

December 2018
123 Investment Insights with investment implication



Climate Change

“Bitter” becomes “Better” if you swap the “I” with an “E”

----- *Professor Hair*

“Trust” opposite to “Worry”

----- *A client of Equity Trustee*



On the evening of 31 October 2018, at the Equity Trustees’ 130 year celebration dinner, Equity Trustees’ chairman, The Honourable Jeff Kennett AC asked a panel of five clients what the word “trust” means to them. One of the clients, whose family has been using Equity Trustees’ service for generations, remarked: *“**trust**’ to us means the opposite of **worry**”*. They are simple words, but a great declaration, and while it is always “easy to say, it is hard to earn”.

Equity Trustees is such a great Australian company whose directors once included the former Prime Minister Robert Menzies. It has served Australia since the Victoria Parliament approved its establishment in 1888. **Happy 130th Birthday Equity Trustees.**



“Bitter” becomes “Better” if we change the “I” to an “E”

What does “E” stands for?

“E” is represented in Albert Einstein’s most famous formula:

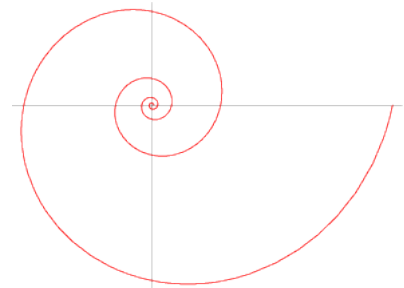
$$E = mc^2$$

Interestingly “E” is also associated with another most amazing formula that represents nature’s beauty and secrets: the Euler Formula;

$$e^{ix} + 1 = 0$$

Here e becomes a number, valued at about 2.71828, named after Swiss mathematician Leonhard Euler, and is the base of natural logarithm.

The logarithmic spiral is shown in the nautilus shell, our DNA, and the universe. When Google filed an IPO in 2004, it intended to raise an e billion, \$2,718,281,828.



What I have tried to point out above is that the world God created is so amazing, there are so many inter connected relationships.

2018 has been an extraordinary year, many historical records were reached and events happened.

1. **Apple** and **Amazon**’s market value once went over US\$ 1 trillion, the Dow Jones Index, S&P 500, NASDAQ all hit record highs in 2018
2. In Australia, **CSL**, a medical company and one of my favourite companies that listed on the ASX in 1994 at \$0.77 a share. In September 2018 its price went over \$230, a record high share price for a listed company on the ASX, and the company at once became the third largest company in Australia by market value. Meanwhile the Australian market also hit a 10 year high in August.

3. Extraordinary weather conditions in the world: a very hot summer in Europe, the biggest ever typhoon hitting Hong Kong and Japan, and the worst bushfires in California.

We also witnessed the highest market volatilities in the US markets since the GFC in February and again in October.

We as investors sometimes like on rainy days even though we knew it was going to rain, but we still got wet.

Countries can set up border barriers, but we are now living in the same global village more than ever as climate change is kicking in. Some may think it is far away, and impacts mainly on farmers, agriculture producers, insurance companies, and banks etc, but now we can feel and see the change is getting quicker, faster and bigger, not only impacting on farmland, but also making a big impact on our major cities and many counties. The feeling is a little bit like the movie “Ice Age”.

For investment, climate change has now become a really big risk factor. It is impacting on the places we live and the whole of human society.

Melbourne and the State of Victoria is the place we live and love.



The Great Ocean Road is a stunning curing scenic road around the beautiful mountains and picturesque beaches in Victoria’s South East, built by the Second World War returning soldiers. It presents us an abundance of natural beauty.

However, in December 2015, there was a bush fire, the fire went as far as down to the beaches and part of the road was closed for a couple of months after the bush fire, I could see the burned trees next to the beach in my recent trip to the Great Ocean Road.

Rutherglen, a small pretty historical town and wine region in north eastern Victoria, about three hours' drive from Melbourne, has many wineries producing the world's best fortified wines: Muscat and Topaque.

Stanton & Killeen Vinery, established in 1864, during the “Gold Rush”, is the one of the vineyards we love the most, Wendy Killeen (pictured), is the seventh generations owner of the winery, she is such a fantastic lady and led us to discover many secrets of the amazing vineyard.



People in the region also noticed the changing climate. Wendy told us “picking time is earlier now than 30 years ago. We used to start picking at the start of March now it's often the end of January or very early February”

Other wineries around: *Campbell of Rutherglen*, whose Merchant Prince rare Muscat won a 100/100 score by Wine Spectator magazine columnist Harvey Steiman. Another vineyard nearby, *All Saint* has some of the oldest Muscat around.

“Wines of this intensity can be a life-changing experience”, our famous wine judge James Halliday claimed.

In the world of worry, a sip of the Stanton & Killeen Muscat will make you happy; it is so sweet, rich, and luscious, staying in your memories for a long, long time.

If you have time, please take a tour to those amazing places.

Stanton & Killeen Grand Muscat Tasting Note: An irresistible Christmas pudding, dark chocolate smell on the nose, one small sip, your whole mouth will full of such a sensational, magical, intensive flavor, richness of sweet with a touch of on season mandarin on the back palate and a long lingering finish. 100 out of 100, it just one of the world's best! ----- Charley Wang



Finally, this November we sadly bade farewell to a beloved Mr Melbourne, ***Mr Sisto Malaspina***, part owner of the oldest espresso café called ***Pellegrini*** in Melbourne, a man who always provided the best coffee, love and laughs to Melbournians, we will forever miss you.

Thank you for my trust partners and staff from the bottom of my heart and thank you for your support in 2018.

It is Christmas time; let's have a sip of the God's gifted Rutherglen Muscat. The sweeter it is, the happier you are.

Merry Christmas & Happy New Year

Charley Wang

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Disclosure:

123 Investment Management Pty Ltd's controlled entities own CSL, Equity Trustee share

Notes & Acknowledgement:

* Stanton & Killeen owner Ms Wendy Killeen

Charley Wang is the CIO of 123 Investment & Growth Fund, he has been working in the financial industry for over 20 years, including more than 15 years with Morgan Stanley Wealth Management Australia (formerly known as Smith Barney Citigroup). 123 Investment & Growth Fund has not been registered with the Australian Securities and Investments Commission. It is not available for investment by retail clients, but is only available to wholesale clients as defined in the Corporations Act.

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