

Market Analysis

Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Economic and stockmarket conditions appear favourable and we see good value and growth potential in shares, so remain fully invested.

Investment Outlook.

Over recent years - and likely over the next several years - the global economy has experienced only modest growth. This is a favourable situation for share prices . . . and *can* potentially lead to a boom in share values (although that is not the situation at present).

Rapid economic growth requires businesses to invest in real assets - factories, offices, plant and equipment - to lift production volumes. That usually requires raising new capital (i.e. either capital or debt) from financial markets (i.e. taking money from the financial markets to finance investment in the real economy).

Modest economic growth has the opposite impact on financial flows. Companies require little new investment in real assets, so do not need to take money out of the financial markets. In fact, companies will generate cash surpluses that are not required in the business which can be distributed to shareholders, either as dividends or share repurchases (or to fund cash acquisitions?). This transfers money from the real economy into financial markets.

This situation can lead to “financial asset inflation” which can target a particular sector and may appear as a “Property boom” or “Stockmarket boom” or even a “Gold boom”. The expansion of money supply by Central Banks increases the potential for this “financial asset inflation”.

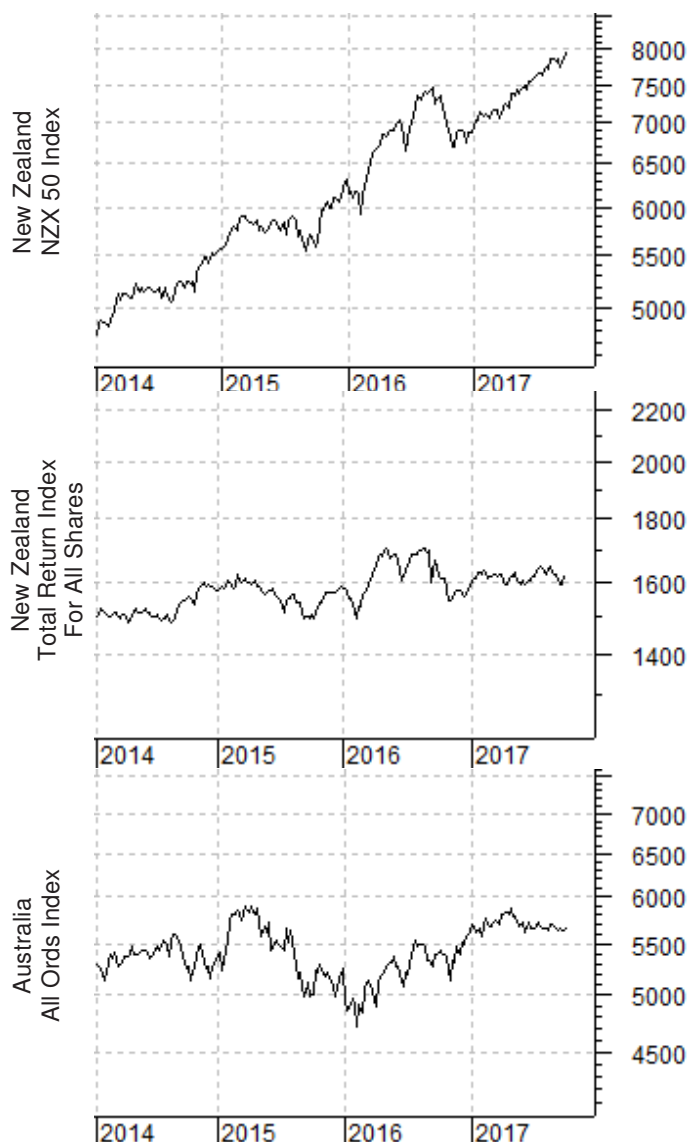
Many stockmarkets are at all-time highs, leading some people to argue that we are in a stockmarket boom and share prices are *already inflated*.

We disagree. Where is the *mania*? Where are the crowds of first time investors? Where are the people who gave up their day jobs to become full-time traders? Have you heard of *anyone* mortgaging their house or taking out a large margin loan (or a credit card advance?) to buy shares to make “big money in the stockmarket”? We have many, many times . . . but not since 1986/87 and 1999/2000.

The US stockmarket has almost *quadrupled* in value over the last nine years. (Continued on Page 14)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	67% (Bullish)	60% (Neutral)
New Zealand:	71% (Bullish)	59% (Neutral)



Recommended Investments

Steel & Tube Holdings is “to test the property market” by offering its Stonedon Drive, Auckland, property for sale and leaseback. A decision on this potential sale is expected in November.

Steel & Tube Holdings



Australian Shares

(This section is in Australian currency, unless stated.)

AtCor Medical raised \$341,000 (i.e. 68% of the amount sought) in its recent Share Purchase Plan. Shareholders contributed \$252,000, directors \$80,000 and the underwriter \$9000.

AtCor Medical



Brickworks Ltd

Year to 31/7/2017

	Latest	Previous	Change
Revenues	\$841.8m	\$751.0m	+12.1%
Net Profit	\$196.4m	\$147.1m	+33.6%
Net Cash Surplus	\$115.4m	\$148.5m	-22.3%
Earnings per share	131.7c	98.9c	+33.6%
Dividends per share	51.0c	48.0c	+6.3%

Building Products earnings fell 14% to \$65.0 million (before interest and tax). Improved results on the east coast were offset by “a significant decline in Western Australia”.

Investment earnings rose 73% to \$103.1 million, helped by higher profits from **New Hope Corporation** (a coal miner 59.65% owned by **Washington H. Soul Pattinson** which is 42.7% owned by Brickworks).

The Property division lifted earnings 23% to \$90.6 million, helped by the \$50.3 million profit on the sale of *Oakdale West* to the 50% owned Property Trust.

The Property Trust has \$878 million of leased properties plus \$523 million of land to be developed, less borrowing of \$441 million. That gives net assets of \$960 million. Brickworks owns 50% of this trust, so property assets of \$700 million (470 cents per share) or net assets of \$480 million (322 cents per share).

This financial year the trust will complete over 80,000m² of new property developments at *Oakdale Central*, NSW, and over 60,000m² at *Rochedale*, QLD. These developments will lift annual rental income over \$15 million to more than \$70 million. The completion of infrastructure work at *Oakdale South* will realise \$100 million from the sale of 30 hectares of land.

Brickworks



Cynata Therapeutics reports that the **US Patent & Trademark Office** has granted a new patent covering “certain proprietary methods” relating to the manufacture of mesenchymal stem cells. This patent runs until February 2028.

Cynata Therapeutics

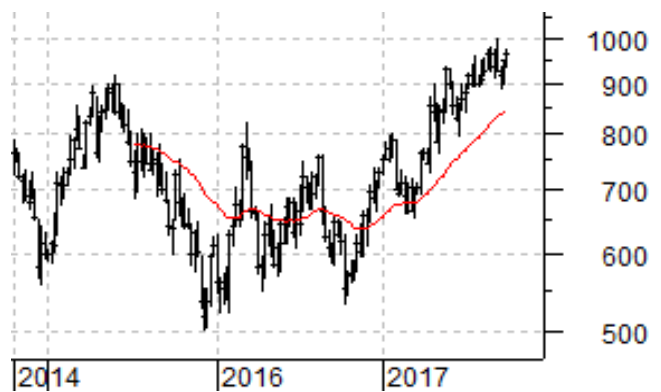


Ellex Medical Lasers reports September 2017 quarter *iTrack* revenues up 71% on the same period last year to \$1,980,000.

US revenues - benefiting from additional sales representatives - rose 71% to \$1,224,000. European sales rose 35% to \$580,000. Asian sales (i.e. mainly from China) rose 12-fold, but from a low level, to \$175,000.

Ellex Medical Lasers

from 1 October. The price was raised US\$50 in February and US\$130 in July.

Iluka Resources

Iluka Resources has announced a further Zircon Reference Price increase of US\$130 to US\$1230/tonne

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
New Zealand Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	276.9	1.0	3.09	9	5.0	83	29.8	+351%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	D	68.7	2.2	0.14	NE	Nil	32	282.0	+101%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.6	0.29	11	7.9	770	513.3	+903%
HOLD	Smiths City Group	SCY	09/10/06	64	E	52.7	1.4	0.15	17	7.6	64	36.0	+56%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.5	4.23	19	6.1	595	258.8	+611%
BUY	Steel & Tube Holdings	STU	08/08/00	146	E	90.6	1.1	0.37	9	10.8	206	360.1	+288%
Australian Shares (in Aust cents)													
HOLD+	Acrux Limited	ACR	12/05/14	99	C	166.5	2.4	1.25	5	Nil	18	14.0	-68%
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	D	585.2	2.0	1.01	NE	Nil	21	36.4	-46%
HOLD	ALS Limited	ALQ	12/10/99	72*	A	504.2	0.7	3.16	36	1.7	798	295.9	+1419%
HOLD	AtCor Medical Ltd	ACG	11/11/13	15	D	233.6	6.5	1.51	NE	Nil	3	Nil	-81%
HOLD+	Atlas Pearls & Perfume	ATP	14/05/96	73	C	422.9	6.2	0.75	14	Nil	3	17.5	-72%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	B	149.1	0.4	2.36	10	3.8	1333	192.5	+37%
HOLD-	Cardno Ltd	CDD	14/12/09	223*	B	479.6	1.0	0.56	33	Nil	139	98.0	+6%
HOLD	Clarius Group Ltd	CND	08/04/03	82*	D	89.6	3.7	0.04	NE	Nil	8	70.5	-5%
HOLD	CPT Global Ltd	CGO	10/03/08	88	D	37.3	2.4	0.22	NE	Nil	16	19.0	-60%
HOLD	CSG Limited	CSV	11/10/10	175	C	322.4	1.5	0.68	16	Nil	52	64.0	-34%
BUY	Cynata Thera.	CYP	13/03/17	50	C	90.1	1.5	NA	NE	Nil	65	Nil	+29%
HOLD	Ellex Medical Lasers	ELX	14/03/06	49	D	121.1	1.2	2.03	NE	Nil	120	Nil	+145%
HOLD+	Fastbrick Robotics	FBR	07/07/17	14	B	665.2	2.4	NA	NE	Nil	26	Nil	+86%
HOLD	Fiducian Group	FID	11/02/08	260	B	31.3	0.7	3.72	20	3.3	481	85.8	+118%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	231.4	1.1	1.55	17	7.2	83	65.5	+40%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	A	418.7	0.7	5.22	NE	0.3	965	246.0	+157%
HOLD	Integrated Research	IRI	14/01/08	40	A	171.0	0.5	6.72	34	1.8	359	49.5	+921%
HOLD+	McMillan Shakespeare G	MMS	07/11/16	1041	A	83.2	0.5	2.39	14	4.5	1472	66.0	+48%
HOLD	Melbourne IT	MLB	10/02/04	53	B	116.9	0.6	1.77	28	2.7	294	210.5	+852%
HOLD+	Michael Hill Int'l Ltd	MHJ	11/06/91	4*	B	387.4	1.2	0.74	15	4.5	112	64.8	+4321%
HOLD+	Mt Gibson Iron	MGX	10/11/14	44	A	1096.6	1.8	2.46	17	5.1	39	2.0	-7%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	C	415.1	2.5	0.42	NE	Nil	16	Nil	-36%
HOLD	Onterran Ltd	OTR	16/08/10	13*	D	57.5	1.7	0.07	NE	Nil	32	Nil	+142%
HOLD+	Opthea Limited	OPT	10/02/04	188	E	200.6	1.2	NA	NE	Nil	74	65.0	-26%
BUY	OZ Minerals	OZL	14/03/16	522	A	298.7	0.6	2.86	22	2.5	788	26.0	+56%
HOLD+	Prophecy International	PRO	08/09/08	26	E	64.0	1.5	3.38	NE	Nil	49	24.0	+179%
HOLD	Quintis Limited	QIN	08/01/07	45	A	390.3	2.0	0.60	2	10.2	30	33.2	+39%
BUY	Reckon Limited ¹	RKN	08/08/16	141	B	113.3	0.8	1.43	13	4.0	124	5.0	+3%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	315.4	0.7	5.94	36	1.4	472	72.5	+1137%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	B	28.9	0.8	0.15	9	5.9	406	486.5	+247%
HOLD+	Village Roadshow	VRL	10/08/09	77	B	161.8	0.6	0.61	27	Nil	390	308.0	+806%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +330.6%. This is equal to an average annual rate of +30.5%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 37 current and 165 closed out) is +31.8%, compared with a market gain of +3.8% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

(1) Reckon Ltd's return includes 1/3 share of GetBusy (GETB) worth 30 pence (50.4 Aust cents).

Recommended Investments

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Integrated Research has reached an agreement with **Cisco** to join its *SolutionPlus Program*. This will allow Cisco, and third parties that sell Cisco products, to also sell Integrated Research's *Prognosis* software for Unified Communications, Video and Contact Centres.

This is a potential source of additional revenues for Integrated Research, which in an economies-of-scale software business can be very profitable.

When we first bought into Integrated Research in January 2008 the shares traded on a Price/Sales ratio of about 1.80 . . . and over the next year that fell to under 1.00 as the *Global Financial Crisis* dragged shares to unrealistically low levels.

Over the last five years the Price/Sales ratio has ranged from around 3.0 to as high as 7.0 and is currently 6.72. The Price/Earnings ratio is a high 34 and the Dividend Yield a low 1.8%. This is clearly a high valuation that requires some caution.

On the other hand, its businesses are growing steadily and strongly and we estimate the FedRAMP project (as discussed last month and back in March) could increase profits by 100%! That would drop the P/E ratio to a low 17 - so the rollout of the FedRAMP project should lift revenues and boost net profits and see the shares appreciate further in the future.

Nevertheless, this investment has now increased 10-fold in value since we bought in just under ten years ago (and is up 23-fold on their December 2008 low of 18 cents). Integrated Research is a great company with further growth potential, but many readers of this newsletter could be heavily over-weighted in this one holding. We are generally happy to "let profits run" so that our more successful investments will grow to be larger holdings in our portfolio . . . but investors who have not already done so should probably consider some partial profit-taking (i.e. perhaps selling 20-30%?) to maintain good portfolio diversification by re-investing the funds in other new or smaller shareholdings.

Integrated Research



Mt Gibson Iron will produce iron ore from its *Iron Hill* mine in the Mid West until the end of 2018, with sales of very high grade ore from *Koolan Island* expected in early 2019. The company could also continue to produce iron ore in the Mid West by developing the *Shine*

prospect and redeploying equipment and personnel when the *Iron Hill* mine is depleted.

Mt Gibson Iron



Onterran Ltd is seeking to have its share suspension from trading extended until December. The company is unable to finalise its accounts to 30 June 2017 owing to "complexities" relating to the Deed of Company Arrangement for **Bloomer Constructions (QLD)** and until it completes negotiations (expected to take two months) relating to compensation payable to the landlord for the early termination of a long term property lease.

The company does report "increased occupancy" at the **Couran Cove Island Resort** during the winter months and "strong bookings for both the September school holidays and to the end of the calendar year 2017".

Prophecy International Holdings has signed a worldwide licensing agreement with **Telstra** to sell its *eMite* advanced analytics and dashboard solution "as an add-on to *Genesys* Contact Centre software" sold through Telstra. This potential source of additional revenues could make a worthwhile contribution to group profits.

Historically Prophecy International shares have traded on Price/Sales ratios ranging from about 2.0-4.0 - which is a reasonable valuation for a software business which can become very profitable owing to economies-of-scale (i.e. relatively *fixed* costs, with the potential for additional revenues to generate high profits).

In 2015 the Price/Sales ratio rose above 10.0 on the expectation of very rapid revenue growth . . . which has yet to eventuate. Consequently the share price has declined significantly with the Price/Sales ratio trading back around 2.0-3.0 over the last eight months. Last month the company reported lower annual revenues, although mainly owing to the change from selling large, perpetual licences to recurring monthly subscription sales. Those lower revenues raised the Price/Sales ratio to 3.38 - which once again looks to be a reasonable valuation.

With a *Software-as-a-Service* business model, winning new customers will add to these recurring revenues and this should help ensure future revenue growth. So if Prophecy International can win new customers and build its revenues then the company should return to profitability and the share price should appreciate in value over the future. "Hold+".

Prophecy International Holdings



Quintis is seeking further extensions to the voluntary suspension of trading in its shares. The company is still in discussions with “more than one party” regarding a potential recapitalisation and “continues to negotiate a series of inter-related transactions, which may or may not be finalised”. Until these agreements are completed, it cannot finalise its 30 June 2017 annual accounts owing to uncertainty over the level of impairment charges necessary.

The company hopes to provide a “material update” on these negotiations by the end of October . . . but even if a “binding recapitalisation proposal is agreed, it is possible the suspension” will be extended for “a period of some months until the recapitalisation is fully effected”.

Until details of a recapitalisation are announced we cannot evaluate this situation.

Until trading resumes in the shares we cannot do anything with this investment.

The company's problems have increased slightly with a class action by **Bannister Law** (funded by **JustCapital**) relating to non-disclosure of information relating to its sales contract with **Galderma**. Shareholders who purchased shares from 16 December through to 9 May could be members of this “class”, but only for those shares purchased during this period.

While there may be some wrongdoing by the company, we are not in favour of this type of class action that, in the long run, will only work against the interests of share investors.

Under a class action, a small “class” of shareholders seek to extract money from the company - at the expense of *all* current shareholders. In many cases, individual shareholders may own a few shares purchased in the relevant period that could join the class action, but a larger number of shares bought earlier that do not qualify. Such shareholders would probably be net losers on a successful claim.

More than likely the class action will simply run up large legal costs for both sides. The lawyers will get richer and the shareholders will get poorer. Even if the claim is successful, the shareholders named in the class action will likely see little or no proceeds after legal fees and compensation to the litigation funder!

So interests associated with this newsletter will not be joining this (or any other) class action. Whatever the

rights or wrongs of this situation we would rather accept our losses on Quintis than encourage a litigation industry that can only enrich lawyers at the expense of shareholders, with additional compliance and other legal costs that threaten the value of all of our other current and future share investments!

We are in favour of the ASX or the ASIC enforcing listing and other regulatory rules. We are not in favour of class actions and other expensive legal actions where the primary motive is to extract money from companies (i.e. shareholders) to earn legal fees and profits for litigation funders!

Technology One has downgraded its profit growth for the year to 30 September 2017 from 10-15% to just 7-9%. Underlying profit growth (i.e. excluding the impact of the **Brisbane Borough Council** on consulting revenues) will be “approximately 20%”.

In the first half, Technology One reported consulting losses of \$314,000 but forecast a recovery in this division to \$8.5 million for the full year. Preliminary results show this will be only \$5.4 million. A “number of significant deals” where “contracts have been negotiated” were not able to be closed before the end of the financial year.

The full year results will be announced on 21 November.

Technology One



Village Roadshow has signed a new contract to sell its 50% owned joint venture Singapore cinema exhibition business **Golden Village**. The other joint venture partner, **Orange Sky Golden Harvest Entertainment (Holdings)**, will buy the business for around A\$165 million. This will realise an after tax net profit of about A\$150 million, with this cash initially being used to reduce the parent company's debt. Settlement is expected before the end of December 2017.

The company also reports first quarter Gold Coast theme park attendances just “marginally down on the prior year” (i.e. before the fatal accident at a competitor's park which hurt the whole industry). In park spending (i.e. food) has also recovered and is “in line with the prior year”.

The opening of the new **DC Rivals HyperCoaster** on 21 September was a success and “ticket sales exceeded expectations” during the launch week.

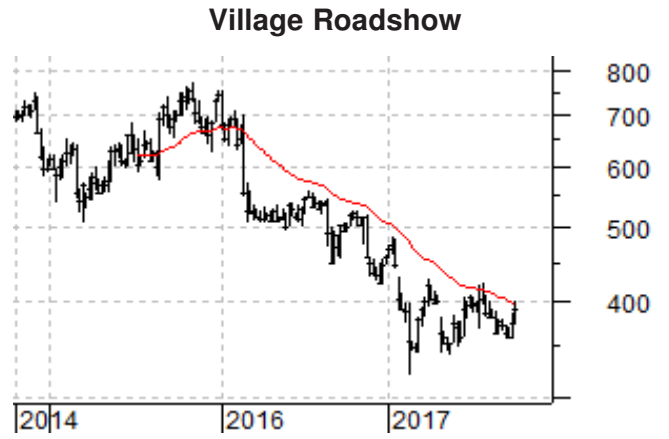
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Recommended Investments

(Continued from Page 5)

In Asia, the Mission Hills Wet'n'Wild is expected to open in March 2018. Village Roadshow will earn management fees from managing the park, but has no equity investment. Construction of the Lai Sun Lionsgate Entertainment World is ahead of schedule and expected to open in the September 2018 quarter.

Village Roadshow will “trial the commercial application” of Linius Technology's anti-piracy software in a “high value, six-part TV mini-series” being produced by Roadshow Films.



Computer Selections of NZ Shares based upon our Comprehensive Share Selection Criteria

For an explanation of this table see the Share Selection Methods report available from our website. These shares are not formal “buy” and “sell” recommendations, but the “Under-Valued”, “Best Performing” and “Income” shares should be considered for purchase, while the “Over-Valued” and “Worst Performing” shares can generally be sold to release money for re-investment in more attractive shares.

Table with columns: Company, Share Price, Cur. rent Chg, STRENGTH RATING, 4-Wk Rank, Insider Buy/Sell, Price Return, Volatility, P/E Ratio, Dividend Yield, Price/Sales Ratio, Market Cap. Includes sections for Under-Valued, Best Performing, Income, and Insider Buying shares.

Table with columns: Company, Share Price, Cur. rent Chg, STRENGTH RATING, 4-Wk Rank, Insider Buy/Sell, Price Return, Volatility, P/E Ratio, Dividend Yield, Price/Sales Ratio, Market Cap. Includes sections for Over-Valued and Worst Performing shares.

“Insider” Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 80.0% Buyers

Last 13 wks: 80.5% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
1300 Smiles Ltd	0-1	Ansell Ltd	3-0	BPS Technology	0-1	CAQ Holdings	0-1	Collins Foods	2-0
1ST Group Ltd	2-0	Antipodes Gbl	0-1	BSA Ltd	3-0	CBG Capital	1-0	Com'wealth Bank	0-1
360 Capital Grp	4-0	Antisense T.	3-0	BT Invest Mgmt	3-1	CCP Technology	1-0	ComOps Limited	2-0
360 Capital TR	2-0	Aphrodite Gold	1-0	BUBS Australia	0-1	CFoam Limited	3-0	Computershare	1-7
3P Learning	5-0	Apiam Animal H	4-0	Baby Bunting Gr	2-1	CMI Limited	3-0	Compumedics Ltd	1-0
8I Holdings	5-0	Appen Limited	2-0	Bank of Q'land	2-0	CSG Ltd	3-0	Conico Limited	0-1
A.P. Eagers	18-1	Arc Exploration	2-0	Bapcor Limited	2-0	CSL Limited	1-2	Cons Operations	2-0
ABM Resources	2-0	Ardea Resources	1-0	Base Resources	1-0	CTI Logistics	0-2	Contango Global	1-0
AGL Energy Ltd	4-1	Argo Investment	2-1	Bass Metals Ltd	3-0	CV Check Ltd	1-0	Contango Micro.	0-1
ALS Limited	3-2	Argo Global LI	3-0	Bathurst Res.	5-0	Cabcharge Ltd	4-0	Copper Strike	6-0
AMCIL Limited	4-0	Argosy Minerals	6-1	Battery Mineral	1-0	Cadence Capital	1-0	Corazon Mining	2-0
AMP Ltd	6-0	Argonaut Res.	1-0	Beacon Minerals	2-0	Calidus Res.	1-0	Corp Travel M.	2-1
ANZ Bank	4-1	Arowana Int'l	2-0	Beach Energy	0-2	Caltex Austria	3-0	Costa Group	1-2
APA Group	3-0	Asaleo Care Ltd	2-0	Beadell Res.	3-0	Capricorn Metal	3-0	Countplus Ltd	6-0
APN Outdoor Grp	0-1	Aspen Group Ltd	1-0	Bega Cheese Ltd	1-3	Capral Limited	1-0	Covata Limited	4-0
APN Property	4-1	Asset Owl Ltd	0-2	Bellamy's Aust.	3-0	Carbon Energy	1-0	Coventry Group	3-0
ASX Limited	1-0	Astivita Ltd	0-1	Bell Financial	2-0	Cardno Ltd	2-0	Cradle Res.	1-0
AV Jennings	1-0	Astro Japan Pro	1-0	Bentley Capital	1-0	Cardinal Res.	2-0	Cre8tek Limited	4-0
AVEO Group	4-0	Atlas Iron Ltd	1-0	Berkut Minerals	2-0	Carsales.com	0-1	Cromwell Prop.	0-1
AVZ Minerals	0-1	Atrum Coal Ltd	1-0	Berkeley Energy	0-1	Cash Converters	0-1	Crown Resorts	0-1
Aberdeen Leader	2-0	Aurelia Metals	7-0	Beyond Int'l	0-1	Castillo Copper	2-0	Crowd Mobile	1-0
Absolute Equity	2-0	Aurizon Hold.	3-0	Billabong Int'l	1-0	Castle Minerals	1-0	Crusader Res.	2-0
Academies Aust.	5-0	Auroch Minerals	0-1	Bingo Indust.	1-0	Catapult Group	7-0	Cryosite Ltd	1-0
Acrux Ltd	1-0	Aurora Minerals	1-0	Biotron Limited	2-0	Catalyst Metals	2-0	Cue Energy Res.	8-0
Activex Ltd	0-1	AusNet Services	6-0	Bioxyne Ltd	1-0	Cazaly Res Ltd	6-0	Cyclopharm Ltd	1-0
Actinogen Med.	1-0	Ausgold Ltd	2-0	Blackstone Min.	4-0	Cellmid Ltd	2-0	Cyclig Group	1-0
Ad Braking Tech	2-0	Ausquest Ltd	1-0	Blackmores Ltd	1-0	Celsius Res.	4-0	Cynata Therap.	6-0
Adacel Tech.	0-1	Aust Bauxite	5-0	Blackwall Prop.	12-1	Century Aust In	1-0	DTI Group	2-0
Adairs Limited	9-0	Aust Finance Gr	0-2	Black Rock Min.	5-0	Centuria Cap'l	1-0	Dacian Gold Ltd	0-1
Adavale Res.	1-0	Austral Gold	0-1	Blackham Res.	0-2	Centrex Metals	3-0	Dart Mining NL	1-0
Adelaide Bright	5-1	Austock Group	2-8	Bligh Resources	2-0	Centrepont All	1-0	Datadot Tech.	1-0
Adslot Ltd	5-0	Austal Limited	1-0	Bluescope Steel	2-1	Chalice Gold	3-0	Dateline Res.	1-0
Adv. Nano Tech.	9-0	Aust Pac Coal	1-2	Blue Sky Alt In	6-0	Chapmans Ltd	2-0	De Grey Mining	1-0
Aeris Tech Ltd	1-0	Aust Agricult.	7-0	Bluglass Ltd	0-1	Charter Hall GR	2-1	De.men Limited	1-0
Afterpay Touch	1-0	Austin Eng.	3-1	Boadicea Res.	5-0	China Dairy	3-0	Decimal Soft.	2-0
Agua Resources	2-0	Aust Pharm. Ind	1-0	Boart Longyear	0-1	Cirrus Networks	1-0	Decmil Group	3-0
Ainsworth Game	1-0	Aust Foundation	2-0	Bod Australia	1-0	Citadel Group	0-3	Dempsey Min.	1-0
Alacer Gold	3-0	Aust Leaders Fd	2-1	Boss Resources	1-0	Clarius Group	3-0	Dexus	0-1
Alchemy Res.	4-0	Autosports Grp	1-0	Botanix Pharma.	1-0	Class Limited	3-1	Dicker Data Ltd	5-0
Alchemia Ltd	1-0	Auto. Solutions	1-0	Brain Resource	1-0	Clean Teq Hold.	2-0	Dimeriz Limited	2-0
Alcidian Group	0-2	Avanco Res.	3-0	Brambles Ltd	5-0	Clean Seas Sea.	2-1	DirectMoney	3-0
Alexium Int'l	5-2	Aventus Retail	1-0	Breaker Res NL	2-0	Cleanaway Waste	2-0	Div. United Inv	3-0
Alseran Res.	1-0	Axiom Property	1-0	Breville Group	10-0	Clime Inv Mgmt	4-2	Djerriwarrh	5-0
Altech Chemical	0-1	Axxis Tech.	1-0	Brickworks Ltd	3-1	Clime Capital	4-0	Domacom Ltd	1-0
Altium Limited	4-3	Azure Health.	2-0	Brisbane Bronco	1-0	Clinuvel Pharm.	0-1	Dome Gold Mines	0-3
Alto Metals	1-0	Azure Minerals	1-0	Brookside En.	1-0	Clover Corp.	2-0	Domino's Pizza	0-3
Alumina Ltd	1-0	BBX Minerals	0-2	BuildingIQ Inc	2-0	CocaCola Amatil	4-0	Donaco Inter'l	2-1
Ambertech Ltd	1-0	BC Iron Ltd	2-0	Bulletproof Grp	2-1	Cochlear Ltd	1-2	Dongfang Modern	7-2
Amcor Ltd	4-2	BHP Billiton	3-0	Buru Energy Ltd	1-0	Codan Ltd	2-0	Doray Minerals	2-0
Animoca Brands	1-0	BKI Invest Coy	1-0	C.S.R. Ltd	1-0	Cogstate Ltd	3-0	Dotz Nano Ltd	4-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Dragon Mining	1-0	GPS Alliance	2-0	Image Resources	2-0	Latin Resources	0-1	Midway Limited	7-0
Draig Resources	1-0	GPT Group	4-0	Immuron Ltd	1-0	Legacy Iron Ore	1-0	Millennium Serv	7-2
Dreamscape Net.	1-0	GWA Group Ltd	7-0	Imperial Pac.	1-0	Legend Mining	2-0	MinRex Res.	1-0
Duketon Mining	3-0	Galaxy Res.	4-1	Impedimed Ltd	2-0	Legend Corp.	1-0	Mincor Resource	2-0
DuluxGroup Ltd	1-2	Galena Mining	4-0	Inabox Limited	6-0	Lepidico Ltd	1-0	Mineral Res.	1-0
Duxton Water	1-0	Galilee Energy	1-0	Indago Energy	1-0	LifeHealthCare	0-1	Mineral Commod.	2-0
E-Sport Mogul	0-1	Garda Capital	1-0	Independ. Group	9-0	Lifestyle Com.	0-1	Minotaur Exp.	1-0
EVE Investments	1-0	Gateway Life.	3-0	Indiana Res.	1-0	Link Admin.	4-0	Mirrabooka Inv.	1-0
EVZ Ltd	1-0	Gbl Geoscience	4-1	Indoor Skydive	1-0	Liq Natural Gas	6-0	Mitula Group	5-0
Easton Invest.	11-0	Genetic Tech.	0-1	Infigen Energy	5-0	Litigation C.M.	1-0	Mobilicom Ltd	4-0
Echo Resources	6-0	Genetic Sign.	3-0	Infomedia Ltd	3-0	Logicamms Ltd	1-0	Monax Mining	1-0
Eclixp Group	5-0	Genera Bio.	4-0	Ingenia Com Grp	3-2	London City Eq.	2-0	Monadelphous Gr	1-0
Eden Innovation	0-2	Genworth Mort.	2-0	Inghams Group	1-0	Lucapa Diamond	1-0	Money3 Corp Ltd	2-0
Elders Limited	3-2	Geopacific Res.	1-0	Innate Immuno.	0-2	Lycopodium Ltd	0-3	Montezuma Min.	3-0
Elk Petroleum	1-0	Ghange Fin.	1-0	Insurance Aust.	2-0	Lynas Corp Ltd	0-1	Moreton Res Ltd	3-0
Ellex Medical	0-1	Glennon Sm Coys	4-0	Int Payment Tec	2-0	MCS Services	4-0	Morphic Ethical	1-0
Ellerton Global	2-0	Global Health	3-0	Int Research	3-1	MFF Capital Inv	21-0	Mortgage Choice	2-0
Emerald Res.	1-0	Global Energy V	2-0	Integral Diag.	2-0	MG Unit Trust	2-0	Motorcycle Hold	2-0
Emmerson Res.	1-0	Godfreys Group	3-4	Intiger Group	3-0	MMA Offshore	1-0	Mt Ridley Mines	0-1
Emperor Range	0-3	Golden Deeps	0-1	Investsmart Grp	1-0	MMJ Phytotech	1-0	Murray Cod Aust	1-0
Empire Oil, Gas	1-0	Gold Road Res.	1-0	Investigator R.	1-0	MOQ Ltd	0-2	Murray River Or	6-0
Empired Ltd	2-0	Goodman Group	0-7	Investa Office	4-0	MSL Solutions	2-0	Myer Holdings	1-0
Enegex Limited	1-0	Gooroo Ventures	1-0	Ironbark Cap'l	1-0	MSM Corporation	2-0	Myfiziq Limited	2-0
Energy Action	3-0	Graincorp	2-0	Isentia Group	1-0	MYOB Group	2-0	Mystate Ltd	8-0
Energy World	2-0	Greatcell Solar	3-0	Isentric Ltd	0-1	MacMahon Hold	2-0	NGE Capital	4-2
Entek Energy	2-0	Greenpower En.	3-1	Ive Group	4-2	Maca Limited	1-0	NSL Cons. Ltd	2-0
Equity Trustees	6-0	Greencross Ltd	2-0	JB Hi-Fi Ltd	4-2	Macquarie Atlas	2-0	NTM Gold Ltd	1-0
Estia Health	5-0	Gt Western Exp.	1-0	JCurve Solution	4-0	Macquarie Group	2-0	NVOI Limited	1-0
Estrella Res.	1-0	HT&E Limited	1-0	James Hardie	2-1	Macquarie C Tel	1-0	Nagambie Res.	1-0
Eureka Group	5-0	HUB24 Limited	0-2	Jameson Res.	3-0	Magellan Fin Gp	1-0	Namoi Cotton	1-0
Euroz Limited	6-0	Hammer Metals	1-0	Janus Henderson	0-1	Magnis Resource	3-0	Nanosonics Ltd	2-1
Event Hospital.	4-1	Hansen Tech.	1-0	Japara Health.	1-0	Magnetic Res.	3-1	Naos Absolute	6-1
Excelsior Gold	5-0	Haoma Mining NL	1-0	Jayex Health.	2-0	Mainstream Grp	3-4	Naos Emerging	1-0
F.F.I. Holdings	1-0	Haranga Res Ltd	0-1	Jervois Mining	2-0	Mantra Group	2-1	Nat Veterinary	4-1
FAR Ltd	1-0	Harvey Norman	4-2	Joyce Corp.	1-0	Marindi Metals	1-0	Nat'l Aust Bank	3-0
FSA Group Ltd	2-0	Havilah Res.	1-0	JustKapital Ltd	3-0	Marmota Ltd	7-0	Navarre Min.	1-0
Fastbrick Robot	0-1	Hazer Group Ltd	1-0	K2 Asset Mgmt	0-10	Matador Mining	2-0	Navitas Ltd	6-0
Fe Limited	1-0	Hearmeout Ltd	1-0	K2fly Ltd	12-0	Matrix Comp.	0-1	Nearmap Ltd	1-0
Finbar Group	4-0	Helix Resources	1-0	KGL Resources	1-0	Maxi TRANS	1-0	Neometals Ltd	0-3
Finders Res.	2-0	Helloworld Trav	8-0	KYCKR Limited	2-0	Mayne Pharma Gr	8-1	NetComm Wire.	6-0
Firstwave Cloud	3-1	Henry Morgan	2-0	Kabuni Limited	1-0	McGrath Limited	3-0	Netcentric Ltd	1-0
First Gth Funds	1-0	Heron Resources	1-0	Kalamazoo Res.	2-0	McMillan Shake.	2-1	New Hope Corp.	1-0
First Graphite	4-1	Hi Tech Group	0-1	Kalina Power	1-0	McPherson's Ltd	1-0	Newcrest Mining	3-0
Fitzroy River	2-0	Highfield Res.	2-0	Kangaroo Island	6-0	MedAdvisor Ltd	2-0	Nextdc Limited	2-0
Flagship Invest	1-0	Hills Limited	3-0	Kardoon Gas	0-2	Medibank Priv.	4-0	Nexus Minerals	1-0
Flexicorp Ltd	1-0	Holista Coll.	0-1	Kasbah Resource	1-0	Medical Dev Int	1-0	Nib Holdings	3-1
Folkestone Educ	1-0	Homeloans Ltd	4-2	Kina Securities	0-1	Medibio Limited	5-0	Nine Entertain.	2-0
Fortescue Metal	5-1	Horizon Oil Ltd	4-0	Kinetiko Energy	0-1	Megaport Ltd	4-0	Norwest Energy	0-1
Freelancer Ltd	11-0	Horseshoe Metal	1-0	King River Cop.	2-0	Mejority Cap'l	1-0	Norwood Systems	0-1
Freedom Insur.	0-1	Hunter H Global	3-0	Kip McGrath EC	1-0	Melbana Energy	1-0	Novogen Ltd	8-0
Freedom Foods	13-1	I-SignThis Ltd	1-0	Kogan.com Ltd	2-1	Melbourne IT	5-3	Noxopharm Ltd	1-0
Frontier Digit.	4-0	ICS Global Ltd	1-0	Korab Resources	0-1	Memphasys Ltd	4-1	Nthn Star Res.	2-3
Future Gen Inv	2-0	IDP Education	0-1	Korvest Ltd	1-0	Metals Aust.	3-0	NuEnergy Cap'l	0-1
Future Gen Glb	15-0	IDT Australia	2-0	Kula Gold Ltd	2-0	Metalicity Ltd	4-0	Nufarm Limited	1-0
G Medical Inn.	1-0	IM Medical Ltd	1-0	LBT Innovations	0-4	Metalstech Ltd	1-0	Nzuri Copper	3-0
G.U.D. Holdings	2-0	IMF Bentham Ltd	0-1	LWP Tech.	1-0	Metals X Ltd	1-0	OFX Group	2-0
G8 Education	6-0	IOOF Holdings	3-0	Laramide Res.	5-0	Metgasco Ltd	2-0	OZ Minerals Ltd	4-0
GBST Holdings	7-0	ITL Limited	1-0	Laserbond Ltd	1-0	Michael Hill	0-1	Objective Corp.	0-1
GDI Property	2-0	Iluka Resources	2-0	Latam Autos	1-0	Micro-X Limited	1-0	Oil Search Ltd	0-2

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Oklo Resources	2-0	Prime Financial	1-0	Rision Limited	3-0	Steadfast Group	0-2	UUV Aquabotix	2-0
Oldfields Hold	1-0	Primary Opinion	2-0	Riva Resources	1-0	Stellar Res.	4-0	Uil Energy	3-0
Oliver's Real F	2-0	Primary Health	4-0	Royalco Res.	0-3	Stemcell United	0-1	Un. Biosensors	1-0
Oneview Health.	3-0	Pro Medicus Ltd	1-0	Rubicor Group	3-0	Sth Cross Media	4-0	Uranium Equitie	4-0
Onevue Holdings	4-1	Pro-Pac Pack.	1-0	Rubicon Res.	1-0	Sth Pacific Res	1-0	Urbanise.com	1-0
Ookami Limited	2-0	Probiotec Ltd	5-1	Rumble Resource	5-0	Sth Cross Elect	5-0	VGI P. Global	4-0
Orbital Corp	2-0	PropertyLink	2-1	Ruralco Hold.	4-0	Stockland	3-1	Valmec Limited	5-0
Orica Ltd	0-1	Prophecy Int'l	2-0	Rural Funds Grp	1-0	Strategic Min.	5-0	Variscan Mines	0-1
Orion Minerals	1-0	Property Conn.	1-0	S2 Resources	1-0	Strandline Res.	2-0	Vector Res.	1-0
Oro Verde Ltd	0-3	Pura Vida En.	1-0	SDI Limited	1-0	Strike Energy	5-0	Venus Metals	0-2
Orocobre Ltd	5-2	Pure Minerals	1-0	SIV Asset Mgmt	0-1	Sunbridge Group	2-1	Verdant Mineral	3-0
Orora Limited	1-0	Pure Profile	3-0	Saferoads Hold.	1-0	Suncorp Group	3-0	Veris Ltd	3-0
Oroton Group	1-0	Pursuit Mineral	1-0	Salmat Ltd	1-0	Sundance Res.	0-3	Vicinity Centre	6-0
Ottoman Energy	1-0	Q.B.E. Insur.	3-0	Sandon Capital	1-0	Sunland Group	2-0	Viking Mines	1-0
Oventus Medical	4-0	QMS Media	3-1	Sandfire Res.	0-1	Super Retail Gr	4-1	Villa World Ltd	1-0
Overland Res.	1-0	QV Equities Ltd	1-0	Santos Ltd	1-0	Swift Networks	5-0	Village Road.	0-3
Over The Wire	2-1	Qantas Airways	2-0	Saracen Mineral	0-1	Sydney Airport	1-0	Viralytics Ltd	1-0
Ozgrowth Ltd	6-0	Quickstep Hold.	2-0	Sayona Mining	0-1	Syrah Resources	2-1	Virtus Health	2-0
PM Capital Glob	1-0	Quintis Ltd	1-0	Scentre Group	9-1	TPG Telecom Ltd	1-0	Vita Group Ltd	3-0
PM Capital Asia	3-0	RCR Tomlinson	3-0	Scottish Pac.	8-0	TPI Enterprises	1-0	Vivid Tech.	3-0
PMP Limited	1-2	REA Group Ltd	1-0	Sealink Travel	3-0	TV2U Int'l	1-0	Vmoto Ltd	4-0
PSC Insurance	4-0	RTG Mining Inc.	3-0	Select harvest	2-0	Tabcorp Holding	0-1	Vocus Group Ltd	6-0
PTB Group Ltd	3-2	RXP Services	2-0	Senex Energy	1-0	Tainmei Bev.	1-0	Volt Resources	5-0
PWR Holdings	1-0	Race Oncology	2-0	Sensera Limited	2-0	Talga Resources	1-0	WAM Research	0-1
Pac. Star Netwk	0-1	Ramsay Health	0-2	Service Stream	11-0	Talisman Mining	2-0	WAM Leaders	2-1
Pacific Smiles	2-0	Rand Mining	0-1	Servcorp Ltd	5-0	Tap Oil	2-0	WPG Resources	1-0
Pact Group Hold	6-0	Range Intern'l	1-0	Servtech Global	2-0	Tassal Group	2-0	WPP AUNZ Ltd	1-0
Pantoro Limited	1-0	Realm Resources	1-0	Seven Group	3-1	Tawana Resource	4-0	Walkabout Res.	1-0
Paragon Care	0-1	Real Energy	1-0	Shaver Shop Grp	3-1	Technology One	5-1	Wangle Tech.	3-0
Paradigm Bio.	2-0	Recce Limited	0-1	Sheffield Res.	3-1	Tech Mpire Ltd	3-0	Watermark Fund	2-0
Paringa Res Ltd	1-0	Red River Res.	1-0	Shine Corporate	2-0	Techniche Ltd	3-0	Watermark Glb.	1-0
Peet Ltd	1-0	Red Hill Iron	6-0	Shriro Holdings	0-2	Telstra	1-0	Watpac Ltd	3-0
Pengana Capital	2-0	Redbank Copper	3-0	Sienna Cancer	1-0	Templeton Globa	2-0	Wealth Defender	1-0
Peninsula En.	2-1	Redflow Limited	0-1	Sigma Health.	1-0	Temple Webster	3-0	Webjet NL	3-0
Peninsula Mines	1-0	Redhill Educat.	0-1	Silver City Min	1-0	Tesserent Ltd	2-0	Wellcom Group	5-0
Pental Limited	2-0	Redstone Res.	2-0	Silver Lake Res	0-1	The Reject Shop	3-0	Wesfarmers Ltd	3-2
Pepinnini Min.	0-1	Reedy Lagoon	2-0	Silver Heritage	4-0	The Pas Group	5-0	Westfield Corp.	2-1
Perpetual Ltd	1-3	Reffind Ltd	1-0	Silver Mines	1-0	Think Childcare	1-0	Westoz Invest.	3-0
Perp Equity Inv	3-0	Regeneus Ltd	1-0	Sims Metal Mgmt	0-2	Thomson Res.	0-1	Westpac Banking	0-1
Perseus Mining	5-0	Regis Resources	0-1	Sino Gas & En.	3-0	Thorney Tech.	3-0	Whitefield Ltd	3-0
Pharmaxis Ltd	1-0	Rent.com.au Ltd	2-0	Sirtex Medical	3-0	Thorn Group Ltd	2-0	White Cliff Min	2-0
Phosphagenics	1-0	Renu Energy Ltd	2-0	Skydive Beach	0-1	Thred Ltd	6-0	Whitehaven Coal	0-4
Phoslock Water	3-0	ResAoo Health	2-1	Skyfii Limited	4-0	Thunselarra Ltd	2-0	Winchester En.	1-0
Phylogica Ltd	1-3	Resonance Hlth	1-0	Smartgroup Corp	5-0	Tomizone Ltd	0-2	Winka Commerce	1-0
Pilbara Mineral	0-2	Resolute Mining	5-0	Sonic Health	3-1	Topbeta Hold.	1-0	Woolworths Ltd	5-0
Pinnacle Invest	6-1	Retail Food Grp	1-0	Soul Pattinson	3-0	Toptung Limited	2-0	World Reach Ltd	2-0
Pioneer Credit	0-3	Retech Tech.	0-1	Southern Gold	3-0	Torian Res.	0-2	XRF Scientific	2-0
Platinum Asset	1-0	Reward Minerals	5-0	Sovereign Metal	1-0	Tox Free Sol.	2-0	XTD Limited	3-0
Platinum Cap'l	1-0	Rewardle Hold.	1-0	Spark Infrastru	4-0	Traka Resources	1-0	Xanadu Mines	5-1
Plukka Limited	2-0	Rey Resources	0-1	Speedcast Int'l	1-0	Treasury Wine	6-0	Xref Limited	1-0
Plymouth Min.	2-0	Rhinomed Ltd	1-0	Spookfish Ltd	0-1	Trek Metals Ltd	1-0	Xtek Ltd	8-0
Po Valley Ener.	1-0	Rhipe Limited	4-0	Spotless Group	3-1	Triton Minerals	1-0	YPB Group Ltd	1-0
Polynovo Ltd	6-0	Ridley Corp.	4-0	Spring FG Ltd	1-0	Troy Resources	0-2	Yancoal Aust.	2-0
Powerhouse Ven.	1-0	Riedel Resource	1-0	Sprintex Ltd	3-0	Trustees Aust.	3-1	Yellow Brick Rd	3-0
Praemium Ltd	6-0	Rift Valley Res	6-0	St Barbara Ltd	3-2	Truscott Mining	0-1	Yowie Group Ltd	5-0
Prairie Mining	1-0	Rimfire Pacific	0-1	Stanmore Coal	3-0	Tyranna Res.	9-0	ZipTel Limited	0-1
Prime Media Grp	2-0	Rio Tinto Ltd	1-0	StarGroup Ltd	2-1	US Masters Res.	1-0	Zipmoney	2-0
				Star Entertain.	6-1				

“Insider” Trades in NZ Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 61.1% Buyers
Last 13 wks: 63.8% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A2 Milk Company	4-10	Col Motor Co	5-0	Hallenstein G.	2-0	NZME Limited	3-0	Summerset Group	3-0
AFT Pharma.	1-0	Comvita	9-6	IkeGPS Limited	2-1	Port Tauranga	4-0	Synlait Milk	1-0
AMP Limited	3-0	Contact Energy	1-2	Infratil NZ	2-4	Precinct Prop.	5-0	Tegel Group	2-0
AWF Madison Grp	1-0	EROAD Ltd	0-1	Kiwi Property	0-1	Property F Ind.	1-0	Tilt Renewables	5-0
Abano Health.	7-0	Evolve Educat.	0-2	Mainfreight Grp	0-6	Scales Corp Ltd	0-5	Tourism Hold.	3-5
Air New Zealand	4-12	F & P Health.	2-11	Marlin Global	1-0	Sealegs Corp	1-0	Turners Ltd	0-1
Argosy Property	3-0	Fletcher Build.	2-3	Mercury NZ	3-0	Skellerup Hold.	10-0	Vital Health PT	0-1
Blis Technology	2-0	Fonterra S/H Fd	0-1	Mercer Group	3-0	Sky City Ltd	4-2	WN Drive Tech.	0-1
Briscoe Group	2-0	Genesis Energy	1-0	Methven Limited	3-0	Sky Network TV	3-0	Warehouse Group	3-2
CBL Corporation	2-1	Gentech Group	0-1	Metro Per Glass	7-0	Spark NZ Ltd	1-8	Xero Ltd	0-5
Chorus Ltd	3-0	Goodman Prop.	0-1	NZ Exchange Ltd	1-0	Steel & Tube	4-0	Z Energy Ltd	0-1
				NZ King Salmon	3-0				

Stock Brokers

Over the last few weeks there have been numerous incidents concerning stockbrokers involving our own investments, our Individual Managed Account service, several questions from subscribers and even a cold-call from a NZ broker promoting his business!

In most cases the answer to these situations was “Open an account with Interactive Brokers” - a global financial business that is providing the financial services (and customer service) that investors need.

So let's look at what has been happening:

Question from a subscriber: I cannot find anyone to sell my GetBusy shares. I have an account with ANZ Securities (in NZ) and they cannot do it.

I also have an account with CommSec Australia but they are unable to sell these shares.

Answer: ANZ Securities (formerly Direct Broking) and ASB Securities used to be able to trade certificated UK listed shares (although the procedure was a bit cumbersome with the certificate needing to be sent to the UK before the trade could be made) so this service should still be available to NZ investors.

To trade through CommSec you may need to first open an international account with Pershing (i.e. the international broking service that CommSec resells to its customers) but they will probably not open an account for a non-Australian resident.

CommSec will not open accounts for NZ residents, so presumably you originally opened your Australian brokerage account with Sanford, which was taken over by CommSec in December 2007.

Our own Reckon shares were held in a nominee account with Interactive Brokers. The broker received the GetBusy plc shares in certificated form and needed to transfer them to the UK and re-register in their UK nominee account as an uncertificated CREST holding,

so there was a short delay, but the GetBusy plc shares automatically appeared in our account and can be easily, quickly and cheaply traded in the UK market. We have been buying more.

NZ investors who have an account with UK broker Charles Stanley (formerly Fastrade) in the same name as their certificated GetBusy shares can make an off-market trade to transfer these shares to the broker nominee account. Many readers of this newsletter have accounts with Charles Stanley, but many years ago this broker also stopped opening new accounts for non-UK residents.

So, many NZ investors may have problems buying or selling GetBusy shares. Any feedback or experiences would be appreciated so we can advise others!

Question: James, My daughter has asked which on-line brokers do you recommend for investing in the US, Europe and Japan.

Answer: Most offshore brokers will not accept foreign resident investors. NZ (and Australian) brokers have high fees to buy (and hold) foreign shares.

For example, ASB Securities charges US trades at US\$90 plus 1.2% and (Continued on Page 12)

Stock Brokers (Continued from Page 11)

UK trades at £90 plus 1.4%. Custodian fees are \$250 per year per portfolio.

ANZ Securities charge US trades at 0.6% with a minimum of US\$69.50 or UK trades at 0.6% with a minimum of £69.50. Custodian fees are 0.25% of the value of the shares (with a minimum of \$5/month).

The best option is to open an account with Interactive Brokers. US trades will cost US\$1 to US\$5 and UK trades £10 - £30 (mainly owing to the UK transaction tax). There are no custodian or other fixed fees, except a minimum charge of US\$10/month on accounts with less than the equivalent of US\$100,000 in assets and no fees on larger accounts.

You need the equivalent of US\$10,000 in cash or shares to open an account (although people aged 25 or younger can open an account with US\$3000 and the minimum monthly fee is also lower at US\$3).

The other great saving is you can do forex trades at wholesale prices at the equivalent of US\$2 (charged in your "base currency") plus about a 0.01% spread in the bid/offer quotes (compared with \$20 and 2.0% with a trading bank or 2.0-3.0% with many regular brokers).

Question: Help please! We have been holding a number of UK shares and using a **Bank of Scotland** bank account to receive dividends and re-invest the funds to buy further shares.

We have now been told that the bank will no longer accept our account and it will be closed in November.

Do you have any ideas about how to manage this dilemma?

Answer: It is virtually impossible to open a new bank account outside of your current country of residence. The solution is to replace your UK bank account with a brokerage account that will do virtually everything you could ever need!

Open an account with **Interactive Brokers**. There is no cost to do this and no ongoing fees (as your UK shares are worth over US\$100,000). When the account is open, transfer over your certificated UK shares to the broker nominee account.

In future, the broker will automatically collect the dividends and credit that to the British Pounds cash balance in your brokerage account which you can re-invest in new shares.

If you wish to withdraw money then you can convert GBP to NZD at wholesale rates and then transfer NZD to your NZ bank account (which must be in the same name as the brokerage account). It is free to make one cash withdrawal per month (with a US\$10 equivalent fee on a second or subsequent withdrawal in the same month).

We have also had a non-NZ based investor with an ASB Securities brokerage account sign up for our *Individual Managed Account* service. Over the years we have discouraged a number of people from using this service,

believing that most would be better to subscribe to our *Market Analysis* service and manage their own investments at a lower cost . . . but a few people don't have the time or the skills or live overseas and want us to manage their investments.

Your Editor is a New Zealand citizen but resident in Malaysia (which has a good climate and is an excellent base for international travel . . . and has a very friendly tax system) but CommSec (used by ASB Securities to buy and sell Australian shares) would not accept a Malaysian resident as an Authorised Representative on the client's account!

Of course, your Editor is a director and shareholder of his family investment company which has a large brokerage account with CommSec. He is also an Authorised Representative of a few other CommSec accounts. Residency was not a problem in those other cases, so clearly financial compliance is like airport security compliance - with different rules applying to different people, at different times and at different places.

The solution to this problem? The client has opened an account with Interactive Brokers and is in the process of making the off-market transfer to move his Australian shares over from the ASB nominee account. This will save him brokerage, custodian and forex fees, while we will get easier and quicker trade execution and significantly better trade and portfolio reporting features.

The client reports "Opening the account was definitely easy and fast. Sending funds worked well. The telephone assistance has consistently been helpful, courteous and pro-active".

Finally, your Editor received a cold-call last Thursday from a NZ broker promoting the **Halifax NZ Trader Work Station** (TWS). TWS is an **Interactive Brokers** platform, so after the broker had given a very long explanation of his company's services we responded "That is the long way of saying: *Interactive Brokers white label service*".

With Halifax you simply get an Interactive Brokers account, but with higher on-going fees to provide compensation to Halifax. For example, Australian share trades through Halifax are 0.189% with a minimum of A\$18.95, compared with opening an account direct with Interactive Brokers when the fee is 0.08% with an A\$6 minimum.

So an A\$10,000 trade is \$18.90 through Halifax or \$8.00 direct with IB. An A\$25,000 trade is \$47.25 with Halifax or \$20.00 with IB. A US trade through Halifax starts at US\$0.05/share with a minimum of US\$25, compared with about US\$1-5 (on a trade worth up to US\$30,000 or more) direct through Interactive Brokers.

The only advantages we can see with Halifax are (1) you can open an account with as little as NZ\$100 (an impractically small amount with which to start an investment portfolio!) and (2) as these are "Broker accounts" with Interactive Brokers they are not subject to the \$10/month minimum fee on small accounts.

Investment Outlook*(Continued from Page 1)*

But does that tell us that shares are over-valued now? Or that shares were very under-valued during the *Global Financial Crisis*? Back in 2008/09 we thought shares were *under-valued* (and backed this opinion with our own real money investments in shares like Integrated Research) so you can probably guess which side of that current argument we support.

The US stockmarket is up 65% since its peak in 2000 - a below average compound growth rate of just 3%. This suggests a relative modest valuation, not an over-priced boom. Historically the stockmarket has grown at about 10% per annum - which (since the 2000 peak) would suggest a potential US stockmarket peak at *three times* its current level.

US Dividend Yields are near the middle of their historical range which again suggests a fair valuation.

Many other major stockmarkets - Japan, Canada, Switzerland, Taiwan - trade at historically high Dividend Yields, suggesting share prices are low (i.e. offer some of the best value ever!).

One of the dangers during the *Global Financial Crisis* was the risk of deflation. Low consumer demand leading to falling prices leading to low wages leading to lower demand and so on.

Now we have a situation where inflation is creeping up slowly . . . with many people who previously expected economic disaster owing to deflation now seeing disaster owing to inflation! Rising inflation will probably cause interest rates to rise . . . but interest rates are *too* low. Most European countries have *negative* interest rates! No developed country has three-month rates over 2%.

A slight tightening in monetary conditions and a small increase in interest rates will keep inflation under control and not crash the stockmarket!

Moderate inflation will help Governments lower their debt by stealth. US inflation is running at 1.9%, which will *halve* the real value of debt in 37 years. UK inflation of 2.9% will halve the real value in just 24 years.

Economic growth at 2.2% and inflation of 1.9% will *halve* the US Debt/GDP ratio in 18 years. Growth of 1.5% and inflation of 2.9% will halve the UK Debt/GDP ratio in 16 years. The increase in inflation will help improve the financial position of the Government sector (mainly at the expense of private retirement savings invested in bonds).

A slight increase in inflation can also be favourable to companies. It encourages consumers to buy now (before prices rise) and makes it easier for companies to raise prices and improve profit margins.

Overall we continue to see good value and good growth potential in shares. Knowledgeable *insiders* would appear to agree, with 80% of trades in Australia being "Buys" over the last three months (see Page 8) and 64% of trades in NZ "buys" (see Page 11).

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Chorus Ltd	12.50	26-09	10-10	Full
Colonial Motor Company	31.00	06-10	16-10	Full
Delegat Group	13.00	29-09	13-10	Full
Ebos Group	33.00	29-09	13-10	3.2083
Fletcher Building	19.00	22-09	11-10	Full
Fomterra Shareholders	20.00	09-10	09-10	-
Genesis Energy	8.40	29-09	13-10	Full
Hallenstein Glasson	17.00	11-12	18-12	Full
Meridian Energy	8.70	29-09	17-10	Full
Meridian Energy special	2.44	29-09	17-10	Nil
NZ Oil & Gas	4.00	24-10	03-11	Full
NZME Ltd	3.50	17-10	27-10	Full
Skellerrup Holdings	6.00	29-09	12-10	Full
South Port NZ	18.50	27-10	07-11	Full
Tourism Holdings	11.00	03-10	16-10	Full
Warehouse	6.00	24-11	07-12	Full
Australian Shares				
Mt Gibson Iron	2.00	28-09	16-10	
McMillan Shakespeare	35.00	28-09	13-10	
Programmed Group	16.00	12-10	20-10	

Total Return Index for All Listed Shares

Sep 11	1617.45	Sep 18	1593.10
Sep 12	1609.69	Sep 19	1594.06
Sep 13	1611.57	Sep 20	1596.36
Sep 14	1601.00	Sep 21	1595.94
Sep 15	1595.14	Sep 22	1595.24
Sep 25	1602.25	Oct 2	1622.06
Sep 26	1609.83	Oct 3	1617.60
Sep 27	1609.18	Oct 4	1621.57
Sep 28	1609.42	Oct 5	1617.74
Sep 29	1617.51	Oct 6	1624.48

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday November 13, 2017.

The print version will be delivered later that week, depending upon printing and postal delivery times.

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, 3/47 Boyce Ave, Mt Roskill, Auckland. Subscribe online at www.stockmarket.co.nz or email james@stockmarket.co.nz.

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