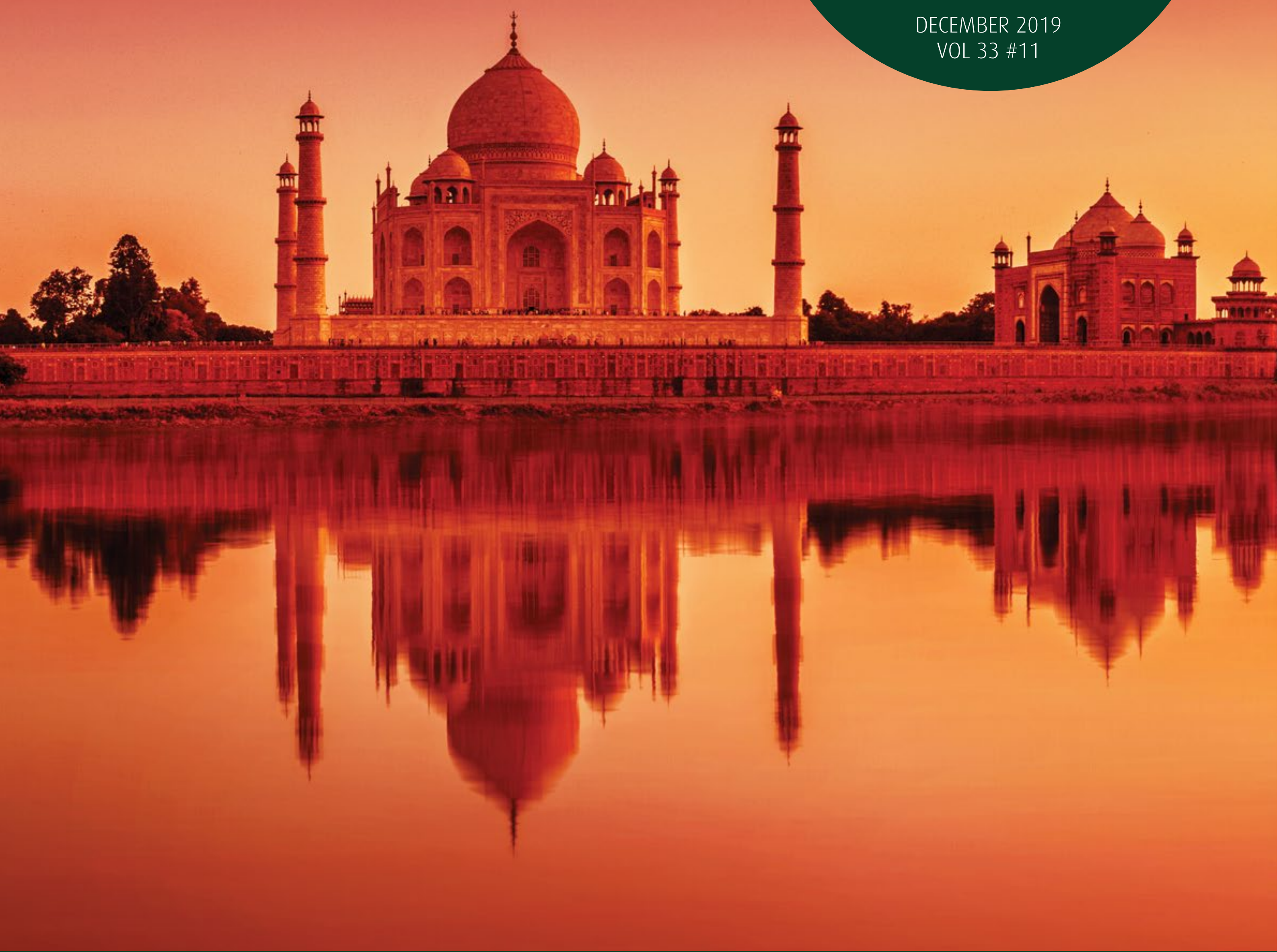
EQUITY

STANDING UP FOR SHAREHOLDERS

DECEMBER 2019
VOL 33 #11



India: The best performing market in 10 years?

Australian Shareholders' Association

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FEATURES THIS MONTH

India is currently the fastest growing major economy in the world with GDP growth of over 6% this year. Given this high growth trajectory, by 2030 India is expected to be the third largest economy in the world after China and the United States. Despite this, most Australian investors still have little or no exposure to the Indian market.

The defensive nature of fixed income means this asset class can often play an anchoring role in a diversified portfolio. Adam Curtis, a fixed income specialist, outlines the role of this asset class in a diversified portfolio.

As at the end of October ASA has attended over 80 AGMs. In this issue we feature 10 reports and a list of those which can be viewed on our website australianshareholders.com.au.

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FROM THE EDITOR

By Silvana Eccles, National Operations & Education Manager

Dear Members

It is with sadness that I write this letter to you, as I am finishing up my time with ASA as National Operations & Education Manager and my last day in the Sydney office will be Thursday 5 December. Working at the ASA over the last 8 years has been a great experience and I have met many wonderful people – members, volunteers and colleagues.

Editing EQUITY has been a joy, but this will be my final issue as editor of this unique magazine.

Over my time with ASA I have seen the organisation grow and change into the strong advocate for individual shareholders it is today.

The national conference has become an annual event; the number of local member meetings has almost doubled, as well as an increase in attendees at all of our roadshow educational events. We introduced the members' only online forum, monthly webinars, began more regular podcasting offerings, created the 'Investing in shares 101' online course, as well as the implementation of the current website which allowed us to create a huge range of resources for our members, in addition to the establishment of a robust framework to support the company monitoring team.

In these 8 years I have helped in not one, but three office moves!

I am thrilled to have been involved in developing ASA's national conference which has grown into a high calibre event with high profile presenters, quality presentations and an event which attracts media attention. Over the years both the number of delegates and sponsors have increased and I'm sure the ASA Investor Conference 2020 to be held on 18 and 19 May will also be one not to be missed.

I have long been aware of the need to help women improve their financial literacy and am delighted to have been involved in applying and implementing the Ecstra (formerly Financial Literacy Australia) grant to develop and deliver the financial literacy workshops for women 55+ around Australia. The workshops were designed to remove some of the anxiety with managing finances and addressed financial goals, managing investment risk, estate planning and superannuation.

I'd like to thank our presenters who have all given their time freely to present the workshops: Felicity Cooper, Elizabeth Scott, Elizabeth Moran, Katie Whiffen and Pauline Hammer.

In 2019, ASA delivered 28 workshops and the evaluations are with the independent evaluator who will prepare a report for ASA and Ecstra.

Working with members has been very rewarding and an aspect of the role which I have always enjoyed. Volunteers are integral to the vibrancy of the association as their support in delivering meetings, discussion groups and supporting the company monitoring efforts are appreciated by all. I would like to thank all the members I have had the privilege to work with.

As I very much value the contribution of volunteers and the role ASA plays in both advocacy and educating investors, I am happy to advise that in response to an invitation by Raema Troy, the Queensland Chair, I will be joining the Queensland Committee in 2020.

I am proud of what ASA's National Office has achieved during my time here and I wish to thank everyone that has contributed to this grand adventure. However, it is time for my next challenge in life and I wish ASA all the best as we head into our 60th Anniversary in 2020.

I know I will leave ASA in good hands with John Cowling as Acting CEO. He will be known to some of you as he has experience as a monitor, was instrumental in establishing many new investor groups in NSW and currently acts as convenor for two of them.

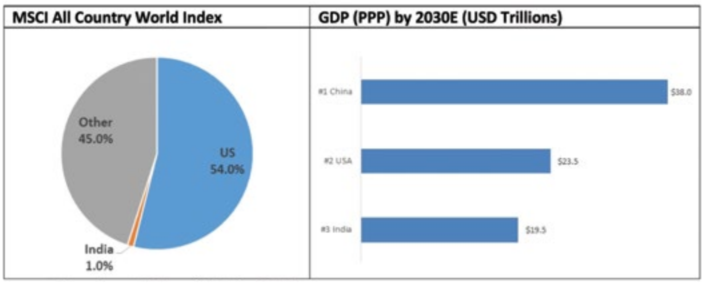
Staff I have worked with, both past and present, have always been supportive, collegiate and hard working. I have valued working in a small team environment as it has provided the opportunity to be involved in all aspects of its business. In closing I would like to thank my team members whose backup I have greatly valued. Humour, open communications and support has certainly kept us going, particularly in times of stress – thank you Fiona, Sarina, Kris, Kristy and Vishad.

India: The best performing market in the next 10 years?

By Dr Mary Manning Portfolio Manager, Ellerston Capital

India is currently the fastest growing major economy in the world with GDP growth of over 6% this year. Given this high growth trajectory, by 2030 India is expected to be the third largest economy in the world after China and the United States. In addition, by 2030, India's population will have surpassed China's making India one of the largest consumer markets in the world. The Indian stock market (MSCI India) has increased over 200% in the last 10 years and now has a market cap of over AUD 7 trillion (larger than Germany).

Despite its size, population, growth trajectory and market performance, most Australian investors still have little or no exposure to the Indian market. Investors may think they have exposure via a global fund but, as shown in the charts below, India has no weight in the MSCI World Index and only 1.1% weighting in the MSCI All Country World Index. Investors in a global fund benchmarked to the latter index would have more exposure to the Netherlands than to India. Given that India is expected to be the third largest economy in the world by 2030, this representation appears paltry.



Sources: Bloomberg, MSCI and PWC for GDP forecasts.

One reason why investors have very little exposure to India is because it is not a Do It Yourself (DIY) investment market. For many years now, sophisticated investors in Australia have accessed the US and European markets directly. And in the last few years, investors have increasingly taken a DIY approach to investing in China buying stocks like Alibaba and Baidu as ADRs and Tencent via the Hong Kong Stock Exchange. Australian investors can also add Chinese exposure indirectly by buying Australian listed companies like Blackmores, Bellamy's and Treasury Wines.

India, however, is a different story. It is very difficult to set up an account to trade in India and very difficult to get the required tax ID. In addition, there are very few Australian companies that can provide indirect exposure to the Indian economy and the attractive growth characteristics it provides.

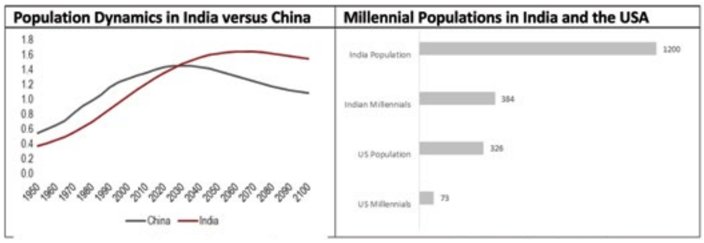
We provide you with four key reasons why every investor should have direct exposure to India in their portfolio: (1) Size and Demographics; (2) Growth; (3) Structural Reform; and (4) Underpenetrated Micro-stories.

Size and demographics

It is often said that demographics is destiny. India's 1.2 billion people account for 18% of the world's population and India is expected to overtake China as the most populous country in the world in just over a decade. In addition to the sheer size of the Indian population, the demographic structure is also extremely attractive.

Many other Asian countries struggle with the impacts of aging populations (Japan, China, Korea, Taiwan), however India's population is very young with more than 50% of Indians below the age of 25 and 65% below the age of 35. India is home to almost 400 million Millennials which is more than the entire population of the United States and 15 times the total population of Australia!

The investment implications of this demographic profile are significant. As this large youth cohort matures and transitions to higher levels of income and consumption, it will drive high and sustainable growth in sectors like consumer staples, consumer discretionary, banking and technology.



Sources: Statisticstimes for population and AT Kearney, Pew Institute and Deloitte for Millennials.

Growth

We believe that Asia is the best structural growth story in the world and that India is the best structural growth story within Asia. GDP growth is expected to exceed 6% this year which is approximately 3 times higher than growth in Australia and the United States, 4 times higher than Europe, and almost 7 times higher than growth in Japan.

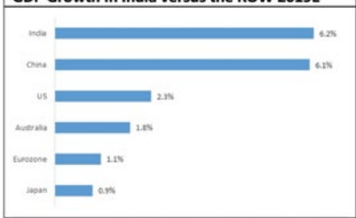
Furthermore, it is important to highlight that this growth is structural - driven by demographics, the rise of the middle class, infrastructure build and technology leapfrogging – rather than growth that has been boosted artificially by years of ultra-loose monetary policy (QE) like in many developed countries.

India's growth trajectory also looks very attractive compared to other Emerging Markets. Brazil and Russia are more cyclical economies where growth is to some extent dependent on the price of oil and other commodities. Growth in China remains high in absolute terms at over 6%, but a soft landing is being engineered for the Chinese economy and policy makers have already begun to focus on the "quality of growth" rather than

the absolute level. So of the BRIC countries (Brazil, Russia, India and China), India comes out on top in terms of a long term, sustainable growth trajectory.

The good news for equity investors is that this high GDP growth is translating into revenue and earnings per share (EPS) growth in the Indian market. The average EPS growth for the NIFTY 50 Index is over 20% for next year versus the ASX 200 which is expected to post growth of less than 5%. As shown in the table below, the PEG ratios (Price to Earnings Growth) suggest that the price investors pay for growth in India is significantly less than what investors pay domestically or in the US markets. Specifically, India, Australia and the US are all trading at ~17x PE but India's EPS growth is more than 6 times higher than the ASX 200 and twice as high as the S&P 500.

GDP Growth In India versus the ROW 2019E



PEG Ratios

	PE	EPS Growth	PEG Ratio
NIFTY	17.0x	20.8%	0.8x
ASX 200	16.8x	3.4%	4.9x
S&P 500	16.9x	10.2%	1.7x

Source: Bloomberg consensus. PE multiples and EPS are forward year.

Structural reforms

The adage "reformers will be performers" has aptly described India since the election of Prime Minister Modi in 2014. Since coming to office, Modi has instituted a number of critical structural reforms including demonetization, GST, Make in India and infrastructure build (Bharatmala).

The infrastructure sector is a major focus of both the government and Ellerston India Fund. India has an infrastructure investment requirement of approximately US$780b by 2020 and US$92b was allocated to infrastructure in the 2018-19 Union Budget. Key initiatives include: over US$100 billion of total investment in new roads and highways by 2022, $US23 billion invested in railway infrastructure, over $US30 billion to be invested in smart cities and approximately US$3 billion to achieve universal household electrification across India.

At the same time the government and Reserve Bank of India (RBI) have also embarked on a number of critical financial and banking reforms including, cleaning up non-performing loans, injecting capital to state banks and improving corporate governance norms across the banking industry. Together, these structural and financial reforms will reap dividends for the Indian economy for many years to come, even if Prime Minister Modi and his party, the BJP, are no longer in power.

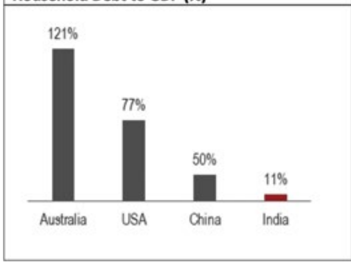
Underpenetrated Micro-Stories

The growth story of India is undeniable. But investors often ask: Is this growth sustainable? Won't this high growth moderate over time? Yes, growth can fluctuate like any economy that is subject to cyclical forces. Indeed, India's GDP growth has recently paired back from over 7% to its current rate of 6%. But the long-term answer to these questions is best addressed by highlighting the degree of under-penetration in core sectors in India.

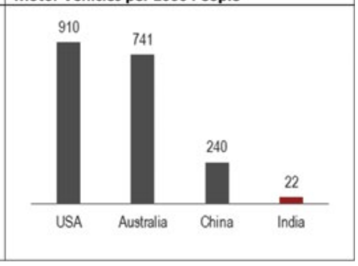
For example, household debt as a percentage of disposable income in India is only 11% versus Australia at over 120% and China at approximately 50%. Similarly, vehicles per 1000 people in India is only 22 per 1000 people versus over 700 per 1000 people in Australia and over 200 in China. Electricity consumption, health care spending, internet penetration show a similar pattern of under-penetration versus developed countries and other emerging markets.

These examples, shown in the charts below, show that as the Indian economy develops, it will take years, decades even, for these figures to approach where China is now, let alone to reach the levels seen in developed markets like the United State and Australia.

Household Debt to GDP (%)



Motor Vehicles per 1000 People



Source: Tradingeconomics for HH Debt to GDP. Country specific sources for vehicles, compiled by Revolvy.

India is too big to ignore. Start investing in India now! E

The Ellerston Capital India Fund

Ellerston Capital launched the Ellerston India Fund in May 2017 on the thesis that India will be one of the best performing markets on a 10-year basis. We also recognise that it is difficult for investors to access India directly and wanted to provide a vehicle for Australian investors to gain exposure to this dynamic, high growth market. The Fund has performed well in both absolute and relative terms up 26.5% in the last 2 years (to September 2019) and outperforming the benchmark by 3.3% over that time frame*.

*Past performance is not a reliable indicator of future performance.

From speculating to investing with exploration stocks

By Rocco Tassone Executive Director, GTT Ventures and **Tarek Omar** Head of Strategic Ventures, Royce Stone Capital

Most people say they are 'investing' in micro-caps (or penny stocks or small caps) are generally incorrect in that most of the time they are actually speculating and are trading the momentum of the stock. If you are going to speculate in exploration stocks then you need a set of principles that govern your investment decisions. Firstly, let's understand the difference.

Speculating: In spec shares "penny stocks" means there is a chance that certain events could transpire causing a share price rise. It is high risk, has the biggest price movements (volatility), has the greatest potential for quick profits (or losses) and often there is little recourse (security).

Investing: Demonstrating evidence of past or current performance, there is a high degree of security (point of recourse) and that future events causing the share price to rise are likely based on fundamentals.

Speculating on junior listed explorers

When considering an investment in the smaller end of the resources sector, here are a few key points to consider:

Management: Back proven management that have had success previously with another asset or company. It should be noted that success in the resources space is generally achieved by a "team", in that management must assemble others around them (such as geologists) to identify the potential of a particular project and and diligently conduct the exploration program required to big that "potential" to reality.

In the end, good management are prepared to listen to their team, however more so they are prepared to accept that not all projects are winners and "flogging a dead horse" is not in the best interests of shareholders.

Cash burn: It is an unfortunate reality that most micro-cap stocks spend more on administration than they do on exploration. Rent, salaries, legal costs, ASX costs (even for simply issuing new shares) and registry costs all add up.

The trick is to identify a management team that will not just sit on a board and collect their salaries versus those that are actively trying to advance the company and the value of your shareholding.

Exploration: Investing in a company about to embark on a drill campaign is certainly exciting for all involved - management, geologists, drillers and most importantly shareholders. The sad reality is that most exploration programs are unsuccessful and coming across a Cosmos or Nova-Bollinger mine is not an everyday occurance.

A company can do all the geophysics, geochemical, VTEM and DHEM they like, they can create exploration targets and highlight the potential of a project, however at the end of the day, the drill bit speaks the truth. If assays from the drill core do not prove favourable, live up to the expectation of the market or exceed that company's comparative peers, the shares will more than likely be sold off.

Some speculative principles:

1. Buy gut low for leverage

A micro-cap stock that has a market capitalisation (MCap) of \$2m to \$10m, can easily have speculative events occur causing its value to increase to \$20m or \$50m. A \$50m company based on speculation, is unlikely to have 10x multiple in a short period of time unless it has solid growth fundamentals. Generally, shell companies provide the most leverage for micro-cap investors, they usually trade around cash backing to a \$2m enterprise value.

2. Information asymmetry

Take the time to read company announcements, observe what a company's neighbours are up to so you are better informed with your investment decisions.

3. Small cap stocks always need to raise money, time your entry points

The ferris wheel must go around, especially for exploration stocks who constantly have new projects, after one fails to deliver. There is a term often thrown around that all micro-cap stocks are always cum-raise, which in essence is true, however you trust management to spend the money they have wisely in order to add shareholder value and reduce dilution.

4: Take profits or take a loss, don't let greed control you.

Don't fall in love with a stock - remember, nothing goes up forever so as your stock price increases you should seriously consider taking some profits. Pick your number (profit or loss) and stick to it, remember the bank pays you less than 2%. Don't go down with the ship, if you buy a stock for a reason and that reason does not eventuate, then take the loss and move on.

Going from speculation to investing

A speculative exploration stock has the potential to become an investment, once it has three critical elements: A Bankable Feasibility Study (BFS), an ability to raise the necessary CAPEX to start production and an off take agreement.

Some might argue that the above is still speculatory as production is yet to commence and profitability is yet to be proven and many would be right as the risks associated with production are huge. This ultimately is a grey area, however this can lead to sustained profits and potentially dividends.

There are 4 key phases

1. Scoping Study occurs once the company has defined a meaning JORC resource (the mining industry's official code for reporting exploration results)
2. Pre Feasibility Study (PFS) occurs – following the Scoping Study is a significantly more detailed and accurate assessment of the project costings
3. Bank Feasibility Study (BFS) occurs – following a viable PFS result, the BFS will then be conducted and will have a focus on more detailed operational and engineering works
4. Production – occurs following a commercial outcome re BFS and decision to mine and all required approvals received.

What's happening with the LME nickel inventory?

By Lorna Nicholas Small Caps (smallcaps.com.au)

With nickel stockpiles suddenly plunging below 90,000t on the London Metal Exchange in October, industry participants are fearing the much-awaited supply crunch has arrived, but is it a result of the genuine physical market conditions or unsavoury manipulation tactics?

At the end of September, LME nickel inventories hovered at 152,000t and within weeks dropped below 90,000t – their lowest level since 2012.

Since then, LME nickel inventories have continued to erode and are now hovering under 70,000t.

The September/October drop has been labelled the biggest ever fall in LME nickel inventory – prompting the LME to investigate.

In an email to Small Caps, the LME stated it was "actively monitoring the nickel market and collecting additional holistic data in respect of member and client activity."

According to Bloomberg, the LME issued an email to its members requesting details of "significant client activity" associated with nickel warrants since the start of September.

Members were also asked to identify their clients and business reason for their transactions.

Potential deliberate market squeeze

The rationale behind the investigation is to ensure the inventory drawdown was not due to unsavoury practices including an attempt to generate an "abusive squeeze" on the market.

Both JP Morgan Chase and China's Tsingshan Holding Group have come under the spotlight for an alleged huge inventory buy up at the start of October, sources told Bloomberg.

Sources estimated the duo had pulled out up to 80,000t from the exchange – squeezing an already tight market.

JP Morgan in spotlight for silver market manipulation

This is not the first time JP Morgan has been accused of attempting to corner a market, with CME Group data showing JP Morgan holds more than 50% of the world's silver bullion.

The most recent CME COMEX data shows JP Morgan now owns more than 159.546 million troy ounces of bullion – compared to the combined global total of almost 314.55Moz.

A cloud of suspicion has also enveloped the bank for years with an ex-JP Morgan trader pleading guilty last year to manipulating precious metals markets between 2009 and 2015.

The bank has also been sued for manipulating the silver futures market in 2010 and 2011 – causing $30 million in losses to three traders.

Silver analyst Theodore Butler has been vocal about JP Morgan's unsavoury behaviour in precious metals markets and has publicly questioned why the bank appears "above the law".

Despite the allegations against JP Morgan in the silver market and its name linked to the latest nickel drawdown, the LME did concede the fall in inventory could still be a result of the physical market.

"While we note that market tightness may be reflective of genuine physical market conditions, we also have clear and robust procedures in place to ensure that any evidence of misconduct will result in disciplinary proceedings," the exchange told Small Caps.

Nickel bulls have warned of a supply crunch for years

Many analysts and nickel miners anticipated a supply crunch had arrived in 2018, but US President Donald Trump's trade war with China caused consumption to ease on uncertainty.

Despite abating, a dry project pipeline, mounting demand, ageing mines and rapidly accelerating electric vehicle and renewable energy sectors have continued to pressure the market.

As a result, nickel's price began to gradually creep back upwards this year – picking up the pace in July as inventories eroded below 150,000t.

Hovering at 150,000t until the end of September, the inventory level represented only two months of supply.

With LME nickel inventories now dipping below 70,000t the supply situation has deteriorated, but the metal's price has fallen instead of increasing.

Price not reflecting inventory levels

By the start of September, the metal's price had climbed to US$18,620 per tonne after the world's largest nickel producing nation Indonesia revealed it was bringing forward its nickel export ban to January 2020.

The incoming ban is two years ahead of schedule, with a transition period already underway.

However, on 22 October, the nickel price was attracting US$16,015/t, which is the lowest it's been since late August, despite the October inventory drawdown.

By early November, the LME nickel price had crawled up slightly to trade at US$16,380/t.

Driven by supply fears, in September, Goldman Sachs lifted its 12-month price forecast for nickel from US$16,000/t to US$22,000/t.

What happened to WeWork?

By Drew Meredith Director & Adviser, Wattle Partners

In a world where accessing capital is as easy as it has ever been, it is those companies able to harness investors' obsession with growth that demand the highest valuations. Increasingly, traditional companies, like manufacturers, are seeking to affiliate themselves with technology buzzwords like big data, artificial intelligence and the internet of things. Yet, recent months have shown that astute investors are either tiring of high growth companies or are more closely questioning their lofty growth predictions. WeWork isn't alone, but it's a company worth taking a closer look at in light of its recent failed IPO.

Moreover, an analysis of WeWork wouldn't be complete without introducing Softbank, one of the key backers of technology companies around the world.

What does WeWork do?

WeWork has a simple business model. They enter leases for entire buildings or floors in sought after areas of major global cities, refit or renovate these spaces and then seek to lease them out to many smaller companies, entrepreneurs and creative types.

Their offering includes private offices and common meeting spaces, but the group generally owns no assets outside of the modern fit outs they deliver. The business model is simple, rent spaces, create cool offices then sub lease these at a profit - the last part of this model being the hard part, as WeWork haemorrhaged $220k per hour in 2018. In fact, the company's losses of $1.9bn exceeded their increasing revenue of $1.8bn, hence the need for constant capital injections.

The company was not unlike any other 'technology' company, albeit technology seemed to play only a small role. They were seeking to grow their scale sufficiently enough to eventually eek out strong profits in various ways with accounting and financial services two of these. The company attracts tenants out of home and cafes by offering printing services, free refreshments, coffee, office cleaning and hosting networking events in an effort to bring people together. This all makes sense in an increasingly casualised employment sector but in our eyes, it is very simply a property leasing company.

The company is not unlike ServCorp who provide serviced offices, with the difference being ServCorp tends to lease existing office buildings, provide secretarial services and charges higher prices to do so. In our view, the WeWork model may be fundamentally flawed. As the type of tenants that typically inhabit these spaces work for themselves, or are involved in venture capital companies, the majority of which are likely to fail.

Consider for instance the sector of financial advice. Financial advisers are dealing with sensitive information, both financial and emotional, on a daily basis. They must also securely store confidential client information behind several layers of protection. Whilst the private offices offered by WeWork may be suitable for the former requirement, most would find it difficult to meet the secondary requirement of security of physical files. That is without considering the security of a shared internet connection.

Taking this a step further, the WeWork approach typically does not attract the highest quality tenants; they attract those seeking to keep costs low and unwilling to commit to longer term leases. The very nature of these businesses is that if their business is under pressure they can simply walk away, flexibility not afforded to those leasing their own premises or employing staff.

The We Company IPO prospectus was issued in August 2019.

So what went wrong?

Put simply, investors and fund managers saw through the technology haze. Upon receiving the prospectus for WeWork, it was obvious to many investors that the company was still some way from profitability and required many things to go right in order for this to be achieved. In our experience, the technology sector is great at one thing, capturing the emotion of investors and employees alike, who see through their issues and only have eyes for the future.

In a time where passive or index management is dominating active decision makers, WeWork reiterated their important role in the market. Active managers effectively decide whether companies like WeWork and Latitude Financial become listed companies. It is these active managers that provide the capital that allows these new companies to list on stock exchanges and if it isn't forthcoming, then the listing doesn't happen. In comparison, a passive investor will buy any investment that enters their relevant index.

The company was seeking to list at a valuation of $48bn, but according to reports had some $49bn in rent payable in the coming months and insufficient cash to fund their operations for the next 12 months. 'Business Insider' reported that WeWork's high profile CEO had actually trademarked the term 'We' and sold it to his company for close to $6m; red flags should no doubt have been seen then. Yet the business continued and eventually required a $9.5bn buyout from its majority shareholder Softbank. This saw the value of the company fall from close to $50bn to just $9.5bn in just a few hours.

After agreeing to the deal, Softbank paid some $1bn to the outgoing CEO and announced a 'right-sizing' of the business model. In plain English, right-sizing means the company and management made poor decisions with shareholders capital that now need to be rectified. In WeWork's case, they appear to have taken on too many new offices and were having trouble leasing these out profitably. If this is the case in what is a generally supportive economic environment, it's worrying what impact a recession would have on their business model.

As part of this right-sizing, the new board axed 4,000 staff or 30% of the global workforce and offered to buy back shares issued to employees based on an $8bn valuation for the company; most of these shares were issued at substantially higher levels.

As union funds and individual investors alike increase their allocation to high risk private equity and venture capital investments like WeWork, many are questioning the longevity of this strategy. Most of these businesses will inevitably fail, it is simply par for course for this sector, so the question must be is now a good time to be increasing allocations to private companies in search of unicorns?

Building the bridge Part 2: Landscape

By Lee Spano CEO, Creatness International

"Plant trees that other men will sit under."
- Benjamin Graham

In this second part of our Building the Bridge series, we will sketch the finance landscape, focusing on wealth creation. If we can see the landscape, we can design a clear pathway.

The finance landscape is not obvious. There are untruths, half- truths and undue complexities. Finding what works in the long term is not easy at first. Finding solid evidence-based principles and processes, particularly when starting out, is like trying to find a needle in a haystack. The noise accounts for about 90% of information out there. This is needlessly so and caused by others not necessarily having your interests at heart, a reality made clear by the recent Banking Royal Commission.

A continuum

The finance landscape can be sketched along a continuum of client interests. On the one hand, we have the finance industry, ranging from active or passive fund managers to financial planners and brokers. On the other hand, we have the marketers, these are people who are trying to sell you a 'get rich quick' scheme of some sort usually through an over-priced 'education' program or other questionable product.

Both extremes of the continuum rely on a lack of financial literacy, so the everyday person cannot make quality judgements about the product or program being promoted. The financial centre is an emerging area, where people are doing things themselves in whole or in part, aided by client-centred service providers, independent education and technology.

The continuum represents extremes. Naturally not all industry or other providers are only focused on their own profits. The challenge for us is to see the reality clearly, find integrity and quality, so we can readily build a team or set of processes for our own pathway.

Created confusion

The industry and marketers have created needless confusion. The every day investor believes they need the relevant product or service, or the provider has a 'secret' that beats the market.

A prime example is the tortured distinction between trading and investing in stocks. Providers use these terms interchangeably, often without a robust, tested methodology to underpin their approach. They do not distinguish between speculation and investing. Brokers, in particular, benefit from this clouded distinction, enticing 'investors' to trade more often. Seasoned investors know this to be wrong. Investing in markets such as stocks should be an exercise in selecting high quality companies, buying them at value, and holding them long term or indefinitely.

The value investing methodology of Benjamin Graham and Warren Buffett going back many decades now is clear evidence of this robust methodology. Trading, on the other hand, is something quite different usually involving different markets and short term methods, such as futures trading using price or cyclical data patterns.

Outperformance?

The industry and marketers often seduce people to thinking they can outperform the market. They usually quote short times frames of market beating returns. However, highly successful investors and fund managers, such as Benjamin Graham, Warren Buffett, John Templeton, Peter Lynch, John Bogle and Ray Dalio have track records spanning decades. Studying them and their methodologies in detail is where we can find universal principles.

There is now clear evidence from around the world that most active fund managers do not consistently outperform the relevant index. One of the leading research organisations is the S&P Dow Jones Indices LLC, which has been reporting now for 17 years. In their S&P Indices Versus Active (SPIVA) Around the World Report of May 2019, it found in Australia over a five-year period, 80% of active fund managers underperformed relative to the S&PASX200 index. In the US, 82% underperformed over five years relative to the S&P500 index.

This reality is significant. If the industry, not to mention marketers on our continuum cannot beat the index consistently over the long term, then where is the every day investor going to turn? Generally speaking, master investors such as Buffett or Dalio outperform the market or relevant index by achieving an average of about 15% to 25% ROI pa over the long term. The ASX or US S&P indices have an average long-term return of about 8% to12%. If we take a median average index return of say 10%, then the difference to the master fund managers is an average of 5% to10%. However, the key is to add compounding, and project your returns long term to see if you can then build a sufficient capital balance to achieve financial independence. At 10% most of us can reach this goal through consistency and building what we call a true wealth machine.

So, for the every day person seeking financial independence the goal is to achieve at least an average long-term return of 10% pa. This can be done by investing long term in stocks and employing a robust methodology, such as value investing. Or if you do not have the time or inclination, then you might consider researching low fee, diversified passive index funds, now easily accessible through Exchange Trades Funds (ETFs).

Watershed times

We are now living in watershed times. We are at the cross-roads of the finance landscape, where the extremes of our continuum are slowly converging towards the centre. This is a client-centred space, where the ever day person can simply and practically achieve financial independence. It is a centre characterised by honesty, integrity and serving others first. Aided by technology and the democratisation of financial knowledge, it is my vision that all of us will soon have greater freedom to fuse authenticity with purpose.

Note: The January 2020 issue of EQUITY will include the third and final article of this series.

References

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The role of fixed income in a diversified portfolio

By Adam Curtis Head of Investment Specialists, Perpetual Investments

Many investors are familiar with the concept of diversification, spreading investments across different asset classes. Most diversified portfolios include growth assets, such as shares and property, as well as defensive assets, such as fixed income and cash.

The defensive nature of fixed income means this asset class can often play an anchoring role in a diversified portfolio. Most fixed income securities are negatively or only slightly positively correlated with shares and generally exhibit lower risk. Regular interest payments provide a steady and predictable source of income. When the security reaches maturity, the face value is returned.

Fixed income investments have traditionally fulfilled three important roles in an investment portfolio:

Return of capital: Fixed income securities are generally designed to repay the investor's capital at maturity or over the term of the 'loan'. This makes many fixed income securities, especially government and semi-government bonds, an effective capital preservation tool. This assumes that the issuer doesn't default, which is where the in-depth analysis undertaken by Perpetual's experts comes into play.

An income stream: Fixed income provides income from regular coupon payments, which occur on set dates throughout the year. This income is dependable; investors know when and how much income they will receive at each payment period, which may be monthly, quarterly, twice yearly or annually.

Diversified returns: Most fixed income investments are classified as defensive assets, with a different risk and return profile to shares. Different types of securities have a different position in a company's capital structure and, in the event of a company being wound up, will be repaid accordingly.

While investors turn to property and shares for income, they often turn to cash (such as bank accounts or term deposits) to minimise their overall risk exposure and reduce overall capital volatility. For those investors in, or close to, retirement, low capital volatility is a common need. However, as interest rates have fallen, bank accounts and term deposits no longer provide the same level of income as they once did and in many cases, barely keep pace with inflation.

Despite this, in a trend that emerged following the global financial crisis a decade ago, many Australian investors continue to rely heavily on term deposits for their defensive exposure; according to APRA[1], Australian households currently have more than $925 billion on deposit.

Many investors have a need for income but often only utilise a limited number of sources of income to meet that need. The overall ageing of Australia's population has resulted in a growing demand for income producing investments as retirees focus on meeting expenses and preserving capital. Across Australia, investment income is becoming an increasingly important part of an investor's portfolio.

Fixed income assets should therefore appeal as a higher income producing alternative to cash. They have the additional advantage of being less risky than portfolios of shares, hybrids or property investments because, as debt assets, they sit higher in the capital structure than equity type assets.

The underrepresented asset class

Despite a growing need for income and wealth preservation, there remains a gap in investors' portfolios; as illustrated in figure one, Australian investors have one of the lowest allocations to fixed income assets in the Organisation for Economic Co-operation and Development (OECD) countries.

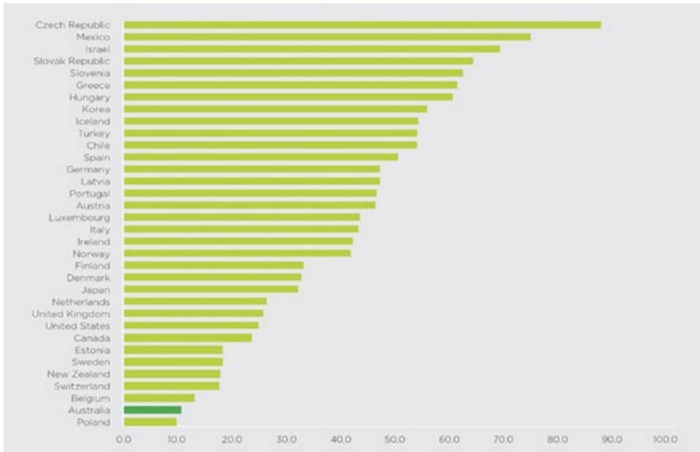

Figure one: Allocation of fixed income assets in OECD countries
Source: OECD Pension Markets in Focus No. 15, 2018

Even with the multitude of investment options available, Australian investors have historically looked to three asset classes to generate income – Australian shares, cash or term deposits and property.

This lack of diversification may have negative consequences for investors during an economic downturn, as property and shares are generally highly correlated with one another and with the economic cycle. In other words, the value of these assets tend to rise and fall at the same time. Fixed income markets, however, tend to move in the opposite direction to broad movements in equity markets.

Fixed income assets can complement a portfolio by providing a reliable income stream with generally low correlation to shares, property and cash. Add that to the return of capital at maturity, fixed income assets are generally a lower risk option than shares and property, although typically higher risk than cash.

The key to a successful investment strategy is having the right mix of assets in a portfolio. A diversified portfolio, one which includes fixed income, is generally better positioned to balance risk and return and ultimately meet investors' investment objectives. E

1. APRA Monthly Banking Statistics, December 2018

ARGO INVESTMENTS AGM

1 year chart

MONITOR: James Hahn

Date	21 October 2019
Venue	Adelaide Oval, Adelaide
Attendees	458
ASA proxies	8m shares from 545 shareholders
Value of proxies	$67m
Proxies voted	Yes on a poll
Market cap	$6 billion
Pre-AGM meeting	Yes with Chair Russell Higgins

Franked dividends highest priority

The Chair Russell Higgins announced that Argo Investments would conduct voting by poll for the first time. We were very pleased with this, as we have been requesting the company to do this for several years. The Chair also went to considerable lengths to explain the ethos of Argo's investment strategy, with regards to its recent underperformance against the S&P/ASX200 Accumulation Index. ASA believes that as a custodian of more than $6 billion worth of shares puts the company in a position where it has an obligation to engage in best practice corporate governance and set an important example.

The last four years have seen 10% underperformance. However, we accept the real comparative figure is closer to 6% because it is stated after tax and fees. He noted that, in a recent survey, shareholders gave high priority to the continued payment of fully franked dividends. Therefore, the management and board have prioritised the distribution of fully franked dividends.

Managing Director, Jason Beddow continued on this theme with a detailed breakdown of the 20 largest shareholdings, which account for nearly 60% of the portfolio. His macroeconomic outlook is for a murky future with unknowns such as trade wars, zero interest rates and high asset valuations making forecasting difficult.

Regardless of this, there was an improvement in performance when compared with the figures from the previous financial year. Though there was a slight improvement, as mentioned, there has been a consistent underperformance over the last five years which is being closely watched by ASA monitors.

The ASA remains in the same position it took last year. This is to accept that Argo is a long-term value investor with a decade plus investment time frame. We therefore give them the benefit of the doubt at this stage but remain watchful. Overall, ASA's position was also that the company is generally compliant with ASA guidelines in terms of board diversity and sustainability, remuneration disclosure and 'skin in the game' for key executives and non executive directors.

A shareholder raised a question regarding a possible 'welcome to country' and another shareholder asked about the company's divestment of Coca-Cola. The re-elections of Ms Anne Brennan and Mr Chris Cuffe AO were not significantly opposed and the meeting otherwise ran smoothly.

All resolutions were passed with significant majorities and the brief meeting was followed by the usual delightful lunch. Yet again, a pleasant view of Adelaide Oval was had by all.

CARSALES.COM AGM

1 year chart

MONITORS: Henry Stephens with Hans Ha and Mike Robey

Date	25 October 2019
Venue	Sofitel Collins St Melbourne
Attendees	120 attendees
ASA proxies	325k shares from 116 shareholders
Value of proxies	$5.1m
Proxies voted	Yes on a poll
Market cap	$3.68 billion
Pre-AGM meeting	Yes with Director Kim Anderson and General Counsel Nicole Birman

First strike and LTI hit out of the park

The chair opened the meeting as usual but provided only a brief introduction before handing over to the CEO whose presentation formed the body of the meeting.

The message was one of continued growth in revenue, adjusted EBITDA* (earnings before interest, taxes, depreciation and amortisation) and adjusted NPAT* (net profit after tax) in the domestic multi brand businesses, profitable growth in the South Korean operation, and user growth in the four South American/ Mexican businesses.

A chart comparing long term performance comparison with S&P/ASX200 over the past 10 years showed an impressive three times growth, but a closer inspection shows that due to much higher volatility in Carsales.com (CAR), the long term average is more like double the S&P/ASX200. There was no mention of the asterisk which accompanied the EBITDA and NPAT, since in the year CAR put their 50% ownership of the financing business Stratton up for sale, incurring a hit to their profit from $133m to $86m. ASA asked if there was any hope of a sale. "We are still assessing" was the noncommittal answer. There may be more small write downs since they have an $11m holding value.

ASA explained the reasons behind its against vote for the long-term incentive (LTI) and Remuneration Report. Our opposition had been aired in the press in the week preceding. This was characterised as ASA holding ground on the importance of retaining 70% financial measures for variable pay versus CAR which was following the line provided by APRA and diluting the financial measures to 60%. ASA's position was that STI was where these measures should apply, not LTI.

The remuneration report received a first strike (32% against) and the LTI award for the CEO receiving 52% against. One other surprise was the vote against the newly proposed Director Wiadrowski, (23% against) possibly because he is recently retired from PwC, which happens to have the external audit function at CAR.

ASA congratulated the Board on their diversity of age, skills and experience, ethnicity and gender. In later discussion, the founder was grateful for our observation and explained that this Board works together extremely well, in large part due to the diversity in backgrounds of the Board members.

In discussion with the CEO, the ASA asked about the choice of Latin America as a first choice for offshoring and the response was that the market and online development enabled them to take the premier position here, much the same logic behind Seek's move into Latin America.

A better bank embracing cultural change

There was a joyful and positive welcome from the numerous CBA staff as we arrived at the security screenings in the ICC for the AGM.

Catherine Livingstone's address focused on the progress that has been made towards a new "simpler better bank". Despite a subdued economy the bank had a strong operating result and a strong capital position. She highlighted improvements to governance, accountability and risk management; and the importance of integrity in restoring trust; and the measures they have taken towards this. These included: remediation, removing and reducing fees, alerts, renewal of the leadership team and a more customer focused culture. The board now has better oversight of risks including non-financial risks. The commitment to ESG saw embedded sustainability and transparent disclosures ensuring sustainable returns over the long term.

Matt Comyn focused on CBA as a "bank for all Australians". Highlighting the bank's purpose of financial well-being for customers, community and shareholders, he emphasised his commitment to listening to his customers and implementing changes, simplifying the bank but not at the expense of the customer. He expressed concern around global growth uncertainty and lower interest rates, adding that there was an abundance of housing credit, which had grown 30% faster than market growth with $92 billion in CBA home loans issued last year. The CEO and Chair welcomed the recently announced ACCC probe into mortgage pricing, saying that "it was a good opportunity to put forward some facts".

The AGM was a four-hour-long event, with questions dominated by former Bankwest customers' comments and complaints. The Chair and CEO answered questions from protesters and defended the bank's actions. Community "forums" are scheduled around the country to provide an opportunity for further feedback.

The number of shareholders at the meeting was down compared to previous Sydney meetings. This may have been partly due to the earlier than usual 9.30am start but there were also no controversial items on the agenda this year.

ASA raised a question around the Net Interest Margin (NIM), which has declined (along with measures such as the Return on Equity), and was told that the bank is doing its best to maintain profitability and balance the NIM on home loans with depositor rates and shareholder returns.

The results of the meeting saw all resolutions carried. The re-election of Shirish Apte with 95% approval, and Mary Padbury with 98% approval; and the elections of Genevieve Bell and Paul O'Malley with 99% approval. Item 3, the Remuneration Report, received 92% approval. Item 4, the grant of securities to Matt Comyn, saw 94% vote in favour. The new constitution received 99% approval.

CBA AGM

1 year chart

MONITORS: Sonja Davie assisted by Julieanne Mills

Date	16 October 2019
Venue	Darling Harbour Theatre ICC Sydney
Attendees	486 shareholders, 18 proxy holders and total attendance of 639
ASA proxies	5.77m shares from 2176 shareholders
Value of proxies	$462.2m
Proxies voted	Yes on a poll
Market cap	$141.65 billion
Pre-AGM meeting	Yes with Chair Catherine Livingstone

Happy shareholders celebrate 25 years listed

A short celebratory video opened proceedings and when Chair Brian McNamee rose to speak, he was greeted with applause; not your usual AGM behaviour! The mood continued throughout the meeting, with further applause in response to both his and the CEO's addresses. It was very clear that attendees welcomed CSL's first AGM in Sydney. The fact that around 30% of CSL's shareholders live in NSW should count for something.

The previously announced forecast profit growth of 7 - 10% (in constant currency terms) was reconfirmed. Very significant growth in staff numbers was accompanied by several awards for being a highly desirable employer. The company's primary commitment to patients and public health were emphasised, including establishment of a new quality release laboratory in Amsterdam, specifically to ensure no interruptions to vaccine supply across Europe, presuming Brexit happens.

ASA congratulated the Board and Executives for maintaining the growth trajectory of the company over the past year. We continued by questioning whether the supply of plasma was still the biggest risk to the company, as had been stated at last year's AGM. The response enumerated considerable investments in additional plasma collection centres and processing laboratory capacity; indeed, the whole supply chain for plasma, after a competitor had flagged problems with their own supplies. CSL's ability to compete and innovate were cited, not specifically as a concern, but as a necessary condition, for CSL to continue its distinguished record into the future.

One query concerned possible share split. The response was that it would be expensive to the company without any change to the economic substance. The number of shareholders has increased anyway, and there is high liquidity. Likewise, a DRP scheme was unlikely. It is not efficient use of capital for the company, and anyone can choose to buy on market at any time. CSL's LT debt is inexpensive to service, and the Board is very comfortable at its current level.

ASA was the only commenter regarding the Remuneration Report. After complimenting the Board about the long-term focus of the scheme introduced in 2017, and its alignment in most particulars with ASA policy, we asked if the Board had considered reducing the remuneration outcome, given its size this year. Not seriously, was the reply, as it was largely due to LTI awards from the previous scheme being inflated by the large rise in the share price. And it was very much aligned with shareholders' increases in value of their holdings.

CSL AGM

1 year chart

MONITORS: Michael Muntisov, Robin Burrows assisted by Patricia Beal

Date	16 October 2019
Venue	The Westin, Sydney
Attendees	179 shareholders, 7 proxyholders, 115 visitors
ASA proxies	1.916m shares from 848 shareholders
Value of proxies	$485m
Proxies voted	Yes on a poll
Market cap	$115 billion
Pre-AGM meeting	Yes with Director Megan Clark and Company Secretary Fiona Mead

SOUTH32 AGM

1 year chart

MONITORS: John Campbell assisted by Geoff Read

Date	24 October 2019
Venue	Pan Pacific Hotel, Perth
Attendees	110 shareholders and 82 visitors
ASA proxies	7.25m shares from 1030 shareholders
Value of proxies	$18.9m
Proxies voted	Yes on a poll
Market cap	$12.8 billion
Pre-AGM meeting	Yes with Chair Karen Wood

Global uncertainty drives down commodity prices

Both the Chair and the CEO were positive about the outlook for the company especially the aspects which are directly under its control. Whilst expressing some uncertainty about the global economy as a whole and its impact on commodity prices.

ASA asked the chair about the potential for further write downs in the value of SAEC (South Africa Energy Coal). The reply was that the present asset values are appropriate. The target date for the sale process is mid-2020.

We also asked about the ore grades and prospects for the Arizona Mining (Hermosa) acquisition. The CEO told us that he was confident in the purchase and the price paid and that the total extent of the ore body had still not been delineated but was greater than anticipated. He went on to tell us that the type of mineralisation and the processing methods are well known to S32 as they are being used in Queensland. A pre-feasibility study will decide the best development path. It is expected to be complete mid-2020.

We expressed our concern about executive pay and other aspects of remuneration arrangements. However, we supported the remuneration report because overall the structure is fair to shareholders and there is significant international competition for experienced mining executives. While ASA voted for the remuneration report, we do believe that the lack of a second hurdle to hurdle to total shareholder return (TSR) as the yardstick for the long-term incentive (LTI) incentive is not ideal. ASA also believes that LTIs should only vest if S32's performance exceeds the median performance of the comparator groups and not if it is merely achieved. The Chair told us that a review of remuneration was to be undertaken in the current financial year and that for 2019 pay rises had been limited to increases close to inflation. She offered to discuss this review with ASA during the year.

Questions from the floor were about S32's impact on environment, the company's social responsibility in South Africa, the divestment of SAEC, the prospects for and valuation of Arizona mining (Hermosa asset) and the format of the annual report.

This AGM was the first chaired by the new Chair Karen Wood. All resolutions before the meeting were adopted with votes in favour ranging from more than 99% for the re-election of two non-executive directors, to 97% for the remuneration report and the issuance of share rights to the CEO.

TELSTRA AGM

1 year chart

MONITOR: Sue Shields

Date	15 October 2019
Venue	Melbourne Convention and Exhibition Centre
Attendees	581 shareholders/ proxy holders and 41 visitors
ASA proxies	27.5m from 2174 shareholders
Value of proxies	$70.4m
Proxies voted	Yes on a poll
Market cap	$42.58 billion
Pre-AGM meeting	Yes with Chair John Mullen and Chair of Remuneration Committee Peter Hearl

History in the making

The Chair opened confidently, summarising the results and stating that 2019 had been one of the most important in the company's history. A $3 billion investment program on networks for the future and digitising the business was completed; the migration to the NBN passed the halfway mark and the company made significant headway on the T22 strategy introduced a year ago. He emphasised that this strategy is the most radical and ambitious being undertaken by any telecommunications company in the world today.

Let's hope shareholders reap the benefits. He highlighted operational statistics, demonstrating substantial progress on all four pillars of T22, and importantly flagged a long-awaited turning point in the financial fortunes of the company in the next financial year.

Prompted by another fall in the dividend this year, ASA sought assurances concerning future dividend pay-out ratios. The Chair assured shareholders that the intention was to return to a 70-90% dividend payout.

Looking to the future, Mr Mullen said that Telstra was the first operator in Australia and the world to launch 5G, enabling opportunities in new fields such as the Internet of Things, Cloud Computing, Big Data, Machine Learning and Artificial Intelligence. Also, as many country and remote residents would be aware he explained how Telstra's mobile coverage is vastly greater than any other mobile network in the country covering 99.5 per cent of the population.

Directors Eelco Blok and Nora Scheinkestel were re-elected with 92% and 97% of the vote respectively while Craig Dunn encountered a protest vote of 30% against.

Mr Dunn touched on how he had learned from his time at Westpac and AMP in his address and in response to a request from the ASA to elaborate, explained that he has reflected very deeply on his learnings as a leader managing and governing financial services.

Mr Dunn explained that he had an increased focus on non-financial risks, to making sure that there are good and different procedures in place for vulnerable customers. He added that there have to be very clear accountabilities for management in their day to day responsibilities for the organisation.

There was an extensive introduction from the Chair and the allocation of equity incentive to the CEO and the remuneration resolutions passed with 97% and 95% support. Accordingly, the conditional Item 6 for a spill resolution was not put to the AGM.

In the course of the meeting the Chair patiently and comprehensively answered numerous questions ranging through union and employee concerns, global warnings and shareholder concerns about what they perceived as a gap between shareholder wealth and Board and senior management remuneration.

Further progress towards vision of becoming Australia's leading integrated resort

As this was the first time The Star Entertainment Group (SGR) held its AGM in Brisbane it was appropriate to commence proceedings with an update on the Queens Wharf Project. Destination Brisbane Consortium (50% The Star; 25% Chow Tai Fook and 25% Far East Consortium), responsible for developing the $3.6 billion project, are on track to open in 2022. Not only is Queens Wharf the largest single private sector project in Queensland, upon completion, it will be Australia's most unique integrated resort with a blend of contemporary and heritage buildings.

However, both the NSW and Queensland State Governments have presented hurdles. After seven years of speculation as to whether the Queensland Government will grant a second casino licence on the Gold Coast, an ongoing distraction and a considerable cost to the company that has affected its share price, the company has prepared a contractual arrangement to present to the State Government. The proposal aims to spend over $2 billion in developing new towers, refreshing properties and expanding the Gold Coast Convention and Exhibition Centre.

The Star's position has been supportive of investment in tourism assets on the Gold Coast, but the Gold Coast market is considered too small for two casinos. The proposal to the Queensland Government includes the condition that SGR retains the Gold Coast's single casino licence.

Funds are available to deliver on all elements and SGR are keen to resolve this ongoing uncertainty as soon as is feasible. The planning and approval process for Sydney's Ritz Carlton development has been ongoing for four years. Sydney lacks luxury hotel rooms and developing the Ritz Carlton would help alleviate this. The Chair advised that they expect a decision from the independent Planning Commission in a few weeks' time.

ASA queried if there was a fall-back position if this approval was not forthcoming. The Chair responded that they had both a plan B and a plan C. Not ideal as they would lose 8 floors, but the building height could be reduced from 237m to 213m if required.

SGR's sustainability strategy is integrated across all operations and indeed they have received numerous awards.

Discussion of the company and resolutions took longer than anticipated with a couple of shareholders detailing specific grievances in regard to the points system, loyalty programs, lack of shareholder benefits and payout processes.

All resolutions passed comfortably with a 97% or greater FOR vote.

THE STAR AGM

1 year chart

MONITORS: Carol Limmer assisted by Silvana Eccles

Date	24 October 2019
Venue	The Westin, Brisbane
Attendees	186 including visitors
ASA proxies	0.9m shares from 221 shareholders
Value of proxies	$4.039m
Proxies voted	Yes on a poll
Market cap	$4.08 billion
Pre-AGM meeting	Yes with Chair John O'Neill and Chair of Remuneration Committee Sally Pitkin

Transurban still in the driver's seat

The Chair, Lindsay Maxsted, summarised key achievements for the year including the acquisition of the Westconnex project in Sydney. Standouts were the opening of four new projects (three in Brisbane and one in Sydney). Subsequent to the end of the financial year Transurban bought out the minority interests in the M5 project in Sydney. This acquisition will form part of Westconnex when its current concession expires in 2026. The Chair expected the acquisition to be free cash flow accretive by 3c per security in FY20.

The Board issued guidance for a 62c distribution for 2020 financial year (FY20), growing by almost 5%. If achieved it would represent a decade of dividends increasing by 5% or more.

Mr Maxsted mentioned the softening economy but did not expect a recession. The CEO, Scott Charlton, expanded on this by quoting the September 2019 quarterly traffic data increasing by 1.9%, being lower than previous rates. The CEO spent some time on the three projects due to open by the end of 2020 (North Connex, new M5 and 395 Express Lanes). He also touched on five further projects due to be completed by 2022.

Question time was dominated by former ASA Director Stephen Mayne who praised the company on their fairness to retail shareholders in capital raisings, queried the early release of the Chair's AGM statement to the media, opined that the optics of the company's political donations were unflattering, and doubted if Transurban was paying enough tax. He asked the CEO how the remuneration incentive plans affected his behaviour. The CEO's answer was that the plan was one of the things keeping him at Transurban.

The ASA raised the issue of the long-term incentive performance period being only three years for a company with such a long-term outlook (a four- or five-year performance period is favoured by ASA). The Chair again said they felt it was appropriate for their circumstances.

The Chair announced that this would be his last term and was re-elected with 96% in favour which was the lowest in-favour vote of the meeting. The other two directors standing for re-election (Samantha Mostyn and Peter Scott) were both supported by more than 99% of shares voted.

The remuneration report had a 3% vote against, much improved on the 14% vote against in FY18. There were no questions on climate change risk this year, possibly because the company's climate change plans and initiatives were openly presented during the addresses.

TRANSURBAN AGM

1 year chart

MONITOR: Mike Muntisov

Date	10 October 2019
Venue	Melbourne Exhibition Centre
Attendees	144 shareholders and 65 visitors
ASA proxies	3.37m from 523 shareholders
Value of proxies	$50m
Proxies voted	Yes on a poll
Market cap	$40 billion
Pre-AGM meeting	Yes with Company Secretary Amanda Street, Manager Investor Relations Jessica O'Brien

TREASURY WINES AGM

1 year chart

MONITORS: Rod McKenzie and Sue Shields

Date	16 October 2019
Venue	South Wharf, Melbourne
Attendees	105 shareholders and 34 visitors
ASA proxies	0.63m shares from 357 shareholders
Value of proxies	$11.3m
Proxies voted	Yes on a poll
Market cap	$24 billion
Pre-AGM meeting	Yes with Chair Paul Reyner and Company Secretary Fiona Last

Does the San Francisco AGM location suit Aussie shareholders?

The AGM was held in San Francisco and simulcast to the Melbourne audience. The process worked well enough but there were quite a few jumps in the video and occasional jumps in the dialogue. There were approximately 120 people in the Melbourne venue and possibly fewer than 20 in the US venue. No questions were raised from the US audience.

The Chair summarised a very strong year for the company. CEO Mike Clarke detailed his "premiumisation" strategy which has been a key driver of improved company performance. This has been achieved through the focus on better quality wines, an acquisition in France and the expansion of a luxury vineyard in the Barossa. The premium wines accounted for 69% of net sales revenue in 2019.

A question was raised from the floor regarding sustainability including water use and supply. The Chair outlined the use of drought resistant root stock and the greater diversity of supply used to alleviate supply issues. He referred to the recently published sustainability report available on the website.

The move to annual elections for all directors was explained by the Chair. This is seen as a governance improvement going forward. It is noted that TWE is the first non-dual listed ASX company to adopt annual elections.

Ms Cheang was the only director to address the meeting. Ms Cheang is a Hong Kong resident and was only recently elected to the TWE board.

Stephen Mayne questioned the high turn-over of CFOs in the company. The Chair outlined the reasons for the changes which included a retirement, a resignation and one CFO moving to a new role. Mayne questioned share sales by the CEO, the move to yearly director elections and succession planning. These issues were covered by the ASA monitor in the pre-AGM meeting. Mayne also questioned TWE's pricing power and advertising of alcohol at sporting events.

ASA spoke regarding the remuneration report and outlined our reasons for an against vote. The key reasons were there is a 3-year performance period rather than the ASA preferred 4- or 5-year period and there is no table of actual remuneration. We also spoke to the issue of performance rights to the CEO. The Chair stated that the company was unlikely to change their remuneration structure.

All resolutions were passed with greater than 95% votes in favour. The subject of the CEOs share sales to cover his tax obligations received coverage in the financial sections of local papers.

WORLEY PARSONS AGM

1 year chart

MONITORS: Gary Barton assisted by Lewis Gomes

Date	21 October 2019
Venue	The Westin, Sydney
Attendees	31 shareholders and 52 visitors
ASA proxies	0.127m shares from 62 shareholders
Value of proxies	$1.7m
Proxies voted	Yes on a poll
Market cap	$6.97 billion
Pre-AGM meeting	Yes with Chair John Grill and Director Tom Gorman

Worley receives first strike on Remuneration Report

The Chair commenced the meeting by highlighting Worley's safety record and their commitment to safety. The acquisition of the Energy, Chemicals and Resources division of Jacobs Engineering Group positioned the Company as a pre-eminent global professional services firm in the energy, chemicals and resources sectors. The acquisition is expected to generate better returns for shareholders and bring significant cost and revenue synergies. The synergies have increased to $150m. Worley is the largest provider of engineering services for the renewable energy sector (renewables), having worked on more than 1,350 New Energy projects globally. They will diversify earnings by growing in the Chemicals and Mining, Minerals & Metals sectors.

A strategic climate change program is being developed for Worley, following the recommendations of the Task Force on Climate-related Financial Disclosures. They completed a risk and opportunity assessment to identify the exposure to the physical risks posed to people and assets.

Dar Group has requested a comprehensive global cooperation agreement between the two companies. This is seen to not be in the interests of Worley's shareholders, customers, employees and other stakeholders. Addressing further share ownership by Dar Group, Worley's Board is unanimously opposed to further acquisitions by Dar Group.

In addition to the ASA asking questions on the company's performance a question was asked: does Worley access projects against the Paris accord? Mr Grill stated that all projects are assessed against UN guidelines. A further question on their involvement with Adani. CEO Mr Wood stated that they have no involvement.

All directors spoke at the meeting. Questions to directors on their workload were answered to our satisfaction. The re-election of John Grill, the election of three new directors, performance rights to the CEO, leaving entitlements, renewal of takeover provisions and change of Company name were passed with shares voted in favour in the high ninety percent levels.

The remuneration resolution recorded a first strike with a 31% vote against. The abstain vote was 115m. The resolution to grant deferred restricted share rights to Mr Wood received a 13% against vote. Proxy holders were sceptical of extra payments made to executives. We voted against this resolution.

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AGM Reports published on our website

Australian Shareholders' Association

Companies - Australian Shareholders Association X

Secure | https://www.australianshareholders.com.au/Public/Advocacy_monitoring/Companies_we_monitor.aspx

The following montiored companies have AGM reports available to read on ASA's website www.australianshareholders.com.au.

To read detailed AGM reports visit the Companies we monitor page under Advocacy and Monitoring. AGM reports are member-only and you need to login to view the company pages. You can search by ASX code or date of meeting, and the table of AGMs is sortable by column if you want to focus on the companies where the AGM report has already been lodged.

We also have a number of AGM reports from proxy collections companies.

Company	ASX Code	Monitor name
AGL Energy Limited	AGL	Mr Ian Graves
Argo Investments Limited	ARG	Mr James Hahn
ASX Limited	ASX	Mrs Patricia Beal
Aurizon Holdings Limited	AZJ	Ms Shirley Watson
Australian Foundation Investment Company	AFI	Mr Jason Cole
Brambles Limited	BXB	Mr Peter Barker
Carsales.com Limited	CAR	Mr Henry Stephens
Cleanaway Waste Management Limited	CWY	Mr John Collins
Commonwealth Bank of Australia	CBA	Ms Sonja Davie
Crown Resorts Limited	CWN	Mr Geoffrey Bowd
CSL Limited	CSL	Mr Michael Muntisov
GUD Holdings Limited	GUD	Mr John Whittington
Inghams Group Limited	ING	Mr Allan Goldin
JB Hi-Fi Limited	JBH	Dr Mike Robey
Magellan Financial Group Limited	MFG	Mrs Elizabeth Fish

Company	ASX Code	Monitor name
McMillan Shakespeare Limited	MMS	Mr Michael Muntisov
Origin Energy Limited	ORG	Mr Geoffrey Orrock
Orora Limited	ORA	Mr Gavin Morton
Perenti Global Limited	PRN	Mr Keith Mellis
Perpetual Limited	PPT	Mr Richard Williams
Sealink Travel Group Limited	SLK	Mr Ken Wakeman
South32 Limited	S32	Mr John Campbell
Stockland Corporation Limited	SGP	Mr Roger Ashley
Suncorp Group Limited	SUN	Mrs Sally Mellick
Tabcorp Holdings Limited	TAH	Mr Michael Muntisov
Telstra Corporation Limited	TLS	Ms Sue Shields
The Star Entertainment Group Limited	SGR	Ms Carol Limmer
Transurban Group	TCL	Mr Michael Muntisov
Treasury Wine Estates Limited	TWE	Mr Rod McKenzie
Whitehaven Coal Limited	WHC	Mr Geoffrey Orrock
WorleyParsons Limited	WOR	Mr Gary Barton

Upcoming AGMs

The following companies have advised their AGM dates for AGM season.
Note dates are correct at time of printing but are subject to change.
Visit the ASA website page, Companies We Monitor, for updated details.

ASX code	Company name	Date	AGM venue
ALU	Altium Limited	6/12/19	Sydney
ANZ	Australia & New Zealand Banking Group Ltd	17/12/19	Brisbane
BOQ	Bank of Queensland	10/12/19	QLD
ELD	Elders Limited	12/12/19	North Terrace SA
IPL	Incitec Pivot Limited	20/12/19	Melbourne
NAB	National Australia Bank Limited	18/12/19	Melbourne

ASX code	Company name	Date	AGM venue
NUF	Nufarm Limited	5/12/19	VIC
ORI	Orica Limited	17/12/19	Melbourne
PDL	Pendal Group Limited	13/12/19	NSW
TPM	TPG Telecom Limited	4/12/19	Sydney
SOL	WH Soul Pattison	6/12/19	Sydney
WBC	Westpac Banking Corporation	12/12/19	Sydney
WOW	Woolworths Group Limited	16/12/19	Sydney

Brickbats

To the nearly 200 June 30 balance date companies which decided to hold their AGM on the last day possible: Friday, November 29.

As we've come to expect, the majority are Perth-based resources companies but there were a few bigger east coast out-fits that shouldn't be associating themselves with the last day deluge.

Let's name a few of them: Prime Financial, Ellerston Global Investment, Longtable, Zip Co, Karoon Gas, Premier Investments, Retail Food Group and Hotel Property Investments.

Companies have five months to hold their AGM after year end and 3 months after the end of August deadline to produce their annual results. There are no auditing processes to be completed for an AGM so it shouldn't be too hard to get everything organised and completed within 5 months.

We suspect most of the circa 200 companies are doing this deliberately to avoid scrutiny but we're happy to name and shame!

To **Westpac** for going with a fixed price $2 billion institutional placement followed by a $500 million share purchase plan rather than repeating its 2015 PAITREO capital raising which is the model preferred by ASA. And given that retail shareholders own almost 50% of Westpac, why didn't the board allocate 50% of the capital raising to the SPP, rather than just 20%? If there is strong demand, ASA hopes the board will lift the $500 million cap and accept all applications. Or at least up to $2 billion to match the institutional allocation and ensure retail shareholders aren't diluted as a class. On the positive side, at least retail shareholders are being offered a secondary pricing of 2% below VWAP if the stock falls below the fixed price offer of $25.32 and Westpac has also sensibly gone with the new maximum $30,000 for each SPP application.

To all the companies which felt the need to add an institutional placement component to their recent pro-rata capital raisings. Here is the roll call:

AMA Group: placement comprised $70 million of the $216 million or some 32%

Pointsbet: placement comprised $60 million of the $122 million or some 49%

IMF: placement comprised $19 million of the $139 million or some 13.7%

Ingenia Communities: placement comprised $21.3m of $131m raising or some 16.2%

Karoon Gas: placement comprised $67 million of the $284 million or some 23.6%

Placements dilute retail shareholders so ASA generally doesn't like them. And when they happen, issuers should follow up later with a compensating SPP for retail investors, in addition to the pro-rata offer.

To **Village Roadshow** for failing to provide any webcast, audio recording or transcript from their November 1 AGM despite the founding family being in open public dispute about the direction of the company. Friends and associates of director John Kirby fired in a range of questions at his brother, executive chairman Robert Kirby, along with the long-serving CEO Graham Burke, but only the shareholders who attended the AGM starting in a South Yarra cinema at 9am on a Friday morning were privvy to the debate. Webcasts and even transcripts should be standard.

To **Tabcorp** for continuing with a heavy program of political donations worth about $250,000 a year which are also not directly disclosed in the annual report. Chair Paula Dwyer was quite open at the AGM about why they do it when she said: "We ensure that our donations are related to membership and participation in the formulation of regulation rather than in events and social occasions."

Pay money to political parties to help work up regulations. Interesting!

To **Ingenia** and **Karoon Gas** for setting a record low cap for investors who wanted to apply for "overs" in their recent non-renounceable pro-rata entitlement offers, with a limit of just 15% of a shareholder's entitlement. If offering "overs", it is preferable to allow unlimited applications to ensure the entire retail shortfall goes to other retail shareholders rather than the investment banking under-writers and their institutional sub-underwriting clients. Still, 15% overs is better than no overs at all.

To car repair giant **AMA Corp** for failing to make their recent entitlement offer renounceable or even offering retail shareholder a chance to apply for additional shares. As a result, the retail offer finished $9 million short and the under-writers picked up an easy $1.7 million paper gain given the shares were offered at $1.15 and were trading around $1.37 when the offer closed. Even worse, AMA also did a $77 million institutional placement at $1.15, further diluting retail investors. At the very least the company owes its retail shareholder a make-good Share Purchase Plan.

To the long line of smaller companies which are doing institutional placements with no follow up Share Purchase Plan at all for retail shareholders. In recent weeks this has included the likes of **Alcidion** ($16 million), **Andromeda Metals** ($4 million), **Bluechip Tracking Solutions** ($4.5 million), **Mesoblast** ($75 million), **Aurora Labs** ($4 million), **Diatreme Resources** ($3.6 million) and **MNF Group** ($54 million), just to name a few.

To the increasing number of supposedly independent public company chairs who seem to think it is okay to serve beyond 12 years on a board, thereby losing their independence based on tenure grounds. Shareholders are certainly unimpressed by this, as evidenced by the hefty 34% vote against the re-election of long-serving **Tabcorp Chair Paula Dwyer**. Other prominent formerly independent chairs who have gone through another AGM season with more than 12 years of tenure include **Bruce Teele** (Amcil), **Charles Goode** (DUI), **Peter Polson** (Challenger), **Ian Ferrier** (Goodman Group), John Paterson (AFIC) and **Donald McGauchie** (Nufarm), just to name a few.

To **Equity Trustees** which switched share registry provider from Computershare to Link, thereby losing all the standing proxy appointments which had been lodged by retail shareholders. Issuers and all the share registry companies need to co-operate better on this issue and if losing standing proxies is the price of change, then maybe they should just stick with the same registry provider.

To **Event Hospitality and Entertainment** for not having any copies of its annual report available for shareholders before the October 18 AGM, but instead producing them at the end once refreshments were served. If the report was available before the meeting there might have been more than the 3 questions that were asked of the board during the meeting.

To **Citadel** for one of the shortest directorships we have ever seen. Sam Weiss was appointed 15 May, and company advised ASX he was not proceeding 26 September, with no reason given other than deciding not to offer himself for election. Really?

BOUQUETS

Bouquets

To **Costa Group** for opting to go with a PAITREO capital raising model, something we haven't seen since Nufarm did one in September 2018. The PAITREO is fairest to us retail investors because we can sell our rights on market, take up the rights or have them sold off at the end of the offer period in a bookbuild, with the premium to the offer price returned to shareholders as compensation. And with the Costa institutional shortfall bookbuild only producing a 10c compensation payment, this was also a capital raising where non-participating retail shareholders did better by exiting on-market. The previous 5 PAITREOS had all seen non-participating retail shareholders receive less compensation than non-participating institutions in the separate shortfall bookbuilds.

To **Treasury Wine Estates** for voluntarily moving to annual elections for directors, mirroring the model which applies in the UK and the US. This helps with succession and makes directors more accountable. We also give a BIG BOUQUET to out-going Treasury CEO Michael Clarke who has delivered spectacularly for shareholders during his 5 and a half years in the job and will be returning to London in 2020 to spend more time with his family. All those past senior Foster's executives who led the push into wine – Ted Kunkel, Terry Davis and Trevor O'Hoy – should also be feeling vindicated after the magnificent turnaround overseen by Mr Clarke who inherited a company worth $2.4 billion and leaves Treasury with a market capitalisation of around $13 billion. The Paul Rayner-led board, which knocked back two takeover bids priced around $5 a share in 2014, also deserves credit with TWE stock now above $17. It is also welcome to see an internal successor in Tim Ford who has been with the business for eight years and knows it intimately.

To **Bendigo Bank Chair Robert Johanson** who finally retired after 13 years in the top job at the October AGM, having performed admirably for shareholders. His exiting shareholding was worth a healthy $2.73 million. That's the sort of skin in the game we like to see.

To **Argo** and **Argo Global Listed Investment** Chair Russell Higgins for the board decision to change the voting mechanism from show of hand to poll because "it's present best practice." ASA wholeheartedly agrees!

To **Harvey Norman** for never using the Corporations Law exemption that is available for the nominated CEO of the business to avoid the three yearly election cycle for directors. The executive chairman of Crown Resorts, John Alexander, controversially used the exemption this year when other executive chairs such as Kerry Stokes and Gerry Harvey don't. However, a look at the agenda at the upcoming Harvey Norman AGM shows that CEO Katie Page is up for election, when she didn't need to be. We have many gripes with Harvey Norman's governance but this is one small positive.

To **Brambles** for selecting Telstra Chair John Mullen to replace Stephen Johns as Chair in 2020. Mullen had a long global career in the logistics business which will be relevant for Brambles and also knows the business from serving on the board for two years until 2011 when he took up the CEO role at Asciano. Not enough of our major public company chairs have deep knowledge of the relevant industry, so good choice Brambles.

To issuers such as **Retail Food Group**, **PepinNini** and **Westpac** for going with the new maximum $30,000 share purchase plan when they could have stuck with the old $15,000 or even gone lower as numerous issuers have done in similar circumstances over the years. Another good example is Cellmid which initially capped its $30,000 SPP at $500,000 but then used board discretion to accept all $1.044 million in applications. A $30,000 SPP with no scale-back. That's what we like to see.

Members are welcome to send in their suggestions to equity@asa.asn.au. Comments included here do not necessarily reflect those of all members.

Letters to the Editor

Dear Editor

In the September issue EQUITY, Allan Goldin's last paragraph suggested that the ASA might become more active in the areas of the environmental and social performance of companies.

I would wholeheartedly endorse such a move. It is 25 years since John Elkington claims to have coined the phrase "Triple Bottom Line" (TBL) in 1994 (Wikipedia). But little progress has been made in that time.

However, I think there is now a rising tide of investors whose investments will be directed with TBL in mind. This may well be ignored by businesses at their own peril before too long.

Malcolm Gilfillan, NSW

asa
NEWS DESK

01 Kristy Wan

01 Farewell Kristy

For the last three years Kristy Wan has been an integral part of our team. Combining creative, analytical and technology skills, Kristy has been instrumental in producing our promotional collateral; creating and implementing our marketing campaigns; editing and posting podcasts, videos and webinars to our website; working with the team to create the online ‘Investing in shares 101’ course and acting as our all-round database trouble-shooter. We will miss her greatly but wish her all the best in her new role.

02 CSL celebrating 25 years

02 CSL celebrating 25 years

On 14 October CSL celebrated its 25 years birthday since listing on the stock exchange. There was much to celebrate as the shares had risen 28,600% since the 1994 listing. The event was held at the ASX, Sydney HQ and invited long-term shareholders to the event. Pictured: Dr Brian McNamee (Chair), Lourdes Brent (Member), Paul Perreault (MD & CEO) and Don Hyatt (Member & CSL Monitor 2011-2018).

03 LIC Showcase

03 ASA LIC Showcase events

With the support of our media partner Livewire and the Listed Investment Companies and Trusts Association, the recent LIC Showcase events were a great success, in no small part due to the contributions by our sponsors who all delivered exceptional presentations. Our thanks go to Investors Mutual Limited | Magellan | Metric Credit Partners | Monash Investors | Ophir | Platinum Investment Management | Regal Funds Management | Spheria Asset Management | Westoz Funds Management, and of course the team at Livewire. Presentations recordings can be viewed on the ASA website > Resources > Videos.

04 CHESS replacement

CHESS is the system that performs the processes of clearing, settlement, asset registration and other post-trade services critical to orderly functioning of the market. ASX proposes to replace CHESS with distributed ledger technology (similar to blockchain) which will provide a broad range of benefits to the market.

ASA is comfortable with the technology but has concerns that ASX seems to be looking to expand the information collected within CHESS (such as bank account details) and possible encroaching on data and services usually provided by registries, brokers or companies. A lack of clarity about this data could increase complexity in administering share ownership. While an increase in competition in services to companies and shareholders would be positive, a reduction could be expensive if ASX gains a monopoly.

ASA is ensuring ASX is mindful of consequences for retail shareholders in terms of process, ownership of data and pricing. The issues for retail shareholders are:

- The cost (unknown) and complexity may impact shareholders’ willingness to undertake transactions or influence issuers (ASX-listed companies) as to what transactions are made available to retail shareholders.
- Data access issues with respect to privacy and ownership of the data (retail shareholder has first right to data but issuers also have rights to their shareholders’ data). ASX talks of taking in email addresses and bank account details. We also note many ASX charges are on a per transaction basis, which include adding or updating CHESS data.
- Also, the innovation of data providers and securities registries will be stymied if ASX has monology power over this data.

ASX may want to upload shareholders’ bank account details to manage entitlement offers, but retail shareholders do not wish to provide details to multiple parties without value reasons and will need to ensure all parties have up-to-date data.

05 David Harrison

05 December Webinar – REITs and retail: do they have a future?

Thursday 12 December from 11.00am to 12.00pm AEDT (Sydney time)

With nearly half of the AREIT sector’s exposure being to retail real estate, changes in the retail landscape can have a big impact on returns to investors. David Harrison will discuss what makes retail centres work, what the future might look like and how investors can position themselves to take advantage of changes to the landscape. E

ACT Report

By **John O'Callaghan** ACT Chair

The ACT Executive Committee (EC) has 14 members who cover a range of roles assisting the operation of the ACT Division. Major changes this year were Dianne Diprose taking over as Treasurer and Jill Roberts taking on Events Coordinator.

Bevan Staier joined the EC because of his important role in preparing the AV systems for the Northside meetings. Other new members on the EC this year are Ian Gardner and Ed Roberts.

The EC met on 18 February and on 19 July 2019. The main topics discussed were membership, plans for discussion group meetings, education events and AV systems for the meetings.

ACT Discussion Groups

The two ACT Discussion Groups have been holding their monthly meetings as usual – Northside on the second Thursday and Southside on the first Tuesday of the month.

Our attendance at these meetings have been relatively stable allowing for some departures from Canberra during the winter months! We get around 30 at the Northside and 40 at the Southside meetings.

David Happold and Rod Peters have been the moderators for the Northside and Southside meetings respectively. We have been able to cover for them when they have been away – thanks to Ed Roberts, Ian Gardner, Jurij Bondaruk and Roger Penhale.

We plan to have a guest speaker at each Southside meeting and have been fortunate to get a very positive response from companies when asked.

At the Northside meeting in August, Gill King talked about "Assessing and engaging with companies on exposure to risks associated with climate change - a brief guide." Ed Roberts has been giving updates on renewable energy and disruptive technology events.

Peter Parker continues to give his 'Posers' when time is available at the meetings. His topics have included 'What is a Daigou?', 'What does *Pari Pasu* mean?' and 'How big is $1trillion?'. Peter has also started giving a series of short presentations on understanding financial statements in annual reports – which we call 'Finance 101'.

Two working groups are active in managing three hypothetical portfolios: one for Northside, one for Southside and one for 'ethical and sustainable' equities, named in memory of Doug Campbell. The groups regularly present their ideas on stocks to consider for the portfolios at the meetings. Attendees have the opportunity to consider and vote on recommendations for changes to the portfolios.

Members who monitor companies give updates to the meetings whenever appropriate. Elton Ivers, Ed Roberts, Peter Barker, Sonja Davie and Richard Williams have been active in this area.

ACT Education Seminars

Robert Wixted gave his all-day Portfolio Construction Masterclass in Canberra on 23 August – 15 people attended. By the time of publication our 'Investing in Volatile Times' workshop will have been held on November 12.

ACT Christmas Function

Our Christmas Function will be held at the Commonwealth Club on 4 December and Philippe Odouard, Managing Director, XTEK (an ASX-listed company based in Canberra) will be our guest speaker.

ACT membership and broader community

We have over 230 members in the ACT. Several people who have moved to the Batemans Bay area and travel to attend our Southside meetings. We now share our announcements of meetings. About 15 people who live in NSW near the ACT also receive our announcements.

ATO representation

Eden Zanatta has been attending the Individuals Stewardship Group meetings of the Australian Tax Office. The group focuses on stewardship of the tax system and discusses high level significant matters based on the individuals' market group and potential improvements that are relevant to the tax system.

Seated from left to right Bob Cason, Rodney Peters, Brian Blackburn, John Green, Ian Gardner, Jill Roberts, Peter Barker, Lachlan Lewis, John O'Callaghan, Dianne Diprose, Ed Roberts, David Happold, Bevan Staier Apology: Elton Ivers

	LOCATION	DATE	TIME	VENUE	SPEAKER	TOPIC
ACT	Southside	03-Dec-19	1.30pm	Raiders Weston Club, 1 Liardet St, Weston	Paul Barsby, APN Property	General investment topics
	Canberra Christmas Dinner	04-Dec-19	6.30pm	Commonwealth Club, 25 Forster Cres, Yarralumla	Philippe Odouard, XTEK	Social Function
	Northside	12-Dec-19	12.30pm	Belconnen Soccer Club, Cnr Springvale Drive & Belconnen Way, Hawker	Discussion Group	General investment topics
NSW	Bondi Junction	03-Dec-19	10.30am	Mill Hill Community Centre, 31-33 Spring St, Bondi Junction	Discussion Group	General investment topics
	Bondi Junction	03-Dec-19	12.30pm	Eastern Suburbs Leagues Club(Bistro)	Christmas Lunch	Social Function
	Parramatta	07-Dec-19	10.00am	Parramatta Library, 1-3 Fitzwilliam St, Parramatta (Darug Room)	Emma Kirk, Magellan Financial Group	General investment topics
	Orange	10-Dec-19	5.00pm	Duntryleague Golf Club, Woodward St, Orange	Speaker meeting	General investment topics
	Sutherland	11-Dec-19	10.00am	Sutherland Library, 30-36 Belmont St, Sutherland	Discussion Group	General investment topics
	Southern Highlands	11-Dec-19	12.00pm	Mount Ashby Winery, 128 Nowra Rd, Mossvale	Christmas Lunch	Social Function
	South Coast	11-Dec-19	2.00pm	Bay Link Centre, 3 Flora Ave, Batemans Bay	Discussion Group	General investment topics
	Sydney Christmas Lunch	13-Dec-19	12.00pm	Castlereagh Boutique Hotel, 169 Castlereagh St, Sydney (Cellos Grand Dining room)	Julia Lee, Burman Invest	Stocks for your stocking
	Northern Beaches	16-Dec-19	10.00am	Mona Vale Library, 1 Park St, Mona Vale	Discussion Group	General investment topics
	North Shore	20-Dec-19	10.00am	Killara Uniting Church Hall, 9 Karranga Ave, Killara	Discussion Group	General investment topics
QLD	Gold Coast	04-Dec-19	9.30am	Burleigh Waters Community Centre, 131 Christine Avenue, Burleigh Water	Round Table Discussion & Christmas Lunch	A review of the year that was
	Brisbane Investor Forum	11-Dec-19	10.00am	All Saints Function Centre, 330 Ann Street, Brisbane	QLD Monitors	Company Monitor Reporting
	Brisbane	11-Dec-19	12.00pm	All Saints Function Centre, 330 Ann Street, Brisbane	Christmas Lunch	Social Function
	Sunshine Coast	17-Dec-19	10.00am	Buderim Tavern, 81 Burnett St, Buderim	Julie Schafer, ES&A Financial Services Pty Ltd	General investment topics
SA	Adelaide Resource Share	04-Dec-19	10.30am	University of Adelaide Club, North Tce, Adelaide	Discussion Group	Resource share issues
	Adelaide Industrial Shares	11-Dec-19	10.30am	University of Adelaide Club, North Tce, Adelaide	Discussion Group	Industrial shares
	Adelaide	18-Dec-19	12.00pm	Eclipse Function Room, University of Adelaide Club, North Tce, Adelaide	Christmas Lunch	Social Function
TAS	North West Tasmania	03-Dec-19	12.00pm	Pedro's Restaurant, 1 Wharf Road, Ulverstone	Christmas Lunch	Social Function
VIC	Echuca	04-Dec-19	10.00am	Caledonian Hotel, 110 Hare St, Echuca	Discussion Group	General investment topics
	Melbourne Investor Forum	04-Dec-19	12.00pm	Treasury Theatre, Lower Plaza, 1 Macarthur Street, East Melbourne	Elio D'Amato, Lincoln Indicators	Stocks for your Christmas Stocking
	Geelong	04-Dec-19	6.00pm	Waurn Ponds Hotel, 217 Colac Rd, Waurn Ponds	Michael Dee, Pythagoras Investing	Overcoming the investors greatest enemy
	Manningham	10-Dec-19	10.00am	Koonarra Hall, 7 Balwyn Rd (Cnr Furneaux Grove), Bulleen	Stephen Mayne, Mayne Report	Latest news from the markets
	Ballarat	11-Dec-19	7.30pm	Lucas Community Hub, Cnr Coltman Plaza & Eleanor Dr, Lucas	Discussion Group	General investment topics
	Kingston	12-Dec-19	10.30am	Longbeach Place, 15 Chelsea Rd, Chelsea	Discussion Group	General investment topics
	Geelong	10-Dec-19	7.00pm	St George Workers Club, 212 Parkington St, Geelong West	Evening Discussion Group	General investment topics
	Bendigo	18-Dec-19	10.00am	Quarry Hill Café and Larder, 19 Carpenter St, Quary Hill	Speaker Meeting	General investment topics
	Mornington	19-Dec-19	10.00am	Mornington Golf Club, Tallis Dr, Mornington	Discussion Group	General investment topics

Note: Details are correct at the time of printing. Please check the ASA website www.australianshareholders.com.au for the latest details.

LOCATION	DATE	TIME	VENUE	SPEAKER	TOPIC	
Wimmera	19-Dec-19	10.00am	Horsham RSL Club, 36 McLachlan St, Horsham	Coffee Morning	General investment topics	VIC
Perth Members' Meeting	03-Dec-19	10.15am	State Library Theatre, State Library of WA, 25 Francis St, Perth	ASA Company Monitors	Company Monitors' CY19 review	WA
Perth Investor Forum	03-Dec-19	12.00pm	State Library Theatre, State Library of WA, 25 Francis St, Perth	Nathan Lim, Morgan Stanley Aust	General investment topics	
Stirling	04-Dec-19	12.00pm	The Saint George Hotel, 2 Morris Rd, Innaloo	Christmas Lunch	Social function	
Perth Investors' Corner	19-Dec-19	10.00am	Citiplace Community Centre, City Station Complex, Wellington St, Perth	Discussion Group	General investment topics	
Webinar	12-Dec-19	11.30am	Australian Shareholders' Association	David Harrison, CEO, Charter Hall	REITs and retail: Do they have a future	WEBINARS

ASA Christmas Events 2019

Adelaide Christmas Lunch

Wednesday 18 December
following the conclusion of the Investor Forum,
Union House (Eclipse Room) The University of Adelaide
$38pp pay for your own meal/drinks on the day.
RSVP Ian Humphries humprhir@internode.on.net

Bondi Junction Christmas

Tuesday 3 December from 12.30pm,
Eastern Suburbs Leagues Club (bistro),
93-97 Spring St, Bondi Junction
Pay for your own meal/drinks on the day.
RSVP Ray Wheeler bronteholidayflats@bigpond.com.au

Brisbane Christmas Lunch

Wednesday 11 December from 12.30pm
following the conclusion of the Investor Forum,
All Saints Function Centre.
Pay for own meal/drinks on the day.
RSVP Alison Harrington alison@harringtoncc.com.au

Canberra Christmas Dinner

Wednesday 4 December from 6.30pm,
The Commonwealth Club featuring presentation by
Philippe Odouard, Managing Director of Xtek Ltd
$75pp for a 2 course-meal and pre-dinner drinks.
Register online www.australianshareholders.com.au/events or call the office on 1300 368 448.

Gold Coast Christmas Lunch

Wednesday 4 December from 12.00pm,
Burleigh Bears Sports Club
Pay for own meal/drinks on the day.
RSVP Raema Troy raemaasa.gc88@gmail.com

North West Tasmania Christmas Lunch

Tuesday 3 December from 12.00pm,
Pedro's Restaurant, 1 Wharf Rd, Ulverstone
Pay for your own meal/drinks on the day.
RSVP Ian Day iday@internode.on.net

Southern Highlands Christmas Lunch

Wednesday 11 December from 12.00pm,
Mount Ashby Winery.
Pay for own meal/drinks on the day.
RSVP Peter Metcalf pmetcalf@mi8.com.au

Stirling Christmas Lunch

Wednesday 4 December,
The St George Hotel, 2 Morris Road, Innaloo
Pay for your own meal/drinks on the day.
RSVP Chris Klisc asastirling@gmail.com

Sydney Christmas Lunch

Friday 13 December from 12.00pm,
Castlereagh Boutique Hotel,
Castlereagh Street featuring presentation by Julia Lee, Founder and Chief Investment Officer at Burman Invest
$75pp for a 2 course-meal with tea and coffee. Register online at www.australianshareholders.com.au/events or call the office on 1300 368 448 E

Office hours

The ASA National office will close from Christmas Day and reopen on Thursday 2 January 2020. Staff would like to thank all our members and volunteers for their continued and generous support through 2019. We wish our members and their families a happy, safe and rewarding holiday season and look forward to serving you in 2020.

18-19 May 2020

asa investor conference

australianshareholders.com.au/conference-2020

Sheraton Grand Sydney Hyde Park
161 Elizabeth Street Sydney

Plan ahead with these key dates

Sun 17 May	Workshop: Your personal wealth checkup
	2019 ASA Annual General Meeting
	Conference early registration
Mon 18 May	**Conference Day 1** with happy hour
	Conference dinner
Tue 19 May	**Conference Day 2**
Wed 20 May	Site tours

REGISTRATION
15 DEC 2019
OPENS

celebrating 60 years of
Australian Shareholders' Association