



WHAT WILL TAX CUTS DO TO VALUATIONS?

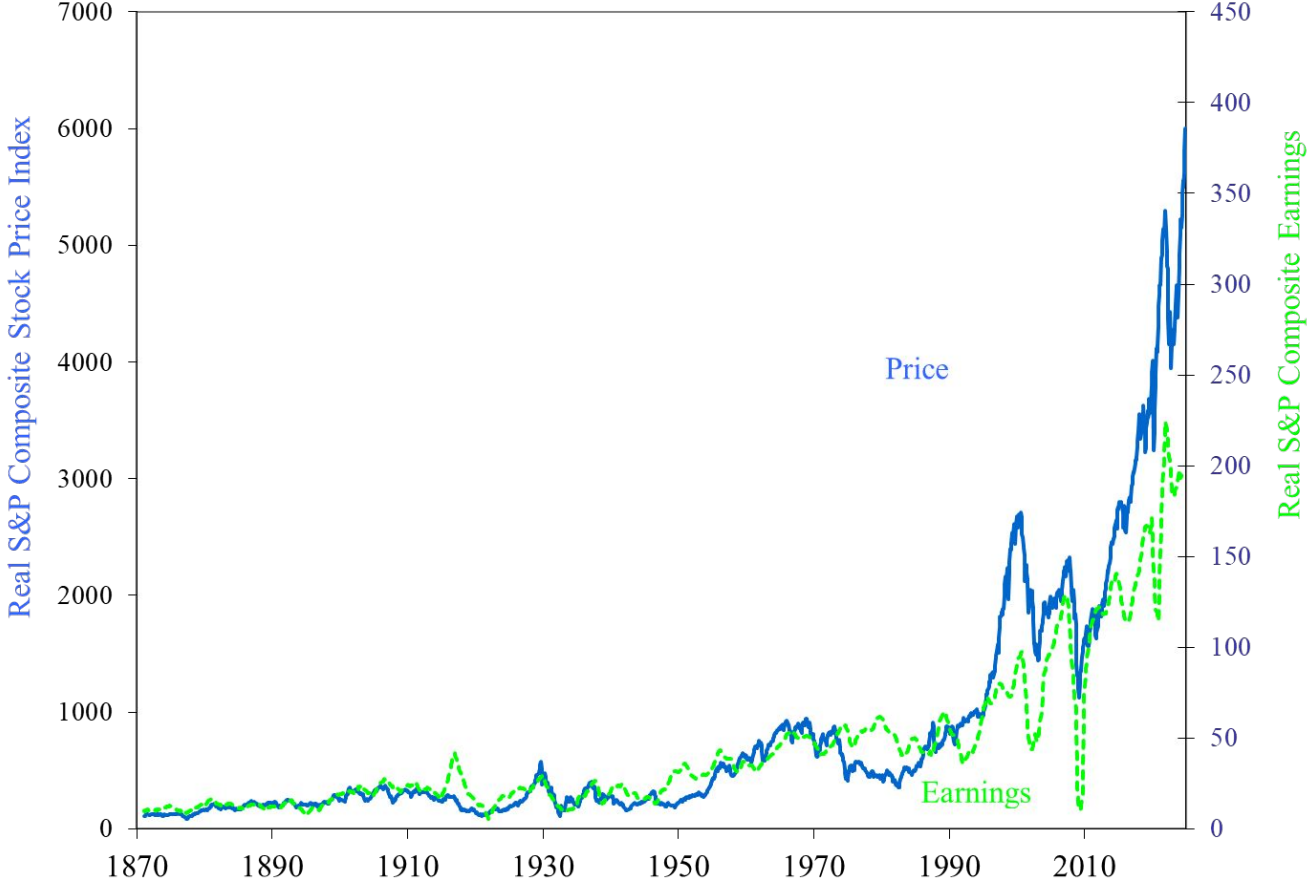
Disclaimer:

The information provided on this presentation is general in nature and does not constitute personal financial advice. The information has been prepared without taking into account your personal objectives, financial situation or needs. Because of this, you should consider the appropriateness of the information for your own objectives, financial situation and needs before acting on it. Also, before you decide to invest in a financial product arranged by a representative of Nucleus Wealth Management Pty Ltd, ABN 54 614 386 266, corporate authorised representative of Nucleus Advice Pty Ltd AFSL 515796 (Nucleus Wealth or we or us), it is important that you read and consider the Product Disclosure Statement relating to the product before making any decision about whether to invest in it. Your Nucleus Wealth adviser can help you with this decision if you would like them to do so.

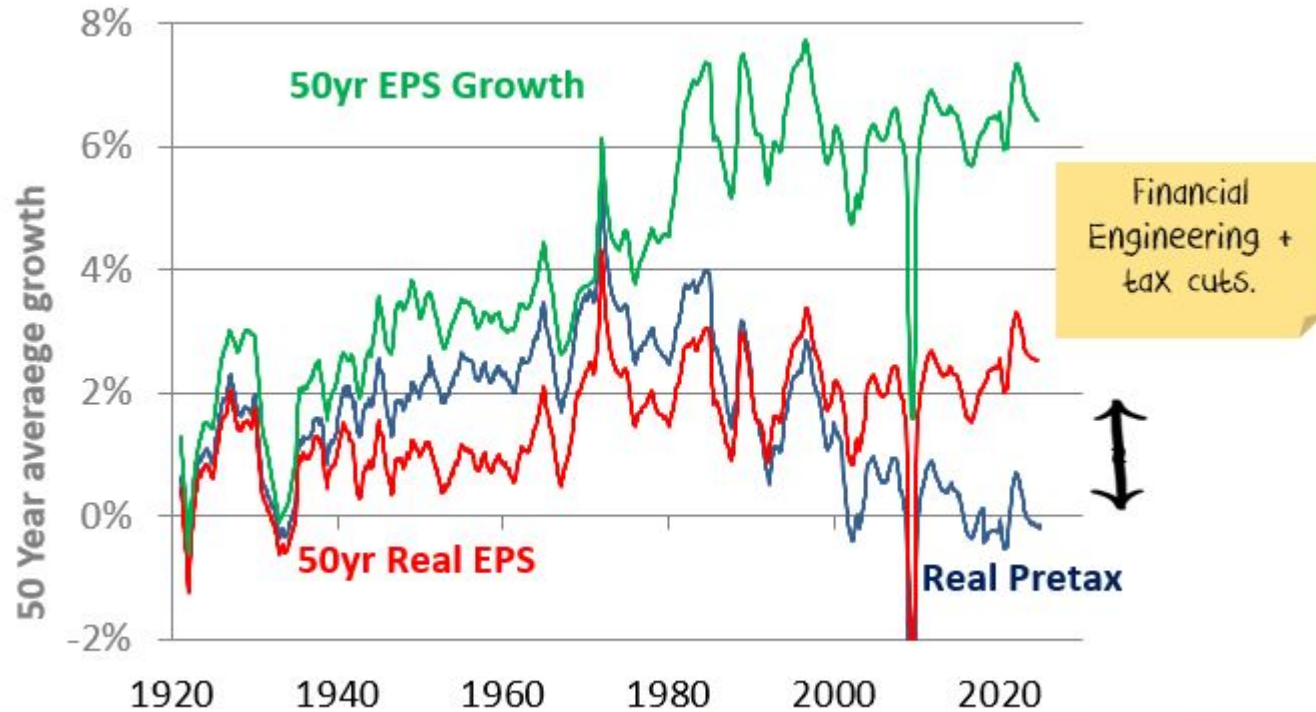
Agenda:

- Long Term vs Short Term

Markets 6-9%pa:

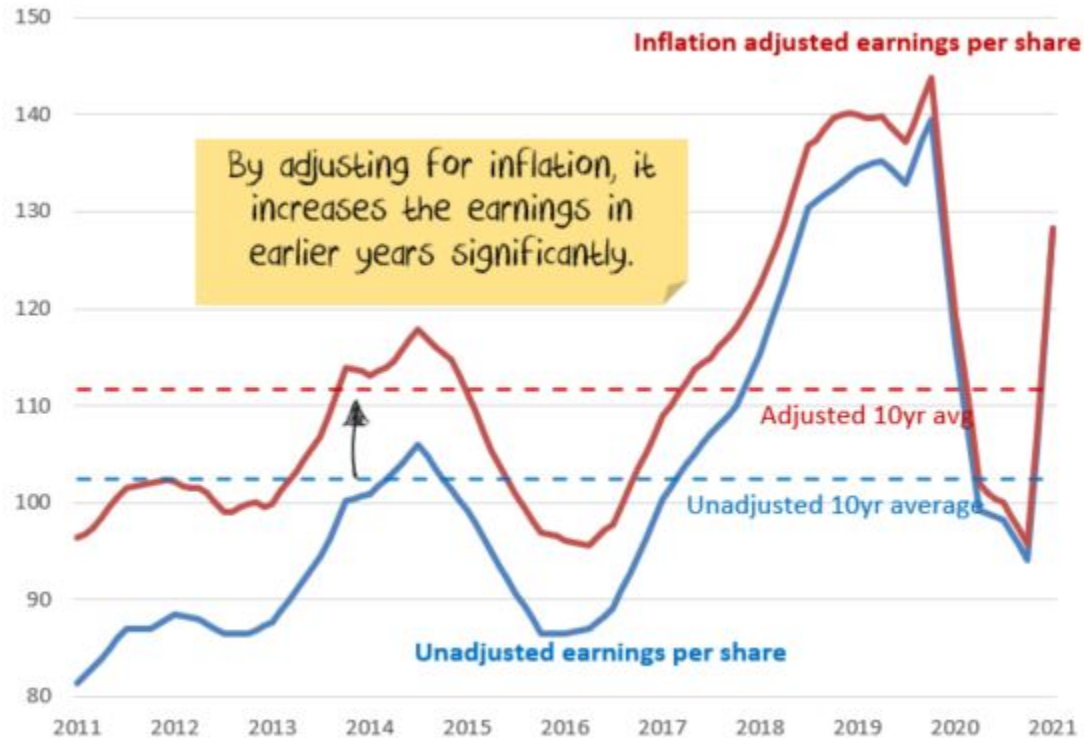


Long term earnings growth:



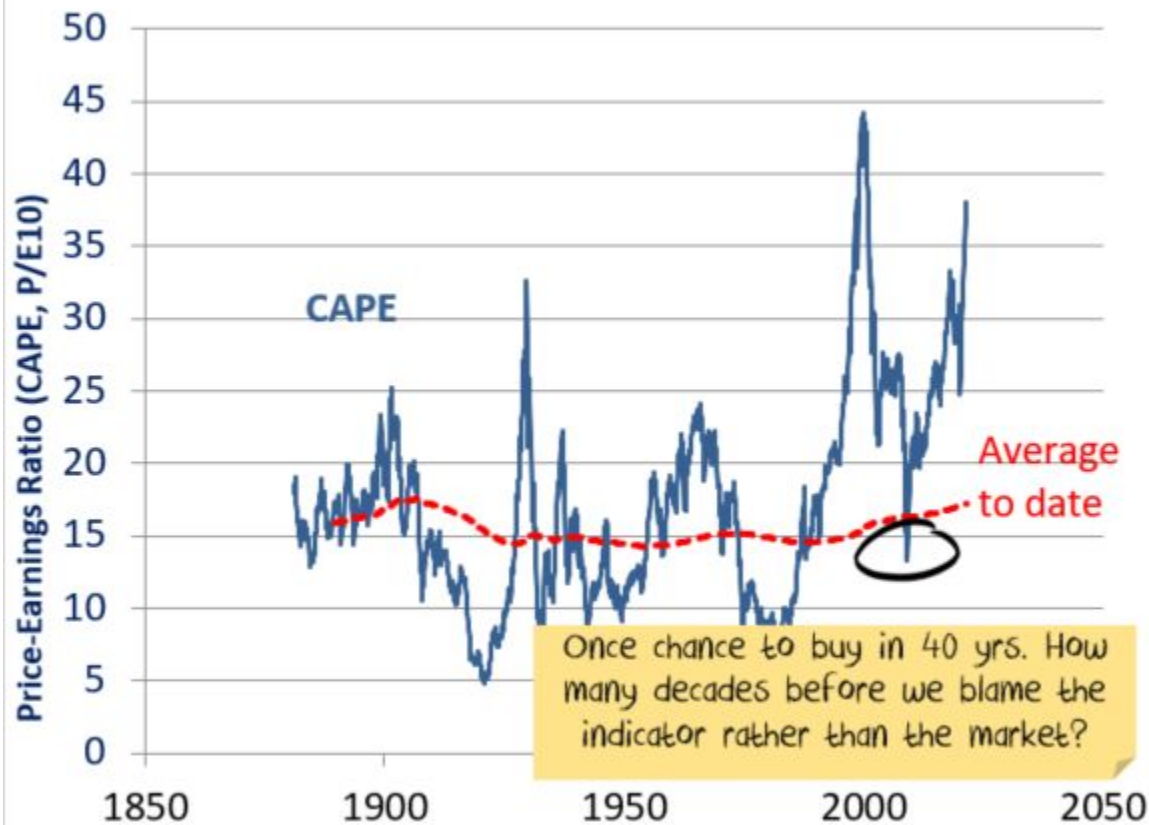
Source: Nucleus Wealth, <http://www.econ.yale.edu/~shiller/data.htm>

Shiller PE:



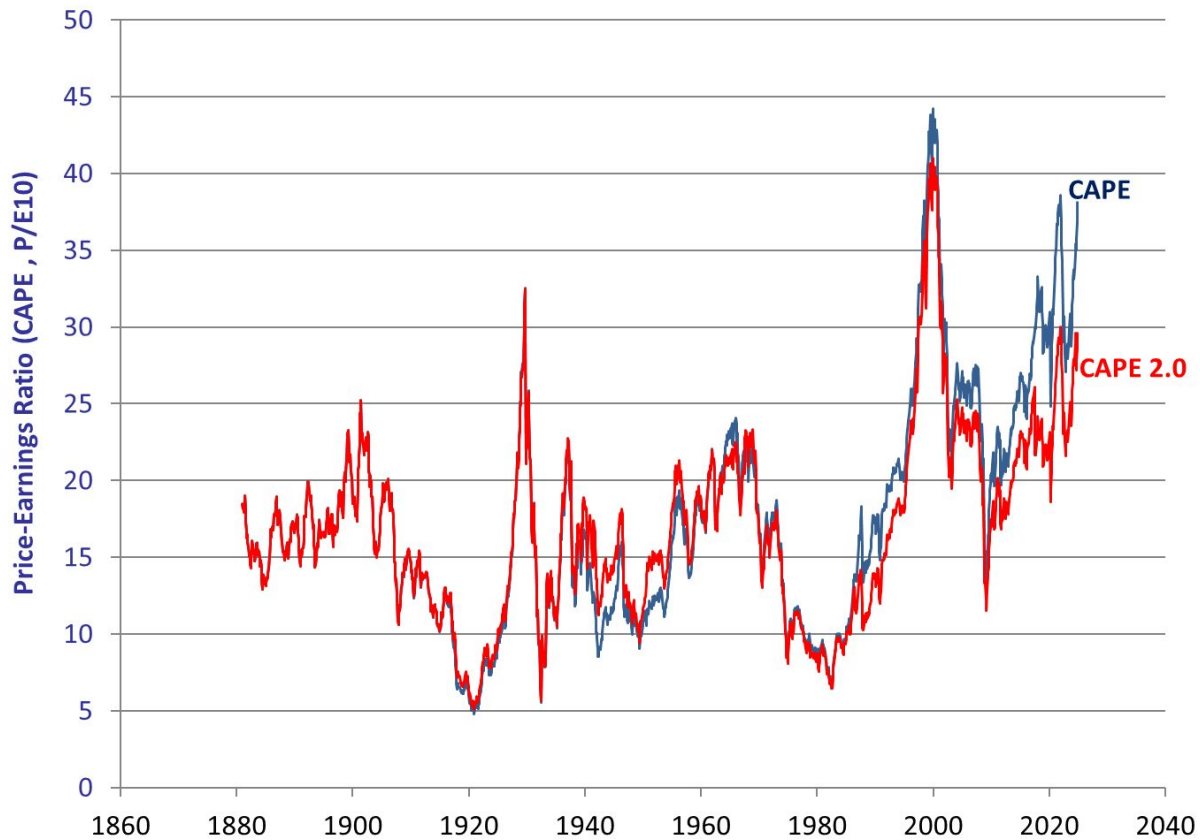
Source: Nucleus Wealth, <http://www.econ.yale.edu/~shiller/data.htm>

Shiller PE:

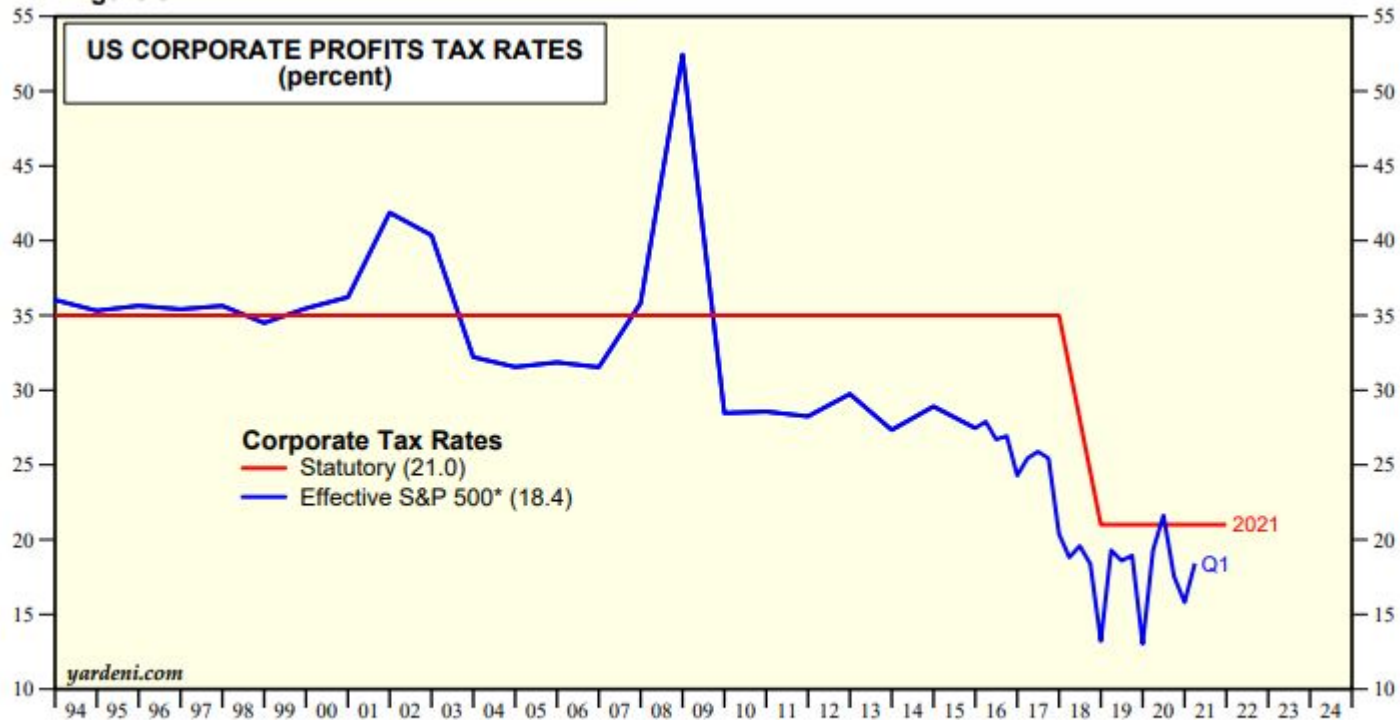


Source: Nucleus Wealth, <http://www.econ.yale.edu/~shiller/data.htm>

Shiller 2.0: Statutory Tax rates and Buybacks:



Shiller 3.0: real tax:



* Includes US federal taxes and taxes collected by other domestic and foreign taxing authorities. Derived from S&P Analyst Handbook, where tax rate is income tax as percentage of pre-tax income.
Source: Internal Revenue Service and Standard & Poor's.

Shiller 3.0: buybacks:

DIVIDEND Index Fund: Payout everything as a dividend

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	CAPE	CAPE 2.0
Shares	m	100	100	100	100	100	100	100	100	100	100	100		
Real Earnings	\$m	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3		
Real Earnings per share	\$	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
P/E of Fund	x	19	19	19	19	19	19	19	19	19	19	19		
Share Price	\$	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
Cumulative Dividends	\$m		3.7	7.4	11.1	14.7	18.4	22.1	25.8	29.5	33.2	36.8		
10y Average EPS	\$												0.053	0.053
Shiller P/E	x												19.0	19.0

Under the dividend only, CAPE = CAPE 2.0 = trailing P/E

BUYBACK Index Fund: Payout everything as a buyback

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	CAPE	CAPE 2.0
Shares bought back	m		3.7	3.5	3.4	3.3	3.2	3.1	2.9	2.8	2.7	2.6		
Shares	m	100.0	96.3	92.8	89.3	86.1	82.9	79.8	76.9	74.1	71.3	68.7		
Real Earnings	\$m	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3		
Real Earnings per share	\$	0.05	0.05	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.08		
P/E of Fund	x	19	19	19	19	19	19	19	19	19	19	19		
Share Price	\$	1.00	1.04	1.08	1.12	1.16	1.21	1.25	1.30	1.35	1.40	1.46		
Cumulative Buybacks	\$m		3.7	7.4	11.1	14.7	18.4	22.1	25.8	29.5	33.2	36.8		
10y Average EPS	\$												0.065	0.077
Shiller P/E	x												22.4	19.0

Under the buyback only, CAPE 2.0 = trailing P/E

But CAPE P/E is way higher

Shiller 3.0: Accounting standards:

- Writedowns
- Fake writedowns
- Goodwill amortization
- Negative earnings

Shiller 3.0: Depreciation and capex 1977 overstatement

Exhibit V

Effect on stockholders' equity and net income
(dollar figures in billions)

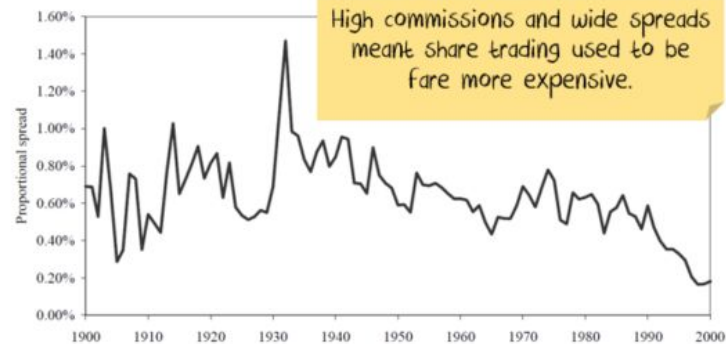
	Historical cost	Replacement cost	Increase (decrease)	Percentage increase (decrease)
Stockholders' equity	\$ 208.1	\$ 346.8	\$ 138.7	66.7 %
Net income	\$ 30.9	\$ 20.0	\$ (10.9)	(35.3)%
Rate of return on stockholders' equity	14.9%	5.8%	(9.1)%	(61.1)%

Shiller 3.0: Trading costs

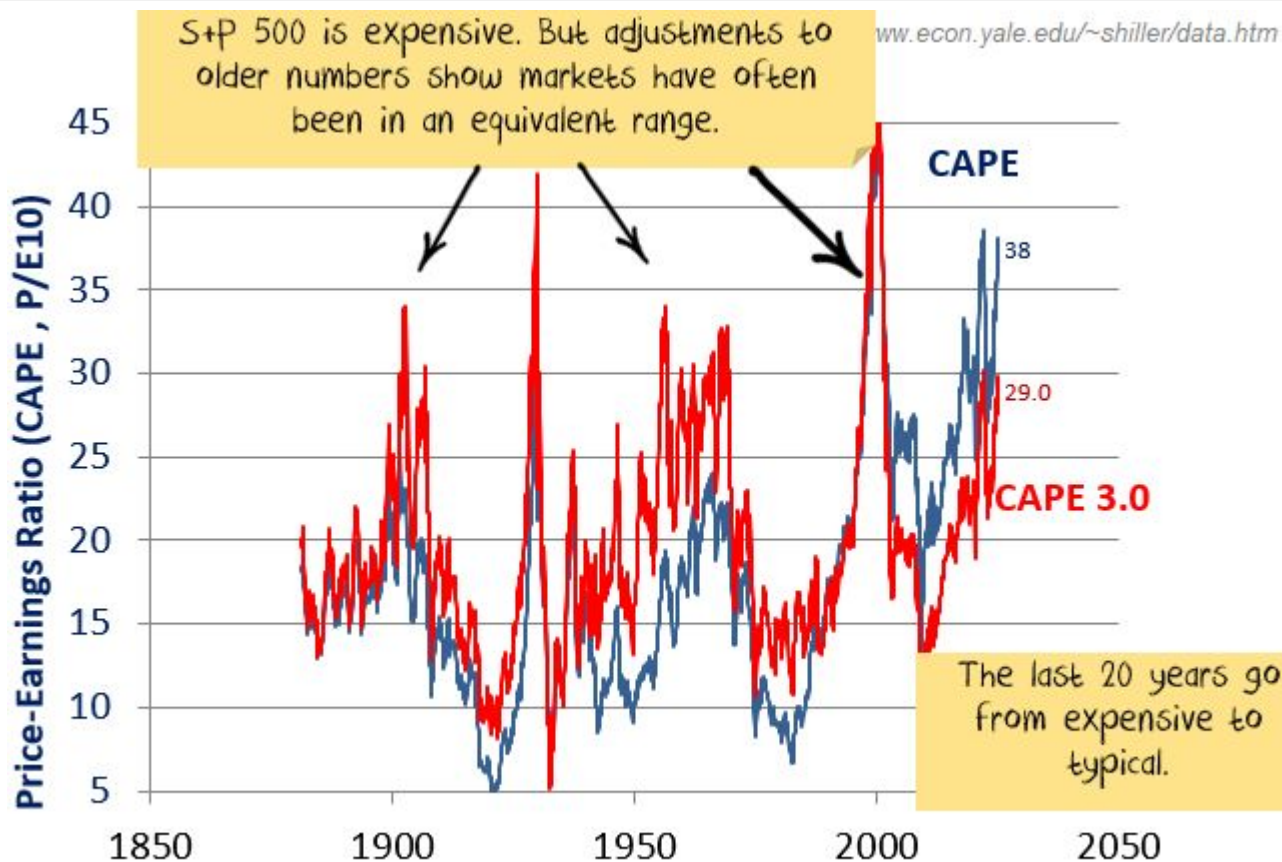
Figure 3. Average commissions on round-lot transactions in NYSE stocks
(based on fixed schedule pre-1968 and member commission revenue thereafter)



Figure 1. Bid-ask spreads on Dow Jones stocks
(all DJ stocks 1900-1928, DJIA stocks 1929-present)

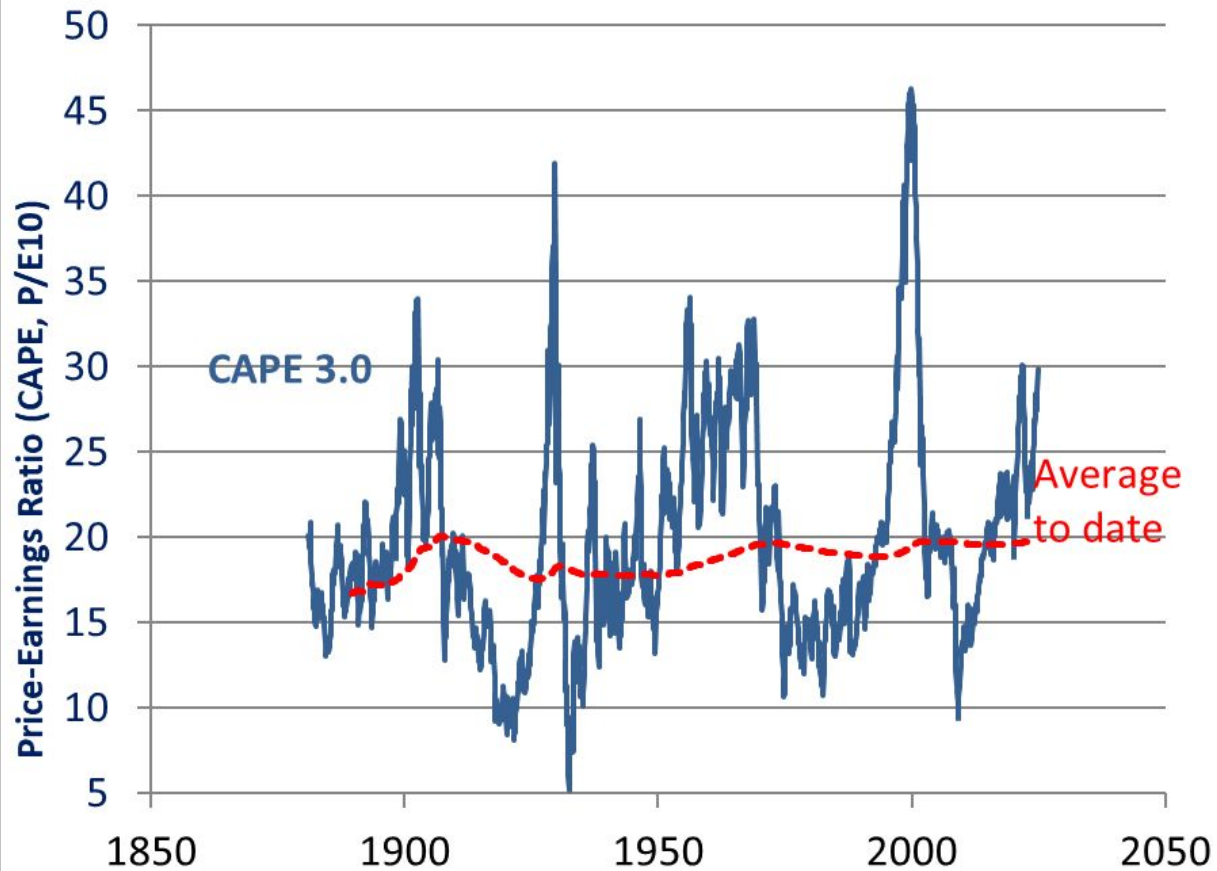


Shiller 3.0: Lots more:

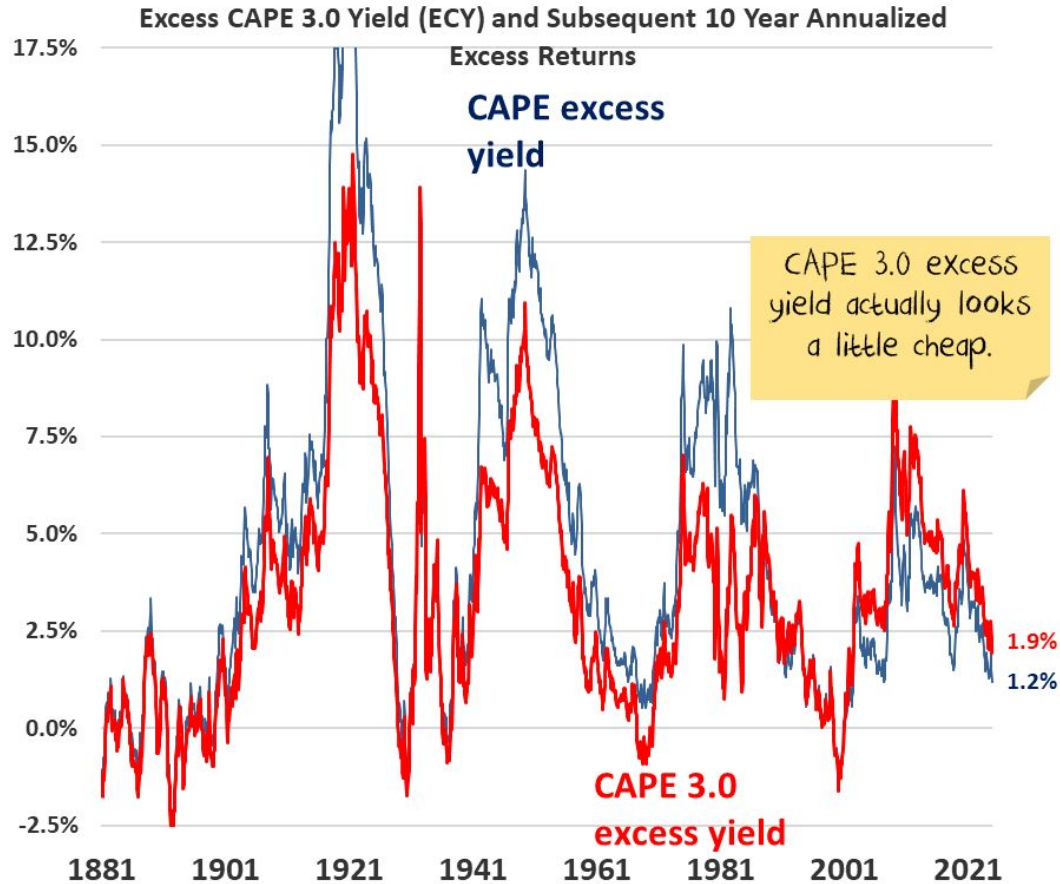


Source: Nucleus Wealth, <http://www.econ.yale.edu/~shiller/data.htm>

Shiller 3.0: Lots more:

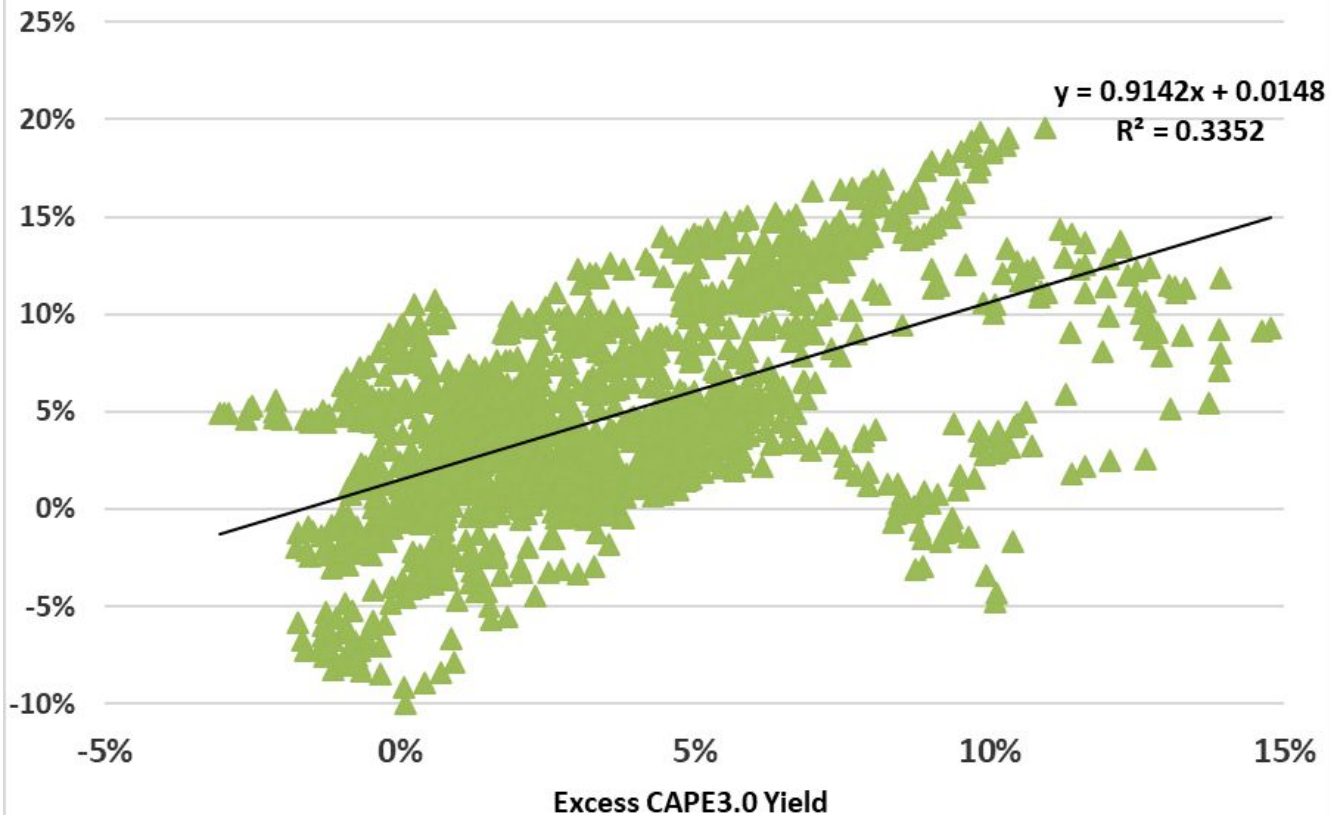


Shiller 3.0: Lots more:



Shiller 3.0: Lots more:

Subsequent 10 Year Annualized Excess Returns



Choose themes to screen from your portfolio away from (i.e. remove stocks)

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 ⌵

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

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

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

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

More from Nucleus Wealth:

Content: [Nucleuswealth.com/content](https://nucleuswealth.com/content)

**Have a guest or topic suggestion for the show?
Leave a comment on YouTube**

Find us on all major (and minor) podcast platforms:



Social media:



Facebook.com/nucleuswealth



Linkedin.com/company/nucleuswealth



Instagram.com/nucleus_wealth



Twitter.com/nucleuswealth