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THE AUSTRALIAN DISPATCH

BY PHOEBE HORTON ANDREWS

+ MORE ON:

THE DEMISE OF THE SPORTS FAN
LIVE COMMERCE
ETHEREUM 2.0
2022 MYOB BUSINESS MONITOR

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Contents

Opinions

The Australian Dispatch	2
Sport, money and the demise of the fan	7
Live Commerce: How streaming is transforming online shopping	9
Ethereum 2.0, is an investment justifiable?	11

MYOB column

Tough conditions see SMEs seeking new Government leadership	13
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POLITICS

The Australian Dispatch

BY PHOEBE HORTON ANDREWS



*“The sooner we get there,
the sooner we get there”*

- *Scott Morrison*

It began as a holiday, but I'm not sure if it counts. As cases soared, our hope for a return to pre-pandemic nostalgia declined. Evidently, it would not return soon. COVID abundant, the borders were opened, and I was able to see my family for the first time in almost a year.

And so, I returned home - to a people so enamoured with their own politics that they said Jacinda Ardern was their favourite politician. That's when I noticed it for the first time. Not just the slander, and the segments in the news, the national debates, or the headlines, or the catchphrases. Not just the hard hats and highly visible photo ops, and not just the awkward nicknames. But the discontentment, more palpable than ever.

Before I go further, here's a brief overview:

Australian federal politics is dominated by two major parties: the centre-left Labor (who prefer the American spelling) and the centre-right Liberals. The Liberals have formed a coalition with the Nationals, a group who sit further to the right and ostensibly represent the rural vote. In parliament, they are known as the Liberal-National Coalition, the LNC, with Scott Morrison as the Prime Minister and Barnaby Joyce as the Deputy Prime Minister.

To further complicate matters, the Liberals themselves are split into factions. Within the party itself lies an enclave of so-called “small-l liberals”, a reference to the common noun usage of the word. Thus, the government is effectively split into three groups: the liberals, the Liberals, and the Nationals.

There are several minor parties, most notably the Greens, but none of these has a chance at winning

the election on its own. Much like the Bloc Quebecois, these parties attempt to secure the balance of power in parliament to gain support for their legislation, instead of running broader, “big tent” policies. Coalition or not, smaller parties' attempts to navigate this partisan system are exemplified by clinging to larger parties – this allows them to have a larger influence than their size might ordinarily allow, but it also requires an unsteady truce between them and the larger parties.

This lends itself to an unfortunate situation: parties like the Liberals, who run a moderate platform with an emphasis on small government and individual freedoms, must present a united front with more extreme, far-from-centre parties in order to have enough support for their bills (and although not a formal coalition, Labor often finds itself relying on the Greens in the same way). But as the leanings between the Liberals and the Nationals diverge, it becomes



more difficult to deliver a satisfactory outcome for both parties.

Scott Morrison attributed his 2019 victory to the so-called “Quiet Australians”, who represent a more right-wing, disenfranchised group of voters who tacitly avoided being polled to such an extent that they delivered an upset win. But the Liberals (and to some extent, Labor) have another group of disenfranchised voters to worry about, who tip the other way on the political spectrum.

Polling suggests that the two major parties are set to lose votes to the so-called “Teal Independents”, a phenomenon of socially progressive, economically staid, disenfranchised voters who are seeking to rebuke the LNC’s lacklustre efforts on issues such as climate change. Long-time conservatives have turned and are now backing these independents on climate change and corruption, with trust in government falling across the board as a result. This phenomenon is especially pronounced in the wealthier, more moderately conservative inner-city seats of Warringah and Wentworth (in Sydney) and Kooyong (Melbourne).

Warringah was won by Zali Steggall in 2019, who took the seat from former Prime Minister Tony Abbott in a surprise victory.

Wentworth, to the south, was won by Kerry Phelps (an independent) in a 2018 by-election (more on that later), before being lost to Dave Sharma (a small-l Liberal) in 2019. Currently, Sharma is facing off

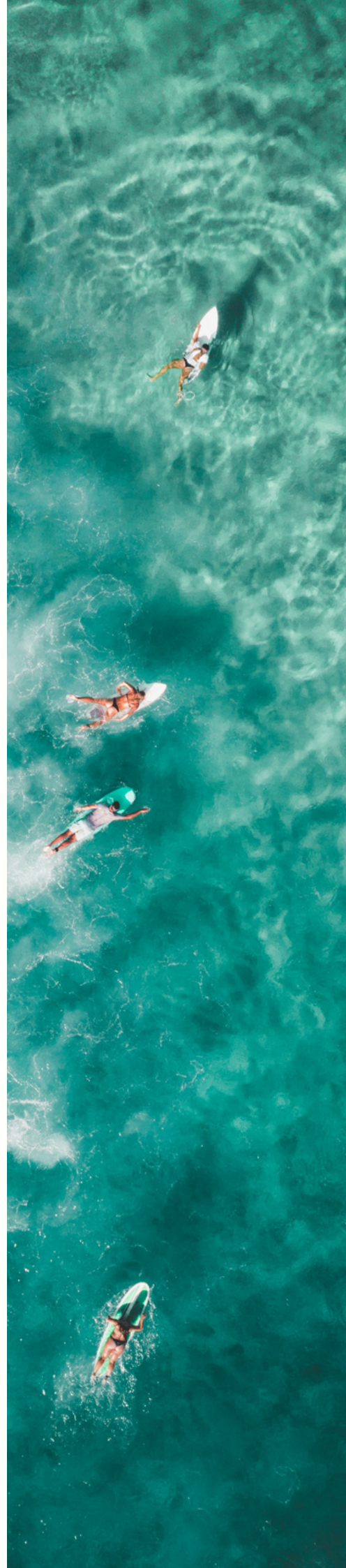
against Allegra Spender, an alumnus of The Scottish Firm who seems keen to secure a Steggall-style victory, though against much tighter odds. Kooyong, the Victorian seat of federal Treasurer Josh Frydenberg, is being contested by Monique Ryan, a paediatric neurologist, in what will be another close call.

Broadly, these independents have not only popular support, but also the support of Climate 200, an unaligned war chest helmed by Simon Holmes à Court (the son of Australia’s first billionaire) and supported by Mike Cannon-Brookes that gives money to independent, climate-focused candidates.

This reflects a changing status quo in Australian politics, which has long invoked the ire of its contemporaries for its attempts to prop up coal and gas and its lack of commitment to serious climate targets. High income, highly educated, inner-city voters are less likely to condone a “business as usual” approach to climate change, and their changing preferences reflect this. But it also presents a conundrum for the Liberals: on either side, they are set to lose votes in this election, and depending on its outcome, the face of Australian politics could change for years to come.

“The alternate domination of one faction over another... is itself a frightful despotism.”

- George Washington





TAB currently has the odds of a Labor election victory at 1.35:1, with the Liberals at 3.25:1. This suggests that Labor could form a government for the first time in almost a decade, implying a shift to the left for Australian politics, which would serve as a death knell for the Liberals' highly conservative agenda. A repeat of the 2019 election results, however, could see the Liberals double down on their approach, and this seems to be the result Scott Morrison is banking on.

In New South Wales, Prime Minister Morrison made a contentious "captain's call" to run the socially conservative Katherine Deves in the moderate seat of Warringah, an erstwhile Liberal stronghold in Sydney's old-moneyed east which was lost to Zali Steggall in 2019.

Deves' platform is contentious, and her transphobic views put her at odds with the electorate. Steggall's victory is all but assured, with odds of 1.07:1 – so why did Morrison not choose a more

palatable, moderate candidate? Why pick Deves, a political unknown and forlorn hope, to run against Steggall, a household name, world skiing champion, and overall more popular candidate? Put simply, Morrison's pick is a dog whistle in support of the more conservative pockets of Australian politics, and it's a bet that might not pay off.

By and large, Australians are keen to eschew the name-calling, reductionist Republican rhetoric that has dominated American politics since at least 2015. Furthermore, a lack of clear action on climate change is unlikely to see Deves supported: it's not that Australia is a progressive utopia, but rather, that her platform simply doesn't cover enough of the issues that voters in Warringah care about. The controversy around the decisive decision to run Deves, who was hand-picked, could be the final nail in the coffin for the unpopular Prime Minister, who has faced numerous blunders since his contentious grasp for the party leadership back in 2018.

So what will happen if the Liberals fail to secure a victory at the forthcoming election? The party has an unfortunate history of mutiny, with the moderate Malcolm Turnbull being ousted by a more conservative faction headed by Peter Dutton in a leadership spill back in 2018, which delivered Scott Morrison the party leadership, and gave way to the Wentworth by-election (which pre-empted the Teal wave). Ironically, Malcolm Turnbull's middle name, Bligh, is a family tradition and a reference to Governor William Bligh, who captained the HMS Bounty when it was mutinied in 1789, seventeen years prior to his governorship.

Scott Morrison's move to the right will likely alienate more progressive members of the party including the current treasurer, Josh Frydenberg, who is running in Kooyong. Throwing one of his closest colleagues under the proverbial bus won't loom well for the Prime Minister if he can't take the party to victory on the 21st, and a Labor win might see him ousted

from the leadership – in which case, the question remains: who would replace him?

Who knows what the future holds? Internationally, the outcome of the election is unlikely to have a significant impact on global markets. Australia is a major energy producer, and both major parties support the continued production of fossil fuels, including a \$1bn commitment by the Coalition that includes plans to frack the Beetaloo Basin. This comes amidst a perceived unwillingness on the part of Labor to commit to hard climate targets (likely in order to gain support

from the rural vote, which is more dependent upon those industries that contribute to climate change).

None of the minor parties has a viable platform for securing a majority at the election. The most likely outcome seems to be a Labor win, with support from the Greens where necessary to pass legislation. Additionally, the Teal Independents could play a linchpin role in passing legislation, given that they have quasi-party status. More relevant, however, is the view that the election is an experiment in conservatism. Given the proximity of Australian politics,

both literally and figuratively, New Zealand politicians should heed the outcome of this election, and what it may imply for the late-2023 election here.

**Odds via TAB as at 9th May 2022 and subject to change. TAB is relevant because, as a bookmaker, it has a commercial interest in providing an objective summary of election probabilities*





SPORT

Sport, money and the demise of the fan

BY ZAC BALLANTYNE

There is an ever-present trend of an increasing disparity between fan advocacy and top-dog financial incentives. As more and more money infiltrates some of the biggest sporting events and finds its way into thickly lined pockets, the best interests of fans are being left behind. Culture, traditions and experiences are being replaced by advertising, sponsoring and an increasing importance on the bottom line. A hopeless feeling for fans, as we pray that governing bodies, teams and players endeavour to keep their eye on the ball, rather than the bag.

You don't need to look much further than the 2022 Football World Cup for a prime example of greed over good.

Qatar will be hosting the cup. A country with a healthy bank account and a football team ranked 51st in the world. With next to no existing compatible infrastructure, Qatar's preparation for the cup has been marred in controversy, consistently hushing slavery allegations and human rights abuses. A nation so ill adept for the event, they even need to air condition their new stadiums to make the desert heat somewhat tolerable for fans and players.

The awarding of the tournament to Qatar was so unfathomable, that it sparked a string of anti-corruption investigations into football's governing body FIFA. Key stakeholder consideration was skirted around as much as possible to make the World Cup viable in Qatar. With such a grand effort being made to make Qatar 2022 a reality, it begs the question, what's in it for FIFA?

Unsurprisingly, money. Being able to put up much of the investment themselves was a huge factor. The richest country in the world pulled out all the stops in their bid, including a considerable amount

of groundwork. They are expecting the total figure spent to be around \$220 billion. As Forbes writer Beth Greenfield aptly puts "If wealth is power, then the Qataris have some serious muscle to flex." And the fans? They will have to spend some serious cash of their own to watch the show in person.

Recently, golfing great Phil Mickelson raised some eyebrows for comments about the controversial Saudi-backed LIV Golf Invitational Series. This new venture's goal is to take the best golfers away from the PGA tour by offering exorbitant money to play in a syndicate backed by a country

with a shady human rights record.

Normally competition is encouraged - where the essence of capitalism breeds greater competitive benefits for all. Yet this argument disregards the foundations and traditions of the sport and totally ignores the core fan base. Recent ticket prices for the first LIV Golf event have been labelled as “grotesque”, far exceeding equivalents for the PGA tour. Perhaps a tour with a different backer that is open to working in unison with current establishments would be more agreeable for some. It would certainly agree more with fans.

Another example that hits close to home (and then very far from home) is the unconsented taking of the America's Cup offshore to Barcelona. After not getting the funding they felt they needed, Team NZ has decided to host the cup offshore, rather than use the home-court advantage in their favour.

Team NZ CEO Grant Dalton said he would rather win offshore than lose at home. A very disagreeable comment in my eyes, especially considering they have won the last two events. To win at all costs means bypassing the economic flows to the already struggling local businesses, and robbing kiwi's of another 3 months of summer regatta spectacles. Surely an un-covid-interrupted regatta would be a win in its own right. At the very least it would help claw back the deficit created by the last cup. Yet we are confronted by the sport and the decision-makers following the scent of dollar signs.

Refreshingly, Germany's top football league, the Bundesliga, is known for treating their fans the right way. Clubs in the league offer regular tickets and season memberships at a fraction of the price of European counterparts. Why? Because of the “50+1 Rule”, where clubs essentially need to be member owned and controlled. As a result, ownership remains local and fans play a key role in policy making. The result is a greater consideration towards individual fans than compared to other leagues, where ownership models vary.

What is sport without the fans? The short answer is nothing. The majority of revenue for all sporting events is underpinned by viewer interaction. No viewers, no sponsors, no money. As fans are left flailing, watching events move offshore from their rightful homes, the pockets of governing bodies, participants and executives are getting healthier than ever.

Does it take a rebellion like that seen in last year's Super League Football escapade to dissuade fundamental sporting shifts? Hopefully not. Interacting with and supporting events that are fan-focused is perhaps the best thing we viewers can do, with occasional timely reminders to the top dogs that instead of looking offshore, increasing viewers locally can help beef up their wallets too.





ENTERTAINMENT

Live Commerce: How streaming is transforming online shopping

BY FAHEEM IBRAHIM

The internet has put consumers in the driving seat - calling shots on what's cool and what's not through reviews, social media posts and influencers. While traditional brick and mortar retailers provide a great personalised service for a handful of customers at a time, e-commerce stores have a much broader reach with no limit to the number of customers that can be served at once. Live commerce effectively combines physical retail stores with e-commerce, giving consumers a personalised service while having the ability to reach millions online.

Live commerce is a real-time online selling phenomenon which combines online live streams with an e-commerce store to allow viewers to watch and shop at the same time, seamlessly blending entertainment and commerce.

Leading the way in this e-commerce revolution is China. Live commerce started with Chinese

tech giant Alibaba's introduction of Taobao Live in 2016, raking in billions of dollars from its onset. However, it was the coronavirus pandemic in 2020 where live commerce really took off, presenting consumers with the perfect opportunity to dip their toes into this new mode of online shopping. The first 30 minutes of Alibaba's Singles' Day campaign

on Taobao Live in 2020 produced over \$7.5 billion in total transaction value, marking the opening of a new chapter in online shopping.

After conquering the Chinese market, many US and global businesses are looking to tap into live commerce. Since the arrival of Alibaba's Taobao Live in 2016, many multinational tech giants

have followed suit. Google has introduced live shopping on YouTube and Amazon is investing heavily in Amazon Live. Facebook and Pinterest have also both announced livestream shopping projects in 2021 with Twitter and TikTok also looking to jump in.

As valuable as live commerce is from a consumer perspective, it is just as beneficial, if not more, for companies and brands. Over the last 5 years, live commerce has developed rapidly with global sales now totalling over \$550 billion. Analysts from [McKinsey](#) estimate that by 2026 live commerce initiated sales will account for almost 20% of all e-commerce. Not only does it help companies increase their sales and conversions, offering live stream shopping as an option for customers helps immensely with branding and building customer awareness and loyalty. These brands have now opened themselves up to a vast array of new customers who otherwise would not even have considered them.

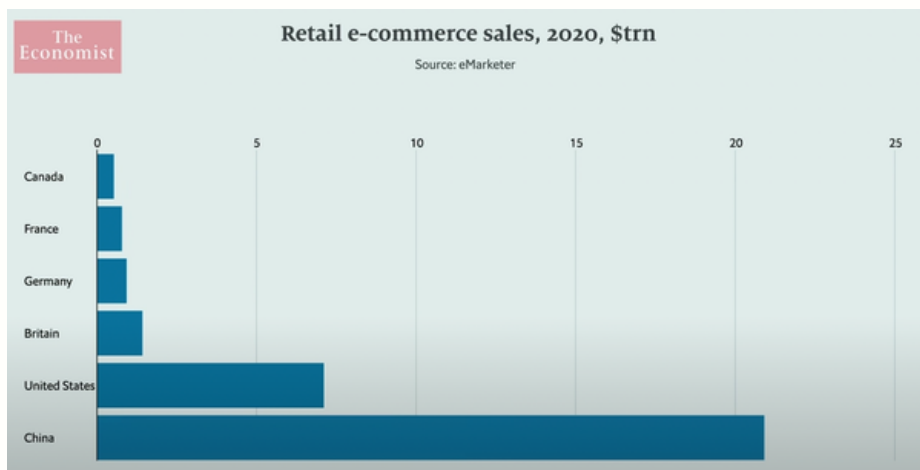
What sets live commerce apart from traditional e-commerce and online retail is the entertainment factor it provides and its immersiveness. Immersion is where customers actually experience the product. This is much more difficult without having the physical product in front of you. I'm sure many of you have wanted to purchase items of clothing online but have been held back because you are not sure how it will fit or how it will look in real life.

Live commerce looks to resolve this issue by giving the customer an experience that is as close as possible to the physical experience of touching and feeling a product. During live video demonstrations, demonstrators interact with customers, answering any questions relating to specifications or measurements. Some companies go as far to include models in the live feeds who can try on the clothes in the shopper's size. This allows the customer to get a "real-life" feel for the product..

The interactive and immersive experience live commerce provides cannot be replicated in traditional online retail or e-commerce stores. Live commerce is entertaining, immersive, and keeps viewers watching for longer. This is one of the major reasons Generation Z and millennials dominate this mode of online shopping.

The key, perhaps, isn't necessarily the shopping itself but the process of engaging with passionate influencers. The success of live streaming platforms such as Twitch for gaming have clearly demonstrated the popularity of consumers being able to interact with influencers in real time. In 2020, Twitch surpassed [5 billion](#) hours of total watch time, breaking viewership records. If interesting and passionate influencers happen to bring products to a space that consumers care about, they might just open their wallets and hit the buy button.

By integrating entertainment with instant purchasing, live commerce offers businesses a new channel to sell their products with an enormous potential to create value. It's not surprising that livestream shopping surged in popularity when people were spending their days scrolling through social media during lockdowns and quarantines, without being able to actually go to a real brick and mortar store. The question, however, is will it stay around?



Source: *The Economist & eMarketer*



CRYPTO

Ethereum 2.0, is an investment justifiable?

BY ANTHONY KWAN

Investing in cryptocurrencies is different from stocks as there aren't financial statements to analyse and justify the price. Their prices are perhaps speculative, however there is clear demand for these coins. People are betting on blockchain technology to become more significant in our lives. People decide what the prices of these coins are and so at the end of the day that is the price you will have to pay; whether you think it's absurd or speculative is irrelevant. Ethereum is the second largest cryptocurrency by market cap and when there are no financial statements to look at, understanding its technology will help justify the merits of an investment.

Ether is the digital currency used when manoeuvring around the Ethereum network. Like Bitcoin, it is easy to send to anywhere in the world in a few seconds. What makes Ethereum different to bitcoin is the ability to store data and create decentralised applications.

The whole idea of cryptocurrency and web3 is decentralisation and so these apps (dapps) will be hosted on the Ethereum blockchain instead of a server owned by Google or Amazon. Without a central host everyone has full autonomy. One of the key features of Ethereum is also the ability to make smart contracts

which enables anonymous agreement and fulfilment of a contract. An example are NFTs where once you pay the price (meeting the conditions of the contract) you will automatically receive your NFT in return. To utilise these features you must pay "gas" which is essentially a transaction fee.

The demand for the Ethereum Network has grown with the rise of NFTs and so more transactions are happening, and therefore, more transactions need to be verified. Banks verify our day to day transactions whereas "Proof of Work" and "miners" validate Ethereum transactions.

Currently Ethereum has a digital ledger which essentially records all the transactions ever in a sequential "block". Upon making a transaction on the Ethereum network that transaction is sent to the "miners" who gather as many as they can fit into a block and compute a mathematical process (like a puzzle). Miners compete with one another to solve the puzzle by making guesses. The more powerful your computer is the more guesses you can make compared to your competitors. At the end of it the miner gets paid and that block is added to the public ledger.

However, the problem with this is

that it requires a lot of computing power and therefore electricity. Currently, Ethereum uses 113 terawatt-hours per year which is the equivalent to the Netherlands. Transactions can sometimes consume as much power as the average US household uses in a week. To get the best computational speeds you also require the best graphics card and technology and so old ones get replaced and become electronic waste. Climate change and sustainability is a major focus around the world and so Ethereum 2.0 aims to solve these problems.

The alternative to “proof of work” is “proof of stake” and Ethereum 2.0 is the term to signify this shift when it happens. Proof of stake basically allows people to stake their Ethereum, like putting

money into a fixed term deposit. Here, your currency is locked in a smart contract where they can basically validate new transactions and earn Ethereum in return. But, if you validate fraudulent data you lose your stake as a penalty.







The blockchain algorithm selects validators to check new blocks of data and add them to the blockchain, the more you stake the more likely you get chosen. With this method there is less computational power needed, is more accessible for anyone to participate in and is a lot more scalable. However “proof of stake” is not as vetted as “proof of work” so can become more vulnerable to attacks and the larger the holding of your stake the more influence you have.

The demand for the Ethereum

network and cryptocurrencies in general will continue to grow as people strive to use innovative technology. I have experienced paying more than \$100 to get a transaction through during peak times first hand. That is not sustainable for people that want to constantly interact with the Ethereum network and as demand grows gas will only get worse.

These problems wouldn't exist without demand and interest for blockchain technology. Whether its institutions, start-ups or ordinary people using this technology is unimportant as there is a pool of people engaged with blockchain technology. I guess the question is whether this demand and innovation is worth an investment when there's nothing like a price-to-earnings ratio to justify it?

Proof of Work VS Proof of Stake

 <p>Mining capacity depends on computational power</p>	 <p>Validating capacity depends on the stake in the network</p>
 <p>Miners receive block rewards to solve a cryptographic puzzle</p>	 <p>Validators do not receive a block reward, instead, they collect transaction fees as reward</p>
 <p>Hackers would need to have a computer powerful than 51% of the network to add a malicious block, leading to 51% attack</p>	 <p>Hacker would need to own 51% of all the cryptocurrency on the network, which is practically impossible and therefore, making 51% attacks impossible.</p>

Source: City A.M.

MYOB column

Tough conditions see SMEs seeking new Govt leadership

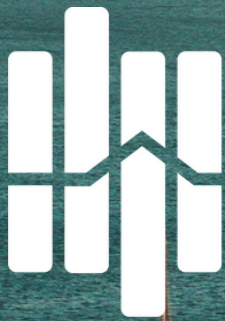
New data from MYOB's 2022 Business Monitor shows economic confidence has worsened over the past six months among small and medium business operators, with implications for how they feel about the sitting Government.

Key statistics from the 2022 MYOB Business Monitor:

- More than two thirds (68%) of local SMEs believe the economy will decline in the coming year
- Dissatisfaction with Government performance sits at 60%
- National's Christopher Luxon leads preferred PM poll by 17 points

Read more from last month's MYOB press release [here](#).





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