



The Australian Finance Podcast Episode Transcript

Episode: \$1 Million and Counting: 10 Ways to Save and Invest During Lockdown 6.0

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Speakers: Kate Campbell, Owen Rask & Claude Walker

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Episode transcript:

Owen Rask:

Kate Campbell, welcome to this very special episode of the Australian Finance podcast.

Kate Campbell:

Good to be back, Owen.

Owen Rask:

Yes. I said very special because we've got none other than Claude Walker from A Rich Life. Claude, how are you going mate?

Claude Walker:

Happier for being here. Good to chat to you guys both.

Owen Rask:

Yeah. It's been a long time coming. You've been on the Investors podcast, The Australian Investors podcast quite a few times. So, you'll be familiar to many of our listeners, but it's first time on the Finance podcast. And we're bringing in the expert, being you, for a discussion about kind of shareholder activism, what this whole thing about socially aware investing, conscious capitalism, all this good stuff we've heard about before to try and pick your brain about what we can do better with our money and our investment dollars and really just pay attention. So, Claude, maybe a good place to start actually is just, how did you come to do what you do today? And tell us a little bit about A Rich Life.

Claude Walker:

Well, it's always hard to know where to start with those stories and I've told parts of the story before. So, perhaps I'll just fast forward to the bit when I created my first website, which was for blogging about stocks, which is kind of relevant in this particular discussion, because it was called Green Equities. And I don't think many people know about that. It doesn't exist anymore. But my first idea, when I wanted to write about stocks, I wanted to write about stocks that would specifically be good for the environment, because I love trees and nature and wildlife and all that sort of stuff. And I basically wanted to find a way to align me making money and other people making money with also saving the environment.

Claude Walker:

And then I think that the first sort of essentially that first iteration in some senses failed, because I was too focused on what I would call more pie in the sky, like green tech kind of companies, which just generally speaking offered and promised a lot and delivered very little. I think I've talked before about my first actual investment, which was a company called Ceramic Fuel Cells that the stock price went up, because I bought it in February, 2009. And I thought I was really smart for a while. But of course, throughout all the journey of that kind of investing in Green Equities, the initial website, I sort of started to realise, oh, it would be really hard to find high quality companies if I was so narrow in my focus. So, I decided to broaden it out to anything that I sort of considered ethical.

Claude Walker:

So, then my next website was Ethical Equities, which I did for a while and I had a fair bit more success with in terms of the companies that I was personally buying and researching and writing about. They did much better. And it was at that point that I then, I was hired by The Motley Fool and worked there for quite a few years. Ultimately as advisor of the small cap service, Hidden Gems for separate reasons. I like to invest in smaller companies. And through that time, obviously that wasn't an ethical investing service. So, I had to put aside like some of my ethical investing passion for that role, but of course now I went after the Motley Fool, I eventually immediately started doing ethical equities again, because that was my sort of passion. And eventually that's turned into like a column now at a greater publication, which covers arts and news, which is A Rich Life. And I have my ethical investing column for that where I write about my journeys as an ethical investor.

Owen Rask:

So, that's arichlife.com.au. And you cover more than just, you said, more than just stock market investing. But as we were just talking off air before, there's so much that you do offer. You have like a premium version or like a supporters version for people to support the website, which you open periodically, and then you have a free version where any of our listeners could go on and just read some of your articles, whether they be on investing or arts or culture, right?

Claude Walker:

Yeah, absolutely. So, I've just had a really busy week this week. Because my biggest long-term holding ProMedica's [inaudible 00:04:48]. I wrote my traditional report about that results, which I still learn that [inaudible 00:04:55]. And we've had other ones, there are others on the website. You've been just as busy at Rask of course being, trying to catch up on reading some of your stuff as well. But that's what I do now for sure. But that's my investor as a [inaudible 00:05:13], that's my journey as an investor. And I guess the main point there is really like, it was from the beginning for me that I wanted to be an ethical investor. That was the original idea for me. Actually, previous to that, I actually wanted to work in the renewable energy industry, but I had this passion for investing. So, I was trying to combine the two basically.

Kate Campbell:

Yeah, absolutely. And we've spoken a lot on the podcast before and some of our listeners will have taken Owen's ethical investing course on Rask Education, but we've spoken a lot about ethical investing from a general perspective and sort of a catch all lens. But I wanted to get you on today, Claude, to talk about how you view ethical and sustainable investing and how do you apply some of these principles to your own investing approach?

Claude Walker:

Cool, yeah. So, I think that one useful way to think about ethical investing is basically just to draw a link between the profits you make and the effects those profits have on other people. Now, that doesn't mean that there's certain things you can invest in and there's certain things you can't. That is always in an ideal world, that's up to the individual. Of

course, the way the finance system works is people have to pool their money together unless they're going to be managing their own share portfolios, which is what I do. But not for everybody. But the point is that all of those people, whether as individuals or in an ETF, that's an ethical ETF, is they're basically drawing the link between what they're doing to make profits and their own and then caring about that.

Claude Walker:

Whereas other people would take the perspective that it doesn't matter how those profits were achieved, I'll just be happy with them anyway. Now, as it happens, if you take that definition, I used to think most people are ethical investors to a degree. So, most people who wouldn't consider themselves ethical investors, they still would not invest in something that they knew to be fraudulent, that they were going to like, there's going to be a victim. The money was to go and do some sort of crime. Like, hey, you give me money and that's how a drug deal works. Someone's providing the money and then they'd go and build this criminal activity.

Claude Walker:

Most people wouldn't do that. And for some of them, I guess, it's because they're scared of it getting caught. But I would dare say for a majority of people, like actually the reason that they'd never wanted to do heroin deals or whatever, is because they just think that's bad and that they're against it. So, I think in a sense, the majority of people are ethical investors. It's just that everybody decides for themselves how much they're going to let their ethics impact their investment decisions.

Owen Rask:

That's a fascinating way to look at it. And I think it's just apt. It's really simple, right? Most people don't think of the source of profits, they just think of profits. So, can you explain a little bit more then about how people, whether they're investing in shares or ETFs, can make sure that they're investing, I guess, according to their own principles?

Claude Walker:

Yeah, for sure. So, I think obviously sites like Rask have great resources here as well, but basically a first step is to try to define for yourself like what you want to be investing and what you don't want to be investing in. And for me, for example, I think it's probably easiest just to talk about myself. Like for me, that changed as I got older as well. When I was younger, I actively was like, I must be investing in clean tech. That's the only thing I want to invest in basically. And then as I got older, I basically changed my definition of what I wanted to invest in for ethical reasons.

Claude Walker:

But I still, for example, I personally avoid coal and so that's a point where people can disagree. So, if you're going to look at an ETF that there's an ethical ETF, one of the classic things over the years and where you have sort of problems with this kind of thing, is there might be somebody who actually, like me, doesn't want to invest in coal, but they've invested in ETF that does invest in coal or coal adjacent things. Or actually here's a real-life example is banks that lend massively to coal mines, right? And so that's why it's the beta shares ethical ETFs for me, they've always had an appeal to me, because they were the first, as I understand it, they were the first ETFs like Effie and Fair. They were the first ETFs in Australia that said, hey, we're not going to own shares in the big banks, because they're funding so much fossil fuels.

Claude Walker:

Whereas previously for example, Australian Ethical, which is a super fund. I own shares in Australian Ethical and have still some super with them. But they have historically invested in banks. So, if something like that matters for you, you've got to go and look at the different competing products out there and find their product disposed statements and figure out what their actual policies are and see which one aligns better to you. That was a sort of like a real life example. That's me. Because I always think I prefer the beta shares one, but I guess my inertia meant that I left my superannuation with Australian Ethical and also they're quite good managers.

Kate Campbell:

And I know when we were putting the ethical cost together, we created this really extensive checklist to think through all those different things that you might not want to invest in. And otherwise you might not have a problem with. And I think that really comes down to that values, because when it comes to like animal testing and as you mentioned, coal,

tobacco, wine, weapons, everyone has really different perspectives. So, I think it is important to first work out all of those different things and what they mean to you and whether you want to be invested in them directly, indirectly, or whether it's a bank that's lending to them.

Claude Walker:

Yeah. Well, that's exactly right. And the thing is we all have different priorities as well. Just so if you're going to do it in an ETF or in a fund, you're never going to have a final say on every single company. So, it's really in some ways, it's about if you're going to do ethical investing like that, then it's just about finding good fits. And at that point, your priorities matter as well. Like for some people it might just be look, I actually am not that stringent ethical investor, but as it happens, I've seen that the absolute havoc tobacco has wreaked on my own family, perhaps their own grandfather, or father or mother died of lung cancer or something like that. When they were very young, these tragedies happen, people draw the line. They see that in their life and they can be many people.

Claude Walker:

They see something like that. And they're like, I don't have the bandwidth or the passion to get stuck into the exact activities of all these companies in an ETF that I own, but I have one place I draw the line, which is, I just make sure it's not tobacco. And that's ethical investing. That is absolutely ethical investing. That is powerful ethical investing that has an impact on tobacco stock prices, such that through dividend re-investment it makes these things actually a good investment, because their price is perpetually lower, because so many people shun it.

Claude Walker:

But that also creates the policy and social environment where governments can turn around and strike blows against these tobacco companies, because every single person that's losing out when the government taxes tobacco more, or the tobacco company, the investors, they are people that everybody has known that like, somebody's got to tax it more. You got to make people smoke less so they're healthier. If they know it's coming, because the ethical investment movement left it, it gives the social licence more to politicians and people to say, hey, we should absolutely just [inaudible 00:13:42] tobacco companies and their shareholders with laws. It creates the environment where that can happen. So, it does make a difference in my view. Absolutely, it's part of it.

Kate Campbell:

And I think another thing we wanted to talk about was a lot of companies over the last few years, especially fund managers have seen ethical investing as a good way to jump on a trend, like say, and potentially make money through fees and running a fund that the fund managers might not necessarily align with those values. They're just offering this product, because there's a strong retail investor interest. And I know a lot of our listeners have mentioned, they're looking more into ethical ETFs, ethical managed funds, ethical super funds. So, how do you make sure you're not just investing in a product that's sort of greenwashing, let's say, and you're actually investing in a company or a fund or a Superfund that really believes in ethical investing in the same way that you do?

Claude Walker:

Well, that's a good question. It's also quite a difficult one. There's a few elements to unpacking it. So, I think overarchingly there's one important point to make in response to that question, which is, you talk about, I guess, the idea of brainwashing and the intentions and the reasons that certain people are acting in certain ways. And for some people, understandably, it could make a difference whether somebody is cynically trying to give an ethical investing product, simply because they want to make money by attracting people and other people that sort of truly are doing it, or at least the DNA of that company comes from wanting to do the right thing. And it's also possible that the cynical people that are following, they still achieve good, because the real people that are driving that are the people out there who might be interested in ethical investing, which creates the demand, which then creates this cynical supply response of greenwashing.

Claude Walker:

But as long as you're willing, if you think someone might be greenwashing, there's always a risk they're not actually doing a good job, but if they are, then they're still probably achieving a good thing anyway. So, that's the thing I'll say upfront. When I talk about some of the players here is it's probably, it's all good, even if one is greenwashing. But then to answer the question more directly, I think that you have to follow the history of the people. And we can talk

about, for example, perhaps the reason I invest with Australian Ethical and I just, this is not meant to sound like an ad for them. I'm going to take my super away from them and put in an SMSF. But like the reason I did historically is because, well, first of all, they've been doing it for ages.

Claude Walker:

They were around years before anyone else. They were started by like, as I understand it, competing groups of like well-meaning ethical investor minded people. I have had in my mom's house, I think, all of these historical documents and annual reports and stuff that pertain to Australian Ethical Investments as it is today, because I'm friends with someone who was a lifelong ethical investor who was involved with them at the very start. In fact, Australian Ethical bought out that company ultimately. Of which I was also a shareholder. So, there is a long history of ... and they've had the internal disagreements and fights about things as well, but it's a long standing history of like, I guess greeny boomers for one of a better description that sort of started this thing and driven it a long way.

Claude Walker:

And I just think that there's like a lot of good enthralled into manoeuvrings over the years. I think there's a lot of integrity in that company DNA. So, hence I have a soft spot for them. And then, but of course, how can you criticise the well-meaning nature of something like Future Super, which started by like climate activists in response, partly to the fact that Australian Ethical was investing in Westpac essentially. And they wanted to have a climate friendly super option. And that's how the beta shares ones that I was talking about, the ETFs, that's what created the demand for those beta shares, ETFs, which you can now just directly buy on the stock market with lower fees, which is a great product of which everyone's benefited. So, there's a lot of good people that have done a lot of good things over the years in this space.

Claude Walker:

But then of course you also do have like down at the bottom of the pile, I don't think it would matter for me to say this, but like historically I think it's fair to say that AMP, for example, has put out some ethical investing products, which I have found less than impressive. I don't think I would put it out there that people would have invested in those products thinking that they were more ethical than they were. Put it that way, in my opinion. And then you've also got the adherence, like there's an interesting vibe and interesting mood, especially amongst certain people who tend to be older, but not always, but mostly are older people. Where they almost find ethical investing offensive for some reason. To the point where they'll attack it and say, oh, it's wrong to ... there's been articles basically saying that ethical investing is bad.

Claude Walker:

And then those same organisations that publish those articles, like subsequently 10, 20 years later, they're like putting out oh, here's our ethical fund offering. And on the happy side, that means that there's change within the organisation and that organisations getting better and more open to it. So, that's good as well. So, I think there's probably on the one hand, some really great actors that have acted with big heart. And there are some companies that I think like AMP, which I would probably never back them to be a great option for ethical investing. And then you've got a whole bunch of companies in the middle, who I think they're being changed by the younger generation coming up.

Owen Rask:

What resources can people use to kind of go about their research and get to know companies? I'm thinking like, annual reports, like trolling the internet and how would you do it? Any sites or anything that you would...

Claude Walker:

Are we talking more about individual companies now?

Owen Rask:

Yeah. Let us say you're wanting to learn about a company like a share on the stock market.

Claude Walker:

Yeah, for sure.

Owen Rask:

How would you determine ... where would you go to find answers to kind of the ethical clues?

Claude Walker:

So, the first thing you've got to check for, if you've got to make sure you check, I guess, the investor webpage or the annual report so you understand all of its business units. That would be the first step for new players. And I'll tell you why that's important, because otherwise you could look at something like Woolworths and be like, I shop at my Woolworth's. I like it. They do delivery and also my mate works there and they're fine. So, you like that company. But unless you check the annual report, historically, you wouldn't have realised that they were like the biggest owner of poker machines in Australia. So, you've just got to check that you know all the businesses they own are now, as it happens Woolworth's is divesting all of that stuff now.

Claude Walker:

So, that's a historical observation. But once you know all of the businesses that, that actual stock owns, then I actually think that for most people, a very, very quick Google of all of the businesses, just have a quick look at it as a consumer, 90% of the time, if you just spend two minutes understanding each of their businesses, make sure you know what it is and what it does that will give you like 90% of the information you will probably need to make any ethical decisions you need to make. The one thing I find interesting is that the funds management industry has generated this like extremely heavy apparatus to rate things on environmental social governance, ESG, factors. But I don't think there's actually a good ... like that process has value. Don't get me wrong. Because that process can pick up things that might otherwise be hidden.

Claude Walker:

But I think for most of us, most consumer people you're going to get it mostly right, as long as you just know what you're investing in. And you can change your mind as new information comes to mind. Like an interesting one to talk about is [inaudible 00:22:37], which went from being like back in the day, like it was including by myself, considered very much a green stock, because it farmed salmon rather than depleting wild salmon. But then as some of the impacts and potential animal rights kind of implications of salmon farming starts coming into it. And people learn more than a lot of people, also myself included, sort of moved away from thinking that, that's something we were keen. And now you see Andrew Forrest getting involved in salmon farming stuff and saying that he wants it to be like cruelty free or whatever.

Owen Rask:

Mm, fascinating.

Kate Campbell:

Yeah. I think that's also, if you are approaching investing with an ethical view, you do have to keep an eye on these companies because they pick up other companies along the way, they split off companies like your Woolworths example. And so it might've been ethical before and now it doesn't quite fit with your values or the other way round. And so keeping on top of things is really important, I think, when it comes to this.

Claude Walker:

Actually speaking about the different parts of the companies is without ... maybe it would be good time to talk about RPMGlobal.

Owen Rask:

Sure.

Claude Walker:

Well, so RPMGlobal basically is a company that Owen and I think both looked at over the years and I think Owen might own shares. And basically it's a company that does mining software. So, largely I won't give the explanation of the company because I don't know it that well, but that's the large and interesting part of its business. However, it is also had two other businesses, one of which is sort of involved in getting new coal mines built, like essentially coal exploration, I think. I hope that's a fair enough summary.

Owen Rask:

Yep, [inaudible 00:24:30].

Claude Walker:

And as an analyst years ago, working for Motley Fool, I came across this company and I thought, oh wow, this is an awesome investment opportunity just due to the way that it was getting its software business in order.

Claude Walker:

And the way that I thought that, that would grow under the management that had taken over. However, and I recommended it for my clients. But however, I didn't invest in this overall company, just because I just didn't feel right about the part that was involved in new coal mines. I actually didn't have a problem about a company providing software to mining companies. Mining companies need to exist and they need software. I just don't want to get involved in new coal. So, I actually walked away from that one and it's performed extremely well since. So, I bring this up, because I'll sing the praises of ethical investing in a minute, but I bring this up as an example, as a real life example of where I could have made the call differently and I don't think it would have been terrible to do so, because for example, I could have invested in this company, I would have done very well.

Claude Walker:

I could have just taken some of my profits and I could have used that to fight coal mines or something. So, maybe that would have been a better result and people can make that argument. But when it comes down to it, for me, I couldn't invest in it, because I didn't have an affinity for that business. And I wouldn't have liked it very much. And it would have constantly made me feel bad to know that I owned that just because I really I'm against new coal mines. So, what would have happened is something would have happened when there was some slight wobble in that company when something went slightly wrong or was not as good as I thought. I would have probably instantly sold those shares anyway, because I've always been looking for an excuse not to own them.

Claude Walker:

So, I just didn't have the right psychology and DNA to actually be the person that bought that shares, hold those shares and did really well out of it. So, it becomes a little bit moot at that point about the whole idea you can say, hey, but Claude, you could have bought the shares and sold them for profit and give them to charity. Yeah, hypothetically, but realistically, what would have happened is I would have just bought the stock, felt bad, probably made a little bit of money, sold and maybe repeated the process a bunch of times. But that's why for me, like sometimes it hurts, but sometimes I guess I just will steer clear of a company just like I previously would have steered clear of Woolworths because of their poker machines.

Kate Campbell:

And I know you mentioned when we were talking off air about how much grey area there can be when it comes to figuring out if the company aligns with your values or not. Is there any sort of strategies you'd suggest for newer investors who are looking at a company and they're just not sure if it aligns with their values, in some ways they're doing great things, in some ways they're not doing so great things. And how do you balance that grey area?

Claude Walker:

Yeah. Well, you can go the intellectual route and it gets really complicated, which is also fine. Or you can just like, how does it feel? How does it feel in my tummy if I went and told my friend who doesn't care about investing, but does care about trees, what I was doing? Would I be embarrassed to tell them? It's just, how does it feel? And what I'm trying to get at is this is also how you potentially unlock the power of ethical investing is because that feeling is the same feeling that you will need when you invest in a really good company, that's doing well in the world that it's run by honest, competent people and it's growing. Part of the ingredient to make money out of that really good one that you've found is to have the confidence to hold on to those winners.

Claude Walker:

And that's why I see ethical investing as leaning into this idea of affinity and how it feels, because that's the same conviction. You will actually need to have a really big winner. Like I'm not advertising for it. Don't fall in love with

stocks like I did at the beginning, because it's a renewable energy stock or it's a lithium stock or whatever the story is. Don't fall in love with that and stop being a good investor and an analyst, which is a whole different set of skills. But you still do need to have that affinity. It's going to be really hard to win big on a company that you have a dis-affinity for anyway.

Kate Campbell:

Yeah. Definitely important for sticking through those tough times when a company doesn't have a good week, day, year, month. You need to have that confidence that it aligns with your values there.

Owen Rask:

There's one thing that we're going to talk to you about, Claude, which is just an article that you wrote, which we'll link to in the show notes from a year ago, which is basically engaging management and speaking to management. I know that plays ... we've talked previously about how important that is. I've got your kind of bullet points of why these things are important. So, some of the things you've said is try and find the CEO or manager's direct email, or you can try and guess at the naming convention. So, first initial dot last name at company or firstname at company.com. Be formal, polite, and introduce yourself as a shareholder and ally. Do not be aimless, have a specific question and be very succinct. Demonstrate that you have tried to answer the question yourself. And thank them for reading your email and leave contact details so they know exactly who you are and ideally enough information for them to find your online presence. So, a lot of people think that they can't reach out to management, because they're just a small shareholder.

Claude Walker:

Yeah, and I'll tell you my aha moment there was so ... because I was doing law and I was interested in renewable energy. I did like a renewable energy law thesis for which I needed to interview a bunch of renewable energy companies that were listed on the ASX. So, I was just this honour student that was like, all right, I want to talk to these CEOs. And that's how I learned that if you could just guess their email, which is usually trivially easy after a few tries and you reach someone, if you're like, hey, this is me, I'd love to talk to you about the thing that you're always thinking about, like their company and just make sure you have just like a little good question, which means that, how do you ask a good question means you have to have, for example, read their letter in the annual report and a little bit of reading and thinking and it's that [inaudible 00:31:27] coding question response.

Claude Walker:

What have you tried? Google it first. If you can find that in Google easily, then you shouldn't ask the CEO, but when you find something that's like a good thing to ask, then yeah, do it. You'll be surprised. And in particular, the smaller companies usually will have time to reply to people and it's always a good sign if people will talk to you generally speaking, although it's not a hard and fast rule. Sometimes they come back with spin or just a bit too into marketing, but most of the time it's a great result.

Owen Rask:

Can I ask you quickly then, this idea of this is kind of related to that point, which is shareholder activism. Can you explain what that means? And I guess can it work?

Claude Walker:

Yeah. So, shareholder activism is ... So, one side of ethical investing is [art 00:32:27], which I've talked about a lot. It's like, oh, I won't own shares in that because I don't like it. Another approach is to buy shares in a company and become a shareholder and then agitate as a shareholder for a change. And just like the strategy of not owning shares at all. Shareholder activism is something that works when there's lots of people doing it. And so it's usually hard to, at least in the sense we're talking about it, it's usually hard to point to an example where one particular shareholder has quickly won. However, a good example we've already touched on today is I would say that Woolworths divesting their liquor and gaming stuff is an example of shareholder activism sort of having an impact there.

Owen Rask:

RPMGlobal did a similar thing recently. They divested one of their businesses too.

Claude Walker:

Yeah. I feel like there's a lot of examples of shareholders successfully making the company cease some kind of business they're doing that's not great. And that's part of the ethical investing ecosystem. Because it's really hard to effectively send market signals to these businesses. Hey, if you do dodgy stuff your share price might go lower, because people won't buy you. It's harder to send that signal when everything's either conglomerate or mixed up. Once you separate out the uglier bits, then that allows the market to express a view on that uglier bit.

Claude Walker:

And it allows the part of ethical investing, which is about what you own or don't own is allowed to play out more effectively. So, that's part of it. I think generally speaking shareholder activism for ethical or moral reasons is often ineffective, but that's true of the approach of, I won't own shares in such and such a company as well. So, ethical investing is always something that if you zoom in on one single action by one single person, it just looks like they did nothing, but it works through like time and the weight of capital over a long period, basically. And that's why it's so exciting that younger people are in much higher percentages sending their superannuation to ethical managers and that's bringing change to the world.

Owen Rask:

For sure.

Kate Campbell:

And I think that leads into the next question that we actually received from a listener a few weeks ago about whether small shareholders have any chance in influencing a company and board. And the listener asks, "How does one as a small shareholder influence boards and to be more proactive in listening to shareholders?" They said, "It seems that unless you're a majority shareholder with the ability to vote down remuneration, your voice is lost in the masses." And so I don't know if you have any tips and things that have worked for you. I know one thing I've personally seen before is going to an AGM, people have actually stood up and ask questions and quite like critical questions about what the company is doing in different areas.

Claude Walker:

Yes. And that's definitely one way you can do it, but I have to say, I can understand why it might feel like that for that questioner. But no, an individual shareholder can make a difference, but the way you might do it, since we're not like a single big monolith that can vote down a REM report. What we can do. I mean, look, let's look at how the boomers have been doing it. They've got the Australian Shareholders Association, which is where they get together and then they have appointed people that they go and ask their questions and all that sort of stuff. Which is more about their ethics and what they care about. Often, they want franking credits or something, but that's their activism. They're bounding together. And they're like, give us franking credits. And that's good.

Claude Walker:

Good for them. We're better off for the shareholder activism. I'll leave aside that specific question. But generally speaking, that process leads to much better governance, much better information disclosure. That kind of thing is how people have got companies to at least start reporting on what environmental impacts they have and stuff like that. So, there's a long history of older generations biding together to do that. And younger generations just the same, but you don't need to do it through some old association. You do it through Twitter, you do it through emailing people. You do it through [store man 00:37:21]. You can write in, you can talk to each other. Go to the AGM as much to ask the questions as to talk to other shareholders. Because you'll be surprised even though the voice of one, the email of one shareholder to the investors@company.com.

Claude Walker:

Yeah, look that may not have a massive effect, but taking that idea, and if it's a good idea and a good point, and the company should be doing this better and their business will be better if they did it better, you'll be surprised how quickly they'll respond to that if the company sees that idea spreading amongst their shareholders. Even if they don't do what you want, like you will get their attention and you will not be lost amongst the masses if they see that idea spread. So, tell all the people you know and you start telling enough people, if the idea is good, it will take out and

you will be heard. In most companies you do that. It just for a bigger company, you might need the idea to spread more, but no matter what, you can get heard, yes.

Owen Rask:

Well, look at GameStop, it's probably the opposite thing, but it's still shareholder activism. It's just an extreme [crosstalk 00:38:29].

Claude Walker:

The power of Reddit.

Owen Rask:

The power of Reddit, yeah. Right. So, there's tools that we probably never thought could ever be considered shareholder activist tools are definitely shareholder activist tools. Similar thing we had in Australia with Tyro, when Tyro payments was going down and getting shorted people rallied together and they just happen to have one great big shareholder who took their side. So, it's [crosstalk 00:38:55].

Claude Walker:

It's the era of, I think we've been potentially seeing even more of this [inaudible 00:38:59] short [inaudible 00:39:00] lately. But that's of course a bit aside from long-term investing, because if you're not sure, and you're not a short term investor, the ups and downs the battles along the way of public opinion and that kind of stuff is probably, it's not the main game.

Owen Rask:

So, how about, sorry, [inaudible 00:39:22]. So, just in closing mate, we've got a lot of investors who might be new to this. So, they might have four or five positions, they might have some ETFs. What are some of the key lessons that you would love to impress upon people who are interested in ethical investing? I guess it's a summary of what you've covered.

Claude Walker:

Yeah. Well the absolute key thing is the upside of unlocking that part of yourself is massive. So, ethical investing is going to be more fun and more profitable for most people, in my view, for simple reasons. The investing side, don't ever go too far and forget that you're investing to make money, but if you're investing to make money and you try to be attracted to those companies that you think are doing good things that you know a little bit about ... Look, you could be into computer games. And you've read about both in Australia and overseas computer game companies. There's one company called a Unity Software, which I like playing computer games. This is the software that game designers are more and more using to design games. I feel like computer games is like a growth industry.

Claude Walker:

This is not a recommendation. I do not know this stock well. I focus on ASX. That's just me playing. But that kind of thing, I'm attracted to that kind of stock. I would not be surprised if through the process of owning it and following it for many years I like to learn heaps about that business. And you tend to be able to have more of a passion for learning about the businesses and investing if you're investing in companies that you find interesting. It's about affinity. So, that's years ago I made the best investing decision I ever made, which was like, I think healthcare is really important. Great industry, love it. I think software and tech is also interesting the way to what is going to make the world better and be profitable and et cetera. I combined the two and said, I'm going to look at every single med tech stock on the ASX.

Claude Walker:

And I think you can still find the article on my old Ethical Investing site, Ethical Equities. I think it's like a med tech watch list or something like that. And I was just like, eh, just experiment. Imagine if you bought one of all of these random med tech stocks, and I actually owned a few of them or even most of them, but that's what I was doing is I was buying all the med tech stocks and learning about them and then staying invested in the best ones. And from that list, let me tell you, there's a few companies that went to zero, but there's like one company which I mentioned

before, ProMedica, which has gone up since that time, about 60 times in seven years. You find one thing like that and actually have the feels to hold on for at least, not sell all your shares when it doubles.

Kate Campbell:

That's the challenge, isn't it?

Claude Walker:

Yeah, but that wasn't even the only stock on the list that did well from when I wrote that list as well. Like there was Compumedics and [inaudible 00:42:43]. It's just, find the area that you're most interested in and that you think is good. And then that will power you to have the psychology and the drive and the interest to actually cultivate the hobby of investing, which was started for me as a hobby when I was at university and supposed to be doing my law assignments and I never became the employee that wasn't doing their job, because they were looking at stocks, because all of my jobs then subsequently basically involved me looking at stocks. But that's what I was doing at university as well. And even that silly start investing in pie in the sky, clean tech stuff, at least it united my passion and put me on a good path there. So, that's where I think the power of it lies.

Owen Rask:

I don't know if you know this, if this was like a planned or not, but I actually just Googled your article and I scrolled down and I said, oh, there's two comments on there. This is from six years and two months ago, and said, "Good to see you back on Ethical Equities, Claude." Always [crosstalk 00:43:45].

Claude Walker:

Legend.

Owen Rask:

And then he said, "Thanks, Owen." I had the day off today. So, decided to do a follow-up. This is from six years ago. I totally forgot about that. That's awesome. So, I've put a link there. That's small worlds, mate. Awesome. And yeah, I'm just looking at some of the companies. Yeah, crazy. So, go ahead and read that. But Claude, it's been heaps of fun, mate. If people want to learn more about you, maybe they even want to get involved with what you're doing at Rich Life. What can they do? How can they find you?

Claude Walker:

Yeah, I love it when people follow me on Twitter, it's like a locked account. So, it takes a while for me to go through and see who you are if I want you to follow me. But yeah, and then of course, A Rich Life has a Twitter. Anyone can follow that. And there's A Rich Life, my website, please do check it out. We've got news, we've got arts and culture content. And we've got my column, which is Ethical Investing, which is Ethical Equities rather and that's me talking about my journey, writing about stocks and also whimsical little education pieces like we've touched on today.

Owen Rask:

Yeah, great, mate.

Kate Campbell:

I think Twitter is a good place to start. A lot of people have got their start with investing. There's a lot of junk out there, but having a look through, there's a few diamonds and you can follow the journeys of other interesting investors and get lots of different perspectives rather than just hearing one side of the story, which is really important when investing.

Owen Rask:

Yeah. I think we're saying just before this, when Claude asked you off air before, how you and I, like how your journey started and that kind of showed how you and I met each other, Kate, which is through Twitter. And so yeah, if you want to speak with Claude or you want to follow a Claude or arichlifeAU is the Twitter handle. But if you head to that website, you can also find out how to reach Claude as well if you're interested in what he has to say and follow along with some of the companies and other stuff that he does. Mate, always a pleasure. Thanks for everything that you do. And thanks for joining us today. Really appreciate it.

Claude Walker:

Thank you both for having me. It's really great. And I also love what you're doing and can't wait to see how it all evolves.

Owen Rask:

Thanks, mate.

Kate Campbell:

Awesome. Thanks, Claude.