EQUITY

STANDING UP FOR SHAREHOLDERS

JUNE 2017
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GOLD FOR AUSTRALIAN INVESTORS

Australian Shareholders' Association

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FEATURES THIS MONTH

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FROM THE CEO

By Judith Fox

We have just held an extremely successful conference, with almost 350 delegates attending. Those who registered for the conference advised us that it was the combination of a strong program, high-profile speakers and the choice of break-out sessions on interesting topics that attracted them.

It's a good problem to have when some of the delegates tell you that choosing between the options for each session was challenging, because it means that all of the topics are compelling. Given that one aspect of our mission is to educate members so they can make informed financial decisions, we strive to make sure that the topics covers the breadth of investing topics — our members can choose what is most relevant to them.

The feedback from delegates at the conference was that it had met expectations and they walked away with information on the latest financial trends and research to inform their investing. As one delegate said when praising the conference, "My recommendation to other shareholders is, Just do it. They'll be amazed at what they pick up".

The other heartening message from those attending the conference is that they want to support ASA. They value our advocacy and the manner in which we call on boards to look after retail investors. One delegate said, "I feel that the ASA is on our side, which is great". We've just come through the mini AGM season, which saw volunteer monitors poring over annual and remuneration reports and engaging with boards on key issues. At the AGMs, they held boards to account as required, asking the questions in support of retail shareholders that only ASA will ask. Our thanks go to all our monitors who work so tirelessly on behalf of all ASA members.

Standing up for what is right is also what whistleblowers do and we need to ensure that our regulatory framework and organisational processes support people to fearlessly report on corporate and tax misconduct. Griffith University, in conjunction with 23 other parties, including three other universities, the corporate regulator ASIC and a number of professional bodies, has been conducting significant research on this topic. The Whistling While They Work project is a world-first ranking of the strength of whistleblowing processes across Australia's businesses.

The research showed most organisations had systems for recording and tracking wrongdoing concerns, but:

- 23% of organisations had no particular system in place, nor any particular support strategy for staff who raise wrongdoing concerns, and
- over 80% did not have processes for providing compensation or restitution to whistleblowers if they suffer detrimental outcomes.

The ongoing raft of scandals, particularly in the financial services industry, highlights the need for new laws and standards to support whistleblowing, but as yet there is little guidance on what form they should take. The research sheds light on that. The Australian Government has committed to introducing new legislation to protect whistleblowers by the end of this year and the new legislation will be informed by this research.

Meanwhile, Australian companies can use the research to implement a robust and independent whistleblowing process that makes employees feel comfortable about reporting wrongdoing. As shareholders, we want the end game to be that reporting wrongdoing is so easy — with whistleblowers trusting that the internal process works properly — that misconduct never gets off the ground in the first place.

Of course, that means that the organisational culture needs to encourage staff or suppliers or customers to come forward with concerns and then ensure that those concerns are dealt with promptly and effectively.

On behalf of investors, ASA can question boards to gain confidence that they are steering corporate behaviour to create a culture that will deliver sustainable performance. And that starts with the board itself asking questions, such as "What is the company telling the outside world about what it stands for and how it conducts business? What behaviours are being driven when setting strategy and financial targets?".

Good corporate culture — and sound ethics — are good for business. Investors and customers benefit when boards and management get it right.

Gold for Australian investors

By Jordan Eliseo Chief Economist at ABC Bullion

Gold prices have had a great run since the turn of the century, rising from under AUD $450 per ounce in December 1999 to over AUD $1,630 per ounce by March 2016. That represents a compound annual return of close to 8%, leading the yellow metal to outperform the vast majority of financial assets that Australians concentrate their portfolios in.

Despite the outperformance, and the fact that Australia is the second largest gold miner in the world, physical gold investment remains very low in Australia today, with comfortably less than 0.50% of Australia's over $2 trillion superannuation industry invested in the yellow metal.

This article looks at some of the commonly held myths regarding gold investment, what drives the gold price, and the likely direction of the precious metal over the next few years.

Gold investing: Easier than you think!

There are a handful of myths regarding gold investment, with many investors believing that the gold market is inaccessible to them, and that it is expensive and difficult metal to trade, as well as to store. Nothing could be further from the truth, with the gold market as easy to access as any traditional investment, including the share market.

Anyone can buy gold

Contrary to popular opinion, you don't need a huge portfolio to be a gold investor. Any Australian can own gold as part of their portfolio, with bullion accumulation plans starting from as little as AUD $50 per month.

As another way of visualizing how investable gold is, consider the fact that the biggest consumer markets for gold today are in India and China. In these countries, average wages, whilst rising noticeably over time, remain but a fraction of the wages individuals in western countries, including Australia, earn.

If 'relatively' low wage earning individuals in China, India and other parts of Asia can and do buy physical gold, then it is clearly an accessible market for any Australian investor, including SMSF trustees.

Gold is also incredibly liquid, with the global gold market turning over in excess of USD $100bn per day, far more than the value of shares that trade hands on the Australian stock exchange. Investors trading through bullion dealers can buy and sell around the clock, rather than being limited to any one exchange's trading hours, with significant liquidity in the market supporting this trading flexibility.

Gold is not expensive to trade

It is understandable why so many investors think gold is expensive to trade, for many of the smaller coins and tablets (which are great for gifts) do come with high trading premiums. Secondly, whilst most Australians don't own physical gold as part of their portfolio, most do own and are familiar with gold jewellery, where design and manufacturing costs mean you often pay a large premium for a necklace, ring, or chain, over and above the underlying gold value.

Unlike jewellery though, investment grade gold bars have very low trading premiums, with a 1 kilogram gold bar (value circa AUD $55,000) costing just 1% to trade. Pool allocated gold, which is where the investor buys a "share" in a pool of gold rather than a specific bar, has a trading premium of just 0.90%.

Whilst not as cheap as a trade through a discount stockbroker, these kinds of premiums are very reasonable, and are reduced if the total amount that is being invested is significant, with wholesale clients in the bullion market typically paying closer to 0.50% to buy and sell physical gold.

Gold is cheap to store

Contrary to popular belief, gold is one of the cheapest assets to hold in a portfolio. To illustrate this point, consider the below table, which highlights the average management fee for ETFs available to Australians, with these ETFs rightly advertised as low cost investment products.

Asset Class	Average MER
Australian equities - broad based	0.41%
International equities - broad based	0.49%
Foreign Exchange	0.47%
Fixed Income and Cash	0.27%
Commodities	0.49%
Average MER	0.43%

Source: ABC Bullion, Stockspot

As you can see, the average cost of a basket of ETF exposures would be 0.43%, which would equate to $430 on a $100,000 investment. $100,000 of gold could be stored in a private vault in Australia at a cost of just $250 per annum, which works out at just 0.25% of the asset value, far cheaper than the ETFs.

Over time, the cost competitiveness of physical gold is even more compelling, as the $250 storage cost for a private vault is a flat dollar fee, rather than a percentage based fee. The following table, which shows the cost in year 1, year 5 and year 10 of an investment into gold and a basket of ETF exposures' illustrates this.

Year	Gold Value	Cost	ETF Basket Value	Cost
Year 1	$100,000.00	$250	$100,000.00	$430
Year 5	$141,158.16	$281	$138,943.86	$597
Year 10	$217,189.33	$326	$209,598.68	$901

Source: ABC Bullion

Note that I've assumed a 9% gross rate of return for both sets of assets, which is in line with gold's return over the last 45 years, and a 3% increase in the dollar cost charged by a private vault over time. You'll note the basket value for the ETF is lower than the gold over time, as the basis points charged by those products chip away directly at the net return they generate (i.e. the cost is inbuilt).

What drives the gold price?

The key to understanding the gold market is in realising that the total gold supply is inviolably stable. Over the last 10 years, global gold mining production has averaged around 2,800 tonnes per year. The total supply of gold (in bars, coins and jewellery the world over) is around 180,000 tonnes. This means that the total supply of gold only increases by approximately 1.5% per year.

Given the laws of supply and demand, and how they drive prices, an understanding of this unique characteristic of the gold market lead to an inevitable conclusion; namely that gold prices are ***almost exclusively demand driven.***

And just like every other asset class on the planet, demand for gold can of course come from ***existing*** as well as ***potential*** investors.

An ***existing*** investor is someone who already owns gold in his or her investment portfolio. Expressed another way, these investors already have a ***demand for gold***, which they may increase or decrease in the future.

A ***potential*** investor is someone who does not have physical gold in his or her investment portfolio. That is to say, at present, they have ***no demand for gold***, though this of course can change in the future.

Whilst no one can be 100% certain which way gold demand, and therefore gold prices, are likely to head in the coming years, the equation at least is quite simple.

In simple terms, if one believes that ***existing*** investors in gold are likely to demand less gold in the future than they own at present (so that they can raise dollars, or buy other assets such as shares), and that ***potential*** investors will continue ***not*** to demand gold, then one couldn't help but be bearish on gold prices.

If, on the other hand, you expect that ***existing*** investors will continue to demand gold (i.e. maintain their current holdings), or that they, as well as ***potential*** investors will demand more physical gold going forward, then one couldn't help but be bullish on gold prices.

Where to next for gold?

For what it's worth, we think the next major move in precious metals is to the upside, with the gold price likely to substantially outperform broader financial markets between now and the early part of the next decade.

Continued gold buying from consumers in emerging markets and central banks will be part of this story, but in the developed world, the rationale behind rising demand can be summarized in three words; macroeconomic, monetary, and market.

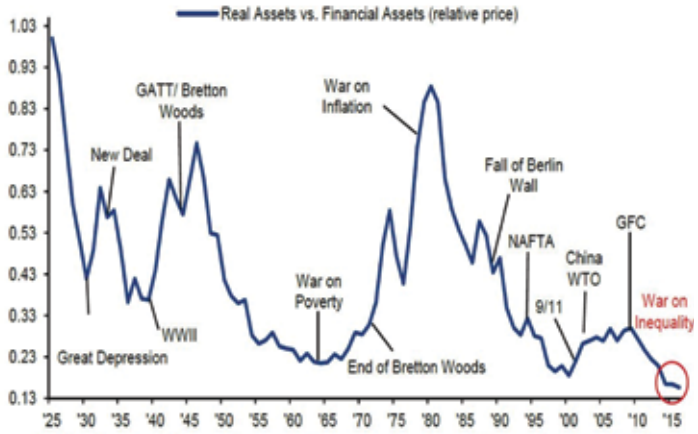
On the macroeconomic front, the developed world is yet to deal with the excessive debt burden that started causing trouble nearly a decade ago when the GFC started. Developed market debt to GDP now sit at 390%, up from 348% a decade ago, whilst emerging markets have seen debt to GDP ratios rise from 146% to 215% over the same time period.

On the monetary front, there have been some 700 interest rate cuts since the GFC hit. Despite the focus on the Federal Reserve, and the minor tightening they've recently introduced to markets, some 90% of the industrialized world remains anchored by interest rates at or below zero in 'real' terms. Complimenting this, the Bank of Japan and European Central Bank also continue to print close to USD $200 billion every month.

Even in Australia, markets are again beginning to expect more interest rate cuts by the RBA, with our personal view that the local cash rate will hit just 1% by 2018. Given longer term bond yields, 'real' rates are likely to remain at or below zero for years to come, further fuelling gold demand as a cash alternative.

Finally, on the market front, investors are faced with an unpalatable menu of choices when it comes to mainstream financial assets, with yields across the vast majority of the fixed income spectrum close to record lows. Stock markets are richly priced too, with current valuations for US equities suggesting returns for the next decade will be incredibly low, if not negative in 'real' terms.

Indeed by the middle of 2016, financial assets (mostly stocks and bonds) had never been more expensive relative to real assets (of which physical gold is easily the most liquid and easy to trade). This much is made clear in the following graph.



Source: BofA Merrill Lynch Global Investment Strategy, Global Financial Data, Bloomberg, USDA, Savills, Shiller, ONS, Spaenjers, Historic Auto Group. Note: Real Assets (Commodities, Real Estate, Collectibles) vs. Financial Assets (Large Cap Stocks, Long-term Govt Bonds)

Going forward, we think these factors combined will see more demand come into the precious metal markets, as investors seek a tangible hedge against unresolved economic risks, extreme monetary policy and expensive financial markets.

Given physical gold allocations still represent less than 1% of institutional wealth portfolios in developed markets, that increase in demand, and its impact on prices, is likely to prove substantial. E

The risks and attributes of commercial property investment - Part 2

By Mark Wist Director at Property Resolutions

The nature of real estate cycles and investment sentiment

Real estate, like all asset classes, tends to be cyclical. Outside examples of development or value-add projects, given the inherent illiquidity of property held outside a listed vehicle, and the relatively high costs involved in transacting property, investment should be treated as a long-term hold.

Investors should therefore be prepared to view property as a 'through the cycle' strategy which captures the benefits of structured income growth. There will however be times when the tactical acquisition and disposal of property in shorter time frames will enhance investment performance. Get this wrong however, and performance is undermined or even compromised.

The peaks and troughs of a market can only be identified with the benefit of hindsight. The seeds of the most recent substantial downturn were laid from 2005 through to the first half of 2007. A cataclysmic collapse in total returns ensued with the indices picking up the decimation from the first half of 2008. It was not until the second half of 2009 that the negative price correction was halted and total returns began to rise, breaking through into positive territory in March 2010 and taking another year on top to return to near their long-term 10% average. That cycle consumed three years. It is arguable that we are now at or slightly past the peak of the market. The natural objective is to avoid the boom-bust scenario so often associated with cycles however certain triggers will result in the amplitude (measurement of top to bottom) of a cycle being exaggerated. This will often entail an entrée of 'irrational exuberance' leading to a main course of excess supply with the added spice of a significant economic malaise and a dessert of rising and significant vacancy, decreasing market rents/increasing rental incentives and softening capitalisation rates – in effect the captain's table of disastrous outcomes.

Figure 1 sets out a graphic representation of the key sentiments associated with market cycles.

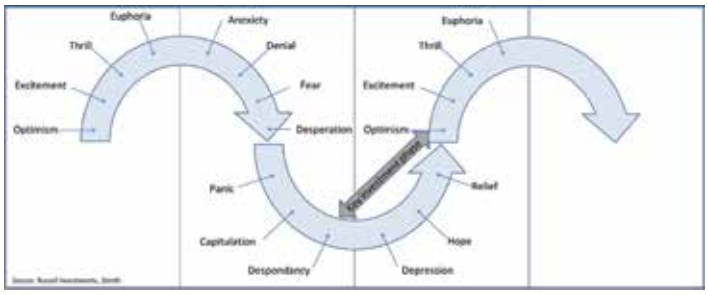


Figure 1 – Market sentiment and the cyclical nature of property

The key to effective investment for those with the intestinal fortitude is to invest in a counter-cyclical manner at the point in time noted in Figure 1 as 'key investment phase'. While this is no guarantee of success and patient capital may be required – as well as limited gearing given lenders will typically be nervous about lending into that environment – the investor has an opportunity to outperform given weakened property values and therefore entry prices. This can do much to enhance an investor's yield and evidence of this can be seen from those with the capital to invest in 2009 where 30%+ returns were not uncommon. Among the keys is to have conviction based on some evidence of recovery in key drivers in the property sector-region (type of property and its location). While the road to recovery may be long and may be potted, it can also be rewarding. Conversely, it is evident what can happen when investment is timed to coincide with euphoric sentiment.

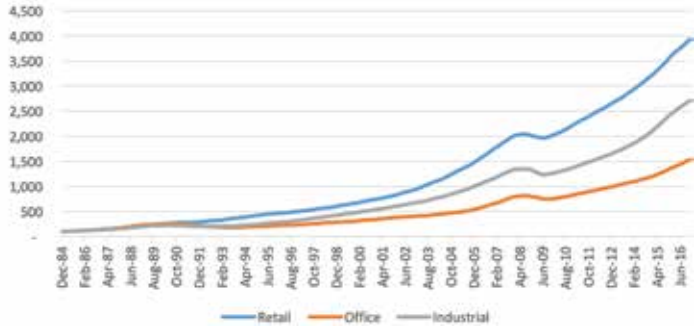


Figure 2 – The long-term performance of the three principal property sectors

Source: MSCI

Figure 2 shows that while the impact of the GFC was very significant and caused substantial fallout, when taken in the context of the 30-year view, it was a blip. It also shows the substantial and unprecedented build-up in collateral value created by significant demand in the past six years. While there is no suggestion that any collapse in values is imminent, it does lend some credence to the view that the build-up is fulsome and due for a correction, the magnitude of which cannot be known – if it happens. Only time will tell if the re-rating of property yields is permanent. In the late 2000s it was not. It is equally important to consider that any negative correction should be taken in the context of the broader investment universe – if property values deflate, it would typically be associated with broader economic and investment market malaise of an equivalent magnitude. Patient capital can ride through these cyclical events and create prosperous opportunity from them. Customised and independent advice should be sought to build robustness into a portfolio.

It should be appreciated that real estate cycles tend to lag the broader economy. Prevailing economic conditions are delicately balanced.

The outlook for Thursday – your guess as good as mine

Notwithstanding the titular reference to the very 1980s classic song by DD Smash, human behaviour tends to dictate the behaviour of cycles. As both Brexit and the US Presidential elections have amply demonstrated, the power of the people is both absolute

and unpredictable. While risk aversion does tend to follow the wealth destruction of the magnitude seen in the 2007 – 2010 period, opportunistic investors will also pick over opportunities. Risk aversion has more recently given way to a bullish property market sentiment. This has resulted in property prices unprecedented in living memory. Many commentators have speculated that the top of the market had been reached as much as 18 months ago, but continued to watch as price records were crushed.

The top of the market can only be diagnosed in hindsight. However in an economy with generational low interest rates having supported and indeed encouraged the deployment of debt in property acquisition, moderated only by prudential regulators and Investment Committees, Trustees and wary credit officers in the major banks, the end of the property value increases seems nigh. Property values act within the tram tracks of demand and supply. The supply has been restricted and the demand supported by large and wealthy investors. Credit is now becoming both more problematic to secure and is increasing in price (both interest rates and margins). This is likely to play a part in the moderation of demand for commercial investment property – just like it has in the past.

We are fortunate that most Australian capital cities – which tend to be the market drivers – go into any period of malaise with reasonably robust occupier markets. This is unlike previous downturns (for example the early 1990s) and should augur well for a more orderly dismantling of our prevailing pricing structure. Any uncontrolled value destruction would create loan-to-value ratio breach issues for some highly geared investments which may cause banks to take control. The fate of those properties would then be in the hands of the bank's recovery teams. History seems to have taught the banks that throwing property to the wolves to claw back the outstanding balance of their mortgage is self-defeating as it has in the past harpooned the value of other properties held as security creating additional value destruction ultimately undermining their own balance sheet, arguably unnecessarily. Work-out teams would be more likely to seek to nurse properties back to health – with the commensurate additional penalty fees as cream for the lender.

This however reflects a worst case – or at least a very bad case – outcome.

As a generalisation and market performance aside, those securitised funds (listed and unlisted property trusts) which have adopted the strategy of higher gearing are likely to underperform in an environment of increasing cost and decreasing availability of debt as that 'income yield v cost of debt' arbitrage dilutes. Those funds which have relatively underperformed as a consequence of holding lower leverage are likely to out-perform as those effects impact less. The same applies to directly held property. History has shown that prudent due diligence is a respectable companion to the astute investor.

Among the key risks and issues to consider are:

- the degree to which current commercial investment property pricing is sustainable;
- the likely direction of the next shift in commercial property pricing;
- the time left with the current pricing structure before any further inflation or deflation begins – on the basis that property pricing will continue to be cyclical;
- what any trigger events might look like that serve to deflate the current pricing structure and how they might manifest themselves;
- how the occupier markets might be affected in each property sub-sector (retail, office, industrial, student accommodation, medical facilities etc) and how that affects rental rates and associated incentives;
- the latent strength and durability in the drivers of the domestic economy;
- the latent strength and durability in the drivers of the overseas economies which impact the Australian domestic economy;
- the extent to which interest rates increase and the degree to which this will constrain growth or exacerbate price deflation;
- the continuing availability of debt finance;
- the degree of liquidity required and available.

While commercial property investment is far from risk-free, any investment opportunities must be approached with careful planning and assessment at an execution level as well as with a view to appropriate portfolio construction. Effective and skilled management, appropriate structures, prudent leverage and quality assets go a long way to mitigating risks. Investors should however consider the lessons of past cycles and plan accordingly.

Despite the inherent qualities and attributes offered by exposure to property as an asset class, history continues to teach industry participants that the acquisition of quality assets cannot compensate for poor investment structures, inappropriate management or overly optimistic gearing.

During the property boom period of 2002 – 2007, the performance of the office, retail and industrial commercial property sub-sectors were by and large increasingly correlated in the upswing as well as the subsequent contraction. The broader investment environment will be driven by macro and micro economics and supply and demand parameters particular to each of the sub-sectors and regions, meaning that individual property sub-sectors will likely decouple somewhat. Astute investors will need to be conscious of the individual drivers on a case by case basis.

In essence, property markets are set to experience slower growth which will likely transform into price deterioration, the extent to which will likely be less severe than the past two downturns.

Mark Wist is a 25-year veteran of investment property having gained his experience through the eyes of being a consultant, researcher, investment analyst, registered valuer and fund manager. Mark can be found at www.propertyresolutions.solutions and contacted at mark@propertyresolutions.solutions.

Are you super ready?

Provided by Perpetual Private

Effective 1 July 2017 the rules for superannuation are changing and the amount you can contribute to super will soon be reduced. There will also be a tax hike on contributions for some high-income earners. Here is a summary of the key changes.

New $1.6 million transfer balance cap

From 1 July 2017, the Government is limiting the amount you can transfer from the accumulation phase of your super (where you put the money before you retire) to the pension phase (where you draw an income stream as a retiree).

You will be able to transfer a maximum of $1.6 million from the accumulation phase to the pension phase. The good news is that an uncapped amount can still remain in your accumulation phase, taxed at a maximum of 15% on fund earnings, which is likely to be lower than the tax rate on investments outside super.

Stricter caps on after-tax contributions

Currently, a non-concessional contributions cap of $180,000 per year applies, or $540,000 over a three year period when you trigger the bring-forward rule. After 1 July 2017, this falls to $100,000 per year, or $300,000 over three years, reducing the amount you can contribute to super.

The advantage of triggering the bring-forward rule in the current financial year is that you contribute under the existing cap, which is more generous. This is particularly important if you are close to retirement and have the funds to boost your superannuation balance because the new rules will significantly reduce the level of the non-concessional contributions you can make.

New $1.6 million limit

Changes will also prevent people with more than $1.6 million in superannuation from making any further after-tax contributions. If you are in this bracket, then this may be your last chance to transfer additional funds into the super system.

This limit is not to be confused with the $1.6 million transfer balance cap mentioned earlier.

Cuts in contributions before tax

Concessional contributions are before-tax contributions that you put into your super – salary sacrifice is a common way of doing this. From 1 July 2017, concessional contributions will be capped at $25,000 per year for everyone. Until then people over 50 years of age can still contribute $35,000 – people under 50 up to $30,000.

Transition to Retirement income (TtR)

On 1 July 2017 the tax exemption on a transition to retirement (TtR) fund earnings will be removed. If you have one you may need to consider whether this is the most desirable strategy going forward.

Capital Gains Tax (CGT) risk on transferred assets

Suppose your super fund bought shares in ABC Company for $5 each a few years ago and these shares have a market value of $10 each on 30 June 2017. When these assets are moved back into the accumulation phase you would have to pay future CGT calculated on the original purchase price of $5.

Realising people may be forced into this situation because of the super changes, the Government has introduced a temporary scheme so fund members are not disadvantaged. It allows the cost base of fund assets to be reset to market value at the time they are transferred back into the accumulation phase.

In this example, this would mean paying future CGT on any gains from $10 per share rather than from the original purchase price of $5 a share. This could make a big difference to your future tax bill.

CGT relief will not automatically be applied to the transfer of assets – you need to opt-in to the process. Do nothing and you face the prospect of paying tax when the asset is ultimately sold on the unrealised capital gains that existed on 30 June 2017.

Another important point is that CGT relief isn't available to everyone as a way to reset cost bases. It only applies if you:

- have more than the $1.6m cap in your pension account and are transferring the excess back into the accumulation phase; or
- have a TtR pension.

Making the most of CGT relief is a complex process that has to take individual circumstances into account. There is no 'one size fits all' solution. Decisions should be made on an asset by asset basis.

Tax hikes for high income earners

If your taxable income is between $250,000 and $300,000, the tax paid on your concessional contributions will double from 1 July 2017. You will have to pay an additional 15% contributions tax on top of the 15% tax your super fund already pays.

Devil is in the detail

The changes coming into effect are the biggest to impact the super system in 10 years. They are complex, far reaching and significantly affect Australians with large super balances and high incomes. We recommend taking the time now to seek expert advice to ensure you've got the best financial strategy in place come 1 July.

Further information on the super changes can be found at www.perpetual.com.au/Super.

Overseas factors to impact Aussie equities in FY18

By Matthew Haupt Portfolio Manager at Wilson Asset Management

Over the last 12 months, a series of unexpected overseas developments, including Brexit and the election of President Trump, created considerable volatility in Australian equities. Looking ahead to FY18, a number of global macro-economic and geo-political factors have the potential to impact local equities and create high levels of market volatility. These include:

US reflation

The performance of the US economy is critical given it acts as a bell weather for other economies, including Australia's. To date, improved soft economic data in the US, such as consumer and business confidence, have failed to translate into hard economic data, such as strong retail sales figures. As a result, evidence of a sustained economic recovery is yet to be seen. The return to growth and price increases, known as reflation, in the US, will be impacted by a number of factors – most importantly President Trump's ability to deliver on his various promises to implement stimulatory policies such as tax reform and infrastructure spending. Hampered by an un-cooperative Congress, President Trump has so far failed to substantially deliver on a fiscal front.

Federal Reserve rate rises

The US Federal Reserve's continued tightening of monetary policy will invariably impact markets globally in the year ahead. The risk to equity markets arises if the Fed adopts an overly hawkish approach by quickly increasing rates and rapidly shrinking the nation's balance sheet. The central bank will consider the prevailing political environment, as well as the economic data, in its decision-making.

Eurozone elections

As highlighted by the Brexit vote, the future of the European monetary union is under threat as populist, anti-EU political movements sweep the continent. With a series of upcoming elections in EU-member countries, the stability of the Eurozone is set to be tested. As the world's second largest economy (collectively), any increased risk of the EU breaking-up will likely contribute to volatility in markets worldwide.

ECB winding-back stimulus

As European economies strengthen and inflation rises, the European Central Bank will start winding-back its extraordinary stimulus measures, which have included the injection of €4 trillion and the unprecedented decision to implement negative interest rates. The ECB will likely start this process, which would likely include reducing its asset purchases and raising rates, this calendar year. As stimulus recedes and liquidity is drained from a financial system, it is generally a negative for equity markets, albeit it with a lag effect. Balancing the strengthening EU-economies against the winding-back of liquidity will be key to achieving a sustained economic recovery.

Chinese reforms

China, Australia's largest trading partner, is transitioning from a developing economy (dependent on manufacturing) to a developed economy (dependent on services) through various reforms. One way the government hopes to achieve this is by unwinding subsidised industries, including steel and coal, through reforming state-owned enterprises (SOEs) which generate low returns, absorb significant capital and inhibit economic growth. These reforms are a positive for Australian industry, and the listed companies in those sectors, as these subsidised SOEs can distort markets creating an oversupply and place downward pressure on prices.

China's Communist Party National Congress

Held every five years, the Communist Party's upcoming 19th National Congress will decide the party's leadership. If President Xi Jinping firms his grip on power, the opportunity to enact a range of reforms to the economy will increase. In the lead-up to the meeting, which is set to be held in the northern Autumn, government officials up for re-election will be keen to ensure the current levels of economic growth are maintained and, therefore, are unlikely to effect any radical changes that could risk the growth. Although the above-target growth is giving the government more leeway to enact reforms, the political-environment is generally risk-averse ahead of the Congress.

North Korean crisis

The tension between the US and North Korea is a significant geo-political risk currently facing global equity markets. While the national leaders' language becomes increasingly inflammatory, it is unclear if and how an actual conflict would eventuate.

Implications for investors

The overall outlook for the Australian and global economies alike is positive. Despite various recent unexpected international events, the Australian share market has demonstrated considerable resilience in its response with equities quickly and sharply rebounding after initially posting steep falls. In today's globalised economic and financial environment, local shares prices are increasingly affected by developments overseas. Investors should be aware of and continually monitor global affairs and consider the impact of developments on Australian equities and individual companies in their portfolios. E

Four reasons not to buy a share

By Tim Johnson, Founder of Sharestart

"Never invest in a business you cannot understand." — Warren Buffett

"Behind every stock is a company. Find out what it's doing." — Peter Lynch

There are two key decisions in investment decision-making: the buy decision and the sell decision. By being aware of the common pitfalls of buy decisions, we can potentially save ourselves from a painful sell decision. Following are four pitfalls to avoid.

1. Social proof

Social proof is an extremely powerful force. It's often noticeable at intersections when a group of pedestrians are waiting to cross. Often if one breaks, others follow.

Social proof equally applies to investment decision-making. Humans are inherently social characters and there is a perceived sense of safety investing in a company if we know others are also invested. As Dr. Idel Dreimer stated, "Men think in herds, not because herds are right, but because they offer security."

In behavioural finance terms, social proof is related to affinity bias, where people make decisions based on how they believe a product or service reflects their values, their self-image or how they want to be perceived by others. Investors might buy into companies to fit in with colleagues and friends who are already shareholders. While investing to fit in with others might offer a sense of security, often it is a false sense of security and not a sound basis for the buy decision.

2. Heuristics

Heuristics are decision-making shortcuts used to produce quick solutions in a timely manner. A common example of a heuristic as an investment decision-making shortcut is placing undue reliance on key numerical data such as forecasts and ratios. Favourable looking numbers alone are not a sound basis for the buy decision.

John Kenneth Galbraith said "There are two kinds of forecasters: those who don't know, and those who don't know they don't know." Despite widespread acceptance of this statement, investment decisions are often based on favourable forecasts. Notwithstanding that forecasts are based on a myriad of assumptions, it is easier to accept the forecast output at face value, rather than perform a detailed qualitative and quantitative analysis of the underlying assumptions. Yet given the inherent limitations of predicting the future, often this detailed analysis is exactly what is required to form our own opinion of the company's prospects.

A similar example is buying due to favourable looking ratios. Valuing a company is extremely difficult and investors are faced with large amounts of complex data and information. Often it is easy to employ a heuristic like relying on a key P/E ratio to make simple and fast decisions. The fact that a company is trading on a P/E of 7 makes it easy for an investor to clearly and authoritatively surmise that the company is cheap. However, employing a heuristic like this and using it as the basis of an investment decision can lead to sub-optimal investment returns. Perhaps the company is 'cheap' for a reason? While ratios can help analyse information quickly, attractive ratios alone are no basis for buying a share.

3. Hype

History has consistently seen waves of hype take hold of stock markets. From Tulip Mania in the Netherlands in the 17th century, to the dot com boom at the turn of the millennium, investors have repeatedly been swept up in bubbles and crashes. Excessive hype can also apply to specific industries and companies. Currently there is a great deal of build-up around medicinal cannabis. While laws have been passed to legalise cannabis for patients with chronic pain, the industry is still in its infancy. Supply and demand forces remain to be determined, especially as they relate to overseas imports. While it is not suggested medicinal cannabis companies are terrible investments, it is suggested hype alone should not drive the investment decision.

4. Overconfidence

Overconfidence bias occurs where a person's subjective confidence in his or her judgment is greater than the objective accuracy of those judgments. Applied to investing, overconfidence bias is often suffered by young investors. Men also tend to be more overconfident, especially in 'masculine tasks' such as investing.

In practice, as it relates to the buy decision, overconfident investors often believe they have special knowledge which can lead to neglecting contradictory information, buying too much of a particular stock and ultimately holding undiversified portfolios. The best way to guard against an overconfident buy decision is to take a contrarian view, take a range of outcomes into account and to maintain a diversified portfolio. As Carl Richards stated, "Overconfidence is a very serious problem. If you don't think it affects you, that's probably because you're overconfident."

Now that we have examined the common pitfalls of bad buying decisions, a logical follow on question might be what are the smart buying decisions? Whilst that requires a separate and much longer discussion, in reference to Mr Buffett and Mr Lynch at the start of the article, it is clear that the first step to analysing a company is to understand what it does.

ShareStart.com.au is a free resource which concisely summarises a company's activities in an unbiased manner. It currently covers 170 ASX listed companies.

Failed companies, think about a tax benefit for 2017

By Tony McLean, Founder of deListed

Now is a good time to weed out your failed companies and realise the tax benefit. A capital loss will reduce your capital gains and can be carried forward from year to year.

Firstly, check that your company is still trading on ASX as it may be delisted, suspended from quotation or illiquid. Then determine the status of failed companies and the tax implications at deListed, start at http://www.delisted.com.au/capital-gains-tax/capital-losses-2016-2017.

You will note that Loss Declarations have been made this year to date for Kupang Resources, Reeltime Media and Tho Services and shareholders in these companies can claim the loss in 2016/17 tax returns without further ado.

This webpage also features a list of about 240 failed companies which is updated constantly. Arrium is prominent this year. The capital loss on these shares can only be claimed by selling their worthless shares. Disposing of shares in failed companies has to be at 'arms-length' and should be handled professionally to comply with taxation and registry requirements. That can be accomplished easily online at the deListed website.

The other capital gains tax event that shareholders should be aware of, is the deregistration of companies (as opposed to delisting). This is the final act. The company no longer exists. If the loss has not previously been claimed, you can now claim it. More than 900 formerly listed companies have been deregistered since the advent of Capital Gains Tax. You can acquire a list of such companies at deListed or confirm by searching on individual companies there.

There is usually a good economic reason to crystallise a capital loss in a failed company immediately. By waiting, you may miss the chance of claiming the loss if the company "progresses" from administration to liquidation. Once that occurs the securities cannot be disposed of and you may then have to wait years before a loss declaration is issued or the company is deregistered. If in doubt, consult with your accountant.

Avoiding capital losses

Unless you are an experienced investor we recommend you avoid share trading, small companies, new floats, most foreign companies listed locally, unlisted companies and companies with directors/executives who have no track record. Select from companies in the S&P/ASX 200, index funds or listed investment companies. Be prepared to pay for professional advice. E

Tony McLean manages deListed and is a former CEO of the Australian Shareholders' Association.

ESTATE PLANNING SERIES

When and why a Discretionary Trust?

By Christina Wolfsbauer Senior Associate and **Peter Bobbin** Managing Principal at Argyle Lawyers

Before we answer when and why, let's look at what; what is a discretionary trust?

First and foremost it is a trust, which is a legal relationship whereby one party (the trustee) holds something (usually money, land and/or shares) for the benefit of another (the beneficiary/ies). A discretionary trust, which phrase is virtually interchangeable with the phrase *family trust*, is a trust where the trustee has discretion.

Discretion is the right or ability to make a judgment or decision. A discretionary trust therefore is one where the trustee, commonly a private family controlled company, enjoys the freedom to make choices over the control and allocation of assets and income, for the benefit of the beneficiaries. In Australia these conduct family businesses, hold equity interests in private enterprises and conduct private investment portfolios.

Testamentary trusts are very often discretionary trusts that have simply been created under a will and deceased estate.

Accountants, lawyers and financial planners get very excited by discretionary family trusts (testamentary or otherwise) because they see two major advantages; asset preservation and income tax distribution efficiency. Whilst undoubtedly true, the real advantage of the discretionary trust is the ability to achieve family flexible succession, it is a perfect estate planning tool.

Asset protection

It is prudent to consider implementing a sound asset protection strategy to accumulate and safeguard assets.

Assets owned by individuals are generally exposed to the risk of the person having a claim imposed upon them. For example, there may be personal financial exposure to creditors for having loans in their own names or having guaranteed the loan of others. Another example is exposure to legal actions being brought against them for negligence and breach of duty as company director. Assets owned by individuals can be made the subject of such claims brought against those individuals by the trustee in bankruptcy or by a plaintiff with a legal action.

A discretionary trust separates ownership from control. Ownership by the trustee for the beneficiaries of the family trust keeps assets out of harms way from any claims against a person. This is even where the person may, as director of the trustee company, control the trustee!

Subject to certain anti-avoidance rules, such protection is possible because beneficiaries of a discretionary trust generally have no entitlement to any of the assets of the trust nor to any income of the trust, unless the trustee exercises its discretion in their favour. This aspect of a discretionary trust makes it one of the most effective protection strategies. The way in which the trust is managed affects the extent to which asset protection is possible.

Tax efficiency

Current Australian tax laws recognise significant tax flexibility benefits for investment made through a discretionary trust structure compared with investment through a company, a traditional unit trust, or even as an individual.

A discretionary trust enables flexibility for income distribution among a defined class of beneficiaries, commonly structured around a family. Trustee income allocation decisions can have regard to tax-specific individual circumstances. Such 'income splitting' can effectively minimise overall family tax obligations if the trustee wisely chooses to distribute the trust income to the beneficiaries that have an unused tax-free threshold or a lower marginal tax rate. For instance, trust income may be paid to a wife who is on a lower tax rate or to a private company associated with the spouse. The way a trustee distributes income can be changed from year to year to reflect marginal rates for that year.

The discretionary trust flexibility commonly also allows distributing different classes of income to different beneficiaries (often called 'income streaming') to ensure that different tax treatment applied to different classes of income is best utilised, again, having regard to specific circumstances of the beneficiaries. Income streaming allows trustees to stream trust income including interest and dividends to appropriate beneficiaries so as to enjoy any relevant tax benefits such as lower marginal tax rates and capital gains tax (CGT) discounts. For instance, foreign tax credits can be appropriately utilised by resident individual beneficiaries with relatively high marginal tax rates, whereas net capital gains can be suitably allocated to beneficiaries with capital losses.

Other tax benefits include availability of the 50% CGT concession where capital gains are distributed to natural person beneficiaries; potential for application of the CGT small business concessions; and capacity for loans to be made to beneficiaries tax-effectively and with flexibility.

For every discretionary trust it is the trust deed that is critical, this is where its rules, powers and discretions are found.

Not all discretionary trusts work effectively. A properly designed discretionary trust contains the following features:

- Well-established trust deed followed by supporting documents to record activities of the trust
- Clearly drafted clauses describing flexible and appropriate trustee discretions and appointor powers
- Special clauses that offer a significant difference to the after tax financial position of beneficiaries
- Compliance with various Australian laws dealing with income tax, capital gains tax, bankruptcy, estate planning, companies and stamp duty
- Tailored to meet both short-term and long-term objectives

There are a number of choices to make when managing assets via a discretionary trust. Critical among these is proper trustee management and control. Having assets in a (family) discretionary trust (testamentary or otherwise) is just the beginning. Care and trust respect is needed otherwise the trust structure and the intended objectives will fail.

Future articles will look at the most common trust fails and how to fix these. Until then, trust the trust.

Investing in emerging market issuers

By John Price, ASIC Commissioner

Many entities listed on Australian markets operate beyond Australia. While some of these entities are well known and do business in established markets, others operate in less established markets (or emerging markets) such as Asia (other than Singapore, Hong Kong and Japan), the Pacific (other than New Zealand), Central or South America, Africa, Eastern Europe, the Caribbean and the Middle East.

Entities with a strong connection to one or more emerging markets have been common in our capital markets for some time. Exposure to these entities can present opportunities for investors and can offer attractive returns. However, they can also sometimes present challenges for our markets and have an adverse impact on investor confidence.

In particular, emerging market companies who seek to list on our markets and raise capital from retail investors can pose a heightened risk if the issuer is not appropriately managed and fails to comply with Australia's legal and regulatory regime.

Key challenges identified

ASIC has been actively monitoring the activity of emerging market companies to ensure the reputation of our markets is maintained. In April 2017, ASIC published Report 521 *Further review of emerging market issuers*, which discusses our views on emerging market issuer activity and highlights how ASIC has responded to key challenges that we continue to see in our market. This follows the initial review ASIC conducted in 2012-13, the outcomes of which are published in Report 368 *Emerging market issuers*.

The challenges identified by ASIC include:

- being able to implement good corporate governance in light of a geographically scattered board with limited financial resources
- being able to implement effective internal controls and risk management systems where operations are geographically diverse
- complex ownership structures due to foreign legislative requirements
- reliance on one or two key individuals located outside Australia, which raises the risk of substantial transactions benefiting those individuals
- ability of a company or its auditor to verify information or opinions about the entity's operations and performance provided by experts or professionals in an overseas jurisdiction.

These challenges are definitely not unique to emerging market issuers. However, we have observed that these challenges occur with greater frequency in emerging market companies than in the wider market.

The role of gate keepers

While directors are able to seek guidance from advisers, it is ultimately the responsibility of directors to ensure they comply with the Australian regulatory regime when raising capital in Australia. Directors play an important role as the gatekeepers of transparency and accountability in the major financial and business dealings of an entity.

Boards that are geographically scattered or directors who do not have sufficient experience in the Australian regulatory regime are required to work harder to ensure that they remain active, informed and competent in the oversight of an entity.

Auditors are also an important gatekeeper as investors rely on auditors to provide independent scrutiny of a company's financial position and performance, and to provide assurance of the quality of financial reporting disclosure.

Where an emerging market company is Australian-incorporated but its business operations are overseas, the Australian auditor has responsibility for all components of the audit, including the overseas operations. However, the Australian auditor can choose to rely on another auditor to audit the overseas components.

It is important for investors to understand that because ASIC only regulates Australian-registered auditors, we are unable to conduct a review of work done by foreign auditors or work done by the group auditor in relation to foreign assets.

Some tips for investors

It is imperative that investors fully understand the entity that they are investing in and the specific risks these entities face before they make their investment decisions.

We encourage investors to:

- ensure that you understand the risks associated with distance, cultural differences and variations in legal and political systems that may not affect Australian-operated entities;
- remember that emerging market issuers are not always subject to the same regulatory supervision as Australia-operated companies;
- ensure that you understand the business, in particular, where the major assets or operations of the business and directors and management are located;
- do some research into the directors and their experience;
- ensure that you know who the company auditors are, what their reputation is, where they are located and what they say in their audit opinion.

CIMIC AGM

1 year chart

MONITOR: Roger Ashley	
Date	13 April 2017
Venue	Sofitel Sydney Wentworth, Sydney
Attendees	54 shareholders plus 85 visitors
ASA proxies	240,000 shares from 140 holders
Value of proxies	$8.8m
Proxies voted	Yes
Market cap	$11.8bn
Pre-AGM meeting	Yes, with Chairman

Meeting attendees like results but minority shareholders vote against resolutions

The Chairman and CEO made presentations covering the year's financial results which delivered year on year growth of 11% NPAT, 15% dividend and TSR of 47.1%. CIMIC completed a takeover of UGL in 2016 and a bid for Macmahon Holdings resulted in a 24% stake before the offer closed.

CIMIC's order book is burgeoning and the CEO stated that there is a pipeline of nearly $80 billion worth of tenders to be bid in the remainder of 2017. Profit guidance for 2017 is between $640 million and $700 million, an increase of 10-21%.

A renewed share buy-back has been initiated for 2017 which has the potential to increase the majority shareholder's equity in the company from 73% to over 80% thereby "enhancing capital allocation efficiency". Its effect will certainly enhance the controlling shareholder's stake.

Comments from attendees were quite effusive with dividends, share price and order pipeline all positive. One question raised a potential issue of the recovery of the Gorgon natural gas project debt which, the Chairman stated, is shown as a $1.15 billion asset for which there is a provision of $675 million. The amount owing is subject to arbitration and no outcome is expected in the near future.

The ASA takes the position that CIMIC is effectively the subsidiary of a foreign company and this is reflected in the independence of the Board and a minimalist position regarding reporting and remuneration. The Chairman did not contradict ASA's comment that the Chairman did not see ASA's policies on governance and remuneration having any positive impact for the company.

There were too many issues for an ASA vote in favour of the remuneration report. Two major points were commented upon: the Chairman of the Remuneration Committee defended a $3 million "Special Bonus" for the CEO, now Chairman, on the grounds of outstanding performance. Also the Chairman made much mention of the company's emphasis on safety although the ASA could not condone the CEO receiving 97% of maximum STI given there were three fatalities during the year.

It was interesting that the vote against the remuneration report was 14.8% which represents around 55% of minority shareholders. Directors were returned with at least 86% of the vote and the vote in favour of a new constitution exceeded 99%.

ILUKA AGM

1 year chart

MONITORS: Geoff Read, Geoff Field & Len Roy	
Date	28 April 2017
Venue	Perth Convention Centre
Attendees	29 shareholders plus 41 visitors
ASA proxies	456,000 shares from 134 holders
Value of proxies	$3.8m
Proxies voted	Yes
Market cap	$3.57bn
Pre-AGM meeting	Yes, with Chairman

An easy AGM after very positive first quarter results, share price rises on results

The March quarterly production report had been released one week before the AGM and the share price jumped on the news of higher production output and price improvements.

In his address, the Chairman outlined the importance and reasons behind the takeover of Sierra Rutile in Sierra Leone. The ASA asked about the risks to employees of illness, disease and kidnapping. We were assured that the risk of kidnapping is low in Sierra Leone and that measures were in place to minimise the risks from disease and illness. There is a medivac facility available which regrettably had been used recently to treat 3 workers with complex leg fractures arising from an industrial accident.

In reply to an ASA question, we learned that the acquisition of Sierra Rutile has brought one new customer to Iluka. We also asked about the future development options available in Sri Lanka where the company holds some mineral leases. We were unable to get a firm answer regarding any timetable for mining commencement.

In light of the fact that Iluka did not pay a final dividend for the Y/E 2016 we stressed the desire of smaller shareholders to receive one. The Chairman assured us that it was a top priority for the board and that future dividends would come from free cash flow. Dividends need to be balanced against new capex spending and debt repayment. When dividends re-commence they will be fully franked as there are franking credits available.

Some shareholders believed that the previous CEO had been paid an overly generous amount on his departure. It was pointed out that all the components of his pay-out were provided for in his contract which had been approved by shareholders at the 2011 AGM. The Chairman went to some length to explain that this pay package would not be repeated; however one or two proxy advisers had advocated a vote against the remuneration report. There were no questions from the floor and the remuneration report recorded 20% of votes against its adoption. ASA supported the remuneration report.

Both of the directors who were standing for re-election were successfully re-elected with over 96% of votes in favour.

Support for remuneration report drops considerably

The AGM proceeded with the usual Chairman's address summarising key results for the 2016 year. The Chairman introduced several US based directors who attended by video link.

He went on to draw a distinction between flagship sites and secondary sites, saying that the United States carries too much retail capacity. Flagship assets now represent 82% of the portfolio. By 2021 the company expects that this will increase to 90%. This transition has involved the disposal on non-core assets and redeployment of that capital into the development program.

The company is forecasting growth in funds from operations (FFO) between 3-3.5% for 2017.

The Chairman's address was followed by a more detailed review of the year from Co-CEO's Peter Lowy and Steven Lowy. The company has plans to develop 8,000 apartments on sites in the UK and USA already owned by the Group.

Companies that were once never regarded as "retailers" are taking space in Westfield shopping centres. Companies like Ford, Citroen and Tesla are occupying space in the centres. Food and dining are taking a much more important role in operations than they previously did.

During 2016 several improvements in remuneration policy were introduced, minimum shareholdings for key management personnel (KMP's), disclosure of actual pay for KMP's, discontinuance of retention awards and expansion of clawback provisions in equity linked plans. ASA acknowledged the improvements.

However, ASA had several issues with remuneration policy that resulted in us voting against the remuneration report. All up there was a 19.46% vote against the remuneration report, a considerable increase of 6% over last year. ASA raised a number of concerns, including that the LTI FFO hurdle remains essentially an STI with a four year retention. There remain two joint Managing Directors, each with an income of approximately US$9 million. This has been an issue for some years and it is likely that it played a major role in the vote against the remuneration report.

A total of six directors stood for either election or re-election. All spoke to their suitability for their roles as directors (including three via the video link) except for Steven Lowy on the grounds that he had already spoken as to the results and company outlook. ASA voted in favour of all directors standing for election/re-election. All received votes in excess of 97%.

WESTFIELD AGM

1 year chart

MONITORS: John Nesbitt, Ian Anderson & Allan Goldin

Date	7 April 2017
Venue	Wesley Centre, Sydney
Attendees	176 attendees, including 135 shareholders
ASA proxies	1.5m shares from 458 holders
Value of proxies	$13.64m
Proxies voted	Yes
Market cap	$18.7bn
Pre-AGM meeting	Yes, with NED and Company Secretary

Brickbats

To ASX for proceeding with its proposal to introduce requirements for bidder shareholder approval for certain scrip takeovers, but only where the number of shares issued to fund the takeover is more than 100% of the bidder's share capital, so that the takeover is effectively a 'reverse takeover'. ASA had responded to ASX's initial consultation paper in 2015 stating that while we supported a move to introduce a requirement for bidder shareholder approval in these circumstances, we thought that a threshold of 100% was out of line with overseas exchanges which had a much lower threshold of about 20-25%.

To CIMIC Group for still paying its executives significant bonuses even though there were 3 deaths at the operations in 2016 (and claiming there was an overall improvement in safety). Most companies withhold at least some of the STI where there has been a fatality in the year. The CEO received 96.7% of his STI bonus which is paid entirely in cash. ASA company monitor Roger Ashley thought the remuneration policies were so non-compliant with ASA guidelines that an against vote needed little thought.

To Santos for not disclosing proxy numbers for one of the shareholder requisitioned resolutions to the ASX as it is was not put to the AGM. The ESG related resolution which called for greater disclosures about climate change risks was only to be put to the meeting if a resolution to change the company's constitution was passed. Even though that resolution was not passed, we believe revealing the proxy numbers for the second resolution was warranted as it would publicly indicate investor support for the spirit and intent of the resolution.

To Vocus Communications for downgrading its revenue forecasts only two months after reaffirming its full year guidance In February. The company made headlines after completing several large acquisitions in a short period of time, as well as the departure of directors Tony Grist and James Spenceley, following an unsuccessful attempt to oust current CEO Geoff Horth. It appears there are integration and accounting issues, but shareholders are assured that the company has a plan to move past this. Given the share price has dropped significantly over the past 12 months, we would think shareholders need more than just verbal assurances.

Bouquets

To the ACCC for taking Murray Goulburn to court alleging it behaved unconscionably and misled farmers on the milk prices they could expect to receive. In April 2017, Murray Goulbourn cut milk prices and forced farmers to pay back money they had already received. The ACCC also alleges former managing director Gary Helou and former CFO Bradley Hingle "were knowingly concerned in Murray Goulburn's conduct", and both could face significant penalties relating to their actions.

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

PRG

Programmed Maintenance

JUNE 2017

This report was compiled by ASA members: Len Roy and Peter Denham with significant input from the Perth BIG E Group

Big members

Peter Denham
Len Roy
Lloyd Phillips
Stephen Weston
Rod Stewart
Geoff Sherwin
Keith Mellis
Peter Tallentire
Derek Miller

References

Annual Report
Company website
ASX releases
Morningstar

The company and its business

The business commenced in Victoria in 1951 providing contract painting services and was listed on the ASX in 1999 with the ticker PRG.

In 2007 PRG merged with WA based employment services company, Integrated Group and the merged business traded under the name, 'Programmed Maintenance Services'.

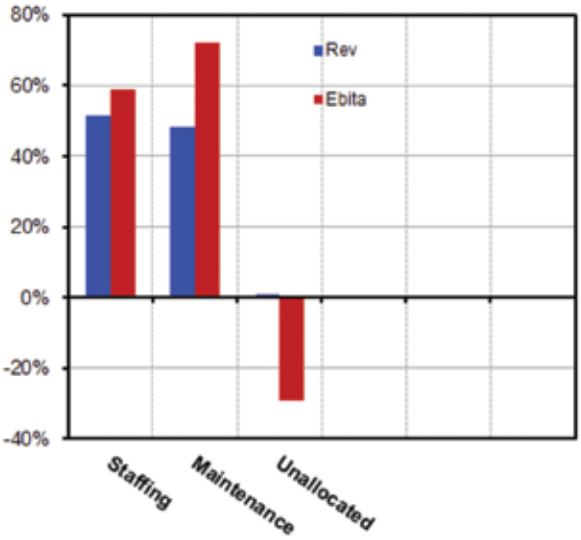
Fast forward to CY15 and PRG acquired Skilled Group in October 2015 for $320m (plus goodwill of $373M added to the balance sheet) on the basis of greater scale and diversification. In FY16 the combined businesses of PRG and Skilled have in excess of 20,000 people and more than 10,000 customers within the areas in which they operate Australia and New Zealand.

Following the Skilled integration and administration restructure, PRG now operates with two divisions;

- Staffing: Recruitment & labour hire across a broad section of industries. 1H17 revenue $686.5m pcp $196.0m. EBITA $20.2m pcp $3.9m
- Maintenance: Building & operational services. 1H17 revenue $646.1m pcp $513m. EBITA $24.8m pcp $22.6m

Marine was a separate division but has since been absorbed into Maintenance as part of the post Skilled integration efficiency restructure.

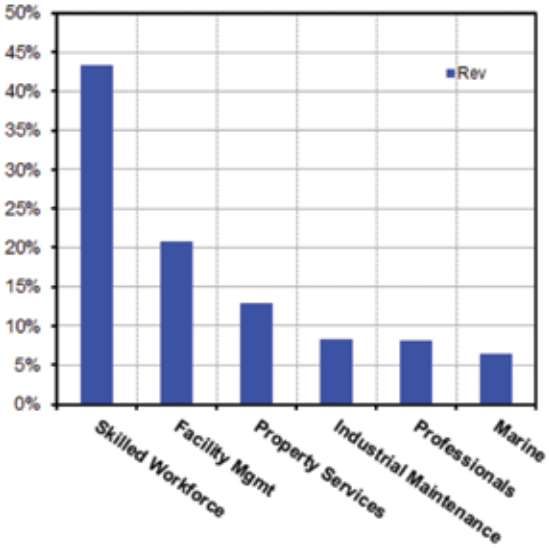
1H17: Performance by Division



1H17 segment analysis indicates the breakup of services by % of revenue;

- Skilled workforce: 43.2%
- Facility Management: 20.7%
- Property Services: 12.9%
- Industrial Maintenance: 8.3%
- Professionals: 8.1%
- Marine: 6.4%

1H17: Rev by segment



The 1H17 customer break up highlights the significant change from earlier years when there was a high dependency on mining & resources sectors for the major share of group revenue;

- Government & Infrastructure: 35.1%
- Retail & Commercial: 14.5%
- Manufacturing & Industrial: 13.8%
- Onshore Mining: 12.6%
- Offshore oil & gas: 7.5%
- Transport: 5.1%
- Other: 11.4%

The relatively low gross margin and low operational capex business has had to weather the collapse in global oil pricing and continuance of low commodity prices. Collectively they resulted in substantial changes to the principal – service provider relationship which had been in place for over a decade. Mining & resource companies installed aggressive cost reduction programs with external service providers being an easy target. PRG recognised the change & refocused the business into areas which could provide alternative short & long term opportunities for its traditional services.

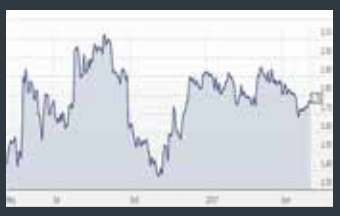
Financial performance

The market capitalisation of PRG is $443M with a share price at time of review of $1.94 and 257M shares on issue. The shares have traded between $1.34 and $2.22 over the last twelve months. The current PE is 10.1 and the dividend yield is 6% fully franked.

Total Shareholder Return			
Period	1yr	3yr	5yr
Return	22.5%	-9.8%	-1.8%

10 year chart

5 year chart



1 year chart

BETTER INVESTING GROUP asa

Five Year Financial Performance	5 yr CAGR	2012 /03	2013 /03	2014 /03	2015 /03	2016 /03
Market Cap ($m)	13%	298	303	343	287	369
No of Shares (m)	16%	118	118	118	119	249
Earnings pre-abnormals (cps)	-3%	26.0	27.8	25.0	25.3	22.4
Dividends unfranked (cps)		13.0	15.0	17.0	18.0	11.5
Franking (%)		100	100	100	100	100
Dividend Yield (%)		5.2	5.9	5.9	7.4	7.8
Payout ratio (%)		50	54	68	71	51
NTA ($/s)		1.00	1.11	1.27	1.31	0.05
Revenues ($m)	10%	1390	1506	1428	1426	2201
Operating margin (%)		4	4	4	4	3
Net Profit Before Abnormals ($m)	5%	31	34	31	31	40
Net Profit ($m)		31	32	31	26	-98
Operating cash flow ($m)	12%	48	55	54	64	82
Free cash flow ($m)	10%	39	46	47	54	62
Shareholders Equity ($m)	10%	374	392	410	418	606
Return on Equity (%)		8%	9%	7%	7%	7%
Net interest cover (x)		13	21	149	-29	9
Debt to equity		33%	27%	18%	12%	53%

Debts & Intangibles

With D/E at 53% and net interest cover of 9x, level of debt and ability to meet business costs appear to be acceptable.

At the end of 2015-16, amount of intangible assets carried was $593M, 43% of total assets. Amount of net tangible assets (Equity – intangible assets) carried was $12M.

Intangible assets consists of goodwill ($510M), and other ($80M).

Impairments

PRG impaired assets by $2M in 2013 (5% of NPAT before abnormals), $5M in 2015 (17% of NPAT before abnormals) & $138M in 2016 (NPAT before abnormals was $40M).

Note that in 2016, the profit prior to abnormals of $40M was reduced to a statuary loss of $98M. The one off non trading costs included $33.9m to complete the Skilled transaction and the impairment charge of $102.4m to the goodwill of the Marine Division following the Skilled acquisition and fall in oil & gas prices.

Board of Directors & Senior Executives			
Name	**Position**	**Appointed**	**Holdings, (31 March 2016)**
Bruce Brook	Non Exec Chairman (Ind)	Aug 2011	90,000
Christopher Sutherland	MD & CEO	Jan 2008	725,922
Emma Stein	Non Exec Director, Independent	Jun 2010	43,383
Robert McKinnon	Non Exec Director, Independent	Nov 2011	75,000
Andrea Grant	Non Exec Director, Independent	Sep 2012	
James Walker	Non Exec Director, Independent	Nov 2015	18,850
Lisa Paul	Non Exec Director, Independent	Feb 2016	20,000

There are three board committees	
Remuneration & People	Chaired by Ind NED Ms Grant
Nomination	Chaired by Ind Non exec Chair Mr Brook
Audit & Risk Committee	Chaired by Ind NED Mr McKinnon
HSE	Chaired by Ind NED Ms Emma Stein

The review committee noted the board had high levels of both independence & diversity and there was a good mix of professional qualifications & relevant experience.

Major shareholders

As at 4 May 2016, PRG had in excess of 13,000 security holders holding 249.3M securities.

4,430 shareholders held 1,000 or less shares.

Substantial shareholders were Westpac Corp (7.1%) & BT Investments (5.6%).

The top 20 investors were mostly nominee companies, with the top 20 making up 65.91% of the issued ordinary shares.

Growth opportunities & associated risks

PRG sees incremental growth opportunities in the Defence & Border protection sectors where the government is significantly increasing capital & maintenance expenditure. Similarly in the health sector where PRG is considering full service models including Health Professionals for Health, Aged Care at Home, NDIS & Third Party Trauma Insurance.

PRG indicates the increased size, scale & diversity resulting from the Skilled acquisition will be positive and that they are on track with the three staged integration of Skilled.

First stage	People, structure & culture	completed
Second stage	Business systems	completed
Third stage	Sales growth	WIP 2017-2020

The huge capex investments by oil & gas companies over recent years will provide plant maintenance opportunities over the next few years, some of which may be outsourced.

The review committee considered the management of contract conditions & contract management were critical to PRG's low margin business model. Should the AUD fall relative to overseas currencies, domestic businesses would potentially benefit and provide additional service opportunities for PRG who indicate the staffing market is highly fragmented and that PRG's share is approximately 10%.

Given the HY September 2016 group revenue $1.338bn resulted in After tax profit $17.9m before amortization and non-trading items and a Statutory after tax profit $3.7m after amortization & non trading items, the review committee felt that PRG needs to prove to the market that shareholders can benefit from the Skilled acquisition. E

ASA 2017 Hybrid AGM

We held our first hybrid AGM in Brisbane on Wednesday, 10 May, a history-making event for ASA as it is the first for any member-based organisation in Australia.

This was only made possible with the generous support of Lumi Technologies and Streamgate Webcasting, which provided all the infrastructure and technology at no cost to the ASA. The recording of the AGM is available on our website www.australianshareholders.com.au – go to WHAT WE DO / OUR GOVERNANCE.

A hybrid AGM is a traditional AGM that allows extended direct voting and participation by enabling shareholders to either attend physically or online. With 37 members present in Brisbane and an additional 66 members online, we had more members participating from around the country than in the room.

The chairman addressed the members, outlining significant developments during 2016 which included:

- 2016 produced a record surplus of $208,345 including $103,400 from ASIC in relation to the work undertaken on the Hocthief insider trading matter.
- Membership decline has reduced.
- Member engagement has increased with 12 new meeting groups operational during 2016 and a further three groups established since January this year.
- ASA continues its strong standing with relevant authorities in the corporate community.
- Advice that membership fees for green and classic members would increase by $10 effective 1 July 2017, noting that the last membership price increase was in 2013, which is four years ago this July.

Our recently appointed CEO advised that she will be working hard to retain members, increase membership and member satisfaction, improve our technological offerings and assist company monitors to hold directors to account.

A poignant moment of the meeting was the acknowledgement by the chairman of the nine years' service by retiring director Ms Betty Clarke-Wood, who was presented with a crystal plaque honouring her dedication and commitment to ASA over an extended period.

Both resolutions were passed by poll.

Resolution 1: Re-election of Ms Diana D'Ambra	
For	523
Against	4
Abstain	1
Total	528

Resolution 2: Election of Mr David Fletcher	
For	509
Against	6
Abstain	12
Total	527

Pictured are the board of directors: Betty Clarke-Wood, Don Hyatt, Allan Goldin, Stephen Mayne, David Fletcher, Geoff Bowd, Judith Fox (CEO) and Diana D'Ambra.

Betty Clarke-Wood – Director for nine years

Mrs Betty Clarke-Wood was elected as an ASA director at the Brisbane AGM in May 2008 and retired from the board after serving nine years, at the Brisbane AGM in May 2017

She has been the Convenor of the Ballarat Regional Group since its inception in 2002, and a member of the Victorian State Committee and its Membership Convenor for five years.

During her time on the board Betty has served on the Conference Committee and the Nominations and Remuneration Committee.

In 2013 Betty, together with her husband Alec (who has supported her throughout her ASA work) spent over six weeks touring the East Coast of Australia in their motorhome visiting, encouraging and supporting 18 regional groups and establishing three new groups – Toowoomba, Wollongong and Taree.

Having established a coffee morning discussion group in Ballarat in 2015, Betty offered the concept to the members in Echuca in April 2016, which became the Campaspe Coffee Discussion Group with up to 25 members.

A tour of south-west Victoria and the south-east of South Australia in June 2016 to meet ASA members in the country resulted in the establishment of successful coffee morning discussion groups at Horsham (Wimmera) and Warrnambool.

In November 2016 Betty and Alec toured Tasmania, visiting half of the ASA membership in that state in Burnie, Devonport, Launceston and Hobart. Betty successfully established ongoing groups in Burnie and Devonport.

Recently Betty also established the NSW South Coast Discussion Group, based at Batemans Bay. It is flourishing, thanks to convenor, Bill Radley.

Across four states, the seven coffee discussion groups have been formed using media outlets to spread the ASA message. This has resulted in 32 new trial memberships and 26 people becoming new members so far, many of whom did not previously know of the existence of ASA.

Betty will continue to follow her passion to grow ASA and its membership through her work with the Ballarat Group and as State Membership Convenor. At the request of the CEO she will continue to work with the Tasmanian groups until they are strong and viable.

Betty has been an invaluable asset to the board. She represents all that is best in ASA's many volunteers, giving generously of her time and effort to facilitate the networking that allows individual shareholders to learn from fellow investors. She has been tireless in her support of ASA's mission, particularly in ensuring that investors in regional areas have access to information and knowledge to assist them make informed financial decisions. Her presence on regional media outlets has spread the word about ASA and its advocacy and education offerings. We are delighted that she will continue to support, grow and maintain our presence in regional areas. **Thank you Betty.**

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MORNINGSTAR

By the time this is published we will have held our 'Securing your investing future' Conference at the Grand Hyatt on 15 and 16 May. We'll provide a conference wrap in the July issue. On behalf of the delegates and the board, staff and members of the ASA we would like to thank our sponsors for their support.

NSW Report

By Richard McDonald, NSW Chairman

Our educational workshop, Cash Flows, Balance sheets and Ratios held in March was a sellout in Sydney and very well received. There were a few problems with the venue (Rydges North Sydney) but for the next event we will be back to the Harbourview which is much better suited.

We have started two new discussion groups this year - Sutherland in February which meets at the Sutherland Library on the second Wednesday of the month from 10am. Stephen Bible is the convenor and numbers have averaged approximately 20 per meeting.

Our newest group, Northern Beaches, started in April and meets on the second Monday of the month at the Mona Vale Library at 10am. We had an excellent roll up to our first meeting with over 24 attending to listen to ASA member John Cowling present "Common stocks and uncommon profits". I am sure this group will continue to grow with Sue Erbag as convenor.

The Batemans Bay group, only formally established this year, is also going well with Bill Radley as their convenor.

Adding to the groups we have established in Double Bay, Orange, Dubbo and Bathurst we now have 15 groups in NSW. These groups not only help attract new members but also serve to provide an informal forum for learning, sharing information and networking. Members are encouraged to bring their friends along.

In June I will travel to Orange with John Cowling to present to their discussion group and hope that the Bathurst coffee group members will make the journey to Orange. On the way we intend to stop over in the Blue Mountains and will endeavor to establish a coffee group there.

Later in the year we are aiming to start another group in the Southern Highlands. If you live in the Southern Highlands or in an area where we have yet to establish a group, and would like to help, we would be delighted to hear from you. You can contact me at nsw@asa.asn.au.

Recent visit to the Concord Discussion Group

asa **NEWS DESK**

01 Member fee increase

02 ASA members meet with BHP Billiton Chairman

01 Member fee increase

Membership fees were last increased in July 2013. Since that time we have seen standard letter postage rates increase by more than 65% and our overall business costs have increased in excess of CPI. Therefore effective 1 July 2017 membership fees will increase as follows.

Membership	Current fee	From 1 July 2017
1 year green	$120	$130
2 year green	$210	$230
1 year classic	$140	$150
2 year classic	$245	$275
1 year gold	$500	No increase

02 ASA members meet with BHP Billiton Chairman

ASA members were very pleased to be invited to an investor meeting with BHP Chairman Jac Nasser on 4th May. The ASA received 25 of the 60 place invitations which were quickly taken up. The meeting was also streamed on-line.

After a briefing, involving the opportunity for shareholders to ask questions the Chairman was happy to mingle with ASA members and discuss matters BHP and governance issue. He proved to be quite charming. Rest assured, ASA members had plenty of questions which the Chairman managed to handle drawing on his long experience in the corporate world and demonstrating his knowledge of the company. E

Investing for the Times

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AUGUST 2017

Australian Shareholders' Association

9:00AM	**THE AUSTRALIAN SHARE MARKET – WHERE ARE WE HEADING?**
	The Australian economy has benefited from a prolonged period of uninterrupted growth. With the Australian share market heading towards the 6,000 mark are valuations supported by the economic outlook?
10:00AM	**MORNING TEA**
10:30AM	**GLOBAL INVESTING THEMES**
	What other potential shocks are lurking in the background? Since the election of Trump the US market has forged ahead, but is it now overvalued? Which regional markets look best value and which markets are susceptible to global shocks?
11:30AM	**THE RISING MIDDLE CLASS IN CHINA**
	With the Chinese investment boom slowing, there are expectations that the rise of consumerism will take over as the next key driver of Chinese economic growth. What are the implications of this rising middle class for Australian investors?
12.30PM	**LUNCH**
1:10PM	**PROFIT FROM CHANGING DEMOGRAPHICS**
	What will different preferences and life experiences have on the spending patterns of the emerging younger generations and what impact will this have on businesses? This session will look at stocks likely to benefit from demographic change.
2.10PM	**FINDING OPPORTUNITIES FROM TECHNOLOGY DISRUPTION**
	Rapid technological change is affecting the way we live and has major implications for the way we invest. Which companies will thrive in this climate and which companies will go the way of the dinosaur?
3.10PM	**AFTERNOON TEA**
3.30PM	**DISRUPTION IN THE ENERGY MARKETS**
	This session will look at the likely impact of carbon policies across the energy sector including coal, oil and gas, renewables, energy storage, transmission and distribution.

DATES AND VENUES

BRISBANE	THU 3 AUG	Wesley House, 140 Ann St, Brisbane
SYDNEY	FRI 4 AUG	Harbourview Hotel, 17 Blue St, Nth Sydney
MELBOURNE	FRI 11 AUG	Telstra Conference Centre, Melbourne
PERTH	THU 17 AUG	Exchange Centre, L8, 2 The Esp, Perth

COST

☐ MEMBER EARLY BIRD $130.00	☐ MEMBER $150.00
☐ NON MEMBER EARLY BIRD $170.00	☐ NON MEMBER $190.00

Registration fee includes lunch, refreshments and access to papers online.

Early bird price ends 14 days prior to the event.

Register online at www.australianshareholders.com.au or by calling 1300 368 448.

	LOCATION	DATE	TIME	VENUE	SPEAKER	TOPIC
ACT	Southside	06-Jun-17	12.30pm	Weston Club, 1 Liardet St, Weston	Southside Discussion Group	Investment topics
	Northside	08-Jun-17	12.30pm	Canberra Southern Cross Club Jamison, Cnr Catchpole & Bowman St, Macquarie	Northside Discussion Group	Investment topics
	Southside	04-Jul-17	12.30pm	Weston Club, 1 Liardet St, Weston	Southside Discussion Group	Investment topics
	Northside	13-Jul-17	12.30pm	Canberra Southern Cross Club Jamison, Cnr Catchpole & Bowman St, Macquarie	Northside Discussion Group	Investment topics
NSW	Bondi Junction	06-Jun-17	10.30am	Mill Hill Community Centre, 31-33 Spring St, Bondi Junction	Discussion Group	Investment topics
	Port Macquarie	09-Jun-17	10.00am	Senior Citizens Centre, Munster St, Port Macquarie	Discussion Group	General investment topics
	Inner West	13-Jun-17	10.00am	Concord Library, 60 Flavelle St, Concord	Discussion Group	General investment topics
	Wollongong	13-Jun-17	10.30am	Boat Harbour Motel, Function Room, 7 Wilson St, Wollongong	Discussion Group	Investment topics
	South Coast	14-Jun-17	2.00pm	Bay Link Centre, 3 Flora Ave, Batemans Bay	Discussion Group	Investment topics
	Sutherland	14-Jun-17	10.00am	Sutherland Library, 30-36 Belmont Street, Sutherland	Discussion Group	Investment topics
	Sydney Investor Forum	15-Jun-17	12.00 noon	Sydney Mechanics' School of Arts, 280 Pitt St, Sydney	Jeremy Hook, TMS Capital	Stocks to watch in today's market
	Sydney North Shore	16-Jun-17	10.00am	Killara Uniting Church Hall, 9 Karranga Ave, Killara	Discussion Group	General investment related topics
	Double Bay	21-Jun-17	10.00am	Double Bay Library, 451 New South Head Rd, Double Bay	Discussion Group	General investment topics
	Orange	21-Jun-17	5.00pm	Duntryleague Golf Club, Woodward St, Orange	John Cowling, ASA	General investment topics
	Taree	22-Jun-17	10.00am	Greater Taree City Library, 242 Victoria St, Taree	Discussion Group	General investment topics
	Hunter Region	26-Jun-17	10.30am	Club Macquarie, 458 Lake Rd, Argenton	Discussion Group	General investment topics
	Bondi Junction	04-Jul-17	10.30am	Mill Hill Community Centre, 31-33 Spring St, Bondi Junction	Discussion Group	Investment topics
	Inner West	11-Jul-17	10.00am	Concord Library, Function Room, 60 Flavelle St, Concord	Discussion Group	General investment topics
	Wollongong	11-Jul-17	10.30am	Boat Harbour Motel, 7 Wilson St, Wollongong	Presenter from Morgans	The Australian sharemarket
	Sydney	4-Aug-17	9.00am - 4.30pm	North Sydney Harbourview Hotel, 17 Blue St, North Sydney	One Day Seminar	Investing for the times
QLD	Gold Coast	13-Jun-17	9.30am	Robina Community Centre, cnr San Antonio Court, Robina	Guest speaker	General investment topics
	Brisbane Investor Forum	14-Jun-17	11.00am	Wesley House, 140 Ann St, Brisbane	Felicity Cooper, Cooper Wealth Management	Post Budget - What are your options to maximise returns?
	Toowoomba	19-Jun-17	1.00pm	Toowoomba City Library, 155 Herries St, Toowoomba	John Redman and members	ASA Conference update
	Sunshine Coast	20-Jun-17	10.00am	Good Life Centre, 100 Buderim Pines Road, Buderim	Snr Constable Ann Jessop, District Crime Prevention Unit	Cyber crime and scams
	Brisbane	3-Aug-17	9.00am - 4.30pm	Wesley House, 140 Ann St, Brisbane	One Day Seminar	Investing for the times
SA	Adelaide	07-Jun-17	10.30am	University of Adelaide Club, North Tce, Adelaide	Led by Keith Potts, ASA	Resource related topics
	Adelaide	14-Jun-17	10.30am	University of Adelaide Club, North Tce, Adelaide	Led by Genevieve Ward, ASA	Industrial shares
	Adelaide	21-Jun-17	11.30am	Scots Church Hall, Cnr Pulteney St & North Tce, Adelaide	General meeting	General investment topics
	Adelaide Investor Forum	21-Jun-17	12.00 noon	Scots Church Hall, Cnr Pulteney St & North Tce, Adelaide	Guest speaker	Bionomics

LOCATION	DATE	TIME	VENUE	SPEAKER	TOPIC	
Adelaide	05-Jul-17	10.30am	University of Adelaide Club, North Tce, Adelaide	Led by Keith Potts, ASA	Resource related topics	SA
Adelaide	12-Jul-17	10.30am	University of Adelaide Club, North Tce, Adelaide	Led by Genevieve Ward, ASA	Industrial shares	
Burnie	20-Jun-17	2.00pm	Burnie LINC, 30 Alexander Street, Burnie	Coffee Morning	Investment related topics	TAS
Campaspe	07-Jun-17	10.00am	Caledonian Hotel, 110 Hare Street, Echuca	Discussion Group	Investment related topics	VIC
Melbourne Investor Forum	07-Jun-17	12.00 noon	Telstra Conference Centre, 1/242 Exhibition St, Melbourne	Allan Evans, Magellan Asset Management Ltd	A peek inside the engine room	
Kingston	08-Jun-17	10.30am	Longbeach Place, 15 Chelsea Road, Chelsea	Discussion Group	ASA Annual Conference/ AGM Overview	
Manningham	13-Jun-17	10.00am	Koonarra Hall, 7 Balwyn Rd (cnr Furneaux Grove), Bulleen	Peter Rae, ASA Victorian Education Officer	LICs and ETFs	
Warrnambool	13-Jun-17	10.00am	Warrnambool RSL Club, Cnr Liebig & Merri Sts, Warrnambool	Coffee Morning Discussion Group	Investment related topics	
Ballarat	14-Jun-17	12.00 noon	Barkly's Restaurant, 43 Main Rd, Ballarat	Judith Fox, ASA CEO	15th anniversary celebration Lunch	
Geelong	14-Jun-17	6.00pm	Waurn Ponds Hotel, Princes Hwy, Waurn Ponds	Vivek Dhar, CBA	Mining and energy sector	
Melbourne Evening Meeting	15-Jun-17	6.00pm	Limerick Arms Hotel, 364 Clarendon St, Sth Melbourne	Sue Dudley, ASA	To "Hold" or to "Sell"	
Mornington	15-Jun-17	9.45am	Mornington Golf Club, Tallis Dr, Mornington	Discussion Group	Investment related topics	
Wimmera	15-Jun-17	10.00am	Horsham RSL Club, 36 McLachlan St, Horsham	Coffee Morning Discussion Group	Investment related topics	
Geelong	20-Jun-17	6.00pm	St George Workers Club, 212 Pakington St, Geelong West	Geelong Night Discussion Group	Investment related topics	
Monash	20-Jun-17	10.00am	Wheelers Hill Public Library, 860 Ferntree Gully Rd, Wheelers Hill	Divek Dhar, CBA Commodities Strategist	Commodities update	
Bendigo	21-Jun-17	10.00am	Bendigo Club, 22 Park St, Bendigo	Discussion Group	Investment related topics	
Albury-Wodonga	27-Jun-17	10.00am	Commercial Club, 618 Dean St, Albury	Taki Griparis, Bridges Financial	Stocks for income	
Ballarat	29-Jun-17	10.00am	The Munster Arms Hotel, 10 Victoria St, Bakery Hill	Coffee Morning Discussion Group	Investment related topics	
Campaspe	05-Jul-17	10.00am	Caledonian Hotel, 110 Hare Street, Echuca	Discussion Group	Investment related topics	
Melbourne Investor Forum	05-Jul-17	12.00 noon	Telstra Conference Centre, 1/242 Exhibition St, Melbourne	Vivek Dhar, CBA	Mining and energy sector overview	
Melbourne	11-Aug-17	9.00am - 4.30pm	Telstra Conference Centre, 1/242 Exhibition St, Melbourne	One Day Seminar	Investing for the times	
Perth Members Meeting	06-Jun-17	10.15am	State Library Bldg of WA, 25 Francis St, Perth	Ian Love, ASA	Investing in blockchain protocols	WA
Perth Investor Forum	06-Jun-17	12.00 noon	State Library Bldg of WA, 25 Francis St, Perth	Phil Rees, Westoz Funds Management	Equity opportunities in the west	
Perth Investors' Corner	15-Jun-17	10.00am	Citiplace Community Centre, City Station Complex, Wellington St, Perth	Discussion group led by Lorraine Graham & Peter Scales, ASA	Equity investments	
Perth - South of the River	23-Jun-17	10.00am	Canning River Eco Education Centre, 'Melaleuca Room', Lot 8 Queens Park Rd, Wilson	Discussion Group	Investment topics	
Busselton	28-Jun-17	9.30am	Busselton Volunteer Marine Rescue Group HQ, Geographe Bay East, Busselton	Discussion group led by members	Investment related topics	
Perth Members Meeting	04-Jul-17	10.15am	State Library Bldg of WA, 25 Francis St, Perth	Romano Salo Tenna, Katana Asset Management	Funds management 2017	
Perth Investor Forum	04-Jul-17	12.00 noon	State Library Bldg of WA, 25 Francis St, Perth	Rod Jones, Navitas	World class quality education & training	
Perth	17-Aug-17	9.00am - 4.30pm	Exchange Tower Function Centre, Level 8, 2 The Esplanade, Perth	One Day Seminar	Investing for the times	

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*Offer available to ASA Conference delegates who invest in either the Lincoln Australian Income Fund or Australian Growth Fund before 30 June 2017. Headphones will be despatched after the purchase of fund units is completed.

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