SFML Quarterly Newsletter
No. 57

September 2017

In this quarterly edition, we review performance and attribution. During the quarter, we travelled to the U.S. with James Hardie. We also comment on the unhealthy focus on "meeting guidance", corporate culture, oil, domestic energy and reporting season. Image: Brashs (for those old enough to remember).

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About Selector

We are a boutique fund manager with a combined experience of over 150 years. We believe in long-term wealth creation and building lasting relationships with our investors.

Our focus is stock selection. Our funds are high conviction, concentrated and index unaware. As a result, we have low turnover and produce tax effective returns.

We seek businesses with leadership qualities, run by competent management teams, underpinned by strong balance sheets and with a focus on capital management.

Dear Investor,

Our local market remained in a holding pattern over the quarter, neither advancing nor declining. This top down view reveals little compared with what is occurring beneath the surface. It also has little relevance in our everyday decision-making process.

When investing is approached without any reference to index weightings, one based purely on the individual merits of the business, the task of identifying the winners becomes clearer. In our opinion, successful businesses have many things in common. They are well led, have a clear business focus, are supported by a strong balance sheet and are guided by a willingness to invest over the long haul. Just as important, they create a winning culture that encourages entrepreneurship by harnessing the talents of all the individuals.

These attributes are not found in abundance and are even harder to maintain. Culture is the lifeblood of any organisation and needs to be nurtured over time to thrive. The notion that a brand can maintain its relevance or a business its market position without internal endorsement of a set of core values is folly.

Today, businesses that succeed, do so because they understand their vulnerabilities. The following quote found in plumbing group Reece's 2017 Annual Report encapsulates this attitude: *"We improve today, invest in tomorrow and innovate for the future."* This is an approach that resonates well with us.

We touch upon these issues in the following articles, titled "*Hitting Guidance*" and "*Culture - essential".* We also cover our recent attendance at the U.S. investor tour held in September by market leading fibre cement company James Hardie Industries. Here, we highlight some of the challenges facing management looking to maintain cultural balance and financial outcomes.

We comment on the latest reporting season, the broader issues of domestic energy policy, the changing retail landscape, employment trends, class actions and corporate actions.

For the September quarter, the Fund delivered a gross positive return of **3.03%** compared to the All Ordinaries Accumulation Index which posted a gain of **1.02%**.

We trust you find the report informative.

Regards,

Selector Investment Team

Table of Contents

Quote: Rio-Tinto CEO Jean Sebastien Jacque

"The way we do it is very simple, it's about the quality of our portfolio, it's about operational performance and maintaining a very strong balance sheet which we believe is a very strong competitive advantage in the short, medium and long term."

It's taken the resource giants, including the likes of Rio-Tinto and BHP, a very long time to work out what many successful companies have known for some time. The secret to business success relies on maintaining focus and financial discipline, coupled with a strong balance sheet.

The vital piece missing from Rio's business strategy is the necessity for ongoing business reinvestment. Let's hope they don't forget this important piece in their hurry to give back dividends to shareholders.

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Retirement of Martin Greenberg, founding Chairman Selector Funds Management Limited

On 25 September 2017, our Chairman since inception, Martin Greenberg retired.

Businesses don't run smoothly for 15 years straight, and growing a business can be tough. But creating a successful business alongside lifelong friendships is a very rewarding experience. We are proud of what we have achieved as a collective and Martin's support has been unwavering.

For over 15 years Martin brought his vast business experience to Selector. His emphasis on best practice in areas such as compliance, financial management and transparency with clients and stakeholders has been invaluable.

On a personal note every conversation with Martin, that I can recall, started with a laugh, a discussion on personal interests or family. Martin's care is genuine. Over the years these attributes along with his professional approach to business have helped shape Selector's culture.

The staff and directors of Selector Funds Management Limited are grateful to Martin. Our business has an enduring performance culture, good prospects for growth and a strong balance sheet.

We wish Marty all the best in retirement and his new endeavours. Martin remains a shareholder and an investor in our funds.

Corey Vincent
Portfolio Manager & Managing Director
Selector Funds Management Limited

Tony Scenna
Portfolio Manager & Managing Director
Selector Funds Management Limited

Performance September 2017

For the quarter ending September 2017, the Fund delivered a gross positive **3.03%** return of as compared with the **1.02%** rise in the All Ordinaries Accumulation Index.

Performance table since inception

Returns	Gross Fund Return (%)	All Ordinaries Accumulation Index (%)	All Ordinaries Index (%)
3 Months	3.03	1.02	-0.33
6 Months	10.70	-0.53	-2.69
1 Year	5.18	8.53	3.98
3 Years annualised	14.91	7.30	2.74
5 Years annualised	20.09	10.08	5.45
10 Years annualised	7.43	3.01	-1.35
Since Inception annualised	12.11	7.76	2.99

Fund's Top 10 holdings

Top 10 September 2017*	Top 10 June 2017*
ALTIUM	ALTIUM
AINSWORTH GAME TECHNOLOGY	ARISTOCRAT LEISURE
ARISTOCRAT LEISURE	COCHLEAR
COCHLEAR	CSL
CSL	FLIGHT CENTRE TRAVEL GROUP
FLIGHT CENTRE TRAVEL GROUP	IRESS
NIB HOLDINGS	NIB HOLDINGS
RESMED	RESMED
SEEK	SEEK
TECHNOLOGY ONE	TECHNOLOGY ONE
Top 10: 45.85%	**Top 10: 45.73%**

* *Listed in alphabetical order*

Selector employs a high conviction, index unaware, stock selection investment strategy, which typically targets 15-25 stocks for the Fund. As shown above, the Fund's top 10 positions usually represent a high percentage of its equity exposure. Current and past portfolio composition has historically been very unlike that of your average "run-of-the-mill index hugging" fund manager. Our goal remains focused on truly differentiated broad-cap businesses rather than the closet index hugging portfolios offered by most large fund managers.

ASX Sector Performance – September 2017 Quarter

S&P ASX Industry Sectors	September 2017 Quarter Performance (%)
ENERGY	6.19
MATERIALS	4.76
CONSUMER STAPLES	2.22
INFORMATION TECHNOLOGY	0.33
INDUSTRIALS	-0.76
FINANCIALS	-1.03
CONSUMER DISCRETIONARY	-3.77
HEALTH CARE	-6.10
TELECOMMUNICATIONS	-18.59

Portfolio Commentary

September 2017 Quarter

Top 5 contributors	%	Top 5 detractors	%
ALTIUM	1.45	GBST HOLDINGS	-0.91
FLIGHT CENTRE TRAVEL GROUP	0.67	ARISTOCRAT LEISURE	-0.59
BLACKMORES	0.63	TECHNOLOGY ONE	-0.53
AINSWORTH GAME TECHNOLOGY	0.59	SIRTEX MEDICAL	-0.39
IOOF HOLDINGS	0.49	SIMS METAL MANAGEMENT	-0.32

Top Contributors

1. Altium (ASX: ALU)

See newsletter body.

2. Flight Centre Travel Group (ASX: FLT)

See newsletter body.

3. Blackmores (ASX: BKL)

See newsletter body.

4. Ainsworth Game Technology (ASX: AGI)

Slot machine manufacturer Ainsworth Game Technology posted a sharp turnaround in the back half of 2017 with adjusted net profits increasing from $15.8m to $31.8m in the second half. The improvement was driven primarily by strong performances in Latin America and the Rest of World segment, which includes sales to partner and soon to be shareholder, Novomatic AG. The company delivered adjusted net profit of $47.6m for the full year, down 9% compared with 2016.

More importantly, a restructure of the game design department is starting to show promise. The release of number of new titles such as Pacman, Big Hit and Firepower have been generating keen interest from customers in the key U.S. and Australian markets. Development of more popular games and a faster production cycle are critical for the company to re-regain market share from major competitor Aristocrat Leisure.

Ainsworth has a market capitalisation of $800m and net debt of $45m.

5. IOOF Holdings (ASX: IFL)

Wealth management specialist IOOF Holdings delivered a result for the 2017 full year which continues to demonstrate management's ability to position the business for a competitive but growing market. Underlying net profit after tax fell 1% to $169.4m. The strong second half result was evidence of the operating leverage inherent in IOOF's largely fixed cost business.

Some investors have voiced concerns regarding potential margin compression as wealth managers have shifted from commission based to fee for service models. For some time, there has been a flawed understanding that lower fees will help clients meet their goals. IOOF, however, has demonstrated by shifting the focus of advisors from selling products to helping clients meet their own individual goals actually increases their willingness to pay.

To this end the company's multi-brand, open architecture approach has allowed the business to evolve as a serious alternative for advisers looking to partner with a non-bank aligned dealer group. This is reflected in the strong growth in Platform net inflows of $1.2 billion for 2017, up 130%. Funds under advice also grew 130%, with net inflows of $3.0 billion that included $976 million from 33 new advisors joining IOOF during the period.

IOOF has a market capitalisation of $3.5 billion with no net debt.

Bottom Contributors

1. GBST Holdings (ASX: BKL)

See newsletter body.

2. Aristocrat Leisure (ASX: ALL)

See newsletter body.

3. Technology One (ASX: TNE)

See newsletter body.

4. Sirtex Medical (ASX: SRX)

Radioactive liver cancer device manufacturer Sirtex Medical released their results for the 2017 financial year, reporting a headline fall in underlying net profit of 21% to $53.6m. The last 12 months have been a difficult period for Sirtex. The change in CEO during the year as well divisional leadership changes at the group's U.S. operations has come at a difficult time as the group sought to adjust its strategy following poorer than anticipated results from a number of important clinical trials. This has undoubtedly had an impact on company morale, requiring management to re-focus attention on the core SIRT business.

Despite these disruptions, business prospects remain relatively optimistic. While trial results failed to show significant improvements in the overall survival of patients over the current standard of care, equivalence was achieved. As such there remains a strong case for using SIR-Spheres, especially since the standard of care is poorly tolerated among many patients. Penetration of the treatment remains low and there is scope for the company to continue to grow dose sales, despite the weaker than expected trials results.

The company has not provided guidance for the current year, although a significant restructuring of operations undertaken during the year should see net profits rise, assuming dose sales are not negatively impacted.

Sirtex Medical currently has a market capitalisation of $810m, carrying net cash of $118.3m.

5. Sims Metal Management (ASX: SGM)

See newsletter body.

Hitting guidance

When Andrew Bassat, CEO of leading online employment group Seek, was asked a question from an analyst about the company's weaker earnings guidance for 2018 he responded:

"… just to be clear, our EBITDA and NPAT could be whatever we want next year but we're choosing across ANZ, across China, across South East Asia, across our early stage ventures to invest really, really aggressively where we're really optimistic we'll get a good return for shareholders across each of these investments.

I think our bandwidth and capability is better than ever. The opportunity set is greater than ever. I think that's the big difference and really it's all about operating metrics first, revenue second. I think in that context revenue growth really across all of our major businesses, broadly heading in the right direction should give the market some comfort. Beyond that, how we choose to invest is very discretionary because so much of our investment is about the future years."

Equally, Paul Perreault, CEO of global blood plasma group CSL, spoke about the most important function of a CEO:

"We've invested into the China business, but it's going to be a while before that really contributes broadly to the business. And in the meantime, we're going to have to invest. So, there are a number of those things which go along with the growth, and it goes with the future growth. My job as the CEO really needs to be looking out to 2025, 2030. If I'm worried about next year, you've probably got the wrong guy in charge."

Most analysts invariably ask the wrong questions and in doing so draw the wrong conclusions. Instead of understanding the trajectory and health of the business, they focus on the minutia in an attempt to forecast next year's earnings per share with precision. Business is rarely so predictable.

The fixation with companies providing and meeting guidance is the equivalent of trying to hit a bullseye. Those that can forecast a year out and actually hit their targets are either very good at juggling numbers or lucky. As Bassat commented, managers can invariably make the numbers look better or worse, by either investing or spending less.

In contrast, the good managers take a different approach, choosing instead to focus on long term results. Typically, these managers are founders of businesses or executives that at least think and act like founders. They will promise less but provide a genuine, considered view of the business. More importantly, by making fewer predictions, they are less prone to deviate from their long-term strategy to meet short term expectations.

Make no mistake, those that consistently meet guidance are, in some ways, compromising their long-term focus. Perreault is right when he says that the primary role of a manager is not to be overly focused on this year's results but to ensure the business is resourced appropriately for the future.

Now more than ever our business leaders need to shift from reporting season's fixation on short term profits and dividends. If we don't give managers scope to invest, even though they will occasionally disappoint, we will collectively pay the economic price at some point in the future.

In our June 2017 Quarterly Newsletter, we profiled two businesses, Coca Cola and Crown Resorts, which saw fit to lift dividends to levels that we deemed as unsustainable, despite the significant issues they each faced. This quarter Telstra, another big “blue chip” corporation, capitulated and cut its dividend. The move was an acknowledgement of the impact the National Broadband Network (NBN) was having on the business’ economics.

Too often the focus is on short-term results and when the twin realities of competition and change are identified, it is often too late to alter course. In these scenarios investors usually only discover their fate when the damage has been done.

In reality, investing to build a stronger business regularly occurs at the expense of short term profits. As we outline in our article on culture, the financial statements rarely captures the value being created by investment.

Paul Bassat is at pains to explain this paradox. Rather than viewing the investment as a cost, he views it as an essential element of the business’ future success. Investors that rely on financial metrics like a company's price to earnings ratio or a dividend yield as a proxy for value may underestimate the long-term earnings power of businesses that are undertaking significant and ongoing investment.

While the short-term reaction of the market to a company missing guidance can be severe, the consequences of a business failing to prepare for the future are far worse. Investors and analysts would do far better to pay less attention to today’s near misses and focus more on how companies are positioning themselves for future periods.

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Culture – Essential

In business, we measure profits, cash flows, assets, liabilities and the equity that keep the wheels turning. We employ auditors to check the veracity of financial statements. Accounts need to balance and ratios must be met but the picture that financial statements paint rarely tell the whole story. Not everything is measurable. In reality, financial statements are but a snapshot, capturing a simple point in time. The long-term wellbeing of a business is often determined by far more than just numbers.

At a time when the term Artificial Intelligence (AI) is gaining increasing media prominence, it is somewhat ironic that our discussion should centre on culture and the role it plays in shaping our most successful businesses. Leaders shape culture. They set the agenda whilst harnessing the talents of those around them to meet their corporate objectives.

Corporate objectives are underpinned by organisational values. These values don't appear in a company's financial statements, yet they are the glue and driving force which determines a business' success. AI has focused attention on a future where people play less of a role. Automation will drive change as will the shift to a digital economy. Despite this, the importance of the collaborative efforts that a unified team plays should not be underestimated.

A winning culture won't stop a business with bad economics from failing but it may assist in slowing down its demise. Over the long run, companies need to remain relevant and importantly, they must have the ability to grow. On the flip side, a business with the wrong ethics and culture will inevitably fail and should be avoided at all costs.

Bridget Loudon, co-founder and CEO of Expert360 noted *"I think leaders need to be very clear about what those values are, and set those from the top down, and then that will allow autonomy within the organisation. Values provide guardrails for behaviour within an organisation."* Values allow leaders to set a corporate agenda while giving employees a guiding framework and autonomy for going about their jobs.

The winds of change that all companies now face make it essential that employees can make decisions in the best interest of the business. Without a culture that guides their actions, businesses cannot provide employees with the autonomy they need to address these changes. Those that dismiss the importance of culture underestimate the importance of adapting.

External pressures and increasing shareholder demands are forcing company boards to act more rapidly, often resulting in leadership change with flow on effects impacting company morale and culture. The loss of key personnel is both hugely disruptive and costly. Having an appropriate culture can go a long way to minimising employee churn at all levels of a business.

Of the companies in our portfolio, several CEO's moved on during the year. Some were forced, including Gilman Wong from liver cancer specialist Sirtex Medical and Galdino Claro from scrap merchant Sims Metal Management. Others, including Christine Holgate from complementary medicines group Blackmores, changed for personal reasons. Internal succession plans, seen as less disruptive, nevertheless carry risk. In this bucket we can include the appointment of CEOs Edward Chung at Technology One, Trevor Croker at Aristocrat Leisure and Dig Howitt at Cochlear.

So, what makes an ideal leader? We would single out one attribute; the stewardship of a company's assets and its people, above all else. Shareholders expect their leaders to set the right example and deploy their capital in a sensible and disciplined manner. Leaders who approach the task as if it were their own capital are far more likely to make sensible decisions.

It should not surprise our readers that many businesses that make up our portfolio are run by long term managers who embody this founder type role. They go about creating a culture of success. Such businesses include, Reece, ARB, Blackmores, Carsales.com, CSL, Cochlear, Flight Centre Travel Group, NIB, Seek, Domino's Pizza Enterprise, Fisher & Paykel Healthcare, Technology One, Oil Search, ResMed, James Hardie Industries and Altium. When measured over years their track record of success is hard to ignore.

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Cultural change at James Hardie Industries

Since inception, the first tenet of our stock selection process has been to seek "competent management teams that we trust". This guide post was not taken from a textbook. It comes from the real-life experiences of being small business owners. We invest significant time examining corporate cultures and understand that the performance gap generated by a functional culture over a dysfunctional one is vast.

James Hardie Industries has historically had a performance driven culture. It has delivered superior results for some time. Market share gains, improving returns on capital employed and operating margins achieved in the North American fibre cement business are all proxies for this success.

A performance culture can become relentless if left unchecked. This largely depends on the manager or leadership team. Even a winning culture needs to have strong values at its core. In a heavy manufacturing industry safety must always be the priority.

In our previous article "Culture - essential" we highlighted the risk of employee churn. When good staff leave, it can be a red flag. For a period, employee exits at James Hardie were a signal that went unheeded, in both head office and at the manufacturing facilities.

In October 2015 James Hardie developed a succession plan that saw the architect of the North American fibre cement strategy, CEO Louis Gries, step back and hand over the roll to his anointed successor. Gries himself is a gruff command and control type leader. His greatest strength is his no-nonsense, straight shooting communication style. Gries turned to Ryan Sullivan and promoted him to Executive Vice President and President – James Hardie Building Products. Like Gries, Sullivan would get results and drive efficiencies.

By July 2016, it became apparent the winning culture had been pushed too far. For Sullivan, it came at a personal and professional expense. He was terminated effective immediately. Efficiencies had been prioritised over safety. Corners and costs had been cut. Cultural change is often driven by major catalysts and in this case the lighting rod was the death of a James Hardie staff member that could be traced to the relentless drive for efficiencies. Sullivan had driven good people out, he had a win at all cost temperament and failed to make personal adjustments even after professional coaching.

In September 2016, Gries, who had stepped back into the driver's seat, outlined a plan to attract top senior executives to expand and fill vacant roles on the Global Management Team (GMT), including the new role of Chief Human Resources Officer.

Key goals of Gries' plan was to:

1. Ensure a safe working environment,
2. Develop and promote employees,
3. Create a culture of engagement with employees, and
4. Deliver better employee retention.

A safe work environment was defined by the “2 and 20” program. This is a rate of less than 2 incidents requiring medical treatment that result in lost work days and a severity case rate of less than 20 incidents per 100 full time employees, working a 40-hour work week for 50 weeks per year. This program later became “2 and 10”.

In September 2017, we attended James Hardie’s USA investor analyst tour. Another workplace fatality that occurred some months prior, this time at the Carole Park Facility in Australia, had management once again focused squarely on culture and safety. The 2 and 10 program had become “zero tolerance” for unsafe behaviours. As more safety gates and devices are added this comes at a cost. It also increases churn in the short term as lower tolerance for unsafe behaviours drives terminations. Management assured nervous analysts that *“costs would not spin out”* and that the outcomes would drive efficiencies in the medium term.

The cultural piece was by no means the key plank of the investor tour. Great emphasis was given to the 35/90 market share strategy. This entails lifting fibre cement market share to 35% of all North American house sidings and James Hardie controlling more than 90% of the fibre cement segment.

After 15 years, the strategy has evolved as the market dynamics have changed. Winning share is no longer 99% correlated to taking share from vinyl as it has been in the past. James Hardie also need to focus on cheaper wood based siding products that have grabbed share. The new focus is on growing above the market index.

There is also an ongoing need to invest in new facilities and more efficiently utilise existing plant capacity to meet future demand. Start-up production of greenfield and brownfield manufacturing operations need to become more efficient to drive down manufacturing unit costs. The 300 plus sales force, which dwarfs the combined competition by a factor of seven needs to win back lost accounts. Capable management will execute on these activities.

As is often the case in investing, we are looking a few years further out. We start with the premise that James Hardie has a superior product. Investment in the product will ensure that it remains relevant into the future. The delivery of a “100% James Hardie House” is a game changer for the builder, who is also Hardies’ number one partner and a key market share driver.

The 100% Hardie House includes sidings and trim, which increases the value of a finished house. A neighbourhood dominated by Hardie product becomes more valuable. This is a virtuous circle. But for the builder it gets even better. The life time warranty he can deliver to his client, the home owner, doubles from 15 to 30 years. And if the builder receives certification for the installation from James Hardie, he can wash his hands of all warranty issues which are then handled and guaranteed by the company. We think this strategy will be well received by the market. It will be the catalyst of above index growth driven by an executive team that are remunerated on delivering on this important metric.

If the articulated growth plan can be executed in time by competent management, we can look out even further. James Hardie currently pays 35% of free cash flow to a fund that assists with the medical claims of diagnosed sufferers of mesothelioma, an aggressive cancer caused by asbestos exposure. Actuarial studies suggest that by 2025 the peak drawdown of funding requirements will have been met. If that's the case investors will be greeted by a wall of cash 7-8 years out.

We now circle back to culture, because it is the key to the future and our ability to look that far out. Success is dependent on execution and that relies on people. Good people need to be attracted to the business and retained. The workplace environment must be safe in order to become efficient. Efficiencies allow unit costs to come down and nameplate capacity to be reached.

Softening a winning culture is not easy. The members of the GMT acknowledge this. Some still favour the command and control style that they are used to. They have never had a head of Human Resource on the GMT. Elevating Human Resources will bring benefits and challenges. The challenge is that people need to change. Clearly Ryan Sullivan, the previously anointed successor to the CEO couldn't do it. Getting this piece right is critical to the future.

CEO Louis Gries will stay as long as it takes to get this right. Our confidence sits with him. He was the original command and control leader. He has changed, and his genuine 100% buy in should be enough to drive the cultural change required on the GMT. It trickles down from there.

SFM

Culture, class actions and a pot of gold

“Dick Smith ‘misled’ investors” screamed the headline of The Weekend Australian, September 30 – October 1. We have all read this story before. We looked at the Dick Smith IPO and frankly we were surprised sophisticated investors backed it with its history of failures.

We back management teams and culture is important. We couldn’t see any reason to invest. JB Hi-Fi has a better model and founder of Harvey Norman, Gerry Harvey, is a survivor and fierce competitor. Brashs, another retailer that failed in the late 1990’s, remains fresh in our minds.

Our views aside, the article made a clear statement.

“Bannister Law senior solicitor Milan Cakic told The Weekend Australian the claim is against a $150M insurance policy covering Dick Smith’s liquidation”.

“We understand that there might be other parties such as a syndicate of banks, they might be looking to claim against that same policy, so it’s a matter of who gets in first,” he said.

“The case is likely to run for two years. This will not be a walk in the park.”

We have no issues with wrongdoers being punished, and we are not passing judgement on this case. We are not legal experts and simply don’t know if shareholders have been intentionally misled. But it seems clear that these actions can be driven by the attractive targets of an insurance policy or a net cash balance sheet. Two veritable pots of gold.

We also take issue when actions are brought against management teams who simply miscalculate, make mistakes or are subject to external market forces. Hindsight is great for uncovering poor decision making. And it has become the weapon of the class action.

In circumstances where we see honest and competent management teams trip up we will be loath to participate in a class action. If we feel we are being misled we will exit an investment immediately. However, as long-term shareholders we know mistakes will occur and capital will be lost, that goes hand in hand with equity risk.

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Retail – Changing face

JB Hi-Fi

The track record of consumer electronics retailer JB Hi-Fi has been nothing short of remarkable. The jury is now out on whether the company can continue to generate the type of shareholder returns it has enjoyed since first listing on the Australian stock exchange back in 2003.

The company's real strength has been its ability to up-sell, a term used to describe a customer who ends up spending more money than originally intended. This typically occurs in a face to face setting when the customer is provided with various products by the sales person. When given the opportunity, JB Hi-Fi staff are particularly adept at up-selling customers on the value of a more expensive appliance or accessories to complement their choice. This engagement is a core strength that leads to more sales, higher margins and greater profits.

In the online world, there is less personal interaction. The customer is often looking for a specific product and hones in on the best offer across various websites. It's a strategy that really doesn't suit the JB Hi-Fi model. As such, the entrance of players like Amazon puts at risk the very model that JB Hi-Fi has built its business on.

In the 2017 full year result, the company noted that sales from the group's Australian JB Hi-Fi stores excluding The Good Guys totalled $4.1b, of which just $159m were generated online. Even though this increased 38.4% during the year, it is an extraordinarily low figure when one considers the expected impact from the likes of Amazon, who pride themselves on price, speed of service and delivery.

We rate JB Hi-Fi management highly and their success to date has been stellar. That said, the risk to their model is clear, not because of Amazon arriving but because of customers choosing to deal online, taking away the very essence of their model, that of up-selling.

Scentre Group & Westfield

A quick look at Scentre Group's and Westfield's 2017 interim result of comparable sales growth by category reveals an ongoing trend away from department stores towards growth industries including technology and dining. Specifically, specialty retail appears to resonate well with shoppers despite the ongoing threat posed by online competitors.

It's little wonder the likes of Myer and David Jones are struggling to appeal to shoppers given the choice of offerings. The Westfields of the world are also needing to adapt to keep their physical retail portfolios relevant whilst concurrently placating tenants who face lofty annual rent increases.

Table 1: Scentre Group comparable retail sales growth by catergory

	6 MONTHS TO 30 JUN 2017	12 MONTHS TO 30 JUN 2017
Supermarkets	1.0%	(0.2%)
Department Stores	(5.6%)	(2.5%)
Discount Department Stores	(1.6%)	(3.7%)
Cinemas	(2.1%)	(1.7%)
Fashion	1.0%	1.6%
Footwear	1.8%	1.1%
Jewellery	0.9%	3.0%
Leisure	(4.2%)	(2.2%)
General Retail[2]	(0.3%)	0.0%
Homewares	(2.0%)	(2.6%)
Technology & Appliances	11.5%	14.1%
Retail Services	5.0%	3.5%
Health & Beauty	0.9%	2.0%
Food Retail	4.1%	4.0%
Food Dining	1.7%	1.5%

1. Total stable portfolio
2. General Retail category includes Discount Variety, Giftware, Florists etc

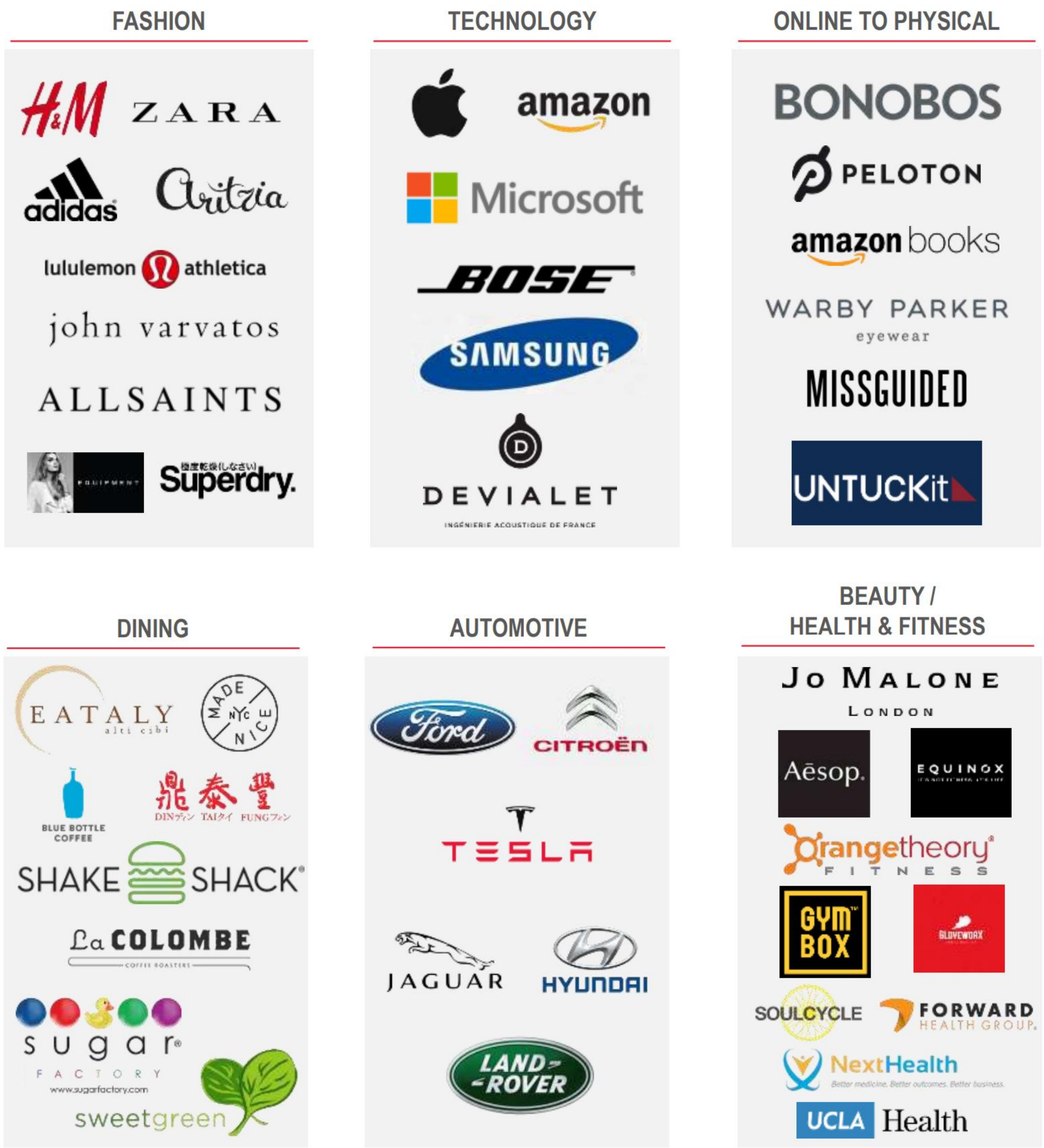
Source: Scentre Group 2017 half year results presentation

Chart 1: Westfield Corporation composition of sales – 2007 and 2017

Notes.
1. Based on total sales including estimates
2. Specialty sales including large format specialty stores and supermarkets

Source: Westfield Corporation 2017 half year results presentation

Chart 2: Westfield Corporation offering portfolio



Source: Westfield Corporation 2017 half year presentation

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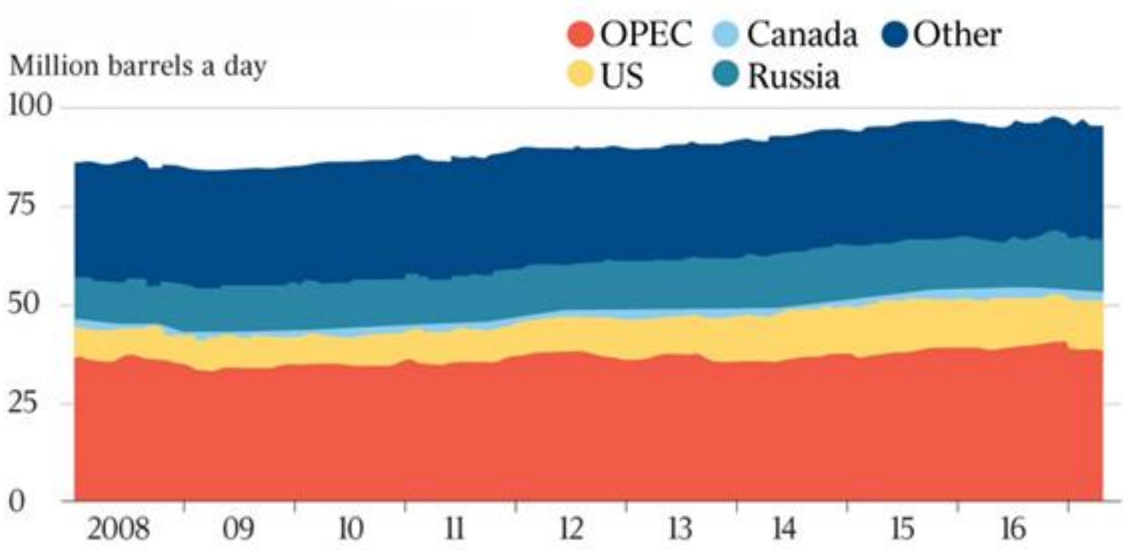
Energy – Oil & coal

Structural change is not only evident in the retail landscape but also in energy. The growing use of wind and solar as an energy source coupled with the alternative technology of electric cars is placing further pressure on the traditional energy sources of coal and oil.

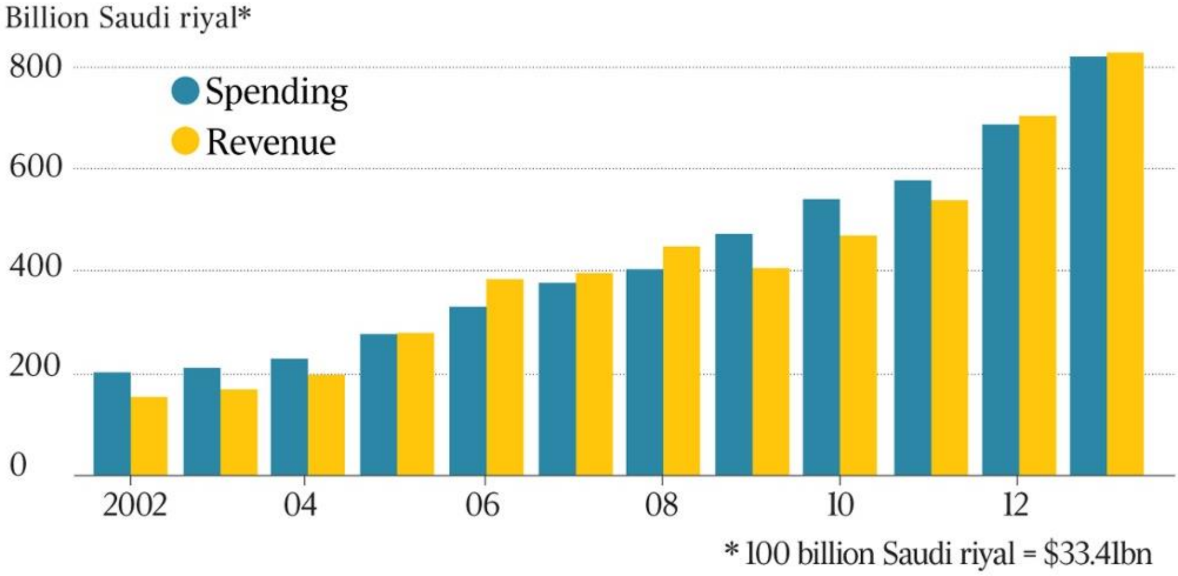
The following charts highlight the challenges these trends are placing on traditional players, including Saudi Arabia.

Chart 3: World oil producers



Source: The Australian 01/08/2017

Chart 4: Saudi government spending versus revenue



Source: The Australian 01/08/2017

Despite OPEC's best endeavours to control oil output among its 14 members, nine months on and the situation is no better, with some continuing to produce more oil than promised. This has seen oil production rise and lower oil prices as a consequence.

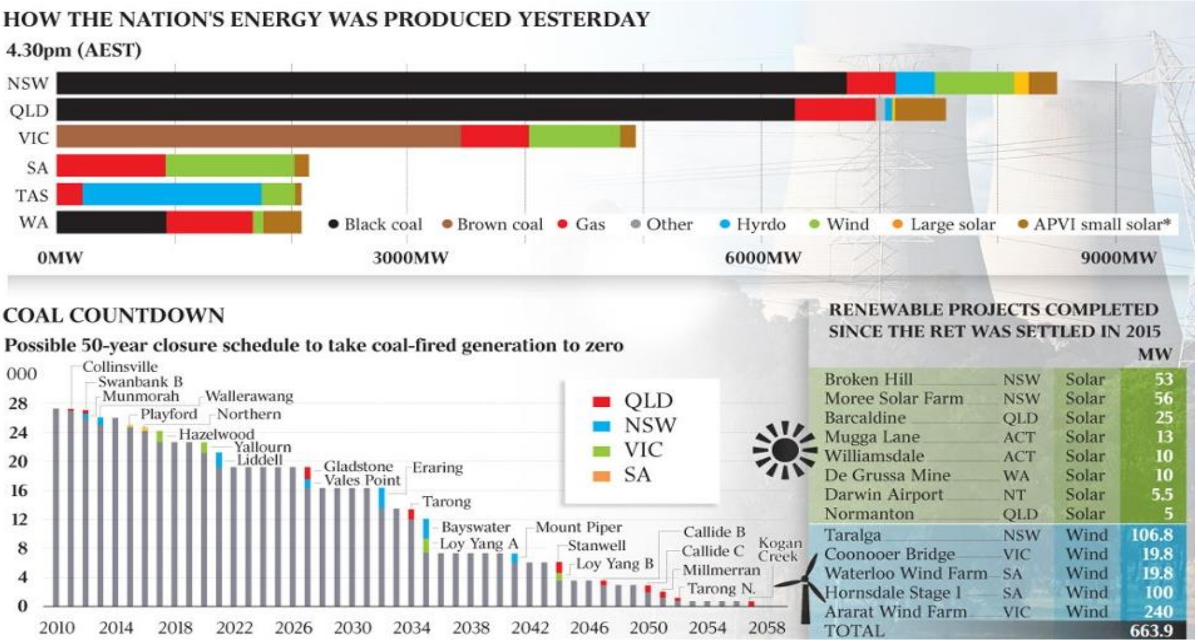
Importantly, the rise in alternative oil production techniques, notably shale, has resulted in OPEC's share of the global oil market shrinking from 55% in the early 1970's to around 40%.

The need for higher oil prices is best illustrated at an individual country level. As seen in the accompanying graph, Saudi Arabia's budget spending has ramped up over the years, funded in large part from the revenues derived from oil. The situation is similar in most other OPEC nations, with greater budget demands over the years met by increasing revenue from higher oil prices and higher production volumes.

With OPEC outputs difficult to enforce and lower market share globally, the strains are beginning to show.

Coal – a future?

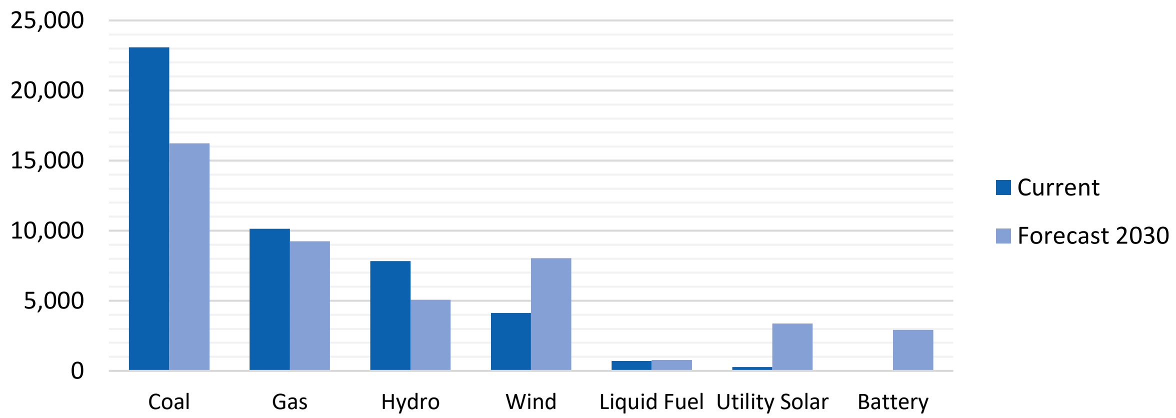
Chart 5: Power production by type and projected coal production capacity



Source: The Australian 07/09/2017

Coal has its own issues, as the move to greener energy sources gathers pace. This has led to considerable political debate as to the best way forward. The accompanying charts illustrate the shift from coal to alternate energy sources at a State level, along with a calendar countdown to forecast closure of coal-fired generation plants. Whether this plays out as indicated, time will tell, although over the long run it's hard to imagine a developed world remaining dependent on coal as an energy source.

Chart 6: Power generation installed capacity (Mega Watts) by fuel type



Source: AEMO, Australian Financial Review

SFM

Intention to bid – No deal

More examples of companies opening their books to potential acquirers only to see it end in no deal should be a wakeup call to all company boards and management teams. Telecommunications operator Vocus Group and media outlet Fairfax Media are the latest in a string of businesses that have been approached with the lure of a potential take out, subject to further due diligence.

In the case of Fairfax, potential buyers Hellman & Friedman and private equity investor TPG Capital, opted not to lodge a binding bid after undertaking four weeks of due diligence. Why any board would agree to open itself up without at least securing a decent upfront payment is beyond our understanding.

All too often serial acquirers project confidence that a deal will be done only to find fault following a closer look at the books. Not surprisingly, a lower than expected final bid also follows which usually leaves the board with no option but to scuttle the offer. Rather than opening itself up to the outside world, company boards should demand money up front, or no deal.

SFM

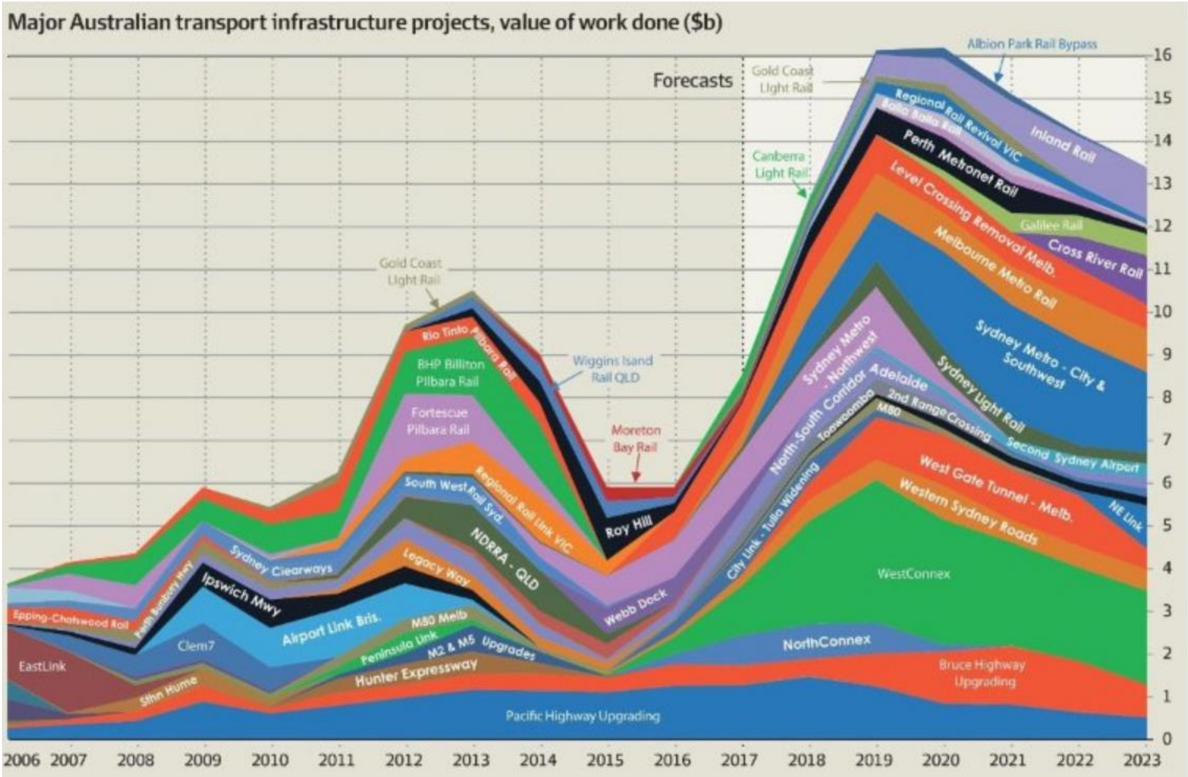
Employment

The Australian Bureau of Statistics released figures showing the economy expanded by 0.8% in the June quarter. Employment statistics also helped paint a positive picture as full-time jobs increased by 54,200 positions in August compared with expectations of 15,000. While monthly and quarterly figures are notoriously prone to statistical errors and revisions, the overall trend is decidedly positive.

Nowhere is this more evident than in NSW, with the State Budget warning that the $73 billion earmarked for infrastructure projects including WestConnex, the Sydney Metro, NorthConnex and stadium construction, potentially pushing the State's economy past full employment.

The following chart produced by economic consultancy firm Macromonitor illustrates the impending public infrastructure spend earmarked to occur in 2018 and beyond.

Chart 7: Pipeline of Australian transport infrastructure spend



Source: Macromonitor

While much was made of the mining boom, industry observers suggest the forthcoming public spend on infrastructure will be 50% greater than during that era. Importantly, its spend will be spread further across the Australian economy.

The economic impact is therefore expected to be larger and of a longer duration.

Having just recorded the strongest six-month stretch of job creation, the elevated level of activity will place further pressure on businesses to secure the right talent. In the fields of

Science, Technology, Engineering and Mathematics (STEM) the shortage of qualified talent for employment is already upon us. Tim Reed, the CEO of accounting software company MYOB, highlighted this. Reed said *"The number one risk that we identified in our business plan going into 2017 was our ability to find the skills to do all of the things that we wanted to get done in our business. It's very, very tough. Particularly for software engineers of design based capabilities, we're probably 100 people down on our target headcount at this moment in time and that's simply because we can't find enough people."*

SFM

Company commentary

Aristocrat Leisure (ASX:ALL)

Leading global slot machine operator Aristocrat Leisure announced the acquisition of Plarium on 10 August 2017. Plarium is a developer of "free-to-play" mobile, social and web based role playing games. They operate in an adjacent market to Aristocrat's existing Digital division, which focuses primarily on social casino games. Total consideration for the business suggests a multiple of 10x operating profits consisting of an upfront payment of US$500m and earn-out payments at the end of calendar years 2017 and 2018.

Aristocrat has indicated the acquisition will be earnings accretive. Importantly, Plarium and Aristocrat each have important intellectual property which can be shared (user acquisition strategies and game maths engines). Learnings between the two have the potential to accelerate growth and improve their respective game libraries. Post financial close, digital revenues will represent more than 22% of Aristocrat’s annual revenue, up from 14%.

Earlier this year the company delivered a strong interim result, lifting revenues 22% to $1.2b and net profits by 49% to $273m. The newly promoted CEO, Trevor Croker, has continued in the same vein as his predecessor Jamie Odell, focusing on the group's core markets to drive further product penetration. Significant ongoing expenditure in design and development continues to deliver market leading games. These games are helping to grow market share across all regions and product segments.

The U.S. remains the group's single most important region, representing over 57% of revenues and 60% of segment profits. Recurring revenues earned from the company's gaming operations in both the Class II and Class III markets continue to grow. Over 37,000 installed machines earn the group on average US$50 per day. Including the company's Digital division, recurring revenue now represents over half of group turnover, providing strong cash flows and requiring less working capital.

The company ended the half with net debt of $833m, down from the $1.2b recorded in the prior corresponding period. The Plarium acquisition will see that figure once again top $1b. Management maintained earlier guidance for the full year of increasing normalized profits between 20% and 30%, with profits of $478m-$518m expected.

Altium (ASX:ALU)

Delivering another record result in 2017, CEO Aram Mirkazemi explained that momentum was the reason for Altium's continued success. The printed circuit board design software business announced that revenue for the year topped US$110m along with operating profits of US$33m, earning the company a 30% operating profit margin. The result marks the sixth year of consistent, strong underlying earnings growth.

Subscriber numbers rose 11% to 34,522, helping lift the proportion of revenue that is recurring to 53%. This achievement comes on the back of Altium's ability to deliver annual upgrades to its flagship Altium Designer software. Regular improvements in product functionality increases users' willingness to pay for subscription licenses, which in turn gives the company confidence to invest in product development.

One of the highlights of the result was the success Altium is having in China.There are an estimated 100,000 seats of Altium Designer in use, most of which are pirated versions of the software for which Altium receives no revenue. A change in approach to license compliance helped lift revenue earned in China by 26%. More importantly, only a fraction of the 100,000 users make payments to Altium which suggests there is a significant, untapped opportunity for the company to continue to grow revenue in China.

Blackmores (ASX:BKL)

Alibaba, China's largest e-commerce company and owner of the leading online trading site Tmall, confirmed it had signed agreements with Australia's dominant vitamin retailers Chemist Warehouse, Swisse, Sanofi Consumer Healthcare and Blackmores. Alibaba’s Australian Managing Director noted, *"By working together to promote our lifestyle and national identity, Australian brands will move a step closer to reaching their export potential in China. Australia is the first country to collaborate with like-minded health companies and this model will be closely watched by all of Tmall's global markets."*

Of more immediate benefit to Blackmores was the delay in implementation of new laws governing China's cross border e-commerce trade. These laws were scheduled to come into effect at the beginning of 2018, requiring vitamin products to be registered for sale. The State Council, China's cabinet, has confirmed the implementation will now be delayed 12 months providing the likes of Blackmores additional time to register products. In the meantime, sale of goods through China's e-commerce markets continue to grow strongly. During the first half, sales in this segment rose 30% to 3.6t Yuan (AUD$6.9b).

Carsales.com (ASX:CAR)

Claims that Carsales.com's core domestic business is maturing rang out following the result. Our read was slightly different. Management have demonstrated that price rises and a continued emphasis on developing higher value depth products has had little impact on demand. This focus on depth based offerings is seen by management as being in the very early stages of its rollout. When compared with other verticals such as the real estate industry, we tend to agree.

Internationally, strong revenue and profit growth in the Korean business SKEncar was a highlight. Brasil’s Webmotors also delivered an improved second half as the economic environment began to stabilise. Consistent improvement in the international businesses (with the exception of iCar Asia) is promising, however, these markets are in the very early stages of their development, demanding a long term approach from investors.

Cochlear (ASX:COH)

Global hearing specialist Cochlear delivered a strong full year result, lifting constant currency sales 12% to $1.2b and operating profits 15% to $315m. The impressive lift in performance was felt both in operational terms and across the group's implant products. Unit numbers rose 8% to 32,554 and a stronger 14% if China unit tender orders are excluded. The U.S. market was a standout, recording implant unit sales in excess of 15% and revenues up 18% to $595m. This has seen the company lift market share beyond the estimated 60% level recorded last year.

New product introductions such as the Kanso sound processor and continued reinvestment in sales and service offerings, saw the Services division lift revenues 10% to $306m. The bone conduction unit, previously known as Baha, continues to enjoy robust growth on the back of new product releases with sales rising 26% to $166m. Research and development remains a key focus with the group investing $152m during 2017, an increase of 7%. Operating margins rose 2% to 25%, illustrative of the improving manufacturing efficiencies.

The company ended the year with net debt of $129m compared to $118m, even though an extra $91m was outlaid to acquire U.S. based Sycle and the purchase of the company's original manufacturing facility at Lane Cove. Full year dividends rose from $2.30 to $2.70 per share, representing a payout ratio of 70%. New CEO, Dig Howitt, provided an early guidance profit range for 2018 of $240m-$250m. New product releases including the Nucleus 7 Sound Processor Made for iPhone are expected to drive strong implant uptake.

Computershare (ASX:CPU)

Computershare is a global leader in transfer agency and share registry operations. Over the last decade, the skill sets that Computershare has developed in these areas has been rolled out into new business lines including mortgage servicing, corporate trust, bankruptcy and class action administration.

The company delivered revenue of US$2,183m and underlying earnings per share of US57 cents up 10.6% and 3.5% respectively. The result was particularly pleasing given that Corporate Actions revenues remain at their lowest level in more than a decade.

Computershare has previously been the beneficiary of interest earned on funds held on behalf of clients. This remains the case, but falling interest rates have posed a significant headwind to group earnings since 2007. Although it will take some time to flow through the entire client book, recent rises in interest rates have already benefited Computershare. Margin income rose from US$66.6m in the first half to US$69.6m in the second half of the year.

Computershare has a market capitalisation of US$6.1b and net debt of US$868m.

Domino's Pizza Enterprises (ASX:DMP)

Domino's Pizza Enterprises reported results which fell short of company guidance. The headline result saw net profit rise 28.8% to $118.5m and network sales rise 18% to $2,319m compared with the prior corresponding period. Issues associated with the rollout of the Domino’s OneDigital system in France took longer than expected to resolve and sales growth was muted as a result. The European segment delivered 2.8% same store sales (SSS) growth compared with 5%-7% guidance provided in February. The ANZ region also fell sort of its SSS target, coming in at 13.6% compared with guidance of 14%-16%.

Domino's has a market capitalisation of $4.1b and net debt of $279m.

Flight Centre Travel Group (ASX:FLT)

Flight Centre, Australia's leading travel group, reported underlying profit before tax of $330m, down 7% compared with 2016. Earnings fell despite total transaction value (TTV) growing by 4% to a record $20.1b. The result came in at the top of the amended guidance range provided in February of $300m-$330m profit before tax. The range was initially set at $320m to $355m in November 2016.

Following a weak first half, the company delivered a particularly strong second half. Airfare deflation over the last 18 months has presented a headwind to otherwise strong organic ticket sales growth. As this deflation abated in the second half, TTV returned to strong growth.

Management has outlined an aspirational goal of earning a net margin of 2% of TTV as profit before tax within the next 3 to 5 years. Currently the group’s net margin sits at 1.6%. The company is targeting 7% growth in TTV annually and has renewed its focus on controlling cost growth to deliver the required operating leverage to meet its 2% margin target.

This focus will see Flight Centre turn its attention to breakeven or loss-making businesses and brands in different geographies. Management have committed to shutting, divesting or transforming these businesses within three years. Several operational changes to streamline support structures have already been made as a part of these initiatives.

GBST Group (ASX:GBT)

Wealth and financial software provider GBST released a disappointing result to the market during August. For the 2017 financial year the company delivered underlying net profit after tax of $10.5m compared with $13.4m in the prior year. Although demand remains high for GBST's flagship product, Composer, a setback encountered during upgrades to a new operating system led to delays of client onboardings. Those delays posed a drag on services work billings for GBST. Operating margins fell from 17.7% to 13.6% as revenues dropped against GBST's largely fixed cost base.

The decision to internalise all elements of the upgrade after terminating a specialist consultant will give the company more control over the project but will cost an estimated $50m over the next three financial years. The project will be expensed through the income statement as costs are incurred, contrary to the practise of many software businesses who opt to capitalise development costs and depreciate “assets” in future periods. The latter approach boosts reportable earnings in the short term but causes a mismatch between earnings and cash flows. We prefer GBST's more conservative approach of expensing all development costs up front.

Impedimed (ASX:IPD)

During the quarter Impedimed announced they had finalised the submission of a pre-market notification to the U.S. Food and Drug Administration for their new device SOZO. CEO Richard Carreon indicated that the submission puts the company on track to launch SOZO in the United States in the fourth quarter of calendar year 2017. SOZO uses bio-impedance spectroscopy (BIS) to measure extra-cellular fluid retention, an indicator of sub-clinical lymphoedema in at risk patients such as breast cancer sufferers.

The device will replace Impedimed's previously approved device, the L-Dex U-400. While the readings SOZO delivers to clinicians are substantially equivalent to U-400 readings, SOZO improves clinical practices through the speed and ease of use. Where the U-400 requires a private examination room and can take up to 10 minutes to administer, SOZO can be used to take measurements in under a minute without a private examination room. The ease of administration of the test is expected to dramatically increase the integration of L-Dex measurement devices in clinical practice.

The Carlsbad, California based company released an update during August which outlined the results of a retrospective study conducted by Dr David I Kaufman, Adjunct Professor of Surgery at New York University Medical Center. Dr Kaufman examined the impact of using BIS for early detection of breast cancer related lymphoedema at a sub-clinical, reversible stage. The investigation reported dramatically lower rates of incidence than have been reported in contemporary studies where BIS was not used. Dr Kaufman commented that *"The L-Dex technology has provided me with the tools necessary to prevent this dreadful complication from happening."*

IRESS (ASX:IRE)

Financial markets and wealth management software provider IRESS delivered slightly lower profits for its 2017 interim result compared with both the second and first halves of 2016. While initially disappointing, closer inspection reveals upfront costs associated with the delivery of key projects. Both the ANZ Wealth Management and UK segments delivered diluted contribution margins, offsetting otherwise robust revenue growth. Compared with the 2016 interim result, operating revenue increased 9% and segment profit fell 6% as operating costs increased 16% from $131.3m to $152.3m.

Management expect to deliver strong segment profit growth in the current half as project implementations come online. More importantly, the recurring nature of IRESS's revenue and the stickiness of their offering with clients gives us confidence their strategy of continued investment will deliver a healthy return for shareholders over the long term.

CEO Andrew Walsh commented that he was *"pleased with the continued strong progress against IRESS' strategy, notably the increase in recurring revenue being experienced in key markets."* IRESS is seeing demand for their solutions grow as clients attempt to navigate regulatory changes and meet new demands of their own clients.

IRESS has a market capitalisation of $1.95b and net debt of $174m.

NIB Holdings (ASX:NHF)

NIB Holdings announced the acquisition of Grand United Health (GU), from Australian Unity for $155m. Described as Australia's only private health group exclusively servicing the corporate sector, GU Health has more than 34,000 policyholders and 260 corporate clients.

The business generates annual premiums of $194m and earns gross margins of circa 20%. CEO Mark Fitzgibbon described the move as a strategic acquisition.

Within the corporate private health insurance segment, NIB currently enjoys a 10% market share but this is set to double following the addition of GU Health. With a combined 80,000 policyholders and an addressable market of 400,000, the group's desire is to grow its share from local competitors Medibank Private and BUPA. The transaction will be financed by a $75m equity raising and the balance with debt. Management expects the deal will be earnings per share accretive in 2018.

REECE (ASX:REH)

Reece is Australia’s leading plumbing group, operating more than 600 stores, covering plumbing and bathroom supplies. The Actrol group, acquired in 2014, is the country’s largest wholesale supplier of parts to the refrigeration and air conditioning industries. Annual group sales revenue now exceeds $2.4b, with operating profits of $309m, net profits of $212m and return on invested capital exceeding 25%. The Wilson family and their related parties own more than 67% of the issued capital and have been excellent stewards of the business. Reece had no net debt at balance date.

Following quarter end, Reece announced the acquisition of Viadux from Crescent Capital Partners. Viadux supplies the large pipe distribution segment of the civil market from source to reticulation. While the purchase price was not disclosed, the transaction was funded out of cash reserves which at the June balance date stood at $102m. Although Viadux is small, Reece has proven to be an astute acquirer of businesses in adjacent markets where they believe their intellectual property can be used. Management noted that the complementary nature of Viadux to the Reece Civil business made it an excellent strategic fit for the group.

Reece CEO Peter Wilson commented in the Annual Report *“Despite a view in some areas of the market that housing activity is past its peak, we expect growth overall. We see a strong Australian economy, record house prices and a market that presents many opportunities.”*

Reliance Worldwide Corporation (ASX:RWC)

Reliance Worldwide Corporation is a designer, manufacturer and distributor of water flow and control products in the "behind the wall" plumbing category. When the company first listed on the ASX in April 2016, the simple strategy management outlined to investors was one of increasing market share in the behind the wall category by offering solutions to make the plumbing trade more efficient. Effectively, Reliance sells a new, superior product into a vastly underpenetrated market and its superiority means it can be priced at a large premium to alternatives.

A year since listing Reliance remains on track with expectations. Compared with the 2016 financial year, sales increased 12.6% to $601m. Operating profits increased by 22% as margins expanded from 18.5% to 20.1% and net profit after tax rose 26% to $65.6m. The results reflect strong top line growth consistent with strategy of increasing market share of behind the wall fittings. Increased throughput is driving operating leverage, recently commissioned production facilities allow for lower freight costs and new production techniques are helping to lower per unit costs.

During the quarter, Reliance also announced the acquisition of Holdrite, a market leader in the development and provision of pipe supports, acoustic isolation solutions and plumbing fittings. The acquisition was rationalised with two main arguments. Firstly, it will help to accelerate Reliance's entry into residential and commercial new construction markets in North America. More importantly, however, Holdrite’s strategy of delivering solutions that make contractors faster and more efficient is in keeping with Reliance’s ambitions. Management indicated at the full year results that the acquisition has been a strong cultural and strategic fit. The integration is progressing as planned.

The 20% selldown by major shareholder, the Munz Family, following the company’s full year result was unexpected and led us to re-examine the merits of the business.

Reliance has a market capitalisation of $1.93b and net debt of $235m.

Sims Metal Management (ASX:SGM)

We were caught off guard by the announcement at the beginning of August that the CEO and CFO of Sims were departing. Alistair Field (previous head of Sims ANZ) has been elevated to the role of CEO and Amit Patel (Chief Accounting Officer) has been appointed Interim CFO. The changes were unexpected and poorly communicated to the market by the company. It appears a succession plan was broached with the incumbent management team who took offence and subsequently decided to resign effective immediately.

It is our view that the changes are being made due to a difference of opinion between the board and management regarding the future business direction.

Following this announcement, the company released their results for the 2017 financial year. Sims reported revenue of $5,079m and underlying NPAT of $120m, up 9% and 216% respectively. The strong result refuted any concerns that the management team was being replaced for missing internal targets.

Importantly, the new management team confirmed numerous initiatives remain on the group’s roadmap which will deliver further efficiency improvements, both operationally and financially.

Technology One (ASX:TNE)

During the quarter Technology One announced the termination of a contract with Brisbane City Council (BCC). The dispute between the company and the council regarding the roll-out of a new enterprise software solution has been well publicised. The issue highlights the complexity of replacing or upgrading legacy enterprise software.

After quarter end Technology One provided a trading update to the market which indicated full year net profit would grow between 7% and 9% compared with previous guidance of 10%-15%. The company had expected a number of sizeable contracts would close near the end of the financial year, however, unforeseen circumstances saw these delayed.

More encouragingly, the group recorded underlying growth of 20% once if allowances for a number of non-recurring items such as the previously discussed BCC dispute and higher than anticipated costs for the group's Evolve marketing event, are taken into account.

The group has prided itself on maintaining a consistent level of annual profit growth within the range of 10%-15%. The recent update illustrates that whilst a long run target is desirable, in reality actual results will be subject to short term variability.

Company visit diary September 2017 Quarter

July

Date	Company	Description
3-Jul	HSN	Hansen Technologies Acquisition Conference Call
4-Jul	TNE	Technology One UBS Management Meeting
5-Jul	SRX	Sirtex Medical Management Meeting
20-Jul	JHX	James Hardie Industries Rosehill Investor Day
24-Jul	IPD	Impedimed FY17 Results Conference Call
26-Jul	BAP	Bapcor Hellaby Acquisition Conference Call
26-Jul	IPD	Impedimed FY17 SFML Management Meeting
27-Jul	SRX	Sirtex Medical FY17 SFML Management Meeting
27-Jul	BKL	Blackmores FY17 SFML Management Meeting

August

Date	Company	Description
1-Aug	NVT	Navitas FY17 Results Conference Call
2-Aug	NVT	Navitas FY17 UBS Management Meeting
2-Aug	OFX	OFX Group Annual General Meeting
3-Aug	NVT	Navitas FY17 Results Meeting
3-Aug	OFX	OFX Group FY17 Morgan Stanley Management Meeting
4-Aug	TAH	TABCORP Holdings FY17 Results Conference Call
4-Aug	CWN	Crown Resorts FY17 Results
8-Aug	JHX	James Hardie Industries Q1FY18 Results Conference Call
8-Aug	IFL	IOOF Holdings FY17 Results Conference Call
8-Aug	OFX	OFX Group Deutsche Bank Management Meeting
9-Aug	CAR	Carsales.com FY17 Results Conference Call
9-Aug	CBA	Commonwealth Bank FY17 Results Conference Call
9-Aug	IFL	IOOF Holdings FY17 Morgan Stanley Management Meeting
9-Aug	IFL	IOOF Holdings FY17 SFML Management Meeting
10-Aug	ALL	Aristocrat Leisure FY17 Results Conference Call
10-Aug	CAR	Carsales.com FY17 Deutsche Bank Management Meeting
10-Aug	CAR	Carsales.com FY17 Macquarie Management Meeting
15-Aug	AGI	Ainsworth Game Technology Product Presentation at AGE
15-Aug	IPD	Impedimed Conference Call
15-Aug	DMP	Domino Pizza Enterprise FY17 Results Conference Call
15-Aug	DMP	Domino Pizza Enterprise FY17 Morgan Stanley Management Meeting
16-Aug	CSL	CSL FY17 Results Conference Call
16-Aug	CPU	Computershare FY17 Results Conference Call
16-Aug	SEK	SEEK FY17 Results Conference Call
16-Aug	JBH	JB Hi-Fi FY17 Results Management Meeting
16-Aug	DMP	Domino Pizza Enterprise FY17 SFML Management Meeting
17-Aug	IRE	IRESS HY17 Results Conference Call
17-Aug	BRG	Breville FY17 Results Conference Call

Date	Company	Description
17-Aug	ASX	ASX FY17 Results Conference Call
17-Aug	IPH	IPH FY17 Results Conference Call
17-Aug	SEK	SEEK FY17 Morgan Stanley Management Meeting
17-Aug	BRG	Breville FY17 UBS Management Meeting
17-Aug	COH	Cochlear FY17 Results Conference Call
17-Aug	BRG	Breville FY17 Results Management Meeting
18-Aug	IRE	IRESS FY17 SFML Management Meeting
21-Aug	COH	Cochlear Merrill Lynch Breakfast Meeting
21-Aug	NHF	NIB Holdings FY17 Results Conference Call
21-Aug	CSL	CSL FY17 UBS Management Meeting
21-Aug	NHF	NIB Holdings FY17 Macquarie Management Meeting
22-Aug	VRT	Virtus Health FY17 Results Conference Call
22-Aug	ACX	Aconex FY17 Results Conference Call
22-Aug	OSH	Oil Search HY17 Results Briefing
22-Aug	SYD	Sydney Airport HY17 Results Conference Call
22-Aug	COH	Cochlear FY17 SFML Management Meeting
22-Aug	VRT	Virtus Health FY17 Morgan Stanley Management Meeting
23-Aug	SRX	Sirtex Medical FY17 Results Conference Call
23-Aug	BVS	Bravura Solution HY17 Results Conference Call
23-Aug	SRX	Sirtex Medical FY17 Morgan Stanley Management Meeting
23-Aug	ACX	Aconex FY17 UBS Management Meeting
23-Aug	SRX	Sirtex Medical FY17 Taylor Collison Management Meeting
23-Aug	BAP	Bapcor FY17 Results Conference Call
23-Aug	NEA	Nearmap FY17 UBS Management Meeting
23-Aug	ACX	Aconex FY17 Deutsche Bank Management Meeting
24-Aug	TME	Trade Me FY17 Results Conference Call
24-Aug	MYO	MYOB FY17 Results Conference Call
24-Aug	ACX	Aconex FY17 Morgan Stanley Management Meeting
24-Aug	NAN	Nanosonics FY17 Results Conference Call
24-Aug	FPH	Fisher & Paykel Healthcare Annual General Meeting
24-Aug	SGR	The Star Entertainment FY17 Deutsche Bank Management Meeting
24-Aug	FLT	Flight Centre Travel Group FY17 Deutsche Bank Management Meeting
24-Aug	FLT	Flight Centre Travel Group FY17 Results Conference Call
25-Aug	FLT	Flight Centre Travel Group FY17 UBS Management Meeting
25-Aug	SGM	Sims Metal Management FY17 Results Conference Call
25-Aug	SOM	SomnoMed FY17 Taylor Collison Management Meeting
25-Aug	SEK	SEEK FY17 SFML Management Meeting
28-Aug	RWC	Reliance Worldwide FY17 Results Conference Call
28-Aug	GBT	GBST Holdings FY17 Results Conference Call
28-Aug	GBT	GBST Holdings FY17 Morgans Investor Roadshow
28-Aug	IFM	Infomedia FY17 Results Conference Call
28-Aug	JIN	Jumbo Interactive FY17 Results Conference Call

Date	Company	Description
28-Aug	BAP	Bapcor FY17 Morgan Stanley Management Meeting
28-Aug	GBT	GBST Holdings FY17 Deutsche Bank Management Meeting
28-Aug	ALU	Altium FY17 Results Conference Call
29-Aug	WTC	Wisetech Global FY17 Deutsche Bank Management Meeting
29-Aug	NAN	Nanosonics FY17 UBS Management Meeting
29-Aug	BKL	Blackmores FY17 Results Conference Call
29-Aug	ALU	Altium FY17 Deutsche Bank Management Meeting
29-Aug	SGM	Sims Metal Management FY17 SFML Management Meeting
29-Aug	GBT	GBST Holdings FY17 Morgans Management Meeting
29-Aug	SGM	Sims Metal Management FY17 Goldman Sachs Management Meeting
29-Aug	RWC	Reliance Worldwide FY17 Macquarie Management Meeting
29-Aug	BAP	Bapcor FY17 Goldman Sachs Management Meeting
30-Aug	AGI	Ainsworth Game Technology FY17 Results Conference Call
30-Aug	SYD	Sydney Airport FY17 Morgans Management Meeting
30-Aug	BKL	Blackmores FY17 SFML Management Meeting
30-Aug	AGI	Ainsworth Game Technology FY17 SFML Management Meeting
30-Aug	MYO	MYOB FY17 Goldman Sachs Management Meeting
30-Aug	JIN	Jumbo Interactive FY17 SFML Management Meeting

September

Date	Company	Description
4-Sep	NHF	NIB Holdings FY17 SFML Management Meeting
4-Sep	IFM	Infomedia FY17 SFML Management Meeting
4-Sep	IFM	Infomedia FY17 UBS Management Meeting
14-Sep	CBL	CBL FY17 UBS Management Meeting
14-Sep	New Energy Solar Group	Morgan Stanley Conference
19-Sep	3PL	3P Learning Morgan Stanley Micro-Cap Conference
19-Sep	TPM	TPG Telecom FY17 Results Conference Call
20-Sep	NHF	NIB Holdings GU Health Acquisition Conference Call

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