

G'day investors!

Welcome to Wilma Wealth Management, I am White Green, your most trusted investment companion!

In tonight's session, here is an overview of the session content:

1. Intraday market review and tomorrow's market forecast
2. Explanation of the properties of cryptocurrencies
3. Illustration of IEL opportunities and risks through practical case studies



With Australia's trade surplus for April soaring to AUD 6.548 billion, significantly exceeding the expected AUD 5.4 billion and the previous value of AUD 5.024 billion, market bullish sentiment has been notably boosted. At the same time, the Bank of Canada's decision to cut interest rates, making it the first major economy to do so in the current economic cycle, has heightened market expectations for rate cuts in other economies.

Driven by the aforementioned news, all three major indices on the ASX recorded gains today, with strong performances across the market's 11 major industry sectors. Particularly, interest rate-sensitive sectors such as technology, financials, and healthcare led the gains. Although the energy, telecommunications, and real estate sectors also saw increases, their gains were relatively smaller.

These changes indicate that investors are optimistic about the potential economic stimulus from lower interest rates and also expect more capital to flow into high-risk assets. In this environment, it will be crucial to continue monitoring the policy moves of global central banks and economic data to grasp market trends.



In yesterday's trading, the XJO Index successfully reclaimed the MA13 moving average, demonstrating the market's recovery momentum. In early trading today, driven by the interest rate-sensitive financial and technology sectors, the index surged quickly, showing strong upward momentum.

From a technical perspective, the index has now reclaimed all short-term moving averages, with the moving average indicators currently displaying a bullish alignment, indicating a relatively optimistic short-term trend. The index is moving upward along the MA5 line, and the red momentum bars on the MACD indicator are decreasing in volume. The KDJ indicator shows signs of the DIF line crossing above the DEA line, suggesting that market momentum is gradually building. Overall, the XJO Index exhibits a strong overall trend, indicating potential for further upward movement.

Today's market bullish sentiment is primarily driven by the positive trade export data for April. Additionally, yesterday's rate cut by the Bank of Canada and the anticipation of a possible rate cut by the European Central Bank tonight have further fueled global market expectations for a wave of rate cuts.

If the European Central Bank indeed announces a rate cut tonight, we may witness other

European central banks following suit to prevent excessive appreciation of their currencies and maintain export competitiveness. This policy move could further bolster expectations for a rate cut by the Fed. A strengthening global trend of rate cuts will put additional pressure on the Fed to lower rates, which will also influence the RBA's interest rate decision path.

For the XJO Index, this series of rate cuts undoubtedly constitutes a significant positive factor. In the short term, the index is likely to challenge its previous historical highs once again.

In today's market, our investment portfolio showed mixed performance, with IEL stock particularly noteworthy. Affected by negative news, IEL saw a significant drop at the opening but then displayed an oversold rebound. This early morning decline triggered panic among market participants, leading many investors to stop loss at low prices.

In handling this situation, I promptly had my assistant inform investors that IEL stock is still worth holding. Before delving into a detailed analysis of this stock, I would like to share an experience from years ago with a stock I invested in. You will find that it has many similarities to the current situation with IEL.





BXB and IEL exhibit several similar characteristics in their market performance, which are worth our in-depth analysis:

1. Impact of news on stock prices: BXB, being part of the logistics and packaging industry, experienced a significant stock price decline due to the tightening of industry regulations and loss of customers, leading to a short-term deterioration in its fundamentals. Similarly, IEL, as a member of the education industry, faced a stock price drop due to short-term negative news.
2. Involvement of institutional funds: During the significant drop in BXB's stock price, we observed panic selling from retail investors, while institutional investors actively accumulated shares at lower prices, resulting in a notable increase in trading volume. IEL's situation is similar, with institutional funds aggressively buying at low prices after initially driving down the stock price. These institutions, which include international investment banks such as Goldman Sachs, Citibank, and JPMorgan, currently hold large amounts of IEL shares.
3. Macroeconomic contribution of the industry: Australia's education sector contributes approximately 6-7% to the country's GDP, making it the fourth-largest industry after mining, manufacturing, and financial services. This macroeconomic significance means that any negative news impacting the education sector is likely to be viewed by institutional investors as an opportunity to accumulate shares at lower prices, anticipating a subsequent rise in the stock price.

Yesterday, we expanded our knowledge of financial instruments beyond the sharemarket, delving

into the origins of cryptocurrencies and their close relationship with blockchain technology. Today, we will continue our exploration in the field of cryptocurrencies.

In tonight's session, I will share with you the main attributes of cryptocurrencies and their intrinsic value. We will explore the uniqueness of cryptocurrencies as a new asset class. Understanding the attributes of cryptocurrencies is crucial, as they determine how these assets behave in financial markets and their potential investment value.

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Before explaining this issue, we need to understand why central banks around the world are promoting digital currencies.

Digital currencies are not only the natural progression of monetary development but also represent the latest stage in the evolution of money. Just as electric vehicles have become the new direction in the automotive industry, digital currencies are based on the latest technological advancements—particularly blockchain technology.

Blockchain technology endows central bank digital currencies with core characteristics such as anonymity, traceability, and programmability, giving them significant advantages in terms of security and reducing transaction costs. These features not only enhance the efficiency of monetary operations but also improve policymakers' ability to monitor economic activities.

Therefore, it can be said that Bitcoin and the digital currency technologies derived from it represent a major revolution in the history of human currency. This revolution has not only changed our understanding and use of money but also heralds extensive changes in the future financial ecosystem. In this process, understanding and adapting to these emerging technologies has become essential for every investor and policymaker.

Bitcoin is gaining increasing recognition globally, Although whether Bitcoin can ultimately become a global currency depends on various factors, one important point of observation is that during periods of global economic turmoil and increased uncertainty, cryptocurrencies tend to appreciate in value. This phenomenon reflects the market's enthusiasm and recognition of cryptocurrencies. As we have witnessed this year, there has been a significant rise in cryptocurrency prices. This trend underscores that in an unstable economic environment, cryptocurrencies, particularly Bitcoin, may be viewed as a safe-haven asset, attracting substantial capital inflows.

So, why does Bitcoin have investment value? Why does capital choose it?

Bitcoin is considered to have investment value and is favoured by capital markets primarily

because of its unique properties, similar to gold. Bitcoin is often referred to as "digital gold" because it possesses the attributes of a commodity, currency, and financial asset. This endows it with value and utility on multiple levels.

Firstly, the commodity attribute of Bitcoin:

What is a commodity? A commodity is a labour product used for exchange. An item must meet two conditions to become a commodity: it must be a labour product, and it must be used for exchange.

Bitcoin is produced by miners through mining and can be used for exchange, so Bitcoin is a commodity. Commodities have two attributes: use value and value. Since it is a commodity, there is a supply and demand relationship, and this relationship affects price changes.

Bitcoin is generated through mining and can be used for transactions, thus it is both a commodity and has use value and value attributes. The total supply of Bitcoin is fixed at 21 million, giving it a scarcity that surpasses even gold. Historically, metals like gold and silver have been used as currency due to their limited supply. Bitcoin's scarcity is measured by the stock-to-flow (S/F) ratio, where stock is the total global inventory, and flow is the annual production. Gold's S/F value is 54.53, while Bitcoin's is 63, highlighting its level of scarcity. This is why Bitcoin is also referred to as "digital gold."



Secondly, the monetary attributes of Bitcoin:

Money has five main functions: a measure of value, a medium of exchange, a means of payment, a store of value, and a world currency. Bitcoin also possesses these five functions.

1. Measure of Value: Bitcoin is primarily acquired through mining, a process that requires expensive specialised equipment and a substantial amount of electricity, thereby converting initial investments and labour into the value of Bitcoin.

2. Medium of Exchange: Bitcoin is recognized as legal currency in countries such as Germany, the United States, Canada, Japan, and also in Australia, where it is acknowledged as legal tender and can be used for daily transactions. Its liquidity is gradually increasing. In Australia, there are already more than 1,000 Bitcoin ATMs.

3. Means of Payment: Due to its transaction convenience and low cost, Bitcoin is used for purchasing goods and services in many sectors that accept it.

4. Store of Value: Bitcoin has a substantial market value, and many investors globally purchase Bitcoin to store wealth. For example, during the Russia-Ukraine war, many people converted their local currencies into Bitcoin to preserve value.

5. World Currency: Bitcoin is based on the internet and can be used without border restrictions, making it an ideal payment tool in international trade, unaffected by the policies of any single country.

Thirdly, the financial attributes of Bitcoin:

The financial attributes of Bitcoin are primarily reflected in its functions as a store of value and an investment vehicle, attracting widespread attention from global investors. Notably, the launch of the first Bitcoin futures ETF in the United States in 2021 marked Bitcoin's official recognition as a financial investment product by the market, further reinforcing its financial attributes.

Additionally, Bitcoin price fluctuations often foreshadow the movements of the US sharemarket, demonstrating the close connection between the two. As more investors, particularly institutional investors, begin to allocate cryptocurrency assets, the Bitcoin market exhibits its efficient and round-the-clock trading characteristics, often leading the trends of other financial markets.

Understanding the unique attributes of cryptocurrencies helps us more accurately assess their potential value. Bitcoin, as an asset with financial, monetary, and commodity attributes, functions very similarly to fiat currency. It is particularly important to explore its value as an investment tool.

In tomorrow's session, I will delve into the investment value of Bitcoin, analysing its role in the

modern financial system and its long-term potential. We will explore how cryptocurrencies function in the global economy and how investors can utilise this knowledge to optimise their investment portfolios.

Due to time constraints, today's session will conclude here. I sincerely thank each investor for their enthusiastic participation!

This week, while delving deeply into the sharemarket, we also expanded our discussion to the cryptocurrency market to help investors gain a more comprehensive understanding of the mainstream products in the global financial market. Tomorrow's session will be the final lecture on Bitcoin for this week, where we will explore the investment value of cryptocurrencies in depth. This is a learning opportunity not to be missed.

Through this week's series of lectures, investors should now have a clear understanding of cryptocurrencies and a deeper insight into the dynamics of major global financial products. In the future, we will continue to explore other mainstream markets, including more exciting financial knowledge discussions. Please stay tuned to our sessions to ensure you don't miss any critical learning content.

Dear investors, good night.



