Selector High Conviction Equity Fund Quarterly Newsletter No.86
December 2024

In this quarterly, we provide a collection of portfolio company commentaries flowing from the latest reporting season.

In our article “Pro Medicus”, we share some insights from our visit to Chicago in early December where we attended the Radiological Society of North America (RSNA) conference.

We round out the quarterly with commentary on why public matters are “Not a Level Playing Field”, and discuss the importance placed on following things through as “A Matter of Principle.”

Photo: *RSNA conference, Chicago Illinois*

Selector Funds Management Limited
ACN 102756347 AFSL 225316
Level 8, 10 Bridge Street
Sydney NSW 2000 Australia
Tel +61 2 8311 7736
www.selectorfund.com.au

T

selector

Selector is a Sydney based fund manager. Our team combines deep experience in financial markets with diversity of background and thought. We believe in long-term wealth creation and building lasting relationships with our investors.

We focus on stock selection, the funds are high conviction, concentrated and index unaware. As a result, the portfolios have low turnover and produce tax effective returns. Our ongoing focus on culture and financial sustainability lends itself to strong ESG outcomes.

Selector has a 20-year track record of outperformance and we continue to seek businesses with leadership qualities, run by competent management teams, underpinned by strong balance sheets and with a focus on capital management.

Contents

In Brief – December Quarter

Dear Investor,

When you consider the world in isolation, things may not make sense. Put all the pieces together, and like magic, the outcomes make imminent sense.

In that context, Macquarie's Global Strategist Viktor Shvets' recent economic piece "Rights, Wrongs and Returns" resonates. The rise of the U.S., the failings of Europe and China's misstep can be singularly argued away, but less so when considered in a different light.

Almost on cue, Cochlear CEO Dig Howitt made a similar observation. Speaking at a round table on productivity hosted by The Australian and the Business Council of Australia in November, Howitt made the following remarks.

"*Australia has a real choice, which is even more stark now that Donald Trump is planning a department of government efficiency with Elon Musk and US businessman Vivek Ramaswamy.*

In Europe, regulation has been consistently rising over the years

It is stifling productivity and making it more difficult to get products onto the market. At the same time, in the US (regulations) have been going up, but at a much lower rate.

It is a much easier place to invest and employ people. We are seeing these two significant parts of the world going in different directions.

Australia is at an important point to decide which way we want to go. We've really got a choice."

Further adding, "*Where we invest over the next 50 to 80 years, where can we best operate to support our customers … the US is becoming more attractive.*"

By the same token, Shvets highlights the strength of the U.S. economy and why it remains the most dominant global market.

"*We reside in a world of abundance of capital. According to FSB, the value of financial assets exceeds real economy by at least 5x, and if we include gross derivatives and fully factor in private capital, it might reach 10x GDP. This excess capital is a legacy of three decades when money supply grew faster than nominal GDP*."

In turn, "*Abundance of capital is accelerating the Information Age – what might have taken decades, can now be done in months, with AI being just the tip of the iceberg that will continue to transform the role and functioning of labour and conventional capital*."

While investors can get caught up in the dramas of President-elect Trump, immigration and tariffs, the real story may lie beyond.

"*The US still retains a significant productivity and growth edge over all other regions. This is mostly due to the ability of the US to add labor and capital (and the right type of capital) while simultaneously growing multi-factor productivity. Neither EMU, UK, Japan nor most EMs can match this feat. In turn, this trifecta allows the US to maintain a faster growth clip, higher ROEs (~20% for the US, vs 10% for EMU, 9% for Japan and 8%-9% for China) while containing total leverage (~3.5X GDP, broadly unchanged for a decade) and keeping trust in USD as the global medium of exchange and store of value.*"

This outcome has not gone unnoticed, with former President of the European Central Bank Mario Draghi's "*recent verdict that over the last two decades, EU has missed the software and technology train and is now in danger of losing productivity gains from software applications.*"

Shvets adds, "*Investment in new assets, software and intangibles (which constitute over 60% of US private sector GDP vs 30%-40% for EMU and Japan, and below 20% for China) has been the key differentiating factor. In addition, US maintains an absolute monetary sovereignty (i.e. issues, uses and borrows exclusively in its own currency and predominantly from local residents) which offers it a much wider scope for maintaining a looser fiscal posture*."

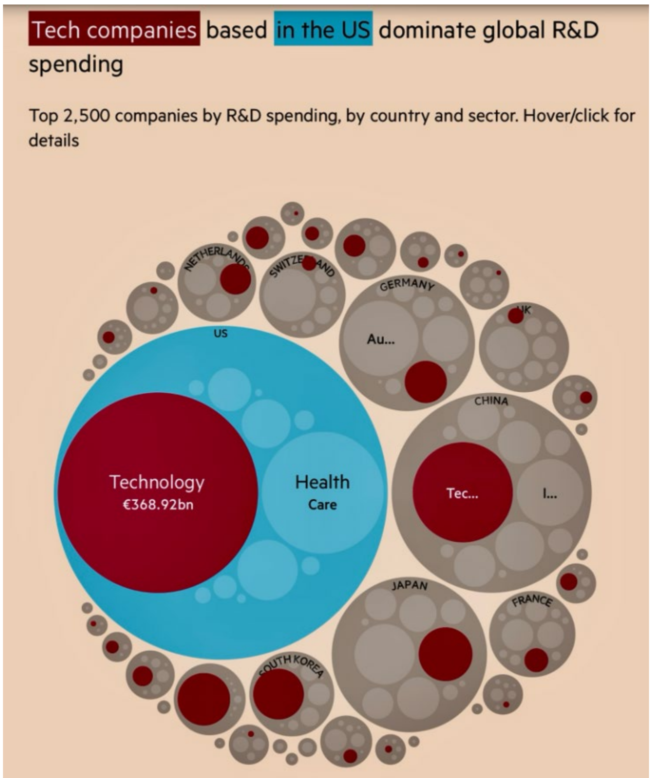
At its core, "*Technology and Financialization are breaking down barriers between previously unrelated sectors and industries, facilitating competition as well as an equally rapid demolition of market segments.*

All winnings go to the winner, and far more rapid than in the past growth (and decline) of corporates (revenues, profits, cashflows and market capitalization). The defining characteristic of the Information Age is the rise of intangible and social capital (automation, technology and software) that *offers much stronger scalability, synergies and spillover effects*."

Figure 1 and **Figure 2** highlight the United States' impressive strength in technology. The top R&D spenders are increasingly concentrated in software and computer services, with the U.S. emerging as the leading destination for investment.

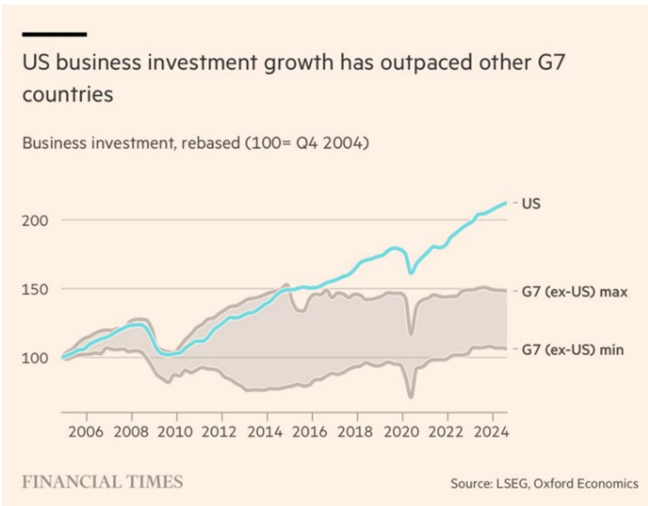
In fact, the U.S. is dominating on many fronts, accounting for 83% of the venture capital funding in G7 economies over the past decade. The gap between U.S. business investment and other G7 nations only continues to widen, a situation that will become more pronounced as AI investment ramps up.

Figure 1: Technology Companies R&D Investment by Country



Financial Times Dec 2024 | OECD, LSEG, National Statistics

Figure 2: U.S. Business Investment



Financial Times Dec 2024 | LSEG, Oxford Economics

Traditional business moats are now far more vulnerable to disruption. On the other hand, today's global market leaders, including the likes of Apple, Meta and Microsoft, continue to dominate. Albeit much to the surprise of industry observers, "*As the OECD highlighted, the productivity growth of the top*

5% performers is now accelerating 4-5 times faster than in the past vs the frontier (minus top 5%) across all industries, due to the above-described scalability, synergies and spillover effects."

The U.S. is also surpassing the G7 in productivity output, as **Figure 3** illustrates. This is an important indicator for many reasons. Since 2000, and more recently from 2019, U.S. output per hour worked has expanded at annual rates between 2 per cent and 2.8 per cent over more than a year.

Lifting productivity – a measure of how efficiently resources is used in the economy – allows workers to earn higher wages, expand company profitability and increase tax revenues, boosting living standards.

Figure 3: U.S. Labour Productivity Growth

Financial Times Dec 2024 | OECD, LSEG, National Statistics

In contrast, capital misallocation erodes returns, requiring even larger investments to close the gap. This is where Europe and China find themselves, alongside a host of businesses whose economic models are no longer as relevant or positioned to prosper in a low-growth, highly competitive environment.

China in particular faces a difficult path out. The lack of immigration, an ageing population, and the accumulation of debt across local governments leave the country vulnerable to constrained growth, while limiting its ability to export excess capacity.

In Australia, the outlook on productivity is equally poor. A report from international firm McKinsey in December 2024, highlighted what business leaders already knew: the country has become economically complacent.

As McKinsey's Chris Bradley identified, "*If you want to expand the non-market economy, you need a high-growth, high-prosperity economy firing to pay for all this stuff*."

This "*stuff*" that Bradley is referring to is the billions of dollars the Government has spent on disability support, aged care, and the public service, "*These government dominated industries are growing at almost triple the pace of the market economy*."

This misallocation and the increasing level of business red tape, high tax structures and growing industrial relations pressure have choked output, resulting in zero productivity growth since 2016.

The current Labor Government overlooks the *"national emergency"* that Bradley points out. Meanwhile, McKinsey's Managing Partner for Australia offers further insights from local business leaders, *"Everything from infrastructure through to tech, they say that the regulatory context at every level in the US is simpler and easy to navigate, more supportive of deploying capital than what is in Australia."*

Under such a scenario, the U.S. appears better positioned and demonstrates why it is unlikely to lose its global leading mantle anytime soon.

The December quarter proved eventful, an aspect of markets we should continue to expect. As such, we sit in the camp that macroeconomic shocks are normal and likely to occur more often.

With that as a backdrop, we continue to look for and allocate capital in businesses with:

1. Competent management teams
2. Business leadership qualities
3. Strong balance sheets
4. A focus on capital management

Sitting alongside is a company's propensity to think long term, reflected in our low turnover portfolio holding metrics.

In this quarterly, we review the November mini reporting season in our company commentaries section. During this period over 25% of the portfolio, in weighing terms, reported to the market. Generally speaking, the majority delivered results at the upper end of expectations and, importantly, provided confidence in future earnings.

We also share some insights from our visit to Chicago in early December, attending the Radiological Society of North America (RSNA) conference, in which software imaging company Pro Medicus was on show. During that trip, we met with a host of companies held in the portfolio, representing approximately 12% of the Fund.

We explore the benefits of "Thinking private in a public market," provide commentary on why public matters are "Not a level playing field" and, finally, we discuss the importance placed on following things through as "A matter of principle."

For the December 2024 quarter, the Fund delivered a gross positive return of **0.20%** compared to the All-Ordinaries Accumulation Index, which posted a loss of **0.86%**.

For the calendar year, the Fund delivered a gross positive return of **22.67%** compared to the All-Ordinaries Accumulation Index, which posted a gain of **11.44%.**

We trust you find the quarterly informative.

Regards,

Selector Investment Team

"All winnings go to the winner."

Source: Macquarie Global Strategist, Viktor Shvets

As Macquarie Global Strategist, Viktor Shvets finds, in this current era, "*Technology and financialisation are breaking down barriers between previously unrelated sectors and industries, facilitating competition as well as an equally rapid demolition of market segments.*"

The consequences, "*The defining characteristic of the Information Age is the rise of intangibles and social capital (automation, technology, and software) that offers much stronger scalability, synergies, and spillover effects.*"

The outcome, "*Whereas in the past, it could have taken a decade or longer to build large viable businesses, today, four or five quarters might be enough*."

"The cost of staying the same could be greater than the cost of change"

Source: TechnologyOne Executive Vice President of U.K, Leo Hanna

The transition of technology is happening constantly. Adapting, accepting, undertaking change will position some to succeed and for others who resist, to fall back.

"I also replaced my wood-siding shingles with concrete ones. I don't know if that's why my house survived"

Source: Wall Street Journal

As reported in the WSJ following the fires in California and why some homes may have survived. *"EveAnna Manley, one of the Altadena holdouts, had prepared for this moment. Her house has a natural-gas generator supplying 22 kilowatts of power, enough for several refrigerators, making her one of the few neighbors with electricity. She has 60 gallons of drinking water in the basement, as well as a reverse-osmosis water filter and hot-water tanks for showering. "My old neighbor was a real prepper, I learned it from him," said Manley, who runs an audio-equipment business. "I also replaced my wood-siding shingles with concrete ones[1]. I don't know if that's why my house survived."*

[1]*Concrete siding, also known as fibre cement siding, is a building material made of cement reinforced with cellulose fibres. It's used to cover the exterior of homes and other buildings. Fiber cement siding has several benefits including being resistant to termites, does not rot, is impact resistant, and has fireproof properties.*

Portfolio Overview

Table 1: Performance as at 31 December 2024*

	3 Month	6 Month	1 Year	3 Year[2]	5 Year[2]	10 Year[2]	15 Year[2]	20 Year[2]	Since Inception[2]
Fund (net of fees)	(0.17)	10.44	20.88	3.27	7.07	11.95	11.20	10.42	10.59
Fund (gross of fees)	0.20	11.26	22.67	4.70	8.76	13.90	13.18	12.43	12.62
All Ords. Acc. Index	(0.86)	6.93	11.44	6.91	8.31	8.80	8.01	8.07	8.39
Difference (gross of fees)	1.06	4.33	11.23	(2.21)	0.45	5.10	5.17	4.36	4.23

Inception Date: 30/10/2004

[1]Performance figures are historical percentages. [2]Returns greater than 1 year are annualised and assume the reinvestment of distributions. Past performance should not be taken as an indicator of future performance.

Graph 1: Gross value of $100,000 invested since inception

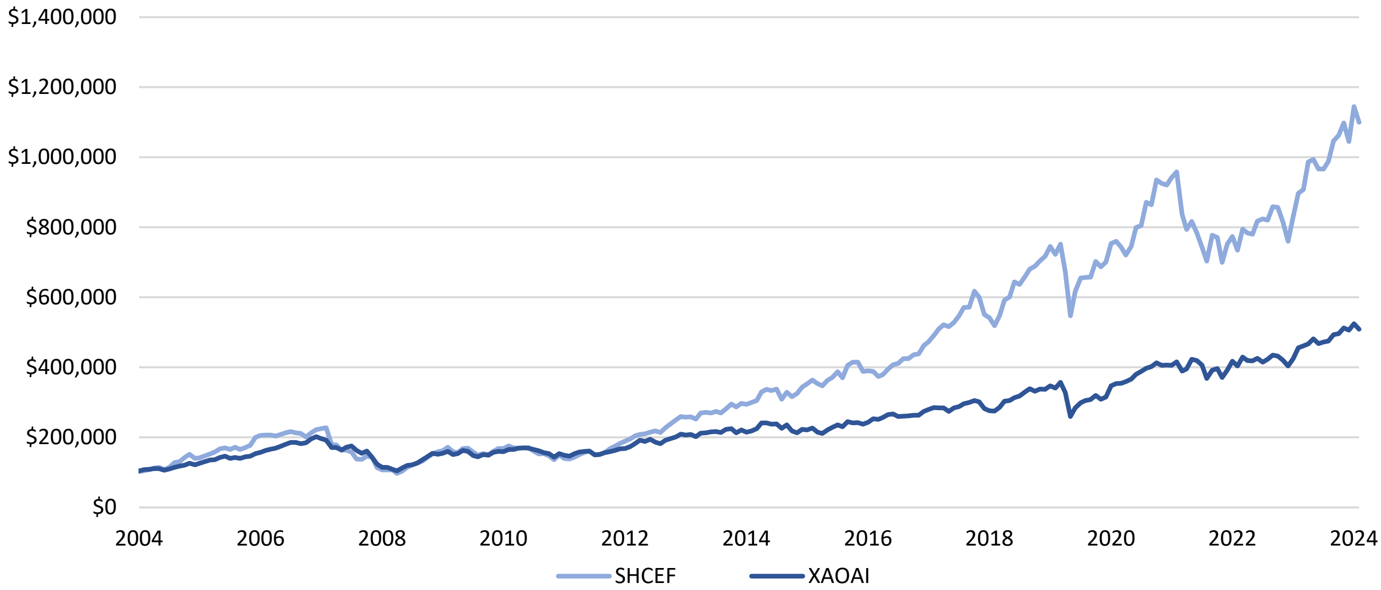


Table 2: Portfolio's Top 10 Holdings

Top 10 December 2024	**%**	**Top 10 September 2024**	**%**
TechnologyOne	8.73	TechnologyOne	7.05
CAR Group	6.58	CAR Group	6.84
Aristocrat Leisure	6.50	WiseTech Global	5.77
ResMed	6.01	Aristocrat Leisure	5.69
Cochlear	5.42	ResMed	5.64
WiseTech Global	5.28	James Hardie Industries	5.60
James Hardie Industries	4.95	Reece	5.31
Pro Medicus	4.92	Cochlear	5.20
Reece	4.23	Nanosonics	4.79
CSL	4.14	CSL	4.15
Total	**56.75**	**Total**	**56.04**

Table 3: Unit prices as at 31 December 2024**

Unit Prices	Entry Price	Mid Price	Exit Price
	$3.6935	$3.6843	$3.6751

Selector employs a high conviction, index unaware, stock selection investment strategy. 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.

Table 4: ASX sector performance – December 2024 quarter

S&P ASX Industry Sectors	Quarter Performance (%)
Financials	4.78
Energy	2.68
Telecommunications	2.16
Industrials	1.88
Consumer Discretionary	1.85
Information Technology	0.86
Utilities	0.55
Healthcare	(5.54)
Consumer Staples	(5.58)
A-REITS	(7.01)
Materials	(11.97)

Table 5: Fund's industry weightings

Industry group	December 2024 (%)	September 2024 (%)
Health Care Equipment & Services	25.54	24.41
Software & Services	20.38	19.87
Media & Entertainment	13.02	12.96
Consumer Services	11.97	12.07
Pharmaceuticals, Biotech & Life Sciences	6.44	5.36
Capital Goods	6.18	7.79
Materials	4.95	5.60
Automobiles & Components	3.17	3.33
Consumer Durables & Apparel	3.04	2.45
Commercial & Professional Services	2.71	2.14
Financial Services	1.74	2.62
Cash & Other	0.86	1.06
Insurance	-	0.33

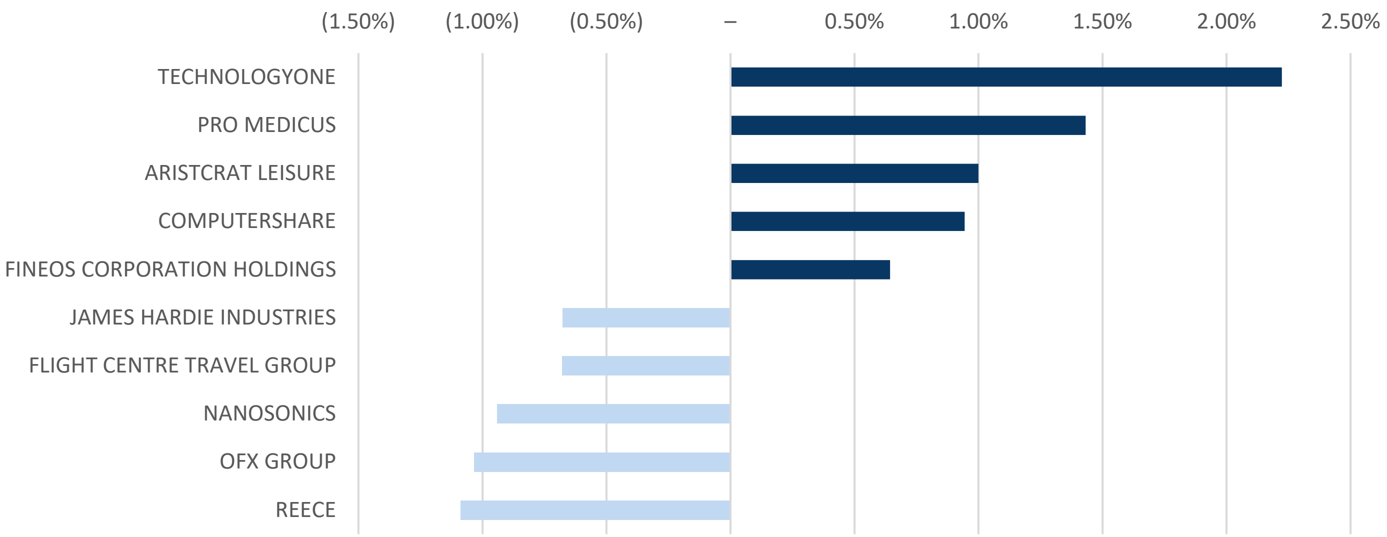
Table 6: Portfolio turnover as at 31 December 2024

Period	Turnover %
1 Year	12.70
2 Years	6.86
3 Years	7.39
5 Years	8.36
10 Years	7.08
15 Years	6.74
20 Years	6.27
Since inception	6.21

- Turnover shown as annualised percentages
- Turnover = Lesser of purchases or sales divided by average funds under management for the period
- Turnover calculation excludes cash flows greater than 1% of FUM over any given period

Portfolio Contributors

Graph 2: Contributors and Detractors – December 2024 quarter



Environmental, Social and Corporate Governance (ESG)

ESG 2.0 Roadmap

Consideration			
Social	Human Capital Management	Community (including MS*)	Best Interests
Governance	Board effectiveness	Shareholder interests	Risk, Litigation & Cyber
Environment	Climate Targets	Renewable targets	Progress against target

Roadmap scorecard
9 filters applied to each portfolio business
*Modern Slavery (MS)

The ESG 1.0 Roadmap, developed in-house in 2019, defines ESG issues that may impact companies and applies a score of 1 or 0 for each of the 12 areas under consideration. The ESG 2.0 Roadmap iteration was created in 2021, with changes integrated into our portfolio models thereafter. The ESG 2.0 Roadmap consists of 9 areas under consideration.

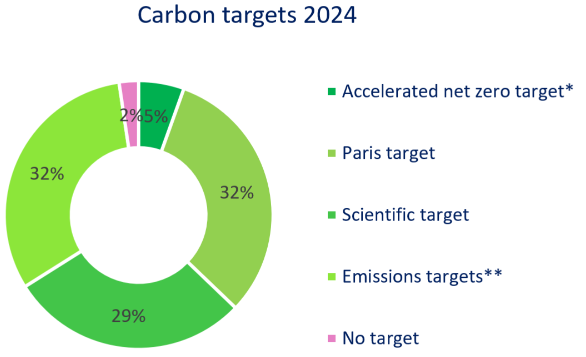
The following is a breakdown of each consideration:

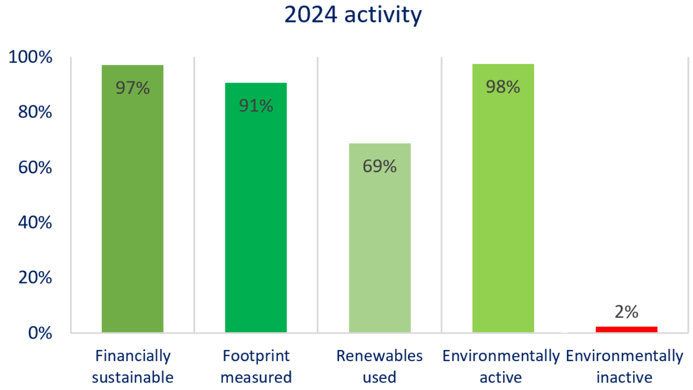
- Human Capital Management – "Is there a history of human rights violations, workplace and IR disputes, discrimination and harassment claims?" Rating of the company's employee engagement, turnover and productivity. Compare the company's work, health, and safety (WHS) standards against peers, including their recording and track record of incidents.
- Community – Rating of the company's community engagement and social licence to operate. Consider whether the company has a framework on social issues across its supply chain, including labour standards, child labour, health & safety, discrimination, and harassment.
- Best Interests – "Is the company behaving in a manner that is in the best interests of stakeholders."
- Board effectiveness – Assessment of the board including industry experience, independence, age, diversity, tenure, equity ownership and capacity.
- Shareholder interests – Assessment of the remuneration structure, shareholder communication, corporate disclosure, and reliability of financial statements. Test the factors against the company's corporate strategy and whether they are in line with shareholder interests.
- Risk, Litigation & Cyber – Rating of the company's internal risk and control framework.
- Climate targets – Assessment of the company's plans relating to carbon neutrality, Paris commitments, scientific targets, or emission targets. "0" rating for no effort.
- Renewable targets – Assessment of the company's documented use of renewables mix or implemented targets for renewable energy.
- Progress against target – Measuring progress made against announced targets. "0" rating for no effort.

The ESG Roadmap is reviewed quarterly with data updated annually by reporting companies. Further detail on our ESG Roadmap can be found in the SFML ESG & Voting Policy, available at https://selectorfund.com.au/esg

▪ Carbon Risk Analysis

Figure 4: Portfolio Reporting 2024





What we are seeking

- Paris targets
- Science based targets
- Emissions targets
- Renewable energy targets

What we are monitoring

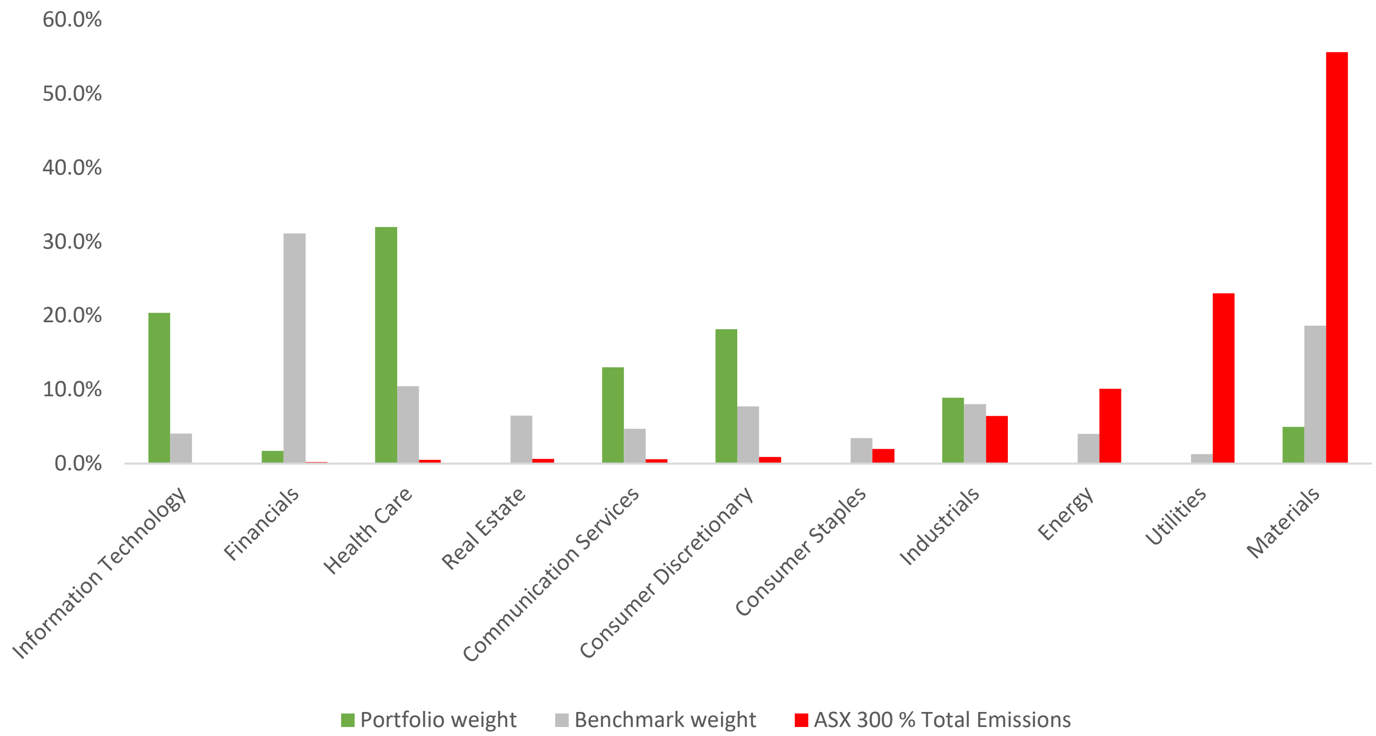
- Financial sustainability
- No efforts
- No accountability

**Net zero across all scopes by 2030*

**Has at least measured emissions or energy use or set a target*

Source: SFML Research

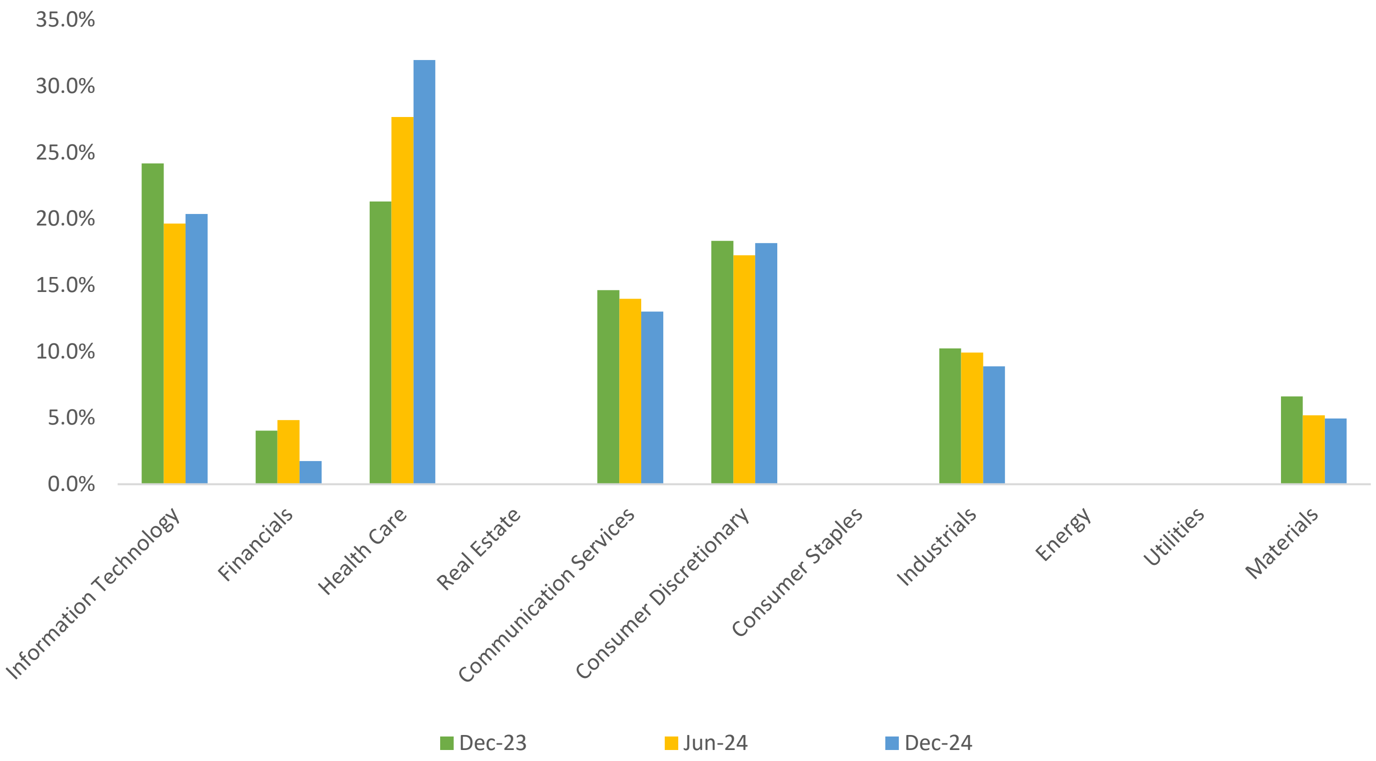
Graph 3: SHCEF vs ASX 300 Carbon Exposure 31 December 2024



**Estimates based on LSEG data*

Source: SFML & LSEG

Graph 4: Portfolio Carbon Exposure Periodic Change



Source: SFML & LSEG

Table 7: SFML Portfolio carbon intensity

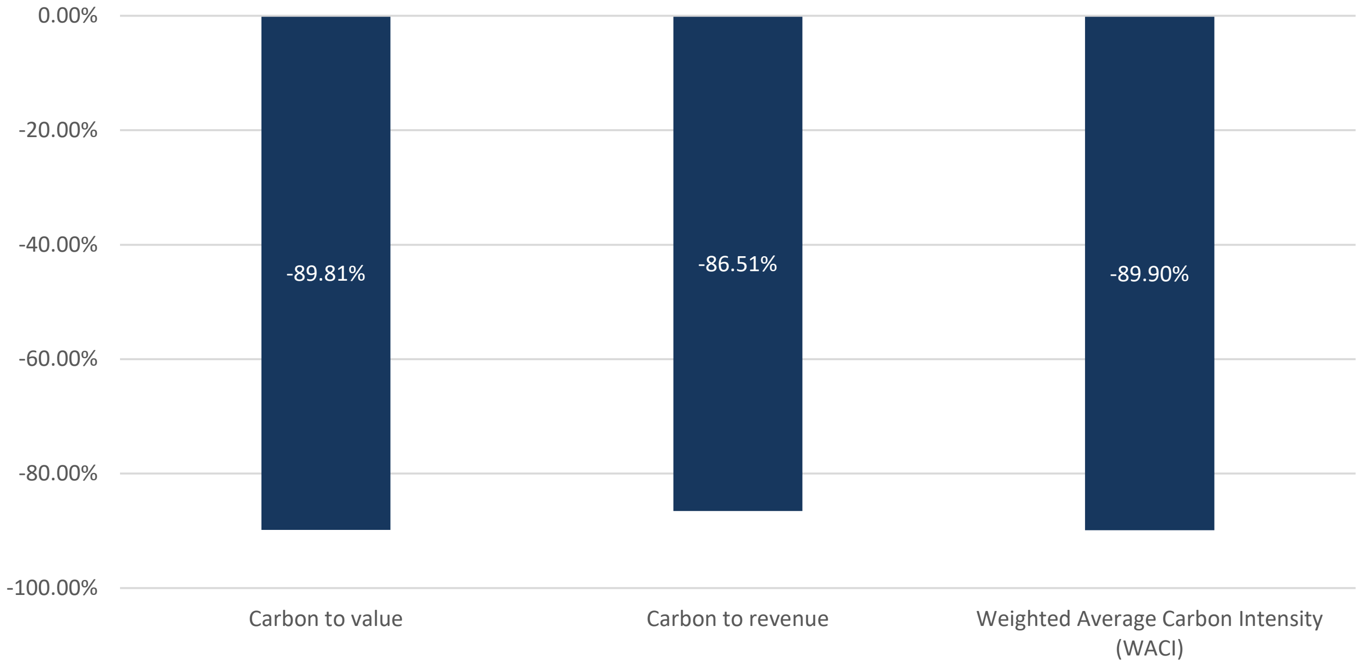
Carbon intensity method[1]	SFML[2]	Benchmark[2]
Carbon to value invested	3.03	29.74
Carbon to revenue	14.76	109.49
Weighted Average Carbon Intensity (WACI)	9.76	96.64

Source: SFML & LSEG

[1]*Last reported financial year revenue as at 31 December 2024*
[2]*Scope 1 and 2 emissions (estimated if not reported).*

- ***Carbon to value invested*** – this calculation is the aggregation of estimated owned constituent greenhouse gas emissions per $1m market capitalisation as at 31 December 2024. It allocates the emissions investors are responsible for based on their level of ownership, enabling them to measure their contribution to climate change.
- ***Carbon to revenue*** – this calculation reflects the aggregation of estimated owned constituent greenhouse gas emissions per $1m generated in apportioned revenues. It allocates the emissions investors are responsible for based on their ownership of company revenues.
- ***Weighted Average Carbon Intensity (WACI)*** is the weighted average of individual company's estimated carbon intensities (emissions over revenues), weighted by the investment proportion of the constituents.

Graph 5: SFML Carbon Intensity Relative to ASX 300



Source: SFML & LSEG

SFML's carbon to value invested and carbon to revenue are both lower than the S&P/ASX 300 index, at 89.81% and 86.51% respectively. SFML's WACI is 89.90% lower than the index, due to no exposure to Energy and Utilities sectors, and low exposure to the Materials sector.

Table 8: SFML Top 10 emitters and total Portfolio Revenue impact of AUD$90 Carbon tax

Portfolio	**Revenue ($m)**[1]	**CO2 Emissions**[2] **(Tonnes)**	**$90 Carbon Tax ($m)**	**Impact on Revenue (%)**
SFML Top 10 Emitters	60,210.04	1,249,503	112.46	(0.19%)
SFML Portfolio – Total	76,459.50	1,273,047	114.57	(0.15%)
ASX 300 Top 30 Emitters	633,615.37	212,451,279	19,120.62	(3.02%)
ASX 300 Index – Total	1,315,165.27	228,634,780	20,577.13	(1.56%)

Source: SFML & LSEG CO2 Emission data

[1]Last reported financial year revenue as at 31 December 2024
[2]Scope 1 and 2 emissions (estimated if not reported).

*Note: ASX 300 index revenue impact from a carbon tax is **10x** larger than SFML portfolio*

Table 9: Fundamentals behind comparing SFML Top 10 Emitters and ASX 300 Top 30 Emitters

Portfolio	**Percentage of Total Portfolio**	**Percentage of Total Portfolio's Emissions**
SFML Top 10 Emitters	37.80%	98.15%
ASX 300 Top 30 Emitters	24.94%	92.92%

Source: SFML & LSEG CO2 Emission data

*Note: ASX 300 Top 30 Emitters revenue impact from a $90 carbon tax is **16x** larger than SFML Top 10 Emitters*

Table 10: SFML Portfolio Top 10 Emitters Carbon Tax Scenario Testing

Company	CO2 Emissions (Tonnes)	NPAT[1] (AUD $m)	EPS[1] ($)	Value of Carbon Tax ($)	Cost of Carbon Tax ($m)	Impact on NPAT (%)	EPS Post Carbon Tax ($)
JHX[2]	596,700	1,084.96	2.47	90	53.70	(4.95%)	2.35
CSL[2]	351,000	4,358.32	9.03	90	31.59	(0.72%)	8.96
DMP[2]	91,700	92.35	1.03	90	8.25	(8.94%)	0.94
REH	63,996	416.00	64.00	90	5.76	(1.38%)	63.11
FLT[2]	31,900	229.61	1.05	90	2.87	(1.25%)	1.03
RWC	29,343	165.13	0.21	90	2.64	(1.60%)	0.21
RMD	28,391	1,530.66	10.40	90	2.56	(0.17%)	10.39
ALL[2]	21,163	1,555.10	2.43	90	1.90	(0.12%)	2.43
ARB	18,894	102.68	1.25	90	1.70	(1.66%)	1.23
FPH[2]	16,416	242.64	0.42	90	1.48	(0.61%)	0.41

Source: LSEG CO2 Emission data

[1]Last reported financial year values as at 31 December 2024
[2]Underlying NPAT & EPS

ESG incorporation into investment process

ESG consideration is integrated into the three core areas of our investment process:

1. Corporate engagement program
2. Quantitative modelling program
3. Voting program.

The three programs of work listed above are applied consistently to each business that we research. Ultimately, we are seeking businesses with leadership qualities, run by competent management teams, underpinned by a strong balance sheet and with a focus on capital management. Each of these four elements has its roots in culture and ESG.

We believe Culture and ESG are intertwined. We consider them both integral to our assessment of a business. Voting is the other half of ESG, all resolutions are documented, researched and voted inhouse.

Our ongoing focus on the individual culture and financial sustainability of a business lends itself to strong ESG outcomes at a business and portfolio level. This is evidenced by portfolio emissions significantly lower than index emissions, coupled with outperformance since inception.

Further information on how ESG is incorporated into our investment process can be found in the SFML Sustainability report and ESG & Voting policy, available at https://selectorfund.com.au/esg

Reporting Season Snapshot

Aristocrat Leisure (ASX:ALL)

Aristocrat Leisure is a leading global gaming content and technology provider with more than 8,500 employees operating in over 100 countries. Founded in 1953, the company houses 33 dedicated studios developing proprietary content for land-based, online and mobile gaming markets.

	FY24 ($m)	FY23 ($m)	Change
Revenue	**6,604**	**6,296**	**4.9%**
Aristocrat Gaming	*3,629*	*3,462*	*4.8%*
Pixel United	*2,639*	*2,652*	*(0.5%)*
Aristocrat Interactive	*336*	*183*	*83.8%*
Gross Profit margin	**58.6%**	**56.4%**	
Design & Development (R&D) expense	**848**	**820**	**3.4%**
% revenue	*12.8%*	*13.0%*	
EBITDA	**2,469**	**2,083**	**18.5%**
margin	*37.4%*	*33.1%*	
Underlying Net Profit After Tax[1]	**1,555**	**1,327**	***17.2%***
margin	*23.5%*	*21.1%*	
Operating Cash Flow	**1,765**	**1,799**	**(1.9%)**
Capital Expenditure (CAPEX)	*(248)*	*(173)*	*43%*
Net Debt (Net Cash)	**1,140**	**(809)**	

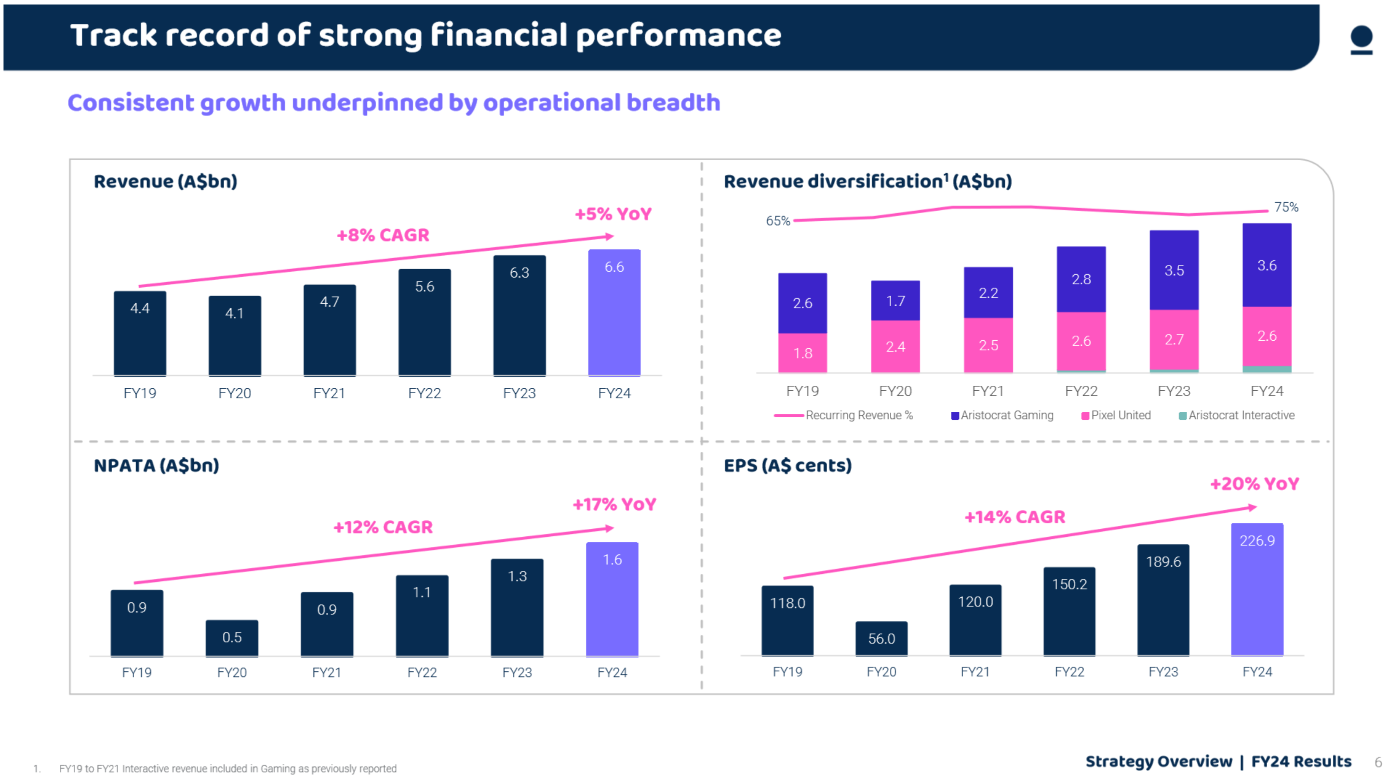
[1]Underlying net profit after tax and amortisation of acquired intangibles (NPATA)

Aristocrat Leisure continues to lead the field, delivering an exceptionally strong full year performance, while taking action that positions the business for long-term success.

As CEO Trevor Croker noted, "*This was an outstanding group result delivering EPS growth of 20% and illustrating Aristocrat's ability to grow through mixed operating environments and control a range of levers.*"

This track record, illustrated in **Figure 5**, is a testament to a strategy that has successfully grown topline revenues by 8% per annum over a five-year period and converted that to net profit growth of 12% per annum and finally, to earnings per share (EPS) growth of 14% when factors like a 75% recurring revenue profile alongside a long duration buyback program are included.

Figure 5: Aristocrat Leisure 2019-2024 financial performance



Source: Aristocrat Leisure 2024 full year company presentation

However, there were company developments during 2024 that were of equal significance.

Patent protection

Aristocrat originally filed a suit against its nearest competitor Light & Wonder in March 2024, alleging the company had copied its popular Dragon Link game with its own game, Jewel of the Dragon. In addition, it alleged copyright infringement and accused the company of misappropriating trade secrets, undertaken by one of Aristocrat's former employees.

In June 2024, the U.S. Judge, Gloria Navarro, allowed the case to be heard, disagreeing with most of Light & Wonder's assertions. It was noted that Aristocrat had shown sufficient evidence that the misappropriation of trade secrets occurred with sufficient grounds to move on the copyright infringement claims as well.

Aristocrat has moved to protect one of its most important intellectual property assets, the mathematical models that sit behind each game. Two of its most successful games ever launched include the tiles, Dragon Link and Lighting Link.

In September, Judge Navarro concluded the case in favour of the plaintiff Aristocrat Leisure and granted a preliminary injunction on its trade secret claims, preventing Light & Wonder from any continued or planned sale, leasing, or other commercialisation of Dragon Train.

The Judge ruled that "*A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest. Injunctive relief is an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief*."

While a preliminary injunction has been granted, this case has further to play out, with a return to the court expected sometime in 2026. Aristocrat has sought to take this all the way, sending a clear message that while copying a competitor's product may be deemed acceptable within the industry, stealing is not.

This is likely to have further repercussions for Light & Wonder.

Strategic review

In May 2024, the company announced a strategic review of its assets following a long period of organic and inorganic growth. The review centred on the company's non-social digital casino assets, namely the Big Fish Games business and Plarium Global.

In November, the company concluded its review and announced the sale of Plarium Global to Modern Times Group for a total potential consideration of US$820m, with US$620m representing a fixed consideration, and US$200m subject to certain financial achievements.

The divestment underscores the company's future intent, as it looks to focus "*on growth across its regulated gaming strength in core land-based gaming, real money gaming and social casino opportunities.*"

This focus, in a global market, where the company has clear competitive advantages and enjoys significant operating scale, provides the opportunity to build upon its market leadership.

This review is very much about a business reset. To look at what is working, to let go of what is no longer appropriate and to cut costs and improve operating efficiency. What should flow is a business more focused, more aligned with its audience and operating leverage that will deliver faster earnings per share growth for every dollar of revenue generated.

2024 moving into 2025

Aristocrat Leisure delivered "*outstanding operational performance*" in 2024 and enters 2025 with "*strong momentum in our core market as we focus on portfolio performance and seek to capture the significant strategic opportunities in front of us.*"

This is a business that enjoys wonderful financial metrics, where every dollar of revenue generates 23 cents of net profits. The company ended the year with $1.1b of net debt, compared to operating profits (EBITDA) of $2.9b, representing a conservative operating leverage of 0.4x. It should be noted that the announced sale of Plarium Global will go very close to extinguishing this debt.

The company continues with its share buyback and is looking to complete the current $350m program by March 2025.

As CEO Croker commented, the Aristocrat business has momentum with a clear future pathway.

From Selector's perspective, Aristocrat ticks all the boxes: People, Business, Balance Sheet and Capital Management.

The company has a current market capitalisation of $40.2b.

Fisher & Paykel Healthcare (ASX:FPH)

Fisher & Paykel Healthcare, founded in 1969, is a leading global medical device manufacturer in humidified respiratory care and obstructive sleep apnea (OSA). The company employs 7,141 staff across 54 countries, including New Zealand, North America and Europe. A large portion of revenue (89%) comes from recurring items, consumables and accessories, which are sold in more than 120 countries.

	HY25 (NZ$m)	HY24 (NZ$m)	Change
Revenue	**951**	**804**	**18%**
Hospital	*591*	*488*	*21%*
Homecare	*359*	*314*	*14%*
Gross Profit margin	**62%**	**60%**	
R&D Expense	**110**	**97**	
% revenue	*12%*	*12%*	
Operating Profit (EBIT)	**218**	**153**	**42%**
margin	*23%*	*19%*	
Net Profit After Tax	**153**	**107**	**43%**
margin	*16%*	*13%*	
Operating Cash Flow	**233**	**157**	**48%**
Capitalised Expenditure (CAPEX)	*55*	*276*	
Net Debt (Cash)	**(32)**	**50**	

Fisher & Paykel Healthcare reported a solid half year 2025 result, driven by ongoing efforts to change clinical practice and new product introductions. Financially, gross profit margins increased 141 basis points to 62% through manufacturing efficiencies and continuous company-wide improvement initiatives. These benefits are seen across the business, with operating profit (EBIT) margin expanding 394 basis points to 23%. Fisher & Paykel Healthcare remain confident in its ability to return to its long-term gross profit margin target of 65% in the next three years and a 30% EBIT margin within three years thereafter.

Hospital

In the Hospital segment, the company launched its next generation respiratory humidification system (F&P 950) and a new Optiflow High Flow Therapy System (Airvo 3) in the U.S. market. Combined with ongoing clinical adoption, hardware revenue grew 25% on the prior corresponding period.

In Consumables, the company's new Optiflow Duet cannula mask is now available in most major markets. Non-Invasive Ventilation (NIV) and Nasal High Flow (NHF) therapy offerings remain the core growth drivers, with surgical applications in the early stage of commercialisation.

Homecare

Homecare continues to perform, led by the company's OSA mask portfolio. During the half, Fisher & Paykel progressed with the rollout of its new Solo mask to the U.S. and the Nova Micro mask in New Zealand and Canada. The Solo mask offers a revolutionary automatic fitting for patients without requiring adjustment, while the Nova Micro mask is the company's smallest and lightest mask to date. Management expects to launch the Nova Micro mask in the U.S. market in November.

Outlook

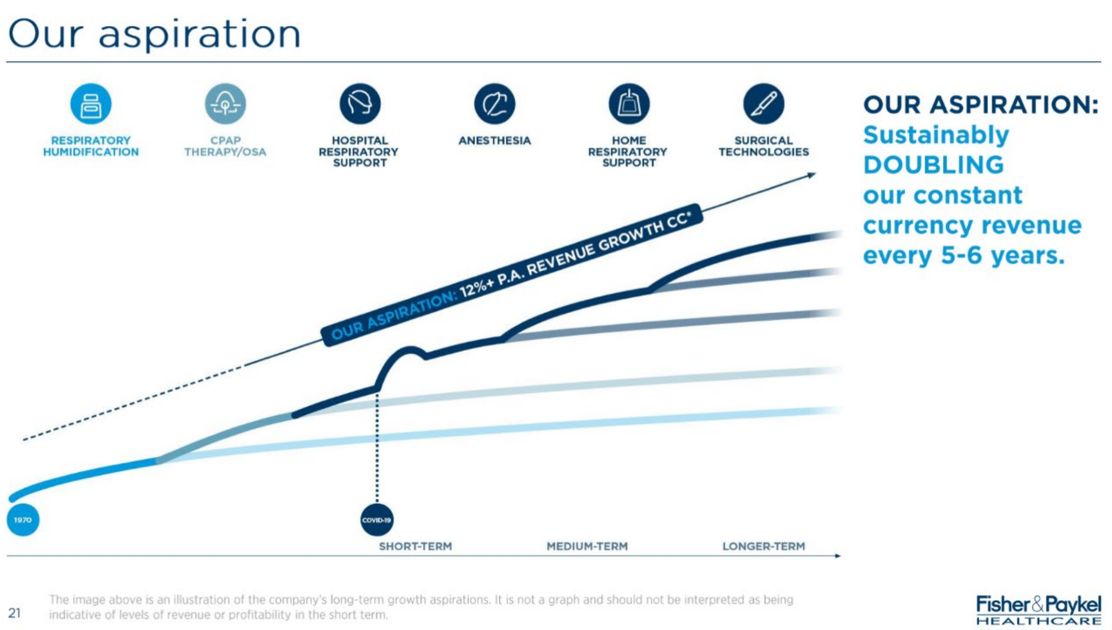
For FY25, the company reaffirmed guidance for revenue between NZ$1.9b and NZ$2.0b, with net profit after tax in the range of NZ$320m and NZ$370m.

Longer term, the company aspires to double every five to six years, supported by R&D investments at 12% of revenue and a clear strategy. In the short term (next five years), the company sees a strong growth opportunity in Optiflow for respiratory and anaesthesia patients, a medium-term opportunity (five to fifteen years) in the home respiratory support market and a long-term goal (15+ years) of building its surgical technology portfolio.

As shown in **Figure 7**, Fisher & Paykel Healthcare estimates a total addressable market for Nasal High Flow of 150 million patients, of which 6 million patients were supported in FY24.

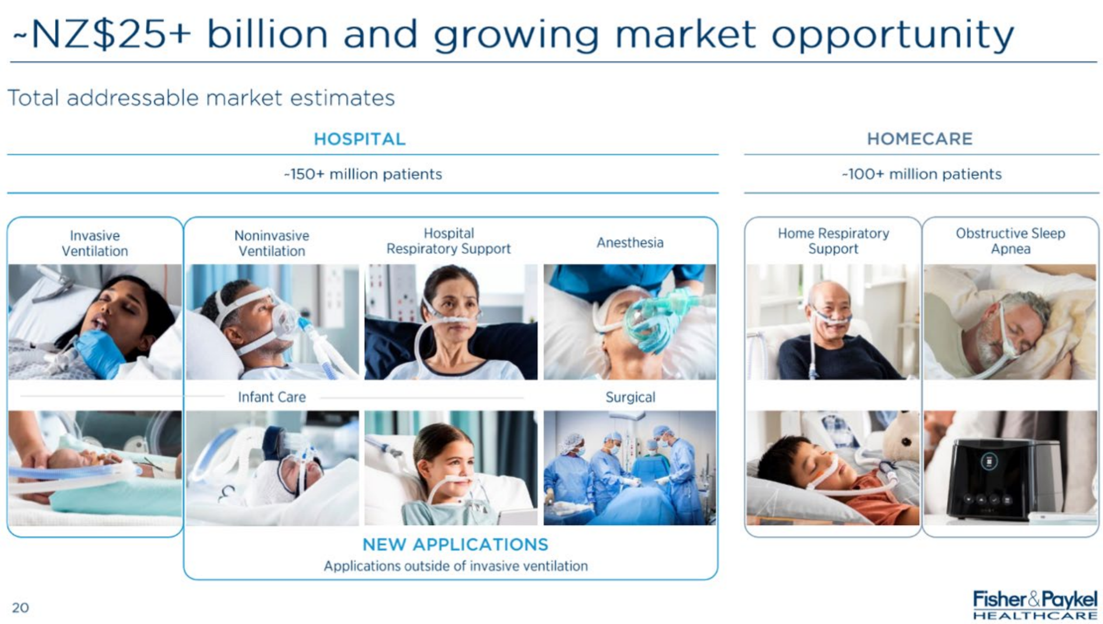
Fisher and Paykel Healthcare has a market capitalisation of $20.0b.

Figure 6: Aspirations



Source: FPH FY25 Half Year Investor Presentation

Figure 7: Market Opportunity



Source: FPH FY25 Half Year Investor Presentation

James Hardie (ASX:JHX)

James Hardie is the global leader in manufacturing high-performance fibre cement siding. The company dates to 1888 and employs circa 5,000 staff globally, with manufacturing and distribution presence across North America, Asia Pacific and Europe.

	2Q FY25 (US$m)	2Q FY24 (US$m)	Change
Volumes (mmsf[1])			
North America	*717*	*773*	*(7%)*
Asia Pacific	*128*	*143*	*(10%)*
Europe	*173*	*175*	*(1%)*
Revenue (Net Sales)	**961**	**999**	**(4%)**
North America	*696*	*734*	*(5%)*
Asia Pacific	*148*	*147*	*1%*
Europe	*117*	*117*	*0%*
Gross Profit margin	**40%**	**35%**	
Adjusted EBIT	**211**	**240**	**(12%)**
Group Margin	**22%**	**24%**	
North America margin	*29%*	*32%*	
Asia Pacific margin	*33%*	*30%*	
Europe margin	*8%*	*11%*	
Adjusted Net Income	**157**	**179**	**(12%)**
	HY25 (US$m)	**HY24 (US$m)**	**Change**
Revenue (Net Sales)	**1,953**	**1,953**	**0%**
Adjusted EBIT	**447**	**474**	**(6%)**
Adjusted Net Income	**335**	**353**	**(5%)**
Net Debt	**767**	**758**	
Operating Cash Flow	**364**	**459**	**(21%)**
Capital Expenditure (CAPEX)	*(225)*	*(233)*	

[1]Million square feet

Outperforming End Markets

In its second quarter FY25 release, James Hardie (JHX) disclosed that its North America (NA) and Australia Pacific (APAC) fibre cement (FC) divisions continue to outperform their respective end markets of repair and remodel (R&R) and new construction in difficult macro environments, characterised by high interest rates, declining home starts and raw material headwinds.

The smaller European business remains challenged.

Conviction

Management remains confident this outperformance will not only be maintained, regardless of macro, but will accelerate into the future.

CEO Aaron Erter's conviction stems from FC's superior value proposition and a go-to-market strategy with an equal focus on distribution partners and the homeowner.

Finally, CEO Erter is confident capacity can be managed to meet demand, costs can be controlled and additional efficiencies will be gained through advances in the Hardie Management Operating system (HMOS).

Strategy is Consistent

Fleshing this out, CEO Erter has articulated:

1. The value proposition of colour FC versus plastic and reconstructed wood is clear across various climates and environmental considerations, including fire, pest and water ingress. Looking out, FC is capable of consistently taking share from vinyl, Oriented Strand Board (OSB) and masonry.
2. JHX is focused on increasing contracted relationships with large U.S. home builders. The Contractor Alliance Program is an industry leading distributor support initiative that provides training, business support and tangible job leads via a tiered rewards system.
3. A combination of mainstream and social media campaigns are building industry-leading brand awareness. JHX will ramp efforts driving pull demand, into a market recovery, from the homeowner with a focus on higher margin colour and full house coverage, including growing trim attachment.
4. Capacity can be managed via brownfield and greenfield initiatives, adding additional manufacturing lines. Existing lines can be ramped as required. Importantly, yield improvements aid capacity. Capital expenditure requirements are adjusted to demand assumptions. JHX balance sheet flexibility is a latent asset in this program.
5. Cost control is affected through a combination of clutch and pedal strategy.
6. Ongoing lean efficiency gains will drive both yield and margin improvements in the long term.

Regions

North America has again produced strong results given the macro backdrop. They are investing ahead of the curve to prepare for a market recovery that will be spurred on by additional interest rate cuts.

In APAC, excellent execution under CEO John Arnell delivered market share gains, and Hardie Operating System (HOS) savings.

Post the Philippines exit, which incurred restructuring costs of $57.3m, this business has a clear focus and delivered a strong margin outcome. Solid results can be expected when end markets recover. This region will also continue to be an innovation hub for JHX, as it seeks ongoing manufacturing efficiency gains.

Europe remains challenged, particularly Germany. A realistic tone was struck between positive and negative.

On the positive side of the ledger, management maintain conviction in Therm 32 flooring where they believe JHX have a right to win.

While Therm 32 underfloor heating is gaining traction, an FC strategy with go-to-market reliance on architects must be rethought, as this has not worked.

CEO Erter acknowledges they *"did not have the right strategy,"* mistakenly putting too much emphasis on the homeowner. Europe is about the builder as much as the architect.

The jury is out on Europe, in terms of additional capital expenditure it must sing for its supper. Europe remains a small part of the business, contributing revenue of $243.9M, or 12.5% of group revenues.

Outlook

Capital expenditure for FY25 is expected to be US$420m-US$440m. Prattville Sheet line 4 has currently been delayed as *"CAPEX is clutched"*. The previous range was US$500m-US$550m.

JHX completed $75m of share repurchases, buying 2.1m shares in the period, completing its $300m buyback. In November, a new $300m buyback was approved by the board.

James Hardie has guided to FY25 net income of US$635m with NA EBIT margin of 29.3%.

JHX has a market capitalisation of $24.5b and has net debt to EBITDA of 0.68x and net debt $779m.

OFX Group (ASX:OFX)

OFX Group is an international payment services provider offering solutions in 50+ currencies across 170+ countries. The group was founded in 1998 and employs 700+ staff with offices in nine locations across North America, Europe and Asia Pacific (APAC).

	HY25 ($m)	HY24 ($m)	Change
Turnover ($b)	**18.4**	**19.2**	**(4.2%)**
Net Operating Income Margin	**0.60%**	**0.60%**	
Revenue (fee and trading income)	**114.5**	**114.6**	**(0.1%)**
Business to Business (B2B)	*73.8*	*71.2*	*3.7%*
Business to Customer (B2C)	*34.5*	*35.8*	*(3.6%)*
Recurring Revenue	**83.0%**	**84.0%**	
Underlying EBITDA	**29.0**	**31.8**	**(8.8%)**
margin	*25.3%*	*27.7%*	
Underlying NPAT	**13.5**	**17.0**	**(20.6%)**
margin	*11.8%*	*14.8%*	
Operating Cash Flow	**16.0**	**31.2**	
Capitalised Expenditure (CAPEX)	*9.6*	*14.3*	
Net Cash	**4.1**	**12.9**	

In this company review of OFX, we comment on four elements that are important to us: People, Business Balance Sheet and Capital Management.

People

OFX is ably led by CEO Skander Malcolm and CFO Selena Verth. Both are ex the GE cards division and were recruited under the tenure of previous chair Steve Sargent, formerly CEO of GE Asia Pacific. Interestingly, CEO Malcolm and CFO Verth have retained an entrepreneurial approach to the business. Both present as confident and determined, but most importantly are transparent and humble leaders who have demonstrated grit during multiple setbacks. They are analytical thinkers with a vision for substantial growth via adjacencies that are clearly within their circle of competence.

As a result, from the board and management down, the business is culturally strong. Discipline by way of compliance, strong cost control and capital management are key management strengths we would call out as the business prepares to scale.

The business

OFX is a business in transition. It is attempting to scale its offering with a new platform to deliver a consistent higher cadence of growth, a task that is not without challenge.

The business was founded in 1998. Prior to the acquisition of the Paytron cards business, OFX was a digital FX portal, offering global payments across 50 currency corridors to 170+ countries, with human support for onboarding, compliance, transactional advice and general customer hand holding. OFX has served 1m+ clients from nine offices around the globe, and delivers 24/7 client support.

Mergers and acquisitions (M&A) have aided OFX's deliberate pivot from consumer to corporate where transactions are larger and more frequent. The corporate business is 86% recurring, while consumer is 77%.

Scaling

As an FX platform, serving consumers and corporates, OFX has a large Total Addressable Market and penetration of less than 1%. With TTV of $38b in 2024, this is a business that is not at scale. Building scale requires investment in brand and systems, which has been ongoing since the global rebranding to OFX from 2015 to 2018.

OFX 2.0

While OFX's low cost, fast and efficient global money transfer option is a compelling offer to repeat business clients, it remains a commodity to others.

The acquisition of Paytron in May 2023 for a consideration of $6m (11.25m shares) adds a valuable third leg to the stool. The introduction of a cards business powers additional revenue sources that are both beyond and complimentary to FX transfers.

Importantly, OFX's New Client Platform (NCP) is a differentiated offering and a subscription-based model, which should deliver greater consistency of earnings growth. Some 50% of the revenue on the NCP will come from non-FX services and will be at a higher margin. OFX is solving customer pain points through a digital wallet that can be allocated to business employees. Currently, the NCP captures business expense receipts and links via API to various accounting platforms. Risk products, such as forward contracts, are to be added to the NCP.

Future Growth

Management believes OFX can deliver medium-term topline growth of 10%, progressing to 15%. The market is clearly not buying into management's confidence, and the stock has derated accordingly. Management noted it will clarify the medium-term growth target in May 2025. This statement was perceived negatively. The existing FX business is not the driver of the step change in growth, management has flagged. We believe that medium-term growth has an upside risk associated with NCP performance. At the time of writing, there where more than 1,000 clients on the NCP, including SFML.

Consistency

A consistent business cadence is clearly missing, and management are aware of this. The trading update on 17 October resulted in a guidance downgrade of circa 7%. This miss damaged management's credibility but was due to factors outside business control. OFX 2.0, now referred to as the New Client Platform, is designed to change this cadence.

Balance Sheet

OFX has net cash of $75m. This is split between regulatory cash of $25m-$30m and available for use cash of $46m. We note that OFX is required to have cash on deposit for facilitating forward contracts for corporate clients.

Capital Management

The approach to capital management is rooted in common sense. The company does not pay a dividend. Rather, an incremental buyback is in place.

OFX has a market capitalisation of $340m and no debt.

TechnologyOne (ASX:TNE)

TechnologyOne is a global provider of Software-as-a-Service (SaaS) Enterprise Resource Planning (ERP). The company was founded in 1987 and serves six verticals, including Education, Government, Local Government, Health, Financial Services and Asset & Project Intensive industries. TechnologyOne employs over 1,400 staff with offices across six countries, including Australia and New Zealand, the U.K. and Malaysia.

	FY24 ($m)	FY23 ($m)	Change
Revenue	**507**	**429**	**18%**
SaaS & Recurring Revenue	*466*	*391*	*19%*
% recurring	*91.9%*	*91.1%*	
R&D Investment	**128**	**112**	
% revenue	*25.2%*	*25.6%*	
Net Profit After Tax	**118**	**103**	**15%**
margin	*23.3%*	*24.0%*	
Operating Cash Flow	**213**	**194**	**10%**
Net Cash	**279**	**223**	

For financial year 2024, TechnologyOne reported a strong result with revenue up 18% to $507m and net profit after tax (NPAT) of $118m, a 15% increase on the prior year. Annual recurring revenue (ARR), often seen as a better measure of performance, grew 20% to $470m, driven by new client wins and additional product uptake from existing customers.

The U.K. market demonstrated significant growth, with new sales ARR increasing 70% to $8.7m and total ARR up 30.9% to $34.7m. This momentum is fuelled by strong demand in the Higher Education sector, illustrated by the recent adoption of the group's SaaS+ solution by the University of Buckingham and the University of Chester.

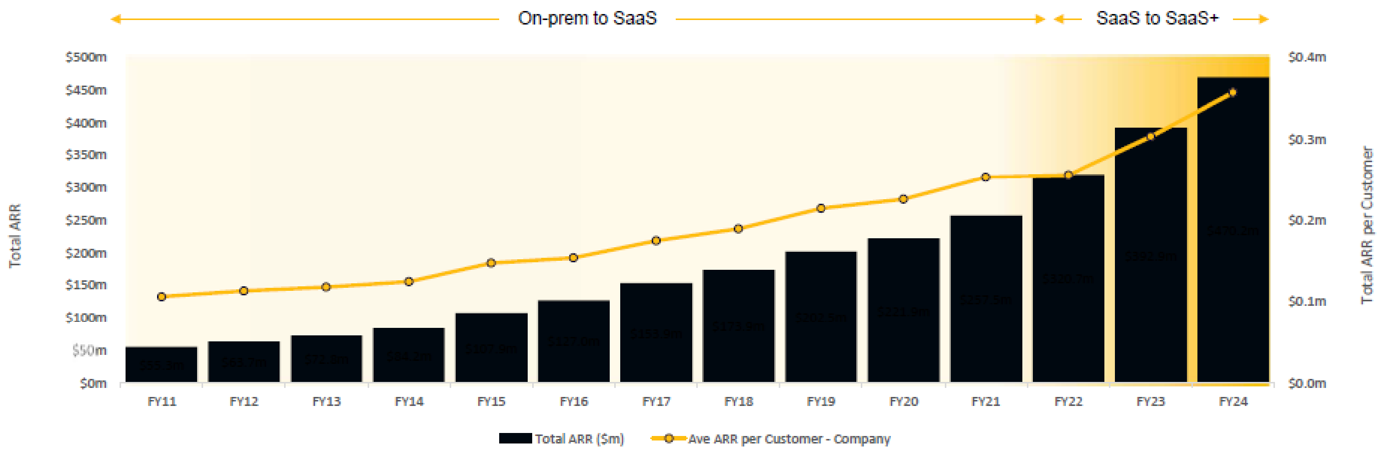
Continuous innovation

Since founding the business 37 years ago, TechnologyOne has re-written its codebase four times, a feat no other enterprise software provider has achieved. This means customers can benefit from biannual releases of new products and features while maintaining high levels of security. Additionally, customers have reported savings of over 30% on the total cost of ownership upon transitioning to TechnologyOne's SaaS offering. Its latest update, 24B, saw 438 new features deployed across the company's product offerings.

Net Revenue Retention (NRR), a key metric reflecting the net amount of new ARR won and retained from existing customers, was 117%. By maintaining an NRR above 115%, TechnologyOne expects the strength of its existing relationships to double its business size every five years. Customer churn remains low at 1.3%, below the forecasted 1.8%.

The business has adopted a strategic approach, initially landing customers with core products like Financials, Property and Rating, or Student Management, and expanding their engagement with additional products and modules over time. Continued investment in enhancing functionality has accelerated product adoption among SaaS customers, delivering significant growth in average ARR per customer, as illustrated in **Figure 8**.

Figure 8: Annual Recurring Revenue (ARR)



FY21-FY22 was impacted by lower average ARR Scientia cohort

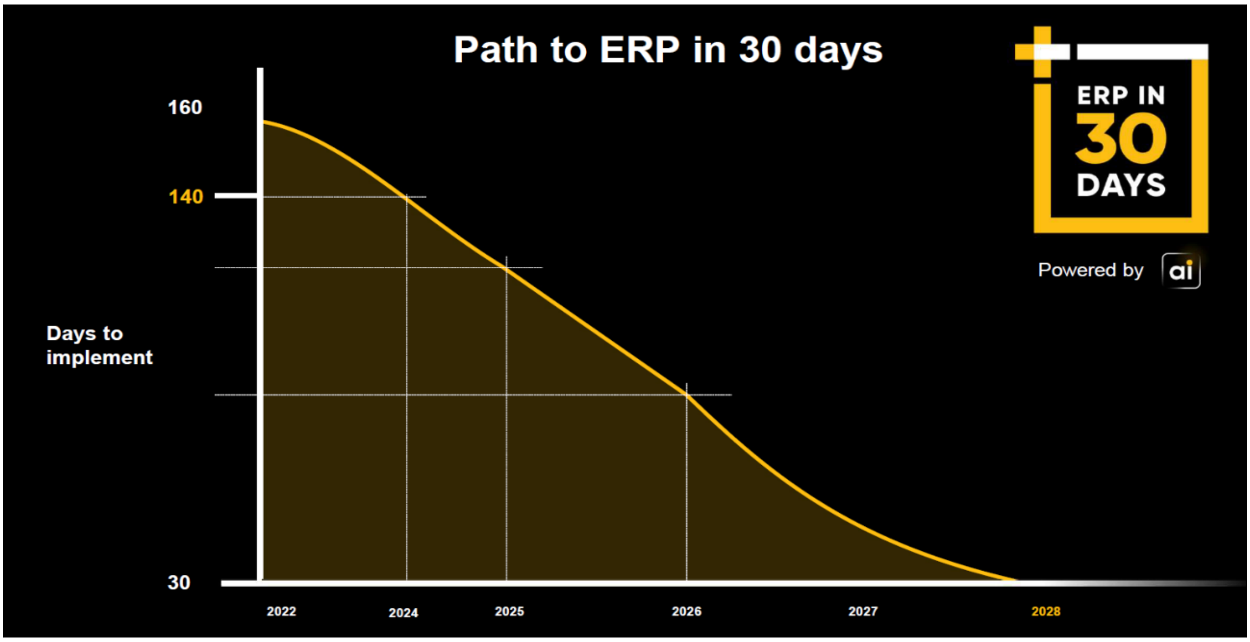
Source: TechnologyOne FY24 Results Presentation

SaaS+, the company's next iteration, addresses the legacy problem of customers facing significant implementation costs to roll out enterprise software. This solution encompasses the entire service offering, including the ERP software and implementation, into a single annual fee. Described as a *"game changer"* by management, TechnologyOne will be able to offer a faster rollout timeframe at less risk versus its peers who traditionally outsource product implementation.

TechnologyOne's full ownership of the service offering, from product design to implementation, and the industry-specific IP built over the last 37 years, has made this possible. All sales in the U.K. fall under this model.

During the year, TechnologyOne announced an ambitious goal to deliver a 30-day ERP implementation by 2028. This aggressive target reflects the company's unwavering focus on significantly reducing implementation timelines, currently averaging 140 days, as shown in **Figure 9**.

Figure 9: Path to ERP in 30 days



Source: TechnologyOne FY24 Results Presentation

Post year end, the group announced the acquisition of CourseLoop, a curriculum management platform designed for higher education institutions. Following its integration, TechnologyOne's OneEducation solution has become the world's first SaaS platform to provide a complete end-to-end solution for the entire student lifecycle, from initial course design to graduation, within a single unified ERP.

Guidance

The company continues to prioritise investment in R&D, with spend increasing 14% to $125m (25% of revenue) this year. While near-term growth will be driven by expanding the capabilities of their global SaaS ERP solution, CiA, initiatives such as Solution as a Service (SaaS+), Digital Experience Platform (DXP) and App Builder are poised for significant long-term contributions.

Management upgraded its medium-term target to surpass $500m ARR by the first half of FY25, while continuing to double every five years.

A new long-term target was announced at the group's investor day in July 2024 to reach over $1b ARR by FY30.

TechnologyOne has a market capitalisation of $10.1b. ***SFM***

Pro Medicus

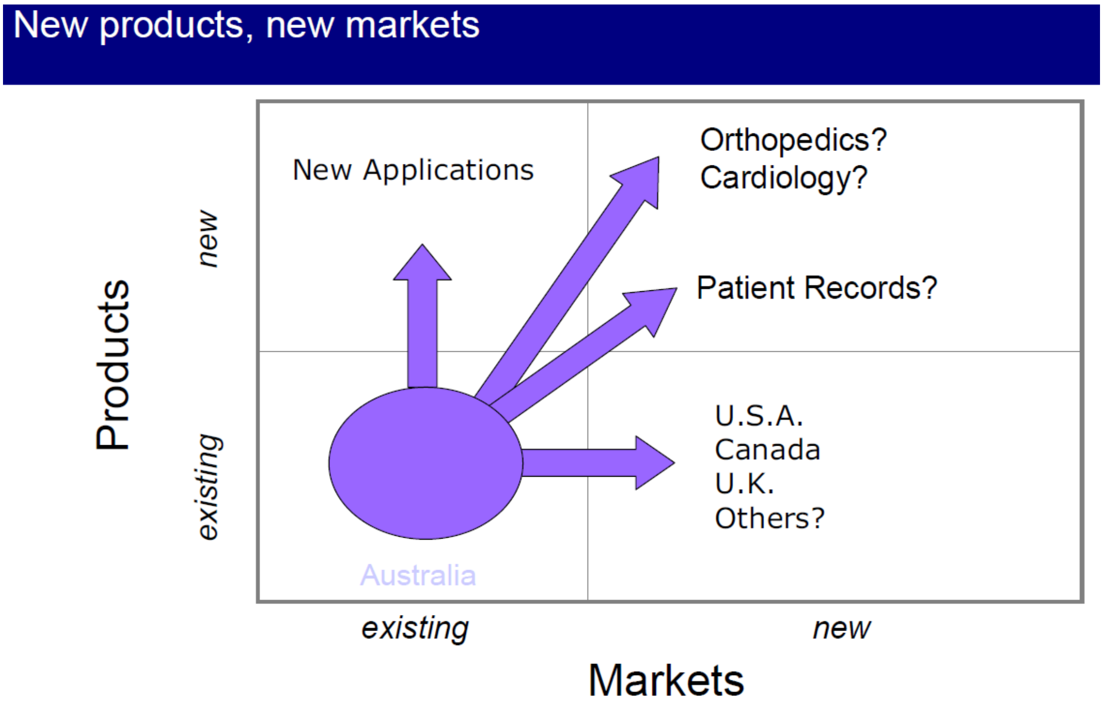
Table 11: PME Timeline

Date	Event
2001	Pro Medicus (PME) Agfa Alliance
2004	Agfa RIS deal
2006	U.S. version of Pro Medicus software receives official validation Revenue $11.6m and net cash balance sheet $11.4m
2007	40 practices adopted PME digital tech
2008	125 practices adopted PME digital tech "Agfa tail off effect" and new agreement signed with Agfa Gevaert Establishment of direct PME presence in North America PME integration of leading U.S. electronic medical record (EMR) product
2009	Acquires Visage Imaging, the life sciences subsidiary of the NASDAQ-listed Mercury Computer Systems circa $7m Previously PME had practice management, e-health and digital imaging integration products. Post includes 2-D digital radiology (PACS[2]) and advanced 3-D clinical. FTE 75 across three continents
2010	Revenue $19.46m, NPAT $3.92m, Visage Imaging now profitable, cash $3.79m Pro Medicus completes integration of Visage 7 Three key sales in Australia validate new Visage 7 New management structure – Sam Hupert returns as CEO
2011	RIS deployment delays impact PME sales *"Feedback from demonstrations is that the new system represents a quantum improvement over anything in market"*
2012	Released integrated RIS technology platform with Visage 7, thereby creating the first fourth-generation end-to-end single vendor 'thin client' PACS/RIS solution in the market
2013	Signed pivotal five-year agreement with U.S. group vRad, whose more than 400 radiologists read approximately seven million radiology studies annually Sold Amira A$14m, a one-off profit $8.45m. Amira was purchased with Visage in 2009 for total ~$7m. FTE 74 across three continents
2014	Net profit after tax of $1.51m Landmark year with first U.S. revenues from two major contracts vRad and VISN23, a mid-west-based healthcare network run by the U.S. Department of Veterans' Affairs Win third major U.S. contract – biggest in company's history to *"one of the largest health networks in the U.S."* Contracted revenue stream of $30m+ over next six years
2015	Three major new U.S. contract wins in last 12 months Future contracted revenue stream increased to $50m+ over next five years Revenue rose to $17.58m, net profit after tax of $3.22m
2016	Future contracted revenue doubled over 12 months to $100m over next five years Four key contracts with large prestigious North American Health Institutions, including Mayo Clinic American College of Radiology chooses Visage 7 to teach trainee radiologists
2017	Visage 7 Open Archive introduced in North America, enables modular or single vendor solutions Future contracted revenue of $110m over next five years Landmark deal sees Visage RIS (Practice Management) implemented in 141 Primary Healthcare clinics
2018	Two major contract wins in North America Future contracted revenue of $135m over next five years
2019	Two major contract wins in North America

[2] *PACS stands for Picture Archiving and Communication System*

	Five of the top 20 U.S. hospitals are customers Future contracted revenue $180m five years out AI Accelerator program designed to harness the enormous potential of AI in radiology PME report complex, large-scale implementation in under one quarter the time of the industry average
2020	Three major contract wins in North America Seven of the top 20 U.S. hospitals are customers Future contracted revenue $210m five years out Visage 7 Workflow released, enabling single vendor Enterprise PACS solution based on Visage technology Record six-week implementation time at Mass General Brigham
2021	Six contract wins in North America, five implementations, nine of the top 20 U.S. hospitals FDA clearance for PME Yale JV AI breast density algorithm Future contracted revenue $320m five years out
2022	Three contract wins in North America, four implementations Nine of the top 20 U.S. hospitals are customers Ejection fraction software released for cardiology R&D centre established in New York Future contracted revenue $420m five years out
2023	Revenue $124.9m, underlying pre-tax profit for the year of $83.88m Seven contract wins in North America, eight implementations Future contracted revenue $468m five years out
2024	Revenue $161.5m, pre-tax profit for the year of $112.2m, profit after tax $82.8m, cash at bank $155.4m Eleven of the top 20 U.S. hospitals are customers Future contracted revenue $624m over the next five years Nine contract wins in North America, with a combined minimum total contract value of $245m Nine cloud-based implementations at one third the time of competitors US$5m minority investment in Elucid Bioimaging Inc, a company developing in AI for cardiac CT Chief Information and Security officer appointed FTE 121

Figure 10: Pro Medicus Markets 2007



Source: Pro Medicus AGM 2007, slide 46

Figure 11: Pro Medicus Stand at RSNA Conference - December 2024

Figure 12: Apple Vision Pro Goggles on Display at RSNA 2024

Figure 13: Pro Medicus had Substantial Sales Capability at RSNA 2024

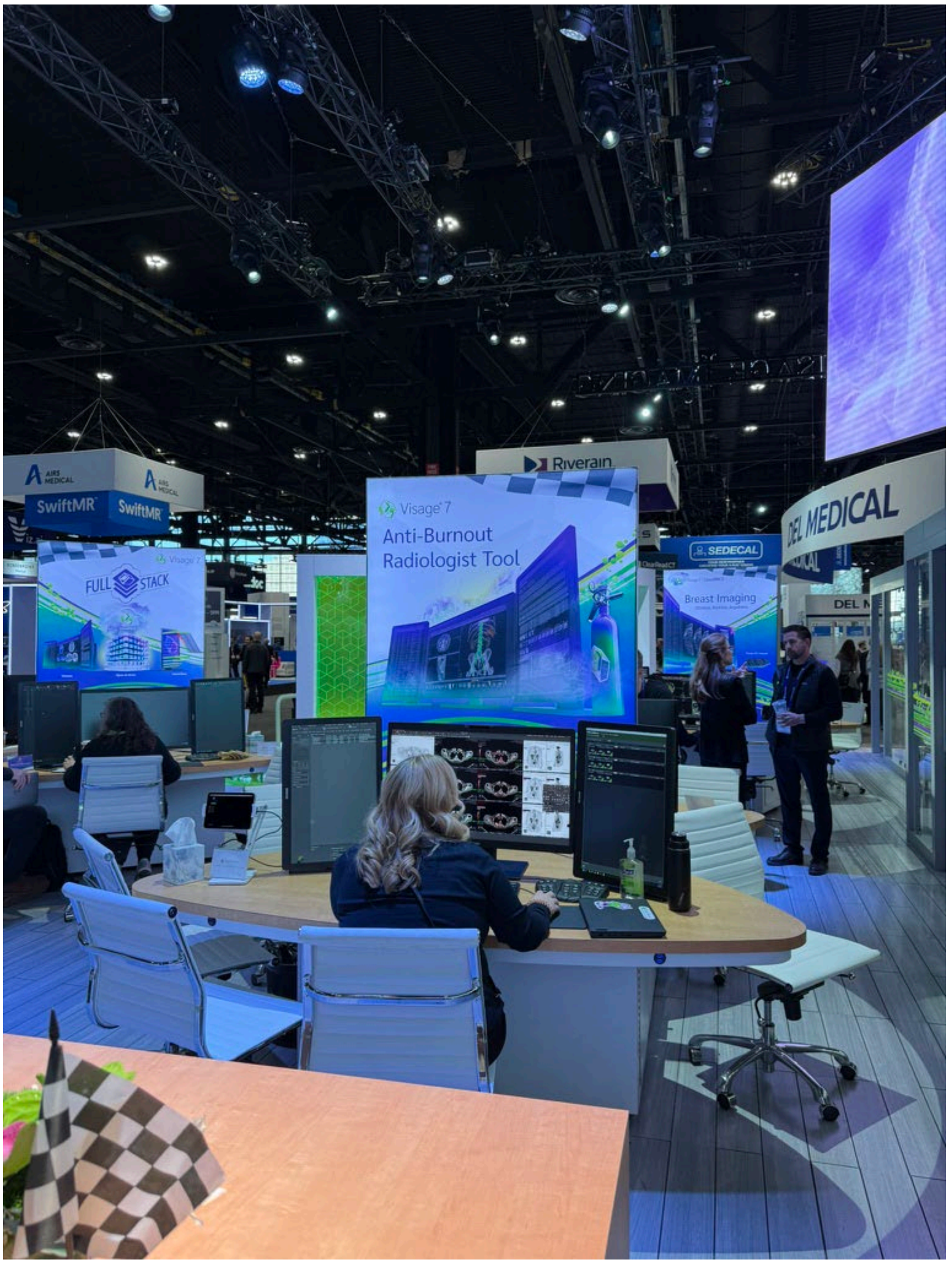
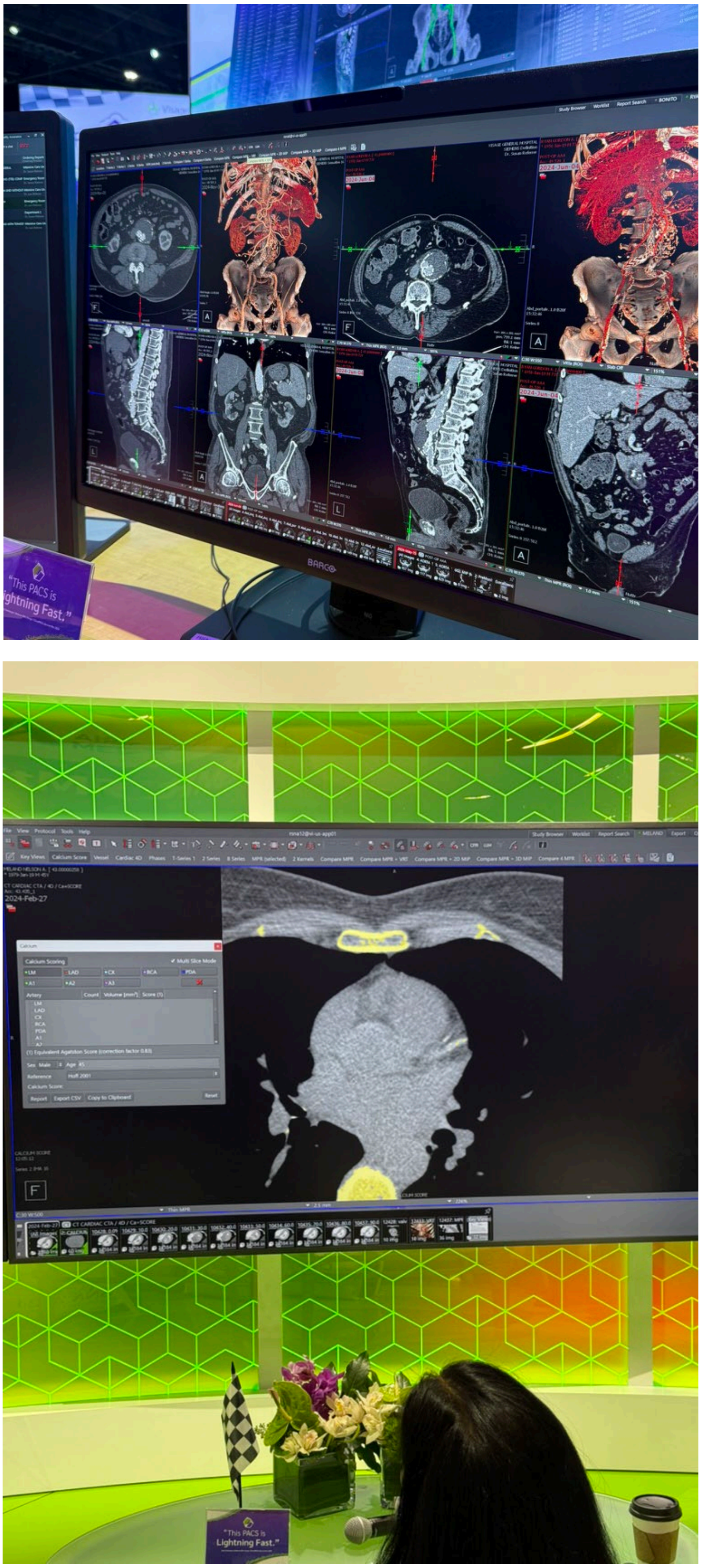


Figure 14: Pro Medicus Image Delivery Speed on Display at RSNA 2024



People

Pro Medicus (ASX:PME) employs approximately 121 full-time staff, with 30% having been with business for more than a decade. This team generated $161.5m of revenue in 2024. In 2009, Pro Medicus had 75 employees, and revenue was below $20m.

The remarkably low employee turnover of 2.7% is a testament to the company culture. Currently, 50 staff are based in the U.S., and there are 40 software engineers in total. The sales team consists of five members, including CEO Sam Hupert and Global Head of Sales Sean Lambright.

Dr. Sam Aaron Hupert co-founded Pro Medicus Limited in 1983 after graduating from Monash University Medical School. Initially a General Practitioner, Hupert transitioned to managing the company full-time in 1984. He served as CEO until 2007, returned in 2010 after a business downturn, and now holds 24,137,660 shares, down from 30,072,660 in 2009.

Anthony Hall, a Fellow Founder, serves as Executive Director and Technology Director. He owns 24,144,000 shares, reduced from 30,068,500 in 2009.

Malte Westerhoff, General Manager and CTO of Visage Imaging GmbH, leads global product management and R&D. With over 20 years in medical imaging and software development, Westerhoff co-founded Indeed – Visual Concepts GmbH (Visage) and has authored many scientific papers.

Clayton Hatch joined Pro Medicus in 2008 and became CFO in 2012.

Sean Lambright is the Global Head of Sales for Visage Imaging and Vice President of Sales for North America. Since joining in 2010, he has overseen global sales strategy and third-party partnerships. Before Visage, he gained 18 years of experience in imaging IT with senior roles at AGFA Healthcare, AMICAS, and Emageon.

Business

Prior to the Visage acquisition, Pro Medicus' primary focus was its Radiology Information System (RIS) software, a medical practice management system, and related products, servicing an Australian-based radiology market.

Radiology Information System (RIS)

Visage RIS is a modern, enterprise-class radiology information system. It uses open-source, standard-based technology like RESTful Web Services, stateless URL connectivity, an integrated workflow engine, a rules engine, PostgreSQL database and CalDAV scheduling. Visage RIS offers various capabilities, including patient registration, billing, scheduling, typing, HL7 integration, financial reporting, PACS integration, digital dictation and voice recognition.

Visage Acquisition

The 2009 acquisition of Visage was a turning point for Pro Medicus. The global financial crisis of 2008-2009 caused asset prices to plummet, making Visage Imaging an attractive opportunity. With a history of cash on the balance sheet, Pro Medicus was well positioned to transact.

At the time, the company stated in a release to the ASX:

"Visage is a fantastic opportunity, given its product set is extremely complementary to ours. In addition to having a web-based PACS[3] (digital imaging) offering which our own radiology information system (RIS) product links into, Visage is a market leader in advanced visualisation, which allows CT and MRI images to be reconstructed in 3D and 4D. This is the next wave in medical digital imaging technology."

The approximately $7m acquisition of Visage from Mercury Computer Systems, a Nasdaq-listed company based in Carlsbad, U.S., was funded through the company's existing cash reserves without requiring a capital raising. The announcement did not highlight the key talent Pro Medicus acquired, including Visage founder Malte Westerhoff and his Berlin-based R&D team. This team remains in place today.

Some years later, in July 2012, Pro Medicus sold the Amira software platform business, acquired as part of the Visage transaction from Mercury Computer Systems, for €12.1m (A$14m). The sale generated a one-off profit of $8.5m, further highlighting the depressed valuation of assets acquired in the GFC.

[3]*PACS stands for Picture Archiving and Communication System. It is a medical imaging technology that provides digital storage, retrieval, and transmission of radiologic images and associated clinical data. PACS eliminates the need for traditional film-based storage, allowing healthcare providers to efficiently manage and access medical images electronically.*

The 2013 deal with vRad was Pro Medicus' second contract under an operational, or fee for use, model. The operational fee structure provided Pro Medicus with an ongoing revenue stream over the life of a contract, reflecting transaction numbers with minimum volumes guaranteed. The simple and transparent structuring of these terms is a key driver of margin. Importantly, it also serves as a key lever for significant margin uplift when existing contracts are renewed and repriced. More on this later.

2015 marked another significant milestone for the company as revenue reached $17.58m, a 22% increase, driven by a 67.2% growth in the North American market compared to the prior year.

During 2015, revenue from the U.S. Department of Veteran Affairs continued, and new revenue was generated from large U.S. health systems, such as WellSpan Health, Zwanger-Pesiri and the University of Florida. Pro Medicus reported a net profit after tax of $3.22m from ongoing operations, a notable improvement from the previous year's profit of $1.51m.

The notable uplift in demand for Pro Medicus' technology was driven by two key trends.

Firstly, in the U.S., the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009 introduced the nation's first electronic medical record (EMR) mandate. This act required healthcare providers to convert medical charts to a digital format by 2014. The global push towards EMR encouraged healthcare institutions to unify their access to medical information, leading to a single, vendor-neutral archive for all medical images (VNA).

Secondly, there was a rapid increase in the size and complexity of medical images created by new technologies and equipment. The explosion of advanced visualisation generated by modern radiology equipment, such as positron emission tomography (PET) and high-density 640-slice computed tomography (CT), often resulted in single examination image files ranging from 1.5 to 2 gigabytes, or larger. The introduction of Digital Breast Tomosynthesis (DBT), a new form of 3D breast imaging, further exacerbated this, producing image files as large as 6 to 10 gigabytes per examination.

Traditional PACS/Digital Imaging technology requires these files to be transferred across the network to the radiologist's desktop for visualisation. This "compress and send" methodology, where large files have to be compressed, sent and opened on the other end created significant network bottlenecks, limiting the adoption and use of these new imaging technologies.

To address these challenges, Pro Medicus' Deconstructed PACS model, with Visage 7 at its core, offered a scalable and efficient solution. Visage 7, with its unique server-side thin-client streaming technology (SSTS), enables the radiologist or referring clinician to instantly visualise multi-gigabyte files, rather than requiring lengthy download times. Pro Medicus has referred to this as the Netflix Effect, allowing the streaming of pixels for instant viewing.

This changed the way customers purchase PACS/Digital Imaging technology. Rather than rely on a monolithic, single vendor solution, a "best in breed" or Deconstructed PACS approach was now possible, whereby multiple components from different vendors are integrated into a single solution. In contrast to software from traditional PACS systems, such as Agfa, Fuji and Siemens, Visage 7, with its highly modular and scalable design, could be sold as a 3-D "plug-in appliance" interfaced to a broad range of third-party PACS systems.

Visage 7 was ideally suited to this new paradigm, and its growing revenue and pipeline bore this out.

With its 2016 results in hand and future contracted revenue doubling to more than $100m, Pro Medicus had demonstrated its technology solution could overcome the challenges in the world's largest radiology market, North America. By providing scalable advanced visualisation and image distribution solutions for clinical and preclinical imaging, servicing hospitals and imaging centres of any size, it had created an optimised workflow for interpretation, post-processing and image review.

Unique intellectual protocol (IP) is developed in Berlin under CTO Malte Westerhoff and has seen the product evolve from LAN, WAN, and Internet-based delivery models to today's cloud native Visage 7 offer. Twenty daughter patents protect the Visage stack. To date, no competitor has been able to replicate this and deliver a fully cloud streaming solution. Others clearly have cloud offers, which are legacy systems.

We visited RSNA in Chicago in December 2024. Every PACS vendor was claiming to offer AI and cloud systems, most of which are white noise. Sectra, Pro Medicus' closest competitor, has a cloud-based offering that uses "compress and send" technology, requiring servers on-site.

The Visage 7 full stack, discussed below, offers each customer a bespoke single-tenant data enclave rather than a multi-tenant approach. In this model, the customer has exclusive access to their own isolated environment, ensuring compliance with a key data privacy requirement of the health care institution. Resources, including servers, storage and applications, are not shared with other users, providing enhanced security as the customer's data and applications are separate from other tenants.

The "ah-ha" moment that separates white noise (legacy in the cloud) from a cloud native streaming service is the "proof of concept" stage of a contract. Pro Medicus has never lost a tender at this stage of contracting. It is bewildering to learn that not every tender demands a "proof of concept." This is a differentiated offering compared to cached images viewed at the show.

The image delivery speed remains a key competitive advantage. Visage 7 offers images via real time pixel streaming, catering for large data sets without the requirement for any servers on-site. No competitor can achieve this.

Full Stack

In November 2024, Pro Medicus announced the $330m 10-year Trinity Health contract. Based on the transactional model, noted above as early as 2013, this agreement will see the company's cloud-based Visage 7 Enterprise Imaging Platform (Visage 7) deployed with Visage 7 Open Archive and Visage 7 workflow modules, providing a unified diagnostic imaging platform that is integrated into Trinity Health's EHR. This Pro Medicus platform replaces a legacy PACS system made up of nine vendors.

The full stack delivers workflow advantages and efficiencies per clinician. This has a multiplier effect on the institution that has adopted the platform.

The Market

The total addressable market in radiology (TAM) is 650m annual exams, growing at 3.5%. PME is achieving growth above market at 9% (client volume growth) and currently holds a 7% market share. Considering GE, a legacy PACS player, achieved 35% share, we do not see a ceiling. Pro Medicus participates in 85% of this market, while the balance may be too small or consolidating.

Enterprise imaging will alter the TAM, which we discuss below.

FY2024 Margin

Full year revenue in 2024 increased from $124.9m to $161.5m, up 29%, driven by transaction revenue growth in North America and increased revenue from RIS in Australia. We believe it is important to consider this is 95% recurring revenue.

Reported profit after tax was $82.8m, up 36%, demonstrating positive revenue rotation from top to bottom line. Net cash inflows were $82.0m. The company paid dividends of $36m, a payout ratio of 30%.

A simple calculation produces a net margin after tax of more than 51%. This is rare in business and rivals one of the world's best business models – Visa, with a net margin of 56% in 2024.

Pro Medicus starts with a gross margin of >99%, a breathtaking number and higher than that of Visa. PME has an EBIT margin of 69%, compared to Visa at circa 68%.

The margin story gets more interesting when contracts are renegotiated. Typically, pricing moves towards the market, and minimum volumes are lifted. While minimum volumes are a focus of analysts, they are less important as they were a historical thing to ensure the entire radiology department committed. Today, Pro Medicus picks up 100% of the images viewed, as their platform drives a more productive and faster growing practice versus the market.

At contract renewal, Pro Medicus typically experiences a 50%-60% price uplift per image viewed. This is equivalent to a 10% increase per year. There is no incremental cost to Pro Medicus for the renewed contract. As a result, incremental margin drops to the bottom line at a far higher rate than the 51% generated in 2024. This will pan out over time.

AI, on the other hand, is extremely hard to quantify. While we are not dismissive, we place it in the latency bucket that remains an unknown quantity today.

R&D runs at 6.8% of revenue and will grow in dollar terms accordingly. See the R&D discussion below.

Competitive Advantages

The clear competitive advantages of the software are speed, functionality and scalability.

Visage 7 is faster in the cloud. Pro Medicus natively refactored the application to take advantage of cloud storage, so multiple hosts can connect to the same data source (instance) at full performance throughout the entire architecture.

Due to multi-host access to storage, the Render Servers, the component that streams the data to the user, directly accesses the storage in the cloud, speeding up the access process. Cloud instances have exceptionally high performance due to AWS infrastructure.

Visage 7 streams images, via AI-capable Nvidia GPUs, to clinicians on the single integrated desktop system. It performs the functions of multiple independent systems, including 3D, 4D and advanced visualisation. It has a smaller hardware footprint that is “best in breed" and is also highly modular in a mixed-vendor or single-vendor environment.

Visage-Ease, the Visage 7 mobile app, delivers images on demand anywhere, on any device. Visage Ease is U.S. Food and Drug Administration (FDA) 510 (k) certified for all imaging modalities apart from mammography, which requires higher screen resolution than iOS devices currently exhibit.

Pro Medicus has rapid software implementation capability that is industry leading and a key driver of contract efficiency. Once deployed, productivity gains are material. Pro Medicus delivers the best financial and clinical return on investment (ROI), through greater throughput of patient images interpreted within an organisation, alongside significantly reduced IT costs.

This is a key component of practice growth and expansion. *“An ‘average’ radiologist may experience a productivity boost of up to 30%,"* according to Greg Rose, MD, PhD and CEO of EmCare Radiology and President and CEO of Rays, a thriving teleradiology practice in Littleton, Colorado. This scales with experienced radiologists. When combining all efficiencies, Visage client practices can experience a +50% productivity uplift and grow at 2-3x the rate of their peers in the marketplace.

The significant benefits of this cloud native solution, Visage CloudPACS, including scalability and security of public cloud infrastructure, are discussed below.

Finally, Visage RIS is a comprehensive, enterprise-class and state-of-the-art radiology information system (RIS), which leverages modern, open-source standard-based technology.

The Future

Enterprise Imaging

Pro Medicus has its sights set on opportunities beyond radiology. Pro Medicus continues to make significant investments in R&D, at circa 7% of revenue, to develop products including Visage 7 One Viewer. This extends the capability of Visage 7 outside the realm of radiology, enabling users to view DICOM (radiology) and non-DICOM images, such as photos and high-definition (HD) videos (also described as medical multimedia objects), from a single viewer.

Munich University is an example of a video user. They are currently using video footage in all surgical procedures for quality assurance and training of clinicians. Pro Medicus subsequently won a radiology contract with Munich University. They do not do cardiology.

Enterprise imaging offers the prospect of integrating all medical imaging exams, patient data and reports into a centralised system. It will allow any clinical user of the electronic medical record (EMR) to access a variety of images and reports instantly, regardless of their location within the healthcare system. No company has achieved this on a single platform to date.

This will see the potential total addressable market move beyond radiology exams to cardiology, pathology, oncology, gastroenterology, neurology and nephrology to name a few examples.

While Pro Medicus has become the industry gold standard for streaming images to global radiology networks, it has also developed cardiology applications with a view to the substantial total addressable market that Enterprise imaging would present.

Pro Medicus currently has users of its Cardiology 1.0 software offering, which launched at RSNA 2023. Lighthouse contracts will typically be signed first to demonstrate the viability of the offer.

Pro Medicus is currently operating one platform with a single code base and delivers two meaningful upgrades per annum. The platform is cloud native, which means it can scale up and down without the need for infrastructure. It is also cyber hardened compared to the alternative of on-premises data hosting. These two combined elements, unique to Pro Medicus, are prerequisites for any serious tilt at Enterprise imaging.

The key features of Enterprise imaging include:

- Centralised data storage: Enterprise imaging replaces disparate, siloed systems with a unified cloud-based data storage and management system.
- Multi-departmental integration: It incorporates imaging from radiology, cardiology, pathology and numerous other departments.
- Improved efficiency: The system enhances efficiency and achieves economies of scale for data storage.
- Enhanced accessibility: Physicians and caregivers can view, diagnose, offer insights and share opinions seamlessly.
- AI integration: Enterprise imaging systems enable AI-powered analysis and prioritisation of imaging data.

The real-world benefits of Enterprise imaging are:

- Workflow optimisation: Enterprise imaging optimises workflow for radiologists, ensuring all images, systems and data are connected.
- Informed decision-making: It provides deeper access to information, leading to more informed patient care decisions.
- Cost reduction: Cloud-based Enterprise imaging systems help reduce operational costs for healthcare institutions.
- Cybersecurity: There is a growing trend for health enterprises to shift from on-premises solutions in favour of public cloud offerings. Visage 7, with its cloud-native design, supports this transition via the company's Visage CloudPACS™ offering. This reduces the upfront cost and complexity of provisioning and managing server hardware and provides customers with enhanced security and scalability offered by public cloud providers. Cloud-based systems address the increasing concern of cybersecurity in healthcare through enhanced security measures.

Artificial Intelligence – Visage AI Accelerator

Machine learning in the field of medical imaging and patient diagnosis is an emerging trend that has had considerable hype attached.

The Visage-7 AI accelerator provides an end-to-end platform for customers to support their AI research efforts and incorporate them into diagnostic imaging workflow. It is currently being used by several top academic hospitals in the U.S., with others to follow.

The company believes this will open several commercial branches in the AI space. Its first algorithm is in Breast Density, developed with input from breast imaging specialists at Yale. It was approved by the FDA in 2021 in 10 months.

The opportunity is not currently quantifiable in terms of revenue. It is proposed that the accelerator will earn royalties from the algorithms published to the Visage platform.

Pro Medicus Revenue Model

1) Contract revenue

RIS and Visage revenue is recurring, generated from multi-element contracts recognised over the agreement term, following the installation, and includes product updates and upgrades.

Revenue is recognised over time by reference to the satisfaction of the one performance obligation using the input method. The input method is applied based on the elapsed term of the contract in comparison to the length of the total contract term from when the product is ready for use by the customer until the licence and support periods end. Revenue recognition is examined by the auditor as a key audit matter.

2) Transaction revenue

The Group receives consideration based on transaction volumes exceeding set minimum activity levels, recognised as revenue when the customer activity occurs.

The trend towards purchasing the company's technology on a transaction or "pay per view" basis continues, with most of the North American revenue now coming from this model of committed minimum transaction numbers over a 5-7-year contract. This is a per click transaction model with guaranteed minimums. Each image can generate three potential clicks at rates of circa US$2-3 per scan versus ~$1.50 charged by competitors.

3) Hourly revenue

The Group also provides archive migration services to its customers. These services are a separate performance obligation, which could be provided by other third parties. This is based on the hours spent on migration services.

4) Commissions

Commissions paid to employees of the Group for obtaining contracts are initially capitalised as a contract cost and amortised within salaries and employee benefits expense over the life of the relevant contract as revenue is recognised. The carrying value of contract costs is assessed for impairment at each reporting date.

5) Contract renewal uplift

Typically, renewals attract price and minimum volume increases. Price is moved closer to market on renewal and a typical 50%-60% uplift occurs.

R&D

In FY24, R&D was $11m or circa 7% revenue. The product roadmap extends out 2-3 years with 30-40 projects on the go. Pro Medicus currently deliver two to three software upgrades per annum.

There are 40 software engineers, and circa 15 heads hired into R&D in the last 18 months.

Research costs are expensed as incurred. Development costs are capitalised based on time and overhead costs of individuals employed in software development activities. This is examined by the auditor. In 2024, $6.4m was capitalised and $7.7m was amortised. Pro Medicus intangible assets total $20.1m. Intangible assets relate to new versions of the Visage PACS and RIS software.

Australian employees undertake the R&D of Pro Medicus products Visage RIS, while the Berlin office undertakes R&D of Visage Imaging products worldwide. A new facility has been added in New York.

Capital management

In 2009, Pro Medicus had 100,280,000 shares on issue. As of 30 June 2024, PME had 104,424,882 shares on issue, with 50,316,660 shares held by founders Hall and Hupert.

During the year to 30 June 2024, the company paid dividends of $36.6m at a payout ratio of 30%. (2023: $26.1m, 2022: $18.7m).

Pro Medicus has a buyback in place and net cash and liquids above $123m.

Remuneration

Short Term Incentive (STI)

Paid as a cash bonus based on EBIT, Revenue Growth, and personal targets related to leadership and a unified Pro Medicus approach.

In 2024, Revenue Growth replaced Annual Contract Value (ACV) to represent new contracts, organic growth, financial performance and cashflows more accurately.

Long Term Incentive Scheme (LTI)

Senior Executives of the Group are offered performance rights over the ordinary shares of Pro Medicus Limited. The performance rights, which are accounted for as options, are issued with zero exercise price and vest four years after the grant date, subject to an employee remaining in service and certain performance hurdles (tested at the end of the third year) being met.

Performance hurdles

Earnings per share (EPS) (60% of performance rights granted): calculated as the compound annual growth rate (CAGR) of EPS for the three-year period from the grant date.

Relative total shareholder return (TSR) (40% of performance rights granted): combines the security price movement and distributions (which are assumed to be reinvested) to show the total return to security holders, relative to that of other companies in the TSR comparator group.

For the FY24, FY23, FY22, FY21 and FY20 plans, the TSR comparator group was the ASX 200 index.

The TSR hurdle was introduced for the 2019 performance rights. (*Note 18 AR 2020)*.

Balance sheet

As of 30 June 2009, the company had no debt and $5.5m cash. Pro Medicus paid circa $7.0m for Visage from cash reserves on 28 January 2009.

As of 30 June 2024, the company had no debt, $123.9m cash and $31.5m investments. ***SFM***

Table 12: Pro Medicus Key Business Metrics

FY24	
Revenue	**$161.5m**
Recurring	*95%*
Gross Profit margin	**99.8%**
EBITDA	**$120.2m**
margin	*74.4%*
Underlying EBIT	**$112.3m**
margin	*69.5%*
NPAT	**$82.8m**
margin	*51.3% (this rivals Visa)*
Pricing power	Pricing uplift on contract renewal
Net cashflow FY24	$82m
Dividend payout ratio	~30%
Shares on issue 2024	104,424,882 shares
Founder interest	**~50%**
R&D	**$11m (~6.8% revenue) | 40% staff are engineers | 2x updates per year**
Market penetration	**7% (9/Top 22 U.S. hospitals)**
Market capitalisation	$26b
Net cash balance sheet	**$60.1m cash + $63.9m short term deposits**

In this article, Pro Medicus Annual Reports from 2009-2023 were referenced.

WiseTech Global Investor Day

In December, we attended the WiseTech Global Investor Day, the second since listing in 2016 and marks 35 years since its founding. The day covered the company's commercial model, approach to product development and key development priorities, including its next-generation platform CargoWise Next, the Group's Global Customs and Compliance solutions and Container Transport Optimization.

The sessions offered the opportunity to engage with the broader team, including eight of the senior management team and six product heads. Notably, many of the individuals have been with WiseTech for over a decade, with some joining as part of previous M&A deals.

Table 13: Speakers

Name	Title	Tenure
Richard Dammery	Chair	3 years
Richard White	Founder	35 years
Andrew Cartledge	Interim CEO	9 years
Caroline Pham	Interim CFO	8 years
Brett Shearer	Chief Technology Officer & Chief Architect	30 years
John Pritchard	Head of Product & Development	6 years
Mark Hall	Head of Acquisitions & Integrations	9 years
Gene Gander[1]	General Manager Global Sales	23 years
Vlad Bilanovsky[1]	Chief Execution Officer	19 years
Ian Larsen	Head of Operations	7 years
Cody Love	Head of Productivity & Quality	12 years
Angela Gadaev	Product Portfolio Leader – International Logistics	20 years
Stephen Tracey[1]	Customs Product General Manager – Europe	7 years
Imraan Khan	Product Portfolio leader – Enterprise Software	23 years
Geoffrey Eid	Product Portfolio Leader – Warehousing & Facilities	23 years
Carl Marchese[1]	Founder/Managing Director – Matchbox Exchange	9 years
Michael Toolan[1]	Product Portfolio Leader – Domestic Delivery	6 years

[1]Joined WiseTech as part of M&A deal

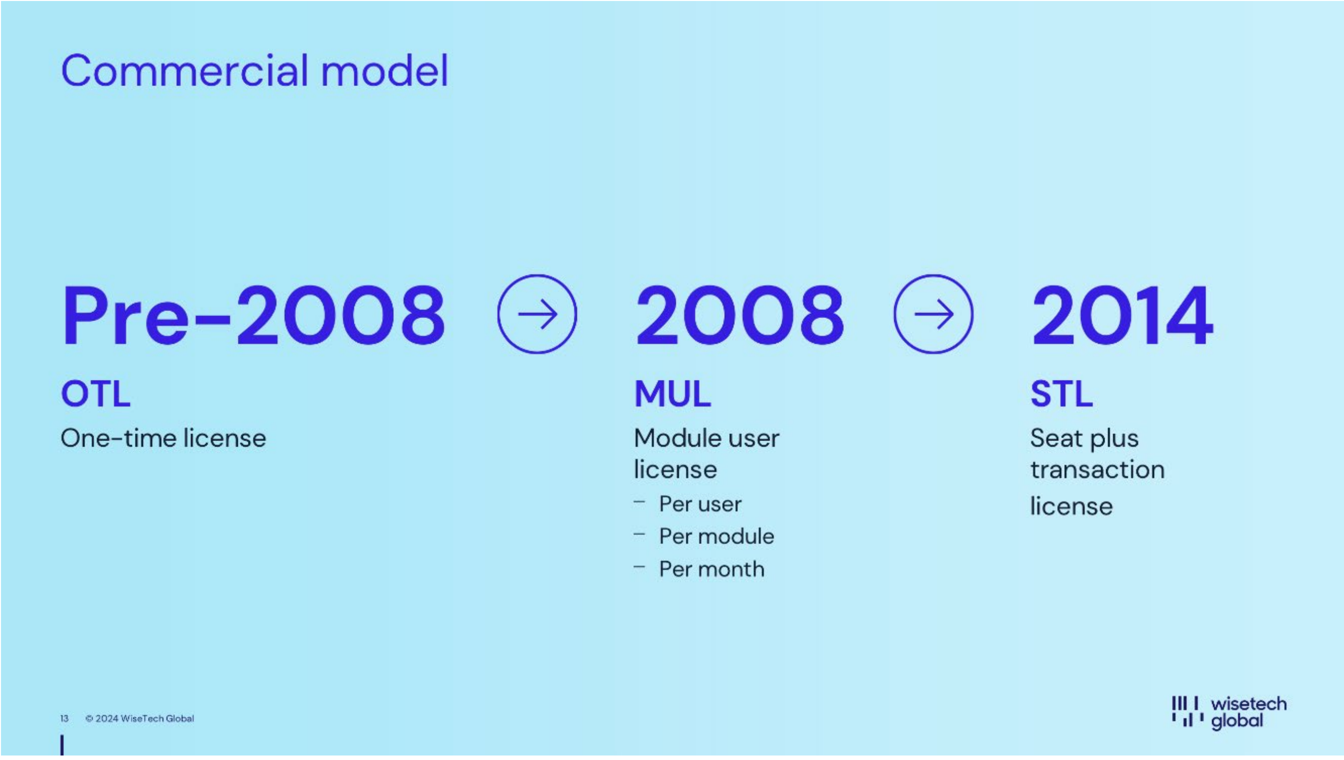
Commercial Model and Approach to Product Development

WiseTech Global, founded in 1994, is a leading provider of software solutions for the logistics industry. Its software was initially built for the Australian market under the name Deliverance. In 2004, the company completed a rewrite to position itself as a global software solution under the name ediEnterprise – a decision at the time that cannibalised the original business.

In 2007, WiseTech signed DSV, its first top 25 Large Global Freight Forwarder, followed by Toll in 2008. That same year, the company transitioned from a one-time license model to a Software-as-a-Service (SaaS) model, as shown in **Figure 15**. In 2014, with 275 employees, the company launched their current global logistics platform, CargoWise One, which coincided with the introduction of its transactional pricing model.

The launch of CargoWise One marked a turning point. It replaced a solution requiring ongoing customisation with a standardised suite of modules that could scale for all customer sizes.

Figure 15: Commercial Model



Source: WiseTech Global 2024 Investor Day

Today, WiseTech is the largest provider of logistics software globally with over 17,000 active customers, including 52 large global freight forwarders (LGFF) and 13 of the top 25 LGFF.

The business has used M&A to reach this point, completing 50 acquisitions since listing across 24 countries for a total consideration of $1.9b. Approximately half of the acquisitions have been small to medium businesses, often founder-led, to provide a geographic foothold of local knowledge. While the remaining acquisitions have been product and people-focused to accelerate growth.

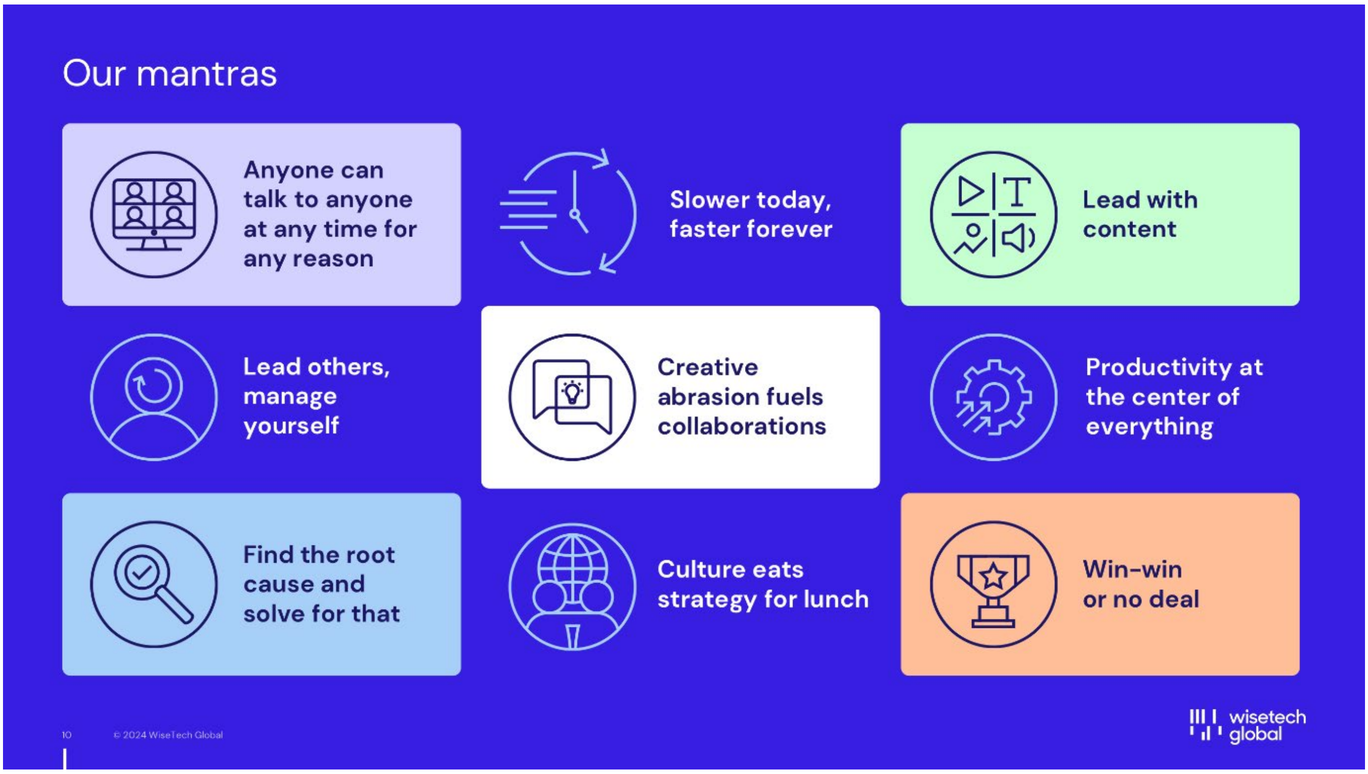
The founder-led individuals brought into the business remain an important cultural piece, coming in with deep industry experience and leadership drive, ultimately strengthening the talent pool for WiseTech.

A careful focus on strategic alignment is present; the company enjoyed low staff attrition of 7.5% in FY24. For the product-based acquisitions, all software is re-platformed onto the CargoWise ecosystem to reduce tech debt and complexity.

While M&A has been actively used, the business favours an organic approach to growth. The internal R&D team comprises 2,168 employees, representing 62% of total staff and an R&D spend of $368m in FY24, or 35% of revenue. For FY24, the team delivered 1,135 new product enhancements – bringing the total to over 5,600 when looking at the past five years.

During the investor day, the company held a session focusing on its internal approach to product development and cultural alignment, summarised in **Figure 16** and **Figure 17**.

Figure 16: WiseTech's Mantras



Source: WiseTech Global 2024 Investor Day

Figure 17: Company Credo

"Our culture is not by accident. Our creativity is by design. Our people define us.

We favor principles over policy, open and frank communication over secrecy, agreement over control, results over busywork. We realize that real creativity is delicate and dies with processes, bureaucracy, chain of command and centralized decision making.

Our work environment is flat and open, hierarchy rises only when essential and recedes immediately. We know that 'little things are infinitely the most important' and that 'culture eats strategy for lunch'. We actively embed our creativity, the seeds to our success and the antidote to many problems, deep within our people and culture.

We love to challenge the status quo and to think of breakthrough ideas in order to build something delightfully better. We cannibalize that which needs to be superseded, improve that which is imperfect and add that which is missing, and we have fun!

We think bold ideas and build bold products that people don't know they want… until they see them, and can't live without… because they come to love them.

We strive every day to build products that surprise and delight our customers and empower their success, but we also give incredible value to our customers so they drive us to flourish and grow.

We are truly, deeply, passionate about what we do and we use all of our empathy, energy, focus, courage, talent, drive and logic to confront the really big stuff that others will not.

We surround ourselves with incredibly smart people with diverse and eclectic experience, an abundance of talents and motivation fuelled by purpose.

We care deeply, have real ownership, and a sense of connection in every place and in every role. We belong.

We stand with humility on the shoulders of the many that have led us here. We owe them our dedication, our energy, and our results.

Corporate grind be damned! We're doing something that really matters, and it requires us to strive, learn, grow, and flourish.

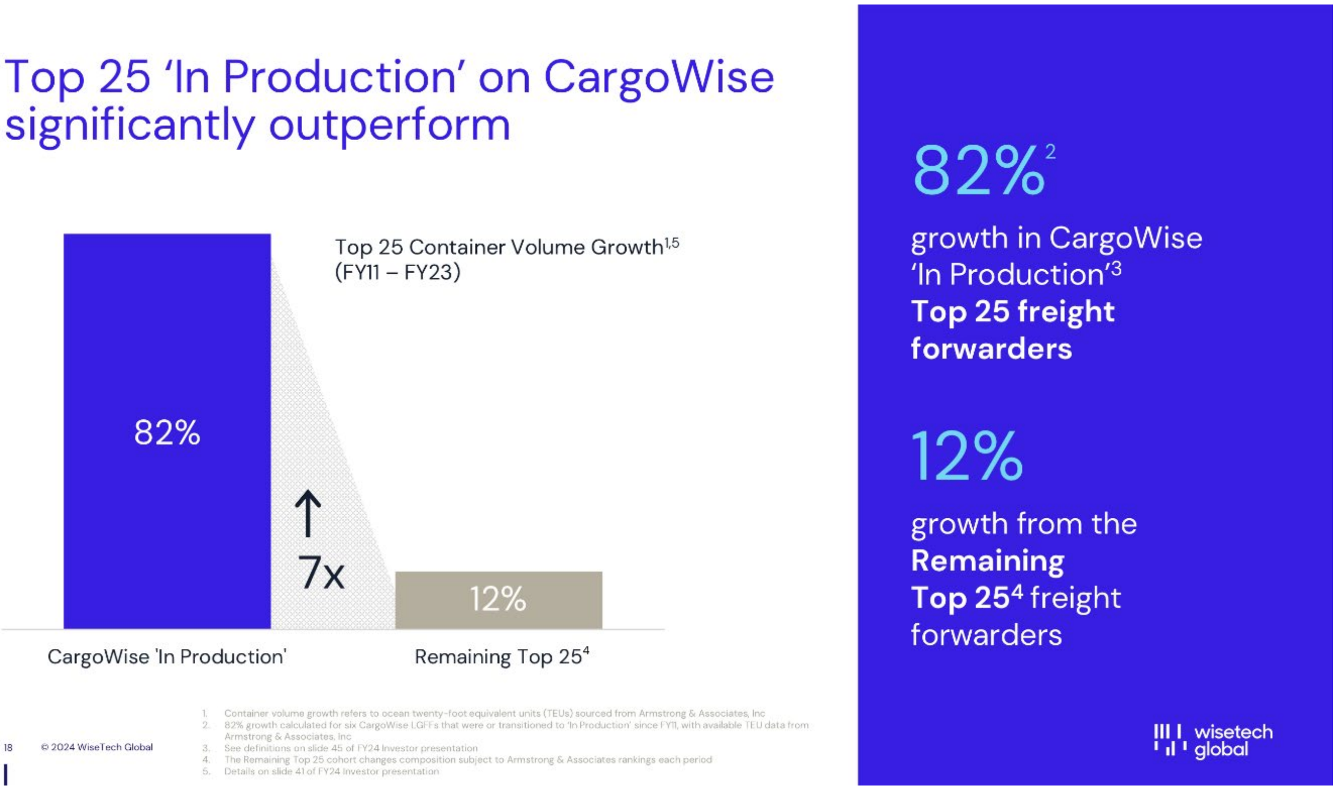
We will change the world: one innovation at a time."

Source: WiseTech Global website

Key Development Priorities

WiseTech's vision is to be the operating system for global logistics. The company has a clear product-led strategy, aimed at creating efficiencies across a customer's entire cost base, unlocking capacity for volume growth. The business also has a proven track record of sustained delivery, with customers within the top 25 LGFFs achieving materially higher container volume growth than their peers.

Figure 18: Top 25 freight forwarders on the platform vs peers

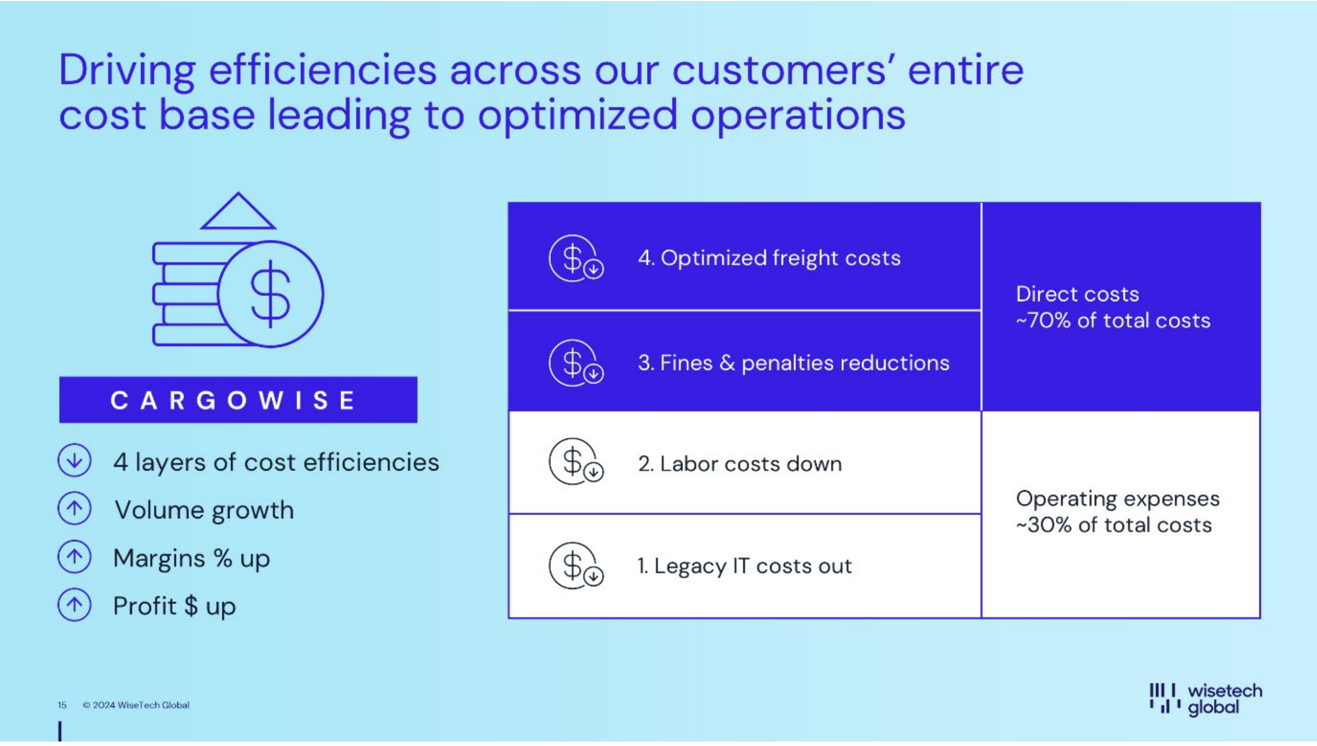


Source: WiseTech Global 2024 Investor Day

Traditionally, when customers first explore CargoWise, efficiency is largely viewed through the lens of potential cost savings achieved by switching from existing legacy IT systems to a single solution and the automation of highly manual tasks. As a result, businesses can deliver greater volume throughput with the same number of resources, increasing margins and profitability. These operational cost efficiencies are realised during the implementation of CargoWise and thereafter as customers progressively unwind layers of processes built on top of legacy systems.

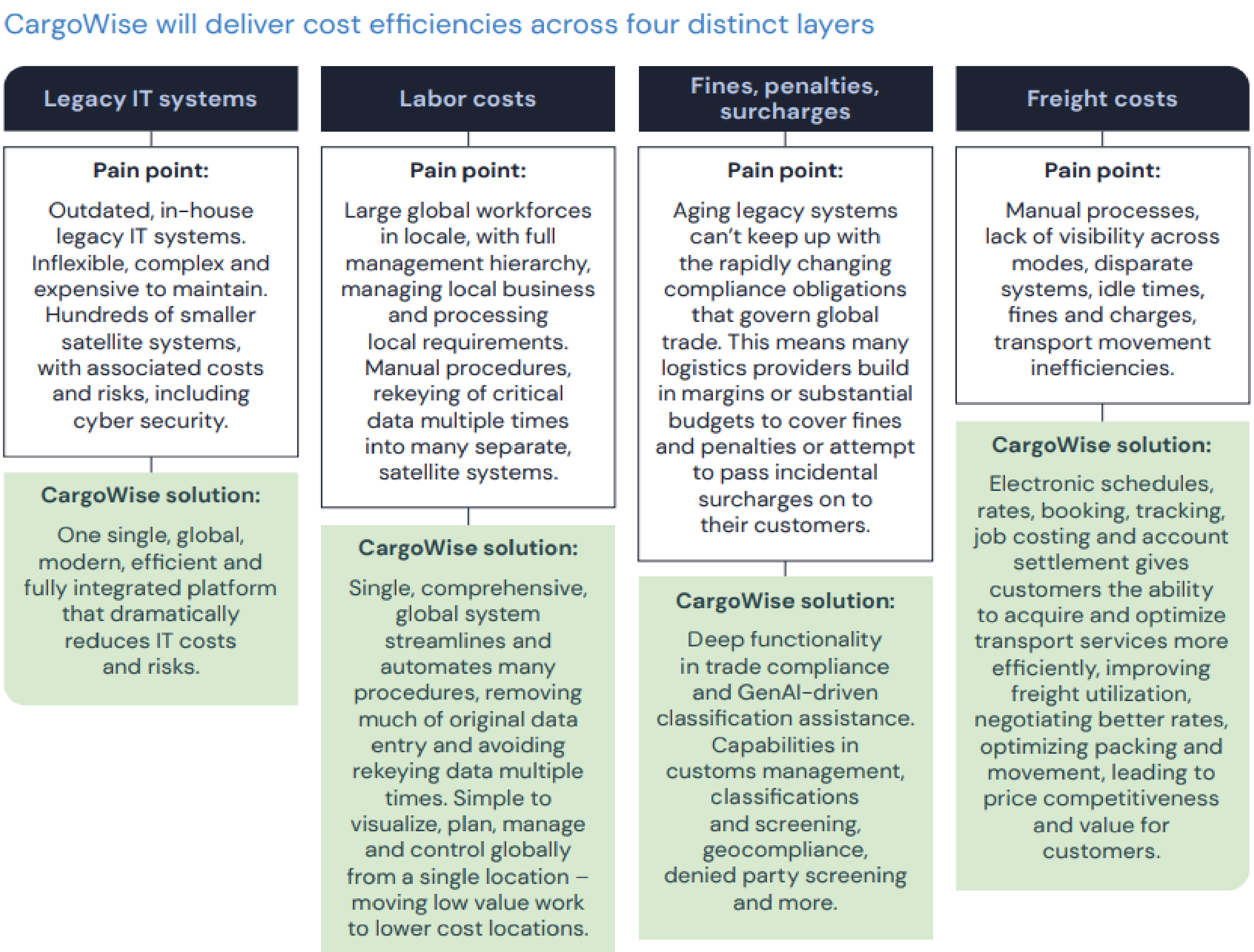
Given the nature of conversations circling technology spending, effort is required to shift customer behaviour from focusing solely on operational costs to adopting a more holistic approach that considers the entire cost base. As **Figure 20** shows, CargoWise has solutions designed to reduce the direct cost base for clients and, more recently, has begun announcing industry-first solutions across Customs, Compliance and Container Transportation. If successful, these new offerings could deliver previously inaccessible savings across a customer's direct cost base, fundamentally changing customer conversations to an all-of-business improvement as they become more sophisticated with the platform.

Figure 19: Four Layers of Cost Savings



Source: WiseTech Global 2024 Investor Day

Figure 20: CargoWise Offering Across Each Layer of Savings



Source: WiseTech Global 2024 Annual Report

Global Customs

While customs visibility and automation have been part of the CargoWise solution for some time, it lacked the global scale customers required.

Over many years and circa 25 foothold acquisitions, the company has built out a deep knowledge base of employees, collectively representing half a millennium of experience.

This achievement remains a key competitive advantage for WiseTech, as staff can engage with customers at a local level while maintaining up-to-date records of customs regulation in the CargoWise platform.

In 2023, WiseTech announced its first global customs contract with Kuehne + Nagel – a significant watershed deal for the business. This was backed up by the largest LGFF at the FY23 results and closely followed by FedEx later in the period. Today, their unified customs solution covers over 75% of the global manufactured trade flows, with sights set on 90% coverage.

Figure 21: CargoWise Global Customs & Compliance Capabilities

Source: WiseTech Global 2024 Investor Day

Upcoming Product Releases

In the last five years, the company has invested over $1.1b in R&D and increased the level of capitalised spend, corresponding to new product development, from 47% in FY20 to 53% in FY24. Going forward, the company is targeting 50%-55%, reflecting ambitions to improve development efficiency.

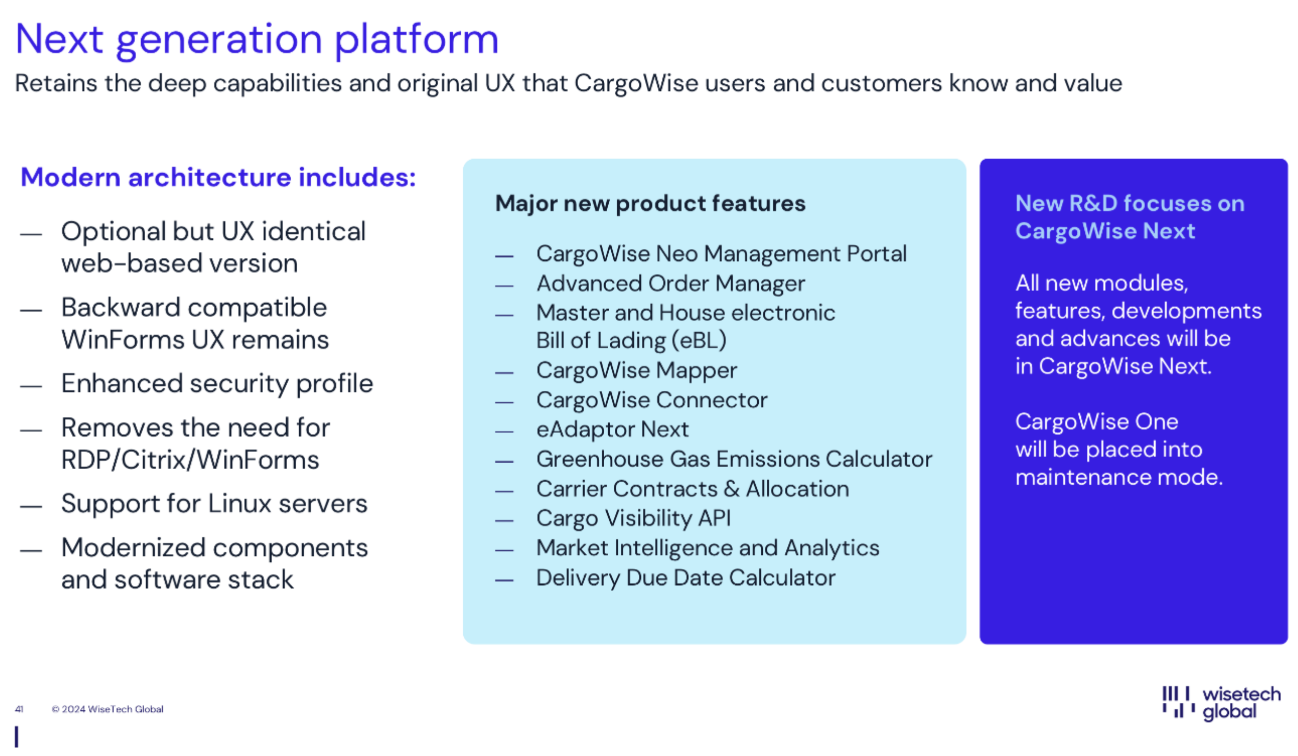
Table 14: R&D Spend

$m	FY20	FY21	FY22	FY23	FY24
Total R&D spend	159	167	181	262	368
R&D spend expensed	*85*	*89*	*97*	*128*	*172*
R&D spend capitalised	*74*	*78*	*84*	*134*	*196*
Percentage of R&D spend expensed	53%	53%	54%	49%	47%
Percentage of R&D spend capitalised	47%	47%	46%	51%	53%

The latency present in the capitalised spend was highlighted in 2024, as the company announced three new breakthrough product releases – its next-generation CargoWise platform CargoWise Next, ComplianceWise and Container Transport Optimization.

Two of the three new products address "white space" opportunities, providing customers with the ability to transition from current manual processes to software on one operating platform. As such, the focus is not on replacing a competitor's offering, but on introducing new solutions and a better business model embedded in the CargoWise suite.

Figure 22: Next Generation Platform



Source: WiseTech Global 2024 Investor Day

ComplianceWise

ComplianceWise, which launched in the first quarter of FY25, is designed to help protect customers from breaching international trade and transport laws and regulations. To achieve this, the company have removed manual processes and developed an audit trail that provides customers clear insights into the 'what', 'where' and 'who' for each shipment. Key features include an assistant to help users streamline the correct classification of a "good" and automated compliance checks integrated throughout the shipment journey, as noted in **Figure 23**.

Figure 23: Overview of ComplianceWise

Source: WiseTech Global 2024 Investor Day

While the solution sounds basic at a high level, figures presented at the investor day draw attention to the stark reality of current fines and penalties paid by carriers for breaching trade restrictions. At the extreme, businesses are having their export licences revoked, with senior managers being personally liable and at risk of criminal convictions.

A key factor behind the infringements is carriers processing information outside the execution system, such as CargoWise, requiring dual data entry and reliance on Google searches to understand sanction lists. When volumes are low, keeping track of changes in sanctions and each shipment is doable. The complexity and potential errors only grow, however, when a customer has thousands of employees and is processing millions of shipments through its network.

Figure 24: Samples of Civil and Criminal Penalties

Source: WiseTech Global 2024 Investor Day

Container Transport Optimization

Container Transport Optimization is designed to reduce the frequency of moving empty containers in the landside logistics space, thereby cutting freight costs. The acquisition of Matchbox Exchange in 2023, an online container reuse platform that matches the supply and demand of empty containers across 11 countries, including Australia, India, Indonesia and Singapore, forms part of the technology.

WiseTech expects the solution to launch in the second half of FY25 for the Australian East Coast before progressively rolling out across major markets. The company also has a patent pending for the technology.

Commenting on the importance of this new product, management believes that if they can deliver a fully integrated solution for the entire journey of container movement from a port, stakeholders could see up to 40%-50% efficiency gains. This is achieved through fewer stops, reduced transport time and reusing containers where possible.

The opportunity is large, with an excess of 800 million container movements globally within an industry that spends circa $100b a year on transport via trucks. This reflects the level of complexity within the logistics network and the scale of solutions WiseTech aims to address.

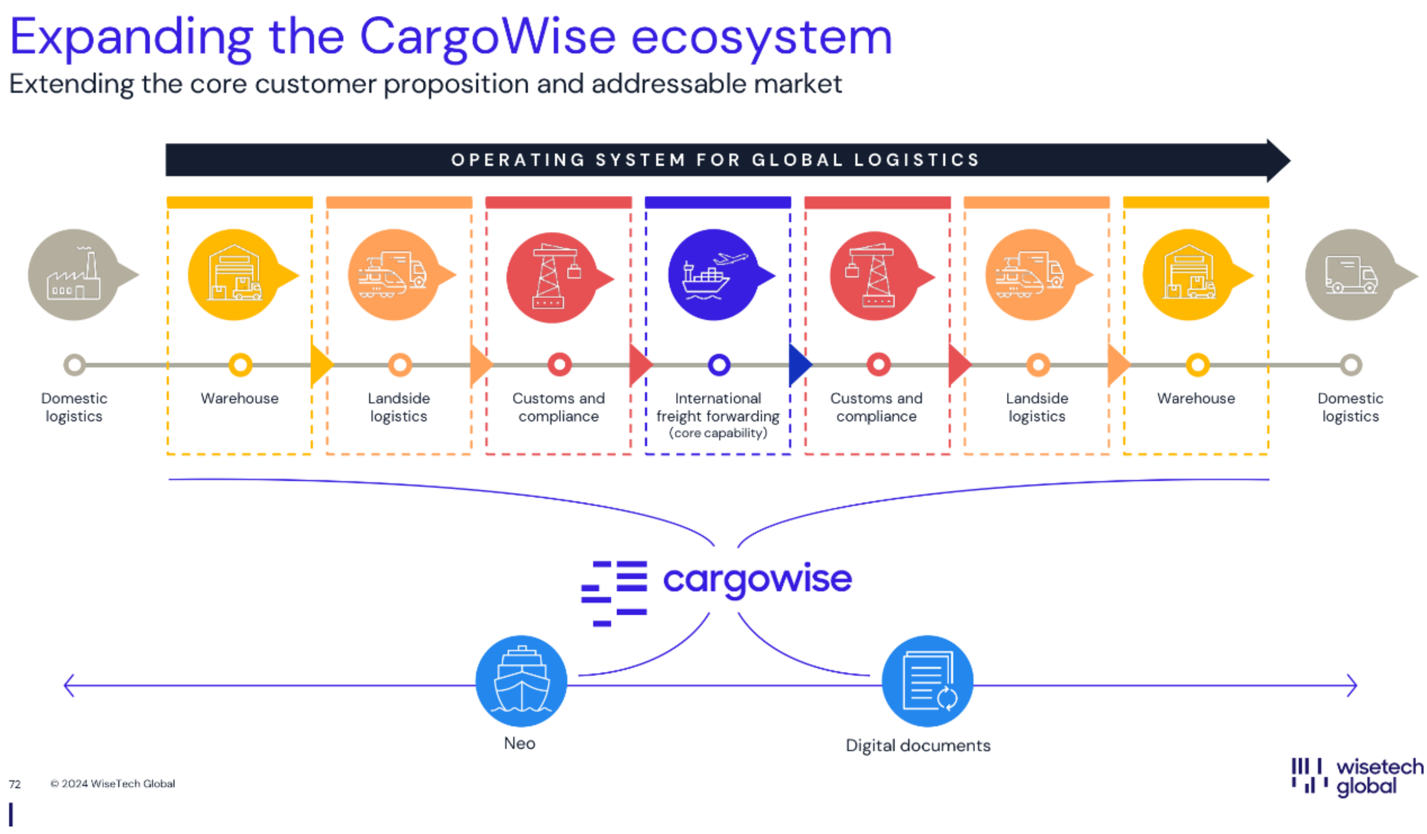
Figure 25: Container Transport Optimization Overview

Source: WiseTech Global 2024 Investor Day

Summary

Over the last 35 years, WiseTech has evolved into the leading global logistics software provider. As with any business, there are risks in execution and maintaining focus, but the company's global scale, customer base and industry knowledge provide a good foundation to expand.

What is clear is the broader management team has its eyes set on delivering innovative solutions, often in areas where nothing currently exists, as they pursue their ambitions of becoming the operating system for global logistics. ***SFM***



Source: WiseTech Global 2024 Investor Day

Thinking private in a public market

During the quarter, the Selector investment funds clocked over twenty years since first accepting investors in 2004. It is an important milestone, capturing many historical macroeconomic events.

This period also brought the typical challenges of investing. While it helps to have a clear and consistent investment philosophy, anyone operating in public markets will appreciate that human emotion plays a crucial role as well.

Niki Scevak, co-founder of private capital firm Blackbird Ventures, recently shared insights in an interview where several comments resonated. Blackbird, which invests in early-stage businesses and manages $1.3 billion, is perhaps best known for backing the multinational software graphic design platform, Canva.

In his discussion, Scevak highlighted the two distinctive investment arenas of private and public markets. The former focuses on business performance, while the latter emphasises share market performance.

When asked what distinguishes Blackbird Ventures' investment approach, Scevak gave a simple, common-sense response. The focus has always been on business metrics to gauge progress and performance. Engaging with founders, who are doing their life's work, made the investment satisfying and enduring.

Importantly, the discussion also provided an understanding of why Canva had the makings of success. The emphasis throughout was on understanding the key elements of operational performance that, when pieced together, lead to long-term compounding capability.

As Scevak noted, the critical mistake investors and analysts often make in public markets is underestimating the duration of a businesses' future revenues. The concept of decaying revenue streams rather than growing revenue pools leads many to sell much earlier than warranted. This stems from the constant need to rebase to the share price and anchoring on short-term views, in turn overlooking the longer-term opportunity.

This is further exacerbated by the harsh reactions to business setbacks, instead of acknowledging that these are often just normal events occurring in the life of any enterprise.

Imagine if the emphasis shifted to a company's product roadmap, churn rates, subscription uptake of customers transitioning from its free services, and user engagement metrics. Look through this lens, and the view on the business may be decidedly different than what the public markets may conclude.

To that end, Blackbird Ventures rarely considers the day-to-day valuation of a business held within its portfolio, other than when raising new capital. This is because the internal pressures felt are different.

Public markets expose investors to a level emotion that private owners are devoid of, that is, the need to maintain share price performance. Remove the daily external marker of a company's worth, and suddenly the focus shifts to what is ultimately important and what is in their control, the business itself.

In other words, not all businesses are created equal, and not every business will succeed long term. What we can conclude from our over two-decade investment timeline, is our approach is not too dissimilar to the one adopted by Scevak.

If you could combine both private venture commitment and public market liquidity, we suspect the outcome could be powerful. Having an open and accessible share market has, for all its positives, one big drawback: an investor's ability to react to disappointment.

Every business will stumble at some point. Good ones, however, who possess enduring qualities of brand, market leadership, uniqueness, balance sheet strength and commitment to product reinvestment, often recover. The emotional response all too often is to slash and exit when the better option may have been to hold on.

Looking back, our own experience in publicly listed markets is no different to many investors. We suffer setbacks, and the pain endured is not pleasant for us or our funds. But we also accept these bumps are inevitable, and work to understand the path forward. Often the best path is the one you are on.

Investors tend to box themselves into external factors, be it the outside validation of a share price, company valuation concerns, or economic outlook. These are all valid reasons, but perhaps a better approach might be to consider investments as almost private in nature, thus limiting the impulse to act.

That idea of limiting impulsive actions is what underpins our approach to investing. We genuinely take a long-term lens, fully aware that we are not great predictors of the future. Accepting you know less and avoiding the temptation to anchor on core beliefs or views is from lessons learnt.

Our failures have given us perspective, but none more so than our winners. Long-term compounders do not come along that frequently. The trouble is there is no real predictor of those that end up being the big winners.

To that end, we aim to make thoughtful decisions every year, which over the long run can have a meaningful impact on returns. High quality businesses, managed by trusted people, operating with a dose of common sense, can evolve into great businesses. When they do, the odds of getting a good result are high.

Often missing is an investor approach that maintains an open mind with a sensible imagination of what is possible.

Perhaps that is the key message from Scevak and our own take on things after twenty years, that businesses can do amazing things when given understanding and patience. Undoubtedly, a rare double in the public share market arena. ***SFM***

Not a Level Playing Field

Some things need to be said by people of importance, even if the message is ultimately ignored. Wesfarmers Chairman Michael Chaney delivered such a message at the company's 2024 Annual General Meeting.

To provide some context, Wesfarmers listed on the Australian Stock Exchange on 15 November 1984, following Westralian Farmers' Cooperative's decision to form a new business valued at $80m.

Forty years on, the company is now valued at $80b, employs over 120,000 staff, and in the last financial year earned $44b in revenue and delivered a pre-tax profit of $3.6b.

Chaney felt it right to highlight the importance of these numbers.

"There is, I believe, too little appreciation of the huge contribution large businesses like Wesfarmers make to the Australian economy and it is worth pointing out just how significant that contribution is.

Now for some external parties, profit seems to be a dirty word, but it is important to understand how profitable businesses are essential to our economy and future prosperity.

For one thing, companies have to be profitable in order to continue to operate – to do everything I just listed, like employing people, sourcing products and services from suppliers, providing customers what they need and supporting their communities.

It would be good to hear political leaders of all persuasions acknowledge their understanding of these facts – that large companies like ours constitute a vital part of the economy, generate enormous benefits to the community and make a huge contribution to society.

Companies, large and small, deserve their support.

Chaney further cautioned that the current mood could threaten national productivity.

I'm referring here to the many changes we've seen to employment laws, payroll taxes and to some proposed environmental laws.

Such an understanding would, I believe, lessen the chance of governments enacting laws, as we pointed out in the annual report, work against the national productivity improvements that Australia so urgently needs.

It is only through a prosperous, vibrant, growing private sector that Australia is going to be able to provide the sort of support to our children and grandchildren that we have, in the past, taken for granted.

As for where the profits go, Chaney outlined that in his address too.

The first billion dollars of Wesfarmers' profit before tax in 2024, or 29 per cent, went to the federal government as income tax, to support all the services government provides. The next 61 per cent, or $2.2bn, went to our 490,000 shareholders – including individuals and superannuation funds . . . the last 10 per cent of the profit (about 1 per cent of the original revenue) went to retained earnings.

So, in other words, almost all of the profits ended up outside the company, supporting the economy and *community in different ways."*

Now Chaney is a businessman after all and his comments are unlikely to resonate with customers paying for the goods and services. The point he makes well, though, is the need for a broader understanding of the heavy lifting businesses of all sizes make to our society.

Cherry-picking has become a national pastime, led by governments and regulatory authorities. Where wrongs are done, they should be called out and punished. However, what is often lost in politically motivated enquiries is balance. Every situation should be considered with an understanding of all the facts to avoid distorting the truth.

Each time business rules change, more complexity is added. We have become accustomed to round-the-clock access to customer services without appreciating it all comes at a cost

A case in point is the evolving Environment, Social and Governance (ESG) expectations and requirements for businesses. In June 2023, the International Sustainability Standards Board (ISSB) introduced its first two IFSR Sustainability Disclosure Standards, referred to as IFRS S1 and IFRS S2.

Mandatory reporting of IFRS S1 and IFRS S2 will begin from 1 January 2025, based on company-specific data from the 2024 reporting cycle.

IFSR S1 includes general requirements for a company to disclose information about its sustainability risks and opportunities that are useful to users of general-purpose financial reporting. Meanwhile, IFRS S2 specifies the requirements for a company to disclose information about its climate-related risks and opportunities.

It is unlikely this level of financial scrutiny and disclosure will slow down anytime soon. Company directors are aware of their obligations, and resources are being duly applied, but such imposts are now simply considered a normal part of business. Perhaps money does grow on trees.

Not a level playing field

While many of our largest and most well-known businesses pay their way, the playing field is anything but level.

Anyone furnishing a new abode will know the Swedish housing group phenomenon IKEA.

It is hard to find someone who hasn't shopped at one of their stores, most famous for its cheap flat pack furniture and Allen key system. However, we would guess that few are familiar with IKEA's financial performance.

While sales in Australia have soared since its doors first opened in 1975, across its 10 big box stores, the company has failed at the most basic level, delivering profits.

Table 15: IKEA Australia financial track record 2015-2023

Year	**Sales**	Profit/**(Loss)**
2015	$827m	$15.1m
2016	$970m	$26.8m
2017	$1.22b	**($5.0m)**
2018	$1.39b	**($12.7m)**
2019	$1.38b	**($12.1m)**
2020	$1.55b	**($8.7m)**
2021	$1.62b	$7.9m
2022	$1.69b	$82.0m
2023	$1.78b	**($48.5m)**

Source: ASIC company reports

As **Table 15** shows, IKEA's Australian financial track record is unlike its successful brand status. Since its inception, the business has struggled to make a profit, despite generating a cumulative $12.5b in sales since 2015.

It is hard to understand how this is so, considering its low-cost model and self-service approach, which means fewer store staff.

Peel back the layers though and the truth perhaps lies in the intercompany loans between the Australian operations and its parent, Inter IKEA Systems B.V., based in the Netherlands. Ultimate control sits with Inter IKEA Foundation, based in the low tax haven of Liechtenstein.

On 31 August 2023, the final day of IKEA Australia's financial year, a noncash transaction involving the issue of shares and the settlement of interest free loans with a face value of $429m led to the group recording a loss of $49m

Yet despite the apparent failure to convert sales to profits, legally, everything appears to be above board, allowing the group to pay very little in the way of local company taxes.

Why is this important? The trade-off is an international business competing with an unfair advantage. Local operators are unable to skirt their tax obligations as easily as IKEA seems capable of doing and all the while boasting its role and contribution to society and the environment.

Local businesses paying local taxes deserve more from our elected leaders, a point that carries even more weight when compared to the likes of IKEA.

Remuneration: local v international

While a business like Wesfarmers has remained local, others have chanced their arm internationally. In doing so, they have had to compete on multiple levels, including gaining access to good talent.

It should come as no surprise that securing such high calibre executives is challenging and comes with a significant price tag. Unfortunately, proxy advisors often oppose such outcomes. Like politicians who fail to appreciate the heavy lifting of businesses, proxy advisors tend to ignore the competitive landscape for international talent.

For those unfamiliar with the role of proxy advisors, they provide their clients – usually institutional investors – with research, data intelligence, and recommendations related to management and shareholder resolutions, which are submitted for voting at annual and special meetings held by companies.

On the surface all seems fine. However, on closer inspection what becomes evident is a power base among the top proxy advisory firms that lacks transparency or accountability.

As one online writer, *Diligent.com* reported in December 2023, "*Proxy advisory firms are losing power because, over the years, they've arguably become too powerful. A recent report from the Securities and Exchange Commission noted that Glass Lewis and ISS control an estimated 38% of shareholder votes. The report states, 'Unfortunately, these firms have grown so powerful that they now serve akin to quasi-regulators to capital markets — despite no statutory authority.*"

Further adding, "*Proxy advisory firms don't have a fiduciary duty: They have no clear obligation to act in shareholders' interests. Many firms say they do but lack the transparency to prove they only act in the best interest of investors.*"

Unfortunately, proxy advisors in Australia are just as powerful and all too often their voting impact is felt at company annual general meetings. Remuneration is often the most contentious voting resolution put forward, sometimes leading to what is referred to as a first strike. This is a situation where 25% or more of shareholders have chosen to vote against the remuneration report.

A second consecutive strike could lead to a board spill as described, "*If a company suffers a second strike, shareholders must vote, at the same AGM, on whether a meeting should be held at which all non-executive directors would be required to seek re-election. A simple majority of eligible votes is required for such a "spill" resolution to be carried.*"

In that context, shareholders could be misled by the term '*advisory only*' when it comes to remuneration resolutions.

It is hard to think of many situations where harnessing the minimum 25% vote can lead to such a destabilising outcome against the wishes of the majority. Yet these are the circumstances confronting boards and shareholders at annual meetings, ever since its first introduction in July 2011.

It is a difficult situation boards find themselves in, as they aim to make sensible, commercial decisions covering international operations and locations, while also meeting the expectations of proxy advisors who are invariably rigid in their approach. In short, it is a tough gig.

Comment

The task of running a successful business has its challenges. In all walks of life, there are businesses or industries that abuse their regulatory or social standing.

However, in our opinion, Chaney makes the correct call in stating that, in many ways, the majority are well intended and deserve a break. On the face of it, it is hard to argue against this view. ***SFM***

A Matter of Principle

When gaming operator Light & Wonder received the bad news on 23 September 2024 that the U.S. District Court for the District of Nevada had granted competitor Aristocrat Leisure a preliminary injunction relating to Light & Wonder's new Dragon Train game, it undoubtedly caught many off guard.

Responding to the decision, Light & Wonder said, "*We respectfully disagree with the judge's decision and will promptly file an appeal. We will continue to vigorously defend against Aristocrat's claims, including presenting our defences to a jury at a trial.*"

Aristocrat initially filed a suit against Light & Wonder in March 2024, alleging the company had copied its popular Dragon Link game with its own game, Jewel of the Dragon. In addition, it accused the company of copyright infringement and misappropriating trade secrets, undertaken by one of Aristocrat's former employees.

The case went to court in June 2024. The U.S. Judge, Gloria Navarro, disagreed with most of Light & Wonder's assertions, noting Aristocrat had shown sufficient evidence that the misappropriation of trade secrets occurred, with enough grounds to move on the copyright infringement claims as well.

It is important to appreciate why Aristocrat moved, choosing to protect one of its most important intellectual property assets, the mathematical models behind each game. Two of its most successful games to date are the titles, Dragon Link and Lighting Link.

Light & Wonder's Jewel of the Dragon game title, which subsequently morphed into Dragon Train, was at the centre of Aristocrat's allegation.

In September, Judge Navarro concluded the case in favour of the plaintiff Aristocrat Leisure and granted a preliminary injunction on its trade secret claims. The decision effectively prevents Light & Wonder from any continued or planned sale, leasing, or other commercialisation of Dragon Train.

The Judge ruled that, "*A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favour, and that an injunction is in the public interest. Injunctive relief is an* ***extraordinary remedy*** *that may only be awarded upon a clear showing that the plaintiff is entitled to such relief*.

Commenting on the specific issue of game similarities, the Judge concluded, "*The likelihood that Ms Charles brought a blank template with her to L&W seems belied by the mathematical similarities described above. The court therefore finds it logical and reasonable to conclude Aristocrat is extremely likely to succeed in demonstrating L&W misappropriated Aristocrat's trade secret in its development of Dragon Train.*"

As one would suspect, the fallout from such an adverse finding was immediate. Light & Wonder's share price fell 25% on the day to a low of A$124.62. It has subsequently staged a recovery following a video update from the company's CEO Matt Wilson, outlining confidence in the existing game library, the maintenance of its 2025 Adjusted EBITDA target of US$1.4b and the termination of the Dragon Train game designer's employment.

What adds further meaning to this story is the significant number of former Aristocrat Leisure executives who have switched sides over recent years. In an industry dominated by very few global players, it shouldn't come as a complete surprise, but losing many senior executives to a key competitor can lead to tension and potential knowledge transfer.

The most senior of those to have landed at Light & Wonder include the current Executive Chair of the company, Jamie Odell and the Vice Chairperson Toni Korsanos, both of whom held the CEO and CFO roles respectively while at Aristocrat.

However, the list goes on: Matt Wilson, Director and current CEO of Light & Wonder, formerly the President and Managing Director, Americas at Aristocrat; Siobhan Lane, Executive Vice President and CEO of Gaming of Light & Wonder, formerly Senior Vice President of Marketing and Gaming Operations at Aristocrat; Ted Hase, Senior Vice President Game Design of Light & Wonder, having previously held the Senior Vice President role of R&D at Aristocrat; and Rich Schneider, Chief Product Officer hired in 2021, who held the same role at Aristocrat.

The assembly of so many ex-employees has led some in the investment world to compare Light & Wonder to

Aristocrat 'Mark Two', such has been the number involved.

CEO Wilson has been quick to dismiss the Judge's decision, stating it is "*an isolated incident that we are mitigating successfully*'. Further, Wilson noted there were "*a lot of elements*" of the original Dragon Train that have been left unchallenged by the order and can used in the new version, Dragon Train 2, with only certain aspects of the game's mathematics questioned.

The court's judgement centred on Aristocrat's definition of what constituted a trade secret across four categories, as outlined below.

1. **Assignment of prizes to SCAT2 symbols**

The underlying weighting and probability of how symbols are displayed, bonus games earned, and the assignment of prizes all constitute the smarts that dictate how a game is played and the probability of winning.

Light & Wonder argued the assignment of prizes is common knowledge in the gaming industry and the maths is possible to reverse engineer.

The Judge ruled in Aristocrat's favour, explaining, "*Because it is reverse engineering that serves as a defence, the court finds Aristocrat's mathematical logic, probability calculations and weight values to constitute trade secrets*."

2. **Hold and Spin Reels and probabilities**

Light & Wonder state that any game with a certain number of SCAT2 symbols and hit rate would have similar probabilities. Aristocrat contends that trade secrets similar to those concerning the probability of how symbols are displayed are also applicable here.

The Judge sided with Light & Wonder, noting, "*At this time Aristocrat does not demonstrate that these numbers are different than what is generally known in the trade.*"

3. **Major and Grand Jackpots**

The third category involves the probability of triggering a Grand or Major Jackpot, which Aristocrat alleges is not publicly disclosed or readily available. Light & Wonder failed to present data that illustrated reverse engineering delivered the game outcome. Rather, the company claimed that such information was readily attainable from customers at trade shows.

The Judge concluded the turnover rate of Aristocrat's jackpots is a trade secret.

4. **Base Game Math**

Lastly, Aristocrat argued its base game math is a trade secret, illustrating the many choices that go into such a design. Light & Wonder counted that the base game could be reverse engineered, however, the company did not provide the reconstructed base game.

The Judge ruled that Light & Wonder did not demonstrate how the exact reel and base game math for Aristocrat's Dragon Train are readily ascertainable, especially when considering the difficulties raised by Aristocrat's expert.

The Judge concluded that base game information constituted a trade secret.

Out of the four categories considered, the Judge ruled in Aristocrat's favour on three areas, perhaps inferring that the trade restrictions extend beyond just the game's maths as CEO Wilson suggests.

Where there is smoke, there is fire

On 28 May 2024, Swedish-based Evolution Gaming, with a market capitalisation of US$18b, submitted a lawsuit against Light & Wonder for an intellectual property infringement. The lodgement by Evolution, filed in the Nevada District Court, claimed Light & Wonder leveraged IP related to the former Lightning Roulette title, accessing maths files to create a "*copycat*" game.

As reported by CasinoBeats:

"*The dispute dates back to 2021, when Evolution approached Scientific Games, now LNW Gaming, to create a land-based version of the popular Roulette title.*

Evolution suggests that it shared confidential data with the defendant during negotiations, including the mathematical make-up of its Lightning Roulette game.

While L&W and Evolution never agreed to make the land-based title, L&W released Roulette X shortly afterwards, as well as PowerX. Evolution considers both of these titles as copycat games.

The lawsuit stated: 'LNW Gaming induced Evolution into providing L&W with Evolution's trade secrets for Lightning Roulette … under the auspices of entering into a partnership for developing physical Lightning

Roulette game tables, but turned around and used those trade secrets to develop its own copycat products knowing that its acts would harm Evolution.'

To resolve the issue, Evolution is hoping to gain compensation for damages and financial losses related to alleged actions taken by L&W, in addition to an injunction to prevent a similar situation from reoccurring."

Evolution v Light & Wonder update

The most recent update from 13 November suggests this case will proceed. Handing down a judgement at Nevada District Court, Judge Elena Youchah denied Light & Wonder's request to delay discovery.

"When deciding whether to issue a stay, a court must take a 'preliminary peek' at the merits of the dispositive motion pending in the case."

"Here, a preliminary peek at Defendants' Motion to Dismiss does not convince the court that Defendants will win dismissal of all claims asserted by Plaintiffs."

While we await the final ruling on Light & Wonder's motion to dismiss, these recent comments suggest this is unlikely and another case regarding the use of trade secrets may likely follow.

A matter of principle

When the Aristocrat court decision first broke in September, the initial feedback from the investment analyst community was mute, if not dismissive. There was almost a 'nothing to see here' outlook, as illustrated below:

"*Our view based on a number of industry and expert calls over the past two weeks is that this is an isolated event, and there are no further game titles at risk. We have also seen the company terminate the employee responsible for bringing the game across, so clearly they are on the front foot in moving forward with the issue*."

The Evolution case, still ongoing, was not even mentioned, so although it could be argued this was an isolated case involving Aristocrat, these practices may extend beyond one company.

It does beg the obvious question: where was Light & Wonder management in all of this? Dismissing a game designer or two is an easy outcome to shift the blame, but Dragon Train was no ordinary game. It is hard to imagine this all happened without oversight, particularly from those who should have known, including the head of Gaming, Siobhan Lane and Chief Product Officer, Rick Schneider.

Aristocrat CEO, Trevor Croker

CEO Croker would be the first to acknowledge that controlling the actions of an employee base is not without its challenges. You can set the cultural footings of an organisation, but ensuring proper behaviour is a constant process of creating the right framework and adhering to core principles.

In an industry that handsomely rewards successful game titles, competitors seek to copy those features in a legal manner. This has always been an accepted aspect of the industry, but the theft of internally developed trademarks, including math models and game design is now under serious debate. As Croker noted, *"just because it is allowed doesn't mean it is right*."

U.S. industry commentators have provided perspective on current proceedings. Casinowow.com is illustrative of many:

"Aristocrat is one of the longstanding providers that has maintained a high ranking within the industry while keeping its creative and technological advancements under wraps. This and Aristocrat's impressive portfolio clearly show the company's dedication to its craft.

It's also a reminder to companies like Light & Wonder that no quick fix or corner-cutting will be beneficial in the end.

Innovation is important. Casino games are no longer as simple as when the industry first started, and a lot of brain power goes into each creation. Not to mention the years of research and technological advancements made behind the screens.

With this current legal battle, Aristocrat shows that it's not only serious about maintaining its position as a leader within the industry but also that it will not tolerate or ignore the unlawful use of its innovations and intellectual property.

Depending on the outcome of the case, we may even see increased scrutiny of intellectual property practices and more investments in legal protections. The good *thing is that we may also see providers work even harder to develop games unique to them."*

Current update

On 18 November 2024, Light & Wonder's latest attempt to dismiss the Dragon Train claims was addressed by the court.

The complaint maintained its stance that, "*Aristocrat's First Amended Complaint suffers from the same fatal deficiencies as its original Complaint. Aristocrat has not — and cannot — assert valid trade dress infringement or deceptive trade practices claims."*

Specifically, addressing the latest attempt to dismiss, Judge Navarro noted that Aristocrat provided sufficient allegations about the design's distinctiveness, including evidence of extensive advertising, game placement in over 35 states and positive consumer recognition.

The ruling allows Aristocrat to proceed with claims of trade dress infringement, misappropriation of trade secrets and copyright violation.

Future judgement day

In due course, and if all goes to plan, Aristocrat will have its day in court. For the Aristocrat team, led by CEO Croker, the importance of this comes down to a matter of principle.

That is, the right to protect internally developed trade secrets and, above all else, ensure the creativity of the business. Importantly, it also sends a message to the team that principles must be honoured.

As to what awaits those who infringe, Casinowow.com adds, "*It's evident that copying competitors' games will certainly lead to legal battles, which could be heavy on the wallet."*

Light & Wonder may yet learn what an expensive exercise this could turn out to be. ***SFM***

Disclaimer: Selector Funds Management owns Aristocrat Leisure shares on behalf of clients invested in the Selector Funds and via institutional mandates. Selector does not and has not owned Light & Wonder shares.

Shifting Sands of ESG

The rapidly shifting sands of ESG in corporate America became apparent when on Jan 12th the Wall Street Journal reported that Mark Zuckerberg, founder of Meta (Facebook parent) had *"torched Meta's long standing diversity policies"* and *"met with Trump in Florida for the second time in seven weeks."*

Zuckerberg also said *"Meta would add political content back into user feeds, relax rules on hate speech and diminish the role of third-party fact-checkers on the company's platforms."* The WSJ noted *"the policy changes were implemented so quickly that they caught many senior managers off guard, and some are still trying to understand how they will be implemented".*

This is a material development in shaping public perceptions considering 50% of the globe (3.2 billion users) access accounts and newsfeeds from the Meta platforms on a monthly basis.

Also in early January, Zuckerberg appointed a new Republican head of global policy and added Ultimate Fighting Championship (UFC) CEO Dana White to Meta's board of directors.

White was instrumental in linking President Elect Trump with disenchanted young male voters via podcasters Theo Von and Joe Rogan who provide a link to the "manosphere" a collection of websites blogs and online forums promoting masculinity, misogyny and opposition to feminism according to Wikipedia.

Trump and White have been friends since UFC 30 and 31, shortly after White acquired UFC for $2m, and staged these events at Trump Taj Mahal in Atlantic City in 2001. More than 20 years later White was on stage and was introduced by the President-elect when Trump proclaimed victory in the 2024 Presidential election. White acknowledged Theo Von on that occasion.

According to the WSJ *"Zuckerberg appeared on Joe Rogan's podcast #2255 to trash the Biden administration and extol the benefits of masculinity in corporate leadership."*

The three-hour podcast discussed government intervention, free speech, the failings of third-party fact checking verse community notes which Zuckerberg sees as a better arbitrator of consensus and truth.

Rogan also discusses mixed martial arts and developing "the skill to kill people" which he does not advocate. Zuckerberg's response?

"I do think a lot of our society has become…kind of like, neutered, or like, emasculated ... "When you're running a company, people typically don't want to see you being like this ruthless person," he said. He added that people who have seen him competing in jujitsu have remarked, *"That's the real Mark."*

Zuckerberg believes that on a global level mainstream media is no longer trusted. He cites the election results of 2024 as a proof point, where incumbents were voted out. He claims that in the wake of this distrust, social media and podcasters are the platforms delivering the voices of a new cultural elite.

On Dana White, Zuckerberg comments that, *"I'm not afraid of losing my job because I control the company, so I just want the best entrepreneurs around me. He has taken a marginal sport that John McCain (Republican nominee 2008 Presidential election) was trying to outlaw to one of the fastest growing sports in the world alongside F1... the UFC brand is beloved. He has a strong backbone".* A perplexity search suggests white is worth $500 million.

In other events this month shaping corporate America, Amazon's Prime Video streaming service licensed what it said was a documentary about former and future first lady Melania Trump. The $40 million licensing deal, which includes the film and a three-part docuseries, is being done with her cooperation and she will have an executive-producer credit. Jeff Bezos, who founded Amazon, remains the company's executive chairman.

Elon Musk, whose elevated status needs no introduction, will undoubtedly impact corporate America during the Trump Presidency and beyond. In the early weeks of January Musk has been touted as a buyer of the USA subsidiary of Chinese social media platform TikTok, believed to control 4% of advertising dollars in the USA.

Whether you are mortified by their combined powerbase, a closet supporter or a resigned observer, the new cultural elite potentially including Trump, Musk, Zuckerberg, Bezos and the likes of White, are all unconventional entrepreneurs who have found success in experiments that challenge the status quo. They share a philosophy of breaking things fast to drive change. This is likely to result in rapid change that shapes corporate America in 2025 and impacts ESG thinking in the wider community.

This does not all need to be negative, or a backwards step. Invariably when common sense prevails over common practice, this is a good thing, it enables both productivity gains and innovation. ***SFM***

Table 16: The Big Corporate Voices - at Jan 2025

Followers	X	YouTube	Facebook	Instagram	Truth	Combined
Zuckerberg (Meta)	-	-	-	15m	-	4b[2]
White (UFC)	8m	11m	53m	45m	-	698m[2]
Bezos (Amazon)	6m	-	-	5m	-	310m[2]
Musk	212m	-	-	24m	-	236m
Trump[1]	89m	-	-	26m	7m	122m
Joe Rogan	15m	17m	-	20m	-	66m

[1]When Trump was suspended in 2021

[2]*corporate combined*

Table 17: The Five Largest Social Media Footprints - at Jan 2025

Followers	Category	Combined
Christiano Ronaldo	Sport	985m
Selena Gomez	Music	598m
Justin Bieber	Music	515m
Kylie Jenner	Influencer	505m
Lionel Messi	Sport	504m

Data from Perplexity Ai

Global Sustainability Standards

Background

The IFRS Foundation, established in 2001 by a coalition of international accounting organisations, including the World Bank, was tasked with developing high-quality, understandable, and globally accepted accounting standards. To fulfil this mandate, the foundation created an independent standard-setting body, the International Accounting Standards Board (IASB).

The IFRS Foundation acts as an oversight body, providing governance and strategic direction, while the IASB focuses on the technical work of drafting and issuing International Financial Reporting Standards (IFRS).

Development of Global Sustainability Standards

As a result of increasing stakeholder concerns about Environmental, Social and Governance (ESG) issues, many entities voluntarily provide additional disclosures about ESG issues over and above their financial reporting requirements.

In November 2021, the IFRS Foundation announced the creation of the International Sustainability Standards Board (ISSB) to address the need for a single set of globally accepted sustainability reporting standards that are integrated, consistent and on par with financial reporting standards.

In June 2023, the ISSB issued its first two IFRS sustainability disclosure standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

IFRS S1 sets out general requirements for the disclosure of material information about sustainability-related financial risks and opportunities. IFRS S2 sets out supplementary requirements specific to climate-related matters. Together, the standards require an entity to disclose information about its impacts and dependencies on people, the planet and the economy to meet the needs of primary users of general-purpose financial information.

IFRS S1 and S2 came into effect for annual periods beginning on or after 1 January 2024, but implementation depends on adoption or enacting them into law.

Key features:

Purpose: IFRS S1 and S2 are intended to enhance transparency and comparability of sustainability-related information for stakeholders. They aim to bridge the gap between sustainability and financial reporting.

Content: IFRS S1 establishes a baseline for sustainability-related financial disclosures. IFRS S2 builds on this by requiring companies to disclose information about climate-related risks and opportunities.

Guidance: IFRS S1 requires companies to consider the SASB Standards for topics beyond climate. IFRS S2 provides guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

The primary objective of this Standard is to ensure entities disclose material information about sustainability-related risks and opportunities that could significantly affect their financial performance, position, or cash flows.

IFRS S1 provides the basic requirements for sustainability disclosures, which should be used with IFRS S2 as well as any future standards the ISSB releases.

Key features include:

<u>Requires disclosure of material information:</u> Mandates the disclosure of material information about sustainability-related risks and opportunities with the financial statements.

<u>Industry-specific guidance:</u> Encourages using industry-specific guidance (including industry-based SASB standards) to identify and disclose relevant sustainability-related risks and opportunities.

<u>Broader sources:</u> Refers to various sources to assist companies in identifying sustainability-related risks and opportunities.

<u>Connecting sustainability and finance:</u> Requires disclosures that demonstrate the connections between sustainability-related risks and opportunities and their

potential impact on the entity's financial statements. For example, a company should disclose how climate change-related risks, such as increased insurance costs due to extreme weather events, could impact its financial performance (e.g., increased expenses and reduced profitability).

GAAP agnostic: Applies regardless of the underlying Generally Accepted Accounting Principles (GAAP) used by the entity.

IFRS S2: Climate-related Disclosures

IFRS S1 and S2 are designed to be applied together. However, IFRS S2 has been developed to capture climate-specific requirements, including:

Strategy disclosures: Distinguishing between physical (e.g. extreme weather events) and transition (e.g. policy changes, technological changes) risks.

Climate-related action plans: Disclosures of how companies plan to address climate change, including managing risks and capitalising on opportunities.

Scenario analysis: Requires scenario analysis of climate-related impacts.

Metrics and target disclosures:

Cross-industry metrics: Including key metrics relevant to all companies, such as greenhouse gas emissions.

Industry-specific metrics: Incorporating metrics relevant to specific industries (for example, carbon intensity of loan portfolios for banking institutions).

Company-specific metrics: Requiring disclosure of company-specific metrics used by the board or management to measure progress towards climate-related targets.

Disbandment of the Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD was established in 2015 by the Financial Stability Board (FSB) to develop voluntary and consistent climate-related financial risk disclosures for use by companies, investors and other stakeholders.

In 2017, the TCFD published its final recommendations across four core areas for climate-related disclosures: Governance, Strategy, Risk Management, and Metrics & Targets. Following publication, the recommendations have achieved widespread global recognition and have been embraced by numerous companies and jurisdictions.

The ISSB now oversees climate-related financial disclosures, building its IFRS S2 standard on the TCFD's recommendations. In late 2023, the FSB announced the TCFD was disbanded, as its work was considered complete.

Australian Sustainability Reporting Framework

Australia's sustainability reporting framework was established in September 2024, following the Climate-related financial disclosure reporting legislation being passed through Parliament. The Act requires relevant entities to disclose climate-related plans, financial risks and opportunities in line with the Australian Sustainability Reporting Standards (ASRS) issued by the Australian Accounting Standards Board (AASB).

The ASRS include two standards: AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information and AASB S2 Climate-related Disclosures.

Both standards closely align with IFRS S1 and S2, with only minor modifications to suit the Australian context. The key difference is that AASB S2 is mandatory for reporting entities, while AASB S1 remains voluntary.

Australia is implementing a three-phased approach (see **Figure 26**), with the first group required to report for annual periods beginning on or after 1 January 2025. Sustainability reports must be lodged in line with current financial reporting requirements. Since most Australian companies have a 30 June year-end, the first mandatory reports for Group 1 entities will be for the year ended 30 June 2026.

Figure 26: Phased Implementation Approach

	Required to lodge financial reports under Chapter 2M of the *Corporations Act 2001* and falls within one (or more) of the following three categories (sustainability reporting thresholds)				
	Meet two of three reporting thresholds:			National Greenhouse and Energy Reporting (NGER) Reporters	Asset Owners (Registered schemes, Registrable superannuation entities and retail CCIVs)
	Consolidated gross revenue (For the financial year)	Consolidated assets (At the end of the financial year)	Employees		
Group 1 First annual reporting periods beginning on or after 1 January 2025	$500 million or more	$1 billion or more	> 500	Above NGER publication Threshold [2]	Scoped out of Group 1
Group 2 First annual reporting periods beginning on or after 1 July 2026	$200 million or more	$500 million or more	> 250	All other NGER reporters	$5 billion or more assets under management
Group 3[1] First annual reporting periods beginning on or after 1 July 2027	$50 million or more	$25 million or more	> 100	N/A	Refer to Group 3 reporting thresholds (see left)

[1] Limited disclosure for Group 3 entities if they have no material financial risks or opportunities relating to climate – see next page

[2] NGER reporters meeting Group 1 thresholds will be in Group 1 even if emission is below NGER publication threshold

Source: KPMG Australian Sustainability Reporting Legislation and Standards Guide, September 2024

Comment

While these new sustainability standards aim to enhance transparency and accountability, they also present challenges for businesses. Companies will need to invest in data collection, develop robust reporting systems, and potentially adjust their business strategies to address the disclosed information. Some companies already have established sustainability reporting practices, others will need to significantly enhance their capabilities to comply with the new requirements.

Ultimately, the successful implementation of these standards will depend on a collaborative effort between businesses, regulators and investors to ensure a balanced approach that supports both sustainability goals and business needs. ***SFM***

2024: Insights

JAPAN

Figure 27: Japan Stock Market Recovers to 1989 Records

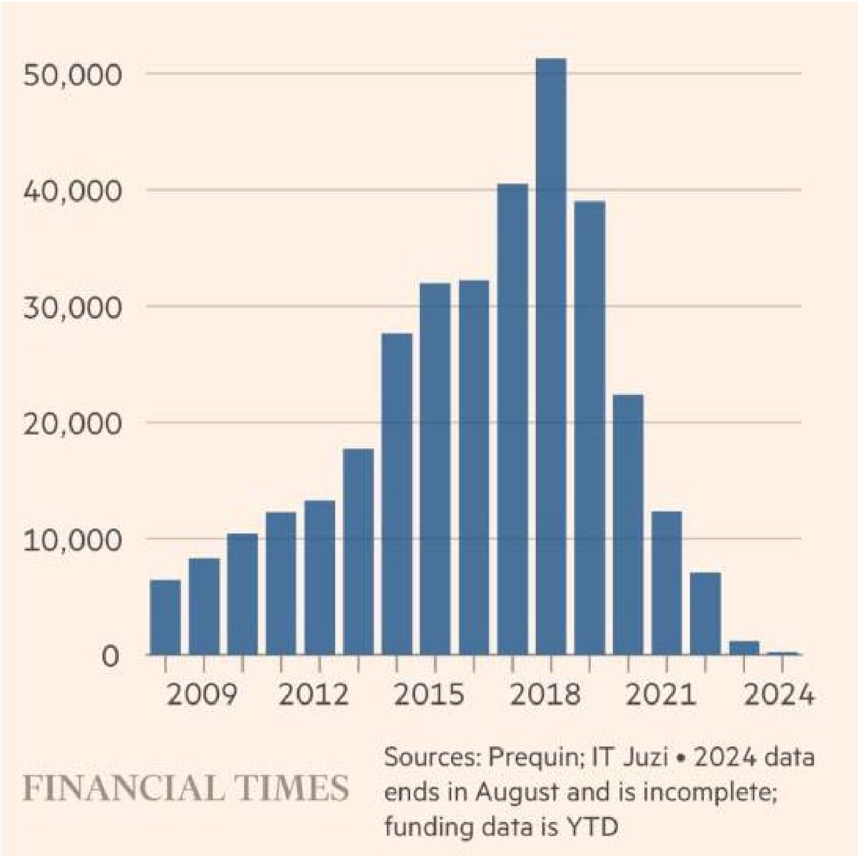
Source: Financial Times

In February 2024, The Nikkei 225 stock index surpassed its earlier high set 34 years ago, having faced prolonged periods of stagnation and deflationary pressures. The milestone in 2024, highlighted in **Figure 27**, corresponded with Japan's central bank raising interest rates for the first time in 17 years to 0.25% in July.

CHINA

Across the ocean, China is facing a weaker economic outlook compounded by decade weak company founding activity, ageing demographics, deflation and property debt as highlighted in **Figure 28**, **Figure 29** & **Figure 30.**

Figure 28: Companies Founded in China

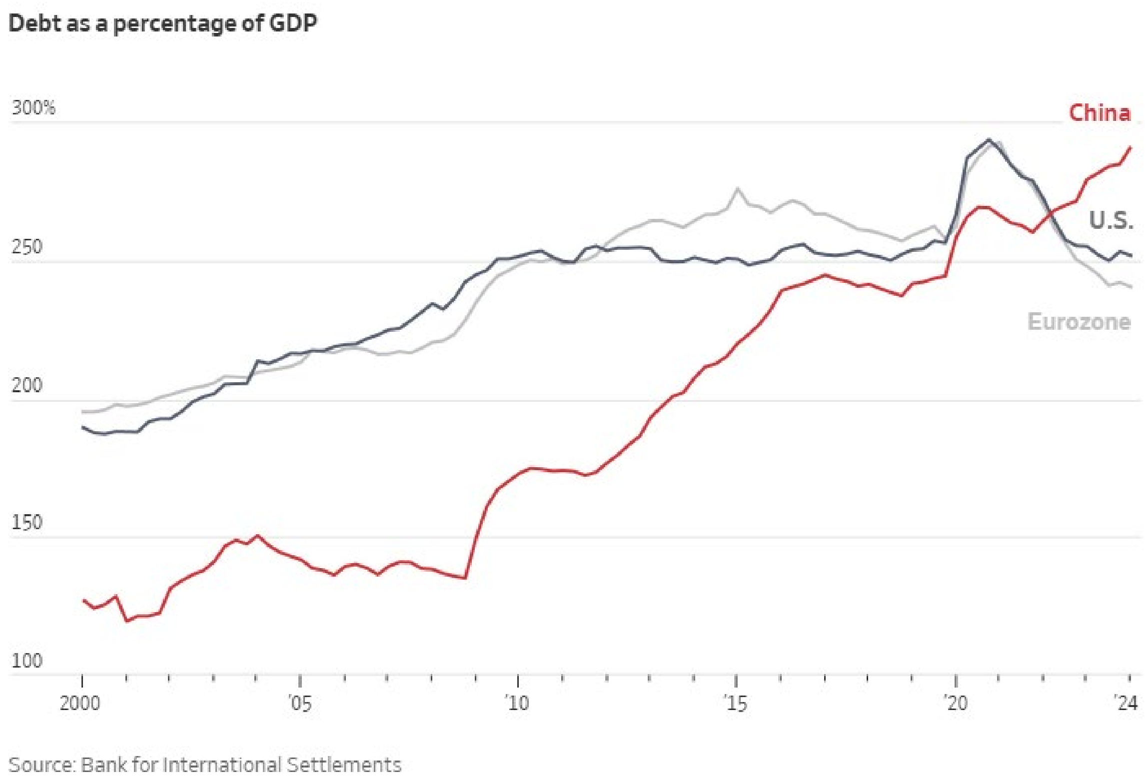


Source: Financial Times

Figure 29: China Working Age Population, Change from 1yr Earlier

Source: WSJ

Figure 30: Debt as a Percentage of GDP



Source: WSJ

SOCIAL ENTITLEMENTS

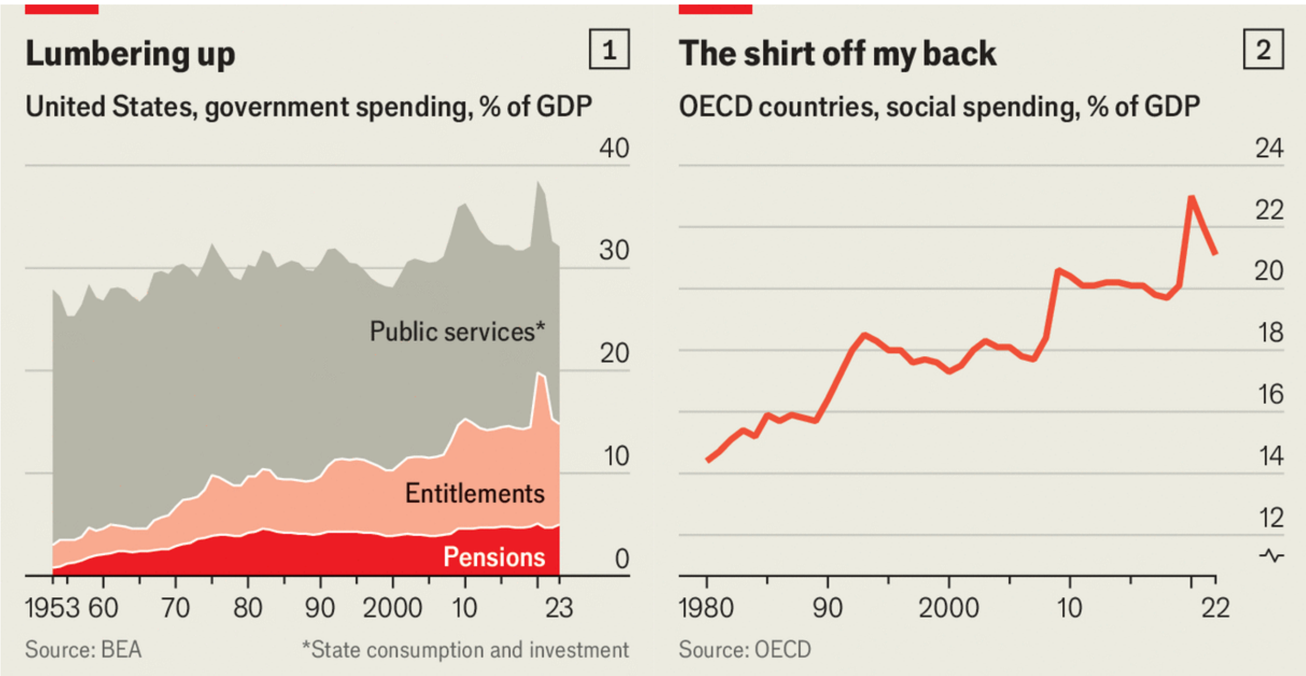
In recent decades Western countries have overseen an expansion in government spending on social entitlements. Data from The Economist, highlighted in **Figure 31** & **Figure 32**, estimated that in the early 1950's state spending on public services equalled 25% of a country's Gross Domestic Product (GDP) whilst entitlements spending on pensions and other means of welfare equalled circa 3% of GDP.

Today, data from the U.S. paints a different story, with spending on entitlements and public services both equal at around 15%.

This trend has followed globally, with OECD countries facing similar levels of social spending as a percentage of GDP.

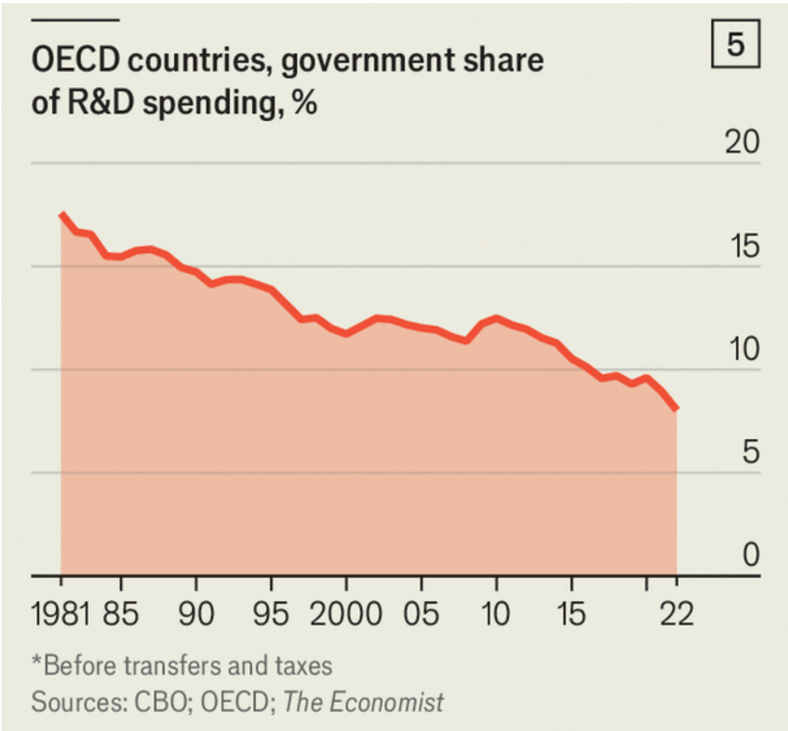
One area feeling the impact is innovation, with OECD governments now accounting for less than 10% of total R&D spend.

Figure 31: US & OECD Countries changing spend of GDP



Source: The Economist

Figure 32: OECD R&D Spend by Governments

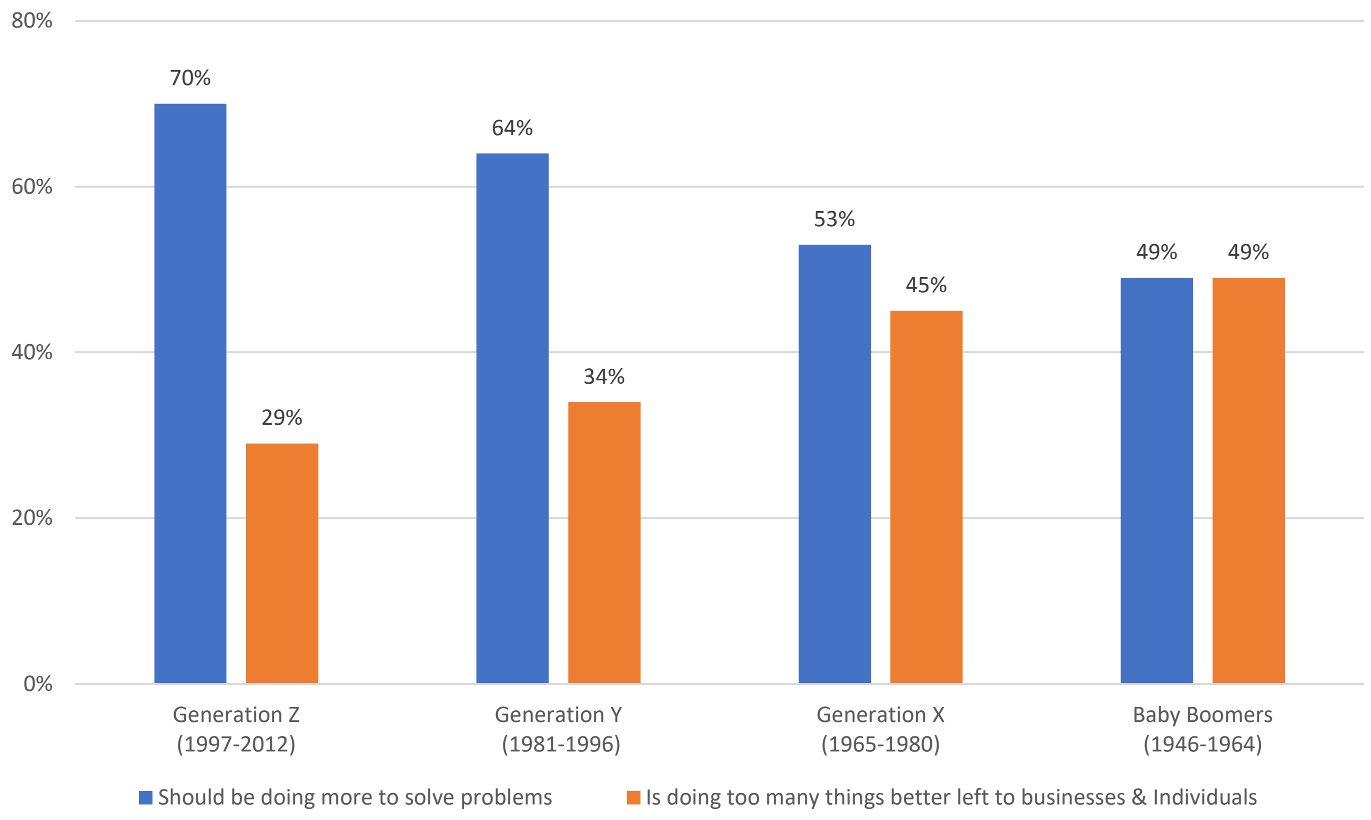


Source: The Economist

DEMOGRAPHICS

Macquarie's Global Strategist Viktor Shvets latest book *"The Twilight Before The Storm"* points to a survey conducted by Pew research, a U.S. fact tank in May 2020 and illustrated in **Figure 33**, that links society expectations on governments by demographic cohorts.

Figure 33: The Role of Government in Solving Problems



Source: Pew Research, May 2020

As Shvets discusses, with each successive Generation, identified as either Baby Boomers, Generation X, Generation Y or Generation Z, the surveys highlight a growing need for governments to solve society's problems.

Whereas the Baby Boomers tend to prefer independence and less government intervention, the current generation is wanting the government to increasingly solve economic and social problems. The burden of such demands is giving rise to more personal entitlements, paid for by taxpayers.

Countering such views, the former Prime Minister of the United Kingdom 1979-1990, Margaret Thatcher said in 1978, "*I place a profound indeed a fervent faith in the virtue of self-reliance and personal independence. Once you give people the idea that all this can be done by the state and that it is somehow second best or even degrading to leave it to private people… then you will begin to deprive them of one of the essential elements of humanity - personal moral responsibility.*"

AUSTRALIAN STOCK EXCHANGE

We provide below a letter written to the Editor of the Australian Financial Review on the 8 January by one of its readers. The subject matter, the Australian Stock Exchange (ASX).

Considering the ASX's crucial role in the proper functioning of our financial markets, the reader's comments deserve serious and urgent consideration. ***SFM***

Figure 34: ASX Ongoing Struggles

Regulators must act on ASX

The time has arrived for regulators ASIC and APRA to the put the ASX's feet to the fire.

Described by *The Australian Financial Review* as clowns, the ASX can add buffoonery to its collection of tricks, following the failure of the clearing and settlement on the Friday before Christmas ("ASX scrambles to fix CHESS settlements outage as traders fume", December 20). Nothing to see here, said the ASX to its clearing members. It will be fixed "shortly".

"Shortly" turned out to be the Sunday afternoon, and in the interim the T+2 trades were cleared and settled off the individual settler's balance sheet.

Not a thank you from the ASX or a reimbursement for the outstanding two days' interest cost.

For the clearing and settlement system to crash when the market's attention was elsewhere for Christmas beggars belief. Volumes were extremely light. The capital markets can hold no confidence for the system to stand up to more robust market volatility in 2025 despite the ASX's fallacious claims all is on track. Clearly it is not.

Now is the time for the regulators to step in and collapse the ASX's clown tent and formulate alternative clearing and settlement pathways. Because if we wait until next time, it will be too late.

Kim Slater
Fairlight, NSW

Source: AFR

Company Engagements – December 2024 Quarter

Date	Company	Description
1-Oct	RMD	ResMed Investor Day
1-Oct	JHX	James Hardie Industries Sustainability Investor Briefing
1-Oct	ALL	Aristocrat Leisure Macquarie Industry Insights Call
1-Oct	ALL	Aristocrat Leisure UBS Industry Insights Call
1-Oct	PME	Pro Medicus Management Meeting
2-Oct	WTC	WiseTech Global UBS Industry Insights Call
2-Oct	JHX	James Hardie Industries Barrenjoey Industry Insight Call
2-Oct	RWC	Reliance Worldwide Management Meeting
2-Oct	SIG	Sigma Healthcare GS Management Meeting
2-Oct	SIG	Sigma Healthcare GS Chemist Warehouse Management Meeting
2-Oct	CAR	CAR Group Management Meeting
4-Oct	CSL	CSL Management Meeting
4-Oct	MVP	Medical Developments International Management Meeting
8-Oct	IFM	Infomedia Management Meeting
8-Oct	JIN	Jumbo Interactive Management Meeting
8-Oct	BRG	Breville Management Meeting
9-Oct	REA	REA Group Annual General Meeting
9-Oct	COH	Cochlear Management Meeting
10-Oct	TLX	Telix Pharmaceuticals Management Meeting
11-Oct	MVP	Medical Developments International Management Meeting
11-Oct	NAN	Nanosonics Management Meeting
14-Oct	WTC	WiseTech Global Barrenjoey Technology Forum
14-Oct	IFT	Infratil Barrenjoey Technology Forum
14-Oct	SDR	SiteMinder Barrenjoey Technology Forum
14-Oct	HSN	Hansen Technologies Barrenjoey Technology Forum
14-Oct	NAN	Nanosonics Barrenjoey Technology Forum
14-Oct	SEK	SEEK Barrenjoey Technology Forum
14-Oct	JIN	Jumbo Interactive Barrenjoey Technology Forum
14-Oct	REA	REA Group Barrenjoey Technology Forum
14-Oct	OCL	Objective Corporation Barrenjoey Technology Forum
14-Oct	NXT	NEXT DC Barrenjoey Technology Forum
15-Oct	RMD	ResMed JPM Management Meeting
15-Oct	PME	Pro Medicus Citi Management Meeting
16-Oct	WTC	WiseTech Global Citi Management Meeting
17-Oct	ARB	ARB Corporation Annual General Meeting
17-Oct	OFX	OFX Group 1H25 Trading Update
17-Oct	FLT	Flight Centre Travel Group UBS Industry Insights Call
21-Oct	DMP	Domino's Pizza Enterprises Management Meeting
22-Oct	CSL	CSL R&D Day
24-Oct	RWC	Reliance Worldwide Annual General Meeting
24-Oct	REH	Reece Annual General Meeting
24-Oct	MVP	Medical Developments International Annual General Meeting
24-Oct	RWC	Reliance Worldwide Investor Briefing
25-Oct	RMD	ResMed 1Q25 Results Call
25-Oct	COH	Cochlear Annual General Meeting

Date	Company	Description
25-Oct	CAR	CAR Group Annual General Meeting
28-Oct	PNV	PolyNovo Annual General Meeting
29-Oct	CSL	CSL Annual General Meeting
29-Oct	SEK	SEEK Management Meeting
31-Oct	ALL	Aristocrat Leisure JPM Management Meeting
31-Oct	CPU	Computershare Management Meeting
1-Nov	FLT	Flight Centre Travel Group Management Meeting
1-Nov	ALL	Aristocrat Leisure JPM Management Meeting
4-Nov	IFM	Infomedia Management Meeting
5-Nov	DMP	Domino's Pizza Enterprises Management Meeting
6-Nov	RMD	ResMed JPM Industry Insights Call
6-Nov	LLY	Eli Lilly JPM Management Meeting
6-Nov	WTC	WiseTech Global JPM Industry Insights Call
6-Nov	DMP	Domino's Pizza Enterprises Annual General Meeting
7-Nov	BRG	Breville Annual General Meeting
7-Nov	DMP	Domino's Pizza Enterprises Analyst Call with Incoming CEO
8-Nov	REA	REA Group 1Q25 Results Call
8-Nov	JIN	Jumbo Interactive Annual General Meeting
11-Nov	WTC	WiseTech Global Management Meeting
11-Nov	CTD	Corporate Travel Management UBS Conference
11-Nov	BRG	Breville UBS Conference
11-Nov	SDR	SiteMinder UBS Conference
11-Nov	RHC	Ramsay Health Care UBS Conference
11-Nov	DHG	Domain Holdings Australia UBS Conference
11-Nov	IFM	Infomedia UBS Conference
12-Nov	HUB	HUB24 UBS Conference
12-Nov	PNI	Pinnacle Investment UBS Conference
12-Nov	OFX	OFX Group HY25 Results Call
12-Nov	NAN	Nanosonics Annual General Meeting
12-Nov	FCL	FINEOS Corporation Holdings Management Meeting
13-Nov	FCL	FINEOS Corporation Holdings Investor Briefing
13-Nov	JHX	James Hardie Industries 2Q 2024 Results Call
13-Nov	ALL	Aristocrat Leisure FY24 Results Call
14-Nov	CPU	Computershare Annual General Meeting
14-Nov	FLT	Flight Centre Travel Group Annual General Meeting
14-Nov	OFX	OFX Group Management Meeting
14-Nov	FCL	FINEOS Corporation Holdings Management Meeting
15-Nov	LNW	Light & Wonder JPM Management Meeting
15-Nov	ALL	Aristocrat Leisure Management Meeting
19-Nov	CPU	Computershare Macquarie Management Meeting
19-Nov	IFM	Infomedia Annual General Meeting
19-Nov	TNE	TechnologyOne FY24 Results Call
19-Nov	SEK	SEEK Annual General Meeting
20-Nov	TNE	TechnologyOne Management Meeting
21-Nov	FPH	Fisher & Paykel Healthcare Barrenjoey Industry Insight Call
21-Nov	RMD	ResMed Annual General Meeting
21-Nov	TNE	TechnologyOne GS Management Meeting
21-Nov	ALL	Aristocrat Leisure JPM Industry Insights Call

Date	Company	Description
22-Nov	TNE	TechnologyOne Barrenjoey Management Meeting
22-Nov	WTC	WiseTech Global Annual General Meeting
22-Nov	TNE	TechnologyOne UBS Management Meeting
25-Nov	PME	Pro Medicus Annual General Meeting
26-Nov	IFM	Infomedia Barrenjoey Investor Breakfast
26-Nov	FLT	Flight Centre Travel Group Barrenjoey Industry Insight Call
26-Nov	SIG	Sigma Healthcare Barrenjoey Industry Insight Call
27-Nov	NAN	Nanosonics JPM Management Meeting
27-Nov	CSL	CSL JPM Industry Insights Call
28-Nov	FPH	Fisher & Paykel Healthcare 1H25 Results Call
29-Nov	TLX	Telix Pharmaceuticals JPM Management Meeting
2-Dec	FPH	Fisher & Paykel Healthcare Management Meeting
2-Dec	FPH	Fisher & Paykel Healthcare JPM Management Meeting
3-Dec	NAN	Nanosonics U.S. Site Visit
3-Dec	WTC	WiseTech Global Investor Day
4-Dec	ALL	Aristocrat Leisure FY24 Sustainability Update
4-Dec	BRG	Breville U.S. Site Visit
4-Dec	CAR	CAR Group Citi Management Meeting
16-Dec	Z.NAS	Zillow Group GS Management Meeting

Selector Funds Management Limited Disclaimer