



Time for Reflection

“20 years, the feeling is like yesterday to someone who is one hundred years old, or one year to someone who is fifty years old, but forever for someone who is a one year old”

----- Charley Wang

"Elegant shop fronts abounded on the north side, between Elizabeth and Swanston Streets, a section of Collins Street that became known as “The Block”, a fashionable place to shop and to see and be seen”

----- Judith Buckrich*

“Where there's Tea, there's Hope”

----- Hopetoun Tea Rooms



Christmas bell is ringing, it is time to celebrate the **Birthday of Jesus Christ**.

Year end is also the time for celebration: if it has been a “bad” year, that means it is time to move on. The not so good year may have a meaning and one can now look forward to a new one. If it has been a good year, of course it is time for celebration and a smile.

The Block Arcade

Every morning I feel happy to go to work, even though sometimes the market was rough, and the business was tough. I was fortunate and blessed three years ago when I was able to find an office in the Block Arcade, one of the most iconic buildings in Melbourne, which celebrates its **125th birthday** this year, to start my own business.



When you walk into the Block Arcade, it gives you a very warm and charming feeling, thanks to the great restoration works that were carried out by the Cohen family in the last few years since they bought it. The building's splendid floor and roof, are just so beautiful. Of course, the one strike everyone's heart is the **Hopetoun Tea Rooms**: its windows decorated with many beautiful cakes in a traditional European green setting. There is always a long queue, making you feel lively, like motto written inside the Tea Rooms: " **where there is Tea, there is Hope**".

"Architect David Askew's design for the Arcade was based on the famous Galleria Vittorio Emmanuel in Milan, Italy. Construction began in August 1890.....the Collins Street arm was opened in February 1892"

This year is the 125th birthday of the Block Arcade, Happy Birthday.
The Block Arcade photos in the earlier 20th century (top left) & Current



At the beginning of **1998**, which is about 20 years ago, I started an exercise, selecting 10 dividend paying stocks as a model portfolio, assuming an investment of \$10,000 in each stock and seeing how they performed at the end of the year compared with the S&P ASX200. The model portfolios had been shared with some clients and colleagues. The exercises had been continued (except in the year 2000 when I took a holiday) to 2014. In 2015 I established the **123 Investment & Growth Fund (123 IGF)**, and part of the fund' portfolio selection method is based on the same selection approach.

What did I select in 1998? And how had they performed since then? What happened to those companies since?

I am as eager to find out as a wine lover waiting to see what a bottle of 20 years old Grange tastes like.

The 1998 Selected Top 10 Stocks are shown in **Figure 1**.

1998 Selected Top 10 Industrial Stocks

Stock	Cost (\$)	Unit Price as at 4/01/1998	No of Unit	Unit Price as at 31/12/98	Market Value as at 31/12/98	Change %	Unit Price as at 31/12/2001	Market Value as at 31/12/2001	Change %
The Australian Gas Light Company (AGL)	10000	10.60	943	11.75	11084.91	10.85	9.11	8594.34	-14.06
Australia and New Zealand Banking Group Limited (ANZ)	10000	10.07	993	10.68	10605.76	6.06	17.98	17855.01	78.55
BRL Hardy Limited (BRL)	10000	4.80	2083	5.52	11500.00	15.00	10.92	22750.00	127.50
CSL Limited (CSL)	10000	9.65	1036	13.99	14497.41	44.97	51.40	53264.25	432.64
National Australia Bank (NAB)	10000	21.40	467	24.60	11495.33	14.95	32.05	14976.64	49.77
QBE Insurance Group Limited (QBE)	10000	6.85	1460	6.75	9854.01	-1.46	7.47	10905.11	9.05
Tabcorp Holdings Limited (TAH)	10000	7.10	1408	10.00	14084.51	40.85	9.89	13929.58	39.30
Telstra Corporation Limited (TLS)	10000	4.59	2179	7.63	16623.09	66.23	5.45	11873.64	18.74
West Australian Newspapers Holdings Limited (WAN)	10000	6.45	1550	5.20	8062.02	-19.38	5.18	8031.01	-19.69
Woolworths Limited (WOW)	10000	5.05	1980	5.55	10990.10	9.90	11.34	22455.45	124.55
Total	100000				118797.13	18.80		184635.02	84.64
Index ASX/SP200			2560.40	2717.60		6.14	3438.00		34.28

Figure 1

Sources: Charley Wang; Reuters

Warning: Past returns are not a reliable indicator of future returns. Future performance may be affected by economic and market influences.

It was a quite amazing collection: **AGL, ANZ, BRL, CSL, NAB, QBE, TAH, TLS, WAN, WOW.**

It is amazing to see how some of the companies have growth.

The most astonishing stock was CSL, in 1998, the share price was \$9.65, it had a 3:1 share split in 2007, so the equivalent price was \$3.217, now share price is around \$145, up 45 times not including dividends.

Two stocks in the portfolios were taken over, wine company BRL Hardy's and media company Western Australian Media. Six companies are still in the current ASX top 20 stocks list.

CSL was also included in the 1999 selection (**Figure 2**), the adjusted price was \$4.66.

1999 Selected Top 10 Industrial Stocks

Stock	Cost (\$)	Unit Price as at 4/01/1999	No of Unit	Unit Price as at 31/12/99	Market Value as at 31/12/99	Change %	Unit Price as at 31/12/2001	Market Value as at 31/12/2001	Change %
Australian Stock Exchange Limited (ASX)	10000	8.50	1176	11.62	13670.59	36.71	11.30	13294.12	32.94
Coles Myer Ltd (CML)	10000	8.55	1170	7.86	9192.98	-8.07	8.40	9824.56	-1.75
CSL Limited (CSL)	10000	13.99	715	21.90	15654.04	56.54	51.49	36804.86	268.05
Foster's Brewing Group Ltd (FBG)	10000	4.42	2262	4.37	9886.88	-1.13	4.86	10995.48	9.95
Macquarie Infrastructure Group (MIG)	10000	1.65	6061	1.47	8909.09	-10.91	3.50	21212.12	112.12
Land Lease Corporation Limited (LLC)	10000	22.00	455	21.34	9700.00	-3.00	13.05	5931.82	-40.68
Macquarie Bank Limited (MBL)	10000	16.00	625	26.20	16375.00	63.75	37.45	23406.25	134.06
Telstra Corporation Limited (TLS)	10000	7.63	1311	8.28	10851.90	8.52	5.44	7129.75	-28.70
Westpac Banking Corporation (WBC)	10000	10.92	916	10.50	9615.38	-3.85	15.75	14423.08	44.23
Westfield America Trust (WFA)	10000	1.76	5682	1.49	8465.91	-15.34	1.86	10568.18	5.68
Total	100000				112321.77	12.32		153590.21	53.59
Index ASX/SP200		2732.20		3117.70		14.11	3422.00		25.25

Figure 2

Sources: Charley Wang; Reuters

Warning: Past returns are not a reliable indicator of future returns. Future performance may be affected by economic and market influences.

Is CSL one of the stock in our current **123 IGF** portfolio?

Thank you for your support in 2017.

Merry Christmas & Happy New Year

Charley Wang

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Disclosure:

123 IGF owns CSL share

Notes & Acknowledgement:

- **Book: Collins- The Story of Australia's Premier Street, by Judith Buckrich, 2005**
- **Block Arcade photo top left on page 2 : Post Card by The Valentine & Sons' Publishing Co Ltd**

123 Investment Management Pty Ltd is the Investment Manager for **123 Investment and Growth Fund (123 IGF)**. Charley Wang is the CIO of 123 IGF, he has been working in the financial industry for over 20 years, including 17 years with Morgan Stanley Wealth Management (formerly known as Smith Barney Citigroup).

123 IGF is available for wholesale clients (as defined in the Corporations Act 2001) only. The Information Memorandum can be downloaded from www.123investment.com.au (123 Investment Management/Services) or www.EQT.com.au/insto

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Appendix 1: Some stocks details in the 1998 portfolio. Company details and 5 years weekly price charts at 05-01-1998, printed out from *Beacon (Reuters Australia P/L)*

Look:ANZ

AUSTRALIA NEW ZEALAND BANKING GROUP LIMITED

\$1.00 ORDINARY FULLY PAID

ANZ Status: XD

Reports: Warrant Report

Category: Banks & Finance - Banking

Trade Status: Normal

First Listed

30Sep69

Change	# Bids	Bid	Offer	# Offers	Open	High	Low	Last	Close	Date/Time
+13.0	1	1020.0	1020.0	2	1011.0	1029.0	1011.0	1020.0	1007.0	16:05:00
On Market Vol:		4,179,678	Value:	42,654,536	Vol weight'd Val:			1020.5		

Div P/S	Earn P/S	Div Yld	Earn Yld	P/E Ratio	N.T.A.	Based On	Market Cap
48.0	68.6	4.7	6.7	14.9	4.59	1020.0	15390.3

Based On: FIRST QUARTER results N.T.A adjusted for Revaluation # Issued: 1,508,856,369

Div Amount	Ex Dividend Date	% Frank	Book Close Date	Date Payable	Type
26.0	04Dec97	100.0	12Dec97	21Jan98	Final

History	High	Low	Volume	Value	Transactions
Day	1029.0	1011.0	5,434,194	55,376,640	622
Week	1016.0	955.0	13,134,207	129,965,152	1,770
Month	1092.0	945.0	73,684,469	736,217,920	11,955
Year	1158.0	756.0	951,464,184	8,724,356,096	146,729
Last Year	822.0	552.0	1,033,284,362	6,917,115,904	94,150



Look:CSL

CSL LIMITED
\$1.00 ORDINARY FULLY PAID

CSL Status:
Category: Healthcare & Biotech - Pharmaceutical
Trade Status: Normal

First Listed 08Jun94

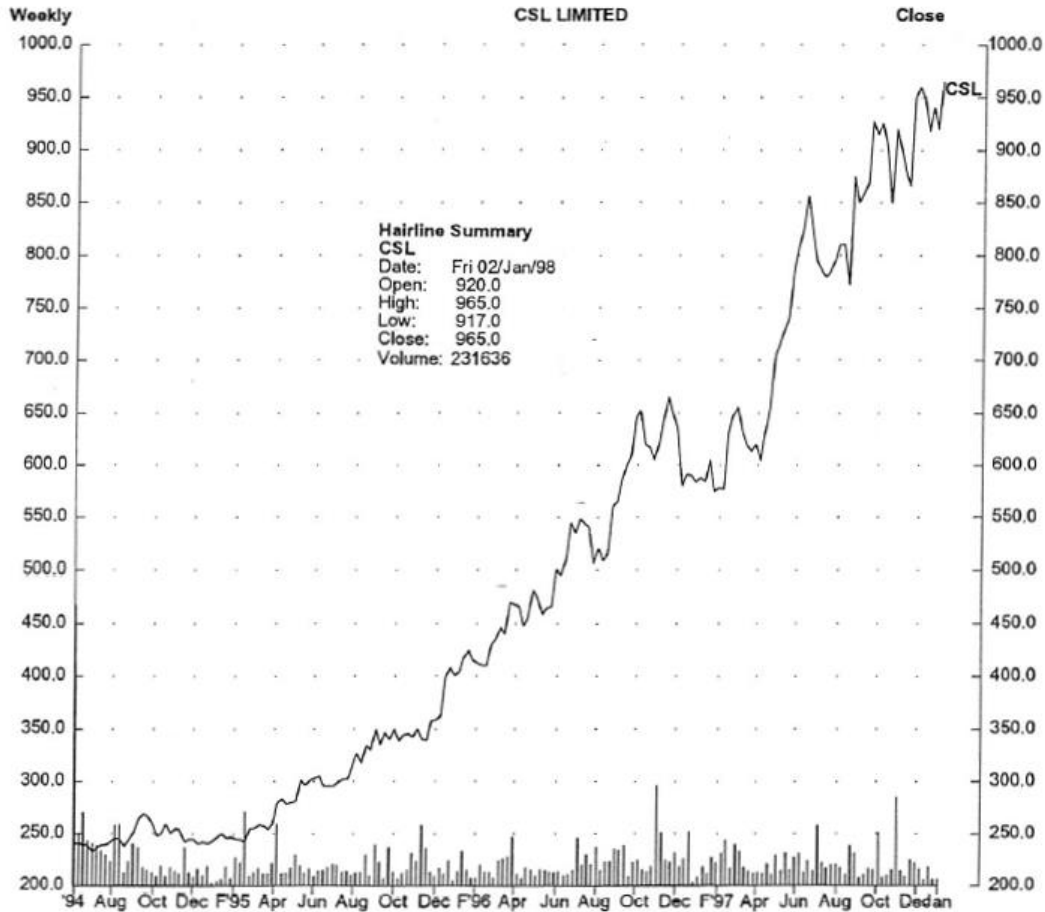
Change +25.0	# Bids 2	Bid 987.0	Offer 990.0	# Offers 1	Open 960.0	High 990.0	Low 960.0	Last 990.0	Close 965.0	Date/Time 16:05:00
On Market Vol:		128,137	Value:	1,264,945	Vol weight'd Val:		987.2			

Div P/S 15.5	Earn P/S 27.0	Div Yld 1.6	Earn Yld 2.7	P/E Ratio 36.7	N.T.A. 2.79	Based On 990.0	Market Cap 1299.5
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Based On: FIRST QUARTER results N.T.A adjusted for Revaluation # Issued: 131,260,534

Div Amount 10.0	Ex Dividend Date 29Oct97	% Frank 100.0	Book Close Date 07Nov97	Date Payable 20Nov97	Type Final
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History	High	Low	Volume	Value	Transactions
Day	990.0	960.0	178,137	1,747,445	79
Week	965.0	917.0	231,636	2,174,093	81
Month	972.0	895.0	1,643,540	15,512,336	669
Year	990.0	568.0	44,569,508	338,987,232	13,082
Last Year	670.0	400.0	49,605,681	268,497,152	11,757



Look:WOW

WOOLWORTHS LIMITED
25C ORDINARY FULLY PAID

WOW Status: *Warrant Report
Reports: Retail - Retail
Category: Normal
Trade Status:

First Listed 10Jun93

Change	# Bids	Bid	Offer	# Offers	Open	High	Low	Last	Close	Date/Time
+2.0	1	507.0	507.0	2	504.7	514.0	504.7	507.0	505.0	16:05:00
On Market Vol:		1,272,864	Value:		6,504,138	Vol weight'd Val:		511.0		

Div P/S	Earn P/S	Div Yld	Earn Yld	P/E Ratio	N.T.A.	Based On	Market Cap
16.0	23.3	3.2	4.6	21.8	1.03	507.0	5748.4

Based On: FIRST QUARTER results N.T.A adjusted for Revaluation # Issued: 1,133,812,279

Div Amount	Ex Dividend Date	% Frank	Book Close Date	Date Payable	Type
9.0	09Sep97	100.0	17Sep97	15Oct97	Final

History	High	Low	Volume	Value	Transactions
Day	514.0	504.7	1,704,741	8,685,194	338
Week	525.0	493.0	3,739,365	19,141,960	721
Month	525.0	465.0	44,438,330	211,301,568	5,487
Year	525.0	299.0	709,198,602	2,781,609,472	81,283
Last Year	345.0	272.0	460,370,348	1,395,570,048	58,011



Appendix 2

Charley's 1999 Selected Top 10 Industrial Stocks watch list printed out from Beacon on 04-01-99

04-Jan-1999 09:01

Security	Basis R	Last	+/-	Bid #	Bid	Ask #	Ask	Volume	VWAP	Open	High	Low	M.Cap(\$)	M.Weight	Short%	Description	Time	Date
XAO		2813.4	0	0	0	0	0	0	0.00	0	0	0	469,635M	100	0	All Ordinaries	4:01	4/01
ASX		850	0	850	3	850	1	0	0.00	0	0	0	858M	0	0	AUSTRALIAN STOCK EX	8:58	4/01
CML		855	0	860	10	854	4	0	0.00	0	0	0	9,849M	3.93	0.55	COLES MYER LIMITED	8:57	4/01
CSL		1399.3	0	1399	1	1399	1	0	0.00	0	0	0	1,842M	0.73	0	CSL LIMITED	8:53	4/01
FBG		442	0	441	3	440	1	0	0.00	0	0	0	7,589M	3.03	0.7	FOSTER'S BREWING	8:58	4/01
IFT	XD	165	0	160	2	165	1	0	0.00	0	0	0	818M	2.92	0	INFRASTRUCTURE TRUST	8:57	4/01
LLC		2200	0	2200	3	2199	1	0	0.00	0	0	0	11,036M	5.58	3.33	LEND LEASE CORP.	8:58	4/01
MBL		1600	0	1580	2	1600	2	0	0.00	0	0	0	2,560M	1.02	0.15	MACQUARIE BANK LTD	8:58	4/01
TLS		763	0	770	4	760	16	0	0.00	0	0	0	32,686M	13.04	0.11	TELSTRA CORPORATION	8:59	4/01
WBC	XD	1092	0	1092	3	1089	1	0	0.00	0	0	0	4,524M	1.81	11.18	WESTPAC BANKING CORP	8:59	4/01
WFA		176	0	175	1	176	1	0	0.00	0	0	0	1,592M	0.8	0.63	WESTFIELD AMERICA	4:27	4/01

Appendix 3

ANZ, CSL, WOW 20 years price charts Nov 1997- Nov 2017

ANZ

sources Iress



CSL

sources Iress



WOW

sources Iress

