of Q4 2022
Source: BIS, Haver, Barclays Research



Ethical Overlay

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i Nucleus Wealth can tailor your portfolio to your ethics

Select categories below that you want us to exclude from your portfolio. Hover over the question mark next to each ethical exclusion for their description.

Climate Change



War



Human Rights



Health



Vices



Animal Rights



Religion



Asset Class



Thematic



Climate Change

- No Fossil Fuels (Worst Offenders)
- No Fossil Fuels (Any)
- No Coal Seam Gas or Fracking
- No Nuclear Power
- No Old Growth Forest Logging

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Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

Where to hide

- **Asset Allocation: DXY, EUR or gold? Bonds and cash. Commods at risk despite China. AUD property bottom?**
- **Country allocation: China-led EM but...trade shock...**
- **Factor allocation: quality, defensives, avoid growth and value**
- **Sector allocation: Avoid A-REITS, non-banks, discretionary, superfunds, materials. Long staples, healthcare, utilities**

Viewer question of the week:

Is a credit crunch inevitable?

Drop your answers in the comments

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