

Reporting rule puts crowdfunding out of reach, says Sharesight chief

Shaun Drummond

New crowdfunding rules would still put equity raising online out of the reach of investment app Sharesight, says chief Doug Morris.

About 80 per cent of the New Zealand company's 40,000 customers are Australian, with the rest mainly in NZ and Canada.

It "crowdfunded" 75 per cent of NZ\$2 million (\$1.88 million), or about \$1.5 million, from them earlier in

December, cutting out the need to pay for advisers other than a lawyer.

"We did a miniature crowdfund amongst our own clients. Most of our clients are investors," Mr Morris said.

"We surveyed the customer base and asked them would you be interested in investing in the company? We used the apps that we use to run the business to manage the communications."

On December 3, rule changes to legalise online equity crowdfunding were introduced to Parliament.

The changes will allow a businesses with \$5 million or less in turnover and assets to raise up to \$5 million a year through crowdfunding without a lengthy and costly prospectus.

Companies will be able to take a maximum of \$10,000 per investor a year.

But they will need to become an unlisted public company. Although it would have a five-year exemption from the normal reporting requirements for a public company, Mr Morris said the

option was still too expensive for Sharesight.

"I'm happy there's movement, but I think it's a half measure that will open the door to retail investors, while at the same time dissuading the exact type of start-up that should participate," he said.

"That's a bad combination. Limiting crowdfunding to unlisted public companies, for example, means that a company like Sharesight could not have crowdfunded the raise we have

just completed," Mr Morris said.

Sharesight was founded in 2008 by Tony Ryburn, executive director, and his son Scott Ryburn, chief technology officer.

It takes data feeds from investors' portfolios and brokers to give a running tally of portfolio performance.

The app is free for one portfolio of 10 stocks and is used by other sites such as ANZ Securities, Bank of Queensland, CMC Markets and robo-advice site Stockspot.

Kidman campaign hits \$30m

Sally Rose

Investors have put their hands up for more than \$30 million in the first 10 days of a campaign that aims to raise up to \$410 million to buy S. Kidman & Co, Australia's largest landholder.

Now DomaCom, the company running the offer, is pitching it to industry superannuation funds in the hope of reaching their target before the cattle station operator is sold to a consortium of Chinese-government-backed bidders.

"We have had a great response from self-managed super fund investors and are now also in talks to pitch the offer to a number of industry super funds," DomaCom chief Arthur Naoumidis said.

S. Kidman & Co owns more than a dozen cattle properties, covering 101,000 square kilometres - 2.5 per cent of the nation's agricultural land.

Last month, Treasurer Scott Morrison blocked the sale of the business to a consortium of Chinese bidders, for \$360 million to \$370 million, on the grounds that it would be against the national interest.

The group's Anna Creek Station in South Australia is considered strategically important because it borders the secret military testing



One investor expects increased demand for beef. PHOTO: ROBERT ROUGH

area at Woomera.

A revised offer from the Chinese bidders is expected. Self-described "fractional property investing platform" DomaCom, with the backing of a network of independent financial planning groups, launched its campaign to assemble a counter offer.

"In the first 10 days more than 600 people have registered their interest to participate, with total

indicative contributions topping \$30 million," Mr Naoumidis said.

"Three people have registered interest for up to \$1 million, and a handful of others have indicated they might buy more than \$250,000 worth of shares."

The pitch targets those keen for the Kidman Station to stay Australian-owned.

It has also appealed to investors who want exposure to agricul-

tural land assets. "I'm expecting lower returns from my residential property portfolio as the outlook for the domestic economy is not very strong, so the idea of being able to buy a part of a cattle station appeals," said Calvin Lee, an engineer from Sydney's north shore who has registered his interest to pitch in between \$100,000 and \$200,000.

Mr Lee will not make his final decision before reviewing a final prospectus. A Chinese-born Australian citizen who migrated more than 20 years ago, he expects the demand for beef exports to grow.

Other registered potential investors told Fairfax Media they are waiting for details on who would manage the property in a crowd-funded ownership model, and whether the Kidman family plan to participate, before deciding.

DomaCom is running the offer under an escalating due-diligence model. Once indicative commitments hit \$90 million, or 30 per cent of the \$300 million of its estimated value of Kidman's property assets, all interested parties will be required to transfer the money to an ANZ Bank trust account overseen by Perpetual.

A legal firm will then be engaged to start drafting a formal offer document.

Confessions rare in superannuation land

Patten



Sally Patten

One of the most refreshingly honest annual report jottings this year was the admission by John Pearce, the chief investment officer of Unisuper, that the \$49 billion superannuation fund had made a mistake in investing in shares of supermarket chain Woolworths.

Under the headline "Regrets" in his 2015 note to fund members, Pearce notes that the in-house management team is able to take large single-stock positions.

"When investing around \$50 billion across a myriad of strategies, it's inevitable that we get some calls wrong," Pearce concedes, adding: "Our position in Woolworths has, to date, been an unequivocal disappointment. Despite Woolworths' outstanding track record of delivering dividend income growth over two decades, including during the global financial crisis period, the stock price has fallen significantly following a series of earnings downgrades."

Another item under the regrets column is the team's failure to foresee the impact of sharp falls in the prices of coal and iron ore on the share prices of Australian resources companies.

"[We] weren't aggressive enough in reducing our exposure to the sector," says Pearce. "We weren't alone in missing this opportunity, but it's still one of our regrets in what's been another eventful year."

A third regret was the fund's failure to sell Australian 10-year bonds when they were trading at a record-low yield of 2.28 per cent.

(As an aside that might interest individual investors who were also caught in the Woolworths avalanche, Pearce held on to the shares on the grounds that the problems are related to poor management rather than structural issues.)

It is a rare thing in these days of overly massaged messages stuffed to the brim with euphemisms to find an executive prepared to admit he has made a mistake. Pearce also pointed to Unisuper's successful decisions, such as getting on board the yield-stock train, investing in the US technology and healthcare

sectors, and avoiding the disasters that were Russia, Greece and Brazil. Overall, the balanced option recorded an 11 per cent increase for the 12 months to June, just above the average for the industry, suggesting the good calls outweighed the bad.

They might be rare now, but such mea culpas may become a greater feature of investment reviews in the future, as super funds will be asked to disclose the performance records of their in-house teams. Saving fees by axing external managers is all well and good, but fund members will want confidence that the swelling ranks of in-house managers are fulfilling their investment mandates.

At least Unisuper's members have the opportunity to peruse their scheme's overview of 2015. Not all super fund members have the same ability.

Nearly six months after the close of the 2014-15 financial year several of the biggest funds, including those run by ANZ Banking Group, Commonwealth Bank of Australia and Westpac, had not, by Friday, published their annual reports. Under Australian Securities and Investments Commission rules, super funds

have until six months after the end of the financial year to publish their annual report - a considerably more relaxed deadline than the four months companies listed on the ASX are afforded to produce their reports to shareholders.

"In accordance with the Corporations Act the annual reports must be published within six months of 30 June so they [the annual reports for all the bank's super products] will be available before 31 December," said a spokesperson from BT Financial, Westpac's wealth arm.

ANZ said it expected to have published its report in the next few days, pointing to the fact that members had already received their advice statements with information relevant to their accounts. CBA also said that its report would be published by the December 31 deadline. Most major industry super funds have published their reports.

Even when the reports are published, it will be difficult for savers to use them to compare different funds. Some are comprehensive while others, such as AMP's, offer little information about the fund's make-up.

National Australia Bank Limited
ABN 12 004 044 937

NAB Convertible Preference Shares II (NAB CPS II)

Dividend Period:

91 days from 17 December 2015 to (but not including) 17 March 2016

Dividend Rate:

3.9200% per annum (3.2500% per annum above the 90-day Bank Bill Rate as at 17 December 2015 of 2.3500%, multiplied by (1 - Tax Rate))

Dividend per NAB CPS II:

The Dividend Rate equates to a Dividend payment of \$0.9773 in respect of each NAB CPS II

Dividend Payable:

Thursday, 17 March 2016

Record Date:

Tuesday, 1 March 2016

National Australia Bank

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ANZ Interest Rates

For interest rates applicable on other ANZ products please visit anz.com. The interest rates are current as at 21st December 2015 and are subject to change.

Home Loan/Residential Investment Interest Rate
Property Loan (RIPL) Indexes % pa

Home Loan Index	5.56*
RIPL Index	5.83*
Equity Manager Rate	5.71
Simplicity PLUS Index	4.86

Main Business Loan Base Rates

Business Saver Index (fully secured by residential property)	6.66*
Business Mortgage Index (used for most business loans)	7.16*

Other Business Rates

Business Advantage Secured Index	7.16*
Business Credit Facility Index	8.09*
Retail Index	8.76*
Reference Rate	8.84*
Fully Drawn Advance Rate Index	8.96*
Business Advantage Unsecured Index	9.16*
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