



WAR AND WEALTH: INVESTING FOR THE NEW AGE OF CONFLICT

Disclaimer:

The information provided on this presentation is general in nature and does not constitute personal financial advice. The information has been prepared without taking into account your personal objectives, financial situation or needs. Because of this, you should consider the appropriateness of the information for your own objectives, financial situation and needs before acting on it. Also, before you decide to invest in a financial product arranged by a representative of Nucleus Wealth Management Pty Ltd, ABN 54 614 386 266, corporate authorised representative of Nucleus Advice Pty Ltd AFSL 515796 (Nucleus Wealth or we or us), it is important that you read and consider the Product Disclosure Statement relating to the product before making any decision about whether to invest in it. Your Nucleus Wealth adviser can help you with this decision if you would like them to do so.

Agenda:

- Ethical Considerations
- Quick background
- Geopolitical implications
- Macroeconomic implications
- Investment implications: Macroeconomics
- Military changes from Ukraine war
- Investment landscape / defence contractors
- Investment implications: Stock selection

Russia / Wagner:

- Attempted coup
- Is it real? Time to respond, aircraft destruction
- Wagner background: Donbas, Syria, Mali, Central African Republic
- Wagner plausible (??) deniability now gone
- Russia now taking credit for Wagner. War crimes?
- Wagner military capability
- Bribe? Retirement plan? Overconfidence?

Geopolitical:

- Internal issues
- External interference. For focus on internals?
- External direct force. More instability?
- Implied protection instability? Armenia/Azerbaijan
- Nuclear weapons

Thomas Graham - Any Russian leader must be able to do three things to keep the confidence of the elites:

- protect them from external enemies
- protect them from the Russian people
- protect them from each other

Geopolitical:

Name	Age	Position	Date	Cause
Leonid Shulman	60	Director of Transport of Gazprom	30-Jan-22	Suicide
Igor Nosov	43	CEO of the Far East and Arctic Development Corporation (KRDV) an	08-Feb-22	Stroke
Alexander Tyulakov	61	Deputy General Director of the Unified Settlement Center of Gazprom	25-Feb-22	Suicide
Mikhail Watford	66	Businessman	28-Feb-22	?
Vasily Melnikov	43	CEO and owner of Medstorm	23-Mar-22	4 dead
Vladislav Avayev	51	Former Vice President of Gazprombank	18-Apr-22	3 dead
Sergey Protosenya	55	Former Deputy Chairman of Novatek.	19-Apr-22	3 dead
Andrei Krukovsky	37	General Director of the Estosadok Krasnaya Polyana, a ski resort owne	01-May-22	Fell off cliff
Alexander Subbotin	43	Board member of Lukoil	08-May-22	Drug induced heart attack
Yuri Voronov	61	CEO of Astra Shipping, a subcontractor of Gazprom	04-Jul-22	Gunshot
Dan Rapoport	52	Businessman	14-Aug-22	Fell out window
Ravil Maganov	67	Chair of Lukoil	01-Sep-22	Fell out window
Ivan Pechorin	39	Director of Aviation of the Russian Far East and Arctic Development Co	10-Sep-22	Fell off boat
Vladimir Sungorkin	68	Editor-in-chief of Komsomolskaya Pravda	14-Sep-22	Stroke
Anatoly Gerashchenko	72	Former Head of the Moscow Aviation Institute	21-Sep-22	Fell down stairs
Pavel Pchel'nikov	52	Director of Digital Logistics, a Russian Railways subsidiary	28-Sep-22	Suicide
Nikolay Petrunin	46	Deputy of the State Duma	12-Oct-22	Covid
Nikolai Mushegian	29	Co-founder of MakerDAO, a cryptocurrency platform	28-Oct-22	Drowned after tweet
Vyacheslav Taran	53	Co-founder of Libertex, a cryptocurrency and foreign exchange market	25-Nov-22	Helicopter crash
Vladimir Makei	64	Foreign Minister of Belarus (2012-2022)	26-Nov-22	?
Grigory Kochenov	41	Creative Director of Agima, an IT company	07-Dec-22	Fell off balcony
Dmitriy Zelenov	50	Co-founder of Don-Story, a construction company	09-Dec-22	Fell and hit his head
Vladimir Bidenov	61	Business associate and travel companion of Pavel Antov	22-Dec-22	Heart problems (companion also died)
Alexander Buzakov	66	Director General of the Admiralty Shipyards	24-Dec-22	?
Pavel Antov	65	Founder of Vladimirsky Standart, a meat processing company, and depu	24-Dec-22	Fell out window
Alexei Maslov	69	Former Commander-in-Chief of the Russian Ground Forces and special	24-Dec-22	?
Magomed Abdulaev	61	Former Chairman of the Government of the Republic of Dagestan	05-Jan-23	Car accident
Dmitry Pawochka	49	Former manager of Roscosmos , Sukhoi , Lukoil , Bank Menatep and	26-Jan-23	Fire
Vladimir Makarov	72	Former police general in charge of cracking down on anti-war proteste	13-Feb-23	Suicide
Marina Yankina	58	Head of the financial support department of the Ministry of Defence fo	16-Feb-23	Fell out window
Viatcheslav Rovneik	59	Oil magnate, co-founder of Urals Energy, co-owner of Belgian oil comp	22-Feb-23	?
Igor Shkurko	49	Deputy director of Yakutskenergo .	04-Apr-23	Suicide
Pyotr Kucherenko	46	State Secretary and Deputy Minister of Science and Higher Education o	20-May-23	?
Artyom Bartenev	42	Federal Judge of the Kirovsky District Court	08-Jun-23	Fell out window
Grigory Klinishov	92	Physicist and co-creator of the Soviet hydrogen bomb RDS-37 .	17-Jun-23	Suicide

Source: Wikipedia

Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) 
- No Fossil Fuels (Any) 
- No Coal Seam Gas or Fracking 
- No Nuclear Power 
- No Old Growth Forest Logging 

Macroeconomic:

- Russia mostly out of world trade already
- More short term instability = bad, but relatively small countries
- US elections?
- Implications for oil
- Food implications
- Commodities
- Implications for Russian industry
- Nuclear weapons

Macroeconomic: Investment implications

- Slight positive for commodities
- Slight negative for inflation
- Risk premium?

Military changes from Ukraine war

- First ground based war in decades
- Most watched/videoed war ever
- Switch from counter-insurgencies
- Helicopters vs artillery
- The arrival of drones
- Electronic warfare
- Ammunition shortages / capacity

Large NATO countries:

Nato Ally	Defence Expenditure (%GDP)				\$USD	Spending Priorities
	2014	2022	2023	Target		
United States	3.7%	3.5%	3.5%	2.7%	857,942	Naval procurement: 11 battle-force ships, and a new destroyer
Germany	1.2%	1.4%	1.5%	2%	58,083	F35 fighter jets, PUMA fighting vehicles, F126 frigates, future combat air system
United Kingdom	2.1%	2.1%	2.1%	2.5%	67,817	NA
France	1.8%	1.9%		2%	56,462	Seabed warfare, nuclear modernisation, military intelligence, Rafale fighter jets
Italy	1.1%	1.5%	1.5%	2%	43,493	Tempest fighter jets
Canada	1.0%	1.3%	1.5%	1.51%	30,920	F35 fighter jets.
Poland	1.9%	2.4%	4.0%		27,394	Increasing size of armed forces, K2 battle tanks, K-9 howitzers, FA-50 training and light aircraft
Spain	0.9%	1.0%	1.1%	2%	22,719	NA
Netherlands	1.2%	1.7%	1.7%	2.03%	15,890	Armoured howitzers, long-range missiles (naval), F35 fighter jets, reaper UAVs
Türkiye	1.5%	1.2%	1.6%	2%	14,222	NA
Sweden	1.1%	1.5%		2%	10,652	NA
Greece	2.2%	3.8%			8,672	NA
Norway	1.6%	1.6%			8,388	F35 fighter jets, military infrastructure modernisation & expansion in northern Norway, expans
Denmark	1.2%	1.4%	1.5%	2%	7,868	Heavy infantry brigade, surveillance & intelligence capabilities, anti-submarine warfare.

Large Defense contractors:

Company	Domicile	Military	% Sales						
		Sales (%)	IT/ Surveillance	Aerona utical	Helicop ter	Missiles /Space	Air Defence	Ground Defence	Subs/ Ships
Lockheed Martin Corp.	US	90		40	25	17	17		
Raytheon Technologies	US	65		60		40			
Boeing	US	54	20	40					
Northrop Grumman Corp.	US	84		29		28	43		
General Dynamics Corp.	US	69	32	22				19	28
BAE Systems	UK	97	25	30			23		21
Leonardo	IT	83		20	30		44		
L3Harris Technologies	US	75	32	28		15	24		
Thales	France	51	53	27			20		
Dassault Aviation Group	France	73		70					

Note: Javelin/HIMARs/Patriots

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?



Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?

Personalise your portfolio now >



Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

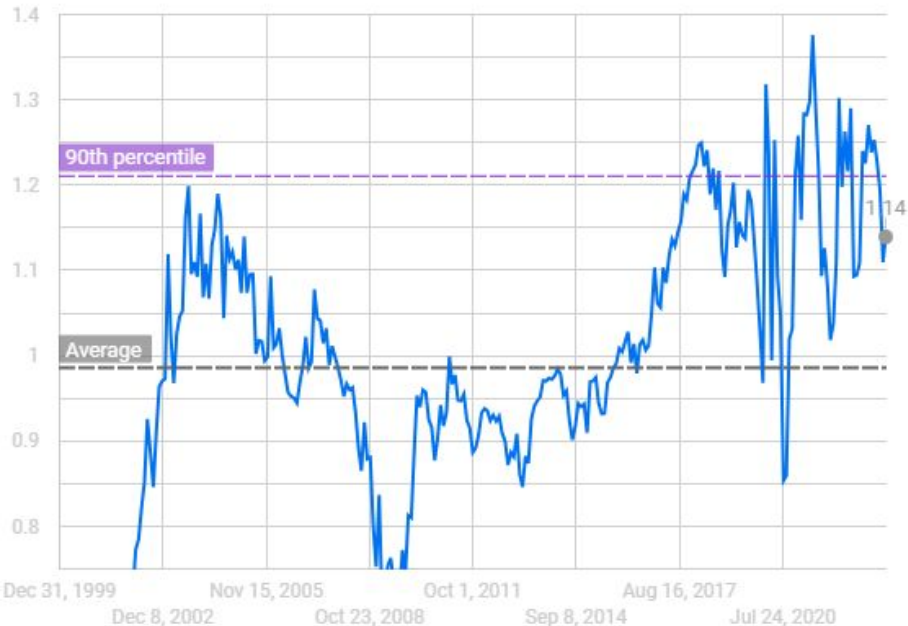
Global Health Care

Global Industrials

Global Information Technology

Valuation:

Aerospace & Defense relative 12m Forward Price to Earnings



Aerospace & Defense 12m Forward Price to Earnings Ratio



Source: Nucleus Wealth, Capital IQ

Aerospace & Defense Valuation:

Name	Country	Ranks		PE		EV/FCF		Margins	Gearing	Growth NTM to STM	
		Valuation	Quality	NTM	STM	NTM	STM	NTM	Latest	Sales	EPS
Raytheon Technologies	United States	52	59	17.9	15.4	26.3	19.6	12%	20%	8%	15%
Boeing	United States	98	97	100.0	30.3	37.0	19.2	5%	32%	12%	62%
Lockheed Martin Corp	United States	47	3	16.4	15.9	18.5	18.5	13%	12%	4%	4%
Airbus	France	59	60	20.8	16.7	25.0	17.2	9%	11%	13%	24%
Northrop Grumman	United States	64	31	18.9	16.7	31.2	25.0	11%	17%	6%	12%
Safran	France	90	85	25.0	20.4	22.7	20.8	14%	12%	10%	23%
General Dynamics	United States	47	19	15.4	13.7	15.4	14.1	11%	16%	5%	12%
TransDigm	United States	92	38	31.2	27.0	32.3	27.0	44%	31%	9%	15%
L3Harris Technologies	United States	39	28	14.9	13.9	18.5	15.6	16%	20%	5%	8%
BAE Systems	United Kingdom	44	23	14.9	13.9	19.6	16.4	10%	17%	5%	9%
HEICO Corp	United States	97	9	52.6	47.6	47.6	41.7	22%	3%	8%	8%
Rolls-Royce	United Kingdom	73	92	25.0	18.9	9.4	7.8	6%	29%	7%	33%
Thales	France	40	29	15.9	14.7	17.2	16.1	11%	15%	7%	9%

Source: Nucleus Wealth, S&P Capital IQ

Viewer question of the week:

If Ukraine is resolved, will the commitment to defense budgets remain?

Drop your answers in the comments

More from Nucleus Wealth:

Content: [Nucleuswealth.com/content](https://nucleuswealth.com/content)

**Have a guest or topic suggestion for the show?
Leave a comment on YouTube**

Find us on all major (and minor) podcast platforms:



Social media:



Facebook.com/nucleuswealth



Linkedin.com/company/nucleuswealth



Instagram.com/nucleus_wealth



Twitter.com/nucleuswealth