

# Market Analysis

Issue No. 558

www.stockmarket.co.nz

December 10, 2018

## Inside Market Analysis

SELL Technology One .....	9	Neglect Ratings of New Zealand Shares .....	10
Brickworks expands into the US .....	2, 3, 4	Neglect Rating of Australian Shares .....	12, 13
Clarius becomes Ignite Ltd .....	4	Short Interest in Australian Shares .....	13, 14
FBR chooses commercialisation plan, but share price falls .....	5, 6		

Founder: James R Cornell (B.Com.)

## Summary and Recommended Investment Strategy.

We are selling Technology One - Mr Market's offer is too high to refuse - and will hold a small cash reserve while assessing Mt Market's offers to sell us many other companies at ever low prices!

## Investment Outlook.

There are no easy *answers* to stockmarket investment, but it may help to understand some of the *questions*. On the other hand, some of you may prefer to skip this article or just run and hide in a dark closet.

Current stockmarket fluctuations are driven by changes in economic growth rates. But before you rush off to check the latest US GDP growth rate we need to tell you that the current data relates to Q3 of 2018 (i.e. the September 2018 quarter). It is now early December, so that data is 2¼ months *out of date*? No. It is 3¾ months out of date! The GDP is not as at 30 September but covers from 1 July to 30 September, so a three month period centred on 15 August 2018. That *old* data isn't going to tell us anything about what will happen on the stockmarket in December or January.

The latest GDP statistic for New Zealand relates to Q2, a three month period centred around 15 May. That is about *seven* months out of date!

This is perhaps a good time to also mention that those GDP *estimates* are subject to review and may be changed in the future! China is sometimes faster at releasing economic statistics . . . but perhaps someone in the central planning office is just making them up?

To solve all our problems, we just need a forecast for the current period (i.e. Q4 of 2018) to tell us what is happening now. These forecasts exist and the correct term is a "nowcast". The only problem is that "nowcasts" and other economic forecasts are not very accurate and subject to frequent change (i.e. nowcasts are often updated daily).

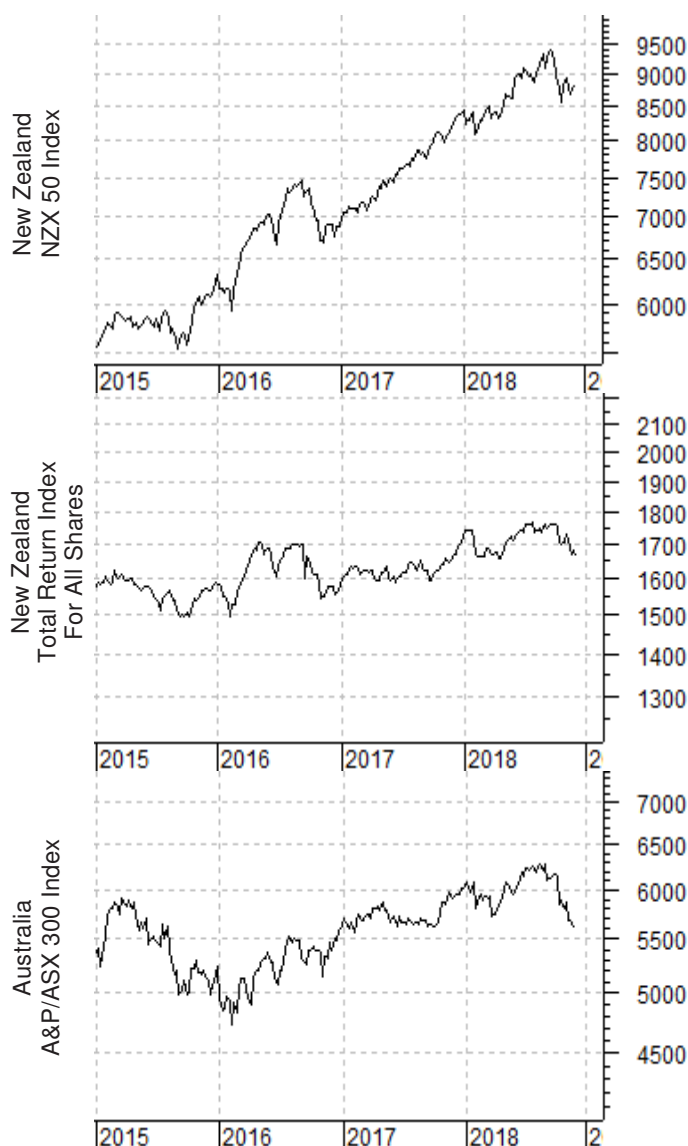
Then we have Mr Market out there "front-running" (i.e. seeking to buy or sell before everyone else) based upon these changing nowcasts and forecasts for Q1 and Q2 of 2019 (which are even less accurate).

And we all know that Mr Market is a manic depressive trader who over-reacts to every tiny up tick of down tick in those economic nowcasts and forecasts.

Of course, the stockmarket is the best place to invest over the *long term*. Sometimes the short term doesn't look too scary . . . if you turn off your TV and computer . . . and viewed from the security of a dark closet.

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	59% (Bullish)	55% (Neutral)
New Zealand:	50% (Neutral)	46% (Neutral)



# Recommended Investments

**Cavalier Corporation** is forecasting revenues for the half year to December 2018 will be down about 7% but that normalised net profits (i.e. excluding the writedown of selling *Cavalier Wool Holdings*) will be up 45-80% to \$1.6-2.0 million (5-6 cents per share).

Softer market conditions have impacted sales, particularly “lower margin synthetic carpets” while “sales of higher margin wool carpet have grown”.

The company is seeking further “efficiency improvements in manufacturing” and expects profit margins to remain “consistent” in the second half.

## Cavalier Corporation



## Australian Shares

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

**AJ Lucas Group** associate **Cuadrilla Resources** is “encouraged by how well the shale rock is fracturing and that natural gas has already begun to flow” at their first test well and “this is indicative of a very productive well”.

## AJ Lucas Group



## ALS Ltd

Six Months to 30/9/2018			
	Latest	Previous	Change
Revenues	\$826.1m	\$721.6m	+14.5%
Net Profit	\$93.3m	\$70.1m	+33.1%
Net Cash Surplus	\$87.6m	\$57.6m	+52.1%
Earnings per share	19.1c	13.9c	+37.4%
Dividends per share	11.0c	8.0c	+37.5%

The full year net profit to March 2019 is now expected to be 20-23% higher at \$170-175 million, with earnings per share growth further boosted by the share repurchases.

A year ago the company announced a \$175 million share buyback and has since spent \$121.7 million to repurchase 17.5 million shares or 3.5% of the issued capital. It now plans to spend up to \$225 million on further share repurchases over the next year.

**Commodities** revenues rose 24.8% to \$313.8 million with earnings up 36.1% to \$94.6 million. Sample flow rose 14%, with economies of scale helping to lift margins from 27% to 31%, and the company is “optimistic about an ongoing recovery and the likely demand for services”.

**Life Sciences** revenues were 11.0% higher at \$406.0 million while earnings rose 9.1% to \$81.7 million. Globally this division is seeking further improvement “through process optimisation, sample miniaturisation and elimination of waste”.

**Industrial** revenues rose 6.6% to \$106.3 million but earnings fell 12.8% to \$15.7 million.

Acquisitions worth \$60-70 million are currently under consideration and should be completed in the current half year.

## ALS Ltd



**Brickworks Ltd** has acquired US based brick manufacturer **Glen-Gery** from UK based **Ibstock plc** for US\$110 million (A\$151 million). This has largely been financed from the sale of a relatively small quantity of its shares in **Washington H Soul Pattinson & Company**.

Glen-Gery was founded in 1890 and is the fourth largest brick manufacturer in the United States, but a leader in the Midwest, Northeast and Mid-Atlantic states. The business currently operates nine brickworks, one manufactured stone plant, 29 quarries and ten supply centres, selling 230 million US standard brick equivalents (SBE), equal to 152 Australian SBE, generating annual revenues of US\$118 million and earnings of US\$13 million. That values the acquisition on a Price/Sales ratio of about 0.93 and a Price/Earnings ratio of 17. That is not cheap, but there is potential to improve performance

and use this as a “beach head” for further expansion in the US.

Brickworks see synergies from sharing operational best practice across Australia and the United States, sharing products and Intellectual Property. The US market is “highly fragmented” with 37 brick manufacturers, which suggests the potential for expansion through “market rationalisation”. The building turndown in 2008 has left the brick market with overcapacity.

Sales volumes and revenues per employee at Glen-Gery are around 351,000 Australian SBE and A\$247,000 compared with 1,500,000-1,750,000 SBE and

A\$785,500-\$1,097,000 at Brickworks existing businesses in New South Wales and Victoria. This suggests the potential to improve returns with additional investment to refit plants and consolidate operations.

Brickworks also see significantly different business environments in the United States and Australian markets: High taxes in Australia compared with tax policies that encourage business investment in the US, high energy prices in Australia but falling energy costs in the US, excessive red tape in Australia but greater workplace flexibility in the US, inadequate infrastructure and expensive transportation in Australia but efficient transport infrastructure (Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<b>NZ Shares</b>													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	277.5	1.2	2.90	7	5.9	82	36.3	+373%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	B	68.7	1.7	0.27	10	Nil	58	282.0	+118%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.30	11	8.5	819	612.8	+1019%
HOLD	Smiths City Group	SCY	09/10/06	64	E	52.7	2.1	0.07	NE	4.8	29	37.0	+3%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.5	4.41	19	5.3	685	277.3	+702%
BUY	Steel & Tube Holdings	STU	08/08/00	139*	D	90.6	1.2	0.22	14	8.2	119	346.1	+235%
<b>Australian Shares (in Aust cents)</b>													
HOLD	Acrux Limited	ACR	12/05/14	99	D	166.5	2.5	8.25	NE	Nil	17	14.0	-69%
BUY	AJ Lucas Group	AJL	13/05/03	107*	D	750.1	2.1	1.62	NE	Nil	27	36.4	-41%
HOLD	ALS Limited	ALQ	12/10/99	72*	A	486.8	0.6	2.44	25	2.4	721	323.9	+1351%
HOLD	ARQ Group	ARQ	10/02/04	53	B	118.9	0.8	1.20	17	5.4	203	221.5	+701%
HOLD	Atlas Pearls & Perfume	ATP	14/05/96	73	D	422.9	9.6	0.51	NE	Nil	2	17.5	-74%
BUY	Brickworks Ltd	BKW	12/11/12	1115	A	149.6	0.3	3.14	12	3.1	1723	263.5	+78%
HOLD	CardieX Ltd	CDX	11/11/13	15	C	531.0	6.6	4.37	NE	Nil	3	Nil	-78%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	B	37.6	3.0	0.15	6	2.0	13	19.0	-64%
HOLD	CSG Limited	CSV	11/10/10	166*	C	439.9	2.6	0.27	NE	Nil	17	60.5	-53%
HOLD+	Cynata Thera.	CYP	13/03/17	50	D	95.1	1.2	NA	NE	Nil	100	Nil	+100%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	143.6	1.6	1.24	NE	Nil	68	Nil	+39%
BUY	Fastbrick Robotics	FBR	07/07/17	14	C	1241.7	3.3	NA	NE	Nil	12	Nil	-18%
HOLD	Fiducian Group	FID	11/02/08	260	B	31.2	0.6	2.83	14	4.9	412	85.8	+91%
HOLD+	Finbar Group Ltd	FRI	12/04/10	106	B	270.8	1.1	1.47	16	7.3	82	71.5	+45%
HOLD+	Ignite Ltd	IGN	08/04/03	82*	C	89.6	5.1	0.03	NE	Nil	5	70.5	-8%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	422.4	0.6	2.95	33	4.1	760	282.0	+121%
HOLD+	Integrated Research	IRI	14/01/08	40	B	171.8	0.7	3.18	16	3.8	169	56.0	+463%
BUY	McMillan Shakespeare G	MMS	07/11/16	1041	A	83.2	0.4	2.14	12	5.2	1409	139.0	+49%
HOLD+	Michael Hill Int'l Ltd	MHJ	11/06/91	4*	B	387.4	1.4	0.42	7	8.0	63	69.8	+3208%
HOLD+	Mt Gibbon Iron	MGX	10/11/14	44	A	1128.4	2.0	2.18	6	5.9	51	5.0	+26%
HOLD	Onterran Ltd	OTR	16/08/10	103*	C	57.5	2.0	0.07	NE	Nil	32	Nil	-69%
HOLD+	Opthea Limited	OPT	10/02/04	188	D	200.6	1.9	NA	NE	Nil	57	65.0	-35%
HOLD	OZ Minerals	OZL	14/03/16	522	B	322.9	0.5	2.41	11	2.4	827	40.0	+66%
HOLD+	Prophecy International	PRO	08/09/08	26	E	64.0	1.8	1.98	NE	Nil	33	24.0	+119%
HOLD	Reckon Limited <sup>1</sup>	RKN	08/08/16	141	B	113.3	1.2	1.61	36	4.3	70	8.0	-31%
BUY	Silver Chef Ltd	SIV	13/11/17	740	A	39.3	0.8	0.21	12	6.6	152	10.0	-78%
SELL	Technology One Ltd	TNE	11/11/03	44	A	316.8	0.5	6.74	40	1.4	636	91.1	+1553%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	B	28.9	0.8	0.10	5	12.6	277	510.5	+206%
BUY	Village Roadshow	VRL	10/08/09	71*	B	193.0	0.7	0.35	NE	Nil	250	284.3	+653%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +295.1%. This is equal to an average annual rate of +24.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 35 current and 168 closed out) is +28.7%, compared with a market gain of +3.7% (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 33½ pence (59.2 Aust cents)

## Recommended Investments

(Continued from Page 3)

in the US and relative lengthy and costly approval processes in Australia compared with the US.

After this acquisition, the US will still only contribute about 16% of Building Products revenues. Glen-Gery operates at a loss during December and January, with plant shutdowns and low sales during these winter months, but is profitable the other ten months of the year.

Brickworks Ltd had “funding secured” (i.e. real funding from a US dollar acquisition bridge facility) but has since realised a similar amount of cash from the sale of shares in Washington H Soul Pattinson (SOL). From its initial holding of 102.2 million SOL shares the company sold 5.9 million shares at \$26.42 to realise \$155 million (\$115 million after capital gains taxes) and then sold a further 2.0 million shares at \$26.22 to realise \$52 million (\$39 million after tax). That effectively raises slightly more than the cost of the Glen-Gery acquisition.

Brickworks now holds 94.3 million SOL shares (40.23% of the company) with “no plans to sell any further shares”.

### Brickworks Ltd



**Cardie X** has raised \$5.5 million from the placement of 183.3 million shares at 3.0 cents and (subject to shareholder approval) will raise a further \$2.5 million from the placement of 83.3 million shares at 3.0 cents to **C2 Ventures** (i.e. the company owned by directors C Cooper and N Cairns).

The good news is that this placement was made at only a 10% discount to market value (i.e. not 30-50%, as in the past).

The bad news is that the new CEO and major shareholder, C Cooper, has made a liar of himself. In an audio interview released on 18 October, Cooper, talks about raising capital to finance the inHealth acquisition. He says “The assumption will be, in the Australian market, that its probably going to be at a discount to the stock price today” - which was 3.9 cents. He goes on to say “I want to make it very, very clear that couldn't be

further from the truth. We see this deal commanding a significant premium in the market” and indicates that C2 Ventures will be “taking our pro rata in terms of any funding”. In corporate finance “pro rata” usually refers to a *pro rata cash issue* to all shareholders, not placing shares at a discount, with a discounted parcel of shares also handed to “insiders”.

inHealth has joined a seven-year study by **Kaiser Permanente** and **California State University Long Beach** into diabetes. inHealth will receive service fees for providing nutrition, exercise and lifestyle coaching programs and telehealth services.

### CardieX Ltd



**Clarius Group** has changed its name to **Ignite Ltd** (code IGN).

The business expects “continued improvement” this financial year, with an “improved first quarter” for *People Services* and *On Demand*, plus a return to profitability in Western Australia and South Australia.

### Ignite Ltd



**CPT Global** reports a “strong start” to the new financial year with the half year to December 2018 to exceed the previous year. Two of the company's three largest contracts, plus two “risk/reward projects” (i.e. where CPT Global works for a share of benefits achieved) will successfully “complete their current phase” before the end of December 2018 and the company is “confident” of extending these four contracts, although “the scope and budget of these extensions is being negotiated and the outcomes are not yet known”.

**CPT Global****Ellex Medical Lasers**

**Cynata Therapeutics** has received its R&D Tax Refund of \$1,308,552. That should boost the cash holding to about \$12.2 million.

The pre-clinical study, with **MONASH University**, into Asthma is expected to report this month. Cynata Therapeutics is already in “active discussions with potential partners” to advance this to a clinical trial.

**Cynata Therapeutics**

**Ellex Medical Lasers** reports revenues up 27% for the first four months of the current financial year, 17% in “constant currency” terms and 10% higher in Australian dollar terms owing to the weakness of the Australian dollar. This exchange rate movement should also significantly boost profit margins!

*iTrack* sales in the United States rose 26% in US dollar terms (i.e. 38% in Australian dollars) and 38% in China, while the rest of the world was flat - mainly owing to temporarily lower sales to the German distributor which is being acquired by **Hoya Corporation**.

*2RT* sales are up six-fold, but from just \$100,000 to \$600,000. *2RT* for treatment of iAMD is approved for sale in Europe, Australia and New Zealand but not in the United States (where it is approved for treating *Clinically Significant Macular Edema*). Ellex Medical Lasers is seeking to engage with the FDA to obtain regulatory approval which may (1) accept the LEAD clinical trial data, or (2) require a registration-directed clinical study to replicate the LEAD study or (3) require a clinical study focusing upon FDA endpoints. This pathway should be determined during the current financial year (i.e. before June 2019).

**FBR Ltd** has made an important decision about how it will proceed to commercialise its robotic construction business. We did discuss potential options in our initial Buy Recommendation in July 2017.

FBR plans to retain ownership and control of all *Hadrian X* robots and will operate them to provide a robotic construction service to builders.

The company is calling this *Wall as a Service* or “WaaS”, presumably based on *Software as a Service* (SaaS) although the economics and business fundamentals of these two industries have little in common. If airlines call their business *Transport as a Service* (TaaS) it would still be a capital intensive, competitive business offering low returns to shareholders and an unattractive industry for investment!

FBR's construction business should be highly profitable. This was also discussed in our initial recommendation. Just *how* profitable will depend upon the capital cost of building each *Hadrian X* robot and how much high margin revenue it can earn in a year.

FBR has constructed its first 3-bedroom, 2-bathroom home structure within three days (although inside the controlled environment of a factory) and is currently focused on further “machine and control system improvements to make *Hadrian X* easier to operate, even more accurate, highly reliable and faster”. In early 2019 the company will begin construction on a minimum of ten houses on commercial terms . . . which will generate the first revenues for the company.

FBR intends to “develop a new commercial model” where they “partner” with brick and block manufacturers and builders “to deliver walls on demand” to customers. “A builder will place an order and a WaaS business unit will program and deploy the *Hadrian X* to construct the structure”. Proprietary software can “calculate and extract block data from multiple building design file formats and sources” for the *Hadrian X* robot.

This business model offers “a stronger financial return than machine sales” (even with a per brick royalty) and retains the company's monopoly on the application of this technology. Operating the *Hadrian X* robots could be so profitable that the company can finance rapid growth and expansion (Continued on Page 6)

## Recommended Investments

(Continued from Page 5)

internally from operating cashflow.

Exactly how profitable we cannot estimate without some updated estimates on the cost of building production models of the *Hadrian X* and some estimates of the potential income and cashflow from operating the WaaS business. In our initial recommendation in July 2017 we did estimate that “such a machine could pay for itself in just 2-5 months!”.

So releasing the two existing *Hadrian X* robots out of the factory and into the suburbs could enable the company to finance *doubling* the number of robots every 2-5 months. Let's assume it takes five months for these robots to finance their replication in FBR factories. In five months there will be four *Hadrian X* robots and in ten months there will be eight robots. Soon after the end of the second year there will be 64 robots building houses (and earning cashflow) 24 hours per day, 365 days per year. In this Science Fiction story we can ignore factory production constraints and go on to estimate that by the end of year three there will be 250 robots and within five years there *could* be an army of 8000 robots - all financed from operating cashflow.

In reality, of course, factory production capacity would also need to be *doubled* every five months, so actual growth will be slower. Nevertheless, this business could grow 50-100% compounded for many years and all financed from operating cashflows. So there would be no “dilution” in growth rates from the need to issue new shares to raise additional capital to finance factory expansion and the capital costs of building the fleet of robots.

The company “is planning the most effective approach to manufacture its *Hadrian X* robots in order to scale the WaaS business to a global market” and “is confident that the *Hadrian X* will be manufactured at a scale to meet global demand”.

The *Memorandum of Understanding* with **Caterpillar Inc** was discontinued by mutual agreement and FBR Ltd is now free to discuss the technology and supply with other parties.

The market has reacted badly to these developments, marking the shares down to just 11½ cents. It may be that “the market” is looking for a “catalyst” of a simple 15-30 second media sound bite. But like the recent G20 Trump/Chinese trade war ceasefire announcement this may boost the stockmarket for a day but often have little substance or is just fake news. No doubt an announcement that FBR had licenced Caterpillar to build and sell *Hadrian X* robots would have boosted FBR's share price . . . but FBR would only receive a small royalty on each robot (and perhaps on every brick laid), but as more robots were built and sold, owner-operators would compete in the market and eventually push down pricing (and the per brick royalty). 95% of the value of this

technology - as with most technologies - would accrue to the *users* and end consumers, 4% may go to owner-operators and the robot manufacturers with perhaps only 1% accruing to FBR (although that 1% would still be a very large number).

Retaining full control of the technology does not make a simple headline which the market can easily understand . . . but should ultimately yield significantly higher returns for FBR. 75% of the benefits of this technology (i.e. safer, faster, simpler construction, no waste, lower costs) will accrue to users and end consumers, but FBR will be able to capture 25% of those benefits by managing all stages of the robot manufacture and remaining the monopoly supplier of this robotic construction service.

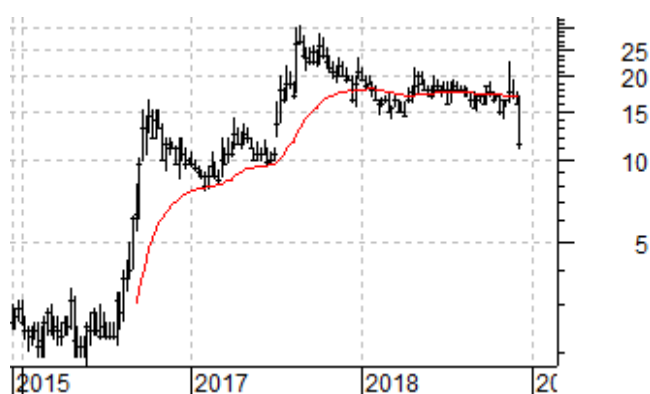
The market's main concern may be funding this growth, but as we have discussed above, a very successful business should be profitable enough to be self-funding. Obviously this has not been the case with mega-technology companies recently, but FBR could be more like the original (privately owned) **Ford Motor Company**.

In discussing the Ford Motor Company from 1903 to 1919, Alasdair Nairn wrote in his book *Engines that Move Markets*, “Despite continuous price reductions, the company's return on assets continued to exceed 60% up to 1914, with stable margins causing both sales and net income to grow at an annual compound rate in excess of 65%. As a consequence of the underlying profitability, Ford was able to self-fund its expansion without recourse to additional equity or debt capital.”

While “the market” may want a headline making deal to boost the share price 50%, ultimately a sound growth strategy that could copy the Ford Motor Company and compound and grow shareholders wealth at 65% per annum over 16 years will be significantly more profitable . . . increasing our wealth over 3000-fold!

So which is better? A quick 50% capital gain? Or a slow 300,000% gain? If you do not know the answer to those questions, then you should not be subscribing to this newsletter. If you do know the answer then you can probably also guess that the current share price weakness may be a great opportunity to buy more FBR shares!

**FBR Ltd**



**Fiducian Group** has acquired a financial planning business with \$73 million of Funds under Advice for \$1.66 million in cash.

**Fiducian Group**



**Iuka Resources** reports that “Zircon market tightness eased in late Q3” (i.e. late in the September 2018 quarter), with spot prices down, but that “underlying structural deficits remain”.

**Iuka Resources**



**Mt Gibson Iron**'s share price continues to reflect fluctuations in the price of iron ore. 62%Fe fell 16% to a low of US\$63/tonne during November but has since recovered to US\$66.75.

If the global economy continues to weaken then iron ore prices may decline in the immediate future . . . but should we really care too much or do anything? The company has 40 cents per share in cash and iron ore prices should have fully recovered from any current economic downturn by 2021 to 2023 when the *Koolan Island* project reaches its peak production and sales years. So the cash in the bank and the value of the *Koolan Island* project far exceed the current share price of 50½ cents.

For existing investors that is a strong “Hold+” . . . but if you were sitting on a pile of cash and worried about a global economic downturn then it is a “Buy”. For investors, an economic and stockmarket downturn offers the opportunity to acquire income producing businesses at attractive valuations . . . but only if, at some stage, one takes that cash out of the bank and buys those depressed, under-valued shares!

**Mt Gibson Iron**



**McMillan Shakespeare**'s share price fell after announcing its takeover of **Eclix Group** last month but has likely stabilised. At 1409 cents the shares trade on a Price/Earnings ratio of 12 and a Dividend Yield of 5.2%. That is close to its historical lows of valuation. At these prices the shares offer an attractive current income yield and steady growth potential.

**McMillan Shakespeare**



**Opthea Ltd** received \$13.3 million from the exercise of its options, lifting its cash holding to over \$37 million.

**Opthea Ltd**



**Prophecy International Holdings** see a “pipeline” of over \$10 million in new *eMite* sales (compared with 2018 sales of \$3.3 million). In the first quarter it closed about 28 sales, with an average of 65 contact centre seats per customer and worth an average of \$18,800 annually (or a little over \$500,000 annually in total). In future months that average value (Continued on Page 8)

## Recommended Investments

(Continued from page 7)

is expected to rise to \$53,000 owing to large contact centre customers, some with “thousands of seats”. The largest customer to date has 800 seats.

The *CX Intelligence* solution has 83 new customers so far this financial year, up from 22 new deals in the whole of the June 2018 year.

### Prophecy International Holdings



**Silver Chef** reports “a deliberate slowdown in acquisition growth” (i.e. new rental contracts) as it restructures. For the half year to December 2018, new business in Australia and New Zealand will be *down* 10%, but Canada will be up 50%.

Most significantly, the company reports that for the first four months of the current financial year “bad debt levels are running at target and historical levels of between 2.5-3.5% of rental income”.

Historically the company provided for doubtful debts at about 33% of any amounts outstanding after 12 weeks (while continuing to seek to recover those debts and assets). In the year to June 2018 it wrote-off about 57% of 12 week overdue amounts and *now* it makes a 100% provision for bad debts (while still actively seeking to recover the debts and assets). Those historical levels of provisioning did not appear inadequate and a 100% provision must be excessive as the company can never collect less than nothing. The net realisable value of a group of overdue accounts must always be equal to or greater than zero . . . and historically the company recovered about two-thirds of their face value.

*Increasing* provisions will *temporarily* distort and depress reported net profits (by perhaps a further \$5-9 million in the current financial year) and *permanently* understate the recoverable value of overdue accounts (which will be valued at zero but realise a net \$8-13 million).

The planned run down and liquidation of the GoGetta division “continues to generate cashflows in line with expectations”. From June 2018 to the end of October 2018, *GoGetta* rental assets have been reduced from \$91.9 million to \$54.1 million, with bank debt funding these assets reduced from \$77.0 million to \$44.6 million.

Silver Chef is also “well progressed in discussions” to issue some “subordinate debt into the capital structure” early in 2019.

### Silver Chef



**The Reject Shop** has received an “on-market takeover offer” from **Allensford Unit Trust** at 270 cents per share. That simply means that Allensford has instructed their broker to buy up to 100% of The Reject Shop's shares on-market at 270 cents.

That offer is generally considered to be “opportunistic” and the market price of The Reject Shop shares is expected to remain slightly above this level (i.e. so it is unlikely that Allensford will acquire many, if any, shares).

Ignore this offer.

### The Reject Shop



**Village Roadshow** reports “a strong indication that Gold Coast theme parks have returned to a positive trajectory”, based upon “first quarter ticket sales”, especially “good sales of annual and multi day passes”.

*Topgolf*, which opened in June, has “enjoyed good attendances and customer feedback”.

### Village Roadshow





# Share Recommendation: *SELL Technology One*

## **SELL Technology One (code TNE).**

Technology One is a high quality business with recurring revenues and steady growth potential . . . but we are recommending the sale of these shares which now trade at a very high valuation.

### **Recent Results**

Technology One has just reported for the year to 30 September:

	Year to 30/9/2018		
	Latest	Previous	Change
Revenues	\$298.7m	\$273.3m	+9.3%
Net Profit	\$51.0m	\$44.5m	+14.6%
Net Cash Surplus	\$48.6m	\$46.4m	+4.6%
Earnings per share	16.1c	14.2c	+13.8%
Dividends per share	9.02c	8.20c	+10.0%

In addition to the final 6.16 cents dividend the company will pay a special dividend of 2.0 cents. We will receive these dividends on 14 December as the shares went ex-dividend on 29 November.

Technology One is a great company, but at 636 cents the shares now trade on a Price/Sales ratio of 6.74, a Price/Earnings ratio of 40 and a Dividend Yield of 1.4%. That is just too expensive for the shares to be a great investment in the future.

Fifteen years ago when we initially bought into Technology One the shares traded on a P/S ratio of 2.72, a P/E Ratio of 19 (as profits had dipped) and a Dividend Yield of 5.7%.

Over that 15 years, earnings per share have increased 6.7-fold or about 13.5% per annum compounded. That is a slower growth rate than we anticipated, but a steady growth rate maintained over a long period. The P/E ratio has also expanded 2.1-fold from 19 to 40. Those two factors *compound* so a 6.7-fold increase in earnings *multiplied* by the 2.1-fold increase in the P/E ratio have resulted in the 14.4-fold increase in the share price (i.e. a 19.5% compound rate of capital appreciation).

Growth shares also make wonderful income investments, with Technology One's growing annual dividends over the last 15 years repaying 207% of our initial investment. With capital appreciation and dividends this investment is up 16.5-fold in value.

A 13.5% growth rate, however, does not really justify the current P/E ratio of 40. That is a P/E to growth ratio (or PEG) of 2.9. While this isn't a ratio we use regularly,

a low value is better than a high value and a ratio of 1.0 is often considered to indicate a "reasonable value" for a share given its expected growth. So a PEG of 2.9 is expensive.

Technology One shares have been fairly highly priced over the last four years - and we have previously suggested some partial profit-taking. In the current stockmarket environment highly valued growth and Technology shares are generally being downgraded to lower, more realistic values. Despite this Technology One shares have risen 55% in price from a low of 410 cents in July to reach a new all time high last week.

We love owning shares as they are the best long term investments! We hate owning cash - after inflation and tax on interest it is a guaranteed loss of real value! But at current valuations we are quite happy to sell Technology One shares and sit on a big pile of cash for a while and patiently consider potential new investment opportunities being offered up by a weak stockmarket.

### **Summary and Recommendation**

Technology One's business did not grow as fast as we originally expected, but it has achieved consistent 10-15% growth over a long term . . . which compounds to create significant shareholder wealth. Initially buying the shares at a low to moderate valuation also allowed the re-rating of the share valuation (although, perhaps a little too much!) which has further boosted our returns.

Given that growth/Technology shares are generally being downgraded to lower valuations, Technology One's strong rise to new highs over the last five months looks like an attractive selling opportunity, providing a large cash sum which we should be able to re-invest in more attractive investment opportunities in the months ahead.

**Technology One**







# “Neglect” Ratings of Australian Shares

“Neglected” Shares = 0-2 Brokers, “Moderately Followed” Shares = 3-9 Brokers, “Widely Followed” Shares = 10 or more Brokers.

Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
1300 Smiles Ltd	3	146	Big River Ind.	1	100	EML Payments	4	364	Investa Office	4	3,339
360 Capital TR	1	81	Bingo Indust.	4	1,240	ERM Power Ltd	4	420	Invocare Ltd	9	1,272
360 Capital Grp	1	229	Bionomics Ltd	6	60	Echo Resources	1	61	Iselect Limited	3	164
3P Learning	3	160	Birimian Ltd	1	47	Eclixp Group	8	802	Isentia Group	3	62
A.P. Eagers	6	1,265	Blackmores Ltd	9	2,154	Elanor Investor	2	167	Ive Group	3	307
A2B Australia	3	253	Blue Sky Alt In	3	77	Elders Limited	4	812	JB Hi-Fi Ltd	14	2,633
AFT Pharma.	2	199	Bluescope Steel	10	6,455	Elk Petroleum	2	78	James Hardie	12	6,971
AGL Energy Ltd	12	12,913	Bluglass Ltd	2	128	Ellex Medical	1	98	Janus Henderson	11	1,994
AJ Lucas	1	203	Boral Limited	10	5,885	Emeco Holdings	5	711	Japara Health.	5	313
ALS Limited	12	3,510	Brainchip Hold.	1	126	Empired Ltd	2	72	Johns Lyng Grp	2	205
AMA Group Ltd	5	523	Brambles Ltd	13	16,461	Energy Resource	1	148	Jumbo Interact.	2	432
AMP Ltd	13	6,844	Breville Group	8	1,425	Enero Group Ltd	1	103	Healius Ltd	12	1,593
ANZ Bank	14	73,732	Brickworks Ltd	5	2,577	Equity Trustees	2	491	KGL Resources	1	69
APA Group	10	10,761	Buru Energy Ltd	1	99	EservGlobal Ltd	2	116	Kardoon Gas	4	226
ARB Corporation	8	1,294	C.S.R. Ltd	12	1,498	Estia Health	7	568	Kelly Partners	1	52
ARQ Group	1	241	CIMIC Group	8	13,444	Event Hospital.	5	2,168	Kidman Res Ltd	3	535
ASX Limited	13	11,616	CML Group	3	86	Evolution Min.	11	5,465	Kina Securities	1	157
AUB Group	5	884	CSG Ltd	1	75	Experience Co	1	173	Kogan.com Ltd	2	301
AV Jennings	2	209	CSL Limited	14	83,299	FAR Ltd	6	366	Korvest Ltd	1	28
AVEO Group	5	964	Caltex Austria	11	7,084	Factor Thera.	1	2	LendLease Group	11	6,965
Abacus Property	4	1,954	Cann Group	1	212	Faifax Media	9	1,518	Lifestyle Com.	2	546
Accent Group	3	752	Capilano Honey	2	12,136	Fiducial Group	1	129	Lindsay Aust	1	110
Acrow Formwork	2	73	Capital Health	3	220	Fleetwood Corp	2	177	Link Admin.	10	3,731
AcruX Ltd	2	28	Carbonxt Group	1	183	Flexicorp Ltd	7	569	Liq Natural Gas	2	285
Adacel Tech.	2	51	Cardno Ltd	1	457	Flight Centre	13	4,743	Lithium Power	1	67
Adairs Limited	4	295	Cardinal Res.	4	150	Fortescue Metal	17	12,665	Livehive Ltd	2	133
Adelaide Bright	12	3,025	Carindale Prop	2	538	Freedom Insur.	2	6	Livetiles Ltd	4	182
Aeon Metals	1	60	Carsales.com	14	2,757	Freelancer Ltd	2	407	Lovisa Holdings	7	774
Ainsworth Game	8	246	Cash Converters	1	154	Freedom Foods	2	1,205	Lucapa Diamond	1	100
Airxpanders Inc	1	17	Catapult Group	4	188	Frontier Digit.	2	74	Lynas Corp Ltd	2	1,118
Air Property	3	981	Cedar Woods Prp	2	405	G.U.D. Holdings	8	1,044	MMA Offshore	4	150
Alexium Int'l	1	40	Centuria Indust	3	708	G8 Education	12	1,307	MNF Group	4	279
Alliance Aviat.	4	297	Centuria Metro.	4	855	GBST Holdings	5	104	MOD Resources	3	85
Altium Limited	6	2,854	Challenger Ltd	14	5,800	GDI Property	1	701	MSL Solutions	2	39
Altura Mining	3	346	Charter Hall GR	8	3,423	GPT Group	13	9,909	MYOB Group	11	2,062
Alumina Ltd	10	6,336	Charter Hall Ed	4	752	GR Engineering	1	181	MacMahon Hold	2	496
Amaysim Aust.	2	219	Chart H Retail	10	1,889	GWA Group Ltd	8	726	Mac Limited	3	239
Amcor Ltd	12	15,623	Chart Hall Long	3	1,057	Galaxy Res.	10	1,060	Macquarie Group	14	38,572
Aneka Tambang	4	1	Citadel Group	4	2,372	Galilee Energy	1	105	Macquarie C Tel	1	444
Ansell Ltd	12	3,011	City Chic Coll.	1	217	Garda Div Prop	2	121	Magellan Fin Gp	9	4,737
Apiam Animal H	2	52	Class Limited	6	200	Gascoyne Res.	1	62	Magnis Energy T	1	183
Appen Limited	6	1,431	Clearview Wlth	2	597	Genex Power	3	74	Managed Account	1	51
Ardent Leisure	8	715	Clean Teq Hold.	4	298	Genworth Mort.	3	1,024	Marley Spoon AG	2	52
Arena REIT	4	665	Cleanaway Waste	6	3,532	Gold Road Res.	6	526	Mastermyne Grp	1	116
Aristocrat Leis	12	14,176	Clinuvel Pharm.	1	804	Goodman Group	11	19,880	Matrix Comp.	1	37
Asaleo Care Ltd	5	513	Clover Corp.	1	238	Graincorp	10	2,096	Maxi TRANS	2	99
Aspen Group Ltd	1	92	CocaCola Amatil	12	6,205	Greencross Ltd	8	644	Mayne Pharma Gr	7	1,482
Aurelia Metals	1	590	Cochlear Ltd	15	10,066	Growthpoint Pro	5	2,748	McMillan Shake.	8	1,172
Aurizon Hold.	13	8,796	Codan Ltd	4	537	HT&E Limited	4	527	McPherson's Ltd	1	135
AusNet Services	12	5,747	Collection Hse	6	184	HUB24 Limited	5	824	Medibank Priv.	11	6,555
Ausdrill Ltd	6	867	Collins Foods	5	791	Hansen Tech.	2	694	Medical Dev Int	3	268
Aust Finance Gr	3	278	Com'wealth Bank	15	%124,572	Harvey Norman	11	3,858	Medusa Mining	1	64
Austal Limited	3	655	Comet Ridge Ltd	4	227	Hastings Rare M	1	117	Megaport Ltd	6	433
Aust Pharm. Ind	5	729	Compumedics Ltd	1	67	Healthscope	11	3,865	Mesoblast Ltd	2	617
Aust Vintage	1	138	Computershare	13	9,404	Helloworld Trav	4	737	Metals X Ltd	4	269
Austin Eng.	3	127	Con Retail REIT	2	219	Highland Pac.	1	70	Metcash Ltd	12	2,219
Aust U. Office	1	443	Cons Operations	2	143	Highfield Res.	1	226	Metro Per Glass	5	93
Aust Agricult.	1	702	Cooper Energy	4	696	Horizon Oil Ltd	1	150	Metro Mining	2	215
Auswide Bank	2	226	Corp Travel M.	7	2,428	Hotel Property	4	466	Michael Hill	5	242
Automotive Hold	11	547	Costa Group	8	2,355	Huon Aquacult.	5	418	Midway Limited	4	270
Aventus Retail	5	1,110	Credible Labs	1	112	IDP Education	7	2,392	Millennium Min.	2	147
Avita Medical	2	100	Credit Corp	6	909	IMF Bentham Ltd	2	593	Millennium Serv	1	10
AxessToday Ltd	1	106	Cromwell Prop.	6	2,034	IOOF Holdings	12	1,615	Mineral Res.	6	2,688
BHP Billiton	18	%100,141	Crown Resorts	9	7,973	IPH Limited	6	1,139	Mirvac Group	13	8,515
BSA Ltd	1	102	Cybg plc	13	2,921	IRESS Limited	8	1,952	Moelis Aust.	1	732
BUBS Australia	1	175	Cyclopharm Ltd	2	75	Icar Asia Ltd	1	52	Monash IVF Grp	4	232
BWP Trust	7	2,370	Cynata Therap.	2	95	Iluka Resources	9	3,210	Monadelphous Gr	12	1,289
BWX Limited	8	373	Dacian Gold Ltd	6	447	Imdex Limited	4	429	Money3 Corp Ltd	3	283
Baby Bunting Gr	4	283	Danakali Ltd	3	198	Impedimed Ltd	3	87	Mortgage Choice	2	151
Bank of Q'land	15	3,913	Data 3 Ltd	2	236	Imugene Ltd	1	79	Motorcycle Hold	2	120
Bapcor Limited	6	1,793	Decmil Group	2	169	Incitec Pivot	11	6,032	Mt Gibson Iron	2	570
Base Resources	3	268	Dexus	11	11,260	Independ. Group	15	2,250	Myer Holdings	9	329
Beach Energy	14	3,586	Domain Holdings	11	1,393	Industria REIT	5	438	Mystate Ltd	4	396
Beacon Lighting	3	277	Domino's Pizza	12	3,955	Infigen Energy	3	426	NRW Holdings	6	704
Beadell Res.	4	77	Donaco Inter'l	1	44	Infomedia Ltd	3	336	Namoi Cotton	1	52
Bega Cheese Ltd	7	1,257	Doray Minerals	2	147	Ingenia Com Grp	4	708	Nanosonics Ltd	4	930
Bellamy's Aust.	5	862	Downer EDI Ltd	9	3,657	Inghams Group	9	1,730	Nat Veterinary	3	128
Bendigo Bank	14	5,171	DuluxGroup Ltd	9	2,635	Insurance Aust.	13	16,455	Nat'l Aust Bank	14	65,622
Berkeley Energy	2	47	Duxton Water	2	140	Int Research	2	290	National Stor.	7	1,187

Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
National Tyre	1	50	Peninsula En.	3	44	SG Fleet Group	5	749	Super Retail Gr	12	1,451
Navitas Ltd	7	1,884	People Infra.	2	130	Salt Lake Pot.	2	81	Supply Network	2	148
Navigator GI In	3	681	Perpetual Ltd	11	1,560	Sandfire Res.	15	1,008	Sydney Airport	13	16,012
Nearmap Ltd	5	706	Perseus Mining	7	362	Santos Ltd	13	11,685	Syrah Resources	6	545
NetComm Wire.	3	95	Pharmaxis Ltd	1	86	Saracen Mineral	8	2,133	TPG Telecom Ltd	10	6,838
Netwealth Group	8	1,901	Piedmont Lith.	2	64	Scentre Group	13	22,119	TPI Enterprises	1	96
Neuren Pharm.	1	147	Pilbara Mineral	6	1,352	Scottish Pac.	3	612	Tabcorp Holding	10	8,748
New Hope Corp.	4	2,718	Pinnacle Invest	3	955	Sealink Travel	4	425	Tassal Group	5	769
New Century Res	1	373	Pioneer Credit	3	173	Seek Ltd	12	6,004	Tawana Resource	2	179
New Energy Sol.	1	450	Platinum Asset	8	3,016	Select harvest	6	577	Technology One	7	2,015
Newcrest Mining	15	16,110	Polynovo Ltd	1	392	Senex Energy	7	516	Telstra	13	36,631
Nexdc Limited	8	2,230	Praemium Ltd	8	279	Senetas Corp	2	104	Temple Webster	2	115
Nib Holdings	11	2,214	Premier Invest	12	2,564	Service Stream	2	612	The Reject Shop	4	80
Nick Scali Ltd	4	433	Prime Media Grp	1	77	Servcorp Ltd	2	279	Think Childcare	4	75
Nine Entertain.	7	1,460	Pro Medicus Ltd	4	1,095	Seven Group	7	4,948	Transurban Grip	13	31,685
Noni B Limited	2	269	Pro-Pac Pack.	1	174	Seven West Med.	7	988	Treasury Wine	13	10,464
Nthn Star Res.	15	5,244	PropertyLink	3	714	Shaver Shop Grp	2	46	Universal Coal	1	165
Nufarm Limited	14	2,277	Q.B.E. Insur.	10	14,204	Sheffield Res.	2	173	Vicinity Centre	12	10,618
OFX Group	3	437	QMS Media	3	310	Shine Corporate	1	126	Village Road.	8	483
OZ Minerals Ltd	14	2,670	Qantas Airways	11	9,422	Shopping Centre	8	2,498	Villa World Ltd	3	243
Oceania Health.	4	653	Qantm I.P.	1	199	Shriro Holdings	1	56	Virgin Aust	6	1,647
Oil Search Ltd	15	11,107	Qube Holdings	10	4,255	Sigma Health.	6	482	Virtus Health	5	363
Oncosil Medical	2	128	RCR Tomlinson	4	231	Silver Chef Ltd	2	59	Vista Group	5	546
Oneview Health.	2	43	REA Group Ltd	12	9,910	Silver Lake Res	3	241	Vita Group Ltd	2	170
Onewe Holdings	5	145	RXP Services	2	76	Sims Metal Mgmt	9	2,162	Viva EnergyREIT	4	1,604
Ooh!Media	5	987	Ramelius Res.	2	211	Sky and Space	1	107	Viva Energy Grp	5	3,870
Opthea Limited	2	113	Ramsay Health	13	11,264	Smartgroup Corp	7	1,260	Vocus Group Ltd	11	2,203
Orica Ltd	11	6,564	Reckon Limited	2	79	Smart Parking	1	47	Volpara Health	3	204
Origin Energy	12	12,211	Red River Res.	3	83	Smiles Incl.	1	20	WPP AUNZ Ltd	1	511
Orocobre Ltd	12	1,074	Redbubble Ltd	3	275	Somnosed Ltd	2	115	Wagners Hold.	4	502
Orora Limited	13	3,958	Redflow Limited	1	68	Sonic Health	10	9,482	Watpac Ltd	1	167
Osprey Medical	2	53	Redflex Holding	1	68	Soul Pattinson	1	6,478	Wesfarmers Ltd	14	36,226
Ottoman Energy	1	63	Reece Limited	2	5,603	South32 Limited	17	15,752	Westpac Banking	14	88,377
Over The Wire	3	217	Regeneus Ltd	1	40	Spark Infrastru	8	3,936	West African R.	2	173
P2P Transport	1	56	Regis Health.	7	755	Speedcast Int'l	7	860	Westgold Res.	2	323
PMP Limited	1	107	Regional Exp.	1	165	Spotless Group	1	1,929	Western Areas	14	552
PWR Holdings	2	349	Regis Resources	14	2,141	St Barbara Ltd	8	2,370	Whitehaven Coal	16	4,453
Pacific Energy	2	257	Reliance W/wide	12	3,603	Starpharma Hold	1	538	Windlab Ltd	1	64
Pacific Current	2	262	ResAoo Health	1	72	Star Entertain.	11	4,201	Wisetech Global	9	5,488
Pacific Smiles	4	207	Resolute Mining	7	761	Steadfast Group	7	2,213	Woodside Petrol	15	29,049
Pact Group Hold	9	1,159	Retail Food Grp	3	65	Sth Cross Media	5	784	Woolworths Grp	14	38,508
Panoramic Res.	1	185	Reva Medical	1	83	Sth Cross Elect	1	130	Worley Group	11	5,990
Pantoro Limited	2	158	Rhipe Limited	5	169	Stockland	13	9,245	XRF Scientific	1	19
Paragon Care	2	209	Ridley Corp.	5	422	Suncorp Group	13	17,283	Xref Limited	1	72
Paringa Res Ltd	4	89	Rio Tinto Ltd	17	26,846	Sundance Energy	2	323	Zenitas Health.	2	64
Peeet Ltd	3	507	Rural Funds Grp	3	746	Sunland Group	2	208	Zip Co Ltd	3	313
Pendal Group	12	2,573	Ruralco Hold.	3	323	Superloop Ltd	4	395			

## Short Interest in Australian Shares

Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)
3P Learning	0.2%	160	Altura Mining	1.8%	346	Automotive Hold	6.2%	547	Botanix Pharma.	0.1%	58
A.P. Eagers	0.1%	1,265	Alumina Ltd	1.9%	6,336	Aventus Retail	0.2%	1,110	Brainchip Hold.	0.0%	126
A2B Australia	5.4%	253	Amaysim Aust.	2.4%	219	BHP Billiton	3.7%	100,141	Brambles Ltd	0.5%	16,461
ACN004410833	0.0%	65	Amcor Ltd	7.4%	15,623	BUBS Australia	0.4%	175	Bravura Sol.	0.4%	791
AGL Energy Ltd	1.2%	12,913	Ansell Ltd	3.0%	3,011	BWP Trust	3.2%	2,370	Breville Group	0.7%	1,425
ALS Limited	0.4%	3,510	Antipa Minerals	0.2%	51	BWX Limited	13.7%	373	Brickworks Ltd	0.6%	2,577
AMA Group Ltd	1.9%	523	Appen Limited	1.7%	1,431	Baby Bunting Gr	0.2%	283	Buddy Platform	0.1%	112
AMP Ltd	6.3%	6,844	Ardent Leisure	0.6%	715	Bank of Q'land	6.3%	3,913	Buru Energy Ltd	0.1%	99
ANZ Bank	1.5%	73,732	Arena REIT	0.2%	665	Bapcor Limited	1.5%	1,793	Byron Energy	0.0%	142
APA Group	0.5%	10,761	Aristocrat Leis	1.0%	14,176	Base Resources	0.0%	268	C.S.R. Ltd	7.7%	1,498
ARB Corporation	5.2%	1,294	Artimis Res.	0.3%	89	Beach Energy	2.7%	3,586	CIMIC Group	0.4%	13,444
ARQ Group	1.4%	241	Asaleo Care Ltd	1.6%	513	Beacon Lighting	0.2%	277	CSG Ltd	0.3%	75
ASX Limited	1.5%	11,616	Atlas Arteria	4.5%	4,735	Beadell Res.	0.5%	77	CSL Limited	0.4%	83,299
AUB Group	0.6%	884	Aurelia Metals	0.6%	590	Bega Cheese Ltd	6.1%	1,257	Caltex Australia	0.8%	7,084
AVEO Group	3.9%	964	Aurizon Hold.	1.4%	8,796	Bell Financial	0.1%	293	Cann Group	0.0%	212
Abacus Property	0.3%	1,954	AusCann Group	0.3%	117	Bellamy's Aust.	8.0%	862	Cardno Ltd	0.3%	457
Accent Group	0.3%	752	AusNet Services	1.4%	5,747	Bellevue Gold	0.0%	197	Cardinal Res.	0.3%	150
AcruX Ltd	0.4%	28	Ausdrill Ltd	4.6%	867	Bendigo Bank	5.3%	5,171	Carnarvon Pet.	0.5%	393
Adairs Limited	0.5%	295	Aust Finance Gr	1.1%	278	Berkeley Energy	0.4%	47	Carsales.com	2.9%	2,757
Adelaide Bright	0.9%	3,025	Australis O & G	0.0%	300	Bigtincan Hold.	0.0%	52	Cash Converters	0.1%	154
Afterpay Touch	6.8%	2,918	Austal Limited	0.2%	655	Bingo Indust.	4.8%	1,240	Catapult Group	1.0%	188
Ainsworth Game	1.3%	246	Aust Pharm. Ind	3.6%	729	Bionomics Ltd	0.0%	60	Cedar Woods Prp	1.3%	405
Airxpanders Inc	0.1%	17	Aust Vintage	0.1%	138	Blackmores Ltd	6.8%	2,154	Celsius Res.	0.2%	40
Alacer Gold	0.5%	213	Austin Eng.	0.0%	127	Blue Sky Alt In	5.0%	77	Centuria Indust	0.8%	708
Ale Property	0.0%	981	Aust Agricult.	6.2%	702	Bluescope Steel	0.2%	6,455	Centuria Metro.	0.0%	855
Alkane Explor.	0.0%	104	Aust Mines Ltd	0.0%	115	Boart Longyear	0.0%	105	Challenger Ltd	6.5%	5,800
Altium Limited	0.3%	2,854	Autosports Grp	0.4%	231	Boral Limited	0.5%	5,885	Champion Iron	0.0%	507





## Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Argosy Properties	1.563	04-12	19-12	0.177
Augusta Capital	1.50	13-12	20-12	Full
Aust Top 20	5.531	29-11	20-12	Full
Asset Plus	0.90	11-12	19-12	Full
Barramundi	1.42	05-12	21-12	0.003
Fisher & Paykel Health.	9.75	10-12	21-12	Full
Gentrack Group	8.70	13-12	21-12	Full
Goodman Property Trust	1.663	28-12	13-12	0.417
Green Cross Health	3.50	10-12	21-12	Full
Hallenstein Glasson	24.00	10-12	17-12	Full
Infratil Ltd	6.25	27-11	14-12	0.15
Kingfish	3.04	05-12	21-12	0.374
NZ Mid Cap	9.104	29-11	20-12	Full
Mainfreight Ltd	22.00	07-12	14-12	Full
Marlin Global	2.07	05-12	21-12	Nil
NZ Property Fund	2.328	29-11	20-12	0.468
NZ Top 50	4.478	29-11	20-12	0.763
Ryman Healthcare	10.80	06-12	14-12	Nil
Sanford Ltd	14.00	29-11	07-12	Full
TeNZ	2.055	29-11	20-12	Full
Turner Automotive	4.00	22-01	30-01	Full
Z Energy	12.50	22-12	11-12	Full
<b>Australian Shares</b>				
ALS Ltd	11.00	29-11	18-12	
Technology One	6.16	29-11	14-12	
Technology One Special	2.00	29-11	14-12	

### Total Return Index for All Listed Shares

Nov 12	1727.64	Nov 19	1695.05
Nov 13	1715.84	Nov 20	1675.76
Nov 14	1719.29	Nov 21	1665.46
Nov 15	1709.26	Nov 22	1668.89
Nov 16	1709.12	Nov 23	1672.82
Nov 26	1660.01	Dec 3	1688.40
Nov 27	1658.48	Dec 4	1687.07
Nov 28	1663.64	Dec 5	1674.10
Nov 29	1669.83	Dec 6	1678.19
Nov 30	1684.50	Dec 7	1663.34

### Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday January 14, 2019.

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](http://www.stockmarket.co.nz) or email [james@stockmarket.co.nz](mailto:james@stockmarket.co.nz).

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. A summary of all prior recommendations is published on the website. The information presented has been obtained from original and published sources believed to be reliable, but its accuracy cannot be guaranteed.

The entire contents are copyright. Reproduction in whole or part is strictly forbidden without the approval of the publisher.