
Growth

"Only as high as you reach can you grow, ... Only as far as you seek can you go!"
-----CLASS of 2015, Mount Albert Primary School

"If you got the number, you don't need to write a long story"
----- A Huntingdale Golf Club member's comment.

"Dear Friends,

I would like to welcome you to celebrate the launch of the
123 Investment and Growth Fund and to thank you for your
great support.

.....

We would like to share some of our investment thoughts with you.

The philosophy of the fund

Please look at the formula:

T= T+T

eg: **T= Time + Timing** (It is kind of looks like this: $1=1+1=2$?)

On the right hand side of the equation:

"Time" means investing and being partners with companies, which we believe, are heading in the right direction, and doing the right things. We support them and we believe we will benefit from these partnerships. Our core portfolio is based on this philosophy.

"Timing" means seeking profit against risks. Theodore Roosevelt once said about success: "Do what you can, with what you have, where you are".



123 @ The Block Arcade

So what does the “T” on the left hand side of the equation represent?

Term of Capital

Therefore, putting it together if we want to improve the Term of Capital we need to be given more “Time” and have better “Timing”.

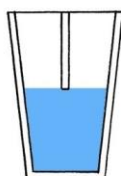
The Water Barrel Theory

Traditionally, according to the Cannikin theory, how much water a barrel can hold depends on the shortest timber of the barrel (Figure1). The new theory in the Information Age is that we may be able to use the longer part of the timbers to its full length to create a greater outcome (Figures 2). Our fund is trying to maximize and combine the three major partners’ strength: EQT, one of the oldest trustees in Victoria, as our fund's trustee; FundBPO, a leading listed fund administration company as our administrator and custody (sub custody to JP Morgan); ourselves, an experienced stock picker, as the fund manager to select stocks for the portfolio. Of course, some of you here, as our investors, provide the vital living water, eg capital. We hope it will be a good and beneficial outcome for all parties involved. And I wish this principle can be applied more often in our country.

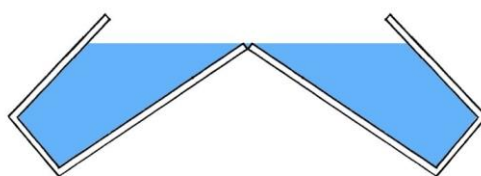


Cannikin Theory
Figure 1

.....



The Old Theory



The New Theory

Figure 2

One’s success is the Nations’ success.

Please relax, enjoy yourself and have a great time, thank you”

Charley Wang

Managing Director

123 Investment Management Pty Ltd

charley@123investment.com.au; tel: 613 96397773

102W, The Block Arcade, 282 Collins Street, Melbourne

123 Investment and Growth Fund Information Memorandum is available for Professional and Sophisticated Investors only. It can be download from www.123investment.com.au (123 Investment Management /services) or www.EQT.com.au/insto

How's the wine taste?



"...one is 50% alcohol...the other is 14% alcohol plus some tannin..."

Talk around the Block Arcade Desk

Big Feet Charley: Hi Teddy, what's the latest tech news?

Teddy the Bear: The AlphaGo beat down the world's no 4 Go Korean player Lee Sedol (4 to 1) was the biggest tech news flooding the "We Chat" last month.("Go" is a kind very complex chess mainly played in China, Japan & Korea, "Wechat" is similar to WhatsApp, it has the largest number users in China.)

Big Feet Charley: Oh, cool. How far do you think the AI (Artificial Intelligence) will go?

Nagae the Cat Maro: Robots are already replacing blue collar workers, Watson replacing many back office jobs, also including some financial planners and advisors; Google's Deepmind wants to produce scientists; Cyberdyne HAL Robot Suit is helping the Disabled... only the music teachers' job still looks safe.

Teddy the Bear: Agreed, one of the Chinese property developers plans to develop a patrol security robot, it will launch a sweeping robot soon.

Big Feet Charley: Rio Tinto has the largest Driverless truck fleet in the world. The latest April issue of "The Deal" magazine* by The Australian had a very good article on this topic, Rio's MD in the Pilbara, Ms Kellie Parker, talked about the experience. I personally think it has been a very good thing; at least Rio had put some money into new technology, and put our country on top of something new. I hope they can build something more on top of this. I wished our miners had spent a little bit more money on technology, new material research etc, and create a new dimension of business. We would have become a smarter country rather than just a lucky country much sooner.

Technology still has some time to play out though. I once used Google Maps to go to the Kew Golf Club last year, in the middle of the Eastern Freeway, it told me: "park the car and walk 200 meters to the club house". Ha Ha... I think it will take me a long time before I make a Robot my driver.

Do you think Governments around the world should regulate the development of AI?

Teddy the Bear: I don't think this is the issue at the moment, as computers will not reach human levels for a long, long time, even though they will replace many jobs.

Google Chairman, Eric Schmidt, said "The winner here, no matter what happens, is humanity, this is a great day for humanity and this week we do not know who will win (the "GO") but we know at the end humans will be smarter, and the world will be a much better place because of all the things, all of us are doing to make this technology viable."

Nagae the Cat Maro: It is unstoppable; once humans smell money it is unstoppable. Like Einstein regretting the release of nuclear weapon technology.

Big Feet Charley: If they have no power Robots are useless, that's the Robot's weakest point. We need to end the talk here now, all is in God's hand.

***Notes & Acknowledgements:**

- "The Deal" issue 82, by The Australian, April 2016
- Drawings and cartoon by Richard Li

Important Information:

This document is published by 123 Investment Management Pty Ltd (ABN 39601788274, AFSL 469061), who can be contacted at 102W, Level 1, "The Block Arcade" 282-284 Collins Street, Melbourne Vic 3000, or on +61 03 9639 7773. This document provides market commentary and strategy ideas to clients of 123 Investment Management Pty Ltd or its subsidiaries. Such commentary and ideas are based upon generally available information. Although the information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, and such information may be incomplete or condensed. This document and its contents are proprietary information of 123 Investment Management Pty Ltd and may not be reproduced or otherwise disseminated in whole or in part without our written consent unless required by law. This material contains general advice. General advice is prepared without taking into account your objectives, financial situation or needs. Reference in this document to any financial product is not an offer to invest in that product. You should refer to the offer document for any product referred to and seek advice before considering an investment.