

Investors' Corner

Citiplace, Perth
for ASA, 21st December 2023
Convenor: Mark Dixon

A photograph of a red fire extinguisher and a fire hose reel in a hallway. The fire hose is coiled on a metal reel. The fire extinguisher is red and has a black handle. The background is a blurred hallway with a wooden floor.

Citiplace - Emergency Procedure

- ▶ If smoke is detected, or fire alarm is raised, follow exit signs
- ▶ Upon evacuating the building, meet at ***designated area***
- ▶ Do not use lift in an emergency
- ▶ **Designated area**
 - ▶ Turn right from the Citiplace Centre and proceed over the bridge to the pond area past the Art Gallery, if safe to do so.
 - ▶ Regroup there for head count if safe to do so.
 - ▶ If emergency personnel instruct differently then follow their directions.

Agenda

- ▶ Intro – welcome, emergency procedure, disclaimer
- ▶ Xmas morning tea to be delivered during discussion
- ▶ Open discussion of current economic & finance news
- ▶ Phil Taylor – update on REITs
- ▶ Phill – Macro fundamentals
- ▶ Mark Dixon – performance of SMSFs
- ▶ Next meeting – 15th February
- ▶ Close ~ noon.



Disclaimer

- ▶ The Australian Shareholders' Association (ASA) has provided the facilities for this meeting to provide general information about the ASA and to stimulate interest in financial markets.
- ▶ 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.
- ▶ The ASA does not accept any responsibility to inform you of any matter that subsequently comes to our notice that may affect any of the information discussed.
- ▶ Anyone wishing to act on any matter discussed should seek independent advice from a licensed financial adviser.

Phil Taylor - REIT update

year results Aug 2023 - Dec update”

year results Aug 2023 - Dec update"



Macro fundamentals

by Phill

Economic Cycle

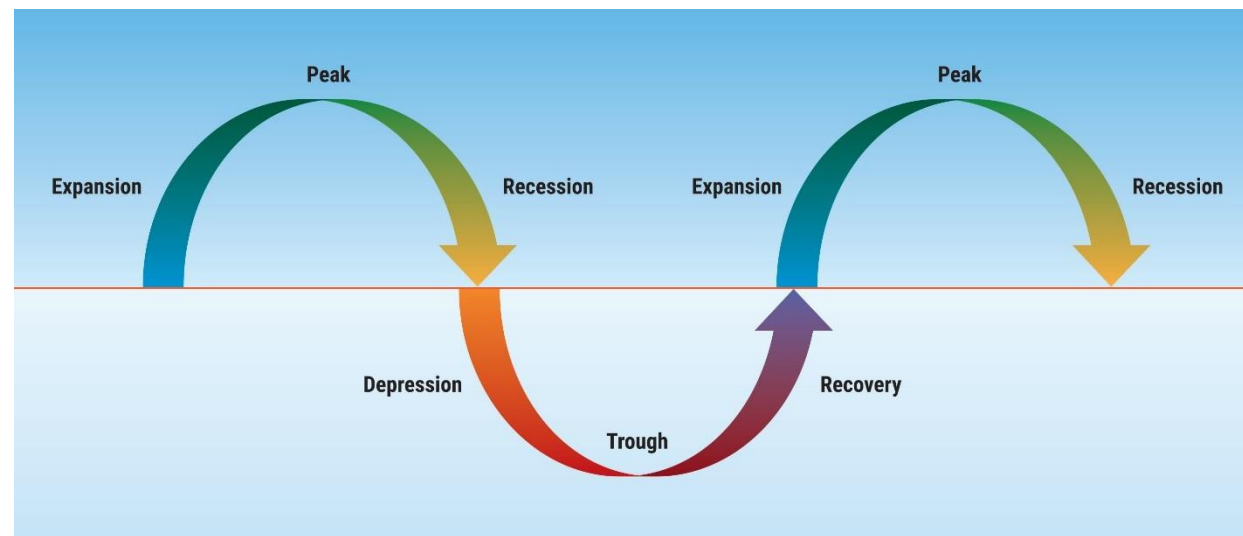
By Phill

What Is the Economic Cycle

- ▶ An economic cycle, also known as a [business cycle](#), refers to economic fluctuations between periods of expansion and contraction. Factors such as [gross domestic product \(GDP\)](#), [interest rates](#), total employment, and consumer spending can help determine the current economic cycle stage

The Bottom Line

- ▶ The economic or business cycle refers to the cyclical pattern experienced by the economy. The economy remains in an expansion phase until it reaches its peak, reversing to the downside and entering a contraction before a trough, and begins to expand once again. GDP, interest rates, employment levels, and consumer spending can help define the economic cycle. Although there are different economic theories to explain what [drives the economic cycle](#), the conditions associated with each stage can impact business and investment



Stages



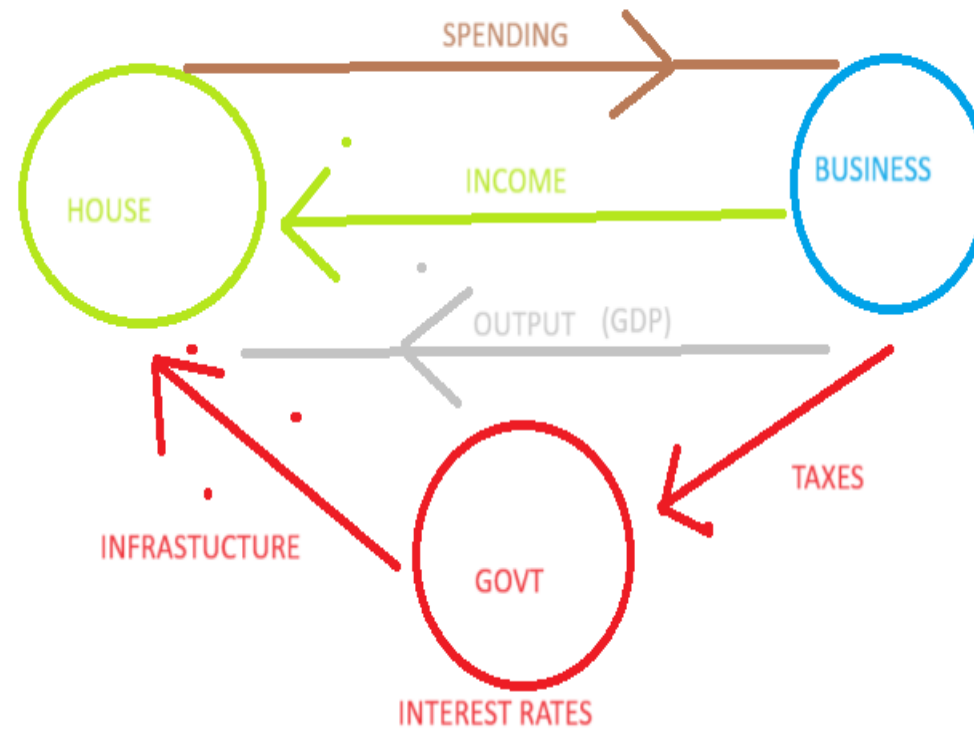
GDP & Interest Rates

- ▶ Gross Domestic Produce (GDP)
- ▶ Measures output of the countries economy per person
- ▶ Interest rates (10 year bond Yield)
- ▶ Debt is managed to maintain economic output (cycle) in order to maintain a level of employment as defined by government

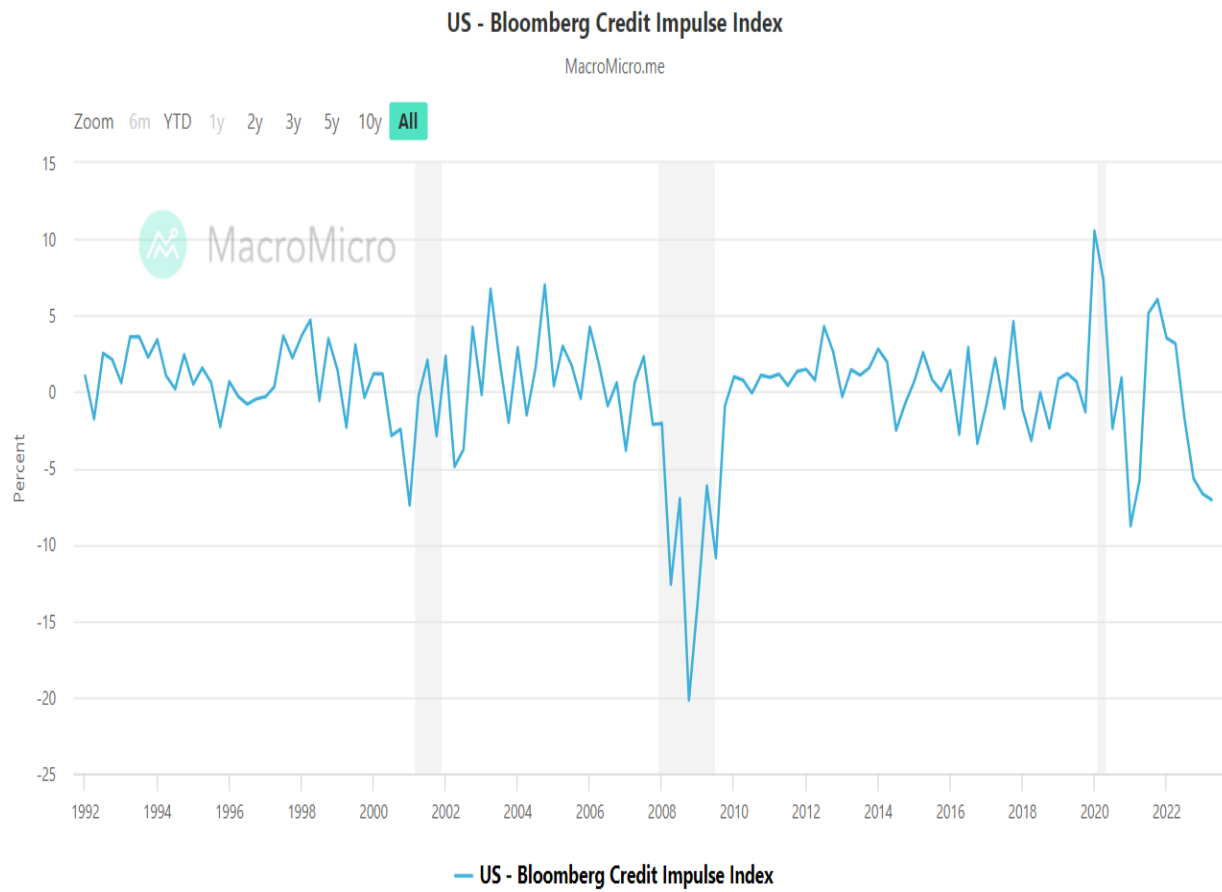
Keeping it simple

- ▶ There are three elements that effect Economic cycle
- ▶ Government
- ▶ Business
- ▶ Households

Output Diagram



US CREDIT IMPULSE INDEX



The Bloomberg Credit Impulse Index represents the percentage of new credit loans by the non-financial private sector in nominal GDP. Non-financial private sector includes households, NGOs, and non-financial firms.

More

Use MM Prime **Free Trial Code**
Read **2024 Economic Outlook**

Trial Code
"PRIME7D"

Latest Stats

US - Bloomberg Credit Impulse Index
2023-Q2

-7.07 %

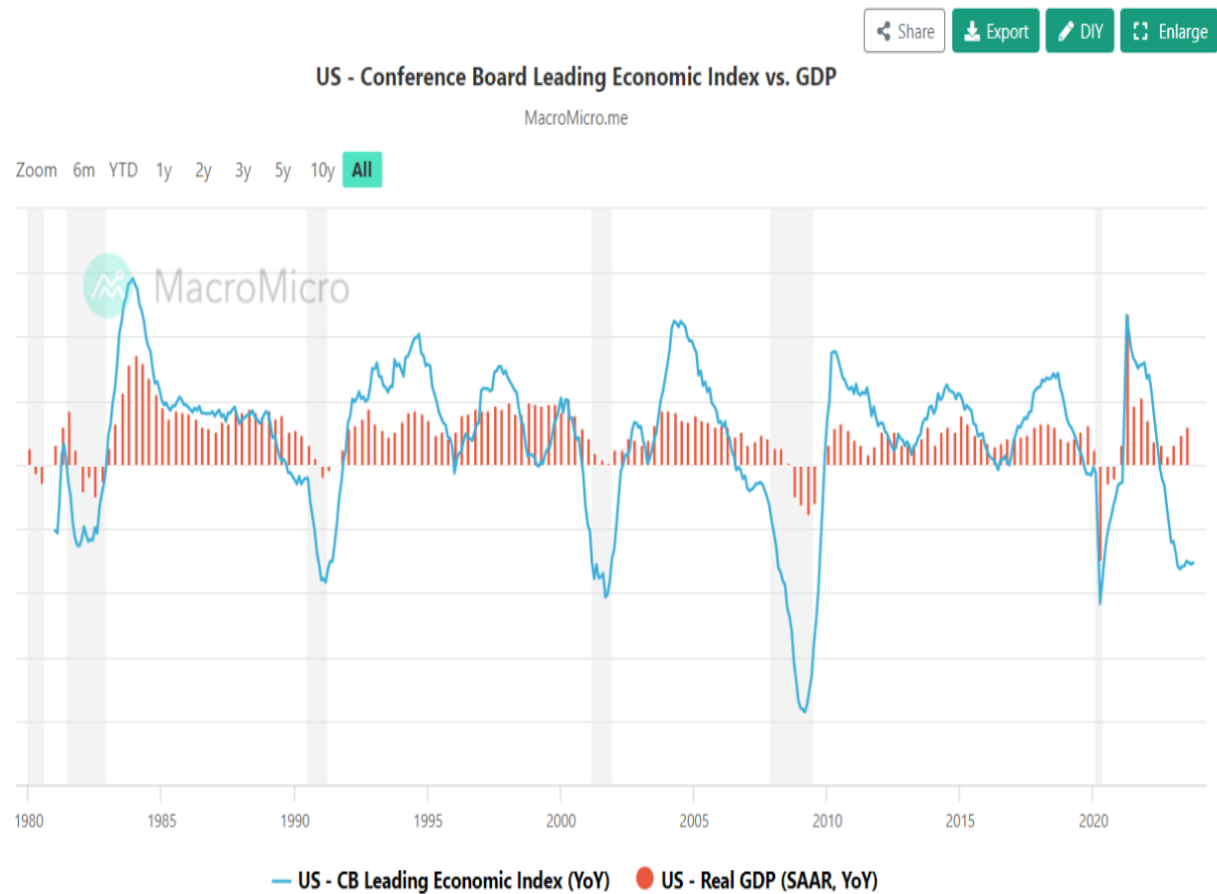
Prev: -6.68 %

Related Collections

US Market

Source

GDP Versus Debt



Bookmark

The ten components of the Conference Board Leading Economic Index (LEI) for the U.S. include:

1. Average weekly hours, manufacturing
2. Average weekly initial claims for unemployment insurance

[More](#)

Use MM Prime [Free Trial Code](#)
Read **2024 Economic Outlook** [Trial Code "PRIME7D"](#)

Latest Stats

US - CB Leading Economic Index (YoY)
2023-10
-7.64 %
Prev: -7.75 %

US - Real GDP (SAAR, YoY)
2023-Q3
3 %
Prev: 2.40 %

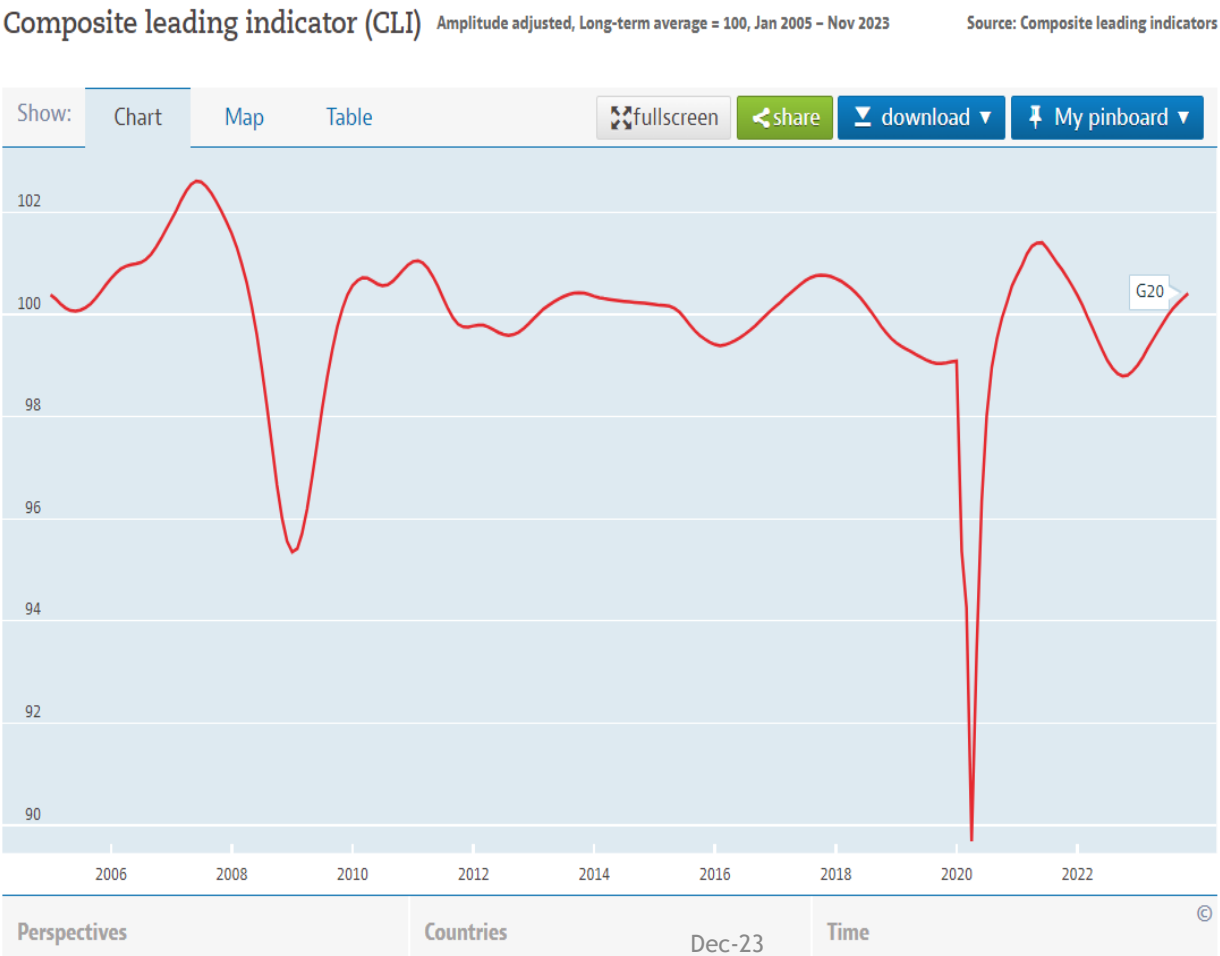
Related Collections

US GDP

Leading Indicator

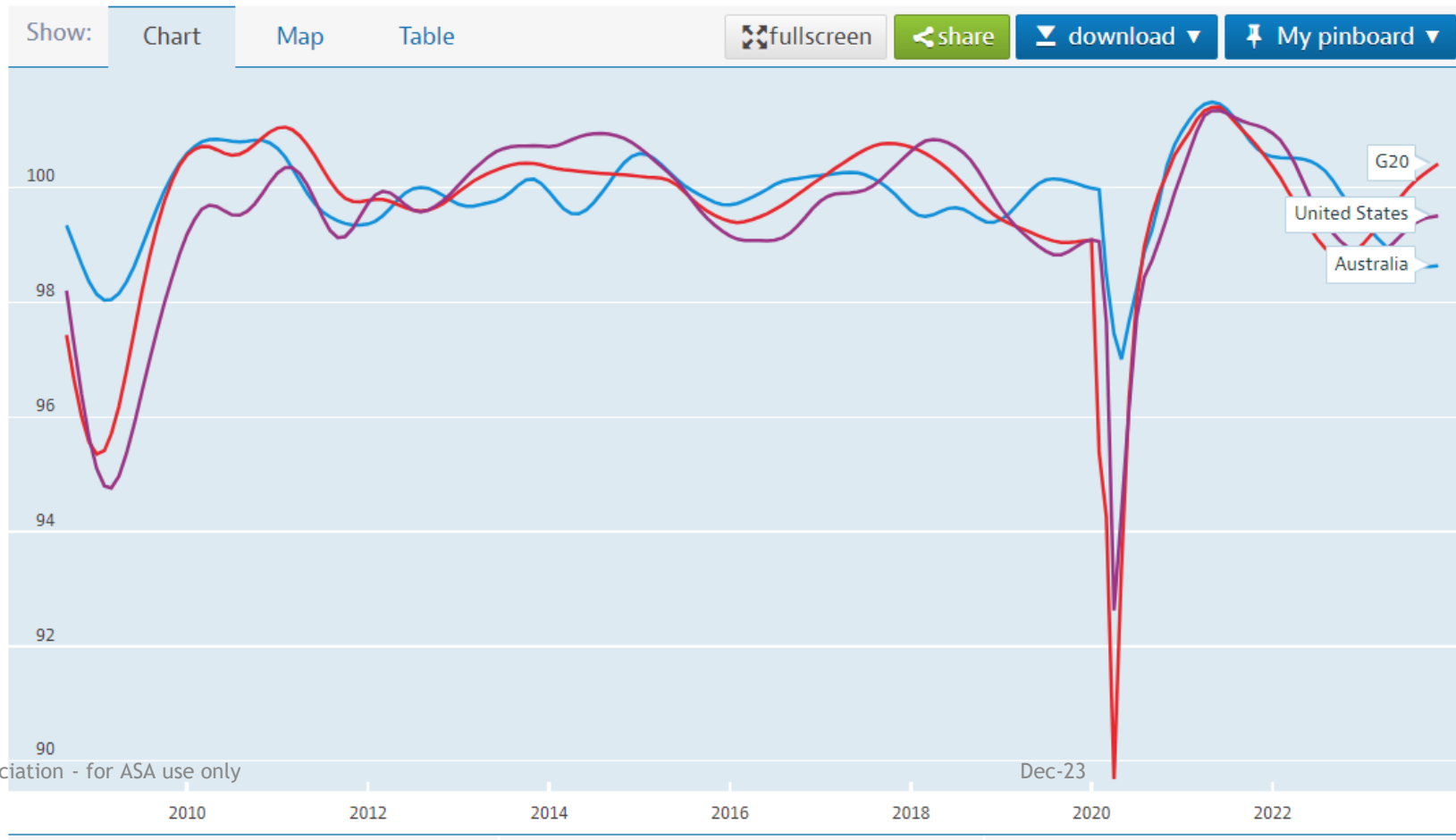
Indicators

- Composite leading indicator (CLI)
- Business confidence index (BCI)
- Consumer confidence index (CCI)

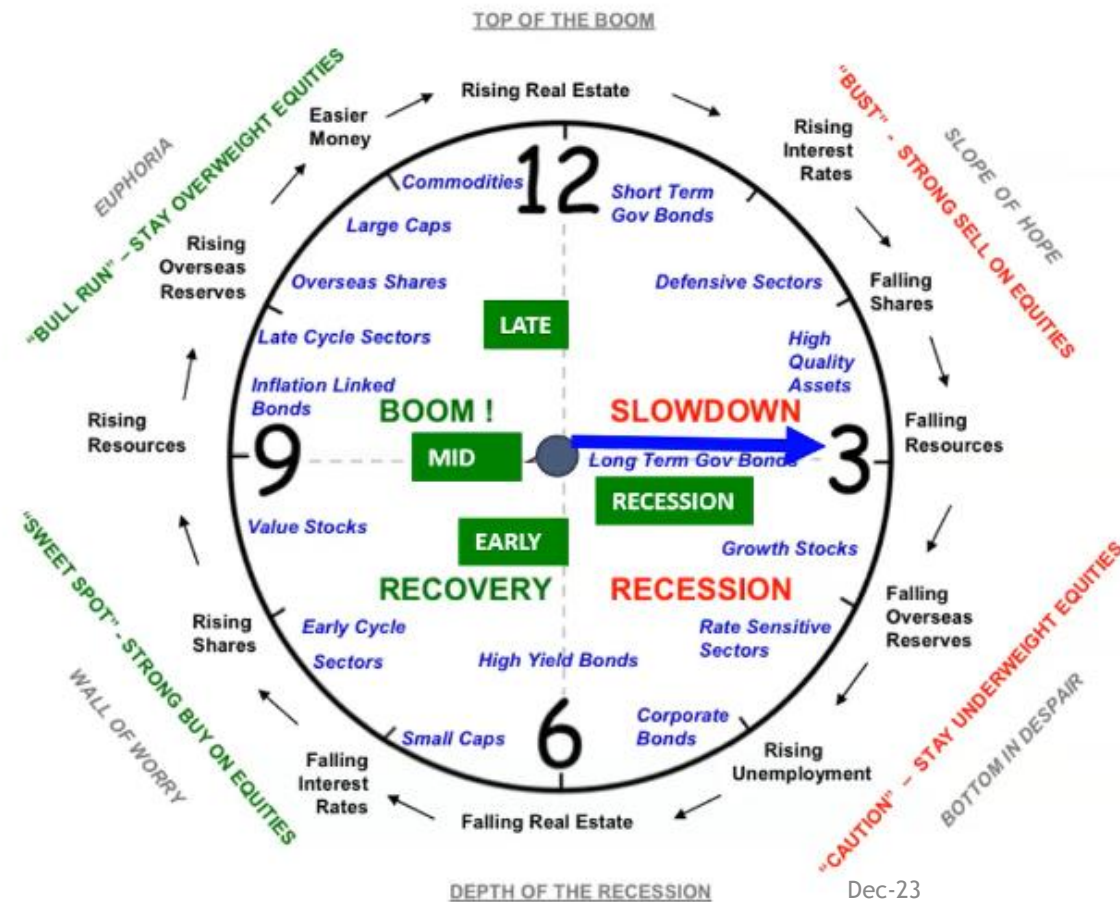


Leading Indicator-Country

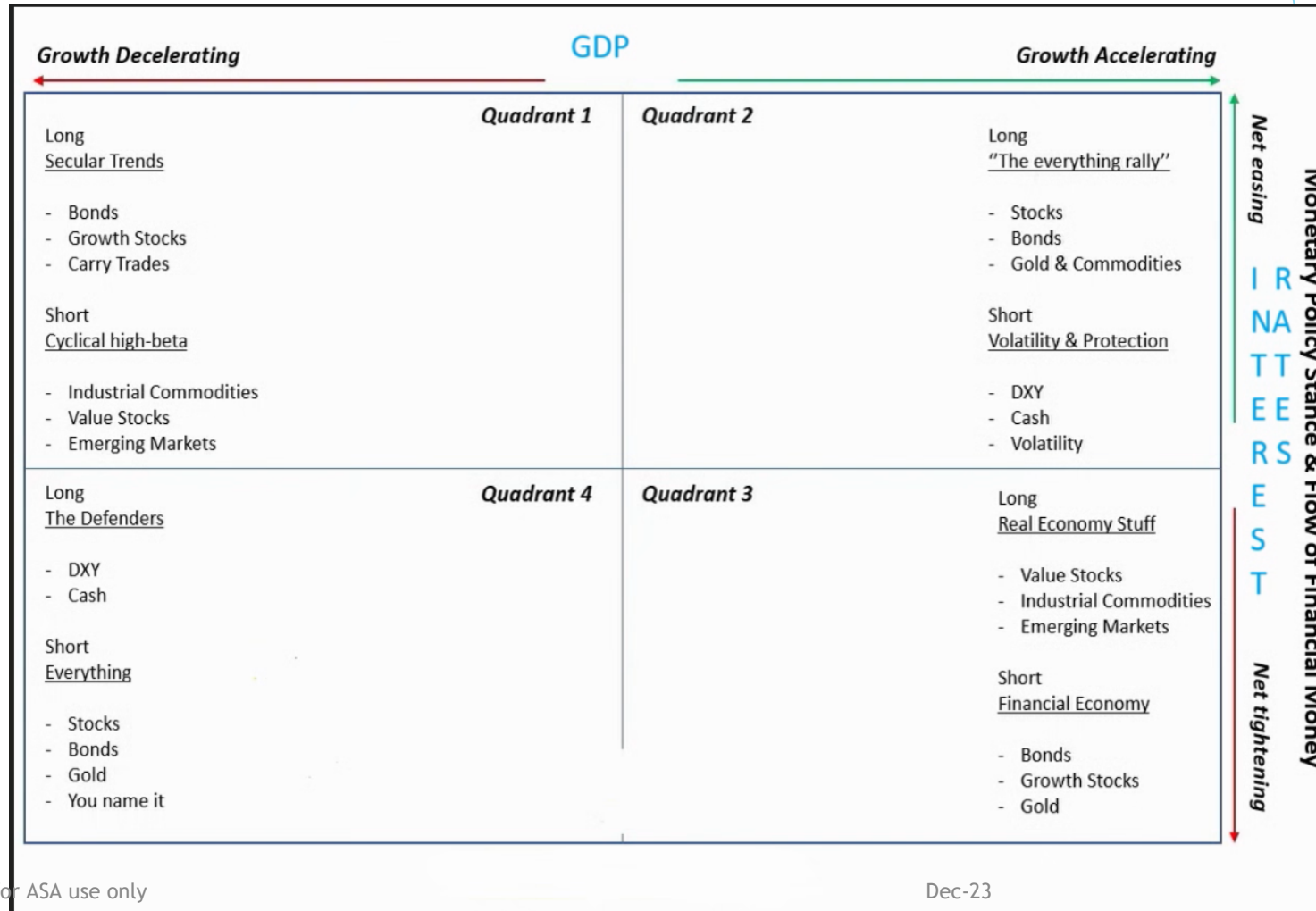
Composite leading indicator (CLI) Amplitude adjusted, Long-term average = 100, Sep 2008 – Nov 2023 Source: Composite leading indicators

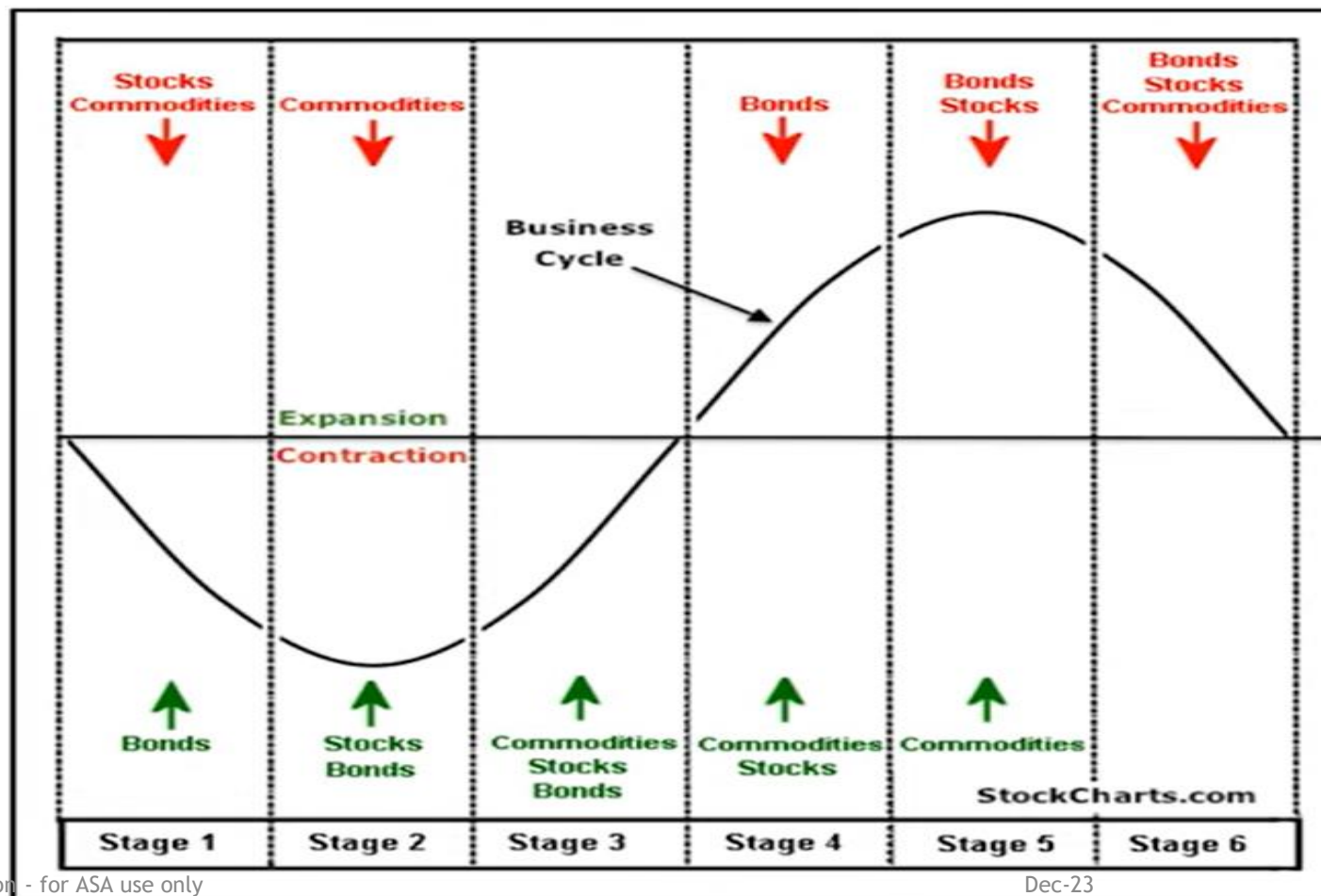


What Asset classes do well at each stage of the Economic Cycle



Assets Class

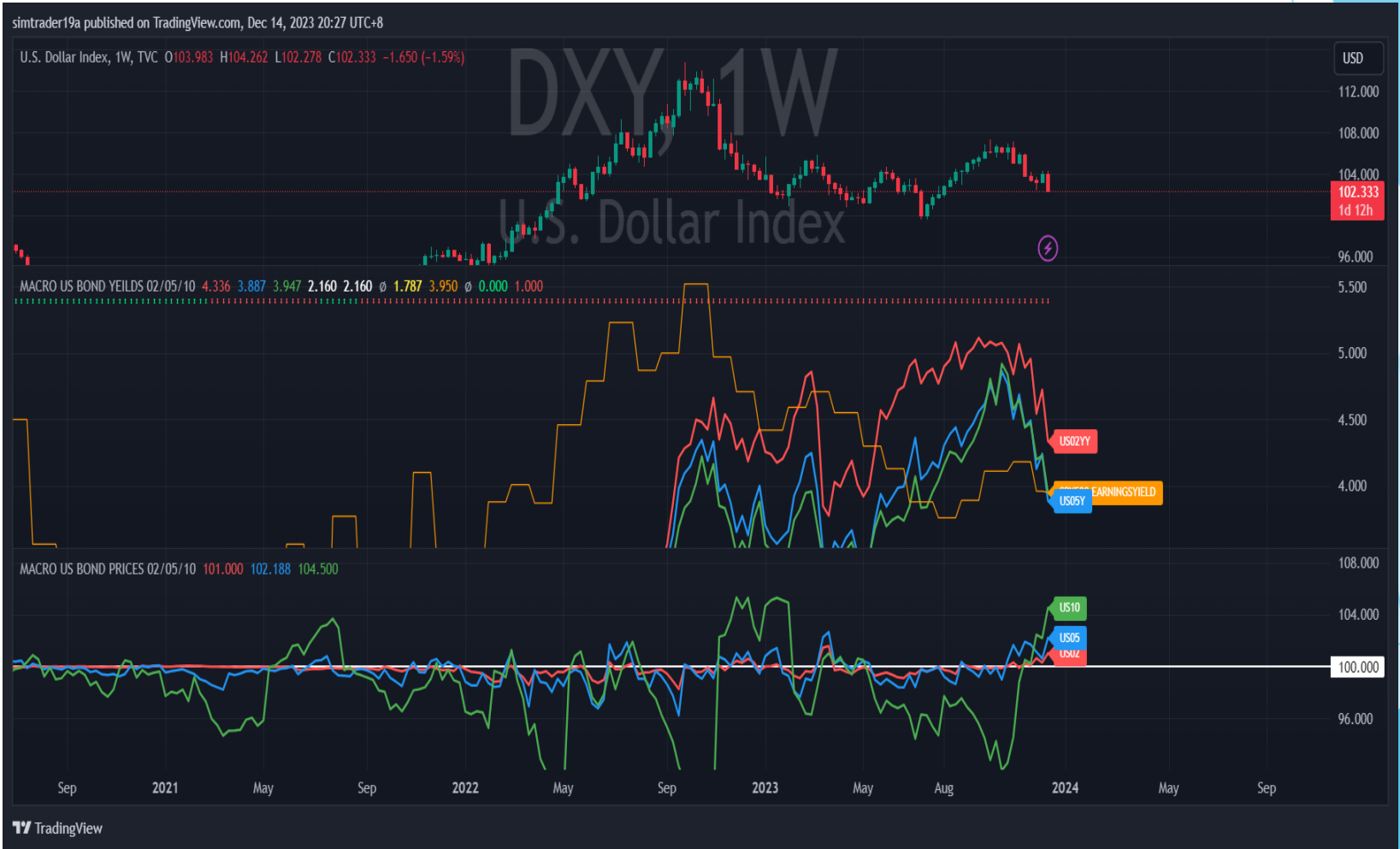




Us Macro view 14Dec23



Us Bonds



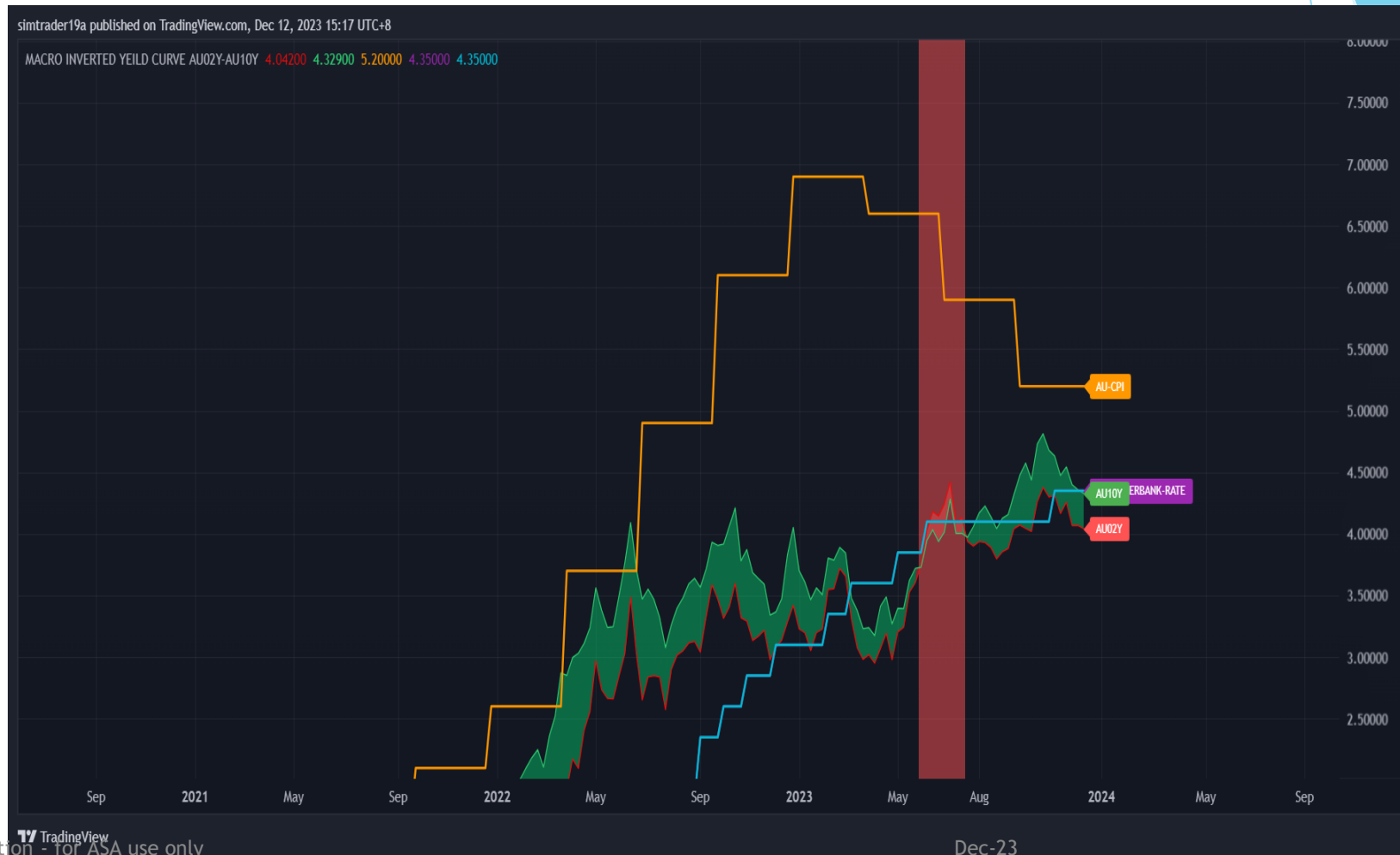
FED FUND RATES 14Dec23

FED FUND FUTURES												
ZQZ3	ZQF4	ZQG4	ZQH4	ZQJ4	ZQK4	ZQM4	ZQN4	ZQQ4	ZQU4	ZQV4	ZQX4	ZQZ4
94.6688	94.6675	94.7075	94.7825	94.9125	95.1625	95.3275	95.4375	95.6525	95.7400	95.8725	96.0125	96.1225

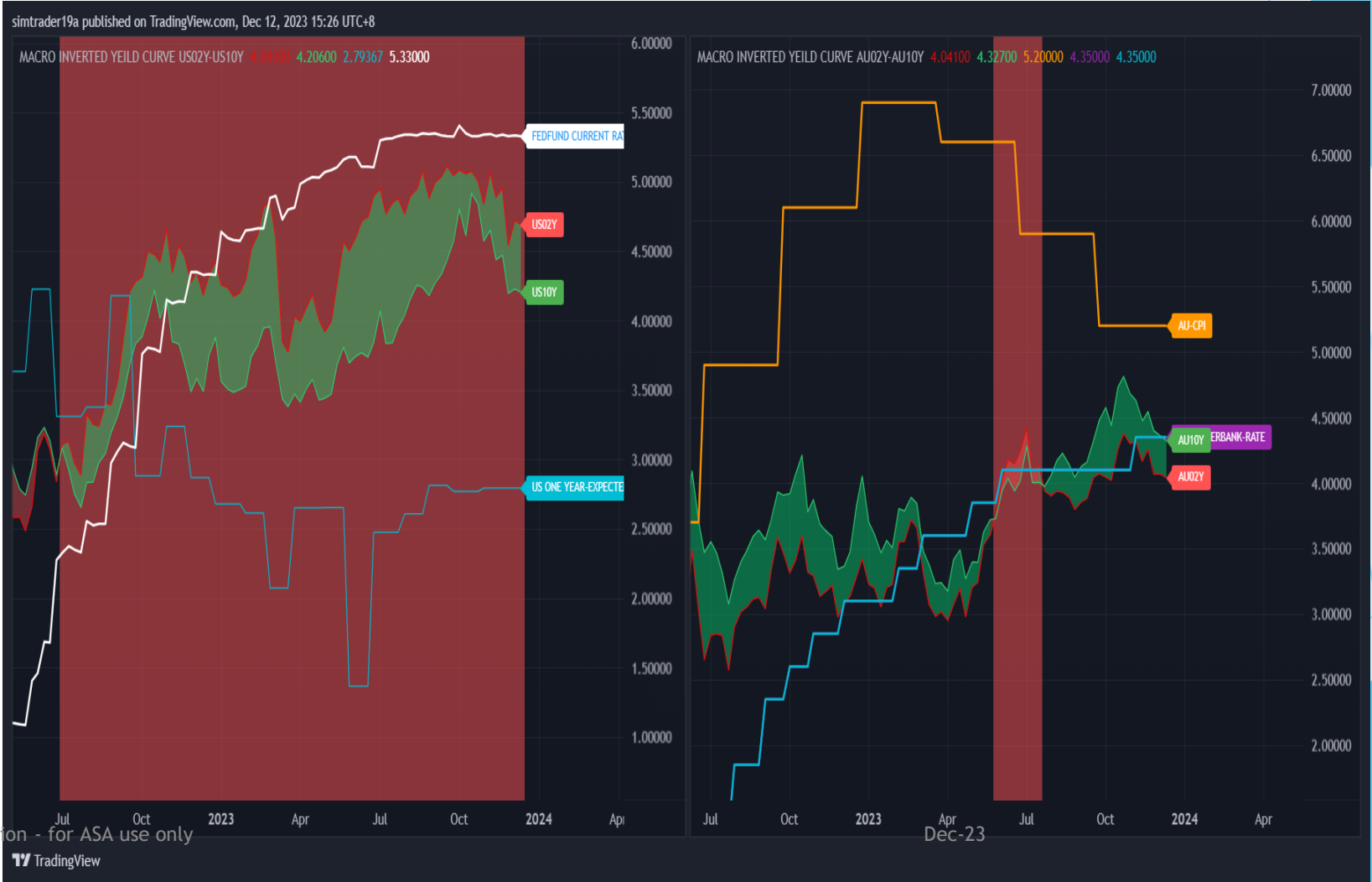
CME FEDWATCH TOOL - MEETING PROBABILITIES										
MEETING DATE	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
1/31/2024					0.0%	0.0%	0.0%	0.0%	16.5%	83.5%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.6%	71.4%	15.0%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.9%	68.5%	17.9%	0.8%
6/12/2024	0.0%	0.0%	0.0%	0.0%	1.6%	19.6%	62.3%	15.8%	0.7%	0.0%
7/31/2024	0.0%	0.0%	0.0%	1.4%	17.6%	57.6%	21.0%	2.3%	0.1%	0.0%
9/18/2024	0.0%	0.0%	1.2%	15.7%	52.8%	25.4%	4.6%	0.3%	0.0%	0.0%
11/7/2024	0.0%	0.8%	10.9%	40.6%	34.4%	11.4%	1.7%	0.1%	0.0%	0.0%
12/18/2024	0.6%	8.2%	32.5%	36.1%	17.6%	4.4%	0.6%	0.0%	0.0%	0.0%

CME FEDWATCH TOOL - TOTAL PROBABILITIES				
MEETING DATE	DAYS TO MEETING	EASE	NO CHANGE	HIKE
1/31/2024	48	16.53 %	83.47 %	0.00 %
3/20/2024	97	84.98 %	15.02 %	0.00 %
5/1/2024	139	99.24 %	0.76 %	0.00 %
6/12/2024	181	100.00 %	0.00 %	0.00 %
7/31/2024	230	100.00 %	0.00 %	0.00 %
9/18/2024	279	100.00 %	0.00 %	0.00 %
11/7/2024	329	100.00 %	0.00 %	0.00 %
12/18/2024	370	100.00 %	0.00 %	0.00 %

AUS Macro View



US vs AU



Trading Economics Forecast

Australia 12 Dec23

TRADING ECONOMICS

CalendarNewsMarketsIndicators

Australia Forecast

Overview

GDP

Labour

Prices

Money

Trade

Government

Business

Consumer

Export

Markets

Actual

Q4/23

Q1/24

Q2/24

Q3/24

Stock Market (points)

7233.00

7064

6935

6809

6686

Currency

0.66

0.65

0.63

0.62

0.61

Government Bond 10Y (%)

4.33

4.41

4.52

4.62

4.73

Overview

Actual

Q4/23

Q1/24

Q2/24

Q3/24

GDP Growth Rate (%)

0.20

0.2

0.2

0.3

0.2

GDP Annual Growth Rate (%)

2.10

1.2

1.1

1

0.8

Unemployment Rate (%)

3.70

3.8

4.1

4.5

4.7

Inflation Rate (%)

5.40

4.6

4.1

3.8

3.6

Inflation Rate MoM (%)

1.20

1.1

0.8

0.7

0.5

Interest Rate (%)

4.35

4.35

4.35

4.35

4.1

Balance of Trade (AUD Million)

7129.00

7900

7900

8300

9200

Current Account to GDP (% of GDP)

0.00

3

2.2

0.7

0.2

Current Account (AUD Million)

-158.00

4600

8500

6500

7600

Manufacturing PMI (points)

47.70

48.5

50.9

53.4

54

Services PMI (points)

46.00

46.5

52.5

53

53.4

Business Confidence (points)

-9.00

1

1

5

4

Consumer Confidence (points)

82.10

82.3

82

84

88

Retail Sales MoM (%)

-0.20

0.4

0.7

0.4

1

Building Permits

14223.00

16573

13184

14335

13760

Government Debt to GDP (% of GDP)

22.30

21.6

Dec-23

Government Budget (% of GDP)

-1.40

0.2

for ASA use only

Technical View US cycle



Technical View AUD cycle



Summary

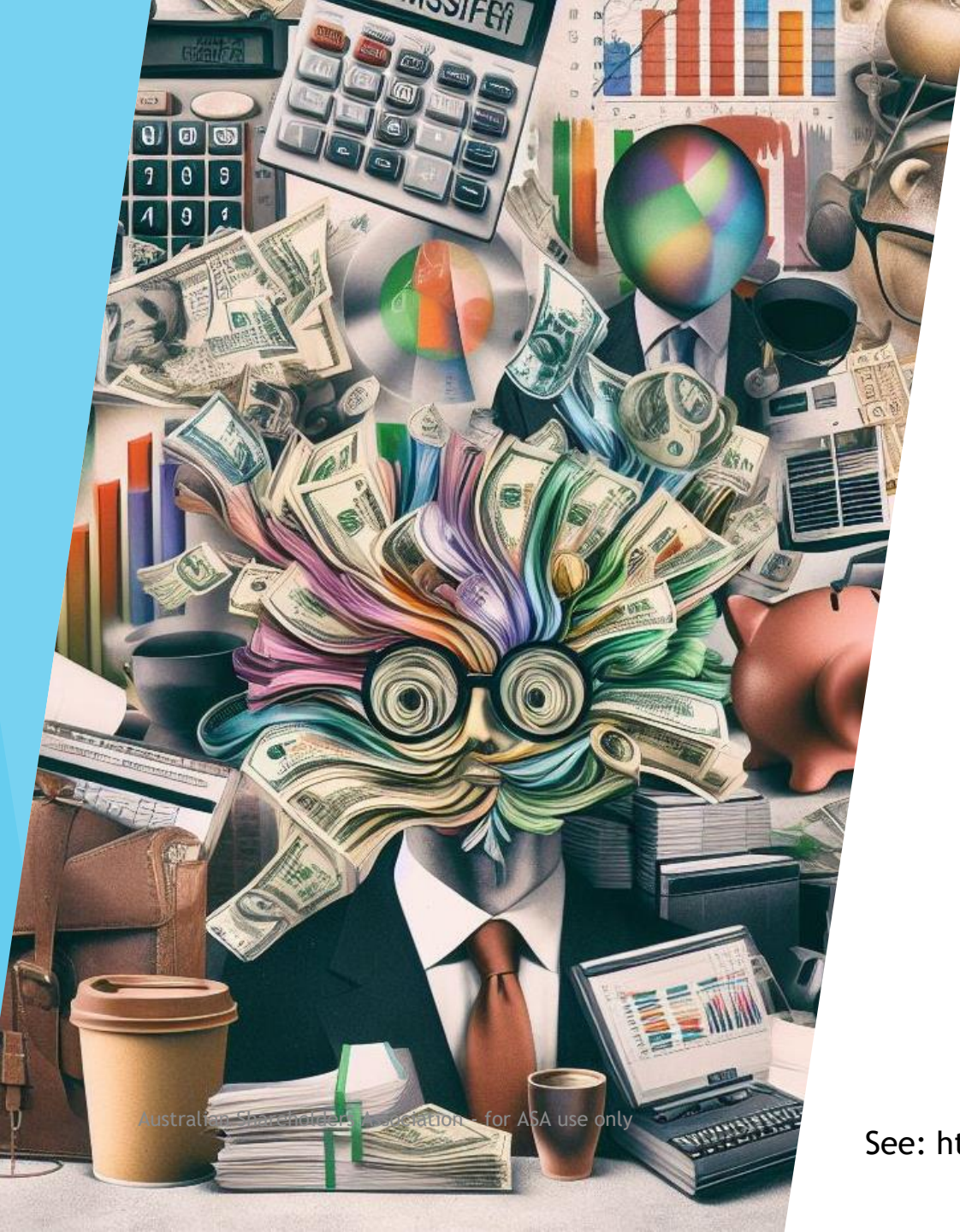
- ▶ The Economic Cycle depicts which asset class to invest into
- ▶ Information can be obtained by
 - ▶ Macro - GDP & Interest rates
 - ▶ Fundamental - FED & RBA Forecast
 - ▶ Technical - using charts to find trending Asset Class

References:

- ▶ <https://www.investopedia.com/terms/e/economic-cycle.asp>
- ▶ <https://ibkrcampus.com/trading-lessons/introduction-to-the-business-cycle-2-2/>
- ▶ <https://en.macromicro.me/collections/9/us-market-relative/38437/us-credit-impulse-index>
- ▶ <https://data.oecd.org/leadind/composite-leading-indicator-cli.htm>
- ▶ <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>



QUESTIONS



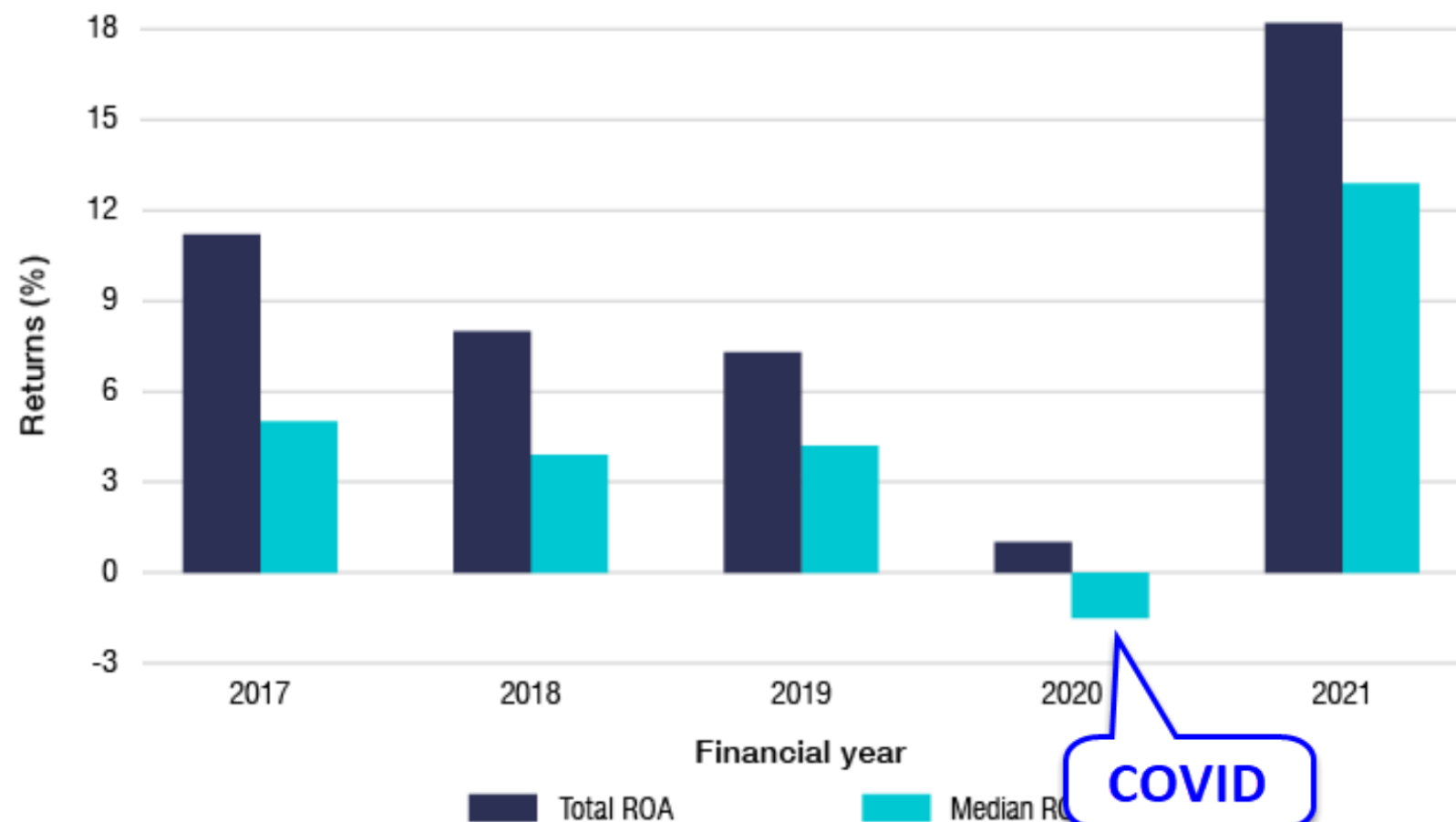
SMSF performance

Mark Dixon

*Observations from
ATO's data*

How does SMSM perform - ATO figures

Graph 5: Return on assets for SMSFs, 2016-17 to 2020-21



Annual figures are two years old.

COVID

Australian Shareholders Association - for ASA use only

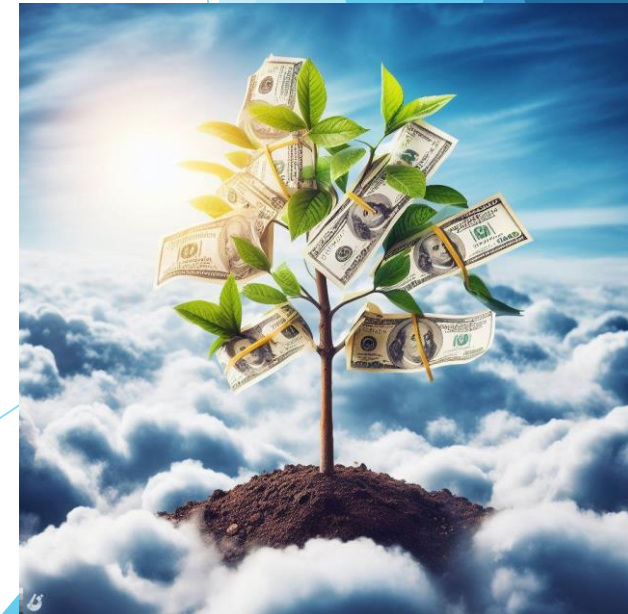
Dec-23

ATO reports on this quarterly + Annually. See: <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/self-managed-super-funds-smsf/in-detail/statistics/annual-reports/self-managed-super-funds-a-statistical-overview-2020-21>

SMSF performance details

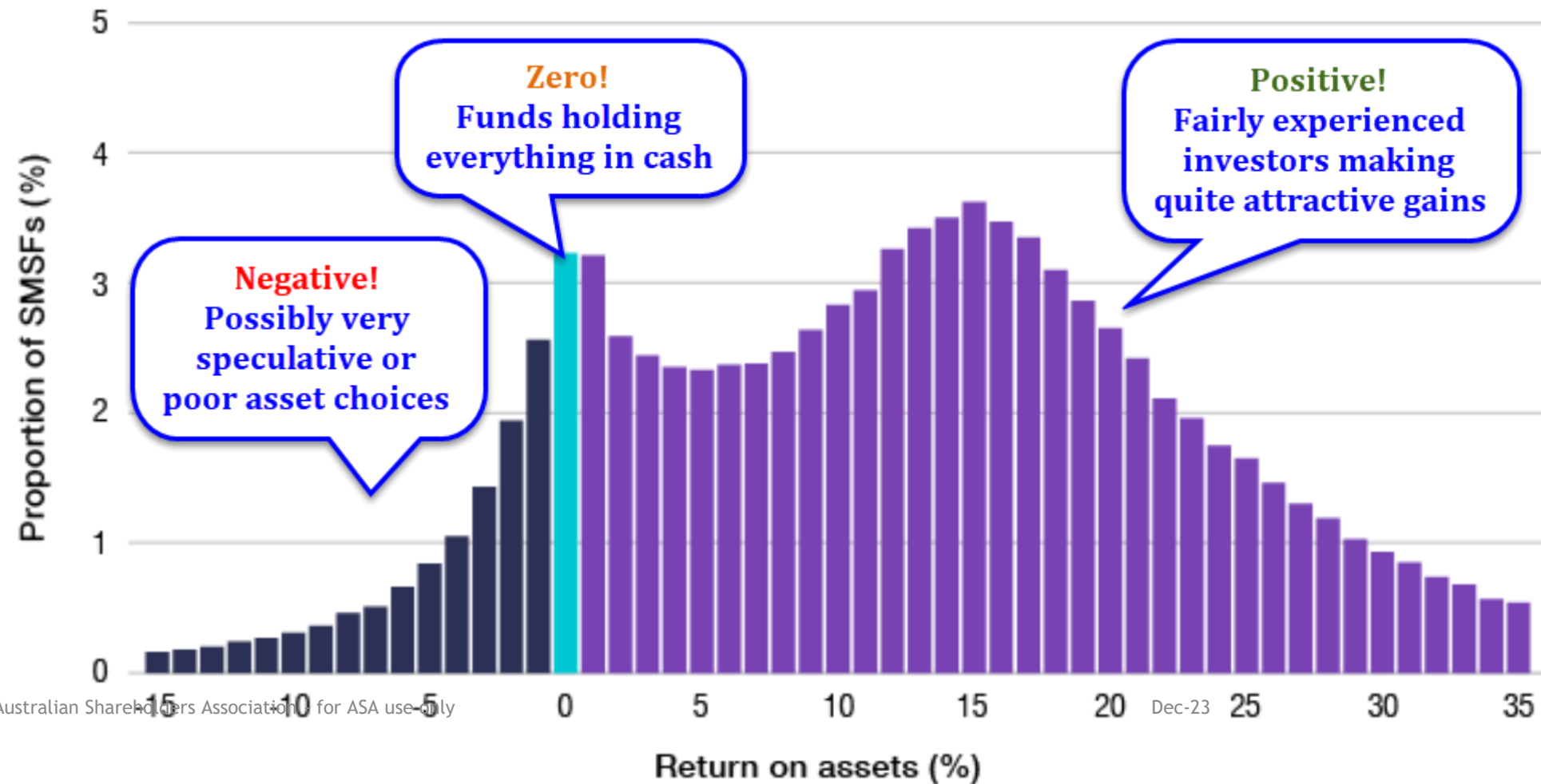
(from annual stats - which are up to 2021)

- ▶ Proportion of SMSFs recording a zero or negative ROA in 2020–21: 15.2%, down from 60.0% in 2019–20 and 24.6% in 2016–17.
- ▶ Proportion of funds with an **ROA of greater than 5%**: 71.5% in 2020–21, up from 16.8% in 2019–20 and 49.7% in 2016–17.
- ▶ In 2020–21 **median ROA for SMSFs was 12.9%**, up from -1.5% in 2019–20, and 5.0% in 2016–17.
- ▶ Generally, the larger the SMSF asset holding, the higher the ROA



Odd distribution? (or is it?)

Graph 6: Return on assets for SMSFs by percentile, 2020–21



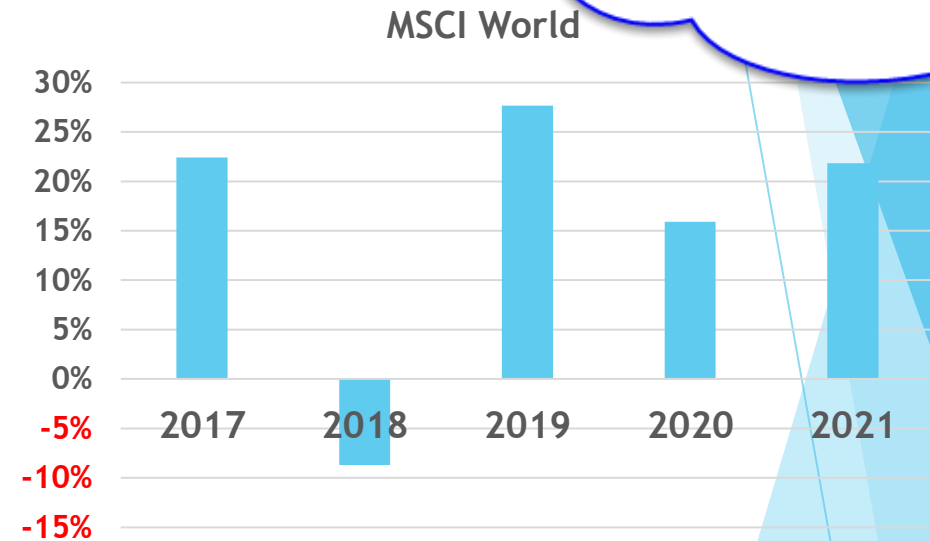
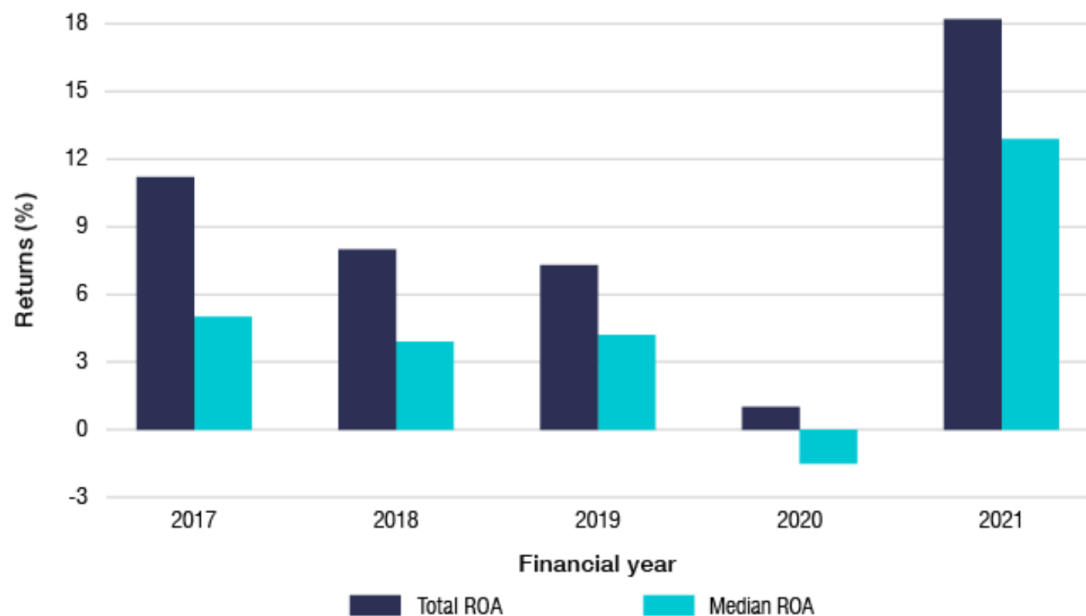
Where am I on this chart?

Median SMSF vs Industry Super(High Growth)

For comparison ➡

More volatile but better returns over time

Graph 5: Return on assets for SMSFs, 2016-17 to 2020-21



UniSuper High Growth (1 Oct 23)

1 year: 12.86% (2022-23)
3 year: 8.26% (p.a. 2020-23)
5 year: 7.38% (p.a. 2018-23)
10 year: 9.44% (p.a. 2013-23)

Less volatile and better returns over time than median SMSF!

Average vs Median

Example from ATO's statistical report - September 2023

Table 9: Average and median assets

Asset values (\$AUD)	2021–22
Average assets per member	\$780,250
Median assets per member	\$467,190
Average assets per SMSF	\$1,450,640
Median assets per SMSF	\$826,300

Average is high because a small number of funds have a very large asset value. This is because average is the total of all assets divided by the number of members.

Median is a better indicator of the most common asset level because it is the middle value, ie. there are the same number of members on either side of the median value.

What do you pay to audit your SMSF

from Table 16: in 2021 ATO annual report

Average and median SMSF auditor fees

SMSF auditor fees	2020-21
Average auditor fees	\$640
Median auditor fees	\$550
Audit fee range	2020-21
>\$0 to499	41.4%
\$500 to999	48.4%
\$1,000 to1,999	8.8%
\$2,000 and above	1.4%

Are your SMSF expenses too high?

see Have a Table 25 in ATO annual SMSF report

Expense type – median expense 2020-21	
Interest expense within Australia (why so high?)	\$11,922
Interest expense overseas	\$9,791
Insurance premiums	\$5,083
SMSF auditor fee	\$550
Investment expenses	\$6,276
Management and admin expenses	\$2,963
Forestry managed investment scheme	\$2,469
Supervisory levy	\$259
Other deductions	\$311



Asset allocation	SMSF Assets (\$million)
Listed trusts	\$54,789
Unlisted trusts	\$101,370
Insurance policy	\$102
Other managed investments	\$51,758
Cash and term deposits	\$142,325
Debt securities	\$10,847
Loans	\$5,267
Listed shares	\$256,476
Unlisted shares	\$9,949
Limited recourse borrowing arrangements	\$52,859
Non-residential real property	\$74,651
Residential real property	\$41,563
Collectables and personal use assets	\$489
Other assets	\$20,928
Crypto-currency	\$1,403
Overseas shares	\$14,040
Overseas non-residential real property	\$157
Overseas residential real property	\$330
Overseas managed investments	\$1,815
Other overseas assets	\$2,630
Total Australian and overseas assets	\$843,746
Borrowings	-\$22,617
Other liabilities	-\$7,439
Net Australian and overseas assets	\$813,690

Table 28: SMSF asset allocations

PDS for Citibank MINIs

Australian Shareholders Association - for ASA use only

CitiFirst



CitiFirst Australian Index MINIs

Investment Product: Not a Deposit | Not Insured | No Bank Guarantee | May Lose Value

Product Disclosure Statement KOC, KOJ, KOL, KOM, KOO, KOP, KOQ, KOX, KOZ, MOA, MOG, MOI, MOK, MOM, MOO, MOZ, QOA, QOB, QOC, QOD, QOF, QOG, QOH, QOI, QOJ, QOK, QOP, QOQ, QOR, QOS and QOT Series.

Dated 17 March 2020

Issued by Citigroup Global Markets Australia Pty Limited
(ABN 64 003 114 832 and AFSL 240992)



CommSec | Place Order

XJOKOO - S&P ASX 200 Index

https://www2.commsec.com.au/Private/EquityTrading/

NetBankCommSec

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Place Order - Shares

Account: 315719 - DR MARK KIMBERLEY DIXON

Order Type: ☒ BUY☐ SELL

Code: XJOKOO

Quantity: 48 or Value (\$):

Price Limit (\$): 20.640 or ☐ At Market

Expiry: or ☒ Good for Day

Order Estimate

Order Value (\$): 990.720

Brokerage & Cost (\$): 4.990 (Incl GST)

Total (\$): 995.710

As at 01:53 PM Wednesday, 13 December 2023 (Sydney time)
Estimate Only. Price may vary significantly

ClearProceed

Quote

Refresh

As at 01:53 PM Wednesday, 13 December 2023 (Sydney time)

Code	XJOKOO
Bid	23.340
Offer	23.360
Last	23.340
Change	2.700
% Change	13.080
Open	23.340
High	23.340
Low	23.340
Volume	48
Trades	1
Value	1,120
Trading Status	Normal
Market Status	Normal
Basis of Quotation	

Code

XJO

Last

7,270.500

Market Depth

Buyers		Sellers	
Volume	Price	Price	Volume
40,000	23.340	23.360	40,000

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https://www2.commsec.com.au/Private/MyPortfolio/Confirmations/Confirmations.aspx



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TRADING GUIDE



S&P ASX 200 INDEX FUTURES CONTRACT MINI LONG

XJOKOO

SELL

BUY



BID 23.210 AUD
ASK 23.230 AUD
Change In Percent 1.04%

Updated: 13.12.2023 12:51:27

PRODUCT

UNDERLYING

ProductChart:

INTRADAY 1 WEEK 1 MONTH 1 YEAR 3 YEARS

13.11.2023

13.12.2023



Show Underlying

Relative to Scale

Base Data

Product Type	MINI Long
Warrant Code	XJOKOO
Underlying	S&P ASX 200 Index Futures Contract
Strike	4,947.945 AUD
Stop Loss Trigger Level	5,237.000 AUD
Multiplier	1
Style	American

Key Data

Underlying Spot Price	7,271.000 AUD
Current FX Rate	1.0000
Effective Gearing	68.06 %
Approx. % from Stop Loss	27.97%
Approx. CitiFirst MINI Value	23.23
Multiplier	0.01
Delta	0.010
Distance to knock-out	2,034.00 AUD

Product Description

MINIs offer leveraged exposure to either rising (MINI Long) or falling (MINI Short) markets. MINIs are open-ended and have no expiry date. They can be traded over a wide range of shares, indices, currencies or commodities. As with any investment that offers the potential for profit there is a corresponding potential for loss. You should appreciate and understand all of the risks before investing in this product. Please see the relevant PDS for further details.

Downloads

Type	Title
	Product Disclosure Statement
	PDS update - Financial Service Guide (FSG)

CHART ANALYSIS

STRIKE ADJUSTMENTS

Date Description

Related Videos



Related Products

Product Code Strike Maturity date Bid Ask

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citi XJOKOO - S&P ASX 200 Index F X

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🔒 https://www2.commsec.com.au/Private/EquityTrading/

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▲ XAO 7,482.00 +35.60 (0.48%) ▲ XJO 7,270.00 +34.70 (0.48%)

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📄 🖨

Account: 315719 - DR MARK KIMBERLEY DIXON

Order Type: ☐ BUY ☒ SELL

Code: XJOKOO 🔍

Units Available:

📘

Quantity: 48 or Value (\$):

Price Limit (\$): 23.640 or ☒ At Market

📘

Expiry: 📅 or ☒ Good for Day

*Settlement: ☒ CHESSE Sponsored ☐ Issuer Sponsored SRN:

Order Estimate

Order Value (\$): 1,134.720

Less Brokerage & Cost (\$): 10.000 (Incl GST)

Total (\$): 1,124.720

As at 01:56 PM Wednesday, 13 December 2023 (Sydney time)
Estimate Only. Price may vary significantly

Clear

Proceed

Quote

Refresh

As at 01:56 PM Wednesday, 13 December 2023 (Sydney time)

Code	XJOKOO
Bid	23.310
Offer	23.330
Last	23.340
Change	2.700
% Change	13.080
Open	23.340
High	23.340
Low	23.340
Volume	48
Trades	1
Value	1,120
Trading Status	Normal
Market Status	Normal
Basis of Quotation	

Code

XJO

Last

7,269.000

Market Depth

Buyers		Dec-23 Sellers	
Volume	Price	Price	Volume
40,000	23.310	23.330	35,008

Australian Shareholders Association - for ASA use only

Result of test

MINI Long on ASX200 index		XJOKOO	XJO
14-Dec-23	Sold @	\$23.34	7,257
3-Nov-23	Bought @	\$20.64	6,978
	profit per unit	\$2.70	279
	%return in 41 Days	13.1%	4.0%
	(annualized)	116.5%	

Close

- ▶ **Our next meeting:** Thursday, 15th February 2024, 10 am, Citiplace.
- ▶ **Other ASA groups:**
 - ▶ State, Stirling, Nedlands, South of River are all in recess till next year.
- ▶ **See:** https://australianshareholders.com.au/Public/Education_events/Member_meetings.aspx