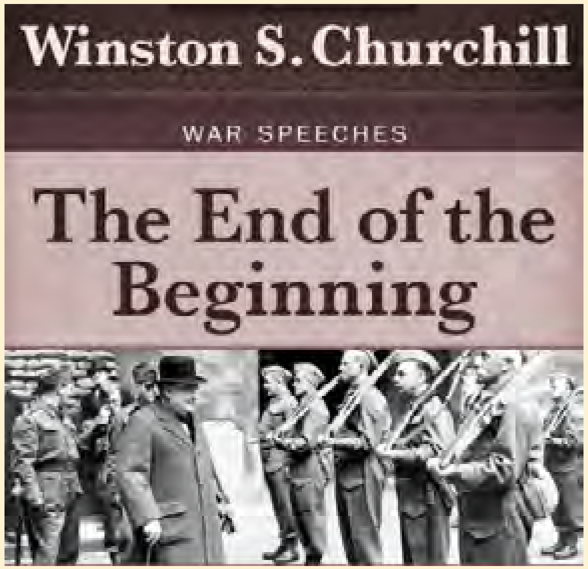
"The Scrip"
MANY INVESTORS; ONE VOICE
NZSA
October 2016

Beginning or End - Where to for Rakon?

In this Issue

"Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

Prophetic words from Winston Churchill in November 1942 when, for the first time, the allies had won decisively in the battle for North Africa. And words that investors and directors should think about when considering the outcome of the recent vote for change at Rakon.



With 24% of the shares held by Robinson family directors, the media and others had written off the chances that NZSA could force the removal of a director. In fact, we knew days before the meeting that we almost certainly had the numbers, and it was frustrating that for strategic purposes we had to remain silent in the face of ill informed commentary to the contrary.

ISSN 1179 -4275

this action was simply a "circuit breaker", a way of forcing the Rakon board to confront a range of issues that have not been addressed over an extended period

This vote which we believe is a first for New Zealand, was the culmination of weeks of effort. We did of course engage with the company via the Chair and CEO to explain what we believed were necessary changes. We also spent much effort building support across a wide range of larger shareholders as well as writing to every one of Rakon's retail investors. This is not a cheap exercise, but the outcome justifies the expenditure. The resulting demonstration that shareholders do have real power has resonated through many boardrooms. Certainly the credibility of NZSA as a force for change has gone up several more notches.

However, the reality is that this action was simply a "circuit breaker", a way of forcing the Rakon board to confront a range of issues that have not been addressed over an extended period due, in our view, to the dominant position of the Robinson directors. As we noted, the early departure of two experienced and highly regarded independent directors was a sure sign of frustration on their part.

It should also be remembered that it is not the role of NZSA to run listed companies or dictate exactly what business strategy should be pursued. That is for the board and management. However, the Association does have a valid right to question, comment and make suggestions that directors would do well to very seriously consider as part of their deliberations. We expect that other large shareholders will also have a view, and are encouraged that Chairman Mogridge has said such input will be welcome.

Having now captured Rakon's attention, the real work has to get underway. In NZSA's view, the board needs to find at least two, and probably three suitable new directors. Two will replace Darren Robinson and his father Warren- who should step down as soon as a replacement is identified. They will require experience in building companies and/or international marketing in the hi-tech electronics components business. These people will not be easy to find as there are significant reputational risks involved if they are unable to lift Rakon's performance. Never-the-less the advice we have had from credible sources is that they are out there, and some will welcome the challenge. A third director will be needed to replace Chairman Bryan Mogridge. This needs to be someone who can take a very hard line on driving change and instituting strong governance. One of these three will be required to step up to the Chair role within a few months.

The risk is that Rakon will be too timid and the opportunity will be lost. It will be completely pointless to simply seek to replace Darren Robinson with a local "general purpose" director. This will add no value. The search must be far and wide and the changes comprehensive. This will not be palatable to some participants, but the alternative is more of the same - something 86% of non aligned shareholders voted as no longer acceptable.

There is no doubt that Rakon is a challenging business. While many perceive it as a hi-tech innovator, much of its business is actually component manufacture where it is a price taker rather than a price maker. Changing the board is not a panacea. But what it will enable is an in depth review of the culture and processes within the business, the level of spending across all areas, the marketing approach, and the appropriateness of senior management to their current roles. This will also inform the more fundamental questions of whether Rakon can survive as a standalone business, where the greatest value is to be found (for example by continuing existing manufacturing, developing niche markets further, concentrating on research and licensing IP), moving further into other areas such as Thinxtra, or even whether a sale should be contemplated. Given the very strong message already delivered by this vote, it would be contrary to the company and shareholder interests for the current board to entertain any significant changes before new directors are appointed and this review is completed.

All these processes will take some time and most likely (based on past performance) further disappointments are likely in the interim. The company has already signalled that the benefits from expense reductions that are underway will not flow to the bottom line this year and business remains subdued. There will also be costs involved in making whatever changes the new board decides, including potentially the need to pay higher fees to attract quality talent - something shareholders should accept if necessary.

All is not doom and gloom however. A bottom line turnaround of \$5-\$8m would allow Rakon to pay a 2c dividend (10% yield) while retaining funds to continue developing the business. If seen as sustainable, this would likely double the current share price and very significantly lift the value of the company. That alone would help to unlock many other future possibilities.

Perhaps the final word of advice to Rakon should go again to Winston Churchill.

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

John Hawkins

Chairman

A new NZSA Award for the best business story of the year

The New Zealand Shareholders' Association is calling all media outlets to submit entries for its inaugural award – The Business Story of the Year.

We are looking for business or financial stories that are intensely researched and demonstrate best journalistic practice. In this age of convergence, the story can come from multiple sources, be it radio, television or print but it must have a text element as part of it.

Entries will be accepted in printed form, in clipping form or as a video format on DVD or USB.

Your entry could be a single story or it could be a series of stories but we are looking for fact-based stories, which support any opinions expressed or investigative outcomes reached.

Stories must have been published between September 1st, 2015 and August 31st, 2016.

To complete your entry, we would like a 400-word covering explanation of how the story was achieved and what happened, if anything, once it was published.

The judging panel consisting of Convener and former broadcaster Janet Wilson, Tim Murphy, former Editor-in-Chief of "The New Zealand Herald" NZSA Chairman John Hawkins and NZSA Director Martin Watson are seeking stories that are accurate, readable and tackle difficult or complex issues. They can be stories that start a conversation or bring about change.

Entries for this award are now open until Friday, October 21st at 5pm.

The winner will be announced at the NZSA's Annual Beacon Award dinner at The Northern Club on Wednesday, November 30th.

John Hawkins

NZSA AGM and Annual Conference 2016

Fewer than a quarter of our members now rely on Scrip reports when the full conference address is so readily available on the NZSA members' website. However a short summary involving one participant's reaction to each address, is a quick reminder of the content, a comparison with your own individual takeaways, and like our AGM reports, a further engagement with the people who run our companies.

MC, Mathew Underwood reminded us all at the outset that the NZX had seen a big increase in the past year, and that our conference theme "Climb – Continue - or Crash," was raising significant questions about where we are in the cycle, how our companies are responding to fragile and changing global markets, and how can we mitigate the risks inherent in direct retail investing.

Shamubeel Eaqub, Economist, began with a note of caution. Excess capacity and increased money supplies, financed by debt, around the world, have meant that recovery from the GFC recessions have been the longest in history. This has cemented low inflation and low interest rates, and limited the capacity of central banks to respond further to stagnation in Europe, Japan and other market economies. The biggest threats to business he believes, are political. No one predicted Brexit and the world is incredulous at the strength of the Trump candidacy in USA. Both events were about the old, the poor and the provinces. People who feel they are the losers in a world of international trade agreements, global companies, automation, and centralised bureaucracy are now in a majority, and NZ is not immune to these influences.

Shamubeel Eaqub

In NZ, net migration has given the appearance of buoyancy but productivity has not kept pace, and infrastructure cannot cope. So Auckland, a village by world standards is less affordable to a worker than London, New York or Tokyo. Credit growth (borrowing,) has been extreme – 84% increase since 2007. Ironically, the debt boom has been used to fix a problem that was caused by too much debt, and one day, when there are no tools left in the kit, lenders will realise that the risks are too high, and reign in the credit. Then Asset prices inflated by cheap and plentiful money, will correct.

Shamubeel was clear that we cannot apply models and rules of the past, because this situation is new to the world economy. Questions from members ranged over the lack of cheap rental housing, unlike Germany where the rental market is closely regulated and supplied. One member speculated that the market economy was not working, and Shamubeel agreed that the Rogernomics philosophy had extended too far, that Kiwi values had been ignored, and that governments should be prepared to fill the gaps left by private investment.

Mark Cairns, Port of Tauranga, spoke on the role of infrastructure from view point of a successful mixed ownership structure, and the advantage of being the key nodal port in the North Island. Readers of the Scrip will be familiar with Mark's thesis. NZ does not need 13 container ports. The trend to larger ships calling at fewer ports will continue. Growth in demand for containers to and from NZ will be flat, in line with world demand which averages only 1% pa. So what has been achieved in the Tauranga dredging project? After 4 years, and intolerable delays in approvals, POT paves the way for further rationalisation of ports. The infrastructure focus should now continue on rail efficiencies from inland container terminals like those in Manukau and the new development in Otahuhu.

Ships carrying 6500 containers can easily be accommodated in Tauranga, but Mersk has just suggested even larger vessels carrying 9500. Tauranga has set aside 190 Ha for its port while Auckland struggles with only 75Ha. Timaru has quadrupled its container volumes since taken over by Tauranga, and Northport is ready for a surge with 76Ha of port land plus another 180Ha of Maritime Holdings land adjacent to Marsden Point terminal. The East Coast rail link, with 6 trains per day from Auckland has become the only cash flow positive Kiwirail line, due to the growth of Tauranga's port, with the back loading of dairy exports contributing to economies of scale. However Kiwirail is underfunded, and successive governments seem more interested in adding to the 21 recent port studies than making the strategic decisions required. Robert Johnson asked how vulnerable Tauranga port is to mishaps in the Kaimai Tunnel. Mark replied that they could always use a road bridge as a temporary option.

Tim Bennet, NZX, obtained an interesting show of hands, as he asked who of the attendees invested overseas (a majority,) who invested in unlisted companies, (again a majority,) but who invested in Angel or start-up enterprises, (this time a small minority.) Tim traced an improving path of compliance and positive reviews by the FMA from 2012. This success he claimed, resulted in lower costs of capital and ease of secondary capital raising, together with clearer understanding by IPO companies of their obligations to investors. NZX was consciously focussing on smaller and mid cap companies with its master classes and promotion of NXT. It was attempting to supplement the shortage of brokers and financial advisers to help with capital raising.

It was clear that Tim did not support the conservatism of Kiwisaver default funds where over 57% of the fund was invested in non-equity bonds and cash. We were left with the impression that market development for NZX was taking time and money, and the results depended very much on overcoming the reluctance of companies to list in the face of high compliance costs and exacting disclosure requirements, but then as shareholders we are the ones to benefit from keeping that disclosure bar high.

Patrick Strange spoke as the Chair of Chorus and from a wide experience of infrastructure in Transpower and Mercury. The history of trains in South Carolina, telephone lines, and our own hydro system are testament to the benefits of far sighted infrastructure planning. However it does not come risk free. The construction risk in our geologically tricky country, the take-up risk when you have to pour in the cost first and then wait for consumption, and the regulatory risk loom high in investors' minds.

Although software developments have speeded up copper links for data, experience is showing that demand doubles almost as soon as fibre is installed, and this places an extraordinary strain on the Chorus workforce, which had doubled in the past month. Fibre installations to the home were requiring an average of 3 site visits, and charges that the installers were not operating to a trade standard. Patrick mentioned here that Chorus had put cabling along his fenceline which was perfectly acceptable. He then moved on the Regulatory risk. Overseas investors understood that while the sovereign risk was apparently low, the regulatory risk in our infrastructure was a national problem. Regulation was essential, but affected capital supply, efficiency, and consumption without necessarily improving consumer access. Most of those present were happy they did not have the daily battle faced by our lines managers with officials operating under out dated and inadequate legislation.

Tony Carter, chair of FPH and Air NZ, talked to us about the issues facing boards. Chief amongst them is the appointment of a new CEO. The process is important: 1. Form a subcommittee to address the need; 2. Develop a Position description for the future; 3. Cast the net wide via both consultants and staff; 4. Assess both internal and external candidates carefully. Tony stressed the need for succession planning amongst both board and staff. His description of strategy development was also interesting. Management formulates the strategy. The board critiques, so that management's commitment and ownership of the strategy is unshakeable. Tony's comment on board committees, in which directors cannot delegate their liability, but can focus on the technical elements of governance, and then on board member rotation and diversity, were also practical and sane. He did sound a note of caution over the need for increased directors' fees. Ultimately if we want good directors we have to maintain approximate alignment with the market price as ascertained by independent organisations which track the fees. This applies to the hiring of CEOs, whose pay includes a base, a short term incentive, and a long term incentive. The disclosure and publicity given to the amounts means that all incumbents are conscious of the going rate when hiring and reviews occur. This creates an inescapable pressure on boards to pay the going rate. The most important thing is that companies obtain and retain the best talent for the job.

Peter Harris, CBL Corporation, talked about partnerships, and the selection of the most rewarding segments of a market dominated by large and well-funded players. Both company culture and successful partnerships are founded on ethics and fair play, and the history of CBL in acquiring business associates with whom CBL had built up trust, show this – Denmark reinsurance 2005, – French reinsurance 2006, - Olympus Italy 2007, - Tunbridge Wells broking 2011. These expansions were achieved with a very small but highly skilled head office team now 18-strong, but with 550 operatives in key markets. The careful segmentation of markets involved a clear ability to say "no" to insurance proposals outside CBL's chosen fields of commercial contracts and bonding especially in construction. There is continuing demand and opportunity in this industry to guarantee contracts and insure against default, but it is not secured by pushing pamphlets, but by close contact with building contractors, and honouring claims when they arise. It has also meant approximately 130 days per year in long haul travel. This talk was full of practical insights into international business.

Peter Harris

Brian Cadzow, Vista Group, spoke of global domination within the narrow field of movie entertainment, where transactions must be automated and monitored. Vista is a leader in in the field because its software is compatible with most core operating systems and devices, but technology moves quickly and there is a constant need to keep up - developing from Windows 3.1 at the beginning to Windows 10 today, VB3 yesterday to VB6. net today, SQL6.5 in the past to SQL 2016 now. Apple, MS, Android and the Cloud. Nothing in the tech market can be ignored. Customers expect the solution to be ready as each platform is developed, and as markets are swinging more quickly than ever, big data to track consumer movements (like booking by mobile,) need to be available to management on demand. Brian's message was: tech companies must stay ahead of the market, and that is what Vista is doing.

Brian Gaynor, Milford Asset Management, wrapped up the conference lectures – Climb, continue, crash – with his masterly overview. In a world where trading banks and central banks continued to create more cash, there has been an unprecedented drop in interest rates, with accompanying demand for assets including land buildings and equities, but without an increase in wages or general inflation. Why? It is because of a changing workplace, reduced union leverage, deregulation including a reduction in tariffs, new technologies pressing downwards on prices, speedy and competitive service from overseas suppliers.

Brian Gaynor

Our NZX with a gross performance increase of 17% compared to Australia 6% and USA 8%, has never looked better. The construction backlog, increasing tourist flows, and strong food prices suggest that these conditions may persist. The uncertainties are currently political – and NZ is not immune to the growing dissatisfaction of the middle classes as shown in the Brexit vote, and the rise of the Trump faction in USA. Brian observed that fund managers are driving with a foot hovering over the brake, because the markets are not cheap but not significantly overpriced under the conditions. In this environment diversity of shareholdings is important, and he feels, should include a mix of managed funds as well as direct investments.

AGM

NZSA's Annual report and Accounts are readily available on the members' section of the website. The chairman's address was enlivened by news of some progress towards correcting the taxing of capital when demergers occur. Although the minister and officials agree that the legislation requires only a minor change in wording, it will of course, be too great an effort to pass any change before the end of the tax year. Members were also pleased that Oliver Saint, a founding director, and staunch advocate of the NZSA, was recognised by his life membership.

Life Member, Oliver Saint took the opportunity to remind us of the joys of compound interest

Our NZSA Board members during the AGM

Time for a debate on the best practice of independence on the board in New Zealand public companies

The Institute of Directors (IoD) and Chapman Tripp recently developed a comparative table that summarises the similarities and differences between various corporate governance codes in New Zealand and the ASX. I thought this would be a good time for a debate on whether some of the best practice of independence on the board in public companies in New Zealand is still best practice based on the observations from Rakon's case.

A full set of comparative tables is available on the **IOD website**. They cover ethical standards, diversity, audit, remuneration, risk and shareholder relations, as well as the two tables we have reprinted with their permission.

The current codes of practice from various guidelines in New Zealand recommend a majority of non-executive directors with at least two being independent directors on listed company boards. Internationally, there are further recommendations on this area. ASX recommends a majority of independent directors. CFA Institute recommends at least three quarters of independent directors.

Let's look at Rakon's case. There were six directors at Rakon, four

Independence on the board

IoD Code of Practice for Directors	NZX Corporate Governance Best Practice Code	Financial Markets Authority Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that: • NZX listed and widely held companies should have a majority of non-executive directors (with at least two being independent directors). • A CEO/MD should not also be the chair. • Boards should plan succession	Recommendations: • A director should not hold the position of CEO and Chair • Nomination and appointment processes should be formal and transparent. Key mandatory requirements in the Listing Rules • Two independent directors (unless there are eight or more directors, in which case there must be three, or one third) • Board must determine and disclose the independence of directors • At least a third of the directors, and any director appointed by the board during the year, should retire from office at the annual meeting.	• Chair should be independent • The board should comprise a majority of non-executive directors • Specific factors that may influence independence, e.g. recent employment or material business or contractual relationship with the entity	Expands extensively on the FMA's guidelines • Directors should be independently familiar with company operations • Outlines circumstances in which a director could be deemed non-independent, for example • employment in the past three years • being a director of a company where the main company has invested more than 10% of the share capital • succession should occur on a planned and ongoing basis	Recommendations: • Independent Chair. • The board should be comprised of a majority of independent directors

Published with permission of the Insitute of Directors and Chapman Tripp

of them were non-executive directors and two were independent directors. On the face of it, Rakon was following the best practice on governance. As John Hawkins pointed out, three directors on the board were from the Robinson family, which lead to less accountability and a public company being run as a private family business. Should the majority of non- executive directors be lifted to a minimum of three quarters of independent directors in listed companies?

Annual election of directors

NZX recommends at least a third of directors should be retired from office at the annual meeting, which imply a staggered basis election of directors and a three year term for directors. CFA Institute recommends every board members should stand for re-election every year and believe this is in the best interests of investors. Shareholders could then speak about their views on each directors' performance annually, and exercise their right to control who will represent them in the board. Some argue that staggered boards better serve the interests of entrenched managers by making the board less responsive to the needs of shareholders, more likely to align their interests with those of managers, and more likely to resist takeover attempts that would benefit shareholders to the detriment of managers. While others argue that a staggered basis election would ensure continuity of the knowledge and experience in the company. I would argue that shareholders are wise enough to vote for good directors to stay and bad ones to leave. So annual elections for all?

In Rakon's case, this year shareholders could only vote down one director –Darren Robinson, but not Warren Robinson, as he was not due for re-election, although Warren indicated he would not seek for re-election next year after NZSA made it loud and clear of their views. Current chair Bryan Mogridge was voted to stay. In the case of a failing company, would an election for all directors simply risk a mass exit with the loss of expertise.

Remuneration and Nomination Committee

IoD Code of Practice for Directors	NZX Corporate Governance Best Practice Code	Financial Markets Authority Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Guidelines	ASX Corporate Governance Principles and Recommendations
When a committee is established by the board, its terms of reference, powers, duties, reporting procedures, membership, remuneration and duration of office should be clearly recorded. Decision making abilities should be clearly defined. Generally, committee activities should result in recommendations for the approval of the whole board. The IoD recommends that remuneration committee of the board is comprised of independent directors	Have written charters outlining: • Authority; • Duties/responsibilities • Relationship with the board • Regularly review performance of committees against their written charters • Members of the committees identified in annual report • At least a majority of the nomination committee should be independent directors	Commentary on the guidelines mentions the desirability of both committees for some issuers The commentary suggests that the remuneration committee should have a majority of independent directors	Largely similar to the NZX AND FMA, except for the recommendation that all committees should have a majority of independent directors and the Chair of each committee should be independent Recommends a nomination committee (where the company is of sufficient size) and should disclose processes regarding nominations by the shareholders and the nominations committee Recommends establishing procedures for if there is a takeover offer, which should incluse the option of establishing an independent takeover committee	Recommends issuers have a nominations committee (similar to NZX Code recommendations) with the additional recommendation that the chair should be independent.:

Published with permission of the Insitute of Directors and Chapman Tripp

Now that one director is out and another is going to retire, Rakon is most likely to nominate new members to join the board. Let's look at NZ's best practice on who should have a say on the nomination. In a normal circumstance, the board will form a nomination committee to find the candidate, after he or she was approved by the board, the board will nominate and endorse the candidate for shareholders to vote in. NZX recomends at least a majority of the nomination committee should be independent directors. ASX adds an independent chair. CFA Institute recommends nomination committee should only have independent directors. It will be interesting to see how Rakon is going to conduct their nomination process.

For the best interest of small shareholders, I suggest there should be only one corporate governance best practice code for listed companies in New Zealand not four as identified in the comparative table. Perhaps, we should bring the code up to international best practice, such as only independent directors in nomination committees, three quarters independent directors in company boards and annual election of all directors.

Ally Cui

Editor: There are diverse views amongst shareholders on board composition and independence of directors. NZX, which is central to our rules on governance and reporting, issued a consultation paper in November 2015 and NZSA made its submission in February 2016. You can read the submission on the NZSA's public website under submissions. All submissions were summarised in an NZX discussion paper and final submissions called for by 14th October 2016. Any members who wish to discuss a particular point made by NZSA should contact the Chairman or a member of the regulation subcommittee without delay. The purpose of the NZX process is to align the reporting and governance rules more closely with those recommended by FMA, Institutional Governance Forum and NZSA

In August, Hanjin Shipping filed for bankruptcy protection. Around the world, 66 of its ships loaded with $14.5b of goods are left stranded. Ports refuse to let the vessels dock because the line could not pay the fees. Its Danish competitor, Mersk is also in the red. Can the move to larger and larger new vessels continue in the face of huge overcapacity and protectionist sentiment. Reports Economist sept 22

The social problem: In New Zealand real disposable income both before and after housing costs has increased since 2007. The median is up 25%, but for the bottom 10% of households real disposable income is no higher than it was 25 years ago. Brian Fallow, quoting from the Ministry of Social Development 's Annual Report

---

Warren Buffet on Trumps investments: a monkey throwing darts at the stock pages in 1995, when Mr. Trump first offered stock in his Atlantic City hotels, would have come out far ahead of anyone who listened to Mr. Trump's "siren song" and invested in his company that lost money year over year.

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. Comments are those of the attendee, who will often be a shareholder in the company, and are not necessarily NZSA policy. ***Run your cursor over the report heading for a link to the company website***

Argosy Property AGM 9th August

The Chairman, Michael Smith opened the meeting by introducing the board and senior management present and then began his address by clearly setting the goal of Argosy Property as "To be the preferred property investment choice" and supported this with several statistical benchmarks:

- Properties 66
- Tenants 193
- Net Lettable Area >600,000 m²
- Occupancy 99.4%
- WALT * 5.24 years

  *Weighted Average Lease Term
- Portfolio $1.3b

Argosy have had a solid year during which they sold 44 hectares of vacant land in Palmerston North and acquired additional property at Nugent St, Auckland

The CEO, Peter Mence then addressed the meeting with a review of the highlights of the year that included an increase in net property income of 8.2% and, from the shareholders' perspective, an increase in dividend from 6.02cps to 6.25cps (+3.82%).

An interesting observation raised by Peter was the trend for a reduction in office space area per employee from around 15m²/person to approximately 8m²/person. This could lead to some oversupply in the overall property market in fringe central areas in Wellington that could be productively repurposed for hotel or other accommodation uses. However, he indicated that the Auckland market has already adapted to this trend and overall Argosy, with their current portfolio, is ahead of these changes and sees a firm market with sound growth prospects.

The re-election, of Chairman Michael Smith (Chairman) and Peter Brook was un-opposed.

During general business NZSA asked four questions as below to the Chairman with the response.

1. Given current uncertainty around macro-economic situation, has the board reviewed the gearing ratio of the company and what is the level that is considered prudent going forward?

Following an assessment of the impact of potential risks, the Board has adopted a capital management plan that provides for gearing to be between 35 and 40%. We remain satisfied that this is an appropriate range for the business. Currently gearing is at 36.2%.

2. What is the board doing proactively to increase diversity - which is widely regarded to give better outcomes?

The Board is required to act in the best interests of shareholders. Over the past four years, Argosy has refreshed its board with the appointments of Mark Cross (March 2012), Chris Hunter (June 2013) and Jeff Morrison (July 2013), who bring the skills and experience that we as a business have required as we transitioned into the internalised company that we are today.

The Argosy board acknowledges the attraction of diversity and we value diversity of thought and perspective, along with business performance and innovation.

There are no impediments for us as a board to appoint a female board member. At the next appointment of a new board member, we will consider anybody with the right mix of skills, experience and qualifications, irrespective their gender or race, however we are cognisant of the desirability of bringing diversity to the board table.

3 Does the board have a specific succession plan in place and if so, can the Chair share the general nature of what is proposed over the next couple of years?

Michael Smith and Peter Brook would not stand again. This would give the Board to manage succession over the next year or so.

4 Does the company have a formal "Social Responsibility" policy in terms of the tenants that it is happy to work with and the nature of the businesses that it provides accommodation for. If so, can the Chairman give the meeting a brief overview of what is and is not acceptable to Argosy?

The Board does not have a formal social responsibility policy. The board is developing an ESG (Environmental, Social, Governance) reporting model and next year's annual report should provide detail on where we stand on social matters. We would of course be interested in the view point of the NZSA and our shareholders.

These answers could lead to a few more questions at next year's AGM?

Robert Johnston

Fisher and Paykel Healthcare AGM 23rd August

The Chairman Tony Carter opened the meeting highlighting some of the company's achievements in the last financial year.

10 million plus patients treated using their medical devices.

The potential global market opportunity is US$6 billion for their devices.

They now employ 500 plus engineers and scientist working in R & D and spend on R & D $73.3million.

An interesting statistic provided by the chairman was that US population 65 years and older will grow by 80% over the next 20 years. 60% of US healthcare cost is after the age of 65. The Chinese healthcare expenditure is increasing, and expected to exceed US$1 trillion by 2020.

The company reported record operating revenue at NZ$815m, NPAT NZ$ 143m which was growth of 27%. Total dividend for the year was 16.7 cents.

Growth came from Hospital Product Group plus 22%, and Healthcare Product Group plus 21%.

Growth is expected from across all products. Three new opportunities will come from respiratory support in hospital, homecare and surgery. Two new masks for non-invasive ventilation and OSA will be launched this year.

The company has performed up to expectations since taking over direct distribution in the USA. The company has now employed its own people in many other overseas markets to help its distributors to sell its products.

Two new manufacturing sites are being built in Auckland and Mexico to handle future growth. A new distribution centre is being established in California to improve customer service. The chairman forecast the company will double its sales and NPAT over the next four years. Growth of plus 20% is expected for a number of years.

The first half year operating revenue was NZ$420m with NPAT NZ$76m.

For the full year operating revenue is forecasted around NZ$880m and NPAT NZ$165m.

The chairman did say the company is involved in a patent infringement allegation with its competitor ResMed, which could take up to 10 years to play out in court.

All resolutions were passed with over 99% support. I would recommend all shareholders read the annual report. FPH has to be one of the best growth stories on the NZ market.

Des Hunt

Z Energy AGM 1st July

For their first time the Z Energy AGM was run as a virtual meeting. That is, not only was the meeting webcast to absent shareholders, providing they had pre-registered, they were able to ask questions and vote in real time. Nine shareholders joined the meeting in this way. At the meeting, Chair, Peter Griffiths and CEO, Mike Bennetts provided interesting recaps of the year that was.

The Annual Report makes good reading. Pages 2 And 3 of the report (see graphic on right) provides a good numerical overview, including a nudge at the not so good apples when they note they paid $64 million in tax and GST in the year, unlike some of the international companies such as Google and Apple.

The storybook style adopted by the now six-year-old company in the Annual Report brought to mind the old Winnie the Pooh line about "now I am six I am as clever as clever, I think I will stay six for ever and ever". The Z storybook presentation cannot hide the careful thought that has gone in behind the scenes. There are four unifying themes: Our people, Our Communities, Our Environment, and Our Finances, and you feel well informed when you are done reading.

This clarity of communication must contribute to the 77% engagement by staff, and that would extend from the 300 direct employees to the further 2,200 employed throughout the retail network.

Tribute was paid to the leadership Marco Bogoievski had given to the Company during his tenure, which had ended half way through this year as Infratil sold out their holding.

The recap of the year provided interesting insights into the Commerce Commission decision, and while unsaid, there was no

doubt considerable work done by Z to research and frame the discussion. The result was that only (1) one of the 27 or 28 decisions across the 7 markets was against them and that seemed to be a philosophical difference rather than a factual difference. Something about the theory based dependence of observation perhaps.

Directors Fees: A rise of 11% in the year was proposed and passed. As the first rise in three years this seemed fairly reasonable. The point was also made about allowing for periods of an eighth director to provide continuity around any changes in the Board.

Z seems to have made an amazing job of bringing Chevron / Caltex into the fold. Chevron basically took all their technology with them just to increase the degree of difficulty. The number of people involved in this, the number of tasks, and the complexity cannot be overstated.

The refinery of Biodiesel will hugely outperform some other lauded CO2 Initiatives. There has been some careful staging of biodiesel project, and much was made of the ability to expand output quite cheaply later on. No doubt this has involved some early spend on core components. Stage One is not yet operating, and is now behind time. The reason given was that they weren't yet sure it was going to be safe for their people in operation, which is hard to fault, even if not as enlightening as it might be as to how they got to that situation.

Throughout the meeting, and in discussion with some of the Directors afterward there was a clear impression of "plain speaking" and a consistent unified message. Given the rhetoric of the American elections I want to make it clear I mean that in a most positive way, and you feel there is a positive bias to being open and informative.

There are a raft of new initiatives coming, many to do with technology, including enhancements to the "Z" phone app. In discussion with one of the Directors afterwards I made an opening comment that it must be nice to be involved in so many interesting projects. The reply was at pains to make it clear these were all strategy driven rather than toy and fascination driven.

The Directors up for re-election all spoke well. Like a good pub quiz team, the Board have a good range of backgrounds, seem to work well together, and so together they can cover quite a number of bases. I think the Board processes that led to these outcomes and these choices would withstand a lot of scrutiny.

There was nothing controversial in the formal motions and very few questions.

Certainly shareholders, employees, communities, and NZX would not be disappointed if Z continued to achieve as it has as a six-year-old "for ever and ever".

Mathew Underwood and Adrian Parkyn

Have Z AGMs lost their relevance with shareholders?

Yes, according to an opinion piece from Z corporate governance officer, Debra Blackett, published in the NZ Herald on September 14th. Z considers that AGMs are dead and should be abandoned.

Apparently, this year, only 19 people attended Z's AGM. From this she draws the conclusion that shareholders are not interested so the cost and time commitment to Z is not warranted. To replace AGMs, she advocates shareholders use Facebook to talk to and receive information from the company. Z has more than 250,000 Facebook followers. I suspect not too many of those are typical attendees at annual shareholder meetings.

Ms Blackett advocates shareholders interact with the company through attending regional briefings or contacting management directly. Direct interaction with directors will have to be sacrificed because, "when a business is performing in line with or ahead of shareholder expectations and is open and transparent with its investors, that interaction is largely symbolic." Pointedly, she comments that, "all the resolutions at the meeting had been voted on in advance and overwhelmingly passed (including a modest increase to director's remuneration)." Can we assume Ms Blackett's view on the irrelevance of shareholder's mandated forums is shared by other senior managers?

Z's Investor Communication Policy says, inter alia, that Z is committed to making it easy for investors to participate in Z Energy's general meetings; and shareholder meetings will be held at a time and location designed to maximise participation by investors. The evidence is that this year's meeting in Wellington did not do that.

Is Ms Blackett just piqued that she miscalculated and ordered more chairs and savouries than needed?

Z has now held three AGMs. Attendance wise, the two in Wellington have been flops. The one in Auckland was well attended. If Z truly does want to talk with shareholders, surely the lesson would be to follow the evidence and take the meeting to a location where there will be maximum participation.

You can read Ms Blackett's article **here**.

Bruce Parkes

Ike GPS AGM 20th September

Thirty-five shareholders turned up at the Port Nicholson Yacht Club for the third IKE GPS AGM since they listed in 2014. It was a pretty informal affair with club sandwiches and coffee laid on before and after the AGM. It opened with a short presentation from the Chair Rick Christie. Rick noted he had 12.5 million proxies representing 21% of the IKE shares and that he would vote all undirected proxies in favour of the resolutions to re-elect directors and fix the auditor's fee – no surprises there.

It has been another very busy year with FY 2016 revenue 2.3 x 2015 revenue, and an increased loss (as expected). First half of 2017 revenue was tracking below guidance due an earthquake in Taiwan affecting supply of a critical component and delays in finalising contracts with electric utilities. Despite these setbacks FY 2017 guidance remains the same (actually increases a bit) as IKE is confident the revenue will be made up in the second half. Rick noted the capital raising currently underway had brought on board a number of Australian investors and as a result IKE would be dual listing on the ASX within 90 days of the AGM.

Colorado based CEO Glenn Milnes then took over. IKE has three main products/revenue streams. The IKE4 hardware and software system sold directly to utilities (mostly in USA), Spike which is the smartphone clip-on and cloudy software that measures stuff very well and is popular with the signage industry in USA, and Smart Measure Pro, a version of Spike without some of the software smarts for signage, that is sold by Stanley Black and Decker.

IKE4 is high margin but requires a direct sales force working closely with the utilities. Spike is also profitable (65% gross margin) and sold primarily via the web with some direct sales now occurring into the signage industry. 5,000 units sold to date. Smart Measure pro has slimmer margins (perhaps 1/5th of the Spike margin?) but lots are being sold (35,000+) and they are about to enter Europe.

Cash breakeven is forecast for Q4 2017 so hopefully the current cash raising will get them there.

Resolutions all passed on a show of hands.

Questions – Board renewal? A: Likely as the board needs to become more international. When will IKE pay a dividend? A: Not for a while, any profit will be reinvested in the business. What has changed materially for FY 2017? A: Upgraded guidance to higher than forecast sales of Smart Measure Pro. What about competitors? A: IKE are focusing on niche markets and the strength of the products is the integration of their hardware and software. Haven't seen a threat yet. Percentage of revenue that is recurring? A: Not answered directly. Increasing. Why was capital raising needed if cash breakeven is around the corner? A: Faster expansion into international markets.

In some ways the IKE AGM reminded me of early Xero AGMs, a small company with global ambitions, a quality product set, and growing quickly. Let's hope IKE has success.

Martin Dowse

Green Cross Health AGM 2nd August

Green Cross has an impressive lineup of experience in its board from Rushbrook, Bagnall and Bolland's financial expertise, to Dr Edwards General Practice, plus Orr's retail pharmacology and Millard's experience in community support. Chair Peter Merton summarised developments in the 3 streams of activity which are clearly laid out in the annual report. Pharmacy Services employs assets of $176m and makes $26.7m of EBIT. The Life and Unichem shops are a mature source of cash but capable of significant development and 25 new shops were added during the 2016 year. 2600 staff members are enrolled in the GC Academy and many stores offer vaccinating services. The 47 medical centres use assets $36m and produce EBIT of $2.7m but the margin on sales, (9%) suggests they are capable of significant development.

The newer Community Health division (including Total Care and Access Homehealth) used $39m of assets and produced around $600k of EBIT. This area demands increased government funding but has significant cross selling opportunities with the other 2 divisions. After the special dividend (15c) in 2015, the balance sheet is safely geared, and the dividend yield will return to normal.

As part of his address, the Chairman drew attention to two key challenges faced by the business. The first, given the expectation of increasing demand for home based care for the elderly, was appropriate funding for community health care. The second was the review by the Ministry of Health of the pharmacy ownership laws. Green Cross is actively contributing to the debate and is encouraging a focus on patient and/or economic benefits for the review.

The election of Ken Orr and Dr Tony Edwards passed without dissent. It was fortunate that NZSA had prepared a few questions because the Chairman likes to ask for questions of his candidate directors rather than have them present a speech. This works only when shareholders have their questions ready. Previous meetings had been rather dull when shareholders seemed daunted by the expertise on the board in this complex business.

We asked about the difficulties faced by the home health business, and it was clear that the company was attempting to focus on professional nursing and health services rather than showering, housework and meals. Pay parity and living wage issues also challenge the business, and because many clients are beneficiaries, adequate government funding according to dependency and need are essential.

Martin Watson also asked about IT development in facilitating synergies between the 3 divisions, and it was clear from comments by the responsible manager (2 full time IT professionals employed) that there are significant opportunities for Green Cross to capture that will improve patient/client experience and outcomes as well as introducing business efficiencies. Martin was also interested in Keith Rushbrook's opinion on the pending introduction of IFRS 16 which demands that shop and other operating leases be shown in the balance sheet as liabilities.

From the discomfort his question caused, we deduced that this international standard was likely to cause initial misunderstandings with lenders, shareholders, and accountants until everyone was familiar with the principle. In our opinion such liabilities and corresponding occupancy rights (asset) extending well beyond the accounting period should be shown separately in financial reports to prevent misunderstanding.

We left feeling that the company has potential in all 3 divisions by acquisition, organic growth, and cross selling, but that the challenges for each division will demand careful financial and human resource management to secure customer loyalty and retain a healthy bottom line.

Alan Best and Martin Watson

Arvida AGM 19th August

For the first time since listing in 2014, Arvida brought its annual shareholder's meeting to Auckland and was rewarded with a nearly full house in one of the smaller conference rooms at the Stamford Plaza. While next year the meeting will probably be in Christchurch, the next Auckland meeting will require increased space and catering capacity. Copies of the meeting presentations by chairman, Peter Wilson and CEO, Bill McDonald, are available on the NZX and company sites. The meeting was not webcast as the cost was seen as prohibitive and the meeting did not attract media coverage.

Like other aged care providers, Arvida is enjoying good times. Since listing at 95cents in December 2014 the shares are trading at $1.20 with a dividend yield of 4.6% on the issue price. The firm is operating ahead of forecasts as it continues to acquire further assets and redevelop brownfield sites.

Arvida's point of difference from its competitors is a heavy weighting towards aged care rather than residential living. As such, it is heavily exposed to the current move to upgrade aged care worker wages to "equal pay" levels. Both in his address and in answer to a question, Bill McDonald was non comital about this, saying that they were leaving negotiations to the Aged Care Association and were waiting to see what would happen.

There was a good range of questions from shareholders – a number of whom identified themselves as NZSA members. From these questions we learnt that:

- Arvida will continue with a conservative gearing ratio and will look to raise further capital at some time in the future, including an SPP.
- Growth will be through acquisition and brownfield development/refurbishment. Although the company has no greenfield sites, it is open to acquiring sites that enhance its national coverage.
- Directors will look to market benchmarking for fee increases inside the authorised cap rather than using CPI.
- Some holders of occupational rights agreements have a capital gains – or loss –component in their agreements. This is a legacy arrangement and will not be repeated in future agreements.
- There is an awareness of the potential for reputational damage through care negligence or mismanagement. A whistle blower friendly climate will be encouraged.
- The company has a policy of keeping its villages open to the community and eschews a gated village approach.
- While open to robotic care delivery, care delivered by humans is still the preferred option.

Total votes at the meeting were 87,259,466 – 31.3% of the shares on issue. Of these, 47,687,000 were proxies. There were 5 resolutions on the agenda. With rounded percentages, directors Peter Wilson and Anthony Beverley were re-elected with 100% in favour; the increase in director's fees was approved by 90.4%; 99.9% were in favour of ratifying a share issue as a part payment for Lansdowne Park; and 99.8% authorised directors to fix the auditor's fees and expenses.

In September Arvida purchased three more villages. Two in Tauranga and one in Cambridge. To fund this, Arvida is issuing nearly 40 million more shares under a SPP at a 12% discount to the market price.

Bruce Parkes

Smith City Group AGM 8th September

CEO Roy Campbell reported that the company now trades under the one brand, the two Auckland and one Whangarei 'Furniture City' stores now re-branded as Smiths City. Craig stated that the company had closed seven appliance-only stores and opened a new store in Taupo. He also pointed out that the company has no bank-borrowing against stock, and the shares, now trading around 70 cents have an asset backing of 95 cents. Directors' fees have been at the same level the past three years. A review supports an increase but any increase will be held off until next year when, Chair, Craig Boyce stated, "We hope to produce good news."

Campbell pointed out that the company now had 36 stores throughout the country (including 4 outlet stores), emphasised the usefulness in having an in-house finance company and getting rid of the slogan "Makes life easy". Marketing opportunities will concentrate on Hamilton, Hawkes Bay and Wellington. Among many other points, he stressed that there had been a reduction in staff and stock levels and an increase in sales, all tied in with efficiencies to be gained in logistics and the ability of staff members to conduct finance arrangements virtually at the point of sale.

The most recent Board appointment was Dunedin-based Tony Allison. Tony was nominated by Utilico Investments. The Board agreed, and shareholders supported his nomination. Tony is a financial accountant and CEO of the Night and Day franchise stores.

NZSA member Michael Midgely questioned the Chairman about recent changes in shareholdings within the company; in particular the presence of Mercantile Investments and Sandon Capital. Craig pointed out that any major buyer who reached 20% would have to make a takeover offer. The recent Substantial Security Holder is Sir Ron Brierley's Mercantile Investment Co/Sandon Capital, totalling around 17% in two tranches. In the annual report for the period 30 April 2016, four substantial security holders are listed: US-based Donald Campbell (18.33% of shares), Utilico Investments (13.55%) and the two Ron Brierley related companies Sandon Capital and Mercantile Investments (7.31% and 7.2%). Craig Boyce reported that the two Sir Ron Brierley related companies Sandon Capital and Mercantile Investments had increased their combined holding to around 17%.

Sandon Capital's, Gabriel Radzyminski, asked for a poll and voted the 17% stake against the three resolutions: the appointment of Tony Allison, re-appointment of Craig Boyce and re-appointment of independent Gary Rohlof as directors. Asked by Michael Midgely "Would the person proposing the poll explain why he called for a poll?" Gabriel's response was "No comment." The resolutions were passed by about 17 million to 9 million votes.

On a turnover of $221m the company made a net profit of $5.6m. Total dividend for the year 3.5cps.

There could be some exciting times coming up with Smiths City. If you are a shareholder, keep an eye open for any Special Meetings, and appoint the NZSA as your proxy because your votes may be vital!

Tim Kerr and Frank Stewart

Deputy Chair John Dobson, C.E.O. Roy Campbell, Directors Gary Hohloff, Sheena Henderson and Tony Allison, C.F.O. Brian Lee. Foreground, Executive Assistant Jill Cumberland
Photo: T Kerr

Augusta Capital AGM 25th August

Getting shareholders to attend an Augusta meeting is always a challenge. Holding the meeting at Northern Club, approachable only along uphill unsheltered streets, on a wet afternoon did nothing to boost this year's attendance. I counted only 15 attendees amongst the usual 'suits'.

In just 20 minutes we listened to presentations from chairman, Paul Duffy, and executive director, Mark Francis. Copies of those presentations are available on both Augusta's and the NZX websites. With the sale of Augusta House – approved by shareholders at a special shareholder meeting a month earlier – Augusta is now firmly placed as a funds management company. As such, it has lost its PIE status.

I was the only one with any questions. I found that:

- Gearing is down to 34% but the board see a probable need to lift the "constitutional gearing" above its present level of 50%. To do so, they will have to call a special shareholder meeting – probably in the first quarter of 2017.
- OCR changes have not had a major effect on debt servicing. Loans are spread and hedged. There has been increased interest in property syndication from investors seeking yield.
- The only land still available for sale/development is a small lot at Silverdale adjacent to the Bunnings site.

John Loughlin, Mark Petersen and Paul Duffy were re-elected as The only land still available for sale/development is a small lot at directors. Mr Loughlin will retire at the 2017 AGM. The usual resolution to set auditor's fees was passed, as was a resolution to increase directors fees by $30,000. This is to cover extra work by non-executive directors in leading up to 6 further due diligence committees (above the 6 already budgeted) looking at new syndication proposals. This will leave the director fee pool a bit tight should a new director be brought on to transition the replacement of John Loughlin. Mr Duffy, supported by legal counsel, advised me that the company constitution allows for this with any necessary confirmation to be obtained at the following AGM.

All resolutions were voted by poll. While registry staff crunched the numbers we enjoyed conversations with directors and senior staff. It was all too much for one shareholder who slept soundly on.

Not so Augusta. In September it bought a 9.7% stake in NPT from the ACC at a price 14% above the then market price. Augusta sees value in the deal. By the next AGM we should know if they were right.

Bruce Parkes

NPT AGM 19th August

Formerly National Property Trust, NPT is now a company with its own in-house management. It holds only 5 properties – 2 in Auckland, 2 in Christchurch, and 1 in Hawkes Bay. Nevertheless it declared a 31% increase in NPAT, to $8.4m. caShares valued a 65cents are well below the net asset value of 74c each. About 15 shareholders learned that property faced the general headwind of low interest rates and increasing land prices making it difficult to obtain rental returns on new property.

Eastgate faced the additional problem of vacancies caused by the earthquake, and the diversion of Eastern residents to shop at alternative centres in Redcliffs and Ferrymead. The meeting was uneventful.

Garry Adams

Serko AGM 23rd August

Serko is a technology company (specialising in online travel bookings) which listed on NZX in June 2014. The shares listed at $1.10 and (like a number of technology companies) have been on a downward spiral. At last year's AGM the shares were 90 cents. At 2016 AGM they are 60 cents. Was this just another technology company where the directors had over promised and under delivered? As a shareholder I was very interested to hear what Management and the Directors had to say.

The Chairman, Simon Botherway, advised that although revenue growth was not as strong as the previous year, trading revenue had increased and booking transactions rose by 54%. The Arnold business purchased last year from Expedia was being decommissioned, and this would result in more cost savings. He outlined Serko's strategic focus (which was exactly the same as the previous year): grow market share; increase revenue per booking; and retain competitive edge.

Simon stated that Serko had just announced to NZX that they had secured a deal with Sabre Corporation a NASDAQ-listed company. The deal should provide Serko with minimum annual revenue of $1m commencing in the second half of 2017. He also stated that Serko had: positive cash flow at the end of the year; cash reserves of $5.8m; and they were managing cash burn. Serko had lost clients due to the Arnold decommissioning and their expense management system (Serko Incharge) was not trading as well as expected. He was unable to provide guidance for the 2017 financial year. The departure of CFO Tim Bluett and the appointment of an interim CFO also raised the anxiety level.

The shareholders where shown a promotional video of Serko's recently released Serko. Travel product. However, the two minute synopsis turned into a tedious product demonstration. It was really just a rename of last year's demonstration – then Serko Mobile. At least the product had finally been launched!

The Chairman was up for re-election and as a Shareholder asked: "You have been the Chairman of Serko since listing and during your tenure the share price has steadily declined - did he really think he was the right person to lead a technology company?" He responded that he had been involved with Serko's listing, had good governance, compliance and capital management skills. In the event both he and Bob Shaw were re-elected by poll

Question time was reduced again

Development to commercialisation - when was Serko going to ramp up and what is their model - a "J" curve? (CEO = it was early days at Serko travel and they were still putting polish on it).Another shareholder followed this with: Last year you were putting polish on the same software. There have been time delays in getting the product to market when will you stop the polishing? (CEO = the product has just been launched).

Strong questions remained at the end of the meeting.

What was the attrition rate of Arnold and what impact has this had on the business?

If Serko has 40% of the enterprise market share (Serko Online), with such a large share of this market, why were they not making money?

It is taking much longer than expected to get Serko's products to market, to gain the numbers and then monetise. Was Serko's approach of "let's conquer the world" working? Would a better approach be "let's get focussed on a successful product" and take that to market?

Serko's travel booking software was re-branded: Serko.Travel. There would have been an opportunity to change or remove the name "Serko" so that it was not confused with Serco (an international service company) widely known in NZ for poor performance managing our prisons. Was a change of name considered?

Simon mentioned a couple of times he was "hopeful" that Serko would obtain the volume on the Sabre deal. However, management's track record has shown that it takes much longer for the numbers gain traction and come "on-board", so how realistic is the "hopeful"?

There have been significant delays in getting Serko Travel to market. What processes exist to ensure that future product development (eg the new User Interface for Serko Online) will not suffer the same delays and cost overruns?

Serko's strategic focus is exactly the same as the previous year. This strategy did not work well last year so why do the Directors think the same strategy will work for the next financial year?

There have been significant delays in signing and implementing key supplier agreements. Was this just a case of Serko management seeing the world through rose tinted glasses rather than standing back and forecasting with more objectivity?

Jenny Miller

Editor: These are valid questions, and NZSA Board will follow up with the company

Vector AGM 29th September

Along with 75% shareholder Entrust, Vector has 33,582 other shareholders. The regular turnout at the company's annual shareholder meetings would suggest that those shareholders are heavily weighted towards residence in the Auckland area. This year's meeting, which was webcast, followed the usual format. Presentations from chairman, Michael Stiassny and C.E.O. Simon Mackenzie (available on the Vector and NZX websites), some questions from the floor and the voting on resolutions, which given the Entrust holding, are always going to pass.

We were told that the energy sector is exposed to disruptive change and that Vector is aiming to lead that change through the use of new technology and changes in business practices. As well, the growth of Auckland has seen the addition of 11,849 new connections. The sale of Vector Gas, seen as having low growth prospects and exposed to regulatory headwinds, has strengthened the balance sheet and reduced gearing to 43.7%.

Dividends were up for the tenth straight year, albeit only by 0.25cents a share. This represents 75% of free cash flow and the board is looking at increasing this pay-out ratio.

Vector's network business is highly regulated and the company is in ongoing discussion with the Commerce Commission on the input methadologies that govern that regulation. There is a need to recognise accelerated depreciation in recognition of the rapid and unpredictable technology changes in the sector.

The regulatory hurdles facing the company were illustrated by the need to navigate more than 900 potential legal requirements emerging out of more than 80 acts, regulations and standards before they could roll out the Tesla battery solutions.

Even though the Auckland energy network requires some $2.0 billion of capital investment over the next decade, the company is actively seeking new investment opportunities both in New Zealand and off shore. But there are limited opportunities for major acquisitions, given the strong international competition for infrastructure assets, particularly from off shore buyers that benefit from lower financing costs.

Amongst other initiatives, Vector has an agreement with Australian block chain energy company, Power Ledger, to bring peer to peer energy exchange technology to New Zealand. The company is also trialing drones equipped with Light Detection and Ranging (LIDAR) scanning technology to produce 3D models of its network to better target preventive maintenance.

Retiring directors Bob Thomson and Karen Sherry both spoke to the meeting on the resolutions for their re-election. Mr. Thomson was particularly impressive as he outlined his passion for the industry and his vision of the changes that are coming. Peter Bird, also up for re-election has resigned and the company is currently looking for a replacement. Perhaps we will see this board, which is very competent but looking rather settled, take the opportunity for wider refreshment.

Following formal business, both board members and senior managers mingled well with shareholders for face to face discussion.

Bruce Parkes

Evolve Education AGM 25th August

Chair, Nora Barlow's overview encompassed the 106 early childhood centres, the home based care of Porse and Au Pair Link, and Porse's registered Private Training Establishment which focusses on early childhood care. The board's assessment of the management team's progress is heavily influenced by Mark Findlay's experience as the founder of the Lollipop Group, (Mark's shares now out of escrow are still tightly held,) but its diversity comes from Alistair Ryan's governance, Greg Kearn's Australian education experience, and of course Nora's own background with Summerset villages. Evolves performance is well covered by the reports on its website.

Alan Wham, CEO, concentrated on a performance which exceeded forecast, adding 900 places ($1m revenue) to the childcare centres, and exploiting the synergies between Porse and Au Pair Link, The continuous feedback from 3600 families whose comments and criticisms are used for development, and who become the chief promoters of the evolving system. Alan then moved to the potential for acquisition in a market which is necessarily fragmented around the suburbs, duplicating overheads of small centres, but demanding high levels of professional development, safety, and administration. Evolve is targeting 20 centres for 2017, but is more likely to achieve 15. Bank facilities will accommodate the planned acquisitions. In the light of this Alan explained how the management team had been strengthened, - new CFO, new COO, plus specialist for human resources, property, and general managers. . He acknowledged that there was a need to establish new leadership in the early childhood centres where owner operators or key staff exited the business as this was impacting the performance of some centres. He also advised that in order to optimise returns a few of the smaller centres (purchased as part of a bigger group) would be sold and the capital invested into centres offering a better return.

Questions covered the need for a coherent brand strategy, which Alan Wham observed should take second place to successful service delivery, and was a work-in-progress. The obscure naming of Porse was questioned as being more like a brand of womens' hygiene products. Low occupancy rates in January, the 3 yearly reviews by ERO, restricted per capita funding by government, catering for vulnerable children were all highlighted by shareholders. The possibility of quarterly reporting and dividends was quickly vetoed, as Evolve had taken advantage of the foreign exempt status in its ASX registration and complied with the 6 monthly requirement of NZX. The re election of Nora Barlow and Alistair Ryan was unopposed, Alistair justifying the new IFRS rules for disclosing leases as assets and liabilities in the balance sheet. There was little apparent opposition to the signalling of a directors' fee review for 2017.

Jenny Miller and Alan Best

Stride Property Group AGM 29th August

Stride has evolved significantly over the past year; so much so that we were offered an overhead showing the current structure of the group at this, the first AGM for the Stride Property Group.

Stride Property Group comprises Stride Property Limited whose securities are stapled to Stride Investment Management Limited (SIML) -You can't have one without the other. Looking back we were reviewing the 2016 year of Stride Property Group. Looking forward we were discussing the prospects of both entities and voting on resolutions to reappoint directors of SIML who would automatically be directors of Stride Property.

As a further twist, two of the SIML independent directors, currently John Harvey and Tim Storey, are also appointed as directors of Investore Property Limited – a former Stride subsidiary that has been divested and floated as a separate NZX listed company. SIML also manages the property portfolio for Diversified NZ Property Trust – an unlisted investment entity primarily for Australian based superannuation funds.

Both chairman, Tim Storey and Chief Executive Peter Alexander made presentations, which are available on the Stride and NZX websites. Mr Storey emphasised a successful restructuring process, an increase in NTA, share price and dividends. The, innovative for New Zealand, stapled share structure means that shareholders can continue to hold interests in both property investment and real estate investment management businesses.

Peter Alexander said that Stride has a clear focus of delivering market leading returns to shareholders by delivering growth as measured by dividends per share. Annual growth of 13.9% and 4.9% for the past two years has comfortably exceeded set targets. At the beginning of the 2016 year Stride owned or managed assets valued at $972million. Now it is over $2billion. The company also divested $89million of assets that did not fit the vision for the future.

In resolutions before the meeting authority was gained to fix the remuneration of PricewaterhouseCoopers for both Stride Property and SIML; and both Michael Stiassny and David van Schaardenburg were re-elected as directors of SIML.

Shareholders asked questions about;

the ongoing PIE status – be reviewed by IRD in 3 years as is normal practice

what's in the future – the answer was a little surprising, "we are catching our breath after all the recent activity, there is nothing lined up but we have built a platform for growth.

The 70 or so shareholders then adjourned for refreshments. "Light" was the operative word and they mostly quickly moved on looking for heartier sustenance elsewhere. Those who stayed enjoyed easier and longer conversations with directors and senior management.

Bruce Parkes

AFT Pharmaceuticals AGM 5th August

When AFT was listed on 22nd December 2015, its product disclosure statement (PDS) indicated that of the $32m raised, 43%would be used to develop Maxigesic product including liquid and powder, in-market trials, and licensing of distributors, 18% would be used to develop Maxiclear, Fibroleve, and Pascaderm, 10% to develop the Surf Nebuliser; 12% to general growth of the existing portfolio, and 10% on offer costs.

From the Annual report, it appeared to have exceeded forecast with a 14% increase in revenue to $64m, a 10% increase in gross profit, and a 2% increase in operating loss. Although it was burning cash on development at nearly $14m, that is why it raised capital. In the first AGM only 7 months later, it was difficult to assess how close the company had come to its PDS. Brian Gaynor picked this at once and asked the company for more financial information, and an update on the first 4 months of FY17.

The Chairman was not prepared to give bottom line estimates, but said they were intent on living up to all forecasts within the PDS.

Shareholders had to be impressed with the depth of experience and quality of the AFT board who were given a chance to introduce themselves individually: David Flacks, chair, and current member of the Takeovers Panel and NZX Disciplinary tribunal – Dr Hartley Atkinson, CEO, founder and former Director in Roche,- Jim Burn Chair of Assurex Health in Cincinnati,- Maree Atkinson registered nurse and an original administrator in the enterprise;- Jon Lamb a practical international marketer and director,- Dr Doug Wilson pharmaceutical researcher consultant and regulator; - Nate Hukill, investment banker and President of CRG USA.

The board is supported by Malcolm Tubby CFO and other highly qualified pharmacists from Finland, Germany, UK, and NZ who were introduced at the meeting.

Hartley Atkinson took us through the recent activities – the registering of 10 products for Singapore – the out-licensing of Maxigesic to experts in other huge markets (launch stock in Italy was too low and they have scrambled to supply,) – the need to conduct studies in each large market because regulators will not accept foreign studies, - the use of centres of excellence for the testing of various products (Jordan, Cardiff, Mexico, USA, Russia.

The challenge is large but so are the markets. Filing in USA is exacting but straightforward, because USA supplies clear road maps and sign posts, but where the Australasian analgesic market is $290m, the US market is $4billion.

Questions included the limited liquidity of shares even with shares now released from escrow. The unwillingness of the Atkinsons (who hold 73% of the company,) to sell more than the 1.1m of stock offered in the IPO, was taken as a good sign by shareholders present.

The need for more up to date financials as part of the AGM was accepted by the chair. The risk of recalls (endemic in the pharmaceutical trade,) was assessed as low. Most recalls are initiated because of labelling.

The company is aware of consumer resistance to segmenting the same product at different prices for different parts of a national market, and is avoiding this trap. Hartley Atkinson said that he expected that the capital raising had supplied enough cash for the company to go through its development programme to near break-even in 2018 and profit in 2019. So now Shareholders need to keep an eye on that rate of cash burn over the next 2 years.

Alan Best

Trustpower AGM 9th September

This was the last AGM of Trustpower as we know it. The Meeting started at 11am but before the official start time there was a presentation from 10 am about the demerger of Trustpower and Tilt which was very interesting.

Basically, Tilt will be the Australian growth company and will take over everything except the hydro dams and a small geothermal plant which Trustpower is left with. One shareholder was unhappy about the tax implications and got a long convoluted explanation. So, on behalf of the NZSA I asked the Chairman if he could confirm in a nutshell, that because of particular circumstances there will be no tax liability regarding the demerger. He confirmed that this was correct.

NZSA is in favour of the resolutions put to the meeting. The demerger was never in doubt as it was supported by Infratil(51% shareholding) and TECT (Energy Trust – 26.8%). All shareholders will be issued with Trustpower and Tilt shares.

Regarding the resolution to increase Directors fees, the Chairman confirmed that it was a one off.

Another shareholder wanted more gender diversity. The Chairman explained that the board actually requested the recruitment agency to draw up a women only list and one fitted the bill. Susan Peterson is the Director and was duly elected.

The meeting finished just before 1 pm. There were not as many shareholders attending this important meeting as I thought there would be and some didn't seem aware of the presentation about Tilt & Trustpower at 10 am.

Jane Lyndon

Pacific Edge AGM 25th August

Dunedin based cancer diagnostic company, Pacific Edge forecast steady increases in revenue from its existing bladder cancer diagnostic tests and the new CX Bladder Predict kit being released this year. Over 70 shareholders and advisers heard how the company was handling its negative operating cashflow of about $17m against its cash reserves of $24m, when operating revenue excluding Government grants had increased from the previous year to only $4.9m. Like several other smaller companies reviewed recently, the new chairman Chris Gallaher explained that the company was transitioning from development to $100m revenue, and perhaps, profit in 2018.

Since listing Pacific Edge has burned through 12 years of losses, and $73m of funds. CEO David Darling addressed Brian Tyler's question on the going concern outlined above, by pointing to measured sales growth in New Zealand and Australia, and a new office in Singapore. The big target is USA, where there are 17000 urologists who can recommend the non-invasive tests for a considerable cash saving to funders and consumers. The sales team is now in place, the product developed, and the board strengthened with an American director. Roll on 2018. It will be a big year for NZ tech companies if the plans are executed well.

Dave Johnston

Orion Health AGM 22nd September

Possibly because they felt that shareholders generally did not understand the database software they are building, Orion gave attendees the opportunity to visit before the AGM, and about 30 took advantage of this – learning first in front of a whiteboard about the various platforms employed, then with R&D the structure and focus of the 400 staff employed in this area (most in Auckland, but some in Christchurch, Bangkok, Canberra, and Scottsdale,) and finally the continuing customer research, and user interface. As big data becomes more useful and cost effective in health, Orion's cloud-based Amadeus platform will become more important. Orion's website and reports lay out the progress and meeting presentations well.

Then on to the AGM, where Chair Andrew Ferrier for a change, began with the resolutions and then moved on to the directors and CEO's report. If that was to limit questions it failed, because there was plenty of discussion. New director, Ron Andrews with his contacts in Washington, and experience in molecular analysis spoke convincingly, while Roger France's contribution to financial oversight was recorded, and Paul Shearer's day-job in Fisher and Paykel Healthcare gives him deep insight into distribution in overseas markets.

The increase in the director's fee pool was debated, one shareholder suggesting that the board was overseeing losses greater than those of Rakon, and another suggesting that the board should wait until the share price recovered to $5.70, the issue price. Andrew Ferrier explained the matrix used to assess the diverse requirements of the board, suggesting they needed more depth in USA marketing, medical knowledge, software experience. The resolution allowing the directors to receive remuneration in shares was supported because it preserves cash, and aligns directors more closely with other shareholders.

In his overview the chairman confirmed their target of profitable trading during the 2018 year, but observed the strength of the NZ$ was slowing the graph a little. CEO Ian McRae focussed on the opportunity accorded by the massive waste in healthcare spending. With 100m client records, Orion's database was opening new ways of saving for the big funders, as shown by the adoption of Amadeus by Cognisant, the largest health insurer. Ian sees the health industry as ripe for disruption to reduce waste, to employ big data, hosted in the cloud and interpreted by machine. The trends are towards growth in patient records including genomic profiling, involvement of patients in their own care, and consolidation of information providers, (i.e. the state health funders.)

Ian introduced his key Regional managers who each delivered bullish views of their areas – Wayne Oxenham USA, with the largest revenue forming a centre of excellence in Arizona, - Johnathan Selly, Europe Middle East Africa, the fastest grower in 2016, expecting more tenders in France, - Daren Jones, Asia Pacific with prospects in Australia and South East Asia.

The questions focussed on competition from the huge players like Oracle, Google and Amazon. Orion feels that its recent cooperation with Amazon, Cognisant, and the Facebook derived database indicates that the big players will see the need to utilise Orion's platform rather than build their own. NZSA asked for and received confirmation that the cash burn over $50m was being reduced towards break-even in 2018, and others gained assurance that the activity in US$ GBP and Euros was being hedged. Orion is mixing with big players in a huge and growing market which is ripe for disruption. The risk is high, and so will be the rewards to those who stay ahead of the game.

Alan Best

Turners AGM 14th September

Turners literally rolled out the red carpet for shareholders attending this annual shareholder meeting at the expansive Turners Group Penrose car yard. Interestingly, on the day when Debra Blackett, Z Energy's corporate governance officer, had a half page op-ed piece in the NZ Herald bemoaning the inability by Z to attract more than 19 shareholders to its annual meeting in Wellington, relative minnow Turners could attract 60 plus. A video of the meeting is available on the Turners' website (go 30 minutes into the video for the meeting start), as is the presentation and meeting addresses.

Turners, which evolved into its current structure in 2015, began life in 1984 as Venture Pacific Limited then rolled through a period as Dorchester Pacific, when it only just survived the finance sector meltdown. Chairman, Grant Baker, noted that when he came on board in 2009 the market cap was about $2m – now it is about $200m. Turners has built itself into an integrated automotive financial services group, with a finance and insurance business which generated 41 percent of operating profit last year, retail arm trading in vehicles and equipment that contributed 37 percent of earnings and debt management, which contributed 22 percent.

Mr. Baker and CEO, Todd Hunter, announced a pretax profit of $11.6 million in the six months ending Sept. 30, from $10.3 million a year earlier. The company is still looking to grow through organic growth and strategic acquisitions. Fully imputed dividends of 13c a share are forecast for 2016. Currently, the loan book is funded by borrowing and shareholder funds. The company is progressing towards a securitization model to broaden the funding base and reduce costs. However, the gearing is likely to remain in the region of 57%.

The biggest shareholders in Turners are: Hugh Green Investments with 22 %, the Business Bakery (13 %), Harrigens Trustees (7.6 %) and Bartel Holdings (6.9 %). They put the cash up when Dorchester was on the rocks. They, along with Executive Director, Paul Byrnes (5.2%) have a shareholding majority, so 4 of the 6 directors are not independent. This would have been 5 of 7 had not Hugh Green rep, John Gosney, retired before the meeting. While resolutions before the meeting were voted on by poll, their success was assured. Directors Grant Baker and Alistair Petrie were re-appointed as were auditors, Staples Rodway. Poll numbers were not stated in the result statement.

Approval was given for the issue of shares to the vendors of Buy Right Cars under a share and purchase agreement, as also was given for the issue of a new 2-year convertible bond. This resolution was necessary under NZX related party rules because the largest shareholders plan to participate and will be able to increase their shareholding when they convert. These related parties have another advantage. As holders of the maturing bonds this new issue will replace, they get priority in applying for the new bonds. All quite transparent. Related parties, who put up the cash in the bad times, now have the wind at their back and other share/bond holders are invited to join in for the ride.

Time for shareholder questions on; on-line car sales, financing, share consolidations and price, Cartopia (the new brand in Turner's stable), corporate costs and the difference between Turners and Trade Me car sales (lots). Then time for chats with directors and management over refreshments. Perhaps not of the quality Ms. Blackett says Z supplied in Wellington, but quite adequate for an Auckland audience.

On September 29, Turners announced that not only was the new bond issue fully subscribed, it intended to raise an additional $12 million by a share placement to a small number of institutional and private investors. This issue was in response to a demand for shares from those investors. As to the interests of other shareholders - not a word.

Bruce Parkes

Syft Technologies AGM 16th August

We do not usually cover unlisted companies, but there was considerable interest in Syft Technologies in the South Island, this year because of a resolution to consolidate shares 1 for 20. Syft makes and sells spectrographic sniffers which ionise and analyse gases for contaminants and odours, and enable swift corrective action when the wrong traces are present in the continuous sampling. It has burned through about $30m in 10 years, but is now profitable with sales increasing in 2016 to $6m and profit to $1.3m.

The shares trade on Computershare's Sharemart, which matches offers and bids in the same way as NZX, but is not subject to the rules, and continuous disclosures. Shareholders speculated that it might be relisted soon, and CEO Doug Hastie stimulated this with a bullish forecast for 2017, and the build-up of youthful graduates in product development and marketing to exploit the enormous potential uses of the product.

However, Chair Ruth Richardson pointed out that Syft does not need more capital at present, listing costs were expensive relative to the company's size, and would be considered when the company was much larger. The meeting resolved that holdings below the minimum 40,000 shares would be offered the chance to purchase more at 3c/share or compulsorily sold by the company.

Based on Pam Hurst and Frank Stewart's report

Trilogy International AGM 22nd September

The meeting was well attended and both Geoff Ross (Chairman) and Angela Buglass (CEO) reported strong results of the 2016 year and a positive forecast for 2017.

Highlights of the 2016 year were;

- The acquisition of CS&Co a long standing and largest independent distributor of fragrance cosmetic and toiletry products in New Zealand. They distribute over 60 brands in total. This has secured the distribution process.
- Revenue growth of 78% in New Zealand and 29% in Australia.
- EBITDA up 116% and margins up from 26% to 33%.
- Appointment of new CEO and CFO.
- Locating all business units to Auckland.
- Capital raising of $25M used partly to pay down debt by 50% and for future growth.
- Application to list on ASX so have dual listing. This process should be completed by late October early November.

The company has recently acquired 25% of Forestal Casino a Chilean rosehip oil producer. This will strengthen the supply of this product which is only produced in a small number of countries but a vital component of part of Trilogy's product range.

Forecast for FY2017 is Revenue $100M/$110M up 20%/32% so will be a milestone for the company. EBITDA is forecast at $19M/$21M up 17%/29%.

The company's goals are to be a global leading authority in natural skin care products. This market is growing internationally and is forecast to grow 24% in New Zealand and 26% in Australia. Strengthen distribution in UK and USA and use of cross border ecommerce in the China market. China requires direct sale products to be registered and undergo animal testing which the company opposes hence its strategy.

There were several questions from shareholders;

- Increasing the diversity on the Board. (This related to the Board having only one female member). The Chairman replied the Board were comfortable at present and were looking for skills and background as well as diversity of thought.
- Dangers of candle products. Chairman replied look to education of users and always looking at improving product safety.
- Whether owning CS&Co presented a risk to overseas suppliers working with TIL. Chairman replied that CS&Co are a longstanding company so does not anticipate any problems.
- What keeps the Board members awake at night? The Chairman replied that from his view it was the supply of rosehip until the recent buy into Forestal Casino.

Grant Diggle

Smartpay Holdings AGM 31st August

If last year's AGM was doom and gloom - this year it was thunderous with shareholders and fund managers attacking the board. There was an obvious change at the helm but yet no mention of the previous Chairman (Ivan Hammerschlag) – not even an acknowledgement of thanks. Something had clearly happened within the company, but whatever it was – it was not good for Smartpay, particularly in Australia.

The Chairman, Gregor Barclay, advised that SmartPay had lost a big contract but unfortunately they could not reduce costs any further. He also stated that there was a not a direct correlation between revenue and costs due to older contracts expiring and new contracts not signed. Revenue of $20.4m was down (8% from 2015) as was EBITDA ($8.1m) which was 12% lower than the previous (challenging) year. Profit had dropped a whopping 86% from $1.6m (in 2015) to $200k.

The CEO, Bradley Gerdis, detailed the company's strategy to increase revenue and profit. The strategy was broken into 4 parts focussing on (1) Australia (a new senior executive has just been appointed); (2) Retail Radio (mood musac/playlists into shops); (3) Vertical Integration- changes in the regulatory environment now allow revenue to be charged on a transaction basis versus a terminal rental basis; (4) Corporate Activity (the opportunity to work with other corporates). The board had increased resources into Australia. However it refused to report on the first 5 months and forecast the current financial year.

Brian Gaynor started the barrage, challenging Bradley: "no figures to keep the market informed – no guidance," but Bradley would not budge referring to a board decision. Brian was obviously very disappointed because he asked the Chairman "who was running Smartpay was it the Board? Or Bradley?"

Another Fund Manager asked what was the point of attending AGMs? "If it is the same meeting content at AGM next year will the Board resign?" Yet another said: "The company has a history of poor performance. Have there been any executive bonuses paid?" Answer: Yes - 6 senior Staff Members (Bradley, Marty and 4 others) Bonuses were material as profit was only $200k. They were linked to KPIs but were not paid in full. So, if bonuses are paid why not a dividend? Later Barclay said there were no further options being issued.

One shareholder was adamant that Smartpay has a good product but lacked a marketing strategy. He also suggested Smartpay merge with an Australian company to get growth and numbers. Bradley acknowledged that they have a problem and recently appointed a marketing manager who will be based in Australia. The company admitted the loss of a major Australian customer, but claimed that the signing of a further 3 year contract would prevent further loss.

Brian Gaynor then suggested that the previous chair was bagging the company and negatively influencing Australian sales. Barclay said he was working with Hammerschlag to address the issues.

For a meeting with only 40 attendees, this was lively and frank. The presentations are on the company's website, but the real life was in the questions and informed discussion.

Jenny Miller

NXT-listed G3 Group raising funds through Snowball Effect

G3 Group Limited [NXT:GGL], the first company to list on the new NXT Market 15 months ago, is raising up to $3m to continue its acquisition path. The offer at $0.75 per share, a 6.25% discount to the last traded market price, is available to the public through Snowball Effect. This is the first time that a listed company has used an "equity crowdfunding" marketplace to raise funds in New Zealand.

Background to equity crowdfunding

New Zealand implemented relatively liberal equity crowd-funding regulation in 2014. This change drastically reduced the cost of making small public offers for cash-hungry early stage growth companies. Over $30m has been raised by such companies in the 2 years since the first offer was launched in August 2014.

How does the G3 Group offer fit in?

G3 Group is a listed company, and is subject to simpler regulatory requirements than unlisted companies when offering shares that are the same as its listed shares. Despite the simplified legal requirements for listed company capital raising, a raise of $1m - $3m is too small for larger brokers to be interested.

G3's offer was developed with advice from lawyers Chapman Tripp and the support of NZX to use Snowball Effect's marketplace as an efficient channel to reach a wide investor audience.

In addition to raising the funds required to continue executing its acquisition strategy, secondary objectives of G3's capital raise are to:

- Increase the spread of share-holders in G3, which will im-prove liquidity for sharehold-ers (and should result in G3 complying with NXT market shareholding spread require-ments from which it currently hold an exemption).
- Develop a better awareness of the G3 business, which may have a positive impact on investor interest, recruitment, business leads and acquisition leads.

Background to G3 Group and its offer

G3 assists businesses, including a growing international customer base, to manage their data, documents, and customer communications. Through a series of acquisitions, including Pete's Post and Fastway Post, it now has annual sales of over $40m and has a presence in the UK and Australia.

G3's experienced board comprises Rob Campbell, Steve Phillips, Evan Christian, and Jason Butler. The company has completed 8 successful acquisitions in the past 4 years, and is currently looking at a number of new acquisition opportunities. Acquisitions will be focused on businesses which complement existing opera-tions, and data management technology companies that enable G3 to leverage the revenues and customer base from its traditional operations towards emerging digital opportunities. The capital raised will be leveraged with cash reserves and bank debt (as appropriate) to fund acquisitions in targeted growth markets.

The offer is being made to the New Zealand public. Investors can access G3's offer through the **offer page hosted by Snowball Effect.**

Mark Brightwell

CEO, G3 Group Limited

Caught on the Net

Nine ways to improve your investing performance

Joe Magyer from Lakehouse Capital offers processes that have worked for him, all based around the theme that it is sound repeatable processes that win over the long term. **More**

The right way to take risks - in business and life

Karen Firestone, chairman, CEO and co-founder of Aureus Assets with $1.5 billion under management, was interviewed by Knowledge@Wharton on her book "Even the Odds: Sensible risk taking in business investing and life". Her key message - as our stress levels go up we become more impulsive. **More**

Why Christine Lagarde says women are the answer to the world's economic growth problem

Susan Harris Rimmer, writing in the conversation, discusses IMF managing director, Christine Lagarde, reminder to global leaders that if they want economic growth they could start by investing in women. For Ms Harris Rimmer this seems to spell affirmative action and including unpaid care work in GDP. **More**

Understanding sequence of return risk - safe withdrawal rates, bear market crashed and bad decades

Watching a portfolio experience market volatility in the first few years of retirement can be terrifying to a new retiree. Financial planner, Michael Kitces claims that there is remarkably little relationship between returns in the first year or two of retirement and the safe withdrawal rate that can be sustained in a portfolio - even if retirement starts with a market crash. **More**

How to read financial news: Tips from portfolio managers

Robert J Martorana, in a CFA Institute blog, says investment blogs have embraced the golden rule of tabloid journalism - simplify then exaggerate. Fear sells, fact checking is passe, misinformation is rampant and track records of past predictions are irrelevant. After consulting five colleagues he offers best practices on how to separate the signal from the noise. **More**

Good corporate governance is good for banks' bottom line

Research in to the effectiveness of certain corporate governance measures on the performance of 11 Australian banks from 1999 to 2013 showed that factors such as the number of board meetings, the involvement of large shareholders in boardroom decisions and whether or not the board had independent members do not have a significant role in achieving goals.

It was the introduction of the ASX Principles of Good Corporate Governance that did improve efficiency. As good corporate governance has intrinsic links to profit, surely all listed companies would want to meet the ASX guidelines. **More**

How should we read investor letters?

In a New Yorker book review of 'Dear Chairman: Boardroom battles and the rise of shareholder activism,' by Jeff Gramm, John Lancaster considers the correspondence between CEOs and shareholders as a literary genre. These letters are performances, attempts at persuasion: they are trying to get someone to do something. The desire to make money is always sincere, but not everything else is. Besides showing how the form of letters has changed over 90 years, Lancaster notes that all company management has continually thought that they know better than investors - although they are more careful about how and when they say it. **More**

How insurers keep the money pump flowing

Tim Harford, the Undercover Economist, has a swing at insurers offering payment protection insurance. He traces the practice back Babylonia 4000 years ago. The Code of Hammurabi included 282 clauses on 'bottomry' (ships not human). He offers a good description on how money pumping preys on our risk aversions. **More**

Can a gender-orientated investment lens boost financial performance?

Yes, says, Jackie VanderBrug, managing director of the Bank of America/U.S. Trust. She says that investors who are looking to put their money behind companies that are in line for payoffs, there is a guiding mantra: gender lens investing. She describes gender lens investing and notes that a lens is like a pair of glasses and we all see things differently through our own glasses. **More**

Your mutual fund has your proxy, like it or not

Gretchen Morgenson, writing in the New York Times, states, what for most readers here is obvious, that mutual fund managers take little or no regard to investor views when voting their proxy shares at annual shareholder meetings. She approached Blackrock and Vanguard and was told that they put their customer's interests first when voting. However, her research found that the large asset management companies, including Blackrock and Vanguard, regularly supported management proposals. Without irony she notes their support for the compensation packages at Wells Fargo, currently under inquiry for its wild west sham account program. **More**

The problems of overvalued assets and high debt

In economics and finance, over valued assets and excessive debt levels generally do not lead to happy endings says Satyajit Das, financial author and former banker. He says that over the past 5 to 6 years, mispricing of assets has reached epidemic proportions with the rise underpinned primarily by financial engineering and liquidity. In a three part crash course; the other parts are crisis triggers and the age of stagnation; he offers no easy answers. He asserts that financial gravity will reassert itself eventually. Investors who may continue to enjoy the fruits of debt driven high asset valuations for a while longer remain oblivious and assume they will be able to adjust their portfolios in time. More

How to regulate CEO pay (and how not to do it)

Politicians are increasingly campaigning on reducing CEO compensation. Theresa May made a speech about it during her campaign for the Tory leadership and both the U.S. Presidential nominees rant on about it without blushing. Alex Edmans, Professor of Finance at the London Business School says regulating CEO pay is not a legitimate target for political intervention. While regulation can address the symptoms, only independent boards and large shareholders can solve the underlying problems. He says that if inequality is a problem, politicians would address it better through taxation that captured all occupations and trust funds. **More**

Financial literacy reduces late-life anxiety

A nation wide study by Osaka University found that, in Japan, having a level of financial literacy reduced the anxiety of people preparing for older age. **More**

How to save Deutsche Bank

Deutsche Bank and the European financial system failed to heed the warning of Lehmann Brothers and address their under capitalisation. Now the bank is near insolvent and in need of a bail out. Johnathan Rochford of Narrow Road Capital provides an overview of the issues and how a bail out, or bail in, might be achieved. **More**

Bruce Parkes

Branch Reports

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

Branch Contacts		
Auckland	Stuart Gray	auckland@nzshareholders.co.nz
Waikato	John Davies	cjdavies@xtra.co.nz
Bay of Plenty	Jane Lyndon	janelyndon@orcon.net.nz
Taranaki	Grant Langdon	ghlangdon@xtra.co.nz
Wellington	Martin Dowse	martin@dowsemurray.co.nz
Canterbury	Robin Harrison	robin.harrison@canterbury.ac.nz

Auckland.

Congratulations to Stuart Gray who has succeeded Andrew Reding as Auckland Branch Chairman. He and Fiona will make a fine presidential team.

Company Visits

There are no company visits currently scheduled

Upcoming Auckland Branch Meetings

All at Alexandra Park Convention Centre, Green Lane. 7pm tea & coffee – 7.30 pm start

Dates for 2016:

Wednesday 16th November	Brian Gaynor, Milford Asset Management
	Other speaker to be advised

Please mark the dates in your diary and have your questions ready for the speakers

Meeting 14th September

Our branch meeting in September involved 3 presentations and a panel to discuss members questions – all on the theme of the NXT, the new exchange being promoted by NZX.

Mark Peterson, Head of Markets explained that NXT was the result of market research revealing that there was a gap in exchange facilities for capital raisings amongst younger and smaller companies, for whom there was no broker coverage, and exacting cumbersome rules for entry to the main board of NZX. In spite of a slow start the underpinnings of the NXT system are working to provide

- Underwriters to maintain the market in the face of small and infrequent trades
- Clear rules within the capacity of smaller companies to comply
- Independent research by Edison to fill the gap in broker coverage
- Reporting against listed KPIs instead of IFRS financial reports
- Several potential listings who are almost ready to move.
- Combinations of Crowd funding with NXT listed companies to raise additional capital

Simon Wilson, of Edison Group, has been commissioned by NZX to fill the gap in independent research on NXT companies. Edison is a reputable international research organisation retained by large companies around the world. Its reports on NXT companies can be viewed on the NXT website, under each of the listed companies. For Example there have been 3 reports on Marlborough Wines, defining the background of the company, the marketing strategy and markets, and the financial information. The report will continue for 36 months from listing.

Our third presenter was Walker Zong of Oceana Natural, an early stage exporter of honey products and branded Noni Juice (ex Rarotonga,) to China. He spoke of raising $827,000 capital, exporting to Wuxi not far from Shanghai, and market positioning of his products against cheaper imitations. Both China and UK sell more Manuka honey than NZ produces, and NZ is the only place that can produce true Manuka honey!

Our speakers then formed a panel to answer questions, which covered NXT's position against NZAX, the nature of Edison's research contract with NZX, and competition against NZ products in China.

Company visit to Comvita

Perhaps there should have been a bus trip down to Comvita's headquarters at Paengaroa, but I'm not quite there yet. As it was, I was given a cap of thirty attendees and eight people pulled out before the day itself. Fortunately, I've already learned to keep a very long waiting list.

The visit to Comvita's flagship store down at the Auckland waterfront worked extremely well and was planned to coincide with C.E.O Scott Coulter and C.F.O. Mark Sadd being in town for meetings. Plus, there was the offer of a 20% discount on all product in their store. C.F.O. Mark Sadd began proceedings. He started by saying that the company had made a $17.2 million net profit after tax to March 2016. Comvita are changing their reporting date to 30th June, which has produced a one off 15-month financial year result at June 30 2016. He emphasized that they wanted to achieve $400 million revenue in five years' time, as compared to revenue of $202 million in their 31st March 2016 financial year.

The company has invested heavily in supply. There is a growing manuka honey story coming out of Australia and they will lock up additional supply from there. Comvita has also branched out into two other health food products to complement their manuka honey product range:

- Olive leaf extract. There is evidence that this is good for boosting immunity levels. There are more clinical trials coming out on this product shortly. It is currently experiencing 30% growth/year.
- Omega 3 fish oils. Comvita has a strategic stake of 30% in SeaDragon Ltd which produces Omega 3 fish oils.

Mark Sadd stated that Comvita is an "Ingredient led company" and they want to stay "premium and niche".

From the three raw materials Comvita produces products that make up the following segment sales in their business:

- Functional Foods, 65% of total revenue at $149 million.
- Healthcare products, 25% of revenue at $60 million.
- Personal Care products, 4% of revenue at $8 million, of which toothpaste is their biggest seller!
- Medical is 6% at $14 million.

Sales (For the Fifteen Months to 30th June 2016): New Zealand accounts for $57 million, Australia $74 million, the U.K. $10 million, the U.S.A. $14 million and Asia $75 million.

The company maintains a very large inventory but they were adamant that manuka honey grows in value in storage (its UMF value increases over time).

Comvita's Auckland store

At Makino Station, Ruatiti, there are 700 hectares available to be planted out in manuka. The station has 1,400 hectares in total, of which 700 are already planted. The Kaimanawa Honey Ltd. partnership has potential for 9,000 hives; they will surround these hives with planted out manuka. The company aims to have 30,000 hives across the country, leading to a sustainable harvest with a geographical spread. They are also trying to extend flowering times through the breeding of manuka.

It was explained to us that the higher the UMF (Unique Manuka Factor) the higher the purity. Manuka honey products have a three year shelf life. The company prides itself on the fact that they recycle 92% of their waste.

Shareholder Association members on this visit showed an interest in Comvita's levels of debt, their acquisitions, high levels of inventory, scientific testing facilities, their competition in the market place and the ongoing issue of counterfeit products, and several questions were asked around these topics.

Perhaps, in a couple of years' time, I will plan a bus trip down to Paengaroa, and we'll do a follow-up. The C.F.O. was consistently adamant that they are aiming for $400 million revenue by FY 21. We hope they succeed.

Fiona Gray

Bay of Plenty.

Money Week

This was the fourth year we have put on a seminar during Money Week. It is becoming more well known, and to a point it is beneficial to hang on the coat tails of the Commission of Financial Capability but I have to question the timing as again this year senior students from the eight colleges in Western Bay of Plenty were in the thick of exams so we only had a handful of students attend. I really question what the Commission for Financial Capability is trying to achieve in Money Week. However, we were well pleased with the turnout of 85 of which 2/3rds were non-members and we have gained a few new members as well. Our data base is growing. The advertising is paying off as people remember us for the next event and often join later in the year.

We had two excellent speakers – Michael Chamberlain, principal of MCA NZ Ltd, and co founder of Superlife Superannuation, and Murray Harris, Manager of Kiwisaver portfolios at Milford Asset – quite different from each other but great for attendees to hear quite diverse ideas re investing etc.

Our September Discussion Group meeting was very interesting. Guest Speaker was Richard Keys, CEO Abano Healthcare. Lumino the Dentists are the largest contributor in their portfolio. This trans-Tasman business is worth $11 billion – 10% of NZ market and 1 ½ % Australian market thus far. Their philosophy is to give a complete service to patients – not a drill & fill mentality. They want to create career paths for young dentists who come out of university with a substantial debt ($200,000 to $300,000) and 70% of graduates are female and in time may only want to work part time. Revenue has increased 3% for same store growth this year. There is huge potential to grow in Australia under the "Maven Dental - dentists for life" brand.

Radiology – the company is investing in Pet-CT scanning which is more accurate diagnosis, and they are also investing in Tomosynthesis mammography.

Abano were again a finalist in the Infinz Award 2016 – emerging leaders – best corporate communicator. They have won it twice and twice being a finalist.

The two Chairs of the Share Clubs Sue Taylor & Neil Parker which originally emanated from the Branch gave a brief overview of how the clubs are going. The original - Equal Share Investment Club is in its 10th year and Sunrise is 5 years old. Full membership 20 in each. Helen McDonald also gave us an update of our share pick competition, but no one picked the NZX to be over 7000 points.

Our next Guest Speaker was a long standing member from Rotorua, Dr. Rolf Booker, who is a wood scientist and physicist. He gave us a history lesson on where 100 years ago investors invested and lost all their money and the events that caused it in different countries & continents of the world. The USA, Canada, UK, Australia & NZ are about the best today to invest in. China should be,

Jane Lyndon and is of real concern today especially with its expanding military bases in the South China Sea.

Jane Lyndon

Waikato

August meeting - Restaurant Brands

CFO, Grant Ellis has spent 17 years with Restaurant Brands since soon after its IPO in 1997.

The first part of his talk was about the financial information; total sales, NPAT, EBITDA, Cash flows, bank debt, sales, dividends, and the like. This was accompanied by charts showing all the positive trends of the last four years.

This was followed by explanations about the results of each of the major units. The total store numbers in New Zealand are 173, fairly consistent over the last four years.

- The KFC business provides over 70% of revenue. The major transformation programme is almost complete with only five stores to go. For the future, they might examine KFC home delivery;
- For Pizza Hut, there has been some sell down but also some new builds. Over 50 stores have been sold to independent franchisees with 39 stores still retained by the company;
- Starbucks is a consistent performer which has been increasing its margins;
- Carls Jnr is increasing its margins as it is being established, building the brand. There are now 18 stores.

Restaurant Brands pride themselves on taking on the overseas brands and 'New Zealandising' them. The best example was trying to bring in the flat white coffee into Starbucks – now it is a coffee that if finding its way around the world. Grant also talked about effecting a New Zealand look to their stores.

Recently, there has been the move into Australia with the purchase of QSR for $80 million. This has provided them with the largest KFC portfolio in New South Wales. It has given them significant scale in one step, is a strong consistent financial performer, highly cash generative, and with an experienced management team.

This purchase was only completed three months ago and is already ahead of expectations. They are not bringing the profits back to New Zealand at present but using the Australian returns to expand the network, re-invest in existing stores, and looking at performance improvements.

To questions and comments.

There was praise on giving their stores an accessible focus and not subscribing to the zero hours contracts.

Ingredients - except for the coffee for Starbucks, and the KFC herbs and spices, their ingredients are now mainly sourced from New Zealand and Australia;

Obesity and Health options – chicken salads are provided in KFC but it does not assist in profits, chilled water provided in drink dispensers, lot of work is done is sodium reduction, and menus have calorie data.

Future New Zealand expansion – Auckland is still directing investment but there is still a challenge in finding the sites. There is a development team who look at demographic data, sales in the area, traffic flows, etc., and bring it all together to see if a store would work in that location. There are still gaps in the Wellington and Dunedin area and with more Carls Jnr store sites to be found.

YUM – they are the main franchisee. All stores are under a 10-year agreement with a 10-year right of renewal. Yum are paid up front at the time of a new store and 6.0% in royalties. With the re-builds, it has provided new changes in renewal dates so that it is a rolling situation – not all renewal dates are at the same time.

Finally, there was mention about their relationship with the NZSA. In the past this was an on-off situation but now they are a corporate member and have a good flow of information from us.

Cliff Thomas

Taranaki

We had a visit from Ryman Healthcare Scheduled for August the 18th but due to a mix up with flights, Gordon McLeod deputy CEO had to cancel. However, we were given a presentation on the facilities provided at Jean Sandel here in New Plymouth and a look through a unit that had just been refurbished. We were then treated to afternoon tea there. Gordon has rescheduled a visit for September 28th and so we look forward to that.

Earlier in September we had in house meet where a local member pulled apart the financial reports of a number of companies showing us what information we should be looking for and how we should use that information.

Looking forward, Jonathon Glass from J B Were and co will present on October the 11th and on the 8th of December Bryce Barnett from Augusta will do a presentation on the property syndicates their company promotes. It has been a busy couple of months and that should wrap this year up.

I would like to congratulate the NZSA on a great conference, and also the showing of their teeth on the Rakon issue.

Grant Langdon

Wellington

I must be getting old – I blinked and the year was almost gone. We have two meetings left this year.

For our next meeting on October 11 we have Phil Veal Chief Executive of Rangatira Limited http://rangatira.co.nz/. Rangatira Investments has $220m of assets under management and invests in established private businesses in New Zealand, often in partnership with existing owners. It will interesting to contrast their investment approach with that of Lance Wiggs (Punakaiki Fund) who presented earlier this year. Punakaiki invests in early stage startups in New Zealand.

Our final meeting will be on 8th November and will be as usual at Times Cinemas in Lyall Bay. This may well be the last time for us as Times Cinema is up for sale, John and Margaret have been hosting us there for many years and are surely due for a rest. We haven’t decided on a film yet so if you have any recommendations for an investment themed movies send them into to wellington@nzshareholders.co.nz..

Martin Dowse

Canterbury

Our new committee is settling in with two new members; Frank Stewart and Heiko Muller-Cajar. The committee meets monthly to progress the interests of South Island members.

Our next event for members and guests will be on Tuesday, 11 October at 7.30 pm when Tony Carter will be addressing us in the Conference Room, Christchurch RSA, 74 Armagh St. As usual the presentation will be followed by light refreshments and an opportunity to talk with the speaker and other members.

On 17th November we will have a talk from John Ryder, co-founder of Ryman Healthcare and author. We will again use the new RSA building for this event as we expect a larger than usual turnout. The venue also offers attractive dining and refreshment facilities for those arriving early or staying after.

October and November will be a busy time with company AGMs and we have arranged for proxy holders to attend all the meetings being held in the South Island.

Robin Harrison

MHI – we got it wrong

Our thanks to Brian Tyler who has followed this issue with a sceptical eye, and made the following comments:

You may recall that in 2013 and 2014 I voiced very real concerns as to the actions of MHI and likened them to the tax avoidance efforts of Google, Starbucks et al.

As I said at the time, "(As an MHI shareholder) I want to see MHI just as profitable as it can be – but at the "before tax" level - from which point I expect it to pay its fair whack of tax and not to artificially reduce it by the sort of stratagem that has drawn such criticism on the likes of Starbucks and others in recent times".

We were told that MHI developed a successful business from which emerged a so-called "business model". In 2009, a value, classified as "intellectual property", was ascribed to this business model - $272 million – a figure that significantly exceeded the total tangible assets of the company at that time and which was north of 180% of total shareholder's equity and which, one may observe, exceeded 10 times the tax paid profit of the Group in both 2008 and 2010 – the result for the intervening year, 2009, being distorted by the transaction in question.. Finally, the value ascribed to this intangible asset – we can forget about every other asset appearing in the balance sheet – significantly exceeded the $230 million market capitalisation of the company at the time of its 2009 balance date."……

So, as a NZ citizen and taxpayer, it is with some approval that I observe IRD's success in the matter.

As a footnote to all this I observed the spin that MHI attempted to put on its capitulation in its announcement to the NZX on 17 August.

Here is a company claiming that "Whilst the Board remains comfortable that the Group's tax treatment of the transaction fully complied with the tax laws at that time, (it) is now of the opinion that removing the continuing uncertainty associated with the dispute – - - is in the best interests of shareholders ---"

Now if that is not pure spin, please show me what is – a taxpayer so certain as to the rightness of its position that it will pay $30 million to remove the "continuing uncertainty".

Phew – I love it! Why could they not simply say "We got it wrong"?

Little by little

This time, a quote from Brian Tyler's email to Eroad, but first, we emphasise that the company's answers to questions, and general procedures on listing has been exemplary.

The Chairman, at the start of "Shareholder' Questions", indicated that the proceedings up to that point had taken somewhat longer than he thought they would have and indicated that he would like questions to be short and to the point (fair enough) but implied that he did not want too many of them.

And then, after a couple of questions, he said he "would take one more" and would then close the meeting – thereby effectively discouraging anyone else who may have a point they would have liked to pursue… the AGM is the only real opportunity they have to hold the directors to account and to voice – and to receive answers in respect of - any concerns they may have regarding the conduct of the company's affairs.

A small point, but this is NZSA in action, and why should shareholders be penalised because the meeting takes a little longer than planned? Annual meetings are still important to shareholders.

Chopping and changing:

Ms Priscilla Edmonds gave us a bundle of documents from part of her portfolio. It was a paper trail commencing with the diversified venture-capital company, Strathmore Group in 2000. Strathmore owned 38% of CommSoft, and in a complicated deal bought back some CommSoft shares and then sold 7.2m shares at $1.10 each into the CommSoft float so that it could expand in Australia. By May 2002, CommSoft was failing and offered 2 new shares at 1c per share to raise more capital. In December 2004, the shell of CommSoft was used to list MDS News in Australia. In June 2005 CommSoft investors were asked to consolidate their shares 383:1, and become a financial advisory service, MSD News, with listing moving to the NZAX board.

Meanwhile in January 2004 Strathmore Group under the chairmanship of Mr Phil Norman had bought Digital Discs and changed its name to Media Technology. In July 2007 Media Technology asked shareholders to approve a demerger to clear the debt incurred by the largest subsidiary SAM Australia. Grant Thornton's report said that the major shareholders disagreed on strategy. This was completed by the end of the year effective leaving Media Technology with net assets of $205k. In August 2010 MTG issued more shares in a private placement, and changed its changed its name to Forge Media. In July 2011 surprise, surprise, it became Velo Capital, and only a year later it emerged as V Mob. It is now, since July this year, once more from the ashes Strathmore arises, still on the main board of NZX, as Plexure Group Limited. Mr Norman is the Chair of Plexure Group.

What can we learn from this saga? As portfolio holders we will have the occasional loss, but the diversity of a share portfolio will protect us from disaster. Secondly we need not subscribe further capital when companies with a track record of failure are asking for more. Thirdly we need to look behind the immediate name of a venture and assess the management and direction of the company if we are to participate. Finally, with technology companies in a fast moving space, we need to assess the moat, exclusivity, or uniqueness of the selling proposition, and where developments are moving. Floppy discs are not a good idea when digital records are moving towards memory sticks, smart devices, and cloud storage. And were all those name changes really necessary, or just an attempt to shrug off a chequered past? On 23rd September Plexure Group announced the landing of software service contract with an unnamed South American company. Maybe, just maybe, progress at last!

NZSA subs are tax deductible

Several members have now successfully claimed their affiliation fees to NZSA as a tax deductible expense. We are pleased that the IRD recognises the valuable contribution we are making to an investors income, and that the member services – guest speakers, company visits, proxy service, advocacy, and The Scrip are a value-add to shareholders.

Auckland Education Courses 2016

Western Springs Community College will run two more education courses in 2016.

Website:

www.leisuretimelearning.co.nz/businessandfinance

Our courses are right for new investors, for current investors who need more knowledge, and for those who want to understand their Kiwisaver investments.

Course1. Investing for your future – general investing principles - 2 x 2hr sessions

Commencing 26th October 2016; Tutor John Hawkins

Price $66.45 incl GST; plus $20 for the NZSA course book

Course 2. Sharemarket basics – understanding how and why to invest in shares.

Commencing 7th November 2016; Tutor Jacquie Hagberg – 2 x 2hr sessions

Price $64.55 incl GST; plus $20 for the NZSA course book

Tell your friends, family, and work colleagues about these informative courses. You don't have to be an NZSA member – just keen to develop your understanding

Upcoming Events

For more information go to Branch section of NZSA website

2016

October 11	Canterbury Branch meeting
October 11	Wellington Branch meeting
October 18	Waikato Branch meeting
November 8	Wellington Branch meeting
Novemeber 16	Auckland Branch meeting
November 17	Canterbury Branch meeting
November 22	Waikato Branch meeting

Asked about the Dick Smith failure, Peter Wiggs of Archer Capital was quoted by The Australian as saying, "The great thing is that no one who is important in private equity cares what the financial press is saying about it… My LPs (limited partners) don't care, my advisers don't care, and I certainly don't care." Investors, be warned!

NEW ZEALAND SHAREHOLDERS ASSOCIATION INC

PO Box 6310, Wellesley Street, Auckland 1010, Phone (09) 309-9768

Website – www.nzshareholders.co.nz

Chairman	John Hawkins	chairman@nzshareholders.co.nz	021 640 588
Secretary/Treasurer	Chris Curlett	secretary-treasurer@nzshareholders.co.nz	021738032
Governance Issues	Grant Diggle	grant.diggle@gmail.com	
Legal & Regulatory	Gayatri Jaduram	gayatri@jaduram.co.nz	
Legal & Regulatory	Daniel Wong	wongdanielw@gmail.com	
Auckland Issues	Andrew Reding	andrewNZSA@gmail.com	
AGM Co-ordination	Max Smith	maxandcheryl@xtra.co.nz	
Company Research	Martin Watson	martinwatson@xtra.co.nz	
Co-opted Associates			
Proxy Co-ordination	Jacquie Hagberg	proxies@nzshareholders.co.nz	
Corporate Liaison	Des Hunt	desmondhunt@icloud.com	(9) 521 6117
The Scrip	Alan Best	fleshnfruity@xtra.co.nz	(9) 524 0317

Disclaimer

Comments or information contained in this newsletter or other editions of The Scrip, or within courses conducted by the NZ Shareholders Association including related course books, should not be construed as providing investment advice under the provisions of the Securities Markets Act of 1988 or its Amendments, or the Financial Advisers Act 2008. The point of our activities is to provide you with the tools needed to enable you to assess investment proposals, and decide for yourself.

ISSN: The National Library has allocated the International Standard Serial Number 1179-4275 to The Scrip so that researchers will have access to our material.

New Zealand Shareholders Association Inc.

NZSA

Many Investors, One Voice

Editor Alan Best

Layout Bruce Parkes