

HOT STOCKS: WHAT SAVVY INVESTORS ARE BUYING

ASX INVESTOR DAY

Date Month 2018 | Gemma Dale, nabtrade



DISCLAIMER

This presentation is general in nature.
You should seek specialist financial
advice if you would like advice
relating to your circumstances.

NAB is not a registered tax agent.

AGENDA

WHAT DO RETAIL INVESTORS REALLY HOLD?



ATO SMSF data (relative performance)



ASX investor survey



Investment trends



nabtrade portfolio data

WHERE IS THE SMART MONEY GOING?



Major trends and themes

- Current performance
- Growth potential



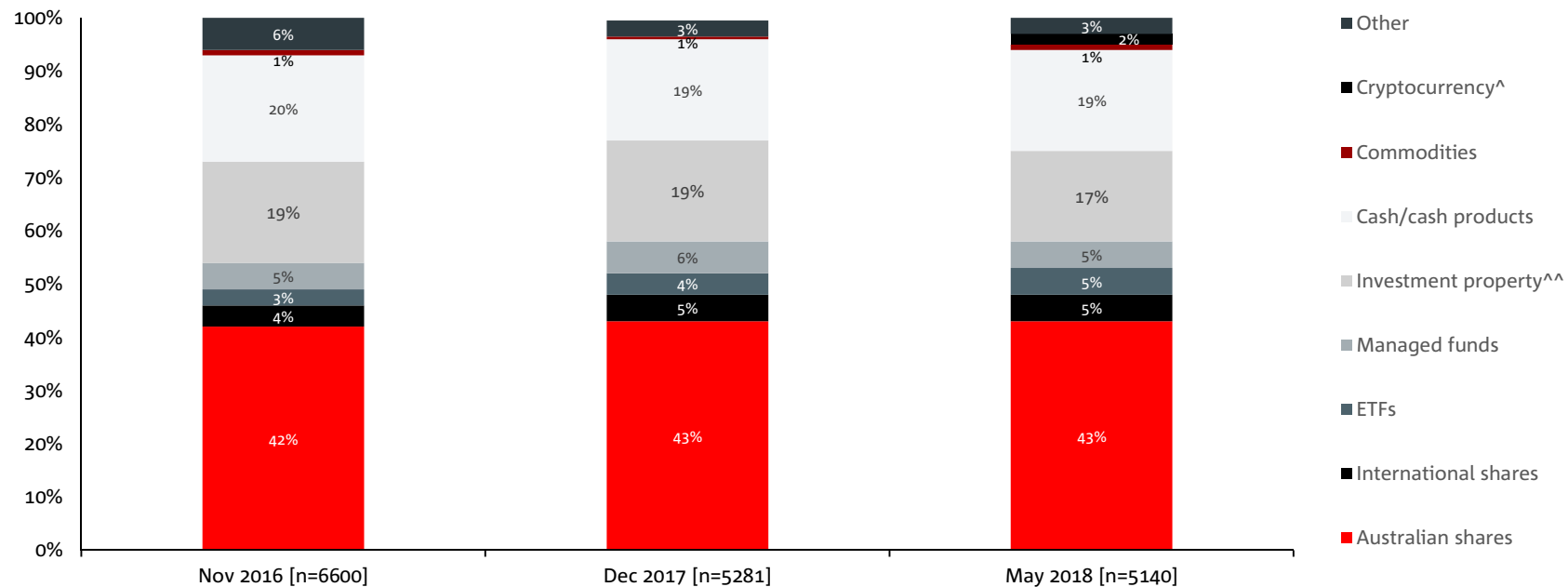
Where do you want your money invested?



How to access these investments without leaving the ASX

ASSET ALLOCATION – ONLINE TRADERS

Q10 Approximately, what proportion of your investable assets is currently allocated to each of the product you use? Averages among current online investors



^New option added

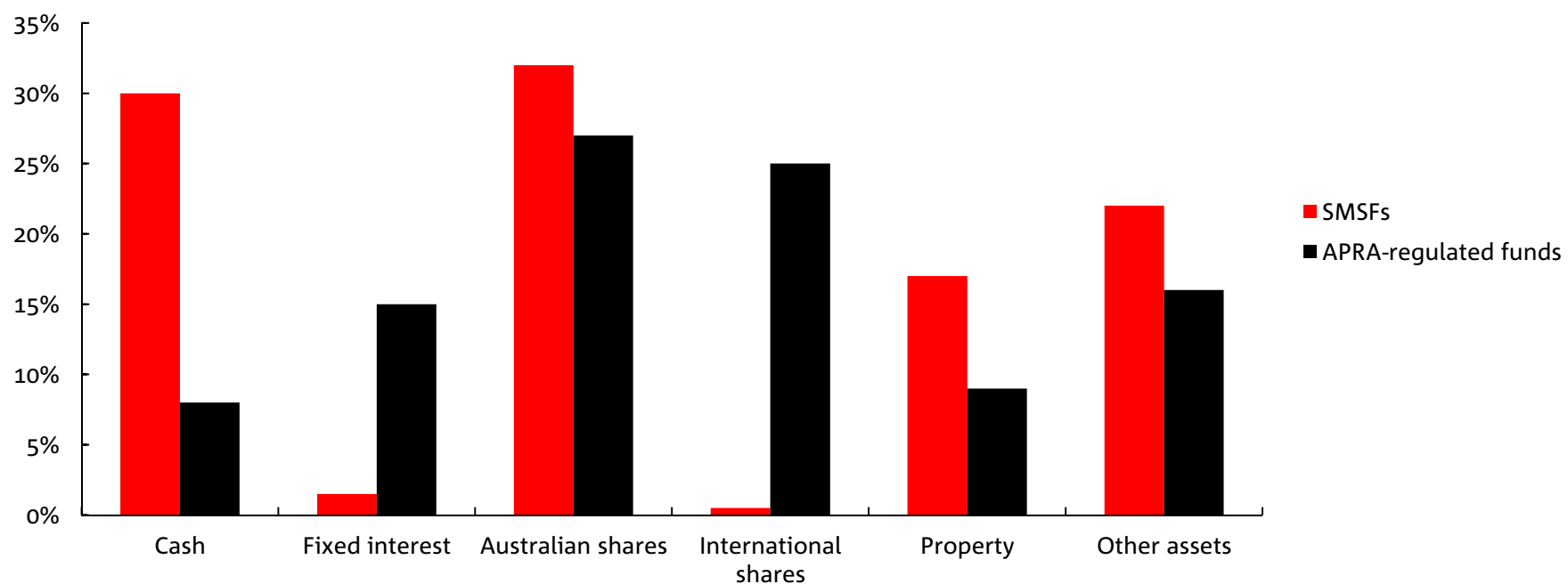
^^Option shown as 'Property' in previous editions

Source: Investment Trends Online Broking Report 2018



'RECOMMENDED' ASSET ALLOCATION

APRA REGULATED FUNDS VS SMSFS



Source: APRA, ATO SMSF Statistics 2018, nabtrade analysis

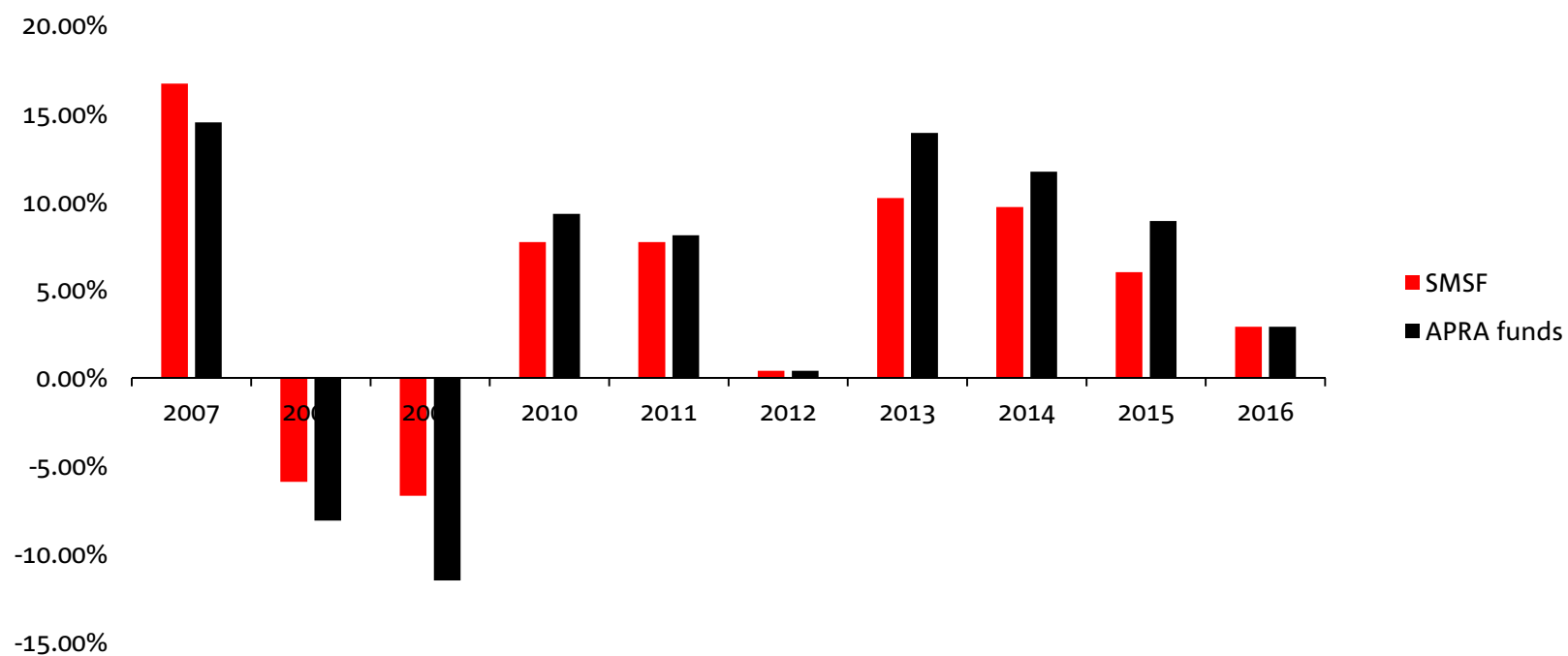
WHAT DO RETAIL INVESTORS REALLY HOLD?

SMSFS AS A PROXY FOR THE AVERAGE PORTFOLIO



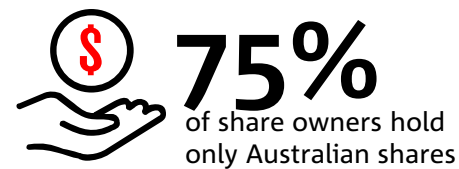
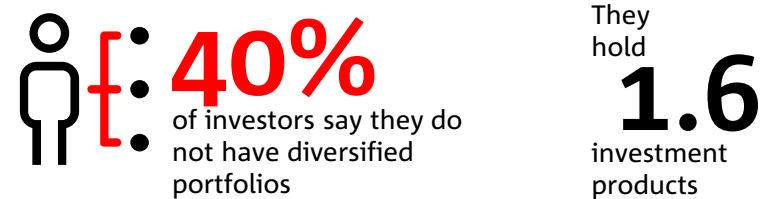
Listed shares	29%	Cash and term deposits	23%
Private trusts	11%	Commercial property	11%
Listed trusts	5%	Residential property	5%
Managed funds	6%	LRBA	5%
Other assets	3%	Overseas shares	1%
Unlisted shares	1%	Loans	1%
Debt securities	1%	Collectables	>1%
Overseas commercial property	>1%	Overseas residential property	>1%
Overseas Mged Investments	>1%	Other overseas assets	>1%

SMSF VS THE PROFESSIONALS - RELATIVE PERFORMANCE



UNDER THE HOOD: ASX INVESTOR SURVEY

DIVERSIFICATION IS STILL NOT WELL UNDERSTOOD



NABTRADE INVESTOR HOLDINGS

National Australia Bank Limited	11.21%
Commonwealth Bank of Australia	7.96%
Westpac Banking Corporation	5.93%
BHP Billiton Limited	5.51%
Australia and New Zealand Banking Group Limited	4.88%
Telstra Corporation Limited	4.06%
CSL Limited	3.84%
Wesfarmers Limited	3.28%
Woolworths Group Limited	2.15%
Macquarie Group Limited	1.76%

50.58% of total equity holdings

31.74% financials



WHAT IS THE COST?



ASX200 PERFORMANCE

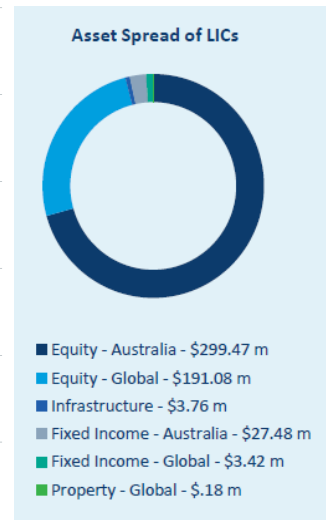
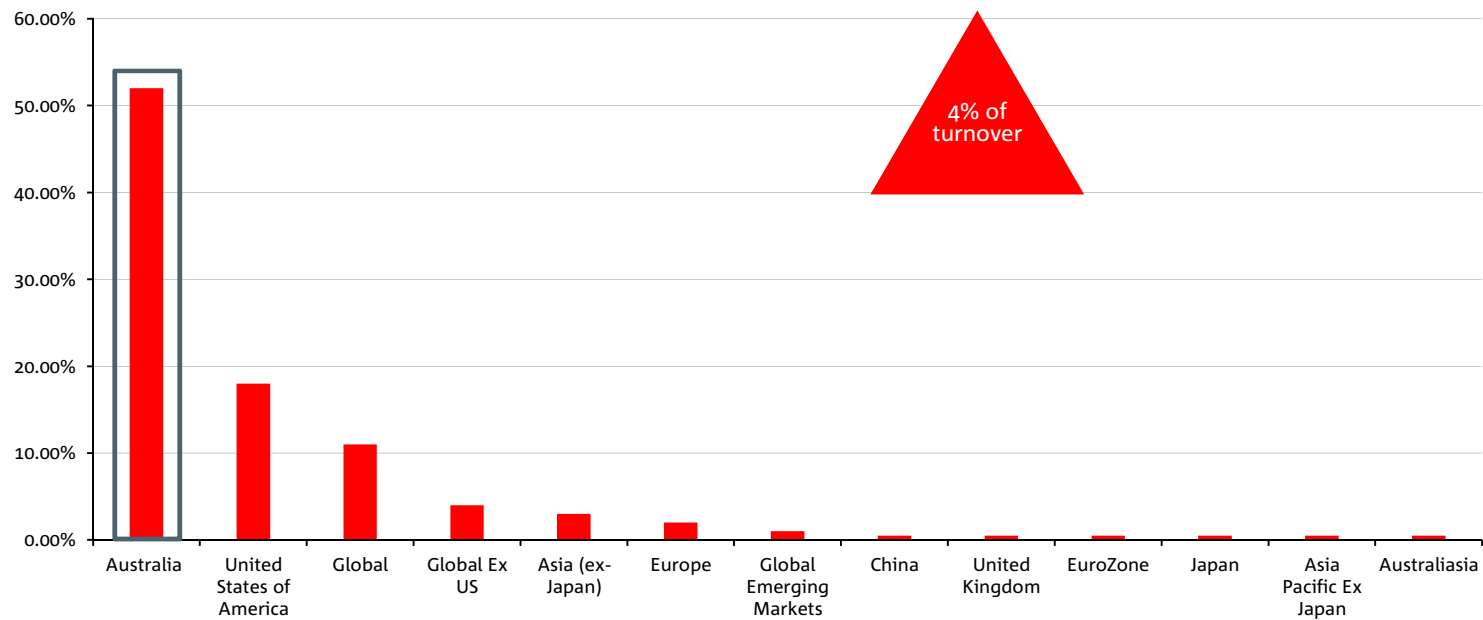
Top 10 total performance
over 5 years

Company name	5 year return	
National Australia Bank	3.84%	
Commonwealth Bank of Australia	21.13%	
Westpac Banking Corp	7.33%	
BHP Billiton	19.82%	
Australia and New Zealand Banking Group	7.47%	
Telstra Corporation		-16.22%
CSL	196.27%	
Wesfarmers	42.26%	
Woolworths Group		-5.11%
Macquarie Group	201.87%	

Source: Thomson Reuters 1 Oct 2018

WHAT ABOUT ETFS AND LICs?

REGION INVESTED



Source: nabtrade data Oct 2018, ASX Monthly Investment Products Report

HOME BIAS – RISKS AND BENEFITS



Benefits

- Personal experience
- Access to research and timely insights
- Local tax treatment (esp franking)
- Domestic anomalies (e.g. reg frameworks)

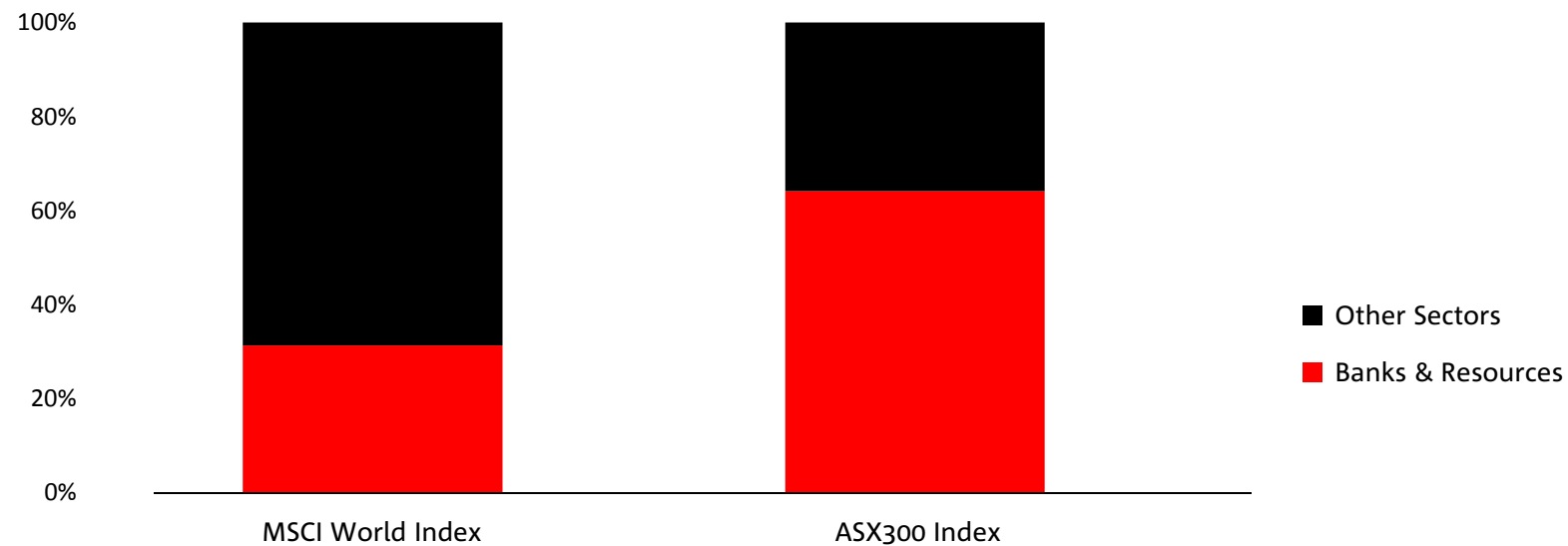


Risks

- Sector concentration
 - Headwinds
 - Tailwinds for low exposure sectors
- Economic stasis
- Global trade considerations

SECTOR CONCENTRATION IN AUSTRALIA

SECTOR EXPOSURE: AUSTRALIA VERSUS THE WORLD



Source: MSCI, ASX Oct 2018



WHICH SHAREMARKET DELIVERED THE BEST RETURNS OVER THE LAST 5 AND 15 YEARS?

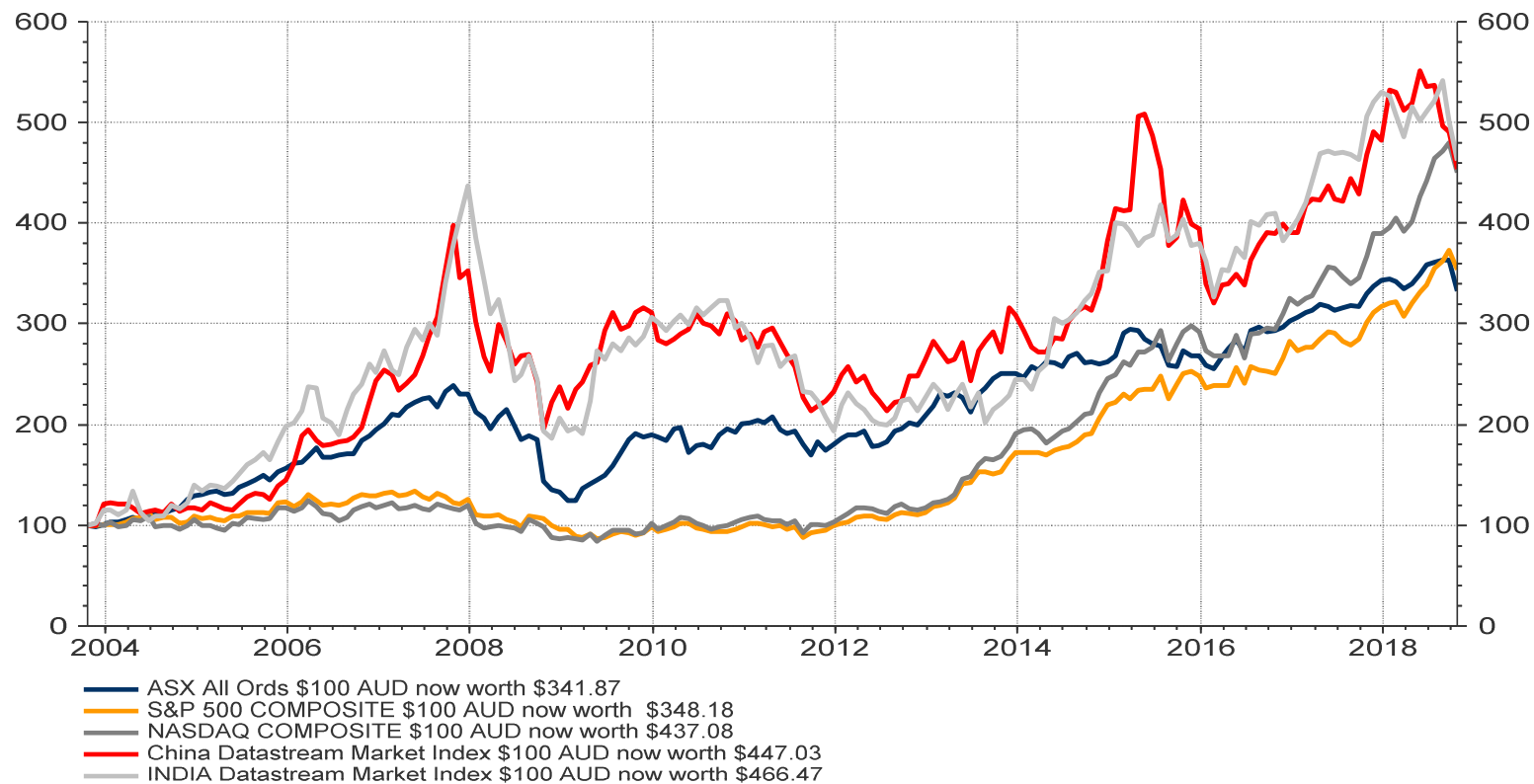
- 📍 Australia
- 📍 US (S&P and Nasdaq)
- 📍 China
- 📍 India

MARKET RETURNS IN AUD TERMS OVER 5 YEARS



Source: Thomson Reuters Datastream

MARKET RETURNS IN AUD TERMS OVER 15 YEARS



Source: Thomson Reuters Datastream

WHAT THE SMART MONEY IS BUYING



Exchange Traded Funds (ETFs)



Listed Investment Companies (LICs)



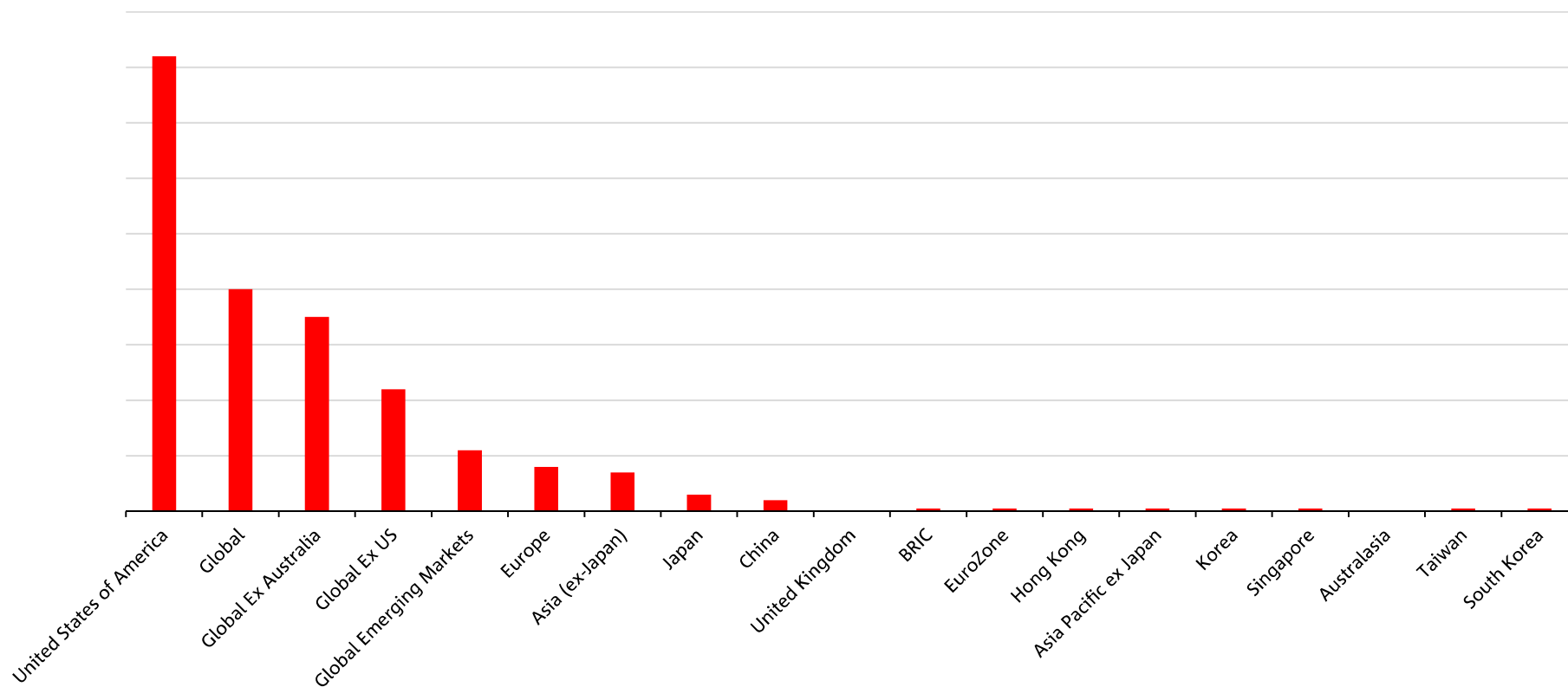
Active ETFs/Exchange Traded
Managed Funds



Podcast with Charmaine: <https://nabtrade.podbean.com/e/diversified-strategies-etfs-lics-mfund-etmfs-and-more/>



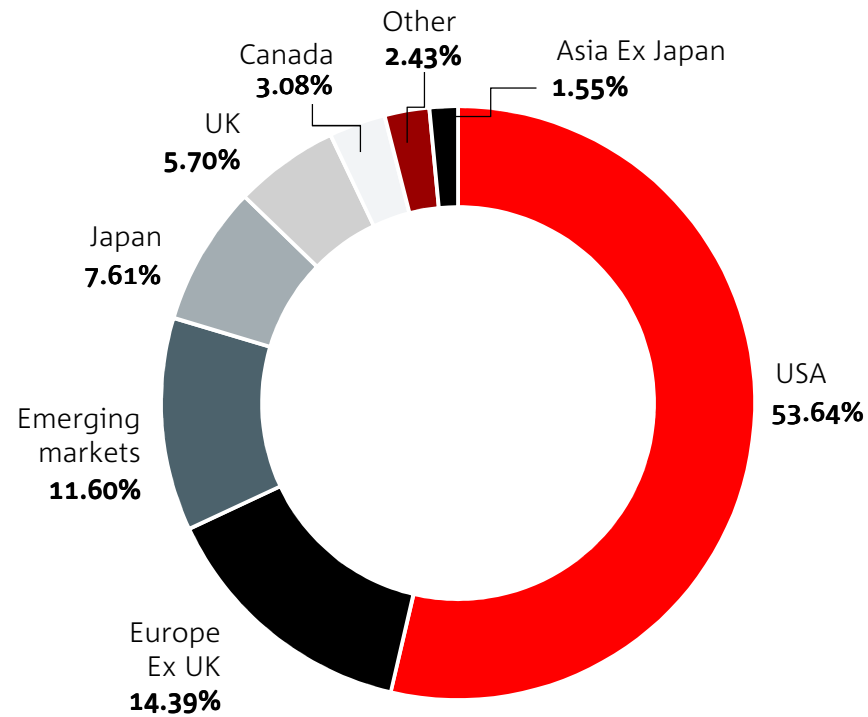
ETF GEOGRAPHIC BREAKDOWN (EX AUST)



MSCI WORLD – WHAT IS IT?



MSCI **ACWI** INDEX
COMPOSITION AS OF
JUNE 29, 2018



Source: www.msci.com/world 28/10/2018

SEARCHING FOR GROWTH?



DISRUPTION



Tech giants (US: FAANG, MAGA)



Asian tech giants (STAT, BAT)

DEMOGRAPHIC TRENDS

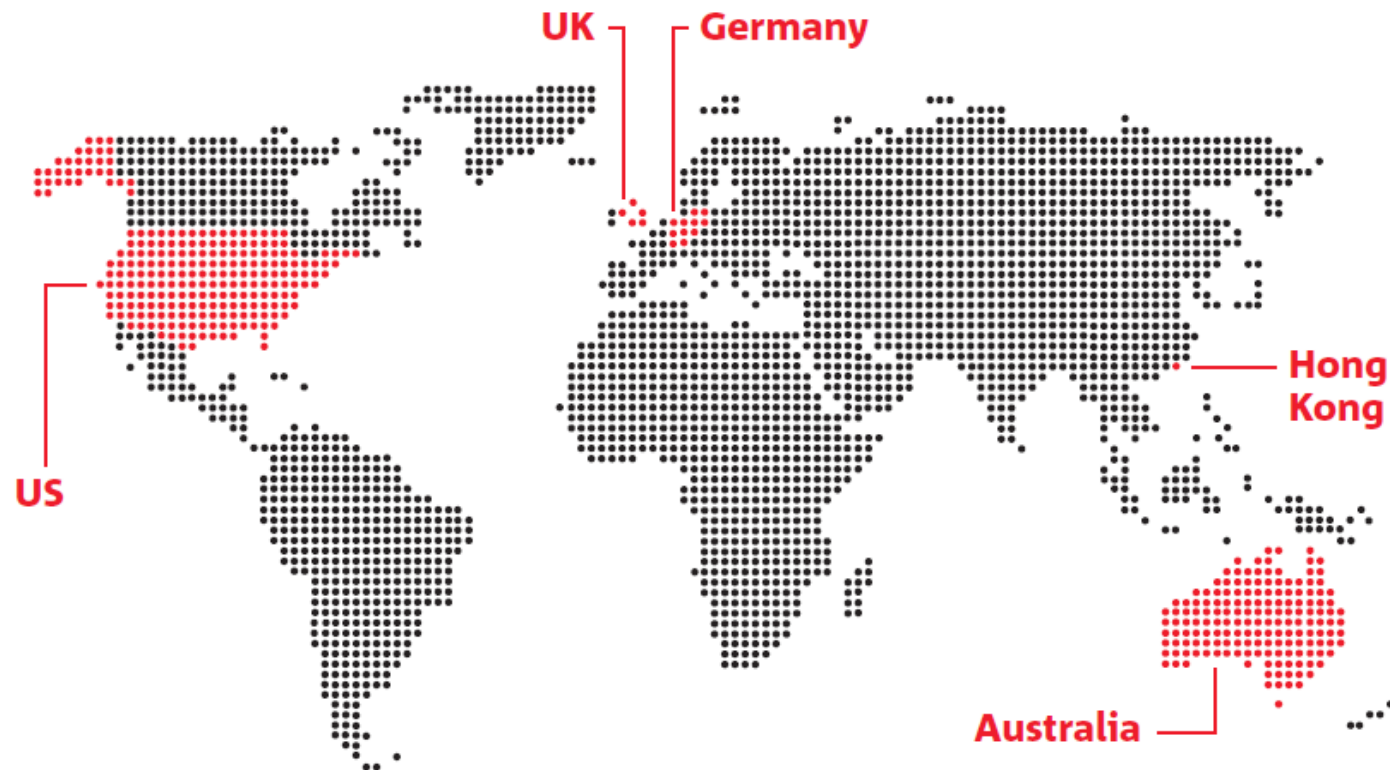


China



India

GOING DIRECT



WHAT SAVVY INVESTORS ARE BUYING – BY TRADE SIZE

Tencent 腾讯



amazon



BERKSHIRE
HATHAWAY INC.

NETFLIX

Baidu 百度

facebook



nabtrade

GLOBAL TITANS – BY MARKET CAP

	Apple Inc	United States	2.79%
 Microsoft	Microsoft Corp	United States	1.97%
	Amazon.com Inc	United States	1.75%
	Johnson & Johnson	United States	0.97%
JPMORGAN CHASE & CO.	JPMorgan Chase & Co	United States	0.96%
	Facebook Inc A	United States	0.93%
	Exxon Mobil Corp	United States	0.87%
	Alphabet Inc Class C	United States	0.86%
	Alphabet Inc A	United States	0.83%
	Bank of America Corporation	United States	0.69%


Source: MSCI 1/11/2018

GLOBAL TITANS – BY REVENUE

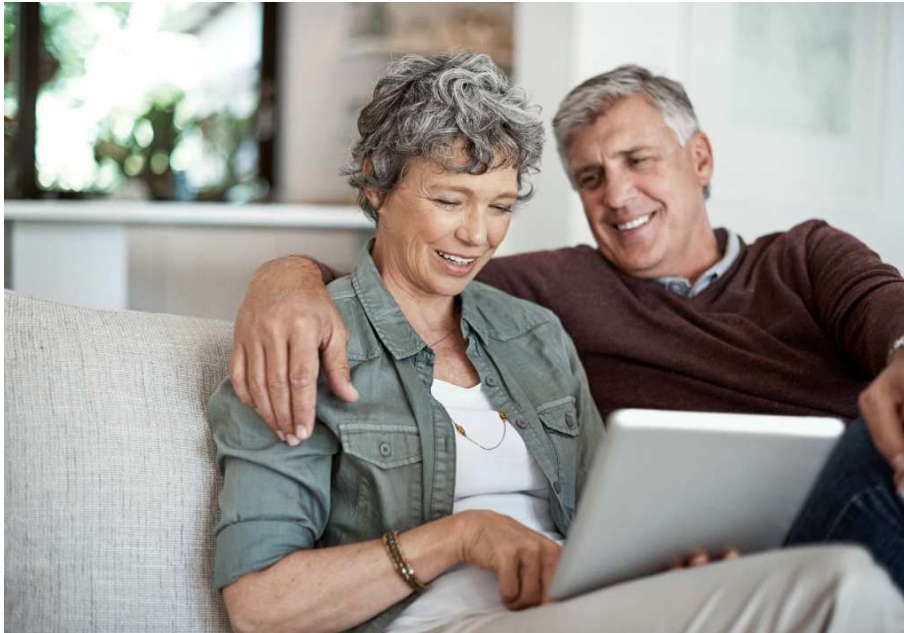
1		Walmart	US	\$500b
2		State Grid	China	\$348.9b
3		Sinopec	China	\$326.9b
4		China Natural Petroleum	China	\$326b
5		Royal Dutch Shell	Netherlands	\$311.8b
6		Toyota	Japan	\$265.1b
7		Volkswagen	Germany	\$260b
8		BP	UK	\$244.5b
9		Exxon Mobil	US	\$244.3b
10		Berkshire Hathaway	US	\$242b

Source: Fortune, Global 500 July 2018

DEMOGRAPHICS: PLAYING THE CHINA STORY FROM HOME

<div>Domestic China Plays</div> 	Stock	PE	Mkt Cap (AUD)	% of sales from Asia
	A2M	29x	\$7b	25%
	BEL	17x	\$925m	26%
	BKL	25x	\$2b	29%
	TWE	26x	\$12b	22%

OTHER STRATEGIES TO PLAY THESE THEMES



1. EXCHANGE
TRADED
FUNDS

2. PROFESSIONALLY
MANAGED
PORTFOLIOS



Sectors



Geography



Stock picking

WHAT SAVVY INVESTORS ARE BUYING – ASX LISTED

nabtrade OCTOBER 2018

Betashares	Australian Equities Strong Bear Hedge Fund	Trading Managed Fund Units
Betashares	Strong U.S. Dollar Fund (Hedge Fund)	Trading Managed Fund Units
iShares	S&P 500	ETF Exchange Traded Fund Units
Betashares	US EQ Strong Bear Hdge Fnd-crncy Hdged	Trading Managed Fund Units
Vanguard	US Total Market	Shares Index ETF Chess Depositary Interests 1:1
Betashares	Geared Australian Equity Fund	(Hedge Fund) Exchange Traded Fund Units
Vanguard	MSCI Index International Shares (Hedged)	ETF Exchange Traded Fund Units
Vanguard	MSCI Index International	Shares ETF Exchange Traded Fund Units
iShares	Global 100	ETF Exchange Traded Fund Units
Betashares	NASDAQ 100	ETF Exchange Traded Fund Units

HOW SPECIFIC DO YOU WANT TO GET?

* Vanguard 500 Index Fund ETF

ProShares UltraShort 20+ Year Treasury

iShares TA-35 Israel UCITS ETF USD (Acc)

* Vanguard FTSE All-World ex US Index Fund

Invesco QQQ Trust Series 1

ProShares Ultra Silver

* iShares Nasdaq Biotechnology

* Vanguard Total Stock Market Index Fund

* Global X Robotics & Artificial Intelligence ETF

Direxion Daily Small Cap Bear 3x Shares

ARK Innovation ETF

* Vanguard Information Technology Index Fund; ETF

* Vanguard S&P 500 Growth Index Fund; ETF

* Vanguard Developed Markets Index Fund

* Global X Lithium & Battery Tech ETF

iShares PHLX Semiconductor ETF

ProShares UltraPro QQQ

ProShares UltraPro Short QQQ

* ROBO Global Robotics and Automation Index ETF

PROFESSIONALLY MANAGED PRODUCTS

W | A | M *Capital*



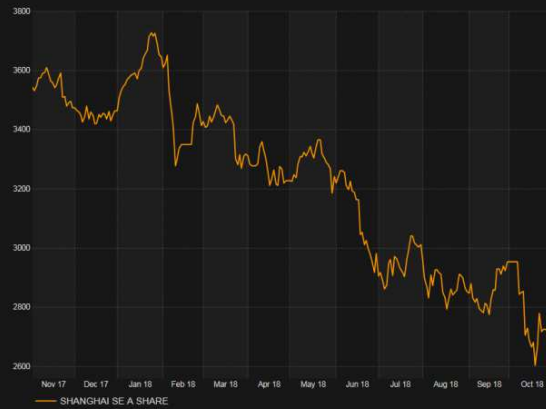
ELLERSTON **ASIA**



...and many more



IS IT TOO LATE?



BETS AND HEDGES



Currency



Commodities



Shorts and bears



CONSIDERATIONS



Instrument structure



Fees and costs



Understand your indices!

- Sector concentration and biases

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