SFML Quarterly Newsletter
No. 61

September 2018

In this quarterly edition, we review performance and attribution for the quarter. We visit John Guest in London and trek to Alaska. We try to understand the human genome and we call for a more balanced media. Photo. We seek humble management, Peter Botten Oil Search CEO, opening the door to Alaska.

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selector

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,

The September quarter proved more eventful than the benign market moves would suggest. Company reporting season brought the usual variety of outcomes, however, it was the external regulatory and political shocks that stole the show. The swearing in of Scott Morrison as our newest Prime Minister was an event all too familiar for Australians, following the loss of party room support for the outgoing PM Malcolm Turnbull. This, at a time of strong economic results is a blight on those elected to lead.

As unexpected as this event proved, the same cannot be said for the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The fallout is likely to be wide ranging and illustrative of the frequency with which companies are now becoming targets of regulatory intervention.

In keeping with this theme, our article titled "*Media-one sided reporting*" highlights a concerning development within the media industry. *"Fake News"*, is now deemed an acceptable by-product of media outlets' push to create stories. This has consequences as individuals and corporations are forced to defend sometimes unfounded accusations. Investors are equally exposed, evidenced by recent events that have damaged company brands and reputations. The ongoing challenge is deciphering what is real and what is fake.

During the quarter, we found ourselves on the road once more. We travelled to the U.K. and the U.S. as we visited several of our portfolio holdings. Our lead story profiles our tour of the London based, John Guest's facilities whose push-to-connect (PTC) plumbing fittings business was recently acquired by Reliance Worldwide Corporation.

Whilst in London, we organised meetings with other businesses owned by the portfolio including IRESS, Flight Centre Travel Group and Sims Metal Management. We continued onto the U.S. to complete the second leg of the Reliance Worldwide Corporation review, where management showcased their recently completed and equally impressive company campus facility. In addition, we attended the Altium Live 2018 *"Education Day"* and joined company led investor tours for James Hardie Industries, Fisher & Paykel Healthcare and concluded with a trek to Oil Search's recently acquired oil assets in Alaska.

We finished our travels with a visit to San Francisco, meeting with the U.S. management team of online money service bureau operator OFX Group as well as catching up with the team from health insurer NIB's travel insurance operation, World Nomads Group. We conclude our report with a topic of interest piece, focusing on the growing field of genomics, which builds on a previous article on this subject.

For the September quarter, the Fund delivered a gross positive return of **5.18%** compared to the All Ordinaries Accumulation Index which posted a gain of **1.86%**.

We trust you find the report informative.

Regards,

Selector Investment Team

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Quote: Tim Reed CEO MYOB

"If we're not continually re-skilling there's only one direction we'll go and it's not a good one….technology is refining jobs, more than destroying jobs."

Performance September 2018

For the quarter ending September 2018, the Fund delivered a gross positive return of **5.18%** as compared with the **1.86%** rise in the All Ordinaries Accumulation Index.

Performance table since inception

Returns	Gross Fund Return (%)	All Ordinaries Accumulation Index (%)	All Ordinaries Index (%)
3 Months	5.18	1.86	0.57
6 Months	16.07	10.05	7.78
1 Year	36.58	14.68	10.11
3 Years annualised	22.28	12.37	7.73
5 Years annualised	18.96	8.45	3.93
10 Years annualised	15.27	7.71	3.17
Since Inception annualised	13.71	8.24	3.75
Since Inception cumulative	498.38	201.17	67.06

Fund's Top 10 holdings

Top 10 September 2018	Top 10 June 2018
ALTIUM	ALTIUM
ARISTOCRAT LEISURE	ARISTOCRAT LEISURE
CSL	CSL
DOMINO'S PIZZA ENTERPRISES	FLIGHT CENTRE TRAVEL GROUP
JUMBO INTERACTIVE	JUMBO INTERACTIVE
OIL SEARCH	OIL SEARCH
REECE	REECE
RELIANCE WORLDWIDE CORPORATION	RELIANCE WORLDWIDE CORPORATION
RESMED	RESMED
SEEK	SEEK
Top 10: 46.96%	**Top 10: 49.06%**

* *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 2018 Quarter

S&P ASX Industry Sectors	September 2018 Quarter Performance (%)
TELECOMMUNICATIONS	22.55%
INFORMATION TECHNOLOGY	9.85%
INDUSTRIALS	3.44%
HEALTH CARE	3.44%
ENERGY	2.73%
CONSUMER DISCRETIONARY	0.03%
FINANCIALS	-1.44%
CONSUMER STAPLES	-2.17%
MATERIALS	-2.83%

Portfolio contributions

September 2018 Quarter

Top 5 contributors	%	Top 5 detractors	%
JUMBO INTERACTIVE	2.18	SIMS METAL MANAGEMENT	-0.72
ALTIUM	1.06	ARISTOCRAT LEISURE	-0.54
INFOMEDIA	1.02	FLIGHT CENTRE TRAVEL GROUP	-0.53
TECHNOLOGY ONE	0.80	REECE	-0.47
OFX GROUP	0.71	BLACKMORES	-0.19

Top Contributors

1. Jumbo Interactive (ASX:JIN)

Online lotteries retailer Jumbo Interactive presented their results for the 12 months to June, calling out a 26% increase in total transaction value (TTV). Revenue rose 23% and net profit came in at $11.7m, up 55% compared with the normalised profit earned in 2017. Jackpot activity was largely unchanged compared with the prior year. Future periods will benefit from adjustments to the Powerball game odds which will lead to larger jackpots. Strong trading conditions gave the company the confidence to provide investors with guidance for their FY19 outlook, expecting TTV growth of 20%-25%, a revenue/TTV margin of 20%-21% and an EBIT margin of 44%-46%. This will see EBIT rise from $16.2m to between $19.3m and $22.1m.

Jumbo Interactive has a market capitalisation of $420m and net cash of $40m.

2. Altium (ASX:ALU)

Altium released a strong result for FY18, growing revenue 26% to US$140.2m and net profit after tax 34% to US$37.5m. The provider of printed circuit board (PCB) design software is the beneficiary of a number of macroeconomic and microeconomic tail winds. The strong demand for Altium’s latest release, Altium Designer 18, is generated from electronic engineers who design and develop smart, internet connected devices. The cadence of the design cycle has also increased rapidly, forcing designers to turn to solutions that make the entire process faster, more efficient and flexible.

Altium's main competitors have neglected the increasingly important "makers" community. Although the revenue generated from the makers market is limited, these university student designers eventually find their way into larger companies and their familiarity with Circuit Studio gives Altium a leg up on the incumbents including, Mentor, Cadence and Zuken. Unlike Altium, these competitors only focus on higher end customers with their premium offerings.

Altium CEO Aram Mirkazemi has an aspirational goal of delivering at least US$200m of revenue and EBITDA margins of 35% by 2020, making Altium the leader in the PCB software market. At the FY18 results, Mirkazemi expanded on this view. He believes the PCB design software market will become a winner takes all domain. Like Microsoft in desktop productivity tools, and Adobe in graphic design, the company that provides a solution for the issues engineers face will end up with the lion's share of the market and the profit pool.

Altium has a market capitalisation of US$2.1b and net cash of US$52m.

3. Infomedia (ASX:IFM)

Electronic Parts Catalogue (EPC) software provider Infomedia delivered a pleasing result for FY18, despite the roll-off of the large Jaguar Land Rover contract which was lost in 2016. For the year, group revenue increased 3.5% and cash EBITDA fell 10.1%, however, the improvement in both revenue and cash EBITDA between the first and the second half demonstrated the improving health of the business. Cash EBITDA is expected to increase substantially during the 2019 financial year as new wins such as the global Nissan EPC contract progressively come online.

The new management team, led by CEO Jonathan Rubinsztein and CFO Richard Leon, are leveraging the investment in technology that has been made over the last two years to sign and onboard new customers. The sales and marketing team has been restructured and this has led to a step-change in selling efficiency. High gross margins mean additional revenue drops straight to the bottom line, while the recurring revenue model and low churn has given management the confidence to step up their sales and marketing efforts.

Infomedia has a market capitalisation of $400m and net cash of $13m.

4. Technology One (ASX:TNE)

Enterprise software vendor Technology One held presentations with investors during July to outline the impact new accounting standards would have on their accounts. As of next year, revenue from multi-year contracts must be recognised pro-rata over the life of the contract, unlike Technology One’s previous practice of booking a large portion of the revenue up front. At the same event, the company unveiled their decision to capitalise product development expenditure, undoubtedly a less conservative approach than immediately expensing 100% of their research and development expenditure, which was their previous approach.

These two changes are expected to almost perfectly offset each other, mitigating any impact to the company’s bottom line. Although the changes will not change the cash flow of the business, the market responded positively to the confirmation that the accounting changes would not have a material impact on net profit.

Technology One has a market capitalisation $1.7b and net cash of $57m.

5. OFX Group (ASX:OFX)
See newsletter body.

Bottom Contributors
1. Sims Metal Management (ASX:SGM)
See newsletter body.

2. Aristocrat Leisure (ASX:ALL)
During May, Aristocrat Leisure delivered their interim results for the six months to March 2018. Earnings per share before goodwill amortisation rose 33% to 56.6 cents benefitting from both the inorganic growth from acquisitions and an outstanding result in the U.S. gaming operations division. Revenue rose 33%, and operating earnings grew 29%. An intense focus on product development is paying dividends. Top performing content and hardware has led to market share gains in the U.S. gaming operations division. Although market share growth in this segment will moderate, the company is well placed given competitors are either maintaining or scaling back their investments in product development due to high debt burdens. The largest driver of growth was the digital division, boosted by the acquisitions of online and social game developers, Big Fish and Plarium. An important consideration for the digital segment is the company's ability to leverage game development from their traditional businesses through digital channels, giving it a substantial competitive edge over smaller competitors.

Aristocrat has a market capitalisation of $17.8b and net debt of $2.6b, up from $0.7b last September following the recent acquisitions.

3. Flight Centre Travel Group (ASX:FLT)
See newsletter body.

4. Reece (ASX:REH)
Australia's leading plumbing group Reece unveiled a strategically significant expansion into the U.S. during May. CEO Peter Wilson described the acquisition of plumbing, waterworks and heating and cooling equipment distributor Morsco, as a once in a lifetime opportunity. The deal represents Reece's first international foray and the expansion was partly funded by a secondary raising, the first time the company has ever called on shareholders to fund an acquisition since listing. All up, $600m of capital was raised and the remainder of the acquisition was funded by debt, leaving the group with net borrowings of ~2.8x operating earnings.

Morsco is a leader in plumbing, waterworks and HVAC through a region known as the SunBelt in the southern states of the U.S., turning over US$1,716m and generating operating profits of US$100m. Combined with Reece, the group will be turning over $4.8b and generating operating profits of $505m.

The company released their results for the 2018 financial year in July, reporting sales up 10.7% to $2,689m, EBITDA up 5.4% to $378m and profit after tax up 6.1% to $225m, continuing an extended period of remarkable growth. Reece has come to dominate the Australian plumbing market over the 40 years it has been listed on the stock exchange. With market share growth in Australia approaching a level of maturity, the move into the U.S. opens a significant opportunity for growth.

Reece has a market capitalisation of $6b and pro-forma net debt of $1.4b post the close of the Morsco acquisition in July 2018.

5. Blackmores (ASX:BKL)

Blackmores reported revenue up 9% to $601m and net profit after tax up 19% to $70m for FY18. The vitamins and supplements company is benefitting from improved raw materials and manufacturing costs, as well as more judicious use of promotions and rebates. The company has done well to balance the need to invest for future growth in areas such as a sales and marketing, distribution and manufacturing, while maintaining solid bottom line results.

The recent commissioning of new distribution operations in Bungarribee west of Sydney and the acquisition of Catalent's Victorian manufacturing operations are examples of the steps the business has taken to prepare for future growth. The company is also committed to a long-term expansion plan in China and although we don't expect these investments to show immediate returns, we believe the strength of the Blackmores brand bodes well for the fortunes of the China business.

Blackmores has a market capitalisation of $2.2b and net debt of $50m before accounting for the $43m acquisition of the Catalent manufacturing facilities.

John Guest

As investors, we are susceptible to overcomplicating things. The process of identifying businesses worthy of investment can sometimes be compromised by the impatient desire to make money irrespective of the risks involved.

While the primary objective of any sensible investment strategy should be the delivery of a good return, the methodology employed to generate such outcomes is important. Within this context, we think the real skill is in selecting the right businesses run by the right people. If you get these two critical pieces right, the probability of meeting your financial objectives is much higher.

John Guest was a private U.K. based business, recently acquired by locally listed push-to-connect (PTC) plumbing fittings manufacturer Reliance Worldwide Corporation (Reliance). For background, we profiled Reliance in our 2016 September Quarterly Newsletter, which can be found on our website.

When Reliance announced the acquisition in May, it ticked a lot of boxes and was enthusiastically embraced by investors. That is not, in itself, a validation of the move, but what resonated with us almost instantly, was the quality of the business they were acquiring. John Guest was a standout leader and the combination of the two businesses, was so complementary in nature that the deal was hard to fault.

The deal

Behind-the-wall plumbing fittings manufacturer Reliance sealed the acquisition of John Guest Holdings for £867.5m ($1.22b) during May this year. The business is headquartered in the U.K. and similarly focused on the behind-the-wall plumbing market, but where Reliance is seen as a global leader in brass PTC fittings, John Guest dominates the plastic PTC market.

Throughout Europe, where water pressures tend to be lower than Australia and the U.S., plastic PTC fittings are favoured over brass. In contrast, Reliance is the global leader in brass PTC fittings and has an extensive distribution network throughout North America and Australia but has almost no exposure to Europe.

Reliance had been evaluating, for some time, the best way to expand their presence in Europe. Through John Guest, they have acquired a business that is complementary from both a product and geographic distribution point of view. Both businesses have been built on successfully changing conventional plumbing practices that rely on fiddly, time consuming methods to join copper and PVC pipes.

While there are some cost savings to be enjoyed by rationalising facilities in the U.K. where both companies have a presence, there are more material opportunities in opening new markets such as combining plastic PTC fittings with valves manufactured by Reliance into integrated units.

John Guest also has a deeper pool of products for the water filtration and control markets which can be rolled out by Reliance in the U.S.

The company called on existing shareholders to fund a sizable portion of the transaction, raising approximately $1.1b. The purchase is obviously not without risk, particularly given its size. However, the consistency of the two business strategies and the immediate exposure to Europe that John Guest affords Reliance ameliorated most investor concerns.

But beyond the product headlines and financials, what type of business did Reliance actually acquire? We set off in September to see for ourselves, visiting the John Guest U.K. operations.

Before doing so we familiarised ourselves with its history. It is important to note that this is a business that Reliance have known for well over 20 years, having also supplied them with products for over 12 years. Reliance CEO Heath Sharp summed up their own experiences dealing with John Guest, describing them as the most demanding of customers, both in terms of quality expected and the delivery process.

John Guest Holdings

The John Guest story is a genuine triumph of a start-up business. Below we outline the rise of this privately held business and the individual that set it on its path. John Guest is also an example of the many wonderful businesses that operate around the world that we barely hear of, a function of being run privately.

The person

Founder John Guest was born in 1927 and established the business in 1961. Over the ensuing 50 years, the company built facilities in countries spanning Europe, Asia and North America, employing over 1,300 staff. On his passing in 2010, the business was handed down to his three sons who all had active roles in the operation of the company.

The beginnings

The business was established by its founder, bearing his name, John Guest. Having started working life as a tool maker apprentice in the Royal Ordinance located in Hayes, U.K., John Guest went on to develop his first hollow pressure die casting prototype in the 1950's which became a pivotal point in the company's eventual success.

In 1961 the John Guest business was established, specialising in precision engineering and tool making. Commercial Director and son of John Guest, Robert Guest, described his father, *"Our company had humble beginnings, but my father always believed in working to the highest of standards. If we could only afford string it would have to be the very best string. Today, we are market leaders in the push-to-fit arena, but the family principles still run through everything we do."*

Core principles

What became evident as we read about the company's history, was the principal's unwavering attention to detail, the quest for quality and an ongoing commitment to forge a future independent of others. The company's website denotes a list of factors and corporate values that formed an integral part of the group's success, some of which are listed below:

- John Guest was structured to be an environment for invention.

- A company where imagination was rewarded and where tomorrow was as important as today.
- A commitment to excellence and where precision formed the basis of all operations.
- Driven to maintain a world class reputation for quality.
- A belief that good people make good products, from talented apprentices to staff with services extending beyond 25 years.
- A business model based on self-reliance and responsibility. One dedicated to taking control of the entire process, trusting only itself to do the very best job.

Underpinning this approach has been the desire to have a vertically integrated offering as son Tim Guest explains, "*Because we design and manufacture our own products, together with our own tooling assembly equipment, every day we learn, improve and evolve, allowing us to constantly innovate and look to the future with confidence. Everything is done in house, right from the initial design idea to final delivery, so that we can deliver on time, every time, in perfect condition.*"

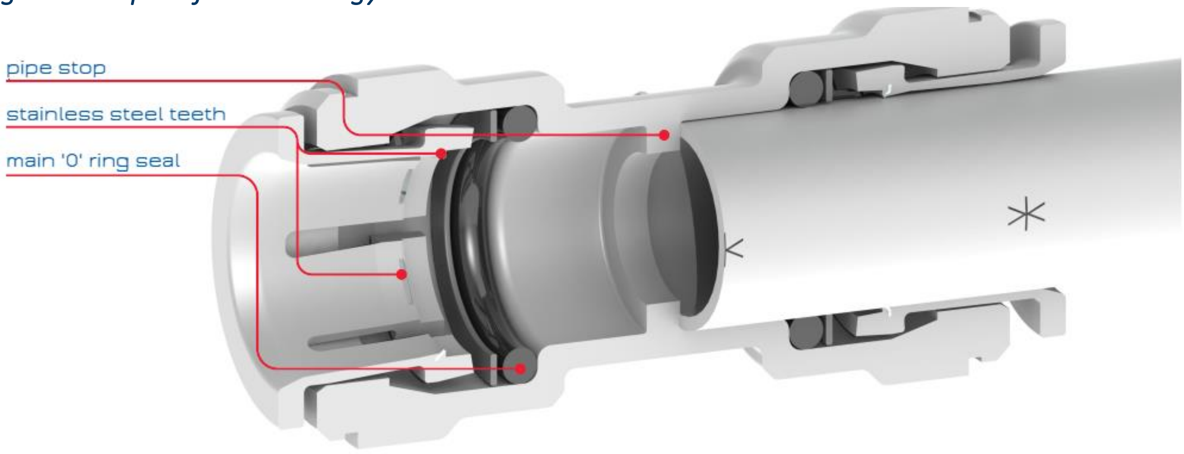
Operations Manager, Barry Guest summarised the firm's primary purpose, *"We have always aimed to carve our own path and stay true to it. We strive to be leaders and not simply one of the crowd, believing we are not just a brand but the standard."*

Speedfit PTC

The company's manufacturing operations produce PTC fittings, pipe and plastic plumbing systems and service a wide variety of industries and applications such as plumbing, drink dispensing, compressed air systems, water purification, automotive and telecommunications.

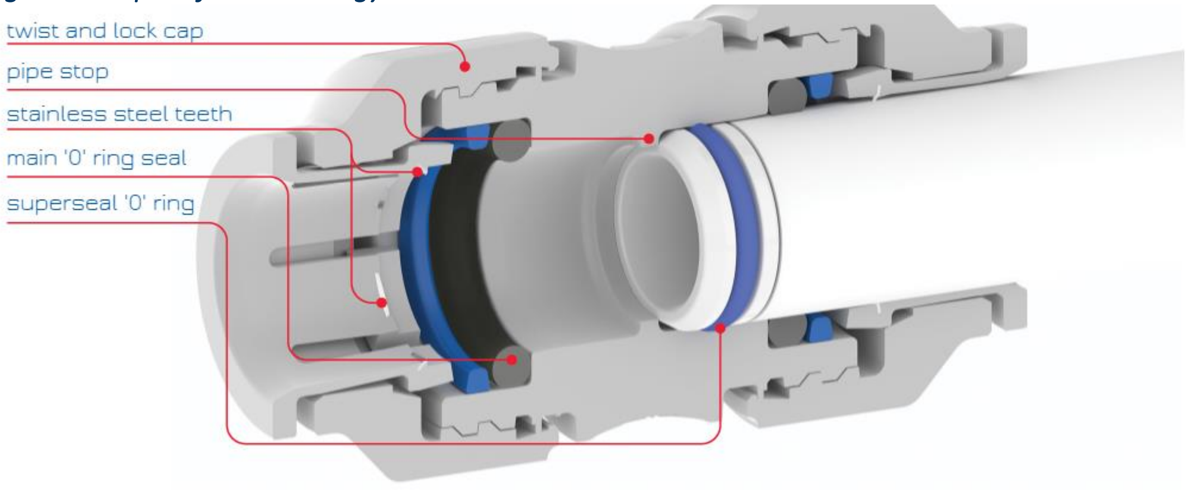
The now famous invention of the *"speedfit"* PTC tube connector in 1974, led to a significant industry breakthrough, that reduced assembly times to a few seconds, with an instant tube coupling system which needed no tools for putting together or disconnecting.

Figure 1 – Speedfit Technology - Standard



Source: John Guest Website – Speedfit Technology

Figure 2 – Speedfit Technology – Twist and Lock



Source: John Guest Website – Speedfit Technology

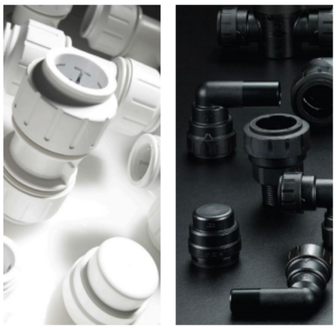
The business shuns outsourcing and diversification, preferring to manage manufacturing internally. Proud of its heritage, every John Guest connector and tube coiling is manufactured in the U.K. The company's 10 sales subsidiaries are scattered globally, working alongside several thousand distribution partners.

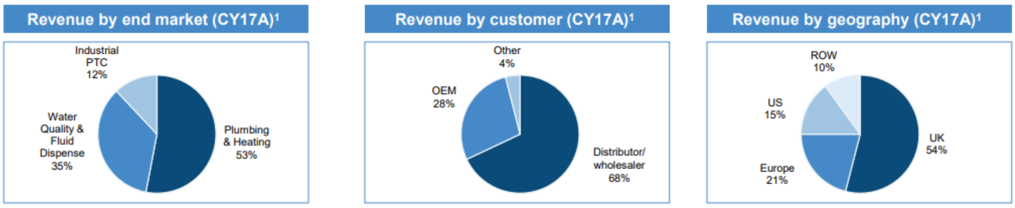
The business

As the following figures from the recent capital raising illustrate, the John Guest business has expanded significantly over their 50 years of operation. Manufacturing takes place in three U.K. based sites and over 145 million fitting units were sold in 2017.

Figure 3 – Overview of John Guest

- Global leader in plastic PTC technology, selling ~145 million fittings in CY17
- Headquartered in the UK, with ~1,300 employees and exporting worldwide
- Generates demand via an end user focus with a diversified customer base across three end markets: Plumbing & Heating; Water Quality & Fluid Dispense and Industrial PTC
- John Guest and Speedfit brands are well recognised for innovative, high quality and reliable products
- Plumbing business heavily focused on the repair and remodelling market
- Strong engineering and innovation capability
- Highly automated, high volume manufacturing facilities incorporating a total of 336,000 sq ft across 3 sites, with a global sales and distribution network





Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

John Guest product suite

The group operates across a diverse area with the core competency being fluid transfer. Sectors they operate in include plumbing, water quality and industrial under the John Guest, Speedfit and the JG brands.

Figure 4 – John Guest operations

	Plumbing & Heating (53% of CY17A revenue)	Water Quality & Fluid Dispense (35% of CY17A revenue)	Industrial PTC (12% of CY17A revenue)
Market position	#1 global supplier in the Plumbing & Heating plastic PTC market[1]	Leading plastic PTC supplier for application in drinks dispense & pure water	Leading plastic PTC fittings supplier in the non-water market
Products	Plumbing fittings; Manifolds; Flexi hoses	White acetal fittings for pure water systems; Valves for use with brewing, soft drinks and potable water; Brass fittings for beverage dispense	Air & pneumatics push-fit fittings; Brass fittings for air and pneumatics; PTC fittings – use in fuel, vacuums, air suspension and low pressure vehicle steering
Key brands	Speedfit; JG ProLock; Layflat Pipe; JG Speedfit Underfloor; aura	JG John Guest; Speedfit; POLARCLEAN	JG John Guest; Speedfit
Select customers[2]	Kingfisher; Ferguson; Saint-Gobain; Travis Perkins; Grafton Group plc	Heineken; AB InBev; The Home Depot; Diageo; Coca-Cola; COC	3M; Huawei; Virgin; BT

John Guest is a global leader in plastic PTC technology, producing innovative products with strong brand recognition

Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

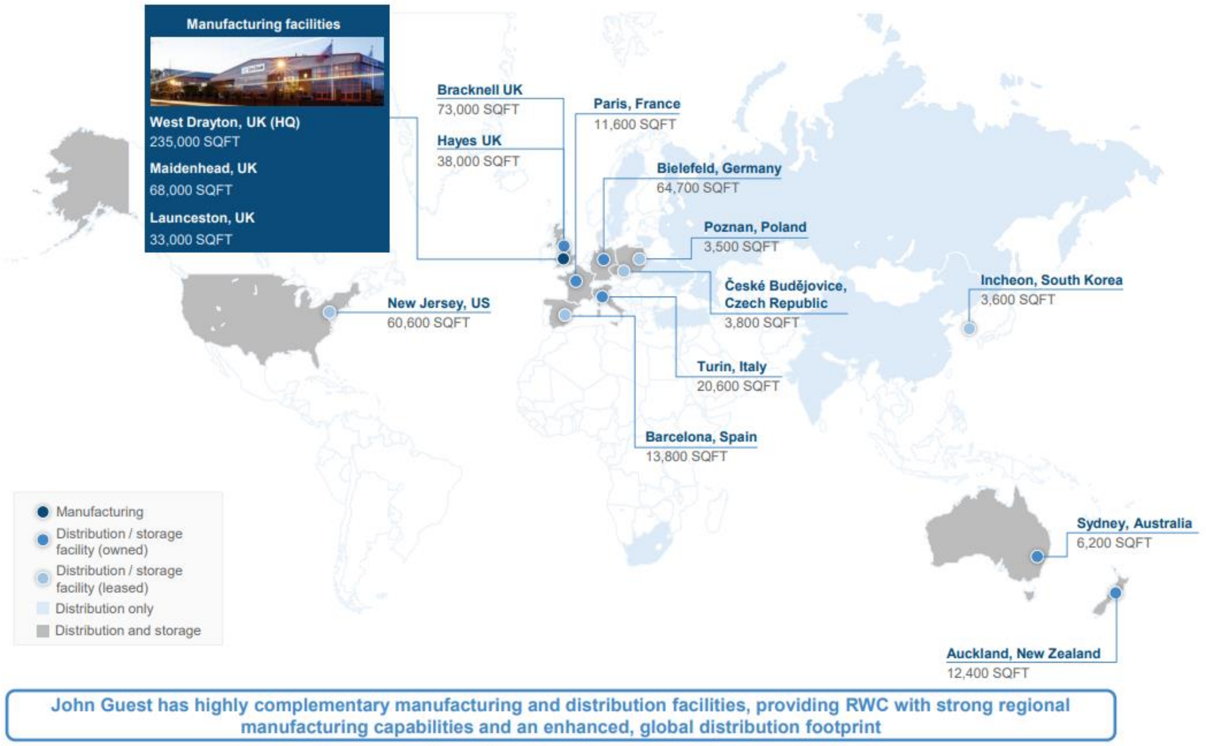
The group's expansion has been largely organic with key milestones set out below.

Table 1 – Expansion timeline

Year	Country of Expansion
1961	United Kingdom
1983	SA France
1985	Pacific New Zealand
1986	USA
1988	Italia
1990	Germany
1997	Pacific Sydney
1997	Pacific Spain
2004	Korea
2005	Eastern Europe

Source: John Guest company accounts, SFML research

Figure 5 - John Guest global footprint



Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

Historical financial results 2015 - 2017

From the company's 2017 annual report we extracted the Director's key priorities and future development outlook:

"The Group continues to invest in research and development. The Directors regard investment in research and development as necessary for the continuing success of the company in the medium and long term. The Group invests heavily in manufacturing facilities and has continuous policy of investment in product design."

"The Group's success is built on the philosophy of continuous innovation, the production of quality product, excellent customer service and a diverse customer base."

"The Group is privately owned and managed family business which believes in providing a positive environment for all of its staff and taking a medium/long term view in investment horizons."

"Trading conditions in most markets in which the group operates have remained stable in the first quarter of 2018 and the Directors are confident that 2018's results will be similar or even better than 2017."

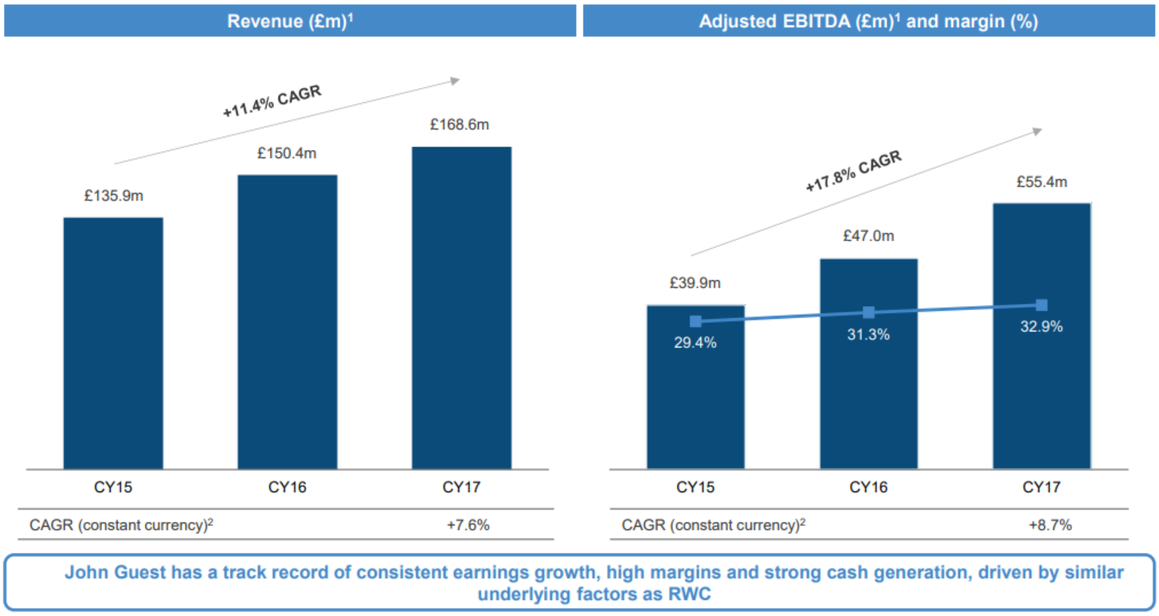
Table 2 - John Guest financials

Financial Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
John Guest								
Turnover	99.2	103.6	102.7	109.8	118.1	125.2	139.7	158.1
Cost of sales	(48.7)	(49.4)	(49.3)	(52.5)	(55.6)	(58.5)	(62.6)	(66.9)
Gross profit	**50.5**	**54.3**	**53.5**	**57.3**	**62.6**	**66.7**	**77.1**	**91.2**
Distribution expenses	(2.7)	(2.9)	(2.9)	(3.1)	(3.2)	(3.2)	(3.4)	(3.8)
Administrative expenses	(35.8)	(36.9)	(40.4)	(40.9)	(44.7)	(46.3)	(49.4)	(54.4)
Operating profit	**12.0**	**14.4**	**10.1**	**13.3**	**14.8**	**17.3**	**24.3**	**33.0**
Items of Interest								
Gross margins (%)	50.9	52.4	52.1	52.2	53.0	53.3	55.2	57.7
Operating margins (%)	12.1	13.9	9.8	12.1	12.5	13.8	17.4	20.9
Research & development (%)	-2.9	-2.3	-2.3	-2.4	-2.4	-2.2	-2.0	-2.5
Revenue by Geographical Split								
United Kingdom	45.4	48.7	50.0	53.2	59.8	67.1	71.5	77.3
Rest of Europe	30.4	30.5	28.2	29.1	29.7	29.2	33.1	38.8
North America	13.0	14.3	14.3	15.3	16.1	16.7	21.4	25.5
Australasia	4.3	4.5	4.6	4.6	5.1	4.5	5.6	6.8
Middle and Far East	4.2	3.7	3.5	4.9	5.4	6.0	6.7	8.5
Africa	1.0	0.9	1.2	1.4	0.9	0.9	0.7	0.5
South America	0.9	1.0	0.9	1.2	1.1	0.8	0.7	0.7
Total	**99.2**	**103.6**	**102.7**	**109.7**	**118.1**	**125.2**	**139.7**	**158.1**

Source: John Guest financials, SFML research

It should be noted that post the sale of operations to Reliance, several costs will no longer be incurred, favourably improving operating profits as reflected in *Figure 6*.

Figure 6 - John Guest financials under Reliance ownership



Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

John Guest business highlights

1. Management have invested continuously over its history, reflected in highly automated manufacturing facilities and leading market share product positions.
2. The business' success has predominately been achieved organically.
3. Offshore expansion has allowed the business to enter new geographies less mature than the home market.
4. The business has successfully extended its PTC fluid transfer technology into broader markets including water and industrial sectors.
5. Management's attention to quality and service delivery has created a loyal customer base that has driven strong revenue and profit growth, circa 11.4% and 17.8% respectively over the past three years.
6. Significant unit sales volumes, coupled with highly automated operations have driven improving gross and operating margins of 57% and 33% respectively. In comparison Reliance's gross and operating margins currently sit at 41% and 20% respectively.
7. Plastic PTC dominate sales, making up 75% with Pipe at 15%.
8. Whereas Reliance has a significant exposure to the retail sector, via Home Depot and Lowe's, John Guest is predominantly servicing wholesalers and distributors comprising 68% and Original Equipment Manufacturers at 28%.
9. The business has maintained strong financial metrics, carrying net cash, with strong cashflow conversation of circa 90%-100% and a high capital reinvestment program. The Board and management team have sought to reinvest, to drive automation, increase high volume throughput and allow for international expansion.
10. Illustrative of the investment culture, John Guest paid its maiden dividend to shareholders in 2011, an amount of £3m. Over the ensuing years a total of £61m have

been paid as dividends to John Guest shareholders prior to its sale to Reliance. The business, when sold, carried $36m in net cash.

Post-merger observations

The sale of John Guest follows the death of its founder in 2010. While the founder's three sons have continued to drive the business, the sale of the company has been in train for some years. Reliance had been aware of John Guest for over 20 years and remained in dialogue in recent times, leading to exclusive discussions taking place in early 2018.

Here it is important to note that a business committed to product and service excellence would want its heritage upheld and employees catered for by like-minded owners. While Reliance is publicly listed and subject to far more external scrutiny, the two organisations are similarly aligned on multiple fronts.

Operationally, both are industry leaders in their respective markets. As we have noted, Reliance has led the market in brass PTC, driving adoption in the key regions of Australia and the U.S. In contrast, John Guest has focused on the plastic PTC market, with the U.K. and Europe as key markets.

The PTC's competitive advantage is its simplicity and reliability. Trust and quality are the main drivers for plumbers, reflected in John Guest providing a 50-year guarantee on the installed Speedfit product range, while Reliance offers 20 years.

Both businesses have strong brands that resonate with their respective customer bases, Reliance with SharkBite and John Guest with Speedfit and JG. This has allowed product portfolios to be broadened, tackling new industries and expanding the group's customer base.

Acquisitions have not formed part of John Guest's corporate history in contrast to Reliance which has seen merit in adding companies with complementary products to sell to the same plumbers. This was the reasoning behind its 2017 purchase of Holdrite, a company that has developed a portfolio of market leading accessory products for the plumbing and commercial construction market.

Each business emphasises the importance of re-investment, with research and development and capital investment maintained at industry leading levels. In the case of Reliance, research and development spend sits above 2% of group revenues while John Guest has invested heavily in automation.

The coming together of these two groups will bring challenges. Culturally, they appear aligned but the process of integrating a private company into a public one, and the pressures that environment brings, is complex.

The necessity of integrating some elements of each operation in the U.K. and the U.S. under one roof, will require some sensitivity, as will the change in leadership at John Guest.

Change is constant in business and while not everyone is in favour of it, it’s fair to say that both businesses have independently embraced change over the years and built successful organisations as a result.

First impressions

Our first impression as we stepped onsite of this 56-year-old business was one of a yesteryear period. Located on the outskirts of London, the site that undertakes a majority of the group's manufacturing is a series of buildings that have been added as the business has expanded. Located on some 235 thousand square feet, operations performed by the circa 1,000 full time staff are carried out around the clock.

Internally, the layout of offices is reminiscent of managers separated from workers and overseeing the floor. It has worked to this point but under new owners Reliance, led by CEO Heath Sharp, the clear impression is the need to take this business into the 21st century.

Our tour of the facilities was assisted by ten senior executives, with a combined experience of over 200 years. We reviewed the following business units:

1. Injection mouldings
2. Fittings assembly
3. Injection moulding tooling
4. Collet manufacturing
5. PEX pipe assembly
6. Workshop
7. Brass machining
8. Product packaging

The site manufactures over 13m PTC units and over 30m collets every month. A collet is a plastic insert that grips the PEX pipe to the PTC unit. Manufacturing is highly automated and carried out in an extremely efficient manner.

Discussions with John Guest engineers and other staff members reflected both excitement and apprehension in joining the Reliance team. CEO Sharp noted his own enthusiasm on the John Guest opportunity and commented that John Guest staff were *"really capable people operating at a really high level."*

Our lasting impression following our visit is one of confidence in the John Guest executive team. The manufacturing quality underpinning the PTC product suite and the selection of Reliance Worldwide Corporation as the rightful owner appears well founded.

The following figures reflect the scope of operations post the John Guest purchase. The business certainly has a more diverse set of customers but still possesses a clear industry focus. The broader group enjoys market leading positions and scale benefits as a result.

Figure 7 – The New Reliance Group

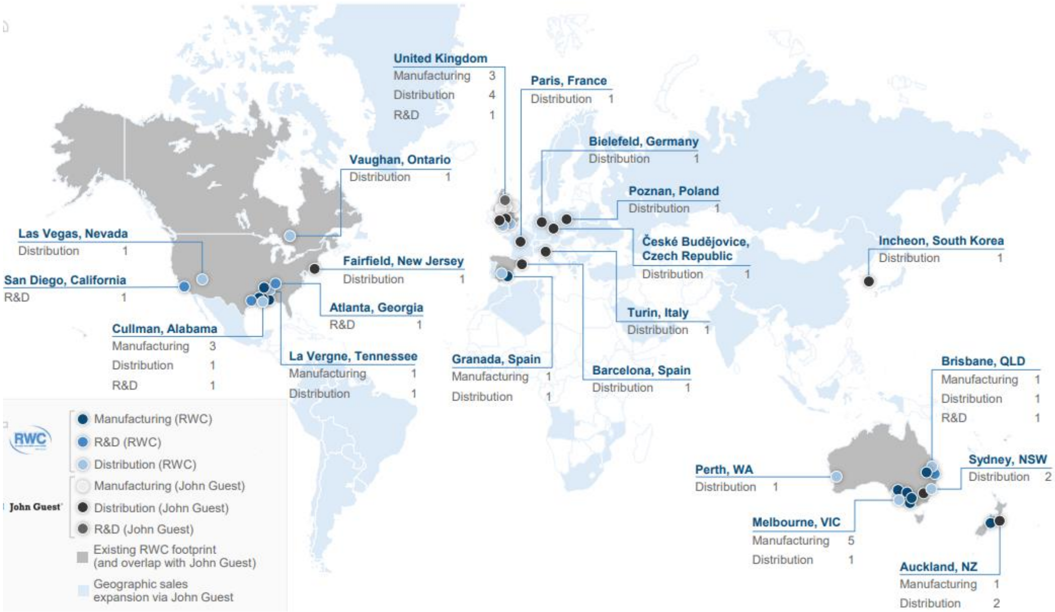
	Americas		EMEA		Asia Pacific
	USA	Canada	UK	Europe	Australia
Brass PTC	#1	#1	Launched	Minimal	#1
Plastic PTC	#1	#1	#1	Top 2-3	#1
PEX pipe	Top 3	Launched	Top 2	N.A.	#2
Water heater valves[1]	#1	#1	#1	N.A.	#1

Shading represents key changes arising from the acquisition

RWC will become a global leader in PTC fittings, with a more expansive product offering for channel customers and end-users

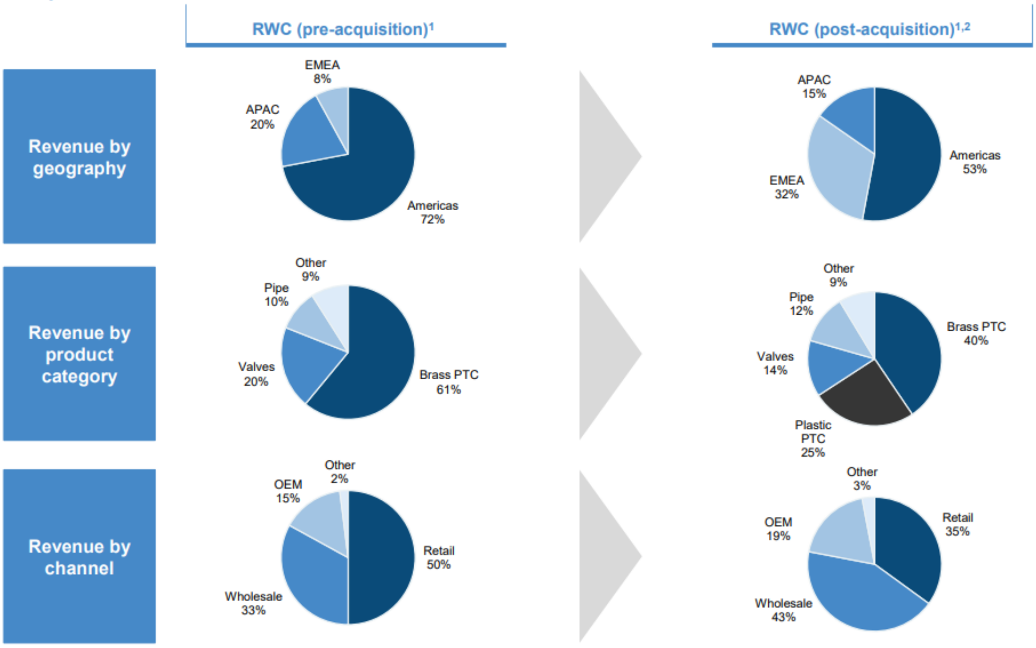
Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

Figure 8 – Global footprint



Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

Figure 9 – Combined operations



Source: Reliance Worldwide Corporation - Investor Presentation, Acquisition of John Guest

Reliance Worldwide Corporation Financial Year 2018 result

Reliance CEO Heath Sharp fronted investors at the end of August to deliver the company's 2018 financial year results. Revenue rose 28% to $769.4m and underlying operating earnings rose 25% to $150m.

The behind-the-wall plumbing fittings manufacturer closed out an eventful year which included the integration of pipe fastening device manufacturer Holdrite, the acquisition of U.K. based, plastic PTC fittings manufacturer John Guest (closed 13 June 2018) and the ongoing conversion of plumbing contractors to Reliance products.

All of Reliance’s operating segments generated strong results, driven primarily by double digit underlying growth in brass PTC fittings and accessories. Reliance, Holdrite and John Guest have built their businesses by designing more effective products to solve the problems plumbers face.

The time saved using PTC fittings means that Reliance can charge multiples of what plumbers pay for regular crimp and solder joints. Plumbers, like most people, are creatures of habit and Reliance spends a significant amount of time in the field to demonstrate the benefits which in turn drive plumber conversion and ongoing sales.

When Reliance listed on the ASX in 2016 it was estimated that around 15% of all fittings used in the repair and maintenance segment of the market were PTC. While the overall plumbing market has grown at 2%-5% annually, PTC fitting use has risen by 10%-15% a year as uptake increases.

Aside from the effort required to convert users, there is no reason that the PTC fitting market share cannot one day surpass traditional crimp and solder fittings. As young plumbers replace older generations, which are more set in their ways, the uptake of PTC use should accelerate.

Direct engagement with customers is a key element of Reliance's product development cycle. Product development engineers go out of their way to see and experience the problems plumbers face in the field first hand.

Sharp credits Tim McConnell, who joined Reliance as a part of the Holdrite acquisition, with furthering this approach. Engineers develop product prototypes which are tested in the field alongside customers, tightening a feedback loop that delivers products which meet the genuine needs of plumbers.

Sharp and his team have been in control of John Guest for less than three months but what they have learned in this time has already given them a better insight into the business. For now, their vision of doubling sales in six years is key.

Encouraging management to shift to a longer term, strategic decision-making process to achieve this goal will take time. John Guest will also benefit from the strategic planning, systemisation and automation that Reliance will introduce over time.

Currently Reliance generates ~$1m of revenue per employee and John Guest generates ~$0.2m per employee. Structural reasons explain some of the difference, but there is large scope for John Guest to become a more efficient operation. It simply has excess staff.

The acquisitions of Holdrite and John Guest have broadened the suite of products that Reliance offers but importantly both acquisitions were consistent with Reliance's philosophy of making plumber's jobs easier. Through John Guest, Reliance has acquired a business that is complementary from both a product and geographic distribution point of view.

Reliance has a market capitalisation of $4.2b and net debt of $390m.

Summary

We see the merging of Reliance and John Guest as delivering a strong strategic fit with considerable scope to grow in all existing markets. The combined workforce of 2,100 employees will take time to culturally align. Since listing the company in 2016, CEO Heath Sharp, has consistently reiterated the importance of brand leadership, re-investment and maintaining the company's high level of customer service. As long as this remains a priority through the integration process, the combined company should emerge far stronger and more capable. ***SFM***

On the road

It has been a busy end to the quarter as we headed off to visit several of our portfolio holdings offshore. This is an important aspect of what we do as it adds depth to our understanding of businesses, the people in charge and the assets.

We are grateful that we are given these opportunities. More importantly it puts into perspective the operational aspects of a business as compared to just dealing with the numbers. Having that balance and understanding allows us to weather the financial storms when they invariably hit.

This combination works for us and keeps us focused on the main prize – identifying businesses that have the rare combination of aligned management, culture and a long-term commitment to a business pursuit alongside the power of compounding.

Businesses are the lifeblood of any economic community a fact not well understood or appreciated by most, including governments. It is this opportunity to invest as part owners in a variety of businesses that allows individuals to share in their successes and accumulate extraordinary wealth over time.

Meetings

Our investors would be aware that the investments we make are restricted to Australian listed companies. What many may not appreciate is the extent to which the vast majority of the companies in our portfolios have substantial presence beyond our shores. Some have become global leaders whilst many others have continued to broaden their reach into newer territories. It's a move we welcome, but also underlines the importance of being on the ground assessing both the threats and opportunities.

In all, we travelled to the United Kingdom (U.K.) and the United States of America (U.S.), including Alaska. In the U.K. we joined other investors and analysts touring Reliance's recently acquired plastic PTC plumbing business, John Guest. We commented on this purchase in our lead article but suffice to say, management are highly enthusiastic about the John Guest operations and the opportunities ahead, notwithstanding the cultural challenges.

Outside the group tour, we arranged a number of other meetings with company executives. These included the U.K. operations for both IRESS and Flight Centre Travel Group as well as visiting the Sims Metal Management scrap recycling assets.

In the U.S. we continued our tour of Reliance Worldwide, this time visiting the group's Atlanta head office. Next, we headed south and west, joining investor tours for both James Hardie in Orlando and Fisher & Paykel Healthcare in San Diego and Mexico.

We concluded our tour of the U.S. by travelling north to San Francisco, where we met with the OFX Group management team before finishing off in Alaska, joining Oil Search on their investor tour.

Below, we provide a few key points from our visits, which helped to build on our understanding of each company.

IRESS

Financial services group IRESS first entered the U.K. wealth market in 2011, teaming up with the Sesame Bankhall Group – the U.K.'s largest single distributor of financial services and advice – to roll out the group's XPLAN offering.

In August 2013, the company unveiled its largest ever acquisition, the $360m purchase of the U.K. based financial services technology provider Avelo Financial Services Holdings. As management noted at the time, *"Avelo's Wealth Management business mirrors IRESS's existing segment and provides software solutions to a long standing blue-chip client base spanning 35,000 users, financial advisers and brokers"*.

Avelo also offers two additional services, namely straight through processing and an online Exchange Portal that allows providers of life insurance, pensions, annuities and other financial products to engage with end customers by sourcing quotes.

During our recent trip we caught up with Simon New, the U.K.'s Group Executive for Strategy, who reports directly to Sydney based CEO Andrew Walsh. New joined IRESS in 2015 having held prior senior roles at Lloyds Bank and E.Y. The importance of the U.K. operations to the IRESS group has increased since the Avelo purchase in 2013, with the latest half year results showing U.K. revenues rose 12%, with a strong outlook for demand. At the segment level, U.K. revenues hit $58m, compared to the corresponding period of $52m, while operating profits of $37m were reported, delivering margins of 64%.

In all, the U.K. wealth management operations are delivering circa 25% of group revenues, a figure that is poised to grow considerably over the forward years. With its key product and service offerings including XPLAN, IRESS has successfully deployed solutions to key wealth management clients, providing strong ongoing reference points.

The ongoing regulatory reform for financial reporting is providing IRESS with the confidence to expand further. Demand for a single, integrated, digitally enabled platform solution, is driving strong interest that has the company well poised for ongoing long-term success.

Most importantly, our discussions with Simon New reaffirmed management's clear intent to invest ahead of the curve to achieve greater service scalability and to deliver operating leverage.

Flight Centre Travel Group

In a similar vein to IRESS, Flight Centre Travel Group first ventured into the U.K. market in 2003, purchasing the London based Britannic travel business for $122m.

As is sometimes the case, the timing could have been better, and the work involved in transforming an established but tired business took a lot longer than initially expected.

Fast forward to 2018 and the U.K. business now underpins the group's expansion into Europe. The traditional Flight Centre model involved the rollout of retail shops, however, in the U.K., the high cost of street front stores demanded a different approach. The group's pivot to service small to medium sized enterprises and larger corporate businesses has delivered a pleasing growth profile.

Today, the U.K. operations led by Chris Galanty and Adam Murray is a core and increasingly important part of the group's worldwide operations. For the year to June 2018, total ticketing transaction values (TTV) rose 11% to $2.2b, from which the region delivered operating profits of $55.4m. This compares to total group TTV of $21.8b and operating profits of $385m.

Global demand for travel continues to grow. We consider the need for increased investment in infrastructure and the increasing number of the world’s population eager to travel as two of the most obvious thematics globally.

For the likes of Flight Centre, expansion has been largely organic. The competitive element of providing travel services has seen the group refocus on its core strengths of personal service and providing solutions for more complex consumer travel needs. This has allowed the company to achieve a top five global ranking in the corporate business segment.

In the U.K., management are successfully winning larger deals, with the FCM Travel Solutions brand enjoying considerable success.

At the company’s full year results release, the ongoing transformation program sits alongside the three core pillars driving management’s attention out to 2022. In short, they are to lift annual TTV by 7% per annum, to improve the group’s income margin from 1.7% to 2% and contain costs as a percentage of sales to 10%.

While some of these targets appear challenging, the company has successfully built a global brand providing us with confidence that the broad thematics underpinning the industry and a renewed cost focus will deliver growing profits.

Sims Metal Management

As the world's leading scrap recycler, Sims Metal Management has operations in Australia, the U.S. and Europe (mainly concentrated in the U.K.). Post our Reliance Worldwide site visit, we organised to visit the Sims recycling facilities located two and half hours out of London in the Stratford-Upon-Avon, Warwickshire.

Our meeting with Managing Director of U.K. Metals Paul Wright, proved a real highlight. As a veteran of the industry with 32 years of experience, Wright is both passionate and pragmatic. The U.K. operations are the smallest in profit terms, lagging both the U.S. and Australia, which each deliver operating profits of circa $80m. In contrast, the U.K. metals division contributes some $20m, on volumes similar to those processed in Australia.

This discrepancy can be largely sheeted home to the group's lower market share, which sits at around 18%, compared to the U.K. market leader EMR with a circa 60% share. As Wright outlined, although the company doesn't breakout the individual returns generated on assets employed, the U.K. business is highly profitable. The focus is now on building market share by sensibly investing and at times acquiring strategically positioned assets.

The recent acquisition of the Morley Waste Traders and Lord and Migley recycling (Morley) business for $52m, is an example of the steps being taken. Morley's 10 recycling facilities will combine with Sims Metal's 40 existing facilities, thereby providing broad coverage across the country.

In addition, capital expenditure is allowing the operations to generate higher valued added product, in the form of non-ferrous twitch. Twitch is the name commonly given to high quality aluminium scrap, with a purity of greater than 99%. To achieve such purities, X-Ray separation technology needs to be installed. Our tour of the group's facilities provided ample evidence of the benefits being delivered, along with exposure to a management team fully engaged and embracing the Sims Metal culture.

While there are many factors that sit outside the group's control, the team under the leadership of CEO Alistair Field, are pursuing a sensible business strategy, centred around generating attractive returns on capital employed. Our visit reconfirmed our positive opinion of the management team and the potential of the business.

James Hardie Industries

The global fibre cement leader James Hardie held its investor tour in the U.S. location of Orlando, Florida. Management insight and a visit to the group's manufacturing site at Plant City provided a profile of the changing methodologies being employed in the company's new and existing facilities. In all the group operates 10 plants in 9 U.S. states, with a new site in Alabama set to open in 2020.

There is always an overload of information that flows out of any investor day but if pressed to reduce our observations to a few key points they would include the following:

1. The transition from the long serving and well-regarded Louis Gries to a new CEO, Jack Truong is progressing well. As Louis Gries noted, while there are obvious differences in the two leadership styles, both he and Truong are working toward the same company endpoint, *“We are an organic growth company.”*
   The clear impression was of a management team wholly aligned to its pursuit of increasing market share in the siding market globally.
2. With the exception of fibre cement in Europe, James Hardie is a market leader in all regions. Newly acquired Fermacell, offering a fibre gypsum product, is Europe’s leading player.
3. Under Truong's leadership the early signs are of a company that will be more structured in its processes, but with an emphasis on culture and innovation. The business is performing well but requires a more systemised approach, where incremental gains can be captured and built upon.
   Truong emphasises this approach with a constant daily focus that is best illustrated with the letters “CEO”. In this context “C” represents the customer, be they the end consumer, installer, builder or distributor. Knowing what the customer is thinking, wanting and requiring must remain a core discipline within the group. Secondly, “E” considers the employees. They need to be engaged and included. Lastly “O” represents ownership. There must be acceptance of the task and accountability for their actions.
4. The company's unique manufacturing approach, where plant design and product recipe are held in-house, remains a key competitive barrier. The scale of operations,

covering the soon to be 11 plants and 22 sheet lines now provide the business with national coverage.

The emphasis is now on implementing the principles of “lean” manufacturing, to deliver a continuous improvement process. This will be augmented with better utilization of the plant network and a move to “Mega” sites to drive operational efficiencies and greater market coverage. The benefits are significant, and the outcomes should lead to greater standardisation across the group's manufacturing network.

5. The Zero Harm safety program remains the cultural bedrock and a core component of the implementation of lean manufacturing.
6. Under Sean Gadd’s leadership, the company has redesigned its go to market strategy. A targeted marketing campaign against the competing offers of vinyl and wood, driven by the company’s Color+ offering. CEO Truong emphasized that the Color+ proposition will be the key internal initiative driving market adoption over the medium term.
7. Finally, and perhaps most importantly, management led by Truong reinforced the company’s 35/90 business commitment, underpinned by fibre cement growing above the market index by a targeted 6%.

   If successful, this would result in fibre cement growing to command a 35% market share, from its current 18% level, in the U.S. home siding category of which James Hardie would aim to retain its 90% plus market share.

James Hardie is in transition with the change in CEO giving rise to a business reset. Under CEO Truong, a reactive management approach will give way to a more systemised style. The company employs over 5,000 with operations in multiple countries, covering two business units of fibre cement and fibre gypsum.

The early signs are good, but change will unsettle some. Nevertheless, the steps now underway will be necessary to maintain the high financial standards the company has been able to deliver to date.

OFX Group

We visited the San Francisco offices of money services bureau operator OFX Group. The U.S. region is led by Mike Kennedy, who recently celebrated his one-year anniversary with the company.

Under group CEO Skander Malcolm, the company has been re-establishing the core tenets of the business. Post the global re-branding to OFX from OzForex, the management team has been strengthened in all operational aspects. The company has clearly stepped up, with all global regions now focused on driving top line growth and improving operating margins.

Our meeting confirmed a clearly energised and engaged workforce that is getting traction. The task of enabling the international transfer of funds for the group’s core customer base of small to medium enterprises remains in high demand. Despite, the perceived threat of newer digital technologies, including blockchain and cryptocurrencies, the pace of change will take some time.

Customers still value trusted brand providers and services. OFX has built a strong brand presence with a 20-year corporate history. The company transacts over $22b of international money transfers, covering North America, the U.K., Asia and Australia.

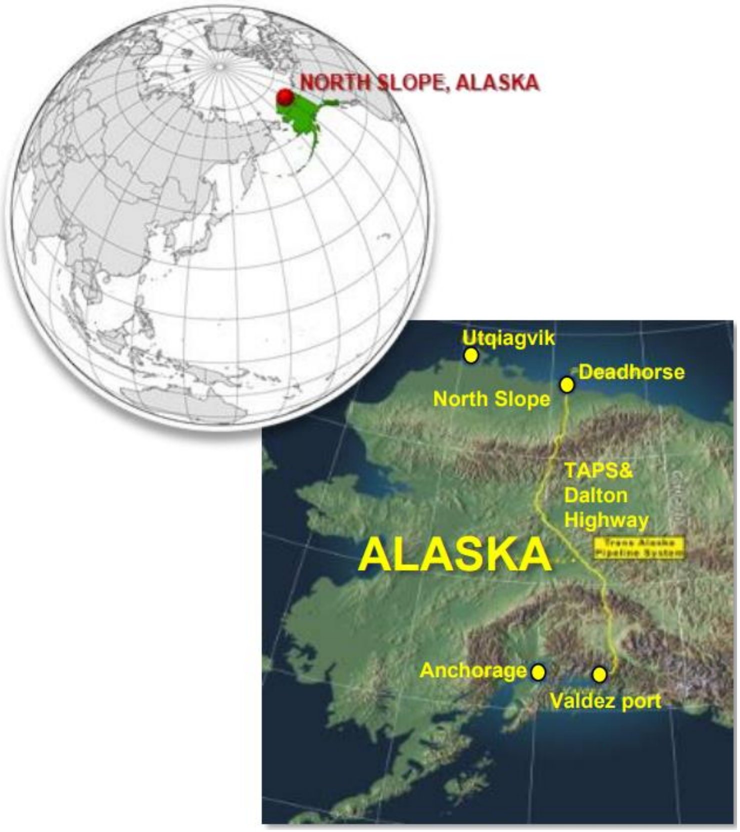
In North America, covering both the regions of the U.S. and Canada, management is winning key enterprise relationships. The region is profitable with full time employees now totalling 83, up from 60 twelve months ago.

In summary, following a period of rebuilding and reinvesting, CEO Malcolm now has in place a competitive service offering which enjoys significant business barriers, underpinned by a sensible, focused and coordinated strategy. ***SFM***

ALASKA - WHAT A BARGAIN!

In October, we visited the North Slope of Alaska to gain insight into the US$400m Oil Search (OSH) have committed to this region. The North Slope is located 250 miles (402km) north of the Arctic Circle. This region is an arctic polar desert, receiving less rainfall than the Sahara Desert. The two inches (50mm) of average precipitation that it does receive, generally fall as snow. Inclusive of Alaska, the polar desert extends over parts of Canada, Greenland, Iceland, Norway, Sweden, Finland and Russia.

Figure 10: Map of Alaska and Areas of Interest



Source: Oil Search – Alaska field trip 2018 presentation

Russia owned Alaska until 1867, when the then United States Secretary of State, William Seward had the foresight to negotiate a payment of US$7.2m (valued at US$125m in 2018) for the acquisition of the Alaskan territory and its hidden assets. Fast forward 150 years and it's easy to understand why Russian President Vladimir Putin, himself an oil man[1], may still be irked by the deal signed by Czar Alexander II all those years ago.

In a presentation we attended, hosted by ConocoPhillips, we learned that *"Big oil fields get bigger and small oil fields get smaller"*. ConocoPhillips have produced 2.7b barrels of oil from

[1] *Putin owns shares in three major oil and gas companies: 4.5% of national gas giant Gazprom, 37% of oil supplier Surgutneftegas and is reportedly a major shareholder of a company that cannot be named for legal reasons. That company strenuously denies any links to Putin.* https://www.thebureauinvestigates.com/stories/2012-04-19/putin-the-richest-man-on-earth

the North Slope and in July 2018 committed to invest in both its new and legacy North Slope assets. They also noted that 75% of the Alaska play remains undrilled. Today, oil and gas royalties generate more than 90% of Alaska's state revenues.

In 1976, Alaskans voted to amend the Constitution to put at least 25% of revenue generated from oil royalties into a dedicated fund, The Permanent Fund. This is a future generations fund. As of May 2018, the Alaska Permanent Fund reached an unaudited value of over US$65.3b, according to the Alaska Permanent Fund Corporation (APFC).

Photo 1: Alaska Permanent Fund Corporation

Source: www.ktuu.com "Alaska Permanent Fund total value exceeds $65.3 billion"

The entire fund is managed as a single investment pool, and it is invested in equities, bonds and real estate. Moreover, the Permanent Fund contains two major accounts, the corpus and the earnings reserve. The Alaska Constitution states that the principal or corpus may not be spent. The latter contains the interest the fund has accrued over the years, and these earnings may be spent by the Legislature for any public purpose, including the annual Permanent Fund Dividend, a payment made out to Alaskans who resided in the state for the preceding 12 months. Recently this has amounted to approximately US$2,000 per capita.

With hindsight, Alaska was a bargain. It has been a 500 bagger for the U.S.[2] and remains a source of bitter memories for Russia. But this is only half the story. While the financial wealth created is undeniable, Alaska sits at the top of many of the U.S. *"worst in class lists"*. This includes the worst weather (170.4 days), the worst unemployment rate (6.7%) and alarmingly, the highest suicide rates in the U.S. It has also been in the top 10 states for alcohol

2 USA has made 520 times its original investment - Alaska Permanent Fund/cost of acquisition of Alaska in today's terms = $65B/$125M and drug abuse with an annual cost of US$3b according to research firm McDowell Group[3]. Alaska also has one of the highest rates of sexual assault in the country. It is 2.5 times the national average and significantly worse for children, while Native Alaskan women are more likely to be attacked than anyone else, according to the Department of Public Safety.[4]

These statistics are disturbing. Good corporate citizens with strong governance are required. We believe Oil Search has the right culture, and a strong track record of working in challenging social environments. They are well placed to add value to local communities over time.

Majors dominate the North Slope

Our access to the North Slope was via Deadhorse supply base, a 1 hour 40 minute chartered flight directly north of Anchorage. Deadhorse, is no romantic town at the top of the world. Rather, as the name suggests, and they often do, it feels like a forgotten cold, silver-grey *"fly-in-fly-out town"*. It consists of bears (apparently, but not spotted by Selector), a jet airport that averages 50 movements a day, three demountable 1970s styled motels, ice manufacturing facilities – of all things, and storage yards for dozens of idle drill rigs. It also has hanger sized workshops that represent global oilfield service houses of Halliburton and Schlumberger.

[3] *Alcohol and Drug abuse costs Alaska $3b a year, according to new report. By Caslon Hatch Mar 30, 2017*
https://www.ktuu.com/content/news/Alcohol-and-Drug-abuse-costs-Alaska-3B-a-year-according-to-new-report-417528213.html

[4] *Reasons for the high rate of rape in Alaska Solutions, Anchorage by Kokayi Nosakhere May 2, 2018*
https://www.anchoragepress.com/columnists/reasons-for-the-high-rate-of-rape-in-alaska/article_564f37fa-4e4f-11e8-b893-47cba59bd374.html

Photo 2: Deadhorse supply base from the air.

Source: TripAdvisor

The 72,000 square foot Halliburton Deadhorse facility we visited was impressive. It was expanded in 2013 and is the only Halliburton workshop that has the ability to deliver every oilfield service under one roof. This includes wash bay and warehouse, sperry repair and maintenance, cement, frac, nitrogen and wireline services. The scale of infrastructure surprised us as did the quality of people who have committed to polar life, which is typically structured around a two week on, two week off, fly-in-fly-out operation.

From Deadhorse, we travelled overland to BP's Prudhoe Bay on 35-foot-wide permanent gravel roads which provide year-round access across the tundra. Each winter season, ice roads are built to access more remote drill sites and pads, hence the requirement for ice manufacturing. Oil Search will initially build ice roads, followed by a series of 33-foot-wide gravel roads, a concession provided to local communities to reduce the permanent footprint on the tundra.

This whole region is a large gated community connected by a series of corporate guard stations, permits are required to access these strategically important assets. While Oil Search is the new kid in town, relationships with the majors who are referred to as *"legacy companies"* (BP, ConocoPhillips, Exxon and Repsol) are being developed quickly. This is a direct reflection of the high quality of talent that has been secured by Dr Keiran Wulff, President of Oil Search Alaska. The executive team assembled has over 240 years of combined experience on the North Slope, largely with legacy companies. Our view, after 4 days of meetings and travel with executives is that the new Oil Search Alaska management team are an impressive group and they are making clear progress on the North Slope.

Photo 3: BP's Prudhoe Bay infrastructure joins TAPS

Source: SFML Alaska trip

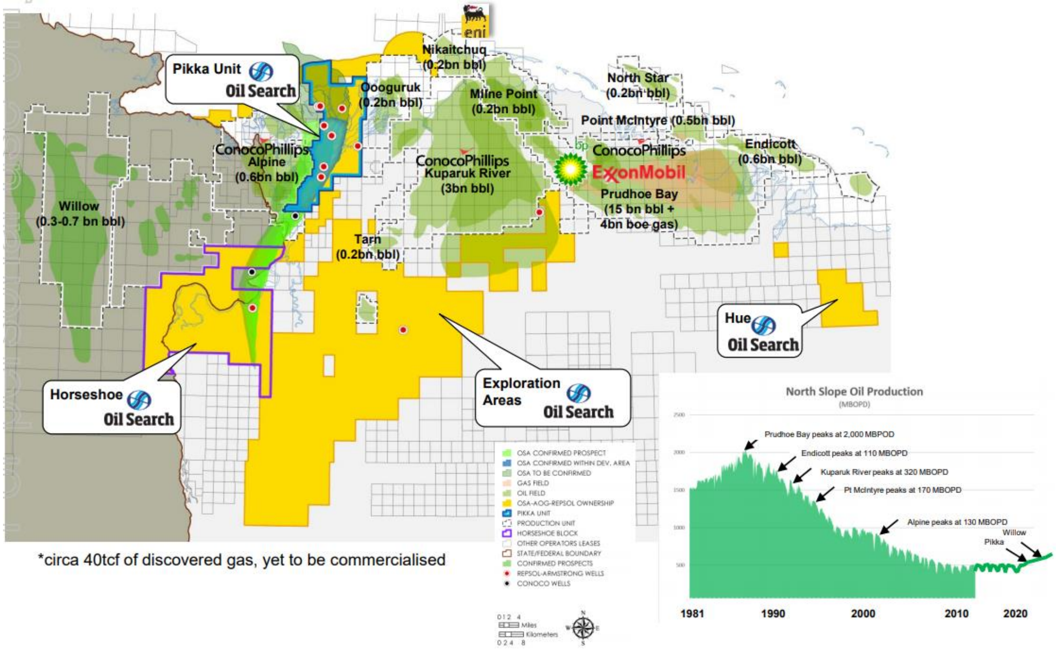
Discovered in 1967 by Humble Oil[5], Prudhoe Bay Oil Field on Alaska's North Slope is the largest conventional oil field in North America, covering 213,543 acres (86,418ha) and originally containing approximately 25b barrels of oil. Initial recovery rates of 40% were expected, however, in recent years new technologies have increased recovery rates to more than 60%.

The field is operated by BP on behalf of equity partners ExxonMobil and ConocoPhillips Alaska. Production at Prudhoe peaked at 2m barrels of oil per day (BOPD). In 2017, Prudhoe maintained an average of 280,000 barrels per day, down only slightly from 280,700 barrels per day in 2016 and 281,080 barrels per day in 2015, according to Scott Digert, BP's subsurface manager for Prudhoe Bay.

Prudhoe Bay has more than 800 oil wells and produces about half of the total North Slope oil output, so performance of the 40-year-old field is critical to supporting overall production on the slope, which has shown small increases over the last two years. Increases at other fields

5 Commercial oil exploration began in the Prudhoe Bay area in the 1960s. The field was discovered by Humble Oil, which later became part of Exxon, and Atlantic Richfield Co. (ARCO), Production started on March 12, 1968, with the well Prudhoe Bay State No. 1.Prudhoe Bay: A 'Once-In-A-Lifetime Discovery' | Exploration. https://www.epmag.com/prudhoe-bay-once-lifetime-discovery-779816 on the slope, particularly the ConocoPhillips operated Alpine field west of Prudhoe, added to overall slope production and pushed 2017 Trans Alaska Pipeline System (TAPS) throughput to an average of 526,000 BOPD, up 1.5% from 2016.

Figure 11: Established Oil Province with Mega Discoveries & Infrastructure



Source: Oil Search – Alaska field trip 2018 presentation

As noted, Prudhoe Bay remains critical to all North Slope oil production. As less oil flows through the TAPS oil pipeline it requires heating to increase viscosity and this increases the cost of ullage. We understand that the TAPS oil pipeline requires more than 100,000 BOPD to be economically viable to operate. The converse also applies as the flow rate increases the cost of ullage falls, and this is why Oil Search has been welcomed to the North Slope by the Alaskan Government, local communities and the legacy companies that dominate the slope.

From Prudhoe bay we continued 40 miles (64km) west to Kuparuk, North America's second largest conventional oilfield[6], a 20 mile (32km) x 20 mile oilfield operated by legacy company ConocoPhillips.

Kuparuk was discovered in 1969, nearly 50 years ago. Originally thought to be 6m barrels, ARCO started production in 1981. Production at Kuparuk peaked in 1992 at 322,000 BOPD. As mentioned previously 2.7m barrels have been produced to date.

ConocoPhillips operates 3 Central Processing Facilities (CPFs) and has 1,000 full time employees, who combined make up a small city with its own airport. Again, we can't overstate the scale of the infrastructure that is already in place. The CPFs are connected via a *"snake*

6 Kuparuk North America's second largest oil field, http://alaska.conocophillips.com/who-we-are/alaska-operations/kuparuk/

pit" of pipes to 580 miles (933km) of pipeline. Today, Kuparuk's 48 drill sites are producing at a rate of 230,000 BOPD.

Pikka Unit

To the west of Kuparuk is the Pikka Nanushuk resource which includes the Pikka Unit (OSH ownership 25.5%) and Horseshoe (OSH 37.5%)[7]. Oil Search acquired its interest from Armstrong Exploration, at the bottom of the market[8] by agreeing to pay US$400m for a 2C resource of 500m barrels of oil. In addition, Oil Search acquired the option to double its interests by outlaying a further US$450m by 30 June 2019. Recent on trend drill results by ConocoPhillips include the Putu 2 and Stoney Hill wells. While the data from these wells has not been made public, it is available to Oil Search. This data has clearly increased management's confidence that the Pikka resource is substantially larger than the conservative estimate of 500m barrels.

Significant value has been created in a very short period of time. This statement will be tested early in 2019 when Oil Search exercises its option[9] and on-sells part of its increased interest in the project. Our view is that Oil Search will emerge with a 35%-40% ownership when these transactions are complete. We believe this sell down will generate strong interest from majors, including the likes of ENI, ExxonMobil and potentially Total. In addition, interest from non-operating financial partners like Mitsui may also emerge. The sell down of the option will realise a significant gain for Oil Search.

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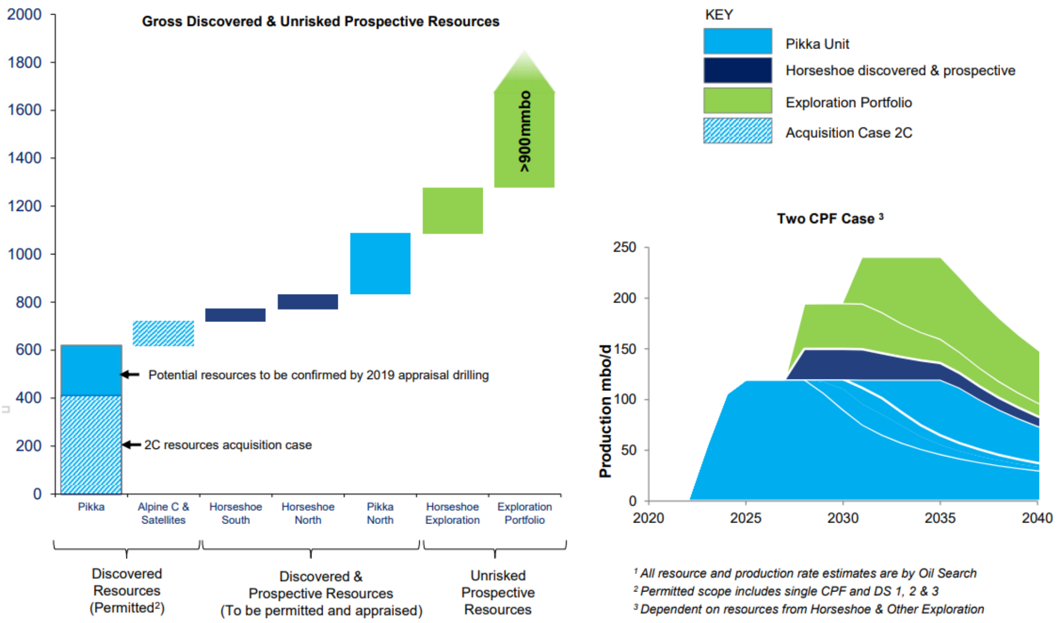
[7] *Interests in the Pikka Unit are Oil Search 25.5%, Armstrong 19.125%, GMT 6.375%, and Repsol 49%. Interests in adjacent exploration areas are Oil Search 25.5%, Armstrong 37.125%, GMT 12.375%, and Repsol 25%. Interests in the Horseshoe Block are Oil Search 37.5%, Armstrong 28.125%, GMT 9.375%, and Repsol 25%.*

[8] *The Oil price was US$47 per barrel in July 2017 when the offer was made compared with an oil price of US$80 today*

[9] *Oil Search has an option to acquire the 25.5%-37.5% balance of the key Alaska assets acquired last year (excluding 24% in some exploration leases) for US$450 M by 30 June 2019.*

Figure 12 – Prioritising Activity to Maximise Value for all Stakeholders



Source: Oil Search – Alaska field trip 2018 presentation

We are sticking to the facts at this point rather than being swept along with the palpable excitement that surrounds this resource. Simply put, the economics stack up. Wood Mackenzie estimate the Pikka Unit break even costs are US$38 a barrel. At an oil price of US$60-$65 using a very conservative 25% initial recovery rate this project is attractive. Recoveries of well over 50% should be achieved in time. The tax regime is attractive with the company take at 69% and a government take at 31%.

The Trans-Atlantic Pipeline (TAPS) can be accessed easily and significant capacity exists. With a capacity of over 2m BOPD, utilisation is under 30% at present. As we noted, the pipeline becomes a far more productive asset for the State Government and all Alaskan interest with first oil participation from Oil Search in 2023 and beyond.

One of the key attractions for us is that the current 2C resource can potentially be doubled by lower risk appraisal activities as depicted in the chart above. Exploration can also add significant upside but at far greater risk and cost. That said, the attractive thing about exploration is that the Oil Search acreage is surrounding proven oilfields that can deliver both potential tieback resources and large scale standalone opportunities. 3D seismic coverage of 6,800 square km's of Oil Search ground is substantially complete, and additional infill gaps planned.

Oil Search's share (assuming 35%) of capital costs is US$1.5b for the Pikka Unit up to 2023, before debt funding. This is fluid and will be updated as the project is advanced. This would require an equity contribution of US$0.6b. This is based on 60% debt and 40% equity basis. Project debt could be used and would likely be well bid for by U.S. debt buyers looking at a local onshore play is a very well-known and well understood region.

Moving forward the highest risk piece is execution. After spending 4 days and 3 nights with a management team that didn't exist 6 months ago, we gained confidence. The depth of talent and cultural alignment was a highlight of the trip. For us the two key take outs were the massive scale of existing infrastructure, and the quality of the Oil Search Alaska management team. ***SFM***

Pictures from Alaska

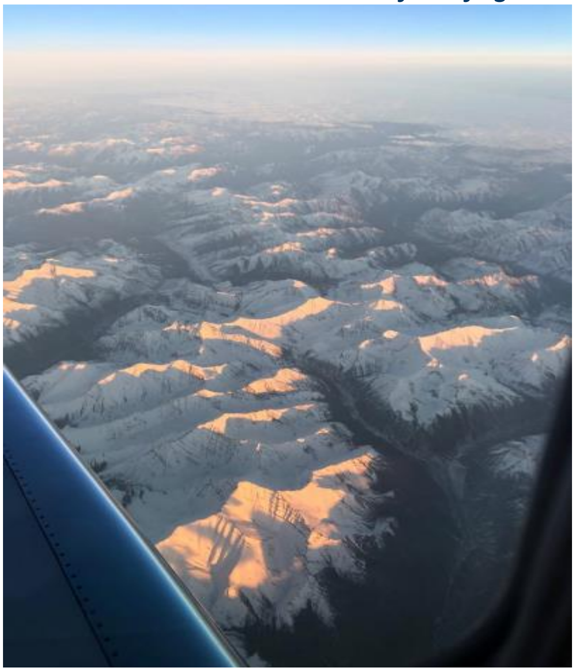
Photo 4: JB the brown bear at Alaska Wildlife Conservation Centre

Source: SFML Alaska trip

Photo 5: Tony above the Yukon

Source: SFML Alaska trip

Photo 6: Arctic National Wildlife Refuge



Source: SFML Alaska trip

Photo 7: Halliburton

Source: SFML Alaska trip

Photo 8: Deadhorse Corey

Source: SFML Alaska trip

Photo 9: Deadhorse Rig Storage Yards

Source: SFML Alaska trip

Photo 10: Kuparuk ConocoPhillips

Source: SFML Alaska trip

Photo 11: North Slope

Source: SFML Alaska trip

Disruptive Industries - Genomic Sequencing

In our December 2017 newsletter we quoted Seek CEO Andrew Bassat *"Australians are much more vulnerable to disruption than anyone realises. I look around industry by industry and I say, I can't see Australian companies winning that industry."* In this piece we examine the disruptive impact of genomic sequencing and some of the businesses this scientific breakthrough has spawned.

What is a genome?

Before diving into genomic sequencing, it is important to understand some of the building blocks of the human genome and how they work. The human genome is the map of the twenty thousand genes located on the 23 pairs of chromosomes within the cells of an individual.

The chromosomes are constructed from Deoxyribonucleic acid (DNA). DNA is a molecule composed of two chains (nucleotides) that coil around each other to form a double helix carrying the genetic instructions used in the growth, development, functioning and reproduction of all known living organisms and many viruses. The main role of DNA in the cell is the long-term storage of this information. *Figure 10.*

The nucleotide itself contains a sugar and a phosphate molecule, which make up the *"backbone"* of DNA, and, one of four organic bases. The bases are adenine (A), guanine (G), cytosine (C) and thymine (T). These bases conform to a simple pairing rule. A pairs with T, and G pairs with C. The resulting combinations form approximately 3 billion base pairs.

Different combinations of pairs form genes, a unit of heredity which is transferred from a parent to offspring and is held to determine the characteristics of the offspring. Human genes are commonly around 27,000 base pairs long, and some are up to 2 million base pairs. Very simple organisms tend to have relatively small genomes. The smallest genomes, belonging to primitive, single-celled organisms, contain just over half a million base pairs of DNA.

Figure 13 – DNA Chemical Bases

Source – Quanta Magazine – "New Letters Added to the Genetic Alphabet"

What is Genomic Sequencing?

Genomic sequencing is the process of analysing the order of DNA bases in a genome. The last two decades has seen a revolution in genome sequencing. Significant increases in speed and efficiency are driving a step change in the economics of this branch of science.

The prospective medical benefits of understanding whole genomes led to a worldwide collaborative effort known as the Human Genome Project (HGP), which kicked off in 1990. It was initially slow going as the genome was broken into smaller pieces, sequenced separately and then reassembled using a sequencing machine. It was also bogged down by non-essential discussions such as who would be credited for it.

Competition from Celera Corporation's Craig Venter, who thought the HGP was too slow and proving too costly, was the catalyst for a global race. Venter planned to be faster. His motivation was to patent genes for commercial purposes rather than provide access to all parties for the advancement of medical science. The HGP was completed 13 years later.

Being able to sequence a genome was just the beginning. Understanding the functional parts of the genome, separating non-coding from coding material is much more important. Scientists now understand that the stretches of DNA that encode proteins, the 20,000 odd genes that we discussed above, represent only about 1.2 percent of the total genome. The other 98.8 percent is known as junk DNA.

Illumina

Illumina is a U.S. company listed on the NASDAQ with a market capitalisation of US$48b. It is at the forefront of providing high quality, technologically advanced sequencers. This company played a significant role in reducing the time it takes for firms across the globe to sequence a genome.

Their ability to supply the growing industry coincided with a greater adoption of whole and partial genome sequencing across a range of fields. It is estimated that Illumina's machines are responsible for 90% of all the genomic data sequenced to date. Not surprisingly, they command upwards of 80% share of the global genomic sequencer market.

This leadership position reflects a 20-year history of consistent investment into R&D. The introduction of the NovaSeq in 2017 materially reduced the cost of sequencing a genome. The first whole-genome test cost around US$20m, today it can be done for as little as US$1,000. Affordability has driven explosive growth in areas such as consumer, population and clinical genomics. CEO of Illumina Francis DeSouza noted *"the market has reached an inflection point [where genomics is] now at a place where it is really being used"*.

The NovaSeq range of sequencers caters for a deep market of small laboratories that previously did not have sufficient funding to enable participation in this cutting-edge science.

The table below depicts the significant efficiency gains in reads per run.

Figure 14 – Illumina Production-Scale Sequencers

	NextSeq Series	HiSeq Series	HiSeq X Series‡	NovaSeq 6000 System
Run Time	12–30 hours	< 1–3.5 days (HiSeq 3000/HiSeq 4000) 7 hours–6 days (HiSeq 2500)	< 3 days	16–36 hours (Dual S2 flow cells) 44 hours (Dual S2 flow cells)
Maximum Output	120 Gb	1500 Gb	1800 Gb	6000 Gb
Maximum Reads Per Run	400 million	5 billion	6 billion	20 billion
Maximum Read Length	2 × 150 bp	2 × 150 bp	2 × 150 bp	2 × 150 bp

Source – Illumina Website, Sequencing Platforms

Illumina's revenue model includes the upfront purchase of kit, largely a cost recovery and margin exercise. The NovaSeq S4 sells for circa US$1m. Consumables and services revenue (e.g. cost per genome run) represent 84% of revenue. Consumable growth has a strong correlation to sequencer efficiency gains. Gross margins are high due to the low cost of consumables and services. Approximately 20% of revenue is reinvested in R&D annually. Illumina is targeting new technologies that reduce the cost of sequencing a genome to US$100.

Regulatory environment and reimbursements

Along with better and cheaper machines, a major factor driving greater adoption of genomic sequencing in the U.S. has been the increased level of support and acceptance from the FDA, CMS (Medicare) and private payer community (Cigna and Aetna) for reimbursements.

Recently, the FDA have started authorising companion diagnostics and oncology research practices. They are also continuing to provide a path to market for direct-to-consumer (DTC) tests, which will be discussed later as this has been a large barrier for consumer genomic firms. Further, the payer community is starting to expand reimbursements and the National Institute of Health has increased their funding for projects related to genomics.

Industry growth

The growing areas in the genomics field include:

1. Consumer Genomics

Consumer genomics is the sequencing, analysis and interpretation of an individual's genome. Service providers seek to understand the genetic characteristics of a person and their risk of contracting various disease states.

An example of consumer genomics is DNA testing to determine ancestry, where companies such as 23andme and ancestory.com sell DTC testing kits to individuals, which allow consumers to provide their genomic data by returning these kits with their saliva. As genomic technology has improved, the cost of these testing kits has decreased. In 2017 ancestry companies processed approximately 7 million samples, more than the sum of all tests undertaken in the preceding decade. Justin Kao the co-founder of Helix, a major player in the consumer genomics industry said *"the industry is reaching an inflection point—sequencing and data storage costs are declining, our understanding of the genome is exponentially growing, and consumer interest continues to increase as well. We believe that these factors will drive enormous growth in the industry."* This considerable growth has led to the industry now having around 100 active consumer genomics companies.

One of the major restrictions that companies have faced is their ability to receive FDA approval for DTC genomic products. The FDA has held that consumers should not receive medical information without a professional opinion. Further scepticism surrounds the legitimacy and accuracy of results. Critics fear that data from small test samples may be extrapolated across large population groups where it has little relevance.

23andme is a leader in consumer genomics that has managed these challenges. The company provides DTC genome testing for ancestry, health and rare disease risk.

In 2013, 23andme were ordered to stop selling genomic health testing kits to consumers in the U.S. The FDA was concerned about the accuracy of data the tests generated. It was four years later in 2017 that the FDA approved 23andme DTC tests for Parkinson's and Alzheimer's disease. In 2018, 23andme's home cancer screening for the increased risk of breast, ovarian and prostate cancer gained FDA approvals.

Today pharmaceutical and biotechnology companies are purchasing the rights to use customer genomic data for R&D purposes. Recently GlaxoSmithKline, a leading pharmaceutical company purchased a US$300m stake in 23andme opening the door for the pharmaceutical giant to access the 5 million customers on 23andme's database. While privacy concerns remain, the sharing DNA data has potential to benefit a wide for a range of medical research in the future.

2. *Population Genomics*

Population genomics is the large-scale comparison of DNA sequences within society and citizens globally. It is used to understand the variations within a specific racial group, population or country. Recently, countries including the U.S., China and South Korea have implemented nationwide policies to test the genomes of certain parts of their population. Personalised medicine, the creation of medicines that are targeted at an individual's genetic makeup, is the driver of growth in population genomics. Scientific evidence has shown that specific racial groups may have experienced adverse reactions to specific drugs. Genomic testing has been successful in providing greater clarity in some cases.

China has announced ambitious plans to map the genomes of millions of citizens from the Jiangsu region, with a budget of 60b Yuan ($12.1b) over the next 15 years. Their goal is to build a genetic database to aid their national personalised medicine initiative. China accounts for 30% of the world's sequencer machines, and is a global hub for aspiring genomic start-ups, guaranteeing that they will retain relevance, if not leadership in in the technology race to dominate smart industries.

BGI Genomics is a leader in the Chinese sequencing revolution and is also driving initiatives to map the Jiangsu population. They are at the forefront of China's bid to become a genetic superpower. BGI's acquisition of 128 of Illumina's HiSeq 200 sequencers now looks like a hostile technology grab. China represents 38% of Illumina's year on year revenue. BGI have since changed their strategy and are developing their own sequencers to compete with Illumina.

3. Oncology

Oncology is the branch of medicine tasked with the diagnosis and treatment of cancer. Cancer is the most common human genetic disease. It is caused by genes that control (or fail to control) the way cells divide, replicate and grow. Genetic predisposition can be inherited, but most arise randomly during a person's lifetime, either from mutations that occur as cells divide or from exposure to DNA-damaging carcinogens. Genomics has so far revealed abnormalities in genes that drive the development and growth of some types of cancer. This research has been critical in the steps towards finding treatments for cancers. It is also leading to new methods of diagnosing and treating the disease.

Tumour DNA sequencing has enabled scientists to test cancer biopsies and determine if mutations are present. This technique is commonly used alongside targeted therapies. Scientists compare a sample of the patient's tumour to their healthy cells. This can provide a more precise diagnosis and personalised treatment pathway.

4. NIPT (Non-Invasive Prenatal Test)

A non-invasive prenatal test (NIPT) is a screen that can determine genetic abnormalities in a foetus. NIPT tests the DNA in the mother's blood and can identify genetic abnormality such as Downs, Edwards or Patau syndrome.

NIPT is still in its early stages of adoption. Many clinicians limit their recommendations to expectant mothers who are considered high-risk. Private payer coverage has started but also remains early stage. Illumina are working with Harvard Pilgrim Health Care to educate payers and doctors of the benefits of adopting NIPT. NIPT has shown strong growth in Australia and in parts of Europe.

5. Gene therapy/editing

The evolution of genomic sequencing is also responsible for gene therapy and gene editing.

The CRISPR (clustered regularly interspaced short palindromic repeats) technique was previously detailed in our December 2017 newsletter *"Genetics and structural change"*.

China has been a strong adopter of CRISPR, with numerous clinical trials already underway in humans. Lax regulations make this possible. ***SFM***

Media - one sided reporting

We all have our gripes. Traffic, taxes, bureaucracy, but a big one of ours is media reporting. The ongoing shift of news delivery from offline to online is providing readers with news on tap. But there is a cost and it is the accuracy of the information.

Our specific area of interest, financial news, does not always present the facts fairly. We are all prone to bias and journalists are no different. They may present their work as unbiased but often they are clearly conflicted.

When share prices fall, journalists are good at turning up the volume of their work, leading with adjectives like plunging or collapsing to describe even minor events.

Mis-reporting is now an art. Business leaders get caught in the crosshairs, conscious of what is said and how things are interpreted. Furthermore, it seems some companies are specifically targeted while others fly under the radar of the reporter.

Investors can choose to ignore certain story lines but media's role of reporting fairly, accurately and without bias appears compromised. The problem is that when events aren't reported correctly, intervention becomes a necessary outcome. And when those who are attacked look to set the record straight, readers are often left confused.

In our daily pursuits we see first-hand how businesses and executives are forced to deal with media attacks. Brand damage and in some cases, regulatory or political intervention are the by-products.

The media outlets also enjoy one big advantage over those targeted. Reporters get to write what they want and for as long they deem it appropriate. They have the final say and have little or no accountability. This is not a good outcome and renders those being attacked with few options to respond.

Mark Fitzgibbon, CEO of private health insurer NIB noted exactly this in his recent comments on the sector, *"we are getting a shellacking from politicians and media. If you tell punters long enough and loudly enough they are getting poor value, people will start to drop off. We need to turn that around."*

Likewise, when Blackmores CEO Richard Henfrey handed down a stronger than expected full year 2018 result, underpinned by robust China sales he quoted, *"Everything we see in the media is not always reflective of what is happening on the ground. We remain incredibly positive about the relationship, although like any relationship you might go through some rough patches."*

There is nothing wrong with publishing news worthy stories but there must be balance in reporting with accountability sheeted home when the facts presented end up being inaccurate. If not, we end up with endless opinion pieces that devalue the essence of what news should be about.

It's simple, some want to educate and impart knowledge while others are prone to stretching the truth or pursing an agenda. The economic and personal damage inflicted when articles are inaccurate needs to be addressed. Unfortunately, we don't believe this practice will change anytime soon, which makes it critical for investors to exercise caution. ***SFM***

New Offices

Selector Funds Management has moved into a new office from October 2018. The new address is located directly above our old offices at:

- Level 8, Suite 2, 10 Bridge Street Sydney NSW 2000 Australia

Company visit diary September 2018 Quarter

July

Date	Company	Description
3-Jul	MYO	MYOB Group SFML Conference Call
17-Jul	TNE	Technology One IFRS 15 Presentation
18-Jul	NVT	Navitas Conference Call
18-Jul	N/A	PEXA Macquarie Management Meeting
18-Jul	TNE	Technology One UBS Management Meeting
18-Jul	TNE	Technology One SFML Management Meeting re IFRS 15
23-Jul	IPD	Impedimed Quarterly Results Conference Call
24-Jul	PNI	PNI Placement Conference Call
24-Jul	IPD	Impedimed SFML Management Meeting
24-Jul	IPD	Impedimed SFML Management Meeting
25-Jul	IPD	Impedimed Investor Briefing
30-Jul	N/A	Catch Group UBS Non Deal Roadshow

August

Date	Company	Description
2-Aug	TLX	Telix Pharmaceuticals SFML Management Meeting
3-Aug	NHF	NIB Holdings Acquisition Conference Call
6-Aug	SEK	SEEK Resuls Conference Call
7-Aug	IFL	IOOF Holdings FY18 Results Conference Call
7-Aug	NVT	Navitas FY18 Results Conference Call
7-Aug	OFX	OFX Group Annual General Meeting
8-Aug	NVT	Navitas UBS Management Meeting
8-Aug	NVT	Navitas SFML Management Meeting
8-Aug	OFX	OFX Group Macquarie Management Meeting
9-Aug	CWN	Crown Resorts FY18 Results Conference Call
10-Aug	JHX	James Hardie Industries Q1FY19 Results Conference Call
10-Aug	JHX	James Hardie Industries UBS Management Meeting
13-Aug	DHG	Domain Holdings FY18 Results Conference Call
13-Aug	DHG	Domain Holdings Macquarie Management Meeting
14-Aug	COH	Cochlear FY18 Results Conference Call
14-Aug	REA	REA Group MS Management Meeting
14-Aug	DMP	Domino Pizza Enterprise FY18 Results Conference Call
14-Aug	DMP	Domino Pizza Enterprise MS Management Meeting
14-Aug	IFL	IOOF Holdings SFML Management Meeting
15-Aug	ALL	Aristocrat Leisure AGE Investor Product Presentation
15-Aug	CPU	Computershare FY18 Results Conference Call
15-Aug	IFM	Infomedia FY18 Results Conference Call
15-Aug	CSL	CSL FY18 Results Conference Call
15-Aug	SEK	SEEK FY18 Results Conference Call

Date	Company	Description
15-Aug	COH	Cochlear MS Management Meeting
15-Aug	DMP	Domino Pizza Enterprise SFML Management Meeting
16-Aug	ASX	ASX FY18 Results Conference Call
16-Aug	BRG	Breville FY18 Results Conference Call
16-Aug	3PL	3P Learning FY18 Results Conference Call
16-Aug	3PL	3P Learning Macquarie Management Meeting
16-Aug	CSL	CSL UBS Management Meeting
16-Aug	SEK	SEEK MS Management Meeting
16-Aug	BRG	Breville UBS Management Meeting
16-Aug	DMP	Domino Pizza Enterprise Macquarie Management Meeting
16-Aug	CPU	Computershare SFML Management Meeting
16-Aug	BRG	Breville Macquarie Management Meeting
16-Aug	SEK	SEEK SFML Management Meeting
16-Aug	NCK	Nick Scali Macquarie Management Meeting
17-Aug	IFM	Infomedia UBS Management Meeting
17-Aug	COH	Cochlear SFML Management Meeting
17-Aug	JHX	James Hardie Industries SFML Management Meeting
17-Aug	IFM	Infomedia SFML Management Meeting
20-Aug	NHF	NIB Holdings FY18 Results Conference Call
20-Aug	NHF	NIB Holdings Macquarie Management Meeting
21-Aug	VRT	Virtus Health FY18 Results Conference Call
21-Aug	JIN	Jumbo Interactive FY18 Results Conference Call
21-Aug	OSH	Oil Search 1H18 Results Conference Call
21-Aug	VRT	Virtus Health SFML Management Meeting
21-Aug	VRT	Virtus Health UBS Management Meeting
21-Aug	VRT	Virtus Health MS Management Meeting
21-Aug	HSN	Hansen Technologies Taylor Collison Management Meeting
21-Aug	ALU	Altium FY18 Results Conference Call
21-Aug	OSH	Oil Search 1H18 Results Meeting
22-Aug	CAR	Carsales.com FY18 Results Conference Call
22-Aug	NEA	Nearmap FY18 Results Conference Call
22-Aug	WTC	Wisetech Global FY18 Results Conference Call
22-Aug	ALU	Altium SFML Management Meeting
22-Aug	SYD	Sydney Airport HY18 Results Conference Call
22-Aug	BAP	Bapcor FY18 Results Conference Call
22-Aug	ALU	Altium DB Management Meeting
22-Aug	WTC	Wisetech Global MS Management Meeting
23-Aug	WTC	Wisetech Global Macquarie Management Meeting
23-Aug	CAR	Carsales.com SFML Management Meeting
23-Aug	IRE	IRESS HY18 Results Conference Call
23-Aug	FLT	Flight Centre Travel Group FY18 Results Conference Call
23-Aug	ALU	Altium UBS Management Meeting

Date	Company	Description
23-Aug	FLT	Flight Centre Travel Group DB Management Meeting
23-Aug	NEA	Nearmap MS Management Meeting
23-Aug	FLT	Flight Centre Travel Group SFML Management Meeting
24-Aug	NEA	Nearmap DB Management Meeting
24-Aug	SGM	Sims Metal Management FY18 Results Conference Call
24-Aug	MYO	MYOB Group HY18 Results Conference Call
24-Aug	SGR	The Star Entertainment FY18 Results Conference Call
24-Aug	NEA	Nearmap Macquarie Management Meeting
24-Aug	CAR	Carsales.com MS Management Meeting
24-Aug	FLT	Flight Centre Travel Group MS Management Meeting
24-Aug	MYO	MYOB Group SFML Management Meeting
27-Aug	RWC	Reliance Worldwide FY18 Results Conference Call
27-Aug	SGR	The Star Entertainment UBS Management Meeting
27-Aug	ARB	ARB Corporation UBS Conference Call
28-Aug	MYO	MYOB Group Macquarie Management Meeting
28-Aug	BKL	Blackmores FY18 Results Conference Call
28-Aug	NAN	Nanosonics UBS Management Meeting
28-Aug	NHF	NIB Holdings MS Management Meeting
28-Aug	PXS	Pharmaxis Taylor Collison Management Meeting
28-Aug	RWC	Reliance Worldwide Macquarie Management Meeting
28-Aug	IRE	IRESS SFML Management Meeting
28-Aug	BKL	Blackmores SFML Management Meeting
29-Aug	NHF	NIB Holdings SFML Management Meeting
29-Aug	RWC	Reliance Worldwide SFML Management Meeting at Macquarie
29-Aug	BAP	Bapcor Macquarie Management Meeting
31-Aug	REH	Reece FY18 Results Conference Call

September

Date	Company	Description
3-Sep	OSH	Oil Search SFML Management Meeting
3-Sep	NHF	NIB Holdings SFML Management Meeting
3-Sep	BKL	Blackmores UBS Conference Call
4-Sep	SGM	Sims Metal Management SFML Management Meeting
4-Sep	SGM	Sims Metal Management Macquarie Management Meeting
5-Sep	NWL	Netwealth Group Macquarie Management Meeting
5-Sep	APX	Appen UBS Management Meeting
6-Sep	NEA	Nearmap Placement Conference Call
13-Sep	TLX	Telix Pharmaceuticals Acquisition Conference Call
14-Sep	RWC	Reliance Worldwide UK Investor Tour
15-Sep	FLT	Flight Centre Travel Group UK Management Meeting
15-Sep	IRE	IRESS UK Management Meeting

Date	Company	Description
15-Sep	SGM	Sims Metal Management UK Management Meeting
17-Sep	RWC	Reliance Worldwide US Investor Tour
18-Sep	BAL	Bellamy's Australia UBS Management Meeting
18-Sep	SEK	SEEK MS Management Meeting
18-Sep	TPG	TPG Telecom Macquarie Management Meeting
18-Sep	N/A	PEXA Site Visit in Melbourne
19-Sep	N/A	Macquarie Healthcare Analyst SFML Meeting
20-Sep	JHX	James Hardie Industries US Investor tour
21-Sep	NVT	Navitas Investor Day
21-Sep	FPH	Fisher & Paykel Healthcare US Investor Tour
21-Sep	JHX	James Hardie Industries US Investor Tour
24-Sep	OFX	OFX Group US Management Meeting
24-Sep	OFX	OFX Group US Meeting with Board
24-Sep	N/A	Wyred US Management Meeting
25-Sep	JIN	Jumbo Interactive SFML Management Meeting
25-Sep	N/A	Zelle US Management Meeting
25-Sep	N/A	Nomad Travel US Management Meeting