"The Scrip"

MANY INVESTORS, ONE VOICE

NZSA New Zealand Shareholders Association Inc.

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Peanuts or Pragmatism

Recently, I was asked to address functions at Price Waterhouse Coopers in both Auckland and Wellington. They were launching their Salary Survey for 2012 and wanted the top brass who attended to hear the NZSA perspective on executive pay. Taking the opportunity, I also included some comments around director's fees as I knew there would be quite a few in the audience. Your Board is well aware that there is a range of views amongst our membership, and this topic can be very polarising. The Association tries to steer a pragmatic mid path between the extremes. Investors want the most able people running the companies they part own if they are to see the best returns achieved. There is some truth to the old adage that if you pay peanuts, you get monkeys. The reality is that the limited number of quality executives and directors with the skills required will never come cheap, although quite where the line between reasonable and excessive falls is often quite blurred. Still, there have been some notable excesses and failures which mean we should remain vigilant and not be slow to apply pressure where appropriate.

Following is a summary of the address. I started by asking the obvious.

Why should you care what investors think?

There are several high level reasons why executives and boards should care. Firstly, there is reputational risk, both for the company and for the individual. We have all seen the recent popular uprisings in various parts of the world - some against oppression, and some of a religious nature. With the advent of social networking it has become possible to mobilise huge numbers very quickly, to target an individual, a company or even a government. The Occupy Wall Street protest was, I suggest, a portent of what could come if the extreme greed of recent times is not reined in. You should be very aware and very afraid of stepping outside the boundaries of what is socially acceptable. Then there is the spectre of government itself limiting remuneration, something I will return to later.

Realistically, the low growth environment we are in will last for some years, despite the bluff and bluster coming out of the Beehive. Austerity will be ongoing. The middle income group – the ones who pay most of the taxes and who one way or another form the major retail investor bloc - expect that burden to be shared. Current increases of double or triple average wage rises or inflation simply will not be tolerated unless they closely align with performance and returns.

New Zealand is much better behaved than some. The worst is the USA. Take for example Vikram Pandit, CEO of Citibank. Despite the Federal Reserve refusing to let Citibank increase dividends as it is too weak financially, he got paid $US24.8m including bonuses and retention pay in 2011. But here's the rub – Citibank's compensation committee assess him, not on financial performance, but on non-quantifiable measures such as talent management, organizational culture and risk management. This is a bank - yet he apparently gets his bonuses from reducing the accident cost of secretaries falling off their chairs!!

I showed the gatherings an example taken from the NZSA website information system. The board of this company wanted another rise which the chair explained was, and I quote, "for the future performance of the board". The graph showed that both the board and CEO had done rather well over 5 years. By contrast, the dividend to shareholders had not changed and neither had the share price to any extent. The chairman's argument was simply not credible and as a result, shareholder pressure from the NZSA eventually forced a back down.

Myths about the NZSA's view

The NZSA fully understands that you have to pay for quality. However, we require that pay and performance are closely aligned. I do not have time to cover our principles based remuneration policy in detail, but it is freely available if you visit our website and I urge you to do so.

One myth is that we always oppose increases.

NZSA Chair John Hawkins

That's rubbish. If we take the example of director's fees, last reporting season we directly opposed only 3 increases. We actually openly supported more than we opposed. And we supported several CEO incentive schemes where positive shareholder outcomes were clearly demonstrable.

However we remain disappointed at the lack of proper remuneration reports. I guess the choice lies with companies. Either they provide them voluntarily or it may be forced on them. We do not accept the argument that these push up pay rates. This only happens if relativities get out of whack. Sunlight as they say is a great disinfectant.

Base pay

So what is reasonable base salary for an NZX 50 CEO? Well clearly it needs to be higher than the tea person because the skill set is greater, the experience and qualifications are more onerous to obtain and the consequences of failure are more dramatic – although we wonder if sometimes this does not seem to be the case. Add in the complexity of the business, including whether it is local or international, the competitive pressures and something for the relative size.

One measure might be a multiple of the average salary, or of direct reports salaries. Without getting into the reasons, somewhere around 10-20x average salaries is adequate or in round figures $400-$800k. Too low by international or Australian standards you say. Well maybe, but I would point out that the head of the huge French rail company SCNF is paid just $NZ400,000 base. Anyway, does international comparison really matter? Pay is just one factor in the equation. Cost of living, lifestyle, educational opportunities and social harmony will be just as important to some excellent candidates.

There is a commonly held belief that high pay automatically obtains high performance. I suggest to you that that is nonsense. One of the very best performing NZX 50 company's pays one of the lower CEO salaries. Some of the worst performers pay through the nose.

Then we get the equally false idea that we have to import a high flyer to do well. In NZ, the data is well and truly stacked against this belief. Bringing people up through the ranks should be encouraged. The top performer I just mentioned arrived via that path. Imports also often seem to lack the skills to run smaller scale NZ companies. And outsiders always gut the institutional knowledge base by progressively employing their mates to work with them. This is inevitably expensive and disruptive. Internal promotion is seamless, less expensive and according to research, more effective.

Fancy performance KPI's are not a guarantee of success either. I was shown the book of KPI's for one CEO to demonstrate just how rigorous the assessment process was. It looked very impressive, but there was a fatal underlying flaw. This company had benchmarked against mainly Australian corporates who were much larger and more complex. Then they decided the 85th percentile was the appropriate salary positioning for the NZ CEO. In fact, somewhere around the 50-60th percentile would have been more in keeping with the job in question.

Short term incentives

STI's are more applicable to lower rank executives. In our view they should be no more than 25% of at risk pay for CEOs. High STI's encourage short term manipulation which is often not in the best interests of the company. The further up the feeding chain, the more the likelihood is that long term strategy can be hijacked for short term benefit. STI's should be simple cash bonuses. That makes them directly attributable and aligned to the individuals superior work performance. It is simple, transparent and non dilutionary.

Long term incentives

In our view proper long term incentives should comprise the bulk of at-risk pay for CEOs and could be up to 75% of base salary. Unfortunately many schemes are poorly designed. The most common flaw is what measure is used. The most inappropriate is absolute TSR. Surely the GFC has shown that no-one is spared on the way down, no matter how good. Conversely, the village idiot would pick up a bonus when the market swings up again. What is needed is a pool of measures where the majority of weighting is given to metrics that the CEO can actually influence. For example, EBITDA divided by net assets is one suitable ratio. Maybe relative TSR has a place. There are all sorts of others depending on the nature of the company and whether it is a growth or dividend play.

The combination used must be simple to determine, and measurable. It should have an absolute return trigger clause. It is no comfort to find that the executives are receiving large bonuses because they lost less than comparable companies, while the investors get reduced or negative returns.

Incentives are about rewarding outperformance, not merely adequate performance. There should be winners and losers, but that is not often the case. One local executive scheme was set up to begin vesting at the 40th percentile of the comparator group. Pretty good news if you are an under achiever! The embarrassment of defending the undefendable, from NZSA's scathing comments at one AGM was enough to change this arrangement before the next!

Investors hate schemes that get changed when the required bonus outcome does not eventuate. If executives happen to miss their targets, tough. Risking losing underperformers is hardly a major issue. Similarly, we disapprove of resetting, if incentive targets are missed first time around. Share based schemes should buy on market rather than issuing millions of diluting options. Alternatively, ghost options can work well in this regard. The stretch and vesting terms must be meaningful. We favour strict 3-4 year vesting periods to ensure adequate and continuing long term performance. Restrictions on sale should continue for 3 years after a CEO departs to ensure that short term expediency and the ability to rapidly cash out options or shares is removed. Long term should mean long term.

Other issues

Boards and HR departments put the contractual obligations in place, but investors have to live with the consequences.

Succession planning should be a key priority. This is not an undermining of the CEO. It is simply good risk management. Perhaps after Tim Brown's recent unfortunate accident, the concept of the CEO being hit by a bus, even his own bus, is not so farfetched. If someone is seen as indispensible, they are likely to exploit that vulnerability whether overtly or sub consciously. If there is a succession plan, fear will not drive decisions. Remember, NO is always an option!

Few investors believe that remuneration consultant recommendations are worth the paper they are written on. Consultants are perceived as conflicted and the process many use is flawed. Recommendations based around peer groups lead to ever increasing ratcheting of rates. Consultants never recommend decreases. The NZSA has no problem with the process followed by PWC which simply gathers data and provides it to boards to formulate their own decisions.

Investors are offended by golden handshakes, special retirement allowances and ex gratia payments.

Retention payments rarely work. One local example is the CEO who arranged a retention allowance. Shortly after when an opportunity arose he left anyway. But the new employer had to pay a handsome signing on bonus because the new CEO would not come without it. The reason for this? It would cost him too much lost retention pay! Another is the CEO who publicly announced he would leave in the next 12 months. Despite appearances this was not a resignation. The CEO only had to give 3 months notice and never did. In order obtain some certainty and be able to search for a replacement, the company eventually terminated him, and was forced contractually to pay a year's salary in lieu. The board was a victim of its own poor contract which the CEO exploited mercilessly. No doubt similar issues happen further down the scale.

The consequences of Failure

I guess the NZSA message is to consider the question of pay in a holistic way. It should be fair to all parties, but also socially responsible. Regulators are pretty good at shutting the stable door once the horse has bolted, but when they do, that stable door can be padlocked pretty tight. In the USA the Dodd Frank Act has drastically altered the whole regulatory scene amongst banks there.

The Australian two strikes rule on remuneration reports is being closely watched by investors. About 108 companies already have a first strike and behaviour is being modified as a consequence. It needs some change for NZ conditions but would undoubtedly gain political support if perceived pay excesses are not moderated. And of course the French president Mr Hollande is intent on introducing a law to cut French SOE bosses pay to no more than 20x the lowest paid workers rate. That is expected to reduce some salaries by 50-70%.

And my final word to the gatherings - If you want these knee jerk reactions imposed on you, just keep on hiking pay without alignment to performance.

John Hawkins

Chairman

An Old Boys Network of Directors

Former NZSA Board Member, Kevin McCaffrey, has published his research on the networks operating amongst New Zealand board members.

He identified the directors on 350 organisations, and then focussed firstly on 54, and then narrowed to 24 as being the core contact groups for a director network. Of the 1428 directors only 86 concentrated on only one board. This he says, is a concern because they do not gain sufficient breadth of experience. 61 directors sat on 3 or more boards, and 24.5% of those were women, but he points out, that does not excuse their under-representation on 350 boards in the sample. The 17 key directors at the core of the network can be found by visiting Kevin's website **www.effectivegovernance.co.nz.** How many of these would you trust with your shares?

Alan Best

On Line Voting Enfranchises Family Trusts

The inconvenience of obtaining the signature of all trustees to exercise a vote at an AGM has meant that most proxy forms for family trusts never go in to the registry. However, on-line voting has made it easier for one Trustee of a Family Trust to vote for a proxy representative. Issuers (companies) will accept the signature of the first Trustee who can confirm that they have read the terms and conditions and thereby the declaration is signed. This in effects allows for one Trustee to sign on behalf of all the Trustees of a Family Trust. To ensure legal certainty, we suggest your trust should pass a motion accepting one nominated person to sign in these circumstances.

This is good news and we would encourage all Trustees to actively utilise the on-line voting process to give the NZ Shareholders Association the Trust's vote, and to advocate on-line voting where it is not employed by a company. Not all companies have on-line voting yet, but acceptance is growing. Members should advocate this during company meetings.

Computershare has an option for NZSA, and Link has a default option via the Body Corporate tab– except that if an Issuer agrees to have NZSA there, they can have it.

The process for on line voting is different for both registries as given below:

Link Market Services

Have your Common Shareholder Number (CSN) and FIN to hand.

Go to **www.linkmarketservices.co.nz**

Find the proxy online voting tab

Put in the name of the issuer (company) and your shareholder CSN and FIN. You can then vote on-line by going to

- 'Voting Direction',
- Choose 'We wish to appoint another person to vote on our behalf at the meeting'
- Go to 'nominate an alternative'
- Choose the Body Corporate tab and they have to enter or nominate NZ Shareholders Association.

Computershare online voting

Have your Common Shareholder Number (CSN) and FIN to hand.

At the moment there is no on-line or proxy voting tab on their site.

The AGM mailing goes out to the shareholder and the proxy form contains a control number and a website address.

Go to the Computershare website for the particular holding (issuer/company) and put in the control number. You will then be put through to a separate 'site'. Then start the voting process, including choosing the NZSA option or manually entering 'NZ Shareholders Association'.

On-line voting and appointing the NZ Shareholders Association is also a useful tool for individual or joint shareholders using the same process as above.

John Hawkins

Conference Reports 11th August 2012

Mathew Underwood of Wellington again introduced our speakers, and although the Alexandra Park venue presented several challenges, members were treated to penetrating analysis by a real variety of speakers

DOMINICK STEVENS - CHIEF ECONOMIST WESTPAC

Dominick gave us an overview of the international economic situation, comparing the situation at the end of World War 2 when world trade was dominated by only a few nations to the multiplicity of trading relationships today. General movements during which New Zealand's standard of living and wealth did not grow as fast as other larger economies, were:

the "green revolution" bringing increases in productivity and a reduction in food commodities, lower cost consumer goods from the East and more recently China, oil price increases, overvalued currencies in the developed world leading to under paid workers but increased buying (importing) power, a Western property bubble stimulated by the export of savings from the East into US Bonds and Western Banks.

The recent effects of the financial crisis on New Zealand which is the largest food exporter per capita in the world, have seen manufacturing decline, now down to 10% of GDP, a debt overhang which is being addressed by all sectors, weakening construction due to the broken model of financing property development, and reduced tax revenue which had previously benefitted from consumer buoyancy.

Dominick's four big factors in the economic outlook were:

1. Government struggling to avoid deficit and gain a surplus by 2015. This has further to go.
2. World food prices (especially dairy) which are in a lull and are expected to recover after 2 years.
3. The gain in house prices because of the building shortfall in Auckland, though not in other areas
4. Restoration in Christchurch – both in domestic and commercial building.

Question 1. The Canadian solution – In the face of a high dollar and low inflation, Canada has instituted a public insurance (guarantee) of mortgage repayments, which is now limited to lower value housing, because it was tending to lock out first home buyers. In both New Zealand and Canada, banks have raised the deposit requirements for house lending.

Question 2. The bond bubble - There is no real bond bubble while depositors seek such low yields simply in the search of security. The low interest rates are unsustainable.

Question3. The exchange rate problem – If world food prices go up our exchange rate will strengthen, but the global cost of manufacturing and processing will continue to decline and consumers will gain some benefit.

Question 4. Australian farmers – This is a longer term problem in which the farmers built too much debt during an extended drought, and cannot now survive.

SEAN HUGHES - CEO FINANCIAL MARKETS AUTHORITY

After applauding the NZSA for its work in submissions and its advocacy during company AGMs, Sean listed the lessons to be learned from recent court cases - Nathans Finance Directors soliciting funds with untrue statements, Lombards issuing to investors after receiving misleading advice from management, Bridgecorp manufacturing smokescreens to show they did not know of cash flow problems, and in Australia where management misled investors when a slide should have been evident. Sean pointed out that these cases posed no threat to honest hard-working directors, but that boards must test management reports, and their collective responsibility is no protection for individuals. At the same time, no investor has a guaranteed return of income and repayment of capital. Investors do have a right to expect prompt accurate information, devoid of celebrity promotion to help with the timing and logic of their investment decisions. In this the directors are key, in preserving their independence of view, disclosing any personal interest, and explaining how conflicts of interest are handled. The Financial Markets Conduct Bill to be implemented in 2015, sought a change of culture in which it would be insufficient for directors to merely tick the box. Sean also hopes that the discussion over Mixed Ownership Models (MOM) will increase public understanding of what a share is, and how important it is to seek informed advice. Now that Section 34 of the FMA act provides for prosecution in the public interest, FMA has been able to initiate action against the directors of Hanover, and the case against the directors of National Finance including Mrs Braithwaite, ("I thought that's what wives did!") was making it clear that the high standards expected of directors applied equally to women as well as men. It was clear to Sean that all directors should undertake training, just as much as the 2000 registered Financial Advisers, and their 25000 subadvisers. We could then reach the stage where the population could take responsibility for its own financial actions, not based on fear, or a close but uninformed partnership, but with respect and a "degree" of trust.

Editor: the FMA website contains good educational advice and current warnings – **www.fma.govt.nz**.

ANDREW HARMOS CHAIR OF NZX

Andrew approached the current role of NZX from two points of view:

a. international dynamics

b. NZX's place in this scene.

There are some strong international trends amongst listings. Convergent technologies are changing the engines of growth and ownership. Regulations such as the maximum number of shareholders, have forced companies (like Facebook) to list when they might have been better to remain unlisted. There have been significant declines in listings in most major markets (38% in USA and 48% in UK.) The decline is more pronounced amongst smaller companies than large. Takeovers and mergers are easier than listing. The idea of "creative destruction" in Western economies abounds. High frequency trading can be seen as a response to the decline and the takeover activity. The Kay Review in UK highlighted the dysfunctional nature of the capital markets, and the short termism of both company

and fund management. Opaque investment vehicles have flourished and trust in the financial sector is low.

Editor: Members can refer to **www.bis.gov.uk** › News › Top stories for a summary of the Kay Review and the links to the original report.

In this climate, Andrew claimed that stock exchange listing was still an efficient way to raise capital, because public listing lets in daylight, (the ultimate protection for investors,) allows liquidity on both debt and equity markets, and because it allows ordinary shareholders to invest directly in a business of their choice.

- The Tail wind for NZX was provided by a new CEO, Tim Bennet, engaging with NZX customers, (client companies,)
- An increase in saving by New Zealanders, more robust regulation, and significant public offerings
- The mixed ownership model,(MOM,) and trading amongst farmers, (TAF.)
- The threatening clouds were provided by the trend of New Zealanders (including Kiwisaver,) to save outside the country, and by the dearth of new corporate listings.

The solutions seem obvious: that governments and local governments recognise that they are not good owners because they are always constrained politically by risk, a shortage of capital, and a concentration on the small local market. They should turn those developed businesses over to private shareholders. NZX must also persuade international companies with operations in New Zealand to list locally, and Government should move to allow PIE status to self managed kiwisaver (pension) schemes.

Andrew believes we can expect more action around compressed trading hours, small second-board companies, and informal, crowd-funding options through "apps" on websites for emerging businesses. In this light the MOM is only a piece in a jigsaw which helps to restore trust in capital markets, and encourage a new generation of investors to seek out growing, cash-generating local businesses with wider international horizons.

CHRIS SWASBROOK - MD OF ELEVATION CAPITAL

Chris's address was illustrated by a good selection of charts which are available at www.elevationcapital.co.nz click on insights, then EC Presentations. These graphs showed up the ballooning debt of central banks in major economies, (the sceptics say the socialising of private debt,) the decline in bond rates, and the outflow from equities to government bonds, the ideal time for the contrarian investor. Remember says Chris, "Price is what you pay; value is what you get." He then went on to illustrate from particular international companies the advantages they have over Ben Bernanke's bonds. Molson Coors on an ebitda multiple of 8, continuing to consolidate on huge sales, completely out of favour, yet offering much better returns than US bonds at 1.5%. Heineken, the worlds 3rd largest brewer, on a p/e similarly lower than competitors, and a portfolio of $6billion in assets. Veals with a market cap of $66million but a book value to analysts of $100million – safer than a bank! Yahoo has no debt and at $15 per share, has the potential upside of 77%, from sound listings in China and Japan, and innovations in cloud computing, and online shopping. Nokia is said to be in a debt spiral, but is selling 73million celphones per year, manages a huge patent portfolio, and has massive potential for recovery. Cisco has $32billion in cash and sells on a p/e of5.9. It is a high quality stock at a sub market price, but it is not singled out. The market is bearish on everything. A question concerning the hedging of foreign currency investments, drew the observation that large global businesses have their own built in hedging as they deal flows of components and material to and from several markets, and hedge this internally as necessary. The world abounds with undervalued stock, which should be considered for long term investment on the basis of limited downside and low debt.

TONY CARTER – A PROFESSIONAL DIRECTOR'S VIEW.

Tony said that his dialogue with NZSA was most helpful, but that the NZSA needed consistent sources of funding to operate as an effective voice for minority shareholders. He stressed that the NZSA's best work was unseen by the Press – the researched opinion developed behind the scenes. Shareholders needed to understand that directors were hired to understand and take risks, and occasional mistakes were inevitable.

He outlined the common themes of the current economic situation:

- Volatile capital markets, with volatility expected to continue.
- A new normal post GFC, with Crown debt inhibiting recovery
- Funding difficulties with traditional banking sources restricted
- Mobile customers not swayed by mainstream advertising
- 30 years of deregulation, now changed to new regulation
- Mixed ownership a necessary step in economic advance

In this climate, Tony was positive about New Zealand's ability to supply products and services the world needs.

His answers to questions, emphasised the need for continuous disclosure, now part of a board's deliberations at every meeting.

He has reservations about the current emphasis on matching director's fees to company performance. This type of remuneration was part of the worst Enron, excesses in USA. Fees he said must simply be good enough to fill a board vacancy.

The Mixed ownership model was a potential answer to the myopia engendered by a single government owner. It should be of benefit to staffing and market orientation of the business.

Regarding Board diversity, Tony agreed that any one board needed directors from a range of disciplines and backgrounds. However current regulations were likely to become so restrictive and complex, that ironically, they could lead to boards of accountants and lawyers.

PANEL QUESTIONS:

We were indebted to Messrs Carter, Swasbrook, McEwan and Gaynor who formed a panel to answer and comment on questions raised by members.

1. AGM Polling: There was general consensus that polling, the true record of the number of shares voted, should be encouraged and the results published, rather than the usual show of hands.

2. A portfolio for a 60+ year old: should include a wide mixture of shares and infrastructure bonds.

3. Custodial shares: Custodians don't vote, and invest very conservatively, and have no "skin in the game." They increase the risk to the small shareholder. They do not often forward information on company announcements, results, and proxy forms to shareholders, and thus deny shareholders the opportunity to vote or comment on the company's actions. That custodial trustees must now register with NZ's FMA is some protection to investors.

4. NZ Refining: That the Chairman allowed minority non independent directors to state opposing views to that of the board, revealed a weakness in that company, and the panel felt those directors should probably have resigned.

5. International Reporting Standards (IFRS). There was agreement that the detailed prescriptive notes required under the reporting standards had become a hindrance rather than an aid to understanding the company's financial position. Compliance however, seemed to be the only option. Shareholders did however use the 5 year trend statements, and it was important that they were compiled on a consistent basis.

6. Trading among Farmers (TAF) and Fonterra: Disappointment was expressed that farmers fear of dividends predominating over producer returns, continued to mean that our largest production activity was denied to most private investors, the demand for capital growth was not being met, and the potential for global expansion was being limited.

7. Local Body Debt Issues:$60m of LGFA bonds being offered this year will be at the same interest rate as government bonds, and will be more transparent over their ability to repay than current government stock.

8. Funding of NZSA: The panel agreed that NZSA needed a greater source of funds than the current member subscriptions, and suggested that the most appropriate way would be to fund a small levy on listers through the NZX. Care would be needed so that the independence and critical functions of the NZSA were not compromised.

Alan Best

Board Report for August and September

Your board members have engaged with a wide range of organisations to keep NZSA interests to the fore.

Representations were made to Augusta Properties, Goodman Property Group, Trust Power, The Takeovers Panel, IRD, Telecom, Nuplex, and Auckland City Investments, Tourism Holdings, and our insurers.

Presentations included those to PWC, (summarised in our leader,) Boardroom, (the IOD magazine,) Waikato Business School, U3A Meadowbank, Sky TV, Channel 9, The Herald and other media.

Education courses were completed at Glenfield College and Western Springs in both Investing, and Sharemarket basics. All of this achieved while arranging the Annual Conference and participating in the busy season of company AGMs.

Alan Best

Board members Chris Curlett, Grant Diggle, Lyn Lim, Des Hunt, Gayatri Jaduram, Alan Best and Jacqui Bensemann ready to start the NZSA AGM

Company Meetings

New Zealand listed companies now usually post AGM presentations by the chair and CEO, on their website. Our commentaries therefore concentrate on the flavour of the meeting and the questions raised by shareholders. We encourage members to use the company website, before attending the general meeting, to see what has been said previously, and to familiarise themselves with the latest news. Run your curser over the report heading for a link to the company website

Kingfish AGM 27th July

The Association received 18 proxies for this meeting. Members and shareholders throughout the country will be interested to hear what happened at the recent AGM since the meeting went unreported and unattended by the press. The meeting was noteworthy for the fact that there has been a near complete change of Board members in the last year or so. Annabel Cotton retired and Rob Challinor, the chairman responsible I suspect for the introduction of a dividend of 2% of Net Asset Value per quarter, departed the previous year. In addition the present chairman, James Miller has announced his decision to retire at the end of the year due to other commitments. New directors Alistair Ryan (to be the future chairman) and Carol Campbell, a chartered accountant and former Ernst & Young partner who will be chair of the Audit and Risk Committee, both bring with them considerable investment experience. The new directors addressed the relatively small gathering of shareholders.

The Company had a good year in a difficult environment and the slides showed clearly that the market indices had been surpassed, which has been the case in 6 of the 8 years of the Company's existence. Shareholders were again interested in the share price discount over net asset backing and the decision to base distributions on net assets backing has had a profound and stabilising affect in the discount which is close to approaching single figure percentages compared with in excess of 20% in past years. For an investment company such as Kingfish, I do not think that shareholders should be too concerned about dividends being paid that are in excess of net earnings per share. The relationship between capital and income is not now a serious concern given latest taxation changes and when the investing market and shareholders appreciate that income for an investment company entails both capital and income, I am sure that this discount will further fall and the relationship between share price and net asset value per share will become even closer. Time will tell.

Aside from the discount in the share price, the taking up of warrants and future capital arrangements, the unlisted shares owned by Kingfish (less than 1% of the portfolio), all usual worries of investors, your representative did mention a couple of other matters. The first related to the inability of the New Zealand market to increase its supply of newly listed companies to cater for the activities in takeovers and mergers. I was interested to hear what responsibility Kingfish had to ensure that there was an adequate supply of growth investments available to investors. The response was that Kingfish had a good relationship with NZX and the consensus was that there were sufficient growth companies at present for selection. A question which should be on the minds of shareholders of other listed companies is the procedure being undertaken when new appointments are made to the Board. In Kingfish's case the same advisory firm used by Telecom for its recent separation was employed and the long list of candidates was reduced.

Oliver Saint

Rakon AGM 7th September

This was very different from past meetings where the chairman had always given soothing messages promising success was just around the corner. Shareholders have a different view. They are very disappointed with the performance of the company, which has shown a steady downward trend in share price (at the time of the meeting around 25% of the issue price) and has never paid a dividend. Both the board and management have been heavily criticised by the NZSA, media and fund managers

This time chairman Brian Mogridge, (who incidentally also Chairs PGC), came out swinging. Initially he discussed performance in terms of $US. The company has been doing OK, but this has been greatly affected by the translation back into $NZ. Each 1c movement in the NZ/US cross rate costs Rakon about $1m in after tax profit. He mentioned some recent successes, particularly in gaining market share in the critical Chinese manufacturing sector.

Then, taking the “attack is the best form of defence” approach he addressed shareholder complaints one by one. He said most critics never turned up at Rakon’s Auckland factory when invited. (NZSA Auckland branch has done a company visit there, but we were not allowed in the factory!) Addressing complaints that there are too many Robinsons on the board, Mogridge said their experience was essential to success. In particular he defended Darren Robinson who is the marketing director. He pointed out that Darren does not get directors fees, and takes on extra risk by being a director, both of which are true. However the fact remains that Rakon is selling more and more for less and less. Both the NZSA and another shareholder stated that they considered that governance and management should be further separated and it was not appropriate to have him as an executive director. (The NZSA is not concerned with a CEO being on a board as long as he is not the Chairman). The question of whether the family should have so many directors when it controls only around 24% of the company was not addressed. In our view, these arguments would be fine if the company was booming, but this is clearly not the case in terms of shareholder returns.

The Chairman then addressed the issue of independent directors. Until recently Rakon had only two. Recently, they appointed Peter Springford who has experience in doing business in China, but not in the high tech area. At the meeting it was also announced that Herb Hunt, a well connected tech specialist from Silicon Valley would join the board in November. This is a good move, but results in a large board of 8. 4 are independents, 2 are executives and 2 are non independent. I pointed out that this was not board succession in action, but more like board addition.

One criticism is that in reality, Rakon is really just a commodity component supplier rather than a cutting edge hi tech (and therefore high price) company. The Chairman said that the larger proportion of revenue still comes from expensive, high-end, telecom infrastructure and high reliability products, but the company must respond to changing market conditions as customers wanted to be able to obtain everything from one source. This has involved a high level of capex and R&D, well beyond what was originally envisaged.

The question of dividends, or lack of, was also addressed. Essentially things are so tough that there are no funds available and there is no time frame in which dividends are likely. This is at least partly as a result of the high NZ dollar and the subsequent need to spend much faster and earlier than expected on lower cost overseas manufacturing facilities. During question time, the Chairman made a very brief comment to the effect that the company was tight in regard to banking covenants. Investors will know that Rakon has taken on quite a lot of debt in the last few years to build its overseas operations. With the current modest EBITDA it is reasonable to assume that the company’s ability to borrow additional funds will be constrained in the meantime and I believe this was the reason the comment was made. There appears to be no issue around the servicing of debt.

Mogridge did express a view that investor’s expectations were unrealistic when assessing the time necessary to build a business of this scale and speculated that that was one reason why the share price was depressed. During his brief re-election speech, Sir Peter Maire also pointed out that it took him 16 years to get Navman to a fully global company and that was without the effects of the GFC.

The Chairman then announced that until such time as the company achieves an EBITDA of $25m, there will be no increase in director’s fees and both the CEO and marketing Director will have their remuneration frozen. This was unexpected but well received by shareholders. The Chair was visibly annoyed when your correspondent sought an assurance that no consulting fees or similar payments would be used to bypass this undertaking and categorically stated this would not occur.

Mogridge commented that there will inevitably need to be industry consolidation as there were too many suppliers, particularly at the bottom end of the market and few if any were making money. He acknowledged in response to a question that Rakon itself could be a target.

Brent Robinson, the MD, then gave an interesting overview of the company. It has 9 manufacturing plants spread over 5 countries, 14 sales and marketing offices and 2000 staff. He showed an impressive set of photographs of the various plants as he discussed the capabilities of each and what rationalisation was taking place. All operations are very modern and in most cases, the company owns its facilities. In response to questions, he indicated that the company was very happy with its joint venture arrangements and was confident that its intellectual property rights were well protected.

The motions reappointing Peter Maire, Bruce Irvine and Peter Springford were all passed. An increase in director's fees to allow for payments to Peter Springford was also passed. The Association supported all the motions as it is important to have more independent voices around this board table.

The message from the company appears to be that eventually success will come and the rewards will flow. The timing of this has been upset by world events but the company still believes its strategy is the correct one. Whether that is any comfort to a large number of long suffering investors is a moot point.

John Hawkins

Fisher and Paykel Appliances AGM 23 August

NZSA proxies 1,025,750

Caught by the financial Crisis of 2008 in the middle of a global manufacturing programme involving plants in Mexico, Thailand, Italy, Australia and New Zealand, and a mountain of debt around $500m, FPA was on its knees, with a board and management in urgent need of rejuvenation. In this meeting after 4 years of struggle there was a new feeling. Although the markets have not noticeably improved, Chairman Dr Keith Turner pointed to profit improvements in North America, new products, debt reduction to bank debt of $35m, inventory reduction, and progress in the arrangement with Haier for China. With the departure of Gary Paykel and the election of new members, Phil Lough and Lynley Marshall, board rejuvenation was completed. The forecast of an EBIT of $70-78m up from $38m suggests that dividends should be resumed by the end of this year. The finance arm with its Farmers credit card, had sustained the group in its difficult period, and was still growing although provisions for a court action on a complicated software claim had reduced the 2012 result. Hedging losses of $25.6m in 2012 were eliminated in the current year.

CEO, Stuart Broadhurst gave a comprehensive presentation which can be viewed on **www.fisher-paykel.com.** He covered the key markets, finance and Haier, as well as this year's focus on customer benefits, disciplined market growth, organisational capability, business excellence, and cost reduction. The strategic review of the appliance business had revealed 5 opportunities to be pursued:

- Cooking products employing the "social kitchen" theme, whose website was enjoying over 90,000 visits per month,
- North American sales and profit opportunities,
- Further development of the global manufacturing strategy including the R&D centre in New Zealand, and component and technology sales to other equipment manufacturers.

Fisher and Paykel, he claimed, was in the process of launching more new and updated products than ever before, - 10kg top loading washing machines, front loading washing machines, French door fridge and drawer freezer, gas cookers, and cook tops, and Haier offerings on the less expensive parts of the market.

During the elections which were all passed on a show of hands some interesting issues were raised.

1.Uli Sperber commented critically that staff in some markets were being paid more than the Managing Director. While we agree that the key people should be well paid, members should consider whether the MD in a global company should necessarily be the highest paid. The value of a key development officer or negotiator, or field development officer is probably just as great as that of the coordinator. We tend to judge the CEO by his presentation at the AGM and the results of the whole company, and to overemphasise his leadership. What do readers think?

2. Haier Director, Lixia Tan had attended no meetings and instead had sent her alternate. The chairman pointed out that Chinese custom dictated that appointments were usually held in the name of the senior officer, while the alternate attended and built up expertise in the actual operations. FPA's constitution allowed for this. Both the Haier directors used alternates in this way. Directors' fees were paid to Haier not the individuals. The members accepted that the alternates were regular attendees, and had the personal experience and organisational backing to handle the roles. However the objections to this procedure were noted by the Chinese board members.

3. One member claimed the the new directors were not shareholders unlike previous boards, and wanted more alignment between owners and directors. The chairman pointed out that he and others would like to own more shares but with the continuous negotiation and new product development over the past year, there had been no non-insiders' window of opportunity. He also said that the mix of skills in a board member was more important than the ownership of shares, which they would provide for in future.

4. Each director for election spoke to the contribution he or she could make from their range of skills, and members were satisfied that at least on paper this board had the necessary range and balance to take the company to a new level.

5. Accolades were given to Gary Paykel and his wife Dot, for over 50 years of service to the company, and the way Gary had nurtured product growth with flair, fun, and deep commitment.

The use of the company's own premises in East Tamaki gave shareholders the opportunity to talk new products with the development team and many took advantage of this.

Alan Best

Our report was written well before Haier's takeover offer was tabled, and we await the independent report with interest

Fisher and Paykel Healthcare AGM 22nd August

The Chairman acknowledged Gary Paykel's contribution over the past decade.

Since separation, and during Gary's time as chairman, the company has grown more than fourfold, with revenue increasing from 89 million to 417 million US dollars; representing a compound annual growth rate of 17%. In NZ dollars, Operating revenue has grown from 215 million to 517 million dollars. This was in the face of doubling of the value of theNZ dollar over the period.

In the past financial year the company achieved record operating revenue of NZ$517million and net profit after tax of NZ$64 million.

In constant currency terms, underlying operating revenue grew 8% and net profit after tax grew a very encouraging 23%, reflecting increasing demand for the company's products and disciplined control of their costs.

A final dividend of seven cents per ordinary share, carrying full imputation credit, taking total dividends for the year to 12.4 cents per share.

Both major product groups, respiratory and acute care and obstructive sleep apnoea, made encouraging progress during the year with new products and applications contributing to growth.

A range of strategies to partially offset the impact of the high exchange rates has been introduced by the board. It was reported that trading so far this year has been better than expected, and that we are seeing a promising increase in growth, and an increase in underlying operating margin. Intensive R&D is expressed in the new and improved products which will continue to drive growth.

The CEO commented the company has continued to expand its global sales and support network, with its own people now located in 32 countries. Products are now sold in more than 120 countries. More than 500 staff provide support to their customers around the world.

Capital expenditure was 68 million NZ dollars which included equipment for increased manufacturing capacity, new product tooling, replacement equipment, and 47million dollars for construction of the third building at the Auckland site. They have continued to develop manufacturing capacity at their facility in Tijuana, and this will increase earnings.

Gary Paykel and Nigel Evens have indicated that they plan to retire from the board following the AGM next year. The company is currently searching for a director who has global experience in medical device manufacturing. Next year they will also commence a search for a second director, who is likely be a woman.

A number of shareholders commented about the poor share price performance and the fact dividends have been flat for the past few years. The Chairman noted this and promised an improved result over the coming years now new strategies have been introduced. Michael Daniel, Managing Director commented 52% of their operating revenue was generated in US dollars and 23% in Euros, with 99% of sales was made outside New Zealand. The Respiratory and acute care product group contributed 53% of total revenue, and the OSA group 44%. A high proportion of their revenue, 75%, was generated from recurring items, such as consumables and accessories. Selling, general and administrative expenses were NZ$143 million, which represented an increase of 6% in constant currency terms, that is an increase in the average level of sales generated by each of their sales, marketing and operations staff.

They have also recently begun to introduce two important new product ranges, Optiflow Junior, and Airvo 2. Optiflow Junior provides a vastly improved system for providing oxygen therapy to new born babies and children; by combining a very easy to fit, anatomically contoured, nasal cannula with optimal humidity delivery. Airvo 2, delivers Optiflow humidity therapy with precise monitoring of oxygen concentration and is available in two versions, for use in hospital and home settings.

Customer reaction to both new products has been very positive and they expect that both will contribute to increasing growth in their RAC product group. The ICON range drove 18% flow generator revenue growth for the year. They are particularly excited about the revolutionary new mask ranges they have introduced around the world. Last month they introduced Pilairo, their new nasal pillows mask, into the United States, following its very successful launch in Australasia and Canada. The Managing Director was very conscious of the effect of the high NZ dollar on shareholder returns, but has hedging in place to 2015.

It was reported the year has started very well, at current exchange rates they expect operating revenue for the first half to be approximately NZ$ 265 million, and net profit after tax to be approximately NZ$31 m. That would represent about 10% net profit growth or about 25% in constant currency terms, driven by a combination of revenue growth and improving gross margins. The full year earnings guidance they provided in May was reduced slightly to between NZ$62 and NZ$69m, because of exchange rate fluctuations.

Brian Gaynor asked the question why the Managing Director had to be on the board? The Chairman replied that the MD was already a director, and it would not look good or show confidence in the MD, if he was asked to step down. He stated the board would prefer to have the MD as a director.

Des Hunt

Infratil AGM 13th August

NZSA Proxies, 48 with 496,843 shares.

Prior to the commencement of the meeting the NZSA proxy representative Max Smith discussed the wish of the association to hold a poll vote with the Chairman, David Newman who agreed although it was not his original intention to do so.

The meeting started on time and the Chairman did the usual introductions, outlined the meeting format and he confirmed that a poll vote would be held. He then gave a brief summary of the all businesses Infratil are involved in and their relative progress over the past year.

He paid homage to the Late Lloyd Morrison, the founder and creator of Infratil. He spoke of Lloyd's "passion, energy, drive and outstanding business leadership which is the foundation of our business". He further added that Lloyd remains a force in the business today because of the culture, passion for excellence and capability he developed as the company leader.

Marko Bogoievski CEO

He commented on the small attendance attributable to the very wet conditions. He introduced the shareholders to Mike Bennett, Chief Executive of Z energy and said that Morrison & Co. executives were present for discussions post the AGM. Mention was made of Tim Brown from Morrison and Co who normally does the 'road show' for Infratil. He said the good news is that Tim is making an amazing recovery having recently got back home and "we know his brain is fine as he's starting to email us with thoughts and ideas already".

Marko mentioned the theme of 'proud' stemming from Lloyd's vision for the company and New Zealand. The slide showed the interactions Infratil has with New Zealanders – electricity (over 200.000 customers), fuel (7 million litres of fuel every day, public transport (over 200,000 bus rides), air travel (50,000 travelling through Wellington airport), over 170,000 going through Z Energy retail stores and 2.5 million customers Fly-by's subsidiary (through NZ energy).

He emphasised Infratil's involvement in Canterbury - 350 people based in Canterbury across Z Energy and Trustpower. Mention was made of their power station at Lake Coleridge which generates enough energy to power 44,000 homes. He alluded to further irrigation developments at the Highbank facility which may develop further depending upon the outcome of hearings underway at present. He further added that over 25 million litres of fuel storage facilities at Lyttelton was commissioned which was no 'mean feat' as construction took place through the two major earthquakes.

Infratil made a $1 million donation in support of Wilding Park as their contribution to the Canterbury region post earthquake.

He commented that Infratil are one of the few companies who have a strong outlook performance because of solid existing investments and all companies have operated at or above management's expectations. The company made investments of over $250 million of new capital expenditure during the year (in what they consider quite high return projects) and overall their finances are in good shape backed up with good bank and capital provider's support.

The full year dividend grew by 19% to 8 cents a share with expectations for that to continue provided their business plans come to fruition. They have a high level of confidence for the 2013 year. About $240 million has been invested in the 2012 year and they are looking to invest a similar amount in the current financial year. Trustpower announced a $439 million wind farm in South Australia – this project has been brought forward and is a significant project and he mentioned other capital investments (Wellington Airport, bus fleet upgrade for New Zealand Bus) Z Energy reformatting of its retail stores etc, Mention was also made of the major upgrade being undertaken at NZ Refining which was supported by Z Energy.

He said that they greatly value their relationship with other large investors such as with the NZ Super Fund the co-owner of Z Energy. They are seeing a great number of opportunities, more than any recent occasion but these are difficult assets that have to be run with third parties because of size and the logistics involved.

There were several questions to the chairman including:

The valuation of Z Energy "why do the board value Z Energy as they do as opposed to how the guardians Super Fund value it"?.

Reply: We value each asset to the full international accounting standards whereas the guardians value on a total business evaluation taking into account future cash flows, rates of return etc. He expects over time these valuations will get a lot closer.

"Why list the shares in Australia when there have only been around 30 trades.?"

Reply: we raise our money in NZ and have a strong base here. We will have to widen our asset base in the future and see this as necessary to raise funds.

"What is going on in the UK regarding the airports.?"

Reply: We are currently going through a sale process. Not as positive as we would have liked and hope to resolve the sales within the coming 12 months. The capital from those sales will be 'recycled' through other investments

"Snapper card. This seems to be out of line with all the other investments. Do they see Snapper as an ongoing profitable side?"

Reply: Infratil see great opportunity for Snapper. They are having problems up in Auckland and these are as much to do with the other organisation as with Snapper. Chairman of Snapper then spoke and said that the problems are because of the integration with the French system. They are also keen to get Snapper working in other regions. Snapper is also now mobile which spreads its usage and convenience.

"You appear to be dragging the chain regarding women in the board?"

Reply: Infratil are one director down. We appoint on merit and encourage diversity. We don't rule out women, but we look for skills and experience that compliment the board.

"Re the increase in director's fees why are fees increasing just because some other company has higher fees? Fees should relate to the dividend. The Australian increase is quite high 24% from memory whereas the dividend was only 8%."?

Reply. The dividend increased by 19% 3.75 to 5 cents per share. Increase is to accommodate an additional director in Australia. The overall average increase per director is about 3.5%. For some years fees were held stable and then we had to go to a double digit increase to match other companies in terms of attracting and retaining directors. The board considered it better to increase fees by small amounts every year. Max Smith representing the NZSA spoke in support of the motion as it was the NZSA's view that the director increase were in line with the increase in the dividend.

"Please explain relationship between yourselves and Origin for the proposed wind farm development."?

Reply: They are a locked in customer of the facility and having that sort of customer gives Infratil confidence that we should build.

The Chairman said that as the NZ Shareholders Association and a number of other shareholders had requested it, a poll vote was organised in respect of the four resolutions. All shareholders were given a voting paper when they arrived so each marked their voting once the resolution was put.

Both Marko Bogoievski and chairman David Newman were re-elected as directors.

Director's fee increase was approved

Auditors were also approved.

In conclusion, Max Smith, proxy holder on behalf of the NZSA, congratulated the board, on a job well done. He added that the company set a good example and sought to encourage New Zealanders to invest in equities an objective also of the association.

It was noticeable that the Chairman and two directors approached the NZSA representatives after the meeting and thanked them for our support and in the case of the Chairman, Mr David Newman, commented that the association had credibility and they were happy to work with us.

Barbara Duff and Max Smith

Editors note: At NZSA's AGM members suggested that we write to Tim Brown wishing him a speedy recovery. This was done by our Proxy coordinator, Jacquie Hagberg

DNZ Property Fund AGM 15th August

This 2nd AGM of 2010 NZX listed Diversified Property Fund (DNZ) was attended by approximately 40 people (18 shareholders - no media).

Among diversified (industrial, office & retail) property groups & with a market cap of approx $ 390 mill., DNZ ranks 5th behind KIP, GMT, ANO, and ARG.

Presentations by chairman Tim Storey & CEO Paul Duffy highlighted net rental income from 51 properties in mainly urban NZ of $ 52.9 m (up 0.9 m) for the year ending 30/3/2012, resulting in operating profit of 28.8 mill (up 32 %) & 8.5 c dividend (approx 5.5 % gross yield on share price of $ 1.55). The initial share price in August 2010 was $0.97. With little share price volatility, the forecast dividend of 9 c for 2013 should result in gross yield around 5.5 - 6 %.

Well advanced now, seismic reports on all properties in NZ are to be completed by end Dec. 2012.

DNZ will focus on acquiring matured properties, divested by major retailers, rather than developing new sites.

The meeting was over in approx. 30 minutes after poll-re-election of Michael Stiassny & David van Schaardenburg to the board, & PWC as auditors. Most board members stayed on after meeting to answer questions from shareholders in detail - mostly NZSA members.

Uli Sperber

Sealegs AGM ?? 21st September

The AGM was scheduled to be held on 21 September at 3pm at the company's premises in Albany. When an AGM is held at this sort of time I wonder if it is done to discourage shareholders from attending. Who wants to face the approaching rush hour traffic on the Auckland Harbour Bridge? Parking was in the street along with all the workers in the adjacent factories. At 2.30pm several shareholders were standing in the small reception area, waiting to be admitted, which took the best part of another ten minutes. Not a great start & things got worse.

The meeting was chaired by Eric Series.

Immediately the meeting opened Mr Series advised that at 2.31pm the company had received a fax from Kensington Swann Solicitors on behalf of a shareholder. The fax advised that the company was in breach of NZX rules. As a result the meeting would not proceed. A shareholder asked for an explanation. We were advised that the company had only allowed three days for nomination of directors to be considered at the meeting thereby breaching the NZX rules. I wonder if this is correct, and how a publicly listed company can breach such a basic rule? Discussions continued including a comment that notifying the company at such a late time was mischievious.

The company believes that it is gaining good sales traction in the USA. 2010-11, 76 sales. 2011-12, 106 sales, with increasing sales in Europe. Mr Series emphasised that Sealegs can only succeed by exporting. There cannot be sufficient sales in NZ to sustain the company. The company also wants to move into the professional & commercial boat market. Manufacturers want to install the Sealegs technology into larger boats & it seems the future is in selling units or licensed technology to overseas, top end, boat builders. The hope is that boat builders will, as part of the design process, ask clients whether they want Sealegs.

Mr Series made a point of & spent some time emphasising that he had used his own money to buy shares in the company and that there would be no more 'bullshit', which I found hard to understand. It was my impression that he was not happy with what had previously happened within the company. (Losses: 2011 -$3.5m, 2012 -$1.9m.) Target is 120 boats per year, while the breakeven point is 100 boats.

A question was asked regarding 'Chinese' knock offs. Mr Series acknowledged this is happening but that the copies are second rate & if put on Takapuna boat ramp would fall over. Also that the nouveau riche of China like famous brand names, Gucci, Chanel.... Sealegs. He also stated that the company had patents in major markets that it would enforce.

Another shareholder asked what the company's strategy was when the cash reserves run out, as he expected, within 2 years? Would the company make a cash issue? Mr Series gave no answer. A shareholder mentioned a recent share buyback. He suggested that this showed confidence in the company but another shareholder asked how this could be justified with diminishing cash reserves & would there be a rights or cash issue? Mr Series said that he did not look at the market each day or play with the market. The company price will go up for good reasons: “it is solid.”

www.nzx.com/companies/SLG/announcements/227003. Securities acquired 3,012,897. Total paid $298,524. Av’ consideration 9.91 cents.

Michael Cornell

Kiwi Income Property Trust Unit Holders Meeting 7th August

As a Property Trust, rather than a conventional listed company, KIPT’s annual meeting had no resolutions or election of directors for its “unit holders” to approve which came as a surprise to this first–time visitor. Although they did supply a voting paper for “procedural matters that may arise at the meeting,” which would not happen at a conventional company AGM, this Trust format does raise some questions about the adequacy of protection of unit-holders’ interests!

Chairman Mark Ford introduced the board members and gave a brief overview of KIPT; pointing out the strong position of their 2012 accounts, with high occupancy rates and 7c per unit dividend before handing over to CEO Chris Gudgeon who filled in the details. Profits in 2012 were up after the 2011 losses although this reflected the $67m earthquake insurance payout on the PwC building and a revaluation of Sylvia Park of $27m. However, there were some loses in Hamilton through revaluations and improvement costs. On the horizon were seismic strengthening cost particularly in Wellington and Christchurch. Overall retail (representing 65%) was showing steady growth and office demand was strong in Auckland but subdued in Wellington. The projected payout for 2013 was predicted to be 6.5c per unit.

In response to questions from the floor:-

- What are the effects of the Canterbury earthquakes? The Northland Mall has increased trading this year and does not adversely impact current returns. The loss of the PWC building has generated insurance payments but the building’s loss will reduce future earnings.
- Will they be investing in the Chrischurch rebuild? Too early to say but they are open-minded for opportunities. The PWC land is not ideally suited for a retail/office re-build as it is adjacent to the designated entertainment zone in the city’s draft “blueprint” and more suited to a hotel which does not fit their profile.
- The Hamilton centre is rundown; so is KIPT expecting improved returns with higher rents? Hamilton centre is being improved by their Council and KIPT hopes to reverse the downturn in rents; the northern centre is looking promising and the region has good long-term demographics.
- What are the inflation adjustments in their contracts? Retail leases include a fixed or CPI adjustment. The ASB development has a simple 2½ % annual adjustment.
- Some 65% is invested in shopping centres but what protection do they have from e-retailing? Internet sales receive a lot of media attention but account for just 5% although are growing. However, NZ is not oversupplied by shopping centres which also provide cafes and entertainment. We can expect to see a growth in the food and entertainment provisions.
- Could dividends be paid quarterly rather than semi-annually like some other Trusts? It will be considered but does carry extra administration costs.
- What development opportunities are envisaged for other “second tier” centres - for example Queenstown? They are always on the lookout for good opportunities and have developments in Hamilton and Palmerston North but not in Queenstown; rather they are looking at areas of population growth, notably Waikato, BoP and Auckland.
- The accounts show growth but the dividend return has gone down - how has this happened? Firstly, the GFC recession has resulted in some decline in rents; then the Canterbury quakes have had a negative effect and the depreciation tax changes have taken 5%. Furthermore, insurance premiums (rarely born by tenants) have been rising.

Robin Harrison

National Property Trust AGM 22nd August

This meeting was attended by all five directors and approximately 13 shareholders. Resolutions re-appointing two directors and setting Auditor's remuneration were passed (they were overwhelmingly supported by proxies).

NPT was last reported on in August 2009 Scrip and much water has flowed under the bridge since then. Following pressure from the Cushing family a major NPT investor, the property trust's management company was brought out and NPT was converted to a property company as from 1 April 2011, hence the 2012 Annual Report covered the first year of NPT as a property company.

NPT currently owns seven properties and with a market capitalisation of $93M is dwarfed by the likes of AMP NZ Office limited and Kiwi Income Property Trust each with a market capitalisation of about $1,000M. It owns office, retail and industrial properties and was arguably over-exposed with retail and in Christchurch and the directors are addressing this concern. Natcoll House which was badly damaged in the Christchurch earthquake is unlikely to be repairable, while parts of the Eastgate Shopping Centre were badly damaged and repairs are progressively being made. These properties were fully insured including business interruption insurance. Interestingly NPT held head leases on two properties and sub let them to tenants, presumably considering this to be potentially profitable. NPT has now relinquished one head lease and will not renew the other when it expires in 2013 as the Board no longer considers this to be a valid business model.

A shareholder asked about re-investment following sale of properties (and presumably the Natcoll insurance payout). Reinvestment is likely to be in Auckland quality properties, possibly Wellington (but not B grade office) and Hastings (presumably any agreed additions to the Heinz-Watties distribution centre). As to the spread of property types, the aim is to look for 'quality' income.

The overall impression is of a trust / company that has had a bumpy ride in recent times, but having got rid of the management company and re-aligning its property portfolio, is hopefully looking forward to a more stable environment and better times. NPT is reaching the stage where it can be considered a valid substitute for direct property investment. No mention was made of Board succession planning at the meeting especially regarding the Chair and acting CEO.

Peter Milne

Telecom AGM 26th September

It is a little difficult to compare the performance of Telecom with previous years after the splitting of the fixed line access network into the independent Chorus. However the Annual Report did show revenue and EBITDA per Division. Excluding Chorus, all Divisions showed a decrease in revenue. However profit, through cost control, was up in three out of the four Divisions.

The meeting was quite low key with about 200 shareholders in attendance.

The Chairman, Mark Verbiest, pointed out that the separation of the fixed line access network is enabling a reset of the Company and it will be able to compete on a level regulatory playing field with its competitors. Both the Chairman and the new CEO, Simon Moutter, explained that they didn't want just to manage a company in slow decline through cost control, but wanted to see growth. The new CEO has been asked to undertake a review of strategies and these will be discussed by the Board before Christmas, and made public in early 2013. Until this is completed and new policies are put in place, a small decline in profit is expected next year, however around 90% will continue to be paid as dividends with imputation credits attached to 70-100% of this.

The CEO was re-elected onto the Board. The NZSA told the chair that it doesn't favour a new CEO immediately being on the Board though on balance it accepted it in this instance because Simon had earlier worked at Telecom, has a good knowledge of the Company, and a previous working relationship with the Chairman. Verbiest did say that there is a session at every board meeting where the CEO is not present and this provided an opportunity to review his performance.

The remuneration for the CEO was approved. The NZSA did have some reservations as it felt that the heavy reliance on Total Shareholder Return (TSR) was rather a blunt instrument in setting performance targets for the CEO. The Chairman responded that this was the best method for this year while the CEO developed the new strategies to improve growth and profitability that would be implemented in 2013. He said that the measures will be reviewed annually and promised to take the NZSA view into account.

One shareholder said that in her opinion no incentives should be paid as Mr Moutter's salary was already high enough. The NZSA noted that the targets for the incentives were more difficult to achieve now than for most companies. Verbiest also indicated that the new board was determined to stamp on past salary excesses and told the meeting that there was a salary freeze in place for the most senior staff.

All motions were decided by poll, something the new Chairman described as the most appropriate way to gauge the feelings of shareholders.

We will be in a better position to monitor the performance of the Company with its new CEO and somewhat new Board next year.

Mathew Abel and John Hawkins

Bliss Tech and Smiths City AGMs Compared

BLIS AGM 27 July, Centre for Innovation, Otago University, Dunedin

BLIS Technologies Ltd is a listed Dunedin-based neutriceuticals company. The term has been coined to link nutrition with pharmaceuticals. The company has been listed for eleven years and its objective is to add bacteria to consumer foodstuffs to consume problematic bacteria.

Throughout the company's listing it has never made a profit. A resolution was put forward to delist from the main NZX board. Tim Kerr who acted as NZSA proxy held 41,132 discretionary votes and voted against the resolution. At the time of voting Tim believed that the resolution would be passed, however he understands that that was not the case. He voted against the resolution because he felt the motion should be put before a special meeting. The directors put forward the argument that the company cannot afford the high costs related to a main board listing.

A shareholder asked the Chairman to state the amount that could be saved by listing on the secondary board. The reply was fudged and turned into a dissertation on the opportunity costs of governance compliance and getting on with the job of managing the company. One of the company's products is BLIS Throat Guard Daily. I've never tried it – but then I cannot remember when I last had a sore throat.

SMITHS AGM 28 August, Balmarino Room, Riccarton Race Club, Christchurch

While the BLIS Board appeared to muddle in management, by contrast the board of Smiths City Holdings Ltd exemplified governance. Smiths City Holdings is a smallish, Christchurch-based, listed home-ware retailer with property and finance divisions. Currently under the radar of market analysts it has four or five major shareholders and the rest of the share are typical "Mum and Dad" holders.

The company has been able to take advantage of the literal collapse of competitor's outlets in Christchurch and the high farm returns in the South Island. With some expansion in the Wellington region, the company has been able to reduce unit logistic costs in its NI Distribution centre, the extra outlets making up for the lower demand brought about by Government cost-cutting exercises.

The Board presented its shareholders with a tough, challenging retail environment pointing out that South Island farming prices had dropped, and the Hawkes Bay-Bay of Plenty region has yet to recover from the viral devastation within the Kiwifruit industry. On a positive note though, Christchurch household reconstruction will create a huge demand for home ware products through to about 2017.

Tim Kerr

Editor's note: South Island members will have received Tim's individual reports on these two meetings in the September Canterbury newsletter.

Argosy Property AGM 28th August

A (successful) proposal to internalise the management of the company dominated Argosy's 2011 AGM. Now that has been accomplished, this year's AGM was set to be and was a far more sedate affair. However, we were treated to an all to unusual display of an institutional investor publically challenging the board. See **www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=1083090**

Argosy markets itself as the most diversified property fund listed on the New Zealand Stock Exchange with a $929 million portfolio of 63 properties across the retail, commercial and industrial sectors. The Company claims it has a low risk focus on quality properties where value can be added and properties modernised to extend their effective utilisation. Craig Tyson, One Path's equity investment manager, challenged these claims.

Tyson questioned whether the company's 40% gearing (bank covenants allow 50%) equated with low risk. He noted a drop in dividends from 10 to 6 cents a share, which he said was a lower return than other sector specific property companies. Chairman Mike Smith replied that the board was comfortable with both the gearing level and a strategy of sector diversification.

Renegotiation of bank facilities has generated lower interest charges and the management internalisation is projected to achieve over $4million in savings for the year. As this has been offset by an increased provision for taxation, there has been no forecast improvement to the bottom line. Shareholders received dividends of 6c a share in 2012 and a similar return is expected for 2013.

In reply to questions, Smith said the company had a low exposure to earthquake strengthening remedial work on its properties. He said the Board would look at providing for the electronic appointing of proxies and voting on resolutions for future general meetings.

Tyson called for refreshment of the board. Shareholders who voted do not seem to agree. Fifty five percent of shareholders voted on this year's resolutions. Mark Cross was elected; and Andrew Evans re-elected as directors. Steven Blakeley, nominated for a directorship for the fourth time, was only supported by 36.7% of the votes cast.

Bruce Parkes

Air New Zealand AGM 28th September

Max Smith acted as NZSA proxy representative at the Air NZ AGM, ably assisted by Tim Kerr. The meeting was held at the Wigram Air Force Museum.

With the benefit of John Hawkins having had some discussion with Mr John Palmer the Chair of Air NZ prior to the meeting the decision was made to have a poll vote on the two items of business which required a vote. This was based on the logic that poll votes would be an accepted format at AGMs with the inevitability of electronic voting in the future. Forewarned by the NZSA, Air NZ agreed to conduct a poll on the business of the meeting; the re-election of two Board members Roger France and Warren Larson. Both were re-elected without dissent, but in their addresses to the meeting both confirmed that this would be their last term.

Max addressed the meeting congratulating the company for its performance over the past year and also commended the board for agreeing to conduct a poll vote and thereby setting an example for other listed companies to conduct poll votes in the future.

According to the annual report earnings per share were 6.5 c – down from 7.5 c in 2011 with interim and final dividend of 5.5 c per share, same as 2011. Assets per share rose from 133 cps to 148 cps. A 3% share buy-back was announced because the board felt the current value of the company was not reflected in the share price.

To all shareholders and to NZSA members, the interesting aspects of the meeting was the confidence the board held firstly, that the company's investment in new aircraft was going to place the company in a better position than many of its competitors, as the fuel savings and reduced maintenance costs and lower operating expenses of the new aircraft compared to the costs of competitors retaining older fleets would prove to be decisive. And secondly, that the company was well-placed with a flexible strategy able to respond rapidly to environmental changes within the industry. Both the Chairman Mr John Palmer and the CEO Rob Fyfe were confident with regard to the future and felt that opportunities were being created they could take advantage of. One of these was the withdrawal by Qantas from the Auckland/ Los Angeles route. Their increased share in the Australian and South East Asian market bought about by the code share with Virgin Pacific was another.

CEO Rob Fyfe is departing the company and the new appointment will be Chris Luxon. Rob Fyfe's extrovert personality will be missed. In an Air NZ AGM a few years ago Rob Fyfe boldly stated that no one should invest in an airline company for income. One has to admire the frankness of such a statement, and perhaps he was quite right. However, if you are a patriotic Kiwi prepared to take a risk on returns, love aircraft and the dynamics of air travel then heck, you will come along for the ride.

Max Smith and Tim Kerr

Caught on the Net

Nassim Taleb warns: Stay out of the investment industry

The man who coined the term "back swan" suggests that through the rise of a "spurious tail" (lucky fools) it is impossible to now be successful in the investment industry by putting in the work ***More***

Will stock markets survive?

In an age of meta transactions some commentators are questioning the ongoing viability of stock markets - as we know them ***More***

The Ketchup Problem

In an Economist blog Buttonwood says that central banks are creating so much money that, like ketchup, it will eventually splurge out of the bottle with messy effects. ***More***

Company AGMs could be scrapped in Australia

An Australian Federal government committee has issued a discussion paper recommending the scrapping of company AGMs ***More***

The new normal of investing: Bonds for the price, equities for the yield.

As interest rates drop, income starved retirees are being forced to shift to equities to garner a return

More

What have economists ever done for us?

Andrew Haldane. Executive Director at the Bank of England, provides the lead commentary in the VoxEU Debate "What's the use of economics"

More

Can education solve Financial Illiteracy?

A Securities and Exchange Commission study found that the financial literacy of Americans was abysmal (is it any better here?) Mercer Bullard, from the Universitry of Mississippi argues the conversation should not be about what the investor knows, but rather about the industry providing the right level of protection. ***More***

No recovery until 2018, IMF warns

The Fund's Chief Economist says the global economy will take a decade to recover from the financial crisis ***More***

Investor trauma and the recency effect

Investment blog, Abnormal Returns, notes that despite the recovery in markets, investers are still traumatised by the 2008 GFC. The recency effect of that event causes investers to overweight the probability of another collapse - which means they prefer fixed assets with lower returns. ***More***

"The Dog and the Frisbee,"

At the Jackson Hole Central Bank conference, Andrew Haldane warned that the growing complexity of markets and banks can't be controlled with increasingly complex regulations. Tapping deep into behavioral economics, Haldane argued that regulators need to bear in mind five fundamental limitations of the human mind ***More***

Did anyone read the Facebook IPO?

Facebook's post launch blues have been well documented. Henry Blodget, writing in Business Insider, says they were all evident to anyone who took the trouble to read the IPO prospectus but, caught up in the hype, hardly anyone did. ***More***

Bruce Parkes

Branch Reports

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We recognise that branch reports in our newsletter do not adequately represent the expertise and preparation of the presenter. Members are encouraged to refer to the individual company websites for the latest news and disclosures. The work of these professionals who give their time is appreciated by all who attend.

Auckland

Auckland Branch Meeting 19th September

Mainfreight CEO Don Braid spoke of his company's management philosophy which included no budgets, no written strategic plan, but much focus on weekly profit and revenue statements throughout the organisation.
The emphasis was on expanding overseas, with the ultimate aim of being located in every major trading nation in the world. To date international branch networks include Australia, France, Finland, Russia, Poland and Romania, and USA and this expansion is continuing
The last acquisition in Europe was followed by the loss of three major accounts, partly compensated by five new large warehousing accounts. As always, it will require time to fully integrate the operations into the Mainfreight network.
Group revenue increased by 35% in the 2011/12 financial year to $1,813 million, with EBITDA showing a 51% increase to $138 million.
Throughout his talk the importance of New Zealand firms expanding overseas was stressed, in order to reduce our chronic deficit in investment income. Mainfreight was clearly a leader in this objective and shining example to others.
Fisher Funds MD Carmel Fisher gave her take on the international scene with Europe (no growth), Ireland (making an effort), USA (another round of stimulus), and the BRICs (feeling the pressure). New Zealand was in reasonable shape with more reliance on "soft" commodities, compared to Australia's "hard" commodities (i.e.minerals).
When power companies with variable profits are floated they may have to compete with other listed companies with more consistent profit streams.
Fisher's funds Kingfish, Marlin, and Barramundi were all selling at discounts to NAV from 11% to 21%.
Bill Jamieson

Next Auckland Branch Meeting

Wednesday 21st November

Alexandra Park from 7pm

Featuring Telecom and Xero

Meetings 2013
20th February
17th April
19th June
18th September
20th November

Next Auckland company visit:

Thursday, 18 October 2012 Methven, Rosebank Road, Avondale - max participants: 30 Visits will be hosted by CEOs & senior management in the usual format.

Members who register with Uli Sperber, via **uksper@gmail.com**, can consider themselves confirmed (unless immediately advised otherwise) & will receive final visit details by email approx. 1 week prior

Turners Auctions Company Visit 5th September:

Before our site visit on September 5th I knew next to nothing about Turners. I knew only the basics; that they sold cars and that they sold them by auction. I was, therefore, interested as to what I could learn about their business model, particularly, dare I say it, as a female with so little prior knowledge.

Their website states that "Turners is the largest auction house in New Zealand, with 16 branches nationwide, and an annual turnover (including sales on behalf of customers) of approximately NZ $400 million. All auctions are simulcast online via Turners "Live" resulting in over 48 vehicle auctions simulcast per week. Since 1967, Turners Auctions Ltd operated as an autonomous entity of the 106 year old Turners and Growers Group. This all changed in 2002, when Turners Auctions separated and successfully listed on the NZX".

We were greeted and made welcome by the CEO Graeme Roberts, who started by asking how many Shareholders' Association members had bought a car at auction from Turners, and joked - of those who hadn't – "We'll sort the rest of you out before you leave!"

Graeme said they sell 100-120 cars in one to one and a half hours. They hold closed auctions to the dealer community and half of all cars go to the dealer community. Storage is provided for a cost. Services they provide are vehicle refurbishment, vehicle grooming, and auto inspect. They also operate a 'buy now' retail area in a car park outside for those who miss out at auction; as Graeme said, "We have to be flexible".

Graeme mentioned that "We have our own company that imports cars from Japan". 'New Zealand new' refers to cars first registered in New Zealand. Graeme made the interesting statement that during the downturn "Just about every Aston Martin and Lamborghini came through Turners". Turners hold six auctions per year of classic cars.

Turners Commercial Division is counter-cyclical; this is because of receiverships. When there is a downturn in the economy this means the Commercial Division does well selling the trucks, machinery and general goods etc of failed businesses.

Another interesting aspect of Turners perhaps not widely known is that they have a Damaged Vehicle Division. Graeme said the most important thing they do is deregister a vehicle before it is auctioned for parts. In these days of recycling Graeme said "There is very little left of a car once it has been through this process".

A further interesting revelation was that, following successful lobbying of the government by the new car industry to tighten emission standards on imported second hand cars, the purpose of which was to reduce the competition from imported cars and reduce the average age of New Zealand's car fleet, the average age of cars post legislation is now one and a half years older. The new legislation has had the totally opposite effect to what was intended. There is less supply and the price of imported cars has gone up. The average age of cars on the road in New Zealand is now 13 years.

The numbers tell the story. Following three waves of imported car restrictions, finance company collapses, a decline in dealer numbers and the economic downturn, the numbers of used cars sold have gone from 1,067,052 in 2005 to a forecast 885,000 in 2012.

Graeme said that "Trade me is a threat and an opportunity" for Turners. They advertise on trade me. 70% of cars advertised on the trade me website are advertised by dealers.

Following his address to members Graeme led our party around the Turners site. We viewed a live (and very lively) auction taking place; the sheer speed of which was a revelation. The cars to be auctioned are lined up by the drivers and spend what seems to be only a couple of minutes in front of the audience of bidders until the hammer falls (or not!)

Despite the fall in numbers of used car sales and a drop in revenue (all figures in $000) from $85,240 in 2007 to $75,332 in 2011, Turners have improved their key financials. Net profit after tax improved from $2,274 in 2007 to $3,696 in 2011 and dividends per share from 14.2(cps) in 2007 to 17.0(cps) in 2011. There has been a focus on increasing margin, add-on sales and tight cost control. Improving profitability and working capital management has led to the higher dividend payout.

Every site visit we do we learn a bit more than we knew before, and this is what makes them all worthwhile. Our hosts at Turners Auctions were hospitable and informative, and every member of our party left better informed about the Turners business and with more information on which to base an existing or potential investment.

Fiona Gray

Waikato

Grant Baker - His Life and Times 29 August 2012

Grant is a local boy made good. He is modest about what he has done since leaving Hamilton Boys High. He started by selling advertising space employed by Barry Colman. Then he took up with Eric Watson with whom Grant had his first large business success.

Geoff Ross was distilling vodka in his garage and with a third partner, Stephen Sinclair, that matured into 42 – Below. It's now part of the folklore of NZ business that their skills took 42- Below to listing, and later sale to Bacardi for a reputed $130m.

The three formed the venture capital company The Business Bakery. Holdings of The Business Bakery now include listed Dorchester Pacific and Ecoya and Moa Breweries (in the news as a possible public listing).

Grant came across to his audience as ambitious, persistent, a quick learner and an effective networker. He described himself as a risk taker willing to sacrifice his comforts to back his judgement, but thinks he is moderating that as he gets older. (Those qualities are not in any order.)

Because of Grant, we had a number of guests. They helped boost the numbers attending to about 50.

This was Grant's first time to be in front of a general public audience. We hope he enjoyed the experience and will be back later as his story continues.

Frank Jasper - Fisher Funds 25th September

Frank gave a well illustrated engaging talk about his hands-on management of his Portfolios - Australian Growth and Barramundi - with the bulk of the stocks common to both. He took us thru' the strategies in place at Fisher Funds to select Companies and then to monitor the progress of each. (Members may like to refer to the website for the Barramundi 2012 Report, page 11, the STEEPP process.) He used mostly three examples – Bravura Solutions, McMillan Shakespeare and Toxfree Solutions, making up nearly 30% of equity holdings at 30/06/12,as successes; he stressed aspects of possible weaknesses in each business requiring particular monitoring. For "the flip side", as Carmel Fisher put it in that Report, Frank used Dart Energy.

On the economy, Frank takes seriously the comments in the McKinsey Report "Beyond the Boom". He hopes Australians do too. (For more information, the link is http://www.mckinsey.com/insights/mgi/research/asia/australia_productivity_imperative).

Members and guests were obviously well aware of Barramundi and threw a stream of questions at Frank during his talk and several more at the end. Frank stayed with us for the rest of the evening, exchanging views with Members on specifics and generalities (like doing business in Australia).

Joe Carson

Bay of Plenty

Our attendances are stable. We are encouraging members to host a guest in an attempt to increase our membership. In addition the branch will be sponsoring a bowling tournament over the summer at the Gate Pa Bowling Club. The aim is another attempt to grow our membership.

The committee has introduced during our monthly Friday meetings the concept where members speak about "My Portfolio" This seems to have struck a popular accord with members keen to participate and explain their philosophy toward investing. At present this is limited to one presentation each month.

During August Dave Sorenson who commenced investing during the early 1990s emphasised the point that you are ultimately the decision maker with your investments. His past experience with financial advisers now makes him quite wary and endeavours to sift the wheat from the chaff more carefully. Over the years he has built up a broad portfolio of sound New Zealand companies that have provided growth and must pay an attractive dividend.

In September Ian Greaves who commenced investing during the late 1970s spoke about the encouragement that his mother gave him as a young boy for the need to save, invest and take advantage of compound interest. His initial investments were involved with debentures as his mum subsidised each new investment on a 1 for 1 basis. She was a strong ethical trader, and when he purchased Montana as one of his early company investments she made him sell immediately. However a number of years later he found her portfolio contained Cooks Wines. His broker served him well over the years with the old adage of "little and often, don't follow the crowd and don't be greedy."

The investment strategy has changed over the years to include greater diversification, add more blue chips to the portfolio mix. Overseas exposure is solely through Marlin and Barramundi.

Ian went one to explain how he records and keeps track of his portfolio and stressed the need to be mindful of the detail and reason why an investment has been made. An Excel computer programme has evolved and still is evolving to track and record the portfolio.

Needless to say each of the presenters sought those attending to critique their presentation and make suggestions for future improvements. This approach has produced lively discussion.

Helen McDonald during September presented the on going results of the branches "mythical pick five" competition that concludes with an award ceremony at our Christmas function in December. There are 33 entrants who have been monitored since the commencement of 2012. Gains have varied from minus 5% to plus 37%. Women appear more canny than men in assembling a portfolio. Always take note of the wife's advice!

Brokers are also in the mix with gains ranging from 2 to 11%.

During discussion time where the Face Book float was aired the quote of the month has been "What is an IPO?'" It's Probably Overpriced.

Allen Smith

Wellington

Nearly at year end and a lot has happened since the last branch report. We are now homeless again as our usual meeting place, Turnbull House, has been closed indefinitely as it is an earthquake prone building. It has been a fantastic venue for us for the last two years and we will miss it. Thank you Jesse, and the team at DOC.

Craigs Investment Partners hosted our September meeting where Jon MacDonald CEO of Trademe was our guest speaker. It was a good turnout with people travelling from as far away as Palmerston North to attend the meeting, and the consensus was it was well worth the trip. There isn't much Jon doesn't know about Trademe and he would have happily stayed all night answering questions – he nearly did.

Our October meeting will be hosted by BNZ and their senior economist for markets, Craig Ebert, will be the guest speaker. In November we finish with our traditional film evening at Times Cinema in Lyall Bay. This year we will be showing the film Chasing Bernie Madoff, a documentary on the biggest financial fraud in American history.

We also have a number of AGM's to attend over the next six weeks. The Teamtalk AGM should be interesting as there are two nominations for one vacancy on the board, the nominations are George Paterson who is supported by the board, and Penny Eames who isn't.

In the July 2012 Teamtalk newsletter to shareholders and staff CEO Dave Ware commented on the commitment of one of his staff ...

"...she checked into hospital at 10:00am popped the kid out and was home in time for lunch. In and out of hospital in 2 hours, job done. I am not making this up. Anyway it was quite convenient because that afternoon she was back on the job firing off e-mails and generally making things happen in that way that only Louise can. One word: Commitment." Then a bit later Dave added "... if more women followed Louise's example we'd have a lot more women in senior management positions and hell we might even have a few more on company boards.

Should be a fun AGM.

Martin Dowse

Canterbury

Most of the branch Committee members and several Canterbury members took advantage of the cheap airfares to attend the NZSA National Conference held in Auckland on 11th August. As always it was well organized with excellent speakers and ample opportunities to communicate with members from other regions.

On 22nd August David McEwen gave a talk on “Australasian Equities: Threats and Opportunities”. This was the first time we had used the Burnside Bowling Club; it proved to be a good venue and the evening was well attended by some 40 members and visitors after we had advertised the event in the Christchurch Press.

On 27th September we hosted Glen Hughes, Southern Regional Manager of Opus International at our regular venue, the Fendalton Croquet Club. Glen gave a talk titled “San Francisco to Christchurch and Beyond” which outlined disaster recovery experiences and drew likely scenarios for Christchurch.

The branch Committee members have been busy attending a number of company AGMs in the South Island which are reported elsewhere in the Scrip.

Our Branch Newsletter continues as a regular feature thanks to Tim Kerr its editor. We distribute this newsletter to our members by email. Members’ contributions are most welcome.

Robin Harrison

Upcoming Events

For more information go to Branch section of NZSA website

October 8 Wellington Branch Meeting

October 25 Waikato Branch Meeting - speaker Philip King
General Manager, Investor Relations, Fletcher Building

November 13 Wellington Branch Meeting

November 21 Auckland Branch Meeting with speakers from Telecom and Xero

November 27 Waikato Christmas function - dinner and speaker Simon Botherway

November 30 Bay of Plenty Christmas function at Daniels

2013

February 20 Auckland Branch Meeting

April 17 Auckland Branch Meeting

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Editor Alan Best

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