

# Livewire

 *live*

2016

Presented by **Livewire Markets**

Sponsored by **Bell Direct** in conjunction with **ASX**



belldirect >



live**wire**

# contents

---

- 03. Welcome Note
- 04. Introduction from **Bell Direct**
- 05. **Matthew Kidman**, Founder and Portfolio Manager, Centennial Asset Management
- 06. **PANEL 1: MACROECONOMICS**  
Can we get out of this alive?
- 07. **Mark Burgess**, Chairman of the Advisory Board, Jamieson Coote Bonds
- 08. **Nikki Thomas**, Head of Research, Magellan Financial Group
- 09. **Vimal Gor**, Head of Income and Fixed Interest, BT Investment Management
- 10. **PANEL 2: STRATEGY**  
The Art and Science of beating the market
- 11. **Paul Moore**, Chief Investment Officer, PM Capital
- 12. **Roger Montgomery**, Chief Investment Officer, Montgomery Investment Management
- 13. **Steve Johnson**, Chief Investment Officer, Forager Funds
- 14. **PANEL 3: EQUITIES**  
Picking today's winners and avoiding the bombs
- 15. **Crispin Murray**, Head of Equities, BT Investment Management
- 16. **Geoff Wilson**, Chairman, Wilson Asset Management
- 17. **Ben Griffiths**, Founder and Portfolio Manager, Eley Griffiths Group
- 18. **Ben Clark**, Portfolio Manager, TMS Capital
- 19. **PANEL 4: TECHNOLOGY**  
Making sense of the big new trends
- 20. **Daniel Petre**, Founder and Partner, Airtree Ventures
- 21. **Alex Pollak**, Chief Investment Officer, Loftus Peak
- 22. **Elaine Stead**, Investment Director, Blue Sky Venure Capital
- 23. **Panelists Stock Ideas**

---

**Disclaimer:** The information contained in this presentation is general in nature and should not be relied upon. Before making any investment or financial planning decisions, you should consult a licensed professional who can advise you whether your decision is appropriate for you. Contributors to this event may have commercial or financial interests in the companies mentioned.



# welcome

*by Livewire Markets*

Dear Investors,

Thanks for joining us today at the 2nd Livewire Live.

We're delighted to be showcasing the insights of 14 of Australia's most respected investors across four panel sessions in one afternoon. We're appreciative of the support given to us by Bell Direct, ASX and all the other service providers who've helped make today's event a reality.

The purpose of Livewire, our website, newsletter and these events is to give you direct access to the views of Australia's most experienced and successful investors and analysts. We hope that by hearing their perspectives, you will be able to challenge your ideas, evolve your investment strategy and become better investors.

If you enjoy the content of today's panels and are serious about improving your investment process, we encourage you to sign up to Livewire ([www.livewiremarkets.com](http://www.livewiremarkets.com)). It takes less than a minute to register and start tracking the insights and research of these panellists and many more of Australia's best investors.

Happy investing!

Yours sincerely,

*Tom McKay & James Marlay,  
Co-Founders, Livewire*

Livewire brings together the insights of Australia's leading investment experts. Register for free today.  
[www.livewiremarkets.com](http://www.livewiremarkets.com)

## REWARDS & RECOGNITION

Since being founded in 2013, Livewire has been named One to Watch in KPMG's global Fintech Innovators list and 2014 Start Up of The Year by Tank Stream Labs.

live  wire

# introduction

*by Bell Direct*

At Bell Direct, we're focused on giving our clients access to the best insights and information. We only partner with the best experts to provide valuable insights, so we can help investors trade smarter. That's why we are delighted to partner with Livewire in this unique Livewire Live event.



ARNIE SELVARAJAH  
CEO, BELL DIRECT

Livewire Live is a rare opportunity to hear from many experts in the financial markets and get their respective views. The lively debate leads to great insights for investors and advisers alike. I'm particularly excited about the quality of the panellists this year and am looking forward to some very interesting discussions.

As Bell Financial Group's online broker, we're dedicated to helping investors and advisers trade smarter and be in control of their wealth. But don't take our word for it: In 2015, Bell Direct was named Best Online Broker by Smart Investor for the third year in a row and was awarded #1 for research, trading ideas & strategies and stock recommendations by investors in the Investment Trends' online broking report.

*Arnie Selvarajah*  
*CEO, Bell Direct*

**bell**direct 

---

[www.belldirect.com.au](http://www.belldirect.com.au)

---

## Matthew Kidman

FOUNDER AND PORTFOLIO MANAGER,  
CENTENNIAL ASSET MANAGEMENT



Matthew was the CIO at Wilson Asset Management for 13 years between 1998 and 2011, helping to build the business and excellent long-term investment track record, achieving 18% p.a. over the period.

Prior to joining Wilsons', Matthew worked as a finance journalist at the Sydney Morning Herald between 1994 and 1998, and in 1997 was made business editor.

In addition to being on the Board of Wilsons', Matthew is currently Chairman of the Watermark Market Neutral Fund, Director of WAM Research Limited, WAM Active Limited, Incubator Capital Limited, Centrepont Alliance Limited and Sandon Capital Investments Limited.

Matthew holds a Bachelor of Laws and Economics from Macquarie University, Sydney and a Graduate Diploma in Applied Finance from FINSIA and is completing a PhD on how an ageing population affects house and equity prices.

### ABOUT CENTENNIAL ASSET MANAGEMENT

Centennial Asset Management is an independent Australian asset management business. Centennial is the manager of the Level 18 Fund – a long/short equity fund with a bias towards investing in smaller capitalised companies. We are focused on building wealth over the long term by investing for absolute returns rather than for a return relative to any particular index.

[www.centennialassetmanagement.com.au](http://www.centennialassetmanagement.com.au)

18 YEARS INDUSTRY  
EXPERIENCE

#### FAVOURITE QUOTE

“You can't kiss  
all the pretty girls”

Geoff Wilson

## Panel 1

# MACROECONOMICS

## Can we get out of this alive?

### MODERATOR

#### Matthew Kidman

Founder and Portfolio Manager,  
Centennial Asset Management

### 01. PANELIST

#### Mark Burgess

Chairman of the Advisory Board,  
Jamieson Coote Bonds

### 02. PANELIST

#### Nikki Thomas

Head of Research,  
Magellan Financial Group

### 03. PANELIST

#### Vilmal Gor

Head of Income and Fixed Interest,  
BT Investment Management

## Mark Burgess

CHAIRMAN OF THE ADVISORY BOARD,  
JAMIESON COOTE BONDS



Mark is Chair of the JCB Advisory Board. Mark recently retired as CEO of the Australian Government Future Fund, Australia's \$110+ billion sovereign wealth fund.

Prior to this, Mark was CEO of Treasury Group, as well as Vice Chairman and CEO of Credit Suisse Asset Management (EMEA) in London.

Mark has also held a number of high profile Global CIO roles for Credit Suisse, American Express Asset Management, Colonial First State Investments, Colonial Group and Bankers Trust. Mark holds a Bachelor of Commerce (Honours) from the University of Melbourne.

### ABOUT JAMIESON COOTE

Founded in 2013, Jamieson Coote Bonds (JCB) is a specialist bond fund manager based in Melbourne. Its founders and operators Charles Jamieson and Angus Coote have several decades of experience in the Australian and global bond markets.

JCB takes advantage of a unique network of domestic and global contacts with access to the best available research. JCB uses both fundamental and technical analysis of the bond market to implement trades and most importantly reduce the risk of permanent capital loss whilst producing solid returns.

[www.jamiesoncootebonds.com.au](http://www.jamiesoncootebonds.com.au)

31

YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“Showing  
up is 80%  
of life”

Woody Allen

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Travelling



## Nikki Thomas

HEAD OF RESEARCH,  
MAGELLAN FINANCIAL GROUP

Nikki joined Magellan in January 2007. Prior to Magellan, Nikki spent 14 years in institutional stockbroking, holding Equity Analyst positions at BT Securities and at Deutsche Bank, where she was heavily involved in the development of valuation tools for use across the research team.

28

YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“Wide diversification is only required when investors do not understand what they are doing”

Warren Buffett

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Family and a country plant nursery.

Nikki has been a CFA Charterholder since 1997 and is an active member of the CFA Society of Sydney. She holds a Bachelor of Commerce from the University of NSW and is also a Chartered Accountant. Nikki is a member of Magellan’s Investment Committee.

### ABOUT MAGELLAN FINANCIAL GROUP

Magellan Financial Group is a Sydney-based specialist investment management business. Magellan Asset Management Limited (Magellan) manages global equities and global listed infrastructure strategies for high net worth, retail and institutional investors. Magellan is the main operating subsidiary of Magellan Financial Group Limited (ASX Code: MFG). Magellan offers global and infrastructure investment funds with a focus on investment in high-quality businesses to achieve the goals of capital preservation and absolute wealth accumulation through the business cycle.

Search for Magellan Financial Group on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

## Vimal Gor

HEAD OF INCOME AND FIXED INTEREST,  
BT INVESTMENT MANAGEMENT

Vimal is Head of Income & Fixed Interest at BTIM. Since June 2010, Vimal has been responsible for setting the budgets, strategy and processes for a boutique of Income & Fixed Interest assets and the investment strategy for a number of funds under management.

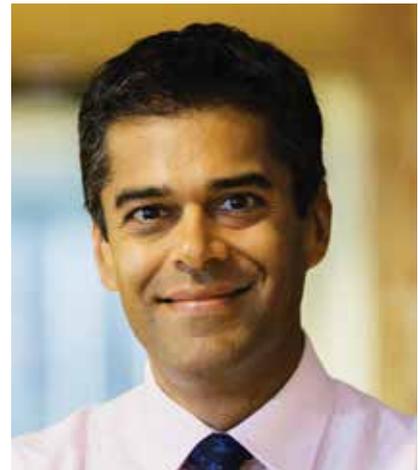
Prior to this, Vimal worked at Aviva Investors, where he was the lead fund manager for Global Aggregate Bond Funds and worked on G7 and FIM hedge funds. He has previously worked with Scottish Mutual and Murray Johnstone. Vimal has a Bachelor of Science Degree (Economics and Computer Science) with First Class Honours from Salford University, United Kingdom.

### ABOUT BT INVESTMENT MANAGEMENT

BT Investment Management (BTIM) is one of the largest ASX-listed pure investment managers (ASX: BTT), with a market capitalisation of around \$2.85 billion and funds under management of \$77.2 billion as at 31 March 2016. The BTIM Board consists of a majority of independent directors with the Westpac Group as the major shareholder. Staff of BTIM and J O Hambro Capital Management are significant equity holders along with institutional and retail investors. Headquartered in Sydney, BTIM provides investment management services to both institutional and individual clients in Australasia, the UK and US.

Search for BT Investment Management on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.btim.com.au](http://www.btim.com.au)



21 YEARS INDUSTRY EXPERIENCE

#### FAVOURITE QUOTE

“In the long run we are all dead”

John Maynard Keynes

#### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Thinking about thinking about having a hobby.

*Panel 2*

# STRATEGY

## The art and science of beating the market

**MODERATOR**

**Matthew Kidman**

Founder and Portfolio Manager,  
Centennial Asset Management

**01. PANELIST**

**Paul Moore**

Chief Investment Officer,  
PM Capital

**02. PANELIST**

**Roger Montgomery**

Chief Investment Officer,  
Montgomery Investment Management

**03. PANELIST**

**Steve Johnson**

Chief Investment Officer,  
Forager Funds

## Paul Moore

CHIEF INVESTMENT OFFICER,  
PM CAPITAL

Paul is the founder and CIO of PM CAPITAL. Paul has oversight across all of the PM CAPITAL funds with over \$2 billion under management.



Paul began his career at Bankers Trust Australia in 1985 as an industrial analyst. In 1994, Paul became Head of the Retail International Equity Group, acknowledged at the time to be Australia's leading mutual fund performer. Paul holds a Bachelor of Commerce (Honours) degree, majoring in Finance from the University of New South Wales.

### ABOUT PM CAPITAL

Established in 1998, PM CAPITAL is a Sydney-based specialist equity and income fund manager that manages over \$2 billion on behalf of private clients, institutional investors and the clients of financial advisers.

With a focus on the long term capital growth of invested funds, PM CAPITAL has a track record of strong performance. Portfolios are selectively assembled according to the individual risk/reward proposition of a specific business, as opposed to the common practice of being constructed according to the composition of market indices or standard industry benchmarks.

Search for PM Capital on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.pmcapital.com.au](http://www.pmcapital.com.au)

30 YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“The day after the market crashed on October 19 [1987], people began to worry that the market was going to crash”

Peter Lynch

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

AFL



## Roger Montgomery

CHIEF INVESTMENT OFFICER,  
MONTGOMERY INVESTMENT MANAGEMENT

Roger is the founder and CIO of Montgomery Investment Management. He has a background in financial markets spanning 22 years including equity analysis, equity and derivative trading and investment banking.

24

YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“It is easy in the world to live after the world's opinion; it is easy in solitude to live after our own; but the great man is he who in the midst of the crowd keeps with perfect sweetness the independence of solitude.”

Ralph Waldo Emerson

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Cycling

Prior to establishing Montgomery, Roger held positions at Ord Minnett Jardine Fleming, BT (Australia) Limited and Merrill Lynch. In 2010, he published his first book, the best-selling *Value.able*. Roger twice won the Securities Institute of Australia's best presenter award. A chapter devoted to him, his investing style and performance is in Eli Greenblatt's book *Young Guns on the Sharemarket: Meet Australia's New Generation of Money Makers*.

### ABOUT MONTGOMERY INVESTMENT MANAGEMENT

Montgomery Investment Management is a boutique investment management firm with four domestic and international investment portfolios. Established in January 2011, Montgomery manages more than \$1 billion in funds for a small group of private individuals and families, their companies, trusts, superannuation funds and charitable foundations. The approach is value-based where investors benefit from insights and focus offered by a team of owners and analysts with twelve decades of investing, business and investment banking experience. In March 2016 Montgomery was nominated by *Money Management* and Lonsec as Australian Emerging Fund Manager of the Year.

Search for Roger Montgomery on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.montinvest.com](http://www.montinvest.com)

## Steve Johnson

CHIEF INVESTMENT OFFICER,  
FORAGER FUNDS



Steve is the CIO of Forager Funds Management. Launched in 2009, Forager is a committed value investor with \$200m under management across Australian and international equities.

Prior to this Steve worked in project and structured finance at Macquarie for four years.

Steve has a Bachelor of Economics (Econometrics and Finance) from the University of New South Wales and is a CFA® charterholder. Steve has a monthly column in the *Australian Financial Review* and regularly appears on Sky Business, the ABC and CNBC.

### ABOUT FORAGER

Forager is a Sydney-based asset management company with \$200m of funds under management and an exclusive focus on long-term investing. Previously called Intelligent Investor Funds and part of the Intelligent Investor family, the businesses separated and the fund was renamed in 2014. The name Forager reflects the investment process of scouring global stock markets for mispriced securities. Since establishing in 2009, Forager has delivered six years of performance driven growth through two funds for retail investors: the domestic Forager Australian Shares Fund and the global Forager International Shares Fund.

Search for Steve Johnson on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.foragerfunds.com](http://www.foragerfunds.com)

12 YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“Many shall be restored that now are fallen and many shall fall that now are in honour”

Horace

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Marathon Running

*Panel 3*

# EQUITIES

## Picking today's winners and avoiding the bombs

**MODERATOR**

**Matthew Kidman**

Founder and Portfolio Manager,  
Centennial Asset Management

**01. PANELIST**

**Crispin Murray**

Head of Equities,  
BT Investment Management

**02. PANELIST**

**Geoff Wilson**

Chairman,  
Wilson Asset Management

**03. PANELIST**

**Ben Griffiths**

Founder and Portfolio Manager  
Eley Griffiths Group

## Crispin Murray

HEAD OF EQUITIES,  
BT INVESTMENT MANAGEMENT



Crispin is Head of Equities Strategy for BT Investment Management (BTIM). He is responsible for managing the flagship Australian equities funds and one of the largest Australian equities teams.

Since joining BTIM in 2003, funds under his watch have outperformed the market 11/13 years. Crispin has 25 years' industry experience combining expertise in equities research with a strong track record leading Australian and European equities funds. Crispin holds an Honours degree in Economics and Human Geography from Reading University, United Kingdom.

### ABOUT BT INVESTMENT MANAGEMENT

BT Investment Management (BTIM) is one of the largest ASX-listed pure investment managers (ASX: BTT), with a market capitalisation of around \$2.85 billion and funds under management of \$77.2 billion as at 31 March 2016. The BTIM Board consists of a majority of independent directors with the Westpac Group as the major shareholder. Staff of BTIM and J O Hambro Capital Management are significant equity holders along with institutional and retail investors. Headquartered in Sydney, BTIM provides investment management services to both institutional and individual clients in Australasia, the UK and US.

Search for BT Investment Management on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.btim.com.au](http://www.btim.com.au)

25 YEARS INDUSTRY  
EXPERIENCE

#### FAVOURITE QUOTE

“Success is not final,  
failure is not fatal,  
it is the courage to  
continue that counts”

Winston Churchill

#### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Football

# profile



## Geoff Wilson

CHAIRMAN,  
WILSON ASSET MANAGEMENT

Geoff is the founder and Chairman of Wilson Asset Management. Geoff has over 35 years' experience in the Australian and international securities industries holding a variety of senior investment roles in Australia, the UK and the US.

**35+** YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“Buy when there is  
blood in the streets”

Baron Rothschild

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Cycling

Geoff holds a Bachelor of Science and a Graduate Management Qualification. He is also a Fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Financial Services Institute of Australasia (FINSIA).

### ABOUT WILSON ASSET MANAGEMENT

Established in 1997, Wilson Asset Management Group (WAM Group) is a boutique investment manager with a focus on growth companies and an emphasis on identifying undervalued and under researched stocks. These are typically small to medium sized industrial companies listed on the Australian Stock Exchange (ASX).

With more than \$1 billion in funds under management, Wilson Asset Management is the Investment Manager of three listed investment companies: WAM Capital Ltd (WAM), WAM Research Ltd (WAX), WAM Active Ltd (WAA) and one unlisted fund.

Search for Wilson Asset Management on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.wamfunds.com.au](http://www.wamfunds.com.au)

## Ben Griffiths

FOUNDER AND PORTFOLIO MANAGER,  
ELEY GRIFFITHS GROUP



Ben is a Founder of and Portfolio Manager at Eley Griffiths. He was formerly joint Head of Small Company portfolio management at BT Financial Group, and joint Head of Small Companies at ING Investment Management.

Ben's experience at ING also encompassed large company portfolio management and analysis, as well as equity, options and future dealing. Ben has bullion banking experience with Mase Westpac and stockbroking experience as an institutional dealer and trading floor operator with Roach Tilley Grice & Company and CL-May Mellor. Ben holds a Bachelor of Commerce majoring in Accounting, Finance and Systems from the University of New South Wales.

### ABOUT ELEY GRIFFITHS GROUP

Eley Griffiths Group (EGG) is a boutique fund manager specialising in Australian small companies. Founded in 2002, the firm currently manages \$1.3 billion in Australian equities and remains 100% owned by staff. It is jointly owned by Brian Eley and Ben Griffiths, former small companies' portfolio managers at BT Funds Management and ING Investment Management. EGG operates an outsourced service provider model, which allows the principals to concentrate their time and energy on portfolio management and the discovery of undervalued stocks.

Search for Eley Griffiths Group on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.eleygriffiths.com.au](http://www.eleygriffiths.com.au)

24+ YEARS INDUSTRY EXPERIENCE

#### FAVOURITE QUOTE

“If change is happening on the outside faster than on the inside the end is in sight”

Jack Welch

#### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Surf Life Saving



## *Ben Clark*

PORTFOLIO MANAGER,  
TMS CAPITAL

Ben is Portfolio Manager with TMS Capital. Since 2005 Ben has overseen the research, construction and ongoing management of client portfolios with \$350m currently under management.

17

YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“Know what you own, and know why you own it”

Peter Lynch

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Travelling

Ben previously worked with a Swiss investment bank as a gold bullion and FX interbank market and proprietary trader. Ben presents regularly for the ASX and regularly appears as a guest on CNBC and fortnightly on Sky Business 'Your Money Your Call' and 'The Close'. Ben holds a Bachelor of Commerce through Sydney University with majors in finance & economics.

### ABOUT TMS CAPITAL

TMS Capital is a Sydney-based boutique investment management business founded in 2004. TMS currently manages in excess of \$350m of client's assets and provides personalised expert portfolio management, dealing in listed securities, funds management and structural planning advice to the private client market. Privately owned by staff, TMS specialises in direct investment solutions and strives to deliver the highest level of personal service and quality of advice in order to achieve its client's financial objectives.

Search for Ben Clark on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

## Panel 4

# TECHNOLOGY

## Making sense of the big new trends

### MODERATOR

#### Ben Clark

Portfolio Manager,  
TMS Capital

### 01. PANELIST

#### Daniel Petre

General Partner and Co-founder,  
Airtree Ventures

### 02. PANELIST

#### Alex Pollak

Chief Investment Officer,  
Loftus Peak

### 03. PANELIST

#### Elaine Stead

Investment Director,  
Blue Sky Venure Capital

# profile



## Daniel Petre

GENERAL PARTNER AND CO-FOUNDER  
AIRTREE VENTURES

Daniel is General Partner and Co-founder at AirTree Ventures. Daniel has a 30 year career in technology related organisations with deep experience running large organisations, developing new business and business models and the last 15 years as a successful founder of three Venture Capital Firms.

30+ YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“To know even one life has breathed easier because you have lived. This is to have succeeded”

Ralph Waldo Emerson

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Mountain Bike Riding

Daniel has also been a board member of a number public companies and NFP organisations over the last 15 years as well as authoring 3 books on a range of topics.

Daniel has a Doctorate in Business (Honoris Causa), a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Sydney.

### ABOUT AIR TREE VENTURES

AirTree Ventures is a Sydney-based early and growth stage venture firm established in July 2014 backing world-class Australian entrepreneurs. AirTree are the only Australian venture firm with a globally top decile track record. Staffed by a mix of entrepreneurs and industry experts, AirTree has had success investing in marketplaces, global SaaS businesses, next generation finance, digital commerce and media and marketing platforms.

[www.airtree.vc](http://www.airtree.vc)

## Alex Pollak

CHIEF INVESTMENT OFFICER,  
LOFTUS PEAK

Alex is CEO and CIO of Loftus Peak, a purpose-built investment company investing in disruptive global mega-trends. Alex heads one of the best-performing teams in global listed technology in Australia.

Alex has 25 years of investment expertise developed with Macquarie Bank, specialist knowledge of media and technology companies. He was instrumental in bringing both Seek and Carsales.com.au to the Australian stock market. Alex has a deep knowledge of investment and global change companies, a strong background in governance and analytics and a detailed understanding of disruptive business models.

### ABOUT LOFTUS PEAK

Loftus Peak is a Sydney-based global fund manager with a focus on investing in listed disruptive businesses. The team has almost 90 years of combined experience and discipline to the valuation of the disruptive thematic. Their portfolio includes significant names like Apple, Google and Alibaba and is constructed on the basis of strict criteria, giving exposure to some of the best and fastest-growing companies in the world, at carefully selected valuations. This kind of geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

Search for Alex Pollak on [www.livewiremarkets.com](http://www.livewiremarkets.com) for more up to date insights.

[www.loftuspeak.com.au](http://www.loftuspeak.com.au)



27

YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“The future is already here. It’s just not evenly distributed”

William Gibson

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Skiing

# profile



## *Elaine Stead*

INVESTMENT DIRECTOR,  
BLUE SKY VENTURE CAPITAL

Elaine is the Investment Director at Blue Sky Venture Capital and is responsible for the management of the Blue Sky venture capital fund and portfolio for Blue Sky.

15

YEARS INDUSTRY  
EXPERIENCE

### FAVOURITE QUOTE

“Opportunity is missed by most people because it is dressed in overalls and looks like work”

Thomas Edison

### OUTSIDE OF INVESTING, WHAT ARE YOU PASSIONATE ABOUT?

Health and wellness

Elaine has worked for a number of years as a venture capitalist and management consultant with both NASDAQ and ASX listed and private companies based in Australia and the US. Originally trained as a stem cell biologist, Elaine has spent the last decade within the innovation and investment spectrum assisting public institutions and founders translate and commercialise their technology across a broad range of industry sectors including agriculture, healthcare and IT. Elaine holds a PhD in biochemistry from the University of Adelaide.

### ABOUT BLUE SKY FUNDS

Blue Sky Alternative Investments Limited (Blue Sky) is an Australian Securities Exchange listed (ASX: BLA) alternative asset manager with more than \$2 billion in assets under management. Headquartered in Brisbane, Blue Sky has offices in Adelaide, Sydney, Melbourne and New York and a team of over 80 investment professionals and support staff. Since inception, Blue Sky has built a strong investment track record across private equity, venture capital, hedge funds, private real estate, and real assets (primarily water and water infrastructure) of 16.9% per annum compounding (net of fees).

[www.blueskyfunds.com.au](http://www.blueskyfunds.com.au)

# STOCK IDEAS

**Four panellists share a stock that's currently on their radar**

**01.**

**iCar Asia Limited (ASX:ICQ)**

by Ben Clark

**02.**

**Vita Group (ASX:VTG)**

by Roger Montgomery

**03.**

**APN News & Media Limited (ASX:APN)**

by Geoff Wilson

**04.**

**Aventus Retail Property Fund (ASX:AVN)**

by Ben Griffiths

# stock ideas

## iCar Asia Limited (ASX:ICQ)

by Ben Clark

In the spirit of discussing early stage technology investments, a listed company I thought worth considering is iCar Asia. ICQ is an ASX-listed, Kuala Lumpur-based business that owns the leading automotive portals in several Asian countries.

It is a very similar business model to Carsales but operates in the Malaysian, Indonesia and Thailand markets. ICQ's businesses, with exposure to an aggregated population mass in excess of fifteen times Australia's population, are growing rapidly. Following years of investment and development ICQ is within twelve months of turning cash flow positive.

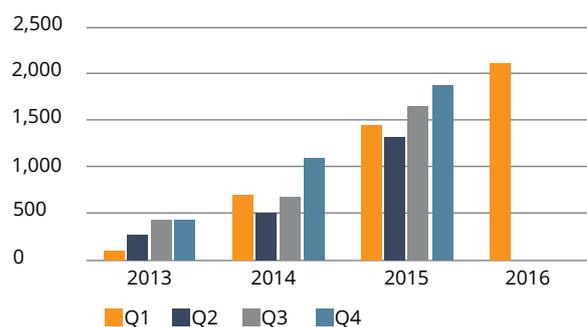
The March quarter confirmed revenue growth leading to cash collections which were 46% higher than the previous corresponding period. As can be seen in the graph below cash collections are accelerating and more importantly show that this company has moved from a concept stock to demonstrating a viable economic model:

“

**THE MARCH QUARTER CONFIRMED REVENUE GROWTH LEADING TO CASH COLLECTIONS WHICH WERE 46% HIGHER THAN THE PREVIOUS CORRESPONDING PERIOD.**

”

Collections (A\$ 000s)



After having invested in iProperty (IPP) we also draw more confidence in the investment case of ICQ. IPP were founded by the same group (Catcha) as ICQ albeit at an earlier stage. Several years ago REA took a 20% stake in IPP, took board seats and then sat back and monitored the business as it went through the crucial tipping point to positive cash flow generation and then full profitability. They lifted their stake when they were able to under creep provisions and then launched a full takeover bid at a significant premium. They did several months of

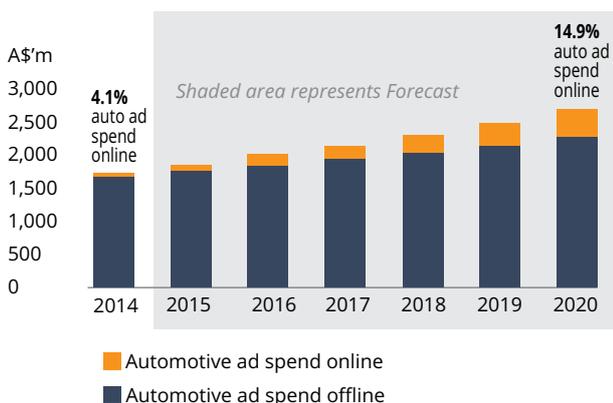
**Disclaimer:** The information contained in this presentation is general in nature and should not be relied upon. Before making any investment or financial planning decisions, you should consult a licensed professional who can advise you whether your decision is appropriate for you. Contributors to this event may have commercial or financial interests in the companies mentioned.

due diligence before the deal was finalised and now it's wholly owned are very upbeat about the prospects of the business.

This gives us more conviction in the prospects of ICQ. We strongly rate the management of REA and the fact they were comfortable paying a very full price for IPP points to a very real business with very strong prospects. Given ICQ's background our confidence increases that this business has been developed the right way and is not a flash in the pan.

The playbook is of course one we've seen play out throughout the Western world. The move to place classifieds online as opposed to in print is hitting maturity here and the emphasis is now on margin expansion and creating new income streams from these websites. Asia though is just on the cusp of this trend as can be evidenced below:

## New Car Auto Ad Spend



We would caution though about the risk of paying too much, and note that it is not a stock that suits all investors. However, the appeal of the two most dominant investment themes of our age – the rise of the internet and the rise of Asia – cross over with ICQ and make it an exciting proposition. We believe there is upside over the long-term here and so do CAR, who own 22.9% having acquired their initial 20% stake three years ago. It is entirely conceivable that ICQ also becomes prey to a takeover, in fact we see a lot of similarities with IPP (graph since listing below).

## Return



Buying a business hoping for a takeover in our view is never a reason to invest. It is the long term trajectory of the company we wish to participate in but the quality of its partners adds to our conviction. With a market cap of \$230m, \$16m cash in the bank and profitability on the near horizon we feel now is a time to consider becoming shareholders in the company.

# stock ideas

## Vitality at Vita Group (ASX:VTG)

*by Roger Montgomery*

VTG is an Australian electronics and telecommunications reseller headed by Maxine Horne (deservedly Australia's wealthiest female executive) comprising six brands; One Zero, Fone Zone, iConcierge, Vita Networks and Sprout Accessories.

In addition, it operates 100 Telstra retail stores and 17 Telstra Business Centers (TBC's) from which virtually all of the company's earnings are generated. Vita Group-run Telstra stores are operated under a recently renewed Master Agreement (MA) between Telstra Corporation Limited (ASX: TLS) and VTG. The MA limits VTG to 100 retail outlets but before you conclude this will limit growth, read on.

VTG's history provides a rich vein of learning for its management. The large network of FoneZone stores was an early beneficiary of increasing mobile penetration in Australia but as smartphones began to dominate in 2007/2008, the chain was unable to secure stock and quickly lost market share. The franchise now contributes virtually no profit to Vita Group.

Having understood Fone Zone's weakness, management developed a network of TLS retail stores, finding it easier to secure product, particularly iPhones, since the relationship with Apple Inc. (NASDAQ: AAPL) was managed by Telstra itself.

Competitive advantage can attributed to two sources; First, the Telstra brand affords VTG a range of benefits including an ability to leverage

Telstra's substantial marketing budget (\$421m in FY15).

The firm's second and much harder to replicate competitive advantage is its sales culture. I personally believe without the right culture your business and your customers have nothing but under Maxine Horne's passionate leadership, an incredibly successful and repeatable sales and service culture has emerged.

Originally, management expected that at maturity, the Telstra retail stores would generate average EBITDA of \$250k p.a. This was soon exceeded, is now over \$500k per store, and management expects further growth, boosted by product launches that have a positive impact on profitability. Operating cash flow is exceptional, like-for-like EBITDA growth of >20% has been evident for some years, and through Retail, SMB and Vita Enterprise Solutions, the company is aiming for \$100mln of EBITDA compared to \$33.5mln in HY16.

VTG's pursuit of growth in the small & medium enterprise market is anticipated to be followed by the enterprise business, neither of which have the limits imposed on the retail business. In our view appears to be value and upside based on even a conservative estimate of future earnings.

**Disclaimer:** The information contained in this presentation is general in nature and should not be relied upon. Before making any investment or financial planning decisions, you should consult a licensed professional who can advise you whether your decision is appropriate for you. Contributors to this event may have commercial or financial interests in the companies mentioned.

# APN News & Media Limited (ASX:APN)

*by Geoff Wilson*

We are currently following news media company APN News & Media Limited (ASX: APN), which recently moved to spin off New Zealand Media and Entertainment (NZME) and raise \$180 million through an entitlement offer.

Following the demerger from NZME, APN plans to sell its regional newspapers, leaving the company to focus on the growth of its two best performing assets f- radio and outdoor advertising.

These growth assets constituted 84% of pro forma financial year 2015 earnings before interest, tax, depreciation and amortisation (EBITDA). Over the last five years, APN subsidiary Australian Radio Network (ARN) has consistently outperformed its competition and grew revenue 9% in the first quarter of calendar year 2016 and 5% in 2015. The outdoor advertising subsidiary Adshel delivered 17% overall revenue growth in 2015.

The \$180 million equity capital raising will be used to pay down debt as the company looks to decrease its leverage from 2.74 times to below two times. The capital restructure follows a significant cost reduction program throughout 2015, which delivered a flat EBITDA despite a 4% fall in group revenues in 2015.

Following the proposed demerger, APN's New Zealand operations will focus on the continued integration of publishing, radio and digital brands. The company is subsequently planning a merger with Fairfax's New Zealand operations by the end of 2016. The companies' New Zealand

businesses are largely complementary and following a merger, would offer a good depth of news, sport and entertainment across print, digital and radio. The combined entity is projected to have revenues of \$803 million and earnings of \$141 million.

We believe the demerger makes sense as there is limited operational overlap between APN and NZME. Shareholders are scheduled to vote on the demerger and a share consolidation on June 16 and given the market's positive reaction (APN shares climbed 11% following a four-day trading halt on the announcement), we expect this to be approved.

APN management, led by CEO Ciaran Davis, appears set to deliver strong results for APN in its new future. We began purchasing shares in early May 2016 in order to take part in the entitlement offer, which provided a 12.4% discount to the theoretical ex-rights price.

APN is targeting a 40-60% dividend payout ratio of underlying net profit after tax. We expect the company will grow its net profit by close to 10% this year, which puts it on a price to earnings (PE) ratio of 8.5 times.

**Disclaimer:** The information contained in this presentation is general in nature and should not be relied upon. Before making any investment or financial planning decisions, you should consult a licensed professional who can advise you whether your decision is appropriate for you. Contributors to this event may have commercial or financial interests in the companies mentioned.

## Aventus Retail Property Fund (ASX:AVN)

by Ben Griffiths

AVN listed on the ASX at \$2 last October to a largely unreceptive audience, as other more beguiling IPO's caught investor's attention.

Our confidence in the property trust sector had been building at this time, prompting a closer look, and eventually, participation in the initial public raising. We were attracted to the story by its prized east coast land holdings (1.1 million m<sup>2</sup> in total, 470k m<sup>2</sup> GLA), progressive management and superior outlook for earnings and distribution growth. Eley Griffiths Group went on to add to its holding in the weeks subsequent to the float and in the recent raising

AVN comprises a portfolio of 15 (soon to be 20) large format retail (LFR) property assets, predominantly in metropolitan/ major regional areas in the SE corner of Australia. The nation's leading retailers comprise 83% of the property portfolio.

It is the third vehicle Brett Blundy has floated in the current stockmarket advance and in this entity he has teamed up with seasoned retail property investor/manager, Darren Holland. Central to their growth strategy is the acquisition of LFR centres in what is a highly fragmented industry. They will look to enhance value through redevelopments, optimized centre

utilizations and favourable rent reviews across these acquisitions and with existing centres.

This month, AVN announced the acquisition of a portfolio of 5 LFR's from international investor, Blackstone Group for \$236.0m, with an equity raising of \$105m accompanying the deal. The raising was done at \$2.03 per share (~3% premium to pro-forma nta) and was essentially a 're-IPOing' of the business, as it introduced new holders to the register at close to the IPO price.

Supposedly, it is unusual to see > 2 LFR's in a sale-portfolio, so securing 5 was very opportune. The transaction was struck on a 7.38% cap rate (yield), with anecdotes suggesting 6% cap rates were more typical in recent individual LFR transactions. The

deal has resulted in upgraded earnings and distribution guidance, but has also pushed borrowings to the upper end of managements preferred range (30%-40%). Likely property revaluations over the months ahead should assist with lowering balance sheet gearing to more reasonable levels and provide some flexibility for future acquisitions. In any event,

“

**WE WERE ATTRACTED TO THE STORY BY ITS PRIZED EAST COAST LAND HOLDINGS, PROGRESSIVE MANAGEMENT AND SUPERIOR OUTLOOK FOR EARNINGS AND DISTRIBUTION GROWTH**

”

the absolute level gearing (post Blackstone) is broadly in line with sector averages of ~ 34%.

Across the portfolio, exposures to distressed operators, Masters and Dick Smith, are in hand with a Woolworths lease guarantee for the former and 2/3 Dick Smith sites being re-tenanted.

Eley Griffiths Group has always been attracted to well managed, conservatively financed, small REITs that operate in distinctive market segments. All the better when they exhibit above average earnings growth prospects and the likelihood of being the driver of rational industry consolidation.

The secret is knowing what sort of premium to pay for the exposure. At \$2.19, AVN sits at a 10.5% premium to pro forma nta. Modest, when looking across the current listed AREIT landscape.

On a current FY17 PE of ~ 12x, the company also screens cheaply when compared to much of the AREIT universe.

It is reasonable to expect unit earnings growth moving forward, enhanced by acquisitions and a lower cost of debt following the RBA's recent interest rate cut and move to a more accommodative stance. Given h1 FY17 guidance of 7.75cpu, investors might assume a full year FY17 distribution yield of 7.1% based on a \$2.19 share price.

**Disclaimer:** The information contained in this presentation is general in nature and should not be relied upon. Before making any investment or financial planning decisions, you should consult a licensed professional who can advise you whether your decision is appropriate for you. Contributors to this event may have commercial or financial interests in the companies mentioned.



## stock ideas

---

# APN News & Media Limited (ASX:APN)

*by Geoff Wilson*

We believe news media company APN News & Media Limited (ASX: APN) represents compelling value post demerger of its NZ assets.

APN recently moved to spin off New Zealand Media and Entertainment (NZME) and raise \$180 million through an entitlement offer to shareholders. Following the demerger of NZME, APN also plans to sell its regional newspapers, leaving the company to focus on the growth of its two best performing assets: radio and outdoor advertising.

APN post demerger is left with 2 growth businesses that constituted 84% of pro forma financial year 2015 earnings before interest, tax, depreciation and amortisation (EBITDA). Over the last five years, APN subsidiary Australian Radio Network (ARN) has consistently outperformed its competition and grew revenue 9% in the first quarter of calendar year 2016 and 5% in 2015. The outdoor advertising subsidiary Adshel delivered 17% overall revenue growth in 2015.

Following the proposed demerger, NZME will focus on the continued integration of publishing, radio and digital brands and is likely to merge with Fairfax's New Zealand operations by the end of 2016.. The demerged entity is projected to have revenues of \$803 million and earnings of \$141 million.

We believe APN's decision to spin off NZME makes sense as there is limited operational overlap between APN and NZME. We think the market will attribute a higher earnings multiple to the APN business post demerger as the market focuses on the quality of the assets and strategic importance of the remaining businesses.

Shareholders are scheduled to vote on the demerger and a share consolidation in June and given the market's positive reaction (APN shares climbed 11% following a four-day trading halt on the announcement), we expect this to be approved.

We expect the company will grow its net profit by close to 10% this year, which puts it on a price to earnings (PE) ratio of 8.5 times.

**Disclaimer:** The information contained in this presentation is general in nature and should not be relied upon. Before making any investment or financial planning decisions, you should consult a licensed professional who can advise you whether your decision is appropriate for you. Contributors to this event may have commercial or financial interests in the companies mentioned.



Level 4, 17-19 Bridge Street  
Sydney NSW 2000  
e: [team@livewiremarkets.com](mailto:team@livewiremarkets.com)

[livewiremarkets.com](https://livewiremarkets.com)

live**wire**