



Paul Rickard:

Hello, and welcome to the Switzer December webinar. I'm Paul Rickard and joining me today is of course Peter Switzer. Peter, welcome to the program.

Peter Switzer:

Great to be here, mate. That's a very unusual picture of me, it's not very complementary. I might have to go and change that but-

Paul Rickard:

It's one of your younger looking poses, I think.

Peter Switzer:

I want to be sort of mature and filled with gravitas. This is our speed dating session.

Paul Rickard:

Yeah, this is Rapid Fire Questions. So the rules about today is we've already got 46 questions that came in before the program. We're going to deal with those as quickly as we can. We're going to do about half up front. So we're going to have a little bit of a talk overall to start the show as we'll normally review what's been happening in the market. We've got 25 questions then to get through by 1:00pm. During the presentation, you can ask us some new questions, so we'll then deal with any questions that come in during the Rapid, the first part of this show. And then we'll come back and answer some other questions and close. I've probably confused everyone by saying that but we'll do 25 of the written questions, we'll take your questions as we're going and we'll then have a space for that just after 1:00pm, and then we'll go back to some of the written questions. We're doing it on a first in, first come order-

Peter Switzer:  
First in, best dressed.

Paul Rickard:

So, hopefully that's fair to everyone out there. Now just a couple things before we start. Obviously the important disclaimer. What the disclaimer says is we really don't know anything about your particular financial situation, individual needs or objectives so what we're saying about a stock may or may not be appropriate for you and as always we do recommend that you seek the appropriate professional advice before acting upon anything we say. Secondly, just some other housekeeping information, if I go to the next slide, so the webinar controls the bottom of your screen. If you cannot ask your question, click on the raise your hand and we'll try to get you 1:00p,. You may also need to unmute the button on your screen, but if you can't talk to us, then you push, you can send the question in during at the bottom other part of the screen. I go to the next slide.

## Opening observations

- The market in November

	November	2020 YTD
S&P/ASX 200 (Price)	10.0%	-2.5%
S&P/ASX 200 (Accum)	10.2%	0.2%
S&P/ASX 20 (Accum)	10.3%	-0.9%
Midcap 50 (Accum)	6.6%	13.2%
Small Ordinaries (Accum)	10.3%	6.3%

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Paul Rickard:

And then, okay. So that's the important information. Also, the last thing is we will, it's just after 12:30pm in Australian Eastern Time, Eastern summertime. I know a lot of you've got other commitments. We will finish no later than 1:30pm, Australian Eastern Daylight summer time. So Peter, that 10.2% the accumulation index for November, actually back in the black year to date, although the ASX 200 is still down two and a half percent, a good recovery in the top 20 stocks, the mid caps which have been doing better are all a little bit weaker. How many can have... After such a buoyant November, can we have such a follow up December?

Peter Switzer:

Nowhere near the same kind of rise. We will go up in December, I'm quite certain about that. I'm so certain, Paul, I put all your money on it, as well as mine. This vaccine news is terrific and last Saturday, Sir John Bell from Oxford University who's heading up the AstraZeneca trials, he thought that the UK would be back to normal in March or April. Now that was last Saturday. Then this week we hear Pfizer comes out and the UK says they're going to be jabbing people next week. So that even brings back, which I thought was unbelievable, March, April, because I was working on a June, July normalcy possibility for Europe and the UK. That brings it all forward so I just cannot imagine that all those stocks that are in the reopening trade aren't going to benefit from that. And so that will power December. Sure there'll be sell-offs, you know the stay-at-home type stocks will come off and there'll be, but I think net net, we're going to be in the positive direction.

Paul Rickard:

Oh, it was interesting. I thought Australian market might do better than the US in November. The US actually just marginally outperforms still. The Dow was up more like about 11% and the S&P 500 was about the same and even the Nasdaq was up about 10.5%. So on all the main indices we're actually, we're just a little bit of an underperformer.

Peter Switzer:

But Paul, maybe-

Paul Rickard:

The US, you know, we've still got to follow the lead from the US, don't we?

Peter Switzer:

We do, we do, but Paul, you know, maybe it's this. Remember I wrote a story about three or four weeks ago, how a good play might've been, go for the Russell ETF, because a lot of the-

Paul Rickard:

This is the one that takes the 2000 and the broader, really only in the mid caps and small caps in the US.

Peter Switzer:

And they're basically being ignored because of the stay-at-home and the coronavirus problems and also the history is that value companies often do well out of a crash, albeit delayed, and of course the Russell 2000's gone ballistic and I think that's part of the reason why the US market has done so well. Probably the smaller companies in the S&P 500 have benefited from it. And I just think, by the way, Tesla would have been in the Russell 2000, wouldn't it? It would have been in the Russell 2000 and still is until December some time, so I think America is an extraordinary country, but for us to do so well, I think all goes well for us as well. And particularly the miners looking much more popular now than they were say a month ago.

## Market & Sector Performance – November

	Weighting	November	2020 YTD
S&P/ASX 200 (Price)		10.0%	-2.5%
S&P/ASX 200 (Accum)		10.2%	0.2%
Communication Services	4.1%	13.6%	5.3%
Consumer Discretionary	7.4%	8.5%	10.3%
Consumer Staples	5.9%	-0.7%	3.8%
Energy	3.9%	28.5%	-27.0%
Financials	28.3%	16.1%	-5.8%
Health Care	11.4%	2.7%	9.4%
Industrials	7.4%	12.3%	-9.9%
IT	4.1%	4.6%	44.1%
Materials	18.9%	7.3%	8.6%
Real Estate	7.1%	13.6%	-6.0%
Utilities	1.5%	1.5%	-11.9%

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Paul Rickard:

So let's look at the sectors. Green across the board, apart from consumer staples, energy was a star on the back of better oil price. Real estate was, we saw a bit of a comeback in some of the property trusts, that's quite a big move and also financials, which is the most important one for the index. Year-to-date, still IT leading the way. You know, we still got a bit of variation there and it has been a year of being able to pick the right stock and right sectors very much. It's quite a divergent return set.

Peter Switzer:

It certainly has been a year of rotation. You rotated into stay-at-home stocks and now people are rotating into the reopening trade, Paul.

Paul Rickard:

Any further comments you want to make on that table?

Peter Switzer:

No, look I think even going back to your first question, another reason why I think December will be a good month for stocks, historically it is, but the economic recovery story, is being reflected in the energy prices and the commodity prices. And so if you think that 2021 is going to be a year of economic recovery, then I think you have to think the Australian stock market is going to go up.

Paul Rickard:

Okay. Well, on that very optimistic note, let's move on to Rapid Fire Questions. We've got a minute on each, Peter. We've got to bell timer here. We're going to give you a gong if you get very verbose in your answers.

Peter Switzer:

Yeah, I can do that. Anyone who's been forced to do live TV most of his life has to work out how to keep on talking until the ad comes back or whatever. Okay.

Paul Rickard:

All right. Let's start with the first, and I said, we're doing them in the way they came in. So if you got your question early, you've got a higher chance of being answered and then unfortunately at the end, we may not get around to it. So Reliance Worldwide Corporation is a company I like. Peter, what do you think...

Peter Switzer:

Me too.

Paul Rickard:

Not doing a lot.

Peter Switzer:

No. Analysts think about 3% upside, but remember the analysts are more short-term than long-term. I think it's a good company. If you haven't got it in your portfolio, I wouldn't be unhappy about adding it to my portfolio. And remember, I'm expecting a worldwide improvement in construction.

Paul Rickard:

Yeah. These people are the most exposed to the US plumbing market or the US home improvement market, because most of their stuff is being sold into that sort of market. So you need people to be spending money in their homes, but I like Reliance, they were a favourite of the market. They did get sold off and there was quite a bit of insider selling, taken awhile to recover, profit downgrade, come back. I think Reliance looks okay. We're out of time on Reliance. That's the bell.

Paul Rickard:

Okay. Next question. Is it too late to buy Coles and at what price would be reasonable buying? I have a question why you want to buy Coles, but that's just my thoughts.

Peter Switzer:

Well, I think if you have the ability in a portfolio, Paul, Coles should be there. Analysts still think it's got a 9% upside. It has been sold off because of the reopening trade and people less at home, stay at home. People have got their toilet paper now. They don't have to buy toilet paper. From my point of view, great company, if you haven't got, I will rub it in. You and I were peaking around \$12 and \$13, weren't we? And it's really delivered. But part of that is the coronavirus but probably the \$18 is probably where it should be.

Paul Rickard:

Yeah. I mean, I prefer Woolworths to Coles, Carlos. That's just my thoughts. I think there's a bit more optionality also with the Endeavor Drinks, but look, they're out of favour at the moment a bit, they're not on the key lists there so, if you want it for a portfolio, this is probably not too bad a level buy, but

you know, then I don't think looking ahead to next year, people are going to put their number one stocks to buy, so.

Peter Switzer:

Times up.

Paul Rickard:

Yep, times up. Okay, company that's really been doing it tough, but it's actually just rebounded a little bit here is Blackmores. You've been a Blackmores fan-

Peter Switzer:

I have, when Christine was there. Paul, the analysts think its 16.5% downside, 16% downside. Look, I I just think they've got a bit of a China trade issue as well. I know, I have Chinese colleagues who tell me that on WeChat, they'll bagging Blackmores who a couple of years ago, it's a funny business games going on. It will improve once the tourists come back without a doubt, but I'm not expecting a great result. So I'd rather speculate on other companies.

Paul Rickard:

It's not really on my buy list either, Blackmores, I sort of think it's... I just can't get excited about Blackmores.

Peter Switzer:

We can't see it going back to \$200.

Paul Rickard:

We can't see it going back to \$200. Okay. Next question.

Paul Rickard:

Look, Andromeda Metals is in a trading halt this morning. I don't think they're due to come out of it till Tuesday. Obviously there's an announcement going to come forward. There've been some prospective discoveries around in their Great White-Kaolin sort of mining area. I couldn't tell you much more about it with a trading halt we're going to find out a whole of new news, I guess. So your thoughts, Peter?

Peter Switzer:

Well, it looks like some people knew something before everybody else, it's really spiked and now they've taken their profit. I will say one thing. I asked Julia about this on our TV program on Monday and she kind of said, didn't know much about it, but when she originally was quite interested in it. So do your homework, have a look at the TV show, see what Julie had to say. It's probably a company that's got a bit of potential.

Paul Rickard:

Yeah. I mean, exploration companies are like that, you know. You never sort of... There's always someone who knows more inside about an exploration company than you or I so just might caution-

Peter Switzer:

It's a gamble going in but have a look what Julie has to say.

Paul Rickard:

BHP, let's go to question five. Booming at the moment, partly because of better oil price and the iron ore price is doing pretty well.

Peter Switzer:

Yeah. And also Vale came out and downgraded its production, didn't it Paul? And it's having coronavirus problems in Brazil. So my feeling is that BHP has still got another six months of doing pretty well, I think the iron ore price will hold up around that period of time so, but Paul, it's a hold to me, not a buy.

Paul Rickard:

Yeah. I mean, I think BHP should be a core stock in your portfolio. Australia's biggest miner. It's diversified, great assets. What challenge we all have is, no one can predict with any confidence what's going to go on the commodity price, iron ore's unique because of the disruption issue in Vale and Brazil. I just wouldn't throw it out at the moment, if you let it go, I see no reason to sell. Dividends are good. It's cashflow, it's running officially, nothing in crazy.

Peter Switzer:

And it could go to \$43, \$44, but you'd only make 10% and it's a risky end of the trade, I think.

Paul Rickard:

Okay, all right. So let's talk about banks, question six, looking to a 2-to-3-year time frame, what accumulation price would ANZ and NAB be worth adding to? You might've missed your best chance here, but let's throw it out there.

Peter Switzer:

No, in two or three years, Paul, I wouldn't be surprised if these guys get to 30. That'd be my guess call. I think a couple of things. I think we're going to grow really fast in 2021. The reserve bank governor is going to have to break his promise in 2022 and they'll start-

Paul Rickard:

That's a big call, we were saying this is a promise about 0.1% Interest rates.

Peter Switzer:

They'll start raising interest rates in 2022, I'm sure, because I think the growth's going to be so strong there's going to be force to, we're going to see inflation and we're going to see unemployment coming down. And look, when he made that promise, I compare it to the George Costanza promise on Seinfeld. It's not a lie if you believe it when you say it, and he believed it but if this economy goes ballistic, I think, not 2021, but 2022 he might be forced to raise interest rates a bit, which should be good for banks. I think banks...

Paul Rickard:

I'd be targeting a bit lower down. I don't disagree with the long-term assumption, but I think the chances... We might get a bit more pullback back in the low twenties again. So, but you know, you gotta be patient sometimes in markets.

Paul Rickard:

Okay. Question seven. China tensions. Do you see it being resolved or getting worse?

Peter Switzer:

Not soon, then it will get worse. You know, I don't think they'll play iron ore, they need it too much for their infrastructure, but if you're a lobster producer or a barley producer they might give it to you. I think there will be a resolution. I think the countries of the world, I love the fact that the politicians of the world went out there and said, "Buy Australian wine."

Peter Switzer:

I think there's going to be an international pow wow with China and China's going to be asked to just play a little bit fairer.

Paul Rickard:

Yeah. Or they want to show the rest of the world that if you cross China, you get punished, right. Don't cross China, that's the signal. And I don't think you're going to resolve it quickly, I don't see how it resolved, the only way this is going to be resolved is China just easing up a little bit, right?

Peter Switzer:

Yeah. But I think Biden will be different from Trump. He'll negotiate behind doors where Trump used to do it in front. And the Chinese do not like fighting in public. They like, face is very important to a lot of Asian people. And I just think that, in a year's time there will be a better relationship.

Paul Rickard:

Okay. Your opinion of Healius as a long-term investment?

Peter Switzer:

That's you Paul. I'm not a Healius person.

Paul Rickard:

Ah, pass on Healius. I've been a Healius shareholder for too long. It's obviously had a bit of change. It's sold off some of the businesses.

Peter Switzer:

Analysts say up 6%.

Paul Rickard:

Yeah. I just think you could probably do better, but look it's showing a bit of an uptrend there, you've got to say, on that chart.

Peter Switzer:

Yeah, it's improved. It's well above where it was going into the coronavirus. So, maybe things have improved there, but why don't you do a story on Healius, given the fact that you lost money on it?

Paul Rickard:

Yeah, well I didn't lose too much. But, it's been an underwhelm, I mean they got rid of the GP practices which probably they needed to.

Peter Switzer:

Remind people what it used to be...

Paul Rickard:

So, it used to be primary healthcare, right?

Peter Switzer:

Yep. It had a terrible run.

Paul Rickard:

Had a terrible run. So, there's private equity involved, I don't know. Sort of a question mark about Healius so I'm going to pass on Healius.

Paul Rickard:

Okay, let's go to Dubber, which is a call recording and voice intelligence company. It's been pretty hot. Did a \$1.10 share placement recently, and a very well supported share placement plan, so that's gone from a \$1.10 up to \$1.70 in pretty quick time.

Peter Switzer:

Yep, chart says it looks pretty good. Analysts down 29% Paul, they think it's overrated.

Paul Rickard:

Look, again, this is one of the potential IT companies. I guess you've got to come back to some sort of metric, look at the protection of revenue to enterprise value. I don't think I'd be a buyer. But it doesn't mean the market can't fall in love with some of those companies because look, I just-

Peter Switzer:

I've got Michael Gable coming to the TV show on Monday. I'll get him to look at Dubber.

Paul Rickard:

Yeah.

Peter Switzer:

See what the charts are saying because that looks like a good chart from this point of view. Okay.

Paul Rickard:

Okay. Question 10. REA Group. Hold or sell? Look at that chart. I mean, REA is the top business here.

Peter Switzer:

Hold. It's a hold. I wouldn't have the courage to say it's a buy. I love it. I bought it at around \$80, I thought I was an idiot doing that, look at it now, it's unbelievable.

Paul Rickard:

It is such a better business than the Domain business. It's a good lesson also. We often talk about this. Do you buy the number one or number two? I reckon you always buy the number one. Look at, REA versus Domain. Look at Afterpay versus Zip. Look at CBA versus the others. Sometimes going for the number two or number three in a market doesn't make sense, right?

Paul Rickard:

But anyhow, I wouldn't sell it, I'd hold it. I'm not sure I'm a buyer, but I'm certainly if I owned it, I'd be a holder on that chart.

Peter Switzer:

Yeah, and if another coronavirus comes along, buy big time.

Paul Rickard:

And the market, home markets going gangbusters, right? I mean, look at the first, it is strong right?

Peter Switzer:

Yeah.

Paul Rickard:

So, okay, question 11. Could you choose single stock as your standout for 2021? You go first, Peter.

Peter Switzer:

Well this is a big call. Look, I'm not going to give you a safe one because I'm renowned for safe stuff because what I would usually say is, we just buy the ETF for the Australian Stock Market, but I'm going to go stick my neck out, Paul.

Peter Switzer:

I'm going to go for Treasury Wine Estates for two reasons. I think there will be a trade solution eventually. I also think, well, Jun Bei Liu from Tribeca, she likes it. Julia is not as keen. But I do think a solution will come. I think it's a best of breed company as a sort of thing you would point out. And I think over time, we're probably going to get a chance to buy a low price and if solutions come, boom, it'll go up.

Paul Rickard:

Okay. Good one. I reckon I've got 2020 right, with Xero I think was my standout this year.

Peter Switzer:

Yeah, it was.

Paul Rickard:

But next year I'm going to probably say A2 Milk, same category. I think it's a great company. Obviously got issues with China and a few other things.

Peter Switzer:

China will work it out, it's a New Zealand company.

Paul Rickard:

I'm more confident about JB Hi-Fi but I'm going to go for A2 Milk.

Paul Rickard:

All right. Next one is, we're out of time, GUD Holdings. The share purchase plans are \$11.25 or 2.5% discount to the current market price, currently trading around \$11.27 so it doesn't give you a lot of confidence.

Peter Switzer:

Analysts say 14.4% higher, upside, Paul.

Paul Rickard:

Yeah, I don't know if I quite got to the bottom of their written acquisition. I think you'd really want to study that as to whether you think that's the right strategy. Often with share purchase plans, they're a no brainer, because if the stock is planned below where the market is, you just buy them and you can either sell them out or you can wait till afterwards. This is a bit line-ball so I think you've got to go back to the strategy, look at GUD's strategy for the acquisition and whether you believe it can execute on that strategy. I can't say I have done enough homework on that to give you a good comment but generally when the share price, while the share SPP's open, would I be buying? Probably be thinking pretty hard about it.

Peter Switzer:

Okay.

Paul Rickard:

Okay. All right. Question 13. Well, Sonia, this is a 'how big is a piece of string'. It depends on your objectives. Let's assume the objective is income, which I think is probably what it might be, so without obvious qualification and using up a 20 second of a time, I'm going to ask you, Peter.

Peter Switzer:

Well, you can go for a fund that specialises in it, you know like our Switzer Dividend Growth Fund, it specialise in. Vanguard has a high income one as well. Some people put those two together, so you get two different approaches to it. I think in the short term, I think the miners will pay good dividends this year. And then you take them from there.

Paul Rickard:

Yeah. I'd be keeping it pretty core because I think you want a little bit of safety, fairly blue chip-ish. I'd be sort of banks, BHP, you know Wesfarmers, Woolworths, that type of stuff. I think they're the ones I'd be hanging on to. Reasonable dividend payers, they'll go with the market. I think the outlook for each of those companies is better than it was a few months ago.

Peter Switzer:

Yeah, and Sonia, if you buy great quality companies, don't worry if your capital goes down because as long as they're delivering dividend, their capital will come back. If they're good quality companies and you have say, what 10, 15, maybe 20 companies in your portfolio, well, then I think you've got good diversification.

Paul Rickard:

But Sonia, that sort of question, we really need to understand more about your objectives. Not all retirees don't have the same agenda, right?

Peter Switzer:

Yes, right. Some are thrill-seekers, Sonia.

Paul Rickard:

Yep. Okay, I'm not going to be involved in this question but I'm going to leave this to you. Peter.

Peter Switzer:

Yeah, okay. I like Tyro. The analysts, what do the analyst say? Analysts say 17.3% upside and yes, some directors have been selling. Paul was one of them, but hey, these people actually have expenses to meet and stuff like that. So, but the bottom line is despite that, the experts think that the company has upside. I think it's a company exposed to the hospitality sector, it should benefit from the reopening. And I've got to say, it's been good to me so far, so I'm sticking by it.

Paul Rickard:

Okay. Next question.

Peter Switzer:

Okay.

Paul Rickard:

Speedcast. I think the only way you're going to get your money back here, or any money, is through chapter 11 advisors, so I'd vote yes. Rex, don't count on anything coming back however, right. Shareholders rarely get anything in these types of situations so-

Peter Switzer:

It is a pity, isn't it?

Paul Rickard:

Yeah.

Peter Switzer:

I'm glad I never tipped it.

Paul Rickard:

Okay. Let's, unless you've got a comment, Peter, we'll move on.

Peter Switzer:

No, I got nothing.

Paul Rickard:

Okay. 16, look it says, this is the breakup value of the new Iluka and DRR from the old ILU. It is DRR which is Deterra Royalties, It was a one-for-one demerger. The normal position on a one-for-one demerger, which I think you're asking Michael, is you split, you portion your cost base 50% between the old, the new Iluka and the new DRR. So if you bought Iluka at say \$20, your cost base for DRR will be \$10 and your cost base for the old ILU would also be \$10. Right. So I think that's what you're asking, breakup value, I think you're talking about the cost base. So it's a one-for-one demerger.

Paul Rickard:

Okay. Let's go to question 17. Look, multiple question. Which of those companies do you want to pick?

Peter Switzer:

I'll go all three.

Paul Rickard:

Spark, IOOF, Afterpay.

Peter Switzer:

I'll go all three in terms of the analyst. 9.7% upside for Spark, and I like Spark. It's basically got an upside that's good. This is IOOF, isn't it?

Paul Rickard:

Yeah.

Peter Switzer:

21.4%. I will avoid that company. I don't like it. And Afterpay, minus 2.2%. Pretty, what the analysts think, pretty well priced where it should be.

Paul Rickard:

I think they've all stalled for good reasons. IOOF because the acquisition no one, you're going to have to take a long time to prove whether that works, the market is against that. Afterpay because it's trading near hundred dollars and it's so expensive.

Peter Switzer:

And the analyst sat in the twenties, isn't it Paul?

Paul Rickard:

Yep. And the whole buy now, pay later sector is still clearly being rethought about. And Spark well, look, it's a good company but it's, you know, it's energy infrastructure and it's...

Peter Switzer:

It pays dividend without franking, all that sort of stuff.

Paul Rickard:

I just think that the markets can see a lot of political forces are acting against that sort of business so that's why they've stalled.

Paul Rickard:

Okay, oil and gas stocks. I guess, probably you're going to start with the oil price.

Peter Switzer:

Well, Santos has got 6.2% upside, Oil Search, minus 0.3%. They pretty well think that these stocks have already responded to the higher energy prices. By the way, I think energy prices will go higher in 2021 and these share prices will go higher, but in the short term, analysts don't think so because there has been a big reaction already.

Paul Rickard:

Yeah, all of those, I think I'd go with Santos, I think they're doing a great job at Santos. Not quite in the school about oil, energy, oil price. I think they can turn on production so quickly, but I hear what you're saying, Peter, and last night, I think they agreed to just increase production by 500,000. The oil price went up so OPEC and their friends are doing a good job at managing the price...

Peter Switzer:

OPEC+.

Paul Rickard:

OPEC+, doing a good job of managing the price up.

Paul Rickard:

Okay, question 19 . AMP. Look, hold. I think you're going to get somewhere between \$1.85 and \$1.90, it will be sold or taken over. There's nothing surer than life in this. If I was a holder at \$1.71, I wouldn't sell out. I think you're going to get better so don't expect AMP to be around in the current guise, that's all. So, would you buy now at \$1.71? Well, it's getting a bit marginal. The alleged price for this group from offshore is \$1.85, that was a price to get the board seriously interested in.

Paul Rickard:

They get \$1.85, the bid firms up at \$1.90, they'll recommend the sale.

Peter Switzer:

So then you make 10% if you go with it.

Paul Rickard:

Yeah, but you might have to be patient, then the bid might go. So, but it's...

Peter Switzer:

At least the global economy's heading in the right direction for a person who's, or for a bidder.

Paul Rickard:

Okay. Question 20. Is this a good time to sell Commonwealth Bank or wait until reaches \$20? Well obviously lie and wait for 20 dollars. But, what do you think Peter, is it steeply overpriced?

Peter Switzer:

I guess if I was a trader, I would probably sell CBA, but I'm not a trader and I think it will see \$90 over the next two or three years. I've allowed NAB to go to \$30. These guys could easily go another \$10 up to \$90 over that period of time. They're the best bank in the business. As Australia grows more strongly they'll benefit. So it depends on your timeframe, doesn't it?

Paul Rickard:

Yep. Okay. All right. Look, I think it's profit taking level potentially but-

Peter Switzer:

For a trader.

Paul Rickard:

Yeah, for a trader, but if you're not a holder... I don't see any reason to sell the banks as a holder.

Peter Switzer:

And the dividends are going to get better, you're a dividend expert, Paul.

Paul Rickard:

Yeah, if you're bullish in the market or you can see this market heading up, I just don't see why you sort of, there's a bit of profit taking some stocks, but I think core stocks. Yeah. I don't think that they need to be thrown out.

Paul Rickard:

Okay. All right. Your opinion on the Vanguard International Share Fund. Look, that's a great fund and I'll go first here. The issue is, that one's not hedged and maybe you would go to the VGAD which is their Vanguard International Share Hedged Index Fund. I worry about the Australian dollar going up, it is going up.

Peter Switzer:

It is going up.

Paul Rickard:

73.4 cents. And so-

Peter Switzer:

Which we told you guys, at least six months ago.

Paul Rickard:

We've been saying this for a while so I'd be careful about investing off shore on an unhedged basis unless they're an active manager and could demonstrate that that's something that they do manage actively, but someone managing it just for an index basis, I'd be looking at the hedged product.

Peter Switzer:

And Paul, do you know what percentage of this one goes to Asia, because it's-

Paul Rickard:

Asia's going to be pretty small, it's going to be 65%, almost 60% US, 20% Europe, Asia is going to be less than about 10% to 15%.

Peter Switzer:

One thing I will say is a lot of the US investment experts are liking Europe and Asia more than they like America in recent times and not only because there's good value. They have gone so fast and also, a lower US dollar is good for emerging economies.

Paul Rickard:

Okay. Let's keep moving. Question 22. Outlook for Catapult, CSL, Nanosonics, Peter.

Peter Switzer:

All three. Catapult up 23%. CSL up 7.7% and Nanosonics down 13.3%. That's what the analysts are saying.

Paul Rickard:

I like CSL. I don't know why it's not doing better, but look, let's just assume it everyone...

Peter Switzer:

It'll just keep creeping up, Paul, creeping up.

Paul Rickard:

Nanosonics, I'm sort of a bit more disposed to Nanosonics. But it's risky. Catapult, I don't know. When we get questions on three stocks, we feel less inclined to-

Peter Switzer:

I'm going to get Gable to look at Catapult because it's been in the news lately, a lot of people are asking us about it so I've got Gable looking at Dubber and Catapult, so far. That'll be on Monday night.

Paul Rickard:

Okay, so Monday, Switzer TV: Investing, tune in for that.

Paul Rickard:

Okay. In this current low interest rate environment, how many years before retirement would you increase cash and fixed interest holdings?

Paul Rickard:

So, that's a tricky one because it really depends on your objectives. I think if you're just in term deposits, you're not a thrill seeker, get used to 0.5% being your return. If you're happy with that, no problem. If you need a higher return, you've got to take a little more risk. You've got to want to be prepared to have a little bit of capital volatility. Have a look at things like some of the bond funds out there. Look at the new Switzer Fund which is really sort of a cash-type plus fund-

Peter Switzer:

Which is listing now, isn't it?

Paul Rickard:

... listing now, it's and you can read about that, Peter's article yesterday, I'll write about that on Monday.

Peter Switzer:

The Switzer Higher Yield Fund. It'll be listed on the market so you can get in and out whenever you like.

Paul Rickard:

But I will say though, if you want to go further up the scale there's things you've got credit funds like NBI and Metrics-

Peter Switzer:

Which are more risky.

Paul Rickard:

... higher risk and so, you know.

Peter Switzer:

Hybrids are more risky.

Paul Rickard:

Hybrids, so, again that's a hard one just to answer your question, Lyn. I think we need to know more about your objectives.

Peter Switzer:

And we should say to you as well as our financial planning clients, a lot of people who are cautious, who are fifty-fifty. I don't think we've got any who are currently 60-defensive, 40-aggressive. We might have a couple, but I think 50-50 in this improving environment would be the best position for a scaredy cat investor.

Paul Rickard:

Okay, all right. Question 24. Thoughts on Pushpay...

Peter Switzer:

154% the analysts have got at that.

Paul Rickard:

For-

Peter Switzer:

Pushpay.

Paul Rickard:

Pushpay?

Peter Switzer:

I've got to get Gable on that one for sure.

Paul Rickard:

Have a look yesterday on PushPay. Tony Featherstone, yesterday, one of his stocks-

Peter Switzer:

Did he like it?

Paul Rickard:

He did like it, he nominated-

Peter Switzer:

Go Tony, I read that story.

Paul Rickard:

Zip's coming off. It's in that whole buy now, pay later space. We like Zip but it's sort of a bit underperforming, isn't it?

Peter Switzer:

Yeah, well, the analysts think it's got 17% upside, Paul.

Paul Rickard:

Yeah.

Peter Switzer:

Okay. Look, I think it's a good second player. If you don't want to risk \$100 in Afterpay, Zip has been a pretty, it's actually, over the period of time coming from a lower base, it's actually done pretty well. And

I think these two, Afterpay and Zip will see off a lot these small companies that are eating a bit of their lunch at the moment.

Paul Rickard:

I have a caution about the whole sector. I think it's massively overvalued so I'm not in Zip but, look, keep on, at some stage it will come into buy zone.

Paul Rickard:

Okay, question 25. We're almost there, we're only two minutes over schedule, Jon, so I've done well here. Do Appen and Altium currently represent value? If not, at what level do you recommend buying them, if at all?

Peter Switzer:

I think they're both very good companies, Paul. Altium has a 2.8% upside according to analysts, so they must think the price is just about right. And Appen's got 20% upside. I'll get Gable on those two as well and that would be Mike Gable's work for Monday. They're both very good companies and they probably will do well over the next year or so, I would say.

Paul Rickard:

Yeah, I mean they were all a bit caught up in this sort of rotation trade. People will sort of, tech has had such a great run.

Peter Switzer:

Yeah, let's kill tech.

Paul Rickard:

And let's, you know, a lot of Australian tech companies, these are good companies but they just got caught up in the whole tech thing.

Peter Switzer:

Yeah, and remember, a good investment strategy is to buy good companies when the market's giving them a bit of a rough time. If they're good companies.

Paul Rickard:

I don't know if they're getting quite a rough time but just lost their glow a bit.

Peter Switzer:

Have you got a chart there, Jon, on any of those?

Paul Rickard:

Where's the chart, Jon?

Peter Switzer:

What are you doing, Jon? You're going asleep at the wheel.

Paul Rickard:

Okay, all right, so let's go to your questions that have come in.

Peter Switzer:

Okay.

Paul Rickard:

Heng, are you there?

Heng:

Yes. Can you hear me?

Paul Rickard:

Oh, we can hear you.

Peter Switzer:

Well done Heng.

Paul Rickard:

The technology with my colleague to my right here, you can't see-

Heng:

Quick question gents, what do you think about QUB?

Paul Rickard:

Okay, that's Qube Holdings.

Peter Switzer:

Yeah.

Paul Rickard:

We get that a couple of times, so over to you Peter.

Peter Switzer:

It's been a real mixed bag, Qube, hasn't it? And I always find that analysts think it's pretty well priced around where it should be. 4.4% upside analysts think. I wouldn't worry about the downside in this but I just don't think there's going to be a real lot of upside. I would have thought the transporters would have done well under the stay-at-home period, Paul. What do you think?

Paul Rickard:

Yeah, I can't, it's just not a company that sort of does a lot for me, I don't know why. So I'm probably with you. I don't know if I'd be a seller, but I'm not sure it would be the first stock I'd be trying to buy at the moment. I just...

Peter Switzer:

There's just nothing to excite us, Heng, to be quite frank with us. When you think about allocations of your money, I think there are better stocks you can put your money into.

Trudi:

My question is, I've listened to you guys for quite some time, I buy a lot of stocks. I get excited about them. My problem is I have a lot of stocks in my portfolio.

Paul Rickard:

Okay.

Peter Switzer:

How many you got?

Trudi:

36.

Peter Switzer:

Oh okay.

Paul Rickard:

All right, yep.

Peter Switzer:

Some fund managers have 36, Trudi, by the way.

Trudi:

Sorry, who does?

Peter Switzer:

Some fund managers will hold that.

Trudi:

Yes. So I'm just wondering from your professional experience, how many stocks would you recommend in a portfolio? I have read where you should have no more than 10.

Peter Switzer:

No.

Paul Rickard:

No, look, the way I normally answer that question, I might go first.

Peter Switzer:

Yeah, sure.

Paul Rickard:

Is that I typically would, look if you look at all the research and diversification, after about eight stocks you start to see, it's not about the minimum number of stocks in a portfolio.

Trudi:

Yep.

Paul Rickard:

Typically, I would say to people between 15 and 20.

Peter Switzer:

Me too.

Paul Rickard:

And after you get to about 25, the benefits of additional diversification, they start to become very marginal. So although most fund managers you'll find typically will have between about 40 and 50, they've got multiple people, professionals analyzing it and once you get more than about 25 stocks, it's very hard to keep track of.

Trudi:

Yes.

Paul Rickard:

So if I had 36, and if you think that's too many, and don't have... I assume this is not quite your full time job?

Trudi:

No, correct.

Paul Rickard:

I would probably be trying to get more back to about 20 to 25. What do you think, Peter?

Peter Switzer:

Yeah, exactly. And by the way, Trudi, historically, I've been a 15 to 20 kind of guy but recently, as you may have heard, Maureen's been tearing into the stocks, she's editing the Switzer Report all the time and she's reacting to the stories a bit the way you are-

Trudi:

Yes.

Peter Switzer:

... and we've nearly got 36 stocks in there, she basically started buying them at the bottom of the market so they've all done very, very well but I think over Christmas we'll start vetting to see which ones really have benefited from maybe the stay-at-home trade or maybe have benefited too much from the re-opening trade, we'll cut it back to probably 25.

Trudi:

Yes.

Peter Switzer:

But because you've probably done the same, have you been buying since the lows in the coronavirus and you've done reasonably well out of it?

Trudi:

Okay, I also have a stock broker and he was saying the fundamentals weren't there so I have bought, but I mean I had plenty of other money which I didn't, and it's been sitting in cash which of course now I've started because the stock broker said, "No, wait because there'll be another dip."

Peter Switzer:

Yeah, so you think he's a bit of a plonker now, I guess, do you?

Trudi:

Yeah, absolutely. So I'm changing stock brokers.

Paul Rickard:

We've given you double time Trudi because-

Trudi:

Thank you.

Paul Rickard:

... we made it so hard for you but that's what we'd say so, anyhow, Let's move on. Jon, we're going to have to go to some questions. We're going to go to Craig? Is that who we're going to? This is Craig R?

Craig:

Can you hear me?

Paul Rickard:

Yep, we can hear you.

Craig:

Peter, you did an interview with Bevan Slattery.

Peter Switzer:

Yep.

Craig:

Earlier in the week regarding FiberSense. What's your thoughts on that?

Peter Switzer:

Sorry, I just didn't hear the company?

Craig:

FiberSense.

Peter Switzer:

The problem there, I didn't ask him about FiberSense, so I really haven't, I was so impressed with him just generally, I guess you guys will prefer me to... I did ask him about Megaport which he has involvement in and my discussion with him made me glad I was an investor in Megaport but I didn't ask him about that company but I can follow up mate, for sure.

Paul Rickard:

Let's go to Treasury Wine Estates, Peter.

Peter Switzer:

Yeah.

Paul Rickard:

Your stock of the year for 2020.

Peter Switzer:

Yeah, yeah and I'm telling everyone, it's not like when I tipped BHP at \$15. That was an easy play. Quality company, ridiculously low price a few years back. But this one is a speculator from my point of view and the analysts think there's 7.6% upside, and I keep saying, a lot of the analyst views are more for the shorter term. I'm saying, if you give yourself a year, I reckon this quality company will have a much higher share price. I reckon it will be higher than 7.6%.

Paul Rickard:

Would you get in now? We talked about this on Wednesday in Mad About Money, and we both said, "I think we're going to buy it."

Peter Switzer:

Yeah.

Paul Rickard:

I forgot on Wednesday, didn't do much on Wednesday. It rallied yesterday, it's up again another 3% today. You bought? When do you have time to do this?

Peter Switzer:

Yeah I bought. Well, I've got a sidekick who loves to buy. So when I say, "I like this," Maureen goes off and buys it straight away. She's an executor.

Paul Rickard:

Okay so it's currently \$9.06 all right, so would you be patient now, I'm-

Peter Switzer:

Yeah, I thought around nine dollars, because what was it's high, Paul?

Paul Rickard:

I just can't believe you have time to go and do these things, hey?

Peter Switzer:

Well, as I say, I once upon a time I used to actually ring up a broker in case I'd miss out, but now, Maureen just loves playing the market and she's just, every time, or you or I or Tony comes up with idea, she's probably bought Pushpay knowing Maureen.

Paul Rickard:

Okay, we'll move on to our next question Jon, unless you tell me otherwise.

Peter Switzer:

Okay.

Paul Rickard:

Question 27 is in the light of threat of rising inflation and interest rates. Oh that's interesting. Is gold or government inflation linked bonds they way to go? Gavin, you're one of the few people that think that. You're in a very tiny minority.

Peter Switzer:

Yeah, I think everyone will be thinking, it's not going to be next year, but 2022 inflation could be going. And I've agreed that's going to happen, but I don't think it's going to be fast enough to make gold such a big play. If it was rapid inflation and quick rising interest rates, I'd say you'd have to play gold. I think gold's had a nice run and I think it's going to be out of favour for a while until something scary comes along or big inflation threats. I don't think we're going to see it in 2021.

Paul Rickard:

Yeah, the US dollar's also going down which isn't helping gold.

Peter Switzer:

No, that's a good point.

Paul Rickard:

I think I'd be waiting for another down leg on gold before I really looked at it, would be my guess. Okay, and I don't think the market's talking about inflation yet, so I think we're a long way off on that front still. But, markets change.

Paul Rickard:

Okay, question 28. Which dividend stocks, stable in price over time, would you recommend for 2021? Do you know, I want to give it some more thought. But you might have something?

Peter Switzer:

You know, Paul, I might write a story on Monday because it's a good question, a lot of our people would like us to be on that, so yeah, I'll do that for Monday.

Paul Rickard:

I mean the one I'd nominate, I think is probably the most stable, is probably Medibank Private. I think they're doing all right, that company, despite some of the headwinds through health insurance, so that's one.

Paul Rickard:

Look, companies like APA it's out of favour, it hasn't done much this year, it's a good company that is a gas line, that's very stable in price. They're the two I'd probably nominate without sort of thinking about it.

Peter Switzer:

And you could actually go and look at what the current holdings are for Switzer Dividend Growth Fund, because on the website they'll show that and they'll see what our fund manager thinks it is and that could be another way of getting an idea, then test it out. Certainly the guys won't be holding stocks in that fund that they think they're going to have a downside.

Paul Rickard:

All right. So, let's go to question 29. I guess I sort of probably covered this earlier but let's... Can you recommend any fixed income managed funds? Graham, we sort of probably covered this earlier but I would have a look if you didn't, the high risk part of the market, I'd look at things like an NBI, Metrics Credit Partner, MXT is the code there. We also like the Qualitas Retail Income Securities. They're higher risk fixed income.

Paul Rickard:

If you're looking at much more secure part of the market then obviously you've got things like some of the ETFs from people like iShares. iShares Core Corporate Bond. You can look at also our new Switzer Fund which is-

Peter Switzer:

Ticker code will be SHYF.

Paul Rickard:

Switzer High Yield Fund.

Peter Switzer:

That's going to be managed by Chris Joye, by the way. And Chris is a pretty smart fund manager.

Paul Rickard:

So yeah, there are different sorts of funds. Different risk spectrum.

Peter Switzer:

That's what you need. Diversification.

Paul Rickard:

And also, you want to just think about whether you want to take interest rate risk or credit risk. They are different and different funds do different things, so here you're buying a long-term bond fund, you're taking a lot potentially of interest rate risk.

Peter Switzer:

One thing Joye tries to do is avoid both.

Paul Rickard:

Yeah.

Peter Switzer:

It's interesting the way he does it, too.

Paul Rickard:

Yep, okay. All right. So that's question 29. Question 30. Jupiter Mines. JMS. I don't know what that means. Demerger iron ore assets, buy or sell?

Peter Switzer:

Well put it this way. The analysts think it's 25% upside, for Jupiter Mines. I was actually surprised that they actually cover it, Paul.

Paul Rickard:

Yeah. I don't have an opinion on the stock so we'll... I'm not sure what the 17% div means.

Peter Switzer:

Div. Demerger.

Paul Rickard:

Yeah. Anyhow, we're going to go with the analysts on that one.

Paul Rickard:

Okay, question 31. Austal. Share price stuck in a rut. Any idea? Well, I think Austal is a pretty good company Peter.

Peter Switzer:

Yeah, and analysts think there's 33% upside. I was actually quite interested in that, Paul, because it is a good company. I reckon that it would've been pretty hard selling boats over the coronavirus period but as tourism trade opens up again and all that sort of stuff, you'd think on the two year basis, a company like Austal probably has some pretty good-

Paul Rickard:

They had a very uneven order book because they are sort of making catamarans and big boats.

Peter Switzer:

Are they doing military stuff as well?

Paul Rickard:

And some stuff for the US Government. Control boats and things and those order flows of can be pretty lumpy and then suddenly you don't get an order, and you're right, over the coronavirus, probably been pretty hard to sell too many luxury boats and a lot of people pulled back so I guess that's probably a little bit around the eagerness but the analysts still think it's...

Peter Switzer:

33% upside.

Paul Rickard:

Okay.

Peter Switzer:

I must get the CEO on the program on that basis, Paul.

Paul Rickard:

Okay, so question 32 is it appears that lithium miners are the flavors of the month. What are your views on Vulcan?

Peter Switzer:

Not covered by the analysts so I've got no idea, Paul.

Paul Rickard:

I'm going to have to take that as a rain check. We'll just have to ask them, I don't know. I didn't think lithium had quite come back in to vogue again, it's sort of in and out. Let's look at, we can't go to Galaxy, we can't do that, it's gone, isn't it? Let's come back to that one, we'll take that on notice. Okay.

Peter Switzer:

What do you mean lithium hasn't made a comeback, Paul?

Paul Rickard:

Yeah, I mean certainly the whole electric vehicles, battery stuff is all helping and I think the price of the underlying oxide has recovered a little bit so that's probably what's driving the interest in some of the miners. Okay, so let's go to question 33.

Peter Switzer:

PPK.

Paul Rickard:

PPK.

Peter Switzer:

Our analysts don't cover it.

Paul Rickard:

Right, so we might just come back to that one, we'll do that.

Peter Switzer:

Do you know PPK?

Paul Rickard:

I'm not hugely familiar with that, so-

Peter Switzer:

It's done a capital raising to boot.

Paul Rickard:

Yeah. Again, the capital raising, let me just bring it up. It's only a 15.4 million in capital raising. I think-

Peter Switzer:

What space is it in, Paul?

Paul Rickard:

It's in industrial, so the capital raising is at \$5.50. The current share price is \$5.95, I think, is that right?

Peter Switzer:

Plus Pack.

Paul Rickard:

So on prima facies, in fact it's \$6.08 so prima facie you would take it up, right? Because you can buy something at \$5.50 and it's currently trading at \$6.08 so prima facie, you look very carefully at taking those up. If you're not, one way you can always do these things, is you actually just sell the shares first, and then buy them back. So if you actually don't want to be a conditional holder, you'll know what your entitlement is. Presuming you have an opportunity, you should just sell your current shares in the

market now at \$6.08 and buy it back at the capital raising of \$5.50 so, there are a number of ways you can play that without necessarily committing more money to the market.

Paul Rickard:

Okay, gold and best mineral stocks. That's a touch questions whether you mean just gold or you mean the best gold and the best mineral stocks. I think in gold, I'm going to probably nominate Newcrest, it's not 100% pure gold but it's the biggest producer. It's probably the one I like best.

Paul Rickard:

What do you like, Peter?

Peter Switzer:

Well, I've got to say I've always been impressed with the CEO and the performance of a company called Northern Star Resources, and because gold's off the boil and it's probably a chance to buy in and the analysts think 15.8% upside. It seems to me it's just a good company.

Paul Rickard:

Yeah. And Neil, just in that question, mineral stocks. Hundred of other minerals, yeah, they've all got different outlooks so I'm not sure you're really helping us with the question but-

Peter Switzer:

It's probably something for the report, Paul.

Paul Rickard:

We're not gold bulls, right?

Peter Switzer:

No.

Paul Rickard:

So, you know that's why we're getting a little bit... Gold is very different to other minerals right.

Peter Switzer:

But why don't we get James Dunn to answer that question? What are the mineral companies, or mining companies, that have the best outlooks?

Paul Rickard:

Well, yeah, I mean its mineral by mineral basis. I think gold's very different to the other minerals like copper and so forth, so. Okay, the Beta Asia Technology Tigers ETF. Just go to the chart on that, Jon. I looked at this not so long ago, it's done really well.

Peter Switzer:

Yeah.

Paul Rickard:

It's got a very good mix of companies. Tracks a good index.

Peter Switzer:

I think we talked about it before, haven't we?

Paul Rickard:

We have talked about it before. I'd probably, given how far it's run and the sort of the bit of the shift out of technology into other stocks. I don't think I would be rushing to stock at this sort of level.

Peter Switzer:

If you go in here, I would say the game is going to be slow but right, it's going to go up. But, I wouldn't expect a ballistic ride up from here.

Paul Rickard:

Okay, well we're in agreement, in that we paused, all right.

Paul Rickard:

Question 36. The best ETF to buy for long-term? Well hell, that's a \$64 question.

Peter Switzer:

Yeah.

Paul Rickard:

Australian ETF, international ETF, shares ETF. What would you, let's assume Ralph's just looking for an ETF, what would you do?

Peter Switzer:

It's such a hard question. Look, you either going to bet the US market or you're going to bet the Australian market.

Paul Rickard:

Yep, what would you bet for long-term?

Peter Switzer:

So, because we're behind, I'd go for the Australian market.

Paul Rickard:

Okay. IOZ, which is the S&P/ASX 200 or VAS which is the index-

Peter Switzer:

And A200 is the cheapest now, isn't it like-

Paul Rickard:

A200 is a less pure index, that's what worries me. It's not the in market but I'd got for the IOZ or probably VAS which is the-

Peter Switzer:

Bit cheaper and it's 300.

Paul Rickard:

... and 300 and gives you slightly broader coverage, both of them backing the Aussie market so we're on the unity ticket there.

Paul Rickard:

Okay. 37. We might have to take this on notice for Julia. In your opinion, in LiveTiles, LVT, Julia liked them some time ago.

Peter Switzer:

The analysts think minus 10.7%. So not as keen as Julia is on LiveTiles, but we'll revisit that on Monday.

Paul Rickard:

Okay. Question 38 for you in 60 seconds or less, Peter, will you please explain in simple terms the process utilised to introduce printed money into the economy and who are the main players in this process?

Peter Switzer:

Well, there's Central Banks. And look, by the way, don't think for one moment that Central Banks are just like a money machine and they're printing it out, money's just coming out. They don't do that. What they do is they buy government bonds that are out there in the market, and remember banks and insurance companies, for various products, have to hold government bonds. Now that gives them security, that's part of the reason why they make them buy them. But when the Central Banks all get scared, there's no economic activity, what they do is they start buying these bonds back.

Peter Switzer:

And how do they buy them? They offer higher prices. And when they offer the higher prices, the interest rate on that bond, the yield goes down and so yields right across the country go down and it helps economic activity. Affectively, that money is put into, is given to the banks and the insurance companies, and then they use it, they lend it out. So that's... But don't worry about. There are people out there who are making too many big deals about this printing money.

Peter Switzer:

As long as we get economic growth, it ain't going to be a problem. And we are getting economic growth as we saw this week. 3.3% biggest monthly rise, quarterly rise, ever in this country.

Paul Rickard:

All right. 39. Is it possible for China to freeze assets held by popular ETFs like the Vanguard's VAE or iShares' IAA if tensions severely deteriorate with the West?

Peter Switzer:

It's possible that individual companies in those indexes could be have problems with-

Paul Rickard:

Yep.

Peter Switzer:

... yep. For example, Tencent had a problem, didn't they? Not Tencent. WeChat.

Paul Rickard:

Yeah, it depends. It can't freeze the Vanguard ETF. What it can do is if those shares are listed, say for example on the Hong Kong Stock Exchange-

Peter Switzer:

Alibaba was hit, wasn't it?

Paul Rickard:

... or in the Shenzhen, or any other market that the Chinese, China Government controls, it could effectively stop those shares from trading which would impact the prices of the ETFs because they'd have no...

Peter Switzer:

And there could be Hong Kong company in there as well that could be affected, so, yeah, the answer is that's why there's sovereign risks associated with playing China.

Paul Rickard:

Yep, absolutely. All right, question 40. Chalice Gold has had a huge run this year, it really has-

Peter Switzer:

Yeah.

Paul Rickard:

... it's just done a share placement at \$3.75.

Peter Switzer:

Analysts still think 25% upside.

Paul Rickard:

So, \$100 million dollars were raised at \$3.75 after that run up. I'd be a little bit weary though, might put a question mark on that. But, nothing goes up forever.

Peter Switzer:

Who was it that described a miner as a man standing, no, a liar standing behind a hole? I think it was, what's his name, who wrote Tom Sawyer? The American...

Paul Rickard:

Okay, we'll move on.

Peter Switzer:

Thanks Paul, thanks Paul.

Paul Rickard:

I'm not helping you. Look, it's partly because of capital raising because whenever there's a huge run up like that and the company then finds a reason to borrow capital, it looks incredibly opportunistic so I'd just be a little bit careful, right? It might be a bit of indigestion on that, which is perhaps why it hasn't gone up much since the raise was done.

Paul Rickard:

Okay, question 41. Contango, the shares not held by WAM Capital? Well, the current position is that Contango, the money's that Contango has are being invested through WCM for their long short strategy so it's really got nothing now to do with WAM Capital because the next step in the proposal is potentially a selective buy back and this proposal, I think, coming to shareholders on that shortly. So-

Peter Switzer:

So CIE's long short strategy...

Paul Rickard:

Is invested in the long short strategy from WCM.

Peter Switzer:

Yeah, and Geoff Wilson is going to market, he likes the idea but he's going to market the fund to his database from WAM Capital so it's ended up being quite an amicable agreement.

Paul Rickard:

Okay, we've got time for two more questions. 42. We didn't quite get there. Very close. Is there too much Christmas froth in the market or is there still time to benefit from December exuberance?

Peter Switzer:

Yeah, it won't be a massive one, Simon, I think there's been a lot, if we can get three or four percent this month that would be a really good result. I think there will be a Chris- The fact that vaccines are coming through fast and quicker than we expected, yep. And by the way, the name of the guy's Mark Twain. The man who actually created the term-

Paul Rickard:

Okay.

Peter Switzer:

... the race that stops a nation.

Paul Rickard:

All right, 43. What will happen in the US- The market already expects this so there's no change about him becoming president, so I'm just going to say no change. We will all expect this to happen so it's if it doesn't happen there's a risk, okay? So don't expect something's going to change on the 16th January just because, the 20th January because he gets-

Peter Switzer:

I guess they might be worried about the Georgia election, Paul what with-

Paul Rickard:

Yeah, that could change the Senate election, 5th January, and if the Democrats win both of those Senate seats and Senate goes back to 50-50, meaning that Biden's Deputy, Kamala Harris, would have the casting vote, that could worry the market.

Peter Switzer:

Yes, most definitely.

Paul Rickard:

So that's the 5th January. That's a much bigger event than-

Peter Switzer:

So the 5th, is it?

Paul Rickard:

5th January is the date of the elections so that's not considered, although it's close, it's seen as being unlikely that the Democrats can win both seats. Okay, and I think we're pretty much done. One question on Humm and iron ore, vaccine euphoria, 44. Go to that quickly. Should now be part of retiree. I don't think, Fred, that's got anything to do with the vaccine euphoria, I think we've seen obviously credit spreads come in but look, within an SMSF portfolio, I would describe the risky fixed interest component, I will recommend it for our clients. But it's in that risky fixed interest.

Peter Switzer:

And we should say, if it's went up to about \$1.90 today I think Paul, isn't it? And its NTA has actually got back to \$2, Neuberger Burman. So it's always a more risky one than a term deposit but it was only the coronavirus that knocked the socks off this company. It's rebounded and it's possibly thirteen cents worth of capital gains in it.

Paul Rickard:

Okay, let's go, we've got two seconds more to do 45 and 46. Humm, previously Flexigroup. I've never liked Flexigroup. Kerrin James is a good CEO, I think she's up there.

Peter Switzer:  
Kerrin James is the-

Paul Rickard:  
Yeah.

Peter Switzer:  
... is it?

Paul Rickard:  
I'm 95% sure of that. Look I'm not a huge, I don't like the Flexigroup business basically so I'm not into Humm but you don't think that chart doesn't look too bad.

Peter Switzer:  
I think the important this is that we have to found out how many outlets are actually using Humm? That's a pretty important indicator.

Paul Rickard:  
Yeah. Okay, and 46, I think we've done this. Rio, BHP and Rio. I prefer BHP because it's across the asset class, minerals. Look, it's all iron ore. If you can predict the iron ore price you're doing better than me but I don't see any reason to sell those companies. Would I buy them now? No, but I'm just hanging on for the ride.

Peter Switzer:  
Seriously, if I had nothing to do with my life but trade, I think I would sell, oh no, I'd wait to get my dividend, then I'd sell.

Paul Rickard:  
Okay, all right. We're three minutes over time, one minute left to just tonight you'll be writing about the employment, are they going to worry about the employment in the States tonight?

Peter Switzer:  
They haven't been talking much but they'll worry about it but what's really interesting what I heard on the way to work this morning, they're very close on an agreement on stimulus. Now you watch the news by day more than me because you do less work, have you seen it? Is it there any update on that?

Paul Rickard:  
I haven't had the opportunity this morning-

Peter Switzer:  
I'm joking, he works hard. But that's going to be interesting.

Paul Rickard:  
The employment number, they're talking about 460,000 roughly in jobs?

Peter Switzer:

Yeah, yeah. But I really do think the market is going to be focused on, if they've got a stimulus deal of getting across the line, even if it's not quite as high as the Democrats want, if its close to 900, I think the market will really like it.

Paul Rickard:

Okay, well that's probably bigger news, so Peter will be writing about that tomorrow in the Switzer Report just after 08:00am. It comes out just after the market closes in the US. We're out of time Peter, it's 1:33pm. We went three minutes later, we got through all the questions.

Peter Switzer:

And we should apologise for the technical problem.

Paul Rickard:

Yep. I'm going to fire him straight after the broadcast's finished.

Peter Switzer:

No, well remember, on the other side of the screen are a lot of baby boomers like us who may-

Paul Rickard:

We have no idea.

Peter Switzer:

... well be technically challenged as well but anyway.

Paul Rickard:

Times up, Jon does a great job. Thanks for joining us. This is out last webinar for this year. We won't be back in the first week of January, we'll be back in February. We've got our Boom, Doom and Zoom next Thursday and we'll have that back in the middle of January as well. So the next couple of weeks, Boom, Doom and Zoom on Thursday. See you at, that's at 12:00pm Eastern Standard Time on Thursday. We'll see you on Thursday. Thanks for joining us and have a great weekend.

Peter Switzer:

Cheers.