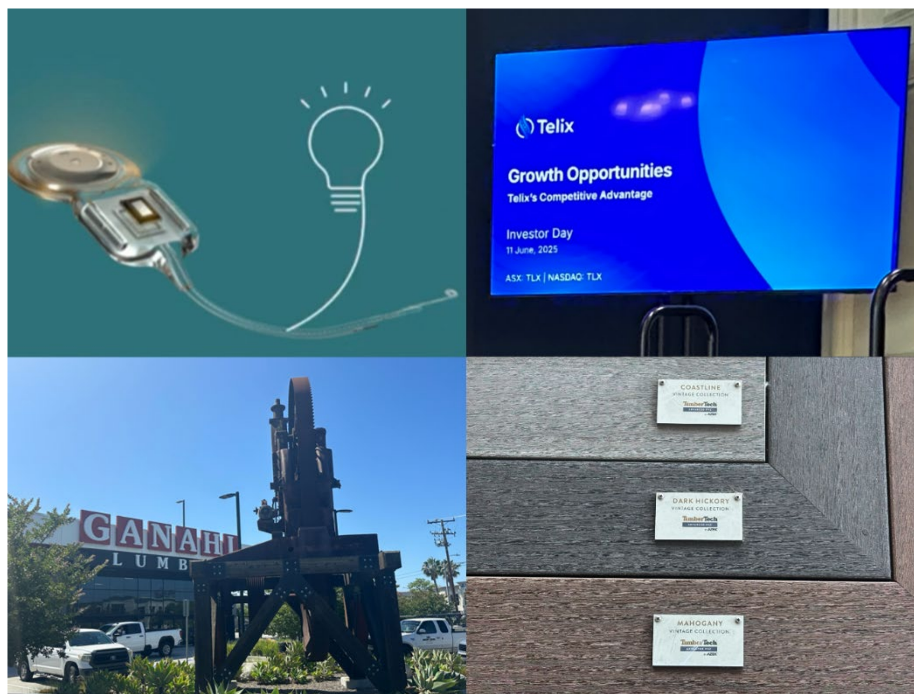
Selector High Conviction Equity Fund Quarterly Newsletter No.88
June 2025



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

In our article 'Turn every page' we discuss the importance of avoiding short cuts, alongside the investment temperament and diligent curiosity required when investing. We review a global leader that flies well below the investor radar in our 'Under-rated performer' piece. Post Covid-19 we examine how another global leader has emerged even stronger in our 'Five years on' note.

We discuss James Hardie, post its acquisition of Azek, a leading U.S. based decking business and comment on the passing of the U.S. One Big Beautiful Bill Act (OBBBA) and the gem that sits within it.

Finally, we again touch on the issue of government debts and deficits in our piece, 'Deficit Dilemma'.

Photo: *A collection of events during the quarter. The release of Cochlear's first smart implant, the Nexa System was according to CEO Dig Howitt, a concept "20 years in the making" having "spent over $3b on R&D over that time". We travelled to the U.S. attending radiopharmaceutical company Telix Pharmaceuticals Investor Day held in New York on 11 June. We followed up with a visit to Ganahl Lumber based in California, a distributor of AZEK (TimberTech) composite flooring products, now owned by James Hardie, following its successful acquisition on 27 June.*

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

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

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

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In Brief – June Quarter

Dear investor,

The final quarter of fiscal year 2025 provided something for everyone.

For the doubters, President Trump and trade tariffs became an almost daily news feature.

For the believers, the rally in the share markets since the lows of April caught many off guard, once again.

U.S.

Attention has been largely centred on the U.S. and for good reason. Whether it becomes a bigger issue or not, government debt and ongoing U.S. budget deficits are getting due recognition, an issue we discuss further in this quarterly.

Respected J.P. Morgan CEO Jamie Dimon was unequivocal in his message to the U.S. Administration on the need to place America's financial position on a more sustainable trajectory.

"You are going to see a crack in the bond market. I'm telling you this is going to happen. And you are going to panic. I'm not going to panic. We'll be fine.

I just don't know if it's going to be a crisis in six months or six years, and I'm hoping that we change both the trajectory of the debt and the ability of market makers to make markets. Unfortunately, it may be that we need that to wake us up."

U.S. Treasury Secretary Scott Bessent plans to eliminate the credit risk of the U.S. government by *"decreasing the [role] of government in the economy. At the same time, we are right-sizing government spending and government employment."* His aim is to reduce the deficit by one percentage point per year to its long-term average of 3.5% of GDP.

This will require cuts to government spending and multiple levers to lift tax collection revenues. Trump's tariff agenda continues to whipsaw markets, but as we have already witnessed, delivering on the promise is not as straightforward as signing an executive order.

The government itself operates within clear market-imposed guardrails that directly and indirectly limit its powers, as listed below:

1. The movements in the U.S. 10-year bond market
2. The movement of the U.S. dollar as the world's default currency
3. The level of fiscal imbalance and securing ongoing support in the U.S. Senate
4. The power of the democratic process, with the U.S. mid-term elections due in November 2026
5. U.S. Federal Court challenges to Trump's executive orders

These guardrails ensure that no matter how radical the actions of the Trump administration may be, their ultimate execution will be dictated by factors outside their control.

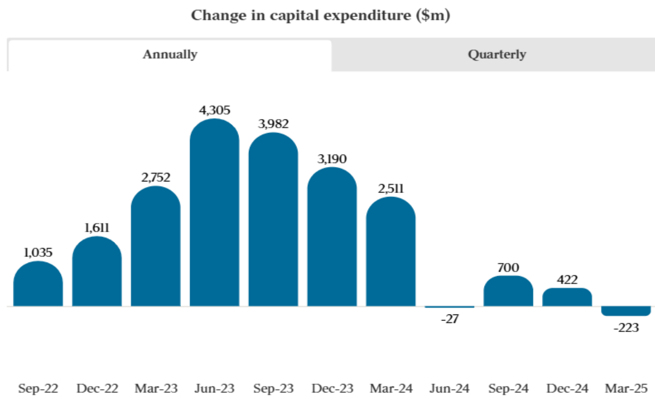
One of the most important near-term developments will come from Trump's One Big Beautiful Bill Act (OBBBA) that passed the U.S. Senate on 3 July. The Council of Economic Advisors (CEA) notes, among a series of economic impacts that now follow its legislative passing, an expected fall in U.S. debt as a share of GDP to 94% by 2034. Such an outcome would go some way to alleviating concerns around debt and deficits. We continue our discussion on OBBBA further in this quarterly.

Australia

The word productivity seems to be lost in the Treasurer's vocabulary. Having secured a second term, alongside a raft of financial giveaways and growing union wage demands, it has finally dawned on the government that it is the private sector that does the heavy lifting.

Economic data released in May pointed to a less than rosy outlook. Private capital expenditure recorded its biggest annual contraction since 2020. Figure 1 captures the quarterly change in private capital expenditure dipping into negative territory.

Figure 1: Australia Private Capital Expenditure



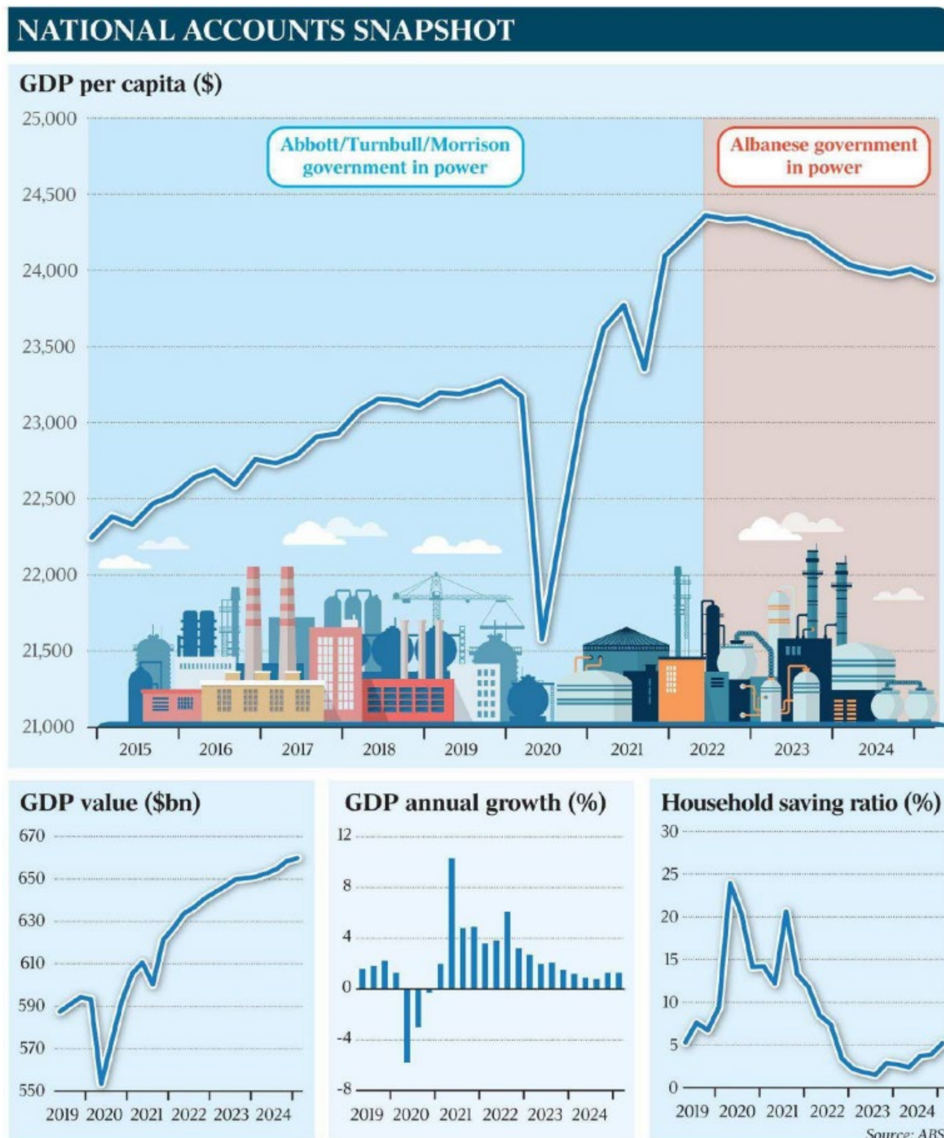
Source: The Australian 29 May 2025

Treasurer Jim Chalmers provided his own insights, "We acknowledge that as growth recovers in our economy the best kind of growth is private sector-led growth."

CSL's Chairman Brian McNamee countered, *"This data reflects a quiet business withdrawal of investment dollars. There are no threats, no shouting . . . just an accumulation of hostile policies and government crowding out of enterprise. Investment dollars will find homes elsewhere that are more welcoming and reward risk-taking. Who could blame business or individuals in this environment for either sitting on their hands or investing elsewhere?"*

Rather than encouraging investment to lift productivity, government policies across energy, industrial relations and regulation are weakening confidence. Figure 2 illustrates the worrying trend in GDP since 2022.

Figure 2: GDP - The numbers don't lie



Source: The Australian 5 June 2025

As reported in the Australian Financial Review, since 2019, 53% of all job growth and 63% of economic growth has been courtesy of the public sector. Government spending now represents 30% of GDP, the highest level seen since World War II.

An era of entitlement is leading to complacency. Coupled with Australia's forecast cumulative budget deficit of $180b over the forward years to 2028-29, the resulting growing debt problem is contributing to a deterioration in the country's fiscal position.

Complacency left unchecked contributes to failure. Business resilience becomes a priority during such times. It matters nought to define a business as either value or growth. What does matter is uniqueness, brand leadership, strong financial economics and a reinvestment mindset to sustain a competitive position.

In this quarterly report, we review portfolio holdings and discuss the latest company results in our company commentaries piece.

We delve into our investment process in our article "Turn every page". We then profile two long duration businesses, as covered in our "Under rated performer" and "Five years on" articles.

Further, we discuss James Hardie post its acquisition of U.S. leading decking business Azek and comment on the U.S. passing of the "*One Big Beautiful Bill Act*" (OBBBA) and the gem that sits within it.

For the June 2025 quarter, the Fund delivered a gross return of **9.15%** compared to the All-Ordinaries Accumulation Index, which posted a gain of **9.50%**.

For the 2025 financial year, the Fund delivered a gross return of **9.12%** compared to the All-Ordinaries Accumulation Index, which posted a gain of **13.23%**.

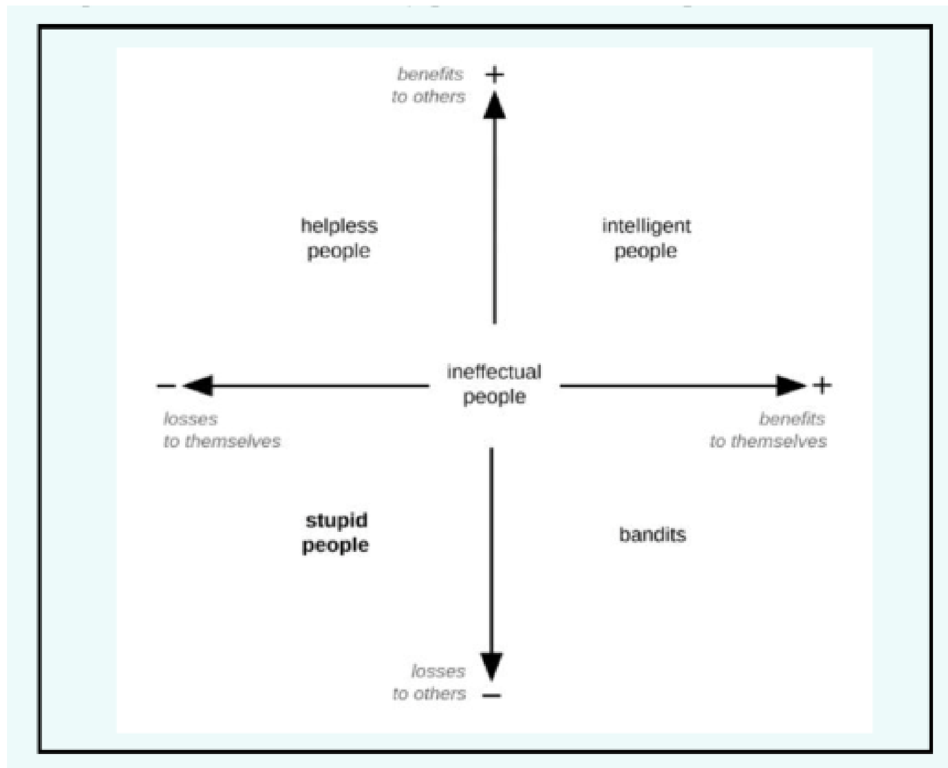
We trust you find the quarterly informative.

Regards,

Selector Investment Team

The late Carlo M Cipolla | Economic historian from Berkeley and author of “The Basic Laws of Human Stupidity”

Figure 3: Cipolla’s Four Types of People



Source: The Basic Laws of Human Stupidity

Viktor Shvets, Global Strategist from Macquarie, in a recent piece, highlighted Cipolla's writings.

> *"The helpless, the intelligent, the bandit, and the stupid. In an economic sense, the classification is based on whether they and others gain or lose from their actions.*
>
> *The 'helpless' gain little or nothing, though others may profit from their actions, the 'intelligent' gain from what they do, but so do others, the 'bandits' gain when others lose, finally the 'stupid', gain nothing or suffer losses as they harm the rest.*
>
> *Cipolla's conclusion was that while 'bandits' are not good, their actions follow self-interest logic that allows others to understand their motives and defend against. In his view 'stupid' are the most dangerous, as they are irrational and unpredictable, suffering from losses for no gain for themselves, and thus impoverish societies."*

We wonder what Cipolla would think of the following statistic, courtesy of Joshua Cummings, Portfolio Manager of Janus Henderson

"*The average mutual fund in the U.S. turns over its portfolio (that is, the frequency at which shares are bought and sold over a period), about 100% a year. What's the point of owning high-ROI business if you're not going to own it long enough to benefit from compounding*."

Portfolio Overview

Table 1: Performance as at 30 June 2025[1]

	3 Month	6 Month	1 Year	3 Year[2]	5 Year[2]	10 Year[2]	15 Year[2]	20 Year[2]	Since Inception[2]
Fund (gross of fees)	9.15	(1.92)	9.12	15.33	10.42	13.31	14.10	11.26	12.19
Fund (net of fees)	8.77	(2.64)	7.53	13.60	8.72	11.39	12.11	9.31	10.18
All Ords. Acc. Index	9.50	5.90	13.23	13.49	12.00	9.07	9.17	8.04	8.48
Difference (gross of fees)	(0.35)	(7.82)	(4.11)	1.84	(1.58)	4.24	4.93	3.22	3.71

Inception Date: 30/10/2004

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

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

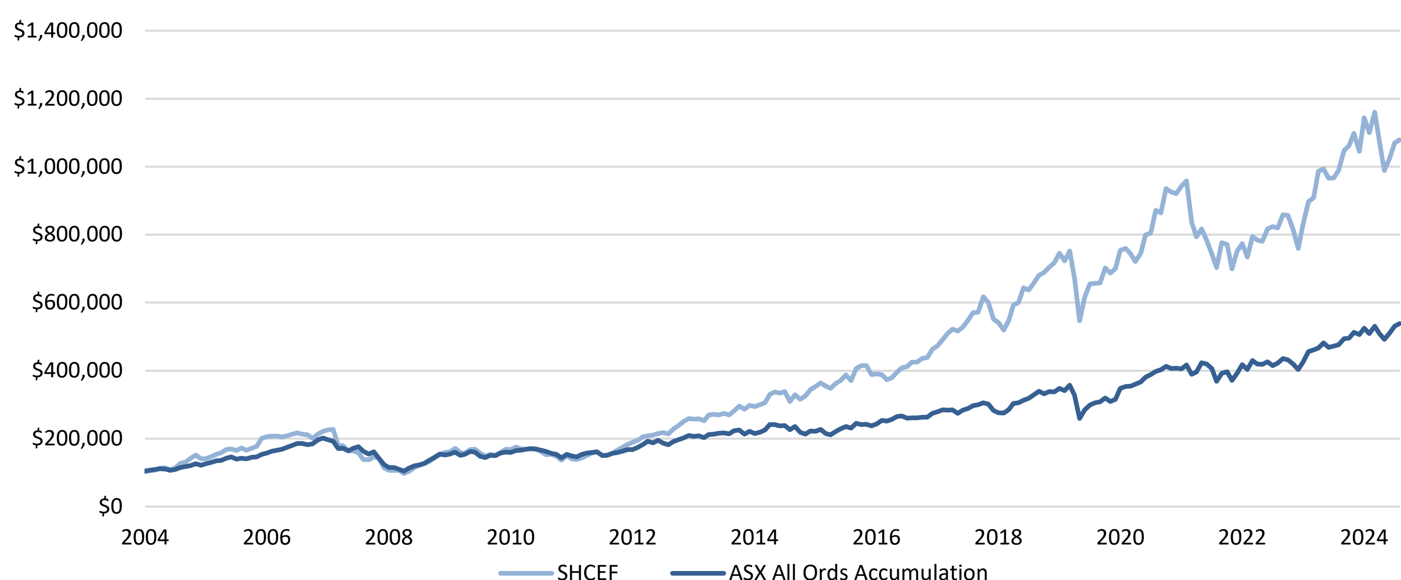


Table 2: Portfolio's Top 10 Holdings

Top 10 June 2025	%	Top 10 March 2025	%
TechnologyOne	8.95	TechnologyOne	8.29
CAR Group	7.04	Nanosonics	6.74
Resmed	6.63	Aristocrat Leisure	6.64
Aristocrat Leisure	6.28	CAR Group	6.44
Cochlear	5.98	Resmed	6.43
Pro Medicus	5.93	Cochlear	5.64
Nanosonics	5.58	James Hardie Industries	4.71
WiseTech Global	5.34	Pro Medicus	4.42
James Hardie Industries	5.14	CSL	4.13
REA Group	4.07	WiseTech Global	4.09
Total	**60.94**	**Total**	**57.54**

Table 3: Unit prices as at 30 June 2025**

Unit Prices	Entry Price	Mid Price	Exit Price	Mid Price (Cum Distribution)
	$3.3516	$3.3432	$3.3348	$3.5873

***FY25 distribution total of $0.2441 per unit*

Selector employs a high conviction, index unaware, stock selection investment strategy. The Fund's top 10 positions usually represent a high percentage of its equity exposure. Current and past portfolio composition has historically been very unlike that of your average "*run-of-the-mill index hugging*" fund manager. Our goal remains focused on truly differentiated broad-cap businesses rather than the closet index hugging portfolios offered by most large fund managers.

Table 4: ASX sector performance – June 2025 quarter

S&P ASX Industry Sectors	Quarter Performance (%)
Information Technology	28.35
Financials	14.48
Telecommunications	14.10
A-REITS	12.43
Consumer Discretionary	9.93
Energy	9.26
Industrials	7.20
Consumer Staples	3.93
Healthcare	2.65
Utilities	0.91
Materials	(0.74)

Table 5: Fund's industry weightings

Industry group	June 2025 (%)	March 2025 (%)
Health Care Equipment & Services	28.31	27.79
Software & Services	19.83	18.03
Media & Entertainment	14.21	13.14
Consumer Services	9.83	11.58
Pharmaceuticals, Biotech & Life Sciences	7.87	7.75
Materials	5.14	4.71
Capital Goods	4.23	5.09
Automobiles & Components	3.34	3.48
Commercial & Professional Services	3.15	3.29
Consumer Durables & Apparel	2.78	3.13
Financial Services	0.98	1.56
Cash & Other	0.33	0.45

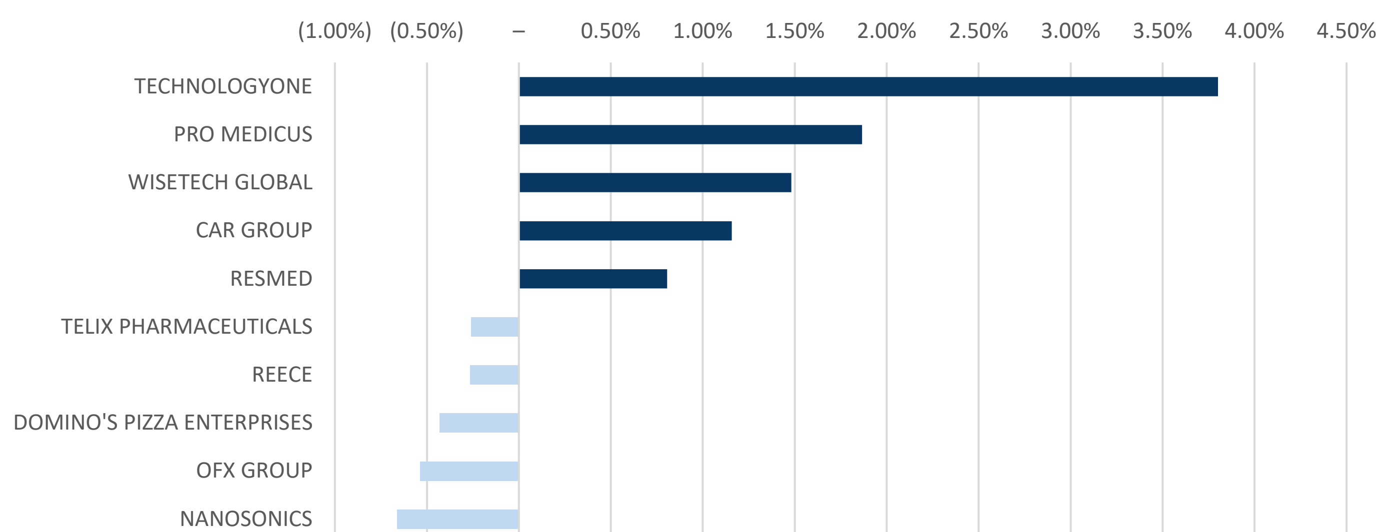
Table 6: Portfolio turnover as at 30 June 2025

Period	Turnover %
1 Year	9.55
2 Years	8.53
3 Years	7.20
5 Years	7.98
10 Years	7.18
15 Years	6.73
20 Years	6.30
Since inception	6.17

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

Portfolio Contributors

Graph 2: Contributors and Detractors – June 2025 quarter



Environmental, Social and Corporate Governance (ESG)

▪ ESG Roadmap

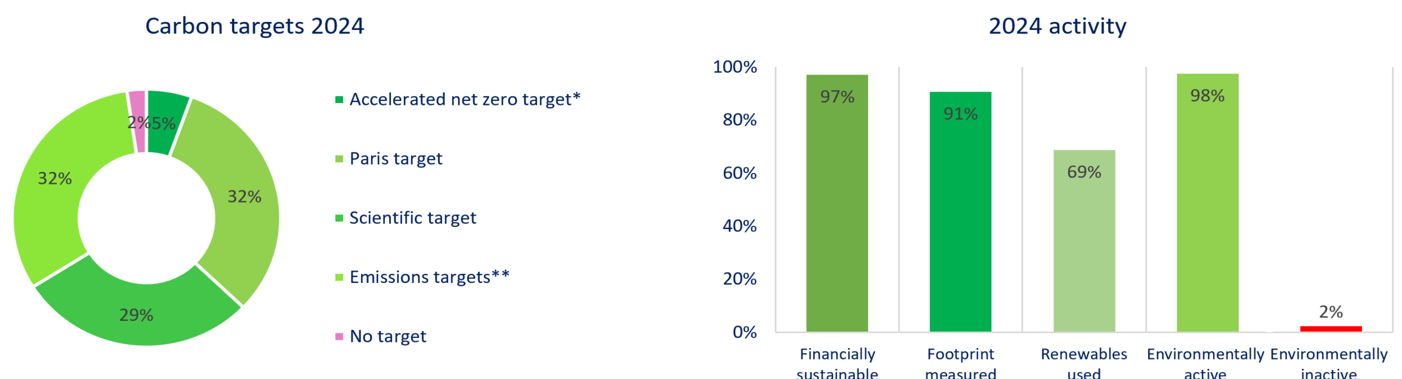
Consideration			
Social	Human Capital Management	Community (including MS*)	Best Interests
Governance	Board effectiveness	Shareholder interests	Risk, Litigation & Cyber
Environment	Climate Targets	Renewable targets	Progress against target

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

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

▪ Carbon Risk Analysis

Figure 4: Portfolio Reporting 2024



What we are seeking

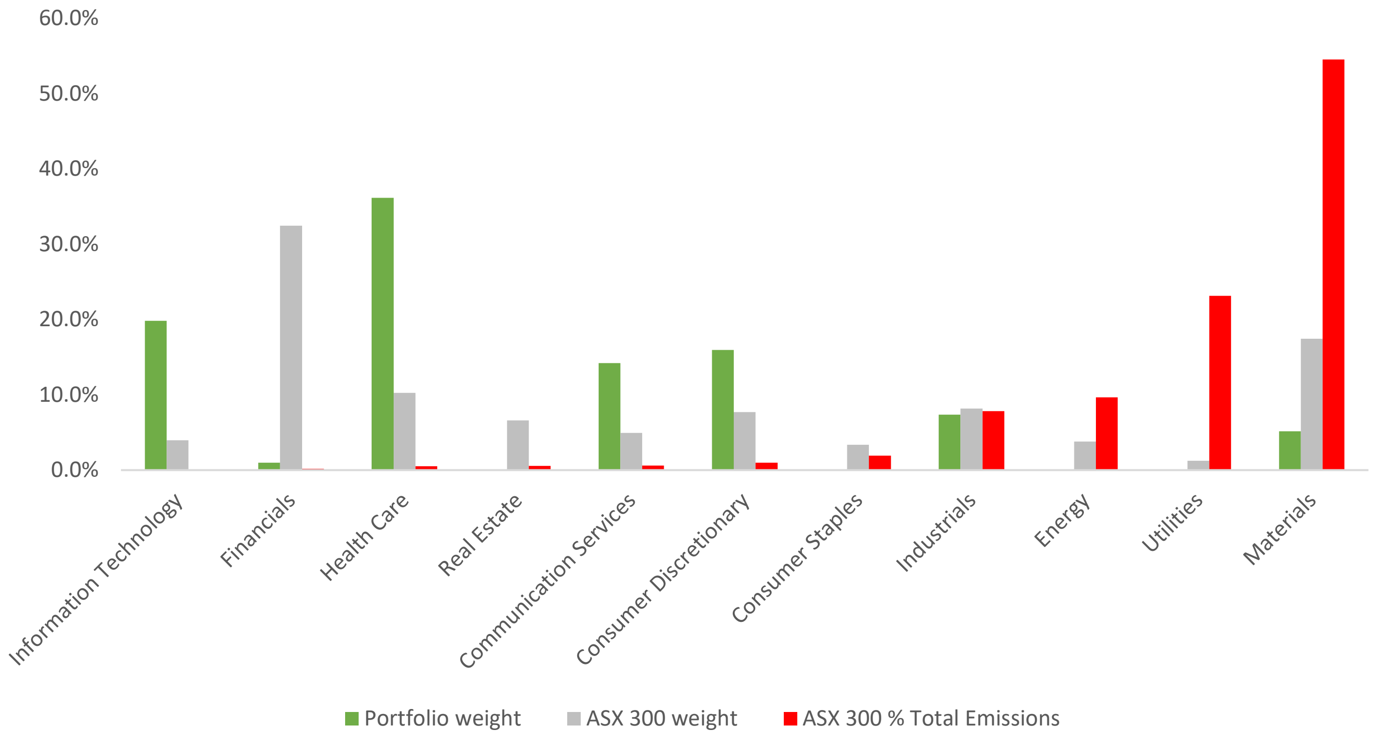
- Paris targets
- Science based targets
- Emissions targets
- Renewable energy targets

What we are monitoring

- Financial sustainability
- No efforts
- No accountability

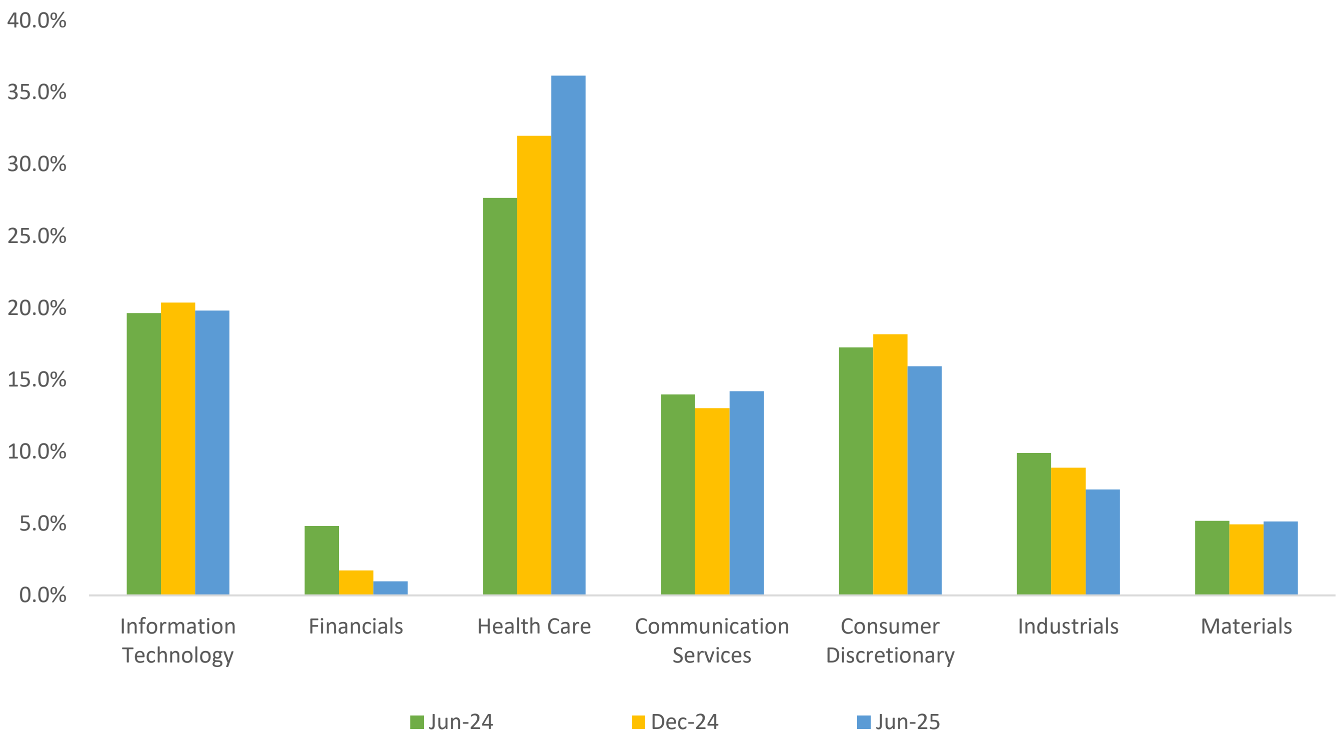
**Net zero across all scopes by 2030*
**Has at least measured emissions or energy use or set a target*
Source: SFML Research

Graph 3: SHCEF vs ASX 300 Carbon Exposure 30 June 2025



Source: SFML & LSEG

Graph 4: Portfolio Carbon Exposure Periodic Change



Source: SFML & LSEG

Table 7: SFML Portfolio carbon intensity

Carbon intensity method[1]	SFML[2]	ASX 300[2]
Carbon to value invested	3.45	25.16
Carbon to revenue	16.77	102.66
Weighted Average Carbon Intensity (WACI)	10.02	92.08

Source: SFML & LSEG

[1]Last reported financial year revenue as at 30 June 2025
[2]Scope 1 and 2 emissions (estimated if not reported).

- ***Carbon to value invested*** – this calculation is the aggregation of estimated owned constituent greenhouse gas emissions[2] per $1m market capitalisation as at 30 June 2025. It allocates the emissions investors are responsible for based on their level of ownership, enabling them to measure their contribution to climate change.
- ***Carbon to revenue*** – this calculation reflects the aggregation of estimated owned constituent greenhouse gas emissions[2] per $1m generated in apportioned revenues. It allocates the emissions investors are responsible for based on their ownership of company revenues.
- ***Weighted Average Carbon Intensity (WACI)*** is the weighted average of individual company's estimated carbon intensities (emissions over revenues), weighted by the investment proportion of the constituents.

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

Portfolio	Revenue ($m)[1]	CO2 Emissions[2] (Tonnes)	$90 Carbon Tax ($m)	Impact on Revenue (%)
SFML Top 10 Emitters	60,761.23	1,254,189	112.88	(0.19%)
SFML Portfolio – Total	76,084.09	1,291,142	116.20	(0.15%)
ASX 300 Top 30 Emitters	621,601.80	211,537,921	19,038.41	(3.06%)
ASX 300 Index – Total	1,349,043.79	228,757,357	20,588.16	(1.53%)

Source: SFML & LSEG CO_2 Emission data

[1]Last reported financial year revenue as at 30 June 2025
[2]Scope 1 and 2 emissions (estimated if not reported).

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

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

Portfolio	Percentage of Total Portfolio	Percentage of Total Portfolio's Emissions
SFML Top 10 Emitters	34.50%	97.14%
ASX 300 Top 30 Emitters	24.36%	92.47%

Source: SFML & LSEG CO2 Emission data

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

Reporting Season Snapshot

Aristocrat Leisure (ASX:ALL)

Aristocrat Leisure (Aristocrat) is a leading global gaming content and technology provider with more than 7,300 employees operating in over 100 countries. Founded in 1953, the company houses 27 dedicated studios developing proprietary content for land-based, online and mobile gaming markets.

	HY25	HY24	Change
Revenue (75% recurring)	**3,035**	**2,791**	**8.7%**
Aristocrat Gaming	*1,870*	*1,826*	*2.4%*
Product Madness	*901*	*855*	*5.3%*
Aristocrat Interactive[2]	*264*	*109*	
Gross Profit Margin	***62%***	***58%***	
Design & Development (R&D) expense	**402**	**374**	**7.7%**
% Revenue	*13%*	*13%*	
EBITDA	**1,249**	**1,107**	**12.8%**
Margin	*41%*	*40%*	
Underlying Net Profit After Tax[1]	**733**	**694**	**5.6%**
Margin	*24%*	*25%*	
Operating Cash Flow	**773**	**656**	**17.8%**
Capital Expenditure (CAPEX)	231	248	
Net Debt (Net Cash)	**452**	**(366)**	

[1]Underlying net profit after tax and amortisation of acquired intangibles (NPATA)
[2]Reported revenue. Prior Corresponding period does not include NeoGames acquisition

North America Gaming Operations

In North America, Aristocrat Gaming, its land-based division operates a leasing (Gaming Operations) and outright sales model, representing 59% and 41% of revenue, respectively. North America remains the group's largest market, accounting for 82% of revenue. In the Gaming Operations space, the company earns revenue as a fixed fee or percentage of daily wins per install base.

Over the half, Aristocrat grew its Gaming Operations install base by 6,391 units to 73,603, increasing its market share to 42%. In addition, the business maintained the market-leading fee per day at US$52.73, a decline of 5% due to product and channel mix. Aristocrat remains the leading premium content provider with 20 of the top 25 premium leased games (Elier & Krejcik's March 2025 report for the last twelve months) and was recognised as Supplier of the Year for the sixth consecutive time at the American Gaming Awards in October 2024.

The strength of the product and content portfolio reflects the company's strategic focus on R&D, that consistently sits between 11% and 13% of revenue. For the half, $206m of the $402m investment was dedicated to Aristocrat Gaming, which houses 12 global game studios and ~3,300 staff.

Business simplification

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

In November 2024, the company announced the sale of Plarium Global (a mobile strategy, Action and RMG game developer) to Modern Times Group for a total potential consideration of US$820m. Of this amount, US$620m is a fixed consideration, while US$200m is subject to certain financial achievements.

Following this, an announcement was made in February 2025 on the restructuring of Big Fish Games, a social casual mobile game developer, to focus on profitable operations and limited future investment.

The announcements highlight the company's future intent of *"deepening management focus and targeting investment behind our core strengths in regulated gaming and gaming-themed content, to unlock new and adjacent opportunities across global markets."*

As a result of the global review, the company's mobile segment, Pixel United, renamed to Product Madness, its social casino game development division. The division increased its market share to 21% and reported booking growth of 4% to US$570m, compared to industry bookings, which declined 6%.

The strategic refresh enables Aristocrat to leverage its market-leading content across all three gaming verticals, including Land-based, Digital (social casino) and Real Money Gaming (online). In the half, the company soft-launched its land-based NFL-themed content into the digital channel and also expanded its popular land-based Buffalo franchise into the U.S. iGaming (online) market.

Aristocrat Interactive

Aristocrat Interactive operates across three business segments: iLottery, Content Creation & Distribution and System Infrastructure. The division represents the combination of Anaxi, Aristocrat's Real Money Gaming (RMG) business, and recently acquired NeoGames for US$1b in April 2024.

On a pro forma basis, which assumes full ownership of NeoGames in the prior corresponding period, the iLottery business grew revenue by 5% to US$76m and remains the market leader in the U.S. with 68% share of all gross wagers.

In Content, the NeoGames platform has broadened Aristocrat's content reach to over 150 operators across more than 175 countries, including access to more than 90% of the U.S. market.

In HY25, the company launched with major operators across the U.S., Canada and U.K. and released 40 new games. Management aims to increase its content rollout in the second half of FY25 and throughout FY26.

In the U.S., Aristocrat was recognised as a top 10 overall supplier by gross gaming revenue from Eilers' April 2025 U.S. Online Game Performance Report. The division ended the half with revenue of US$42m, up 17%.

Outlook

For FY25, the company expects to deliver a stronger second half performance and positive net profit after tax and amortisation of acquired intangibles (NPATA) growth, reflecting continual share gains in the land-based business and further scaling of content within Aristocrat Interactive. Longer term, Aristocrat Interactive aims to deliver US$1b in revenue by FY29.

Aristocrat has a market capitalisation of $41b.

Fisher & Paykel Healthcare (ASX:FPH)

Fisher & Paykel Healthcare, founded in 1969, is a leading global medical device manufacturer in humidified respiratory care and obstructive sleep apnea (OSA). The company employs 7,506 staff across 55 countries, including New Zealand, North America and Europe. The majority of revenue (89%) comes from recurring items, consumables and accessories, which are sold in more than 120 countries.

	FY25 (NZ$m)	FY24 (NZ$m)	Change
Revenue	**2,021**	**1,743**	**16%**
Hospital	*1,280*	*1,088*	*18%*
Homecare	*740*	*652*	*13%*
Underlying Gross Profit Margin	**63%**	**61%**	
R&D Expense	**227**	**198**	**14%**
% Revenue	*11%*	*11%*	
Underlying Operating Profit (EBIT)	**510**	**373**	**36%**
Margin	*25%*	*21%*	
Underlying Net Profit After Tax	**377**	**264**	**43%**
Margin	*19%*	*15%*	
Operating Cash Flow	**549**	**430**	**27%**
Capitalised Expenditure (CAPEX)	103	339	
Net Debt (Cash)	**(201)**	**(38)**	

The company

In this quarterly edition, we provide a detailed review of the business. The company's annual report provides insights and a timeline into the group's emergence as a leading provider of respiratory care, which has extended from the hospital to the home.

Financial Year 2025

The COVID years (2020-2023) drove top line sales, however the impact on the bottom line was less pronounced. The company's focus on meeting strong demand came at the expense of heightened freight costs and general operating outlays. This led to a decline in gross profit and overall operating profit margins from historical levels.

The restoration of business normality is allowing for operating leverage to return.

2025 operational performance

The group delivered record top line sales, up 16% to NZ$2.02b. Bottom line net profit rose 43% to NZ$377m, indicative of improved economics.

Hospital product group | NZ$1.28b

Hospital sales rose 18% to NZ$1.28b, with hardware revenues lifting 17% to NZ$128m, thanks to the rollout of the group's new Airvo 3 and 950 devices. These new products sell at premium price points, some two to three times the existing Airvo 2 and 850 units.

Equally, consumables revenue rose 18% to NZ$1.15b, with new application consumables lifting 20%.

Importantly, new applications, representing products in rollout, including Optiflow Nasal High Flow and Optiflow Anaesthesia, now contribute 74% of Hospital Consumables.

Homecare product group | NZ$740m

Homecare contributed NZ$740m of sales, up 13%, dominated again by consumables, which rose 14% to NZ$651m. This segment houses the company's mask portfolio, which services the obstructive sleep apnea market (OSA).

During the year, the group launched a series of new products, including the Solo mask, the Nova Micro mask and most recently in March 2025, the Nova Nasal mask.

Scaled economies

Recurring consumable items and accessories represent 89% of group sales. It remains a powerful feature of the Fisher & Paykel business model, underscoring its leadership position across multiple business segments.

Financials

Economies of scale deliver improved financial outcomes. During FY25, gross profits lifted to NZ$1.27b, while margins improved from 61.1% to 62.9%. The medium-term target, as identified by management, is 65%.

Research and Development (R&D) costs rose 14% to NZ$226m, representing 11% of group revenues. R&D spend has more than doubled since 2019 and remains a key competitive differentiator.

Balance sheet

The group ended the year with net cash of NZ$201m. Dividends were raised 2% to NZ$0.425, with a more conservatively set payout ratio of 66%.

Outlook

Management has guided to a full year 2026 revenue range of NZ$2.15b to NZ$2.25b and net profit after tax of NZ$390m to NZ$440m.

Fisher & Paykel Healthcare has a market capitalisation of NZ$21.5b.

OFX Group (ASX:OFX)

OFX Group is an international payment services provider offering solutions for 50+ currencies across 180+ countries. The group was founded in 1998, listed on the ASX in 2013 and employs 692 staff with offices in nine locations across North America, Europe and Asia Pacific (APAC).

	FY25 ($m)	FY24 ($m)	Change
Turnover ($b)	**38.1**	**38.4**	**(0.8%)**
Net Operating Income Margin	**0.56%**	**0.59%**	
Revenue (fee and trading income)	**221.9**	**229.7**	**(3.4%)**
Business to Business (B2B)	*142.7*	*146.1*	*(2.3%)*
Business to Customer (B2C)	*68.0*	*68.4*	*(0.6%)*
Underlying EBITDA	**57.7**	**64.6**	**(10.7%)**
Margin	*26.0%*	*28.1%*	
Underlying NPAT	**27.7**	**33.8**	**(10.1%)**
Margin	*12.5%*	*14.7%*	
Net Operating Cash Flow	**72.5**	**62.7**	**15.6%**
Capitalised Expenditure (CAPEX)	18.9	19.4	(2.6%)
Net Cash	**72**	**88**	

Overview

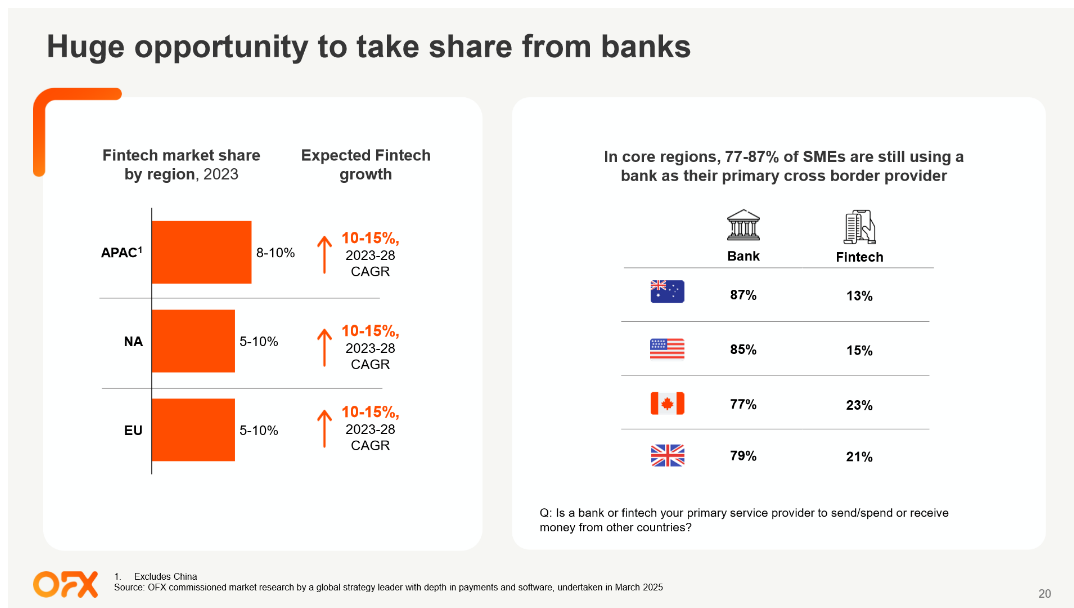
OFX has operated for over 25 years in "*moving and managing money globally*". The company has operated within its means, building out the business model, expanding offshore, undertaking acquisitions, remaining debt free and since listing, never raising additional capital.

On the contrary, over the past two years management has bought back 17.8m shares, equal to 7.4% of the original 240m shares issued.

Current management is led by CEO Skander Malcolm and CFO Selena Verth, both joining the business in 2017, with backgrounds at GE Capital. What began as a predominantly consumer-orientated foreign exchange online provider has deliberately expanded to target the business-to-business segment (B2B), think small to medium enterprises (SMEs) that require FX international transaction services.

The banks continue to dominate this space, with upwards of 87% of SMEs still using institutions as their primary cross border provider, see Figure 5 below.

Figure 5: SME structural tailwinds



Source: OFX FY25 results presentation

Pivot

At the group's March 2023 Investor Day, management reiterated that its future would involve both organic and inorganic (acquisitions) to accelerate its business plans.

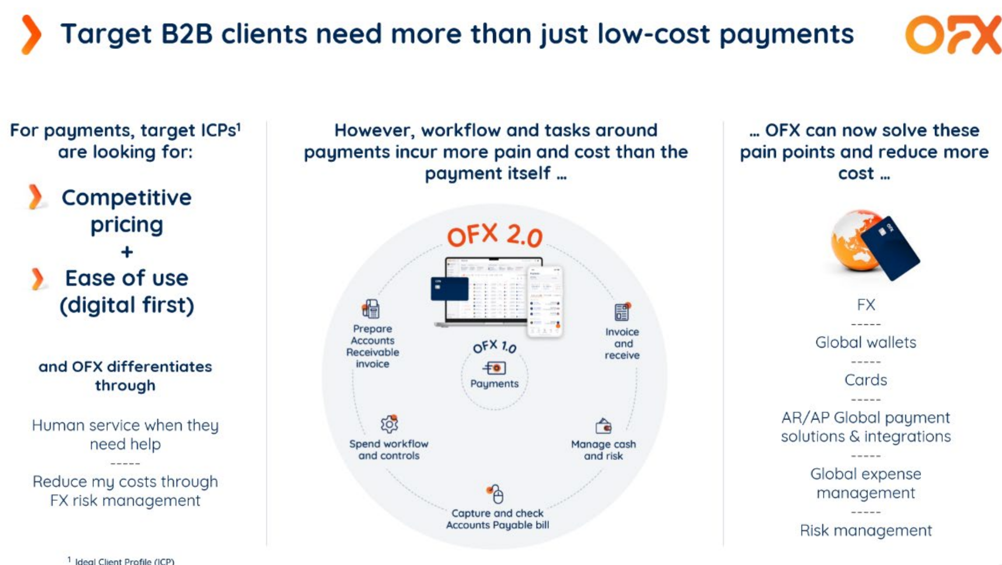
This followed the acquisition of Canadian-based FX Corporate operator, Firma Exchange Corporation in December 2021 for $98m. Additionally, it confirmed its intentions to generate revenues from sources "*beyond spot transactions*".

In May 2023, OFX announced the acquisition of business-to-business (B2B) payments company Paytron, with an upfront investment of $6m plus 11.2m of OFX shares as deferred consideration, premised on hitting specific development and revenue milestones.

This investment reflected the company's ambitions to offer its existing online foreign exchange platform alongside a modern digital interface providing cards, global wallets and expense payments capability.

Figure 6 captures OFX's offering.

Figure 6: OFX B2B client offering



Source: OFX FY24 results presentation

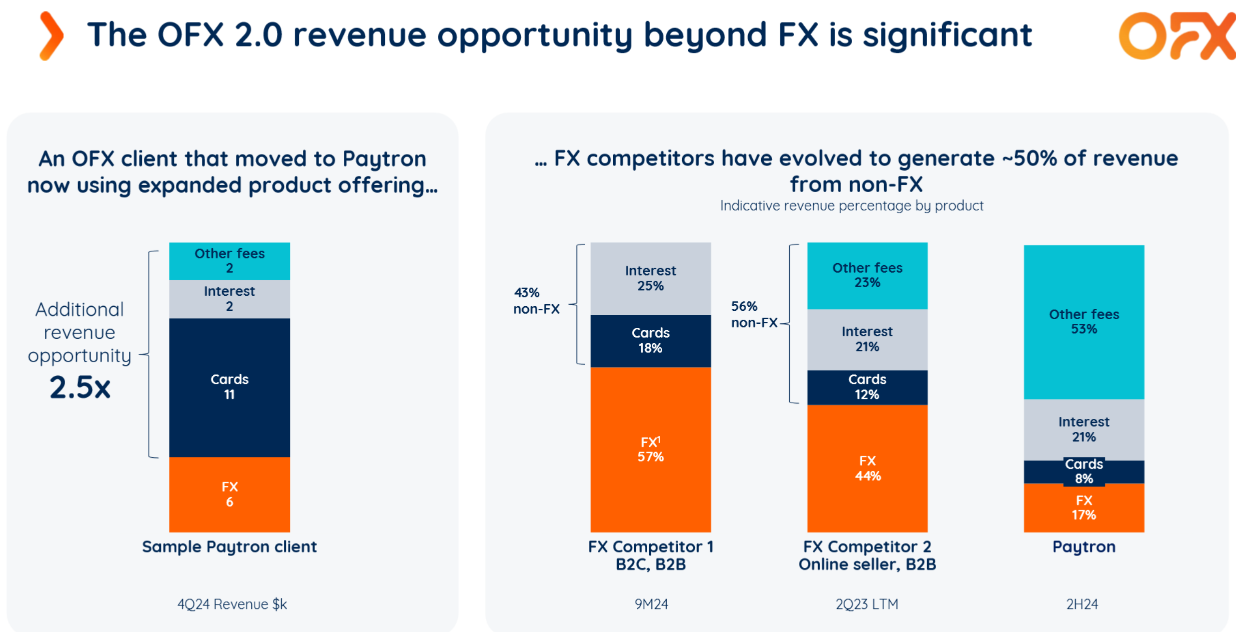
Figure 7 speaks to the opportunity set of moving beyond spot transactions. In the example provided, an OFX client's uptake of the expanded product offering significantly increased the revenue opportunity by a factor greater than 2.5x.

Paytron, as well as other traditional FX competitors who have since evolved their solutions, similarly showed that this additional offering generated more than 50% of revenues.

Offering a complete solution is an important differentiator. Simply providing a digital FX service is not enough, no matter how good the personal service behind it may be.

Business operators require a seamless, end-to-end solution that is both competitive and personal. It explains why the OFX 2.0 offering has upside and why the Paytron acquisition provides a compelling solution.

Figure 7: OFX business case



Source: OFX FY24 results presentation

The Chair of OFX, Patricia Cross, spoke to the opportunity in the 2025 Annual Report, *"In FY24, I wrote about the promising foundations of OFX. In FY25, I can confidently say we are building not just a better business but a category leader in a market that is largely underserved. OFX is undertaking the most significant strategic pivot and platform transformation since its inception."*

The OFX strategy is discussed in the same report, built on five pillars and supported by what the company describes as its core strengths:

1. Markets – scale in developed markets
2. Targets – Corporate clients | Enterprise clients
3. Products – provide the right products and services for B2B clients to manage their international business
4. Proposition – Digital + human partnership
5. Value – grow beyond FX faster

Underpinned by:

1. OFX scalable platform – single platform enabling scalable execution
2. Risk management – building trust across clients, banks and regulators
3. People – talent to serve clients, grow internationally

OFX 2.0

Historically, OFX generated revenue from the net margin made on each foreign exchange (FX) transaction (net operating income) and associated income earned through the transaction process.

The company's New Client Platform (NCP) dubbed "OFX 2.0" is now being rolled out, with a timeline to completion discussed below.

The transition aims to create a single global platform with higher recurring revenues and operating profit margins.

For management, this requires expanding its offering outside of spot transactions to create a higher valued service for its clients. This end-to-end ecosystem is being integrated within OFX's existing ecosystem, comprising 24/7 human support and leading risk management.

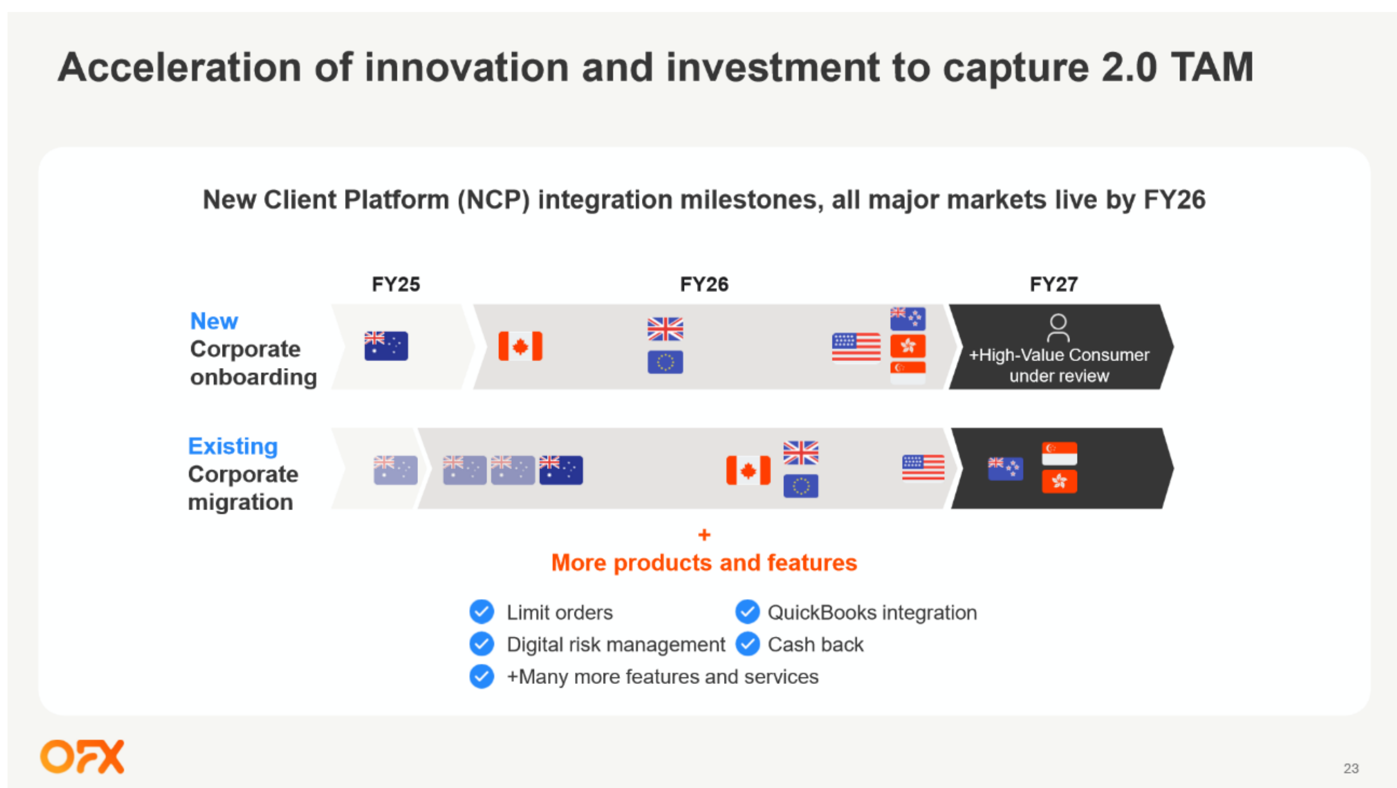
The new platform, "OFX 2.0", is expected to drive incremental revenue through more frequent customer transactions and an opportunity to introduce new revenue streams, such as subscription services linked to cards and global wallets.

In 2025, FX remained the dominant revenue generator, while non-FX contributed just 1%. Management is pointing to its non-FX revenue contribution growing more than 10% of net operating income by 2028, and 15% growth thereafter, alongside operating margins of 30%.

This confidence comes from the commissioning of an external global study endorsing the strategy and OFX's early traction with NCP clients, with non-FX revenues making up 27% of the mix.

Fully rolled out to new clients in Australia, OFX has now committed to accelerating the platform across all regions, as shown in Figure 8.

Figure 8: OFX 2.0 NCP rollout timeline

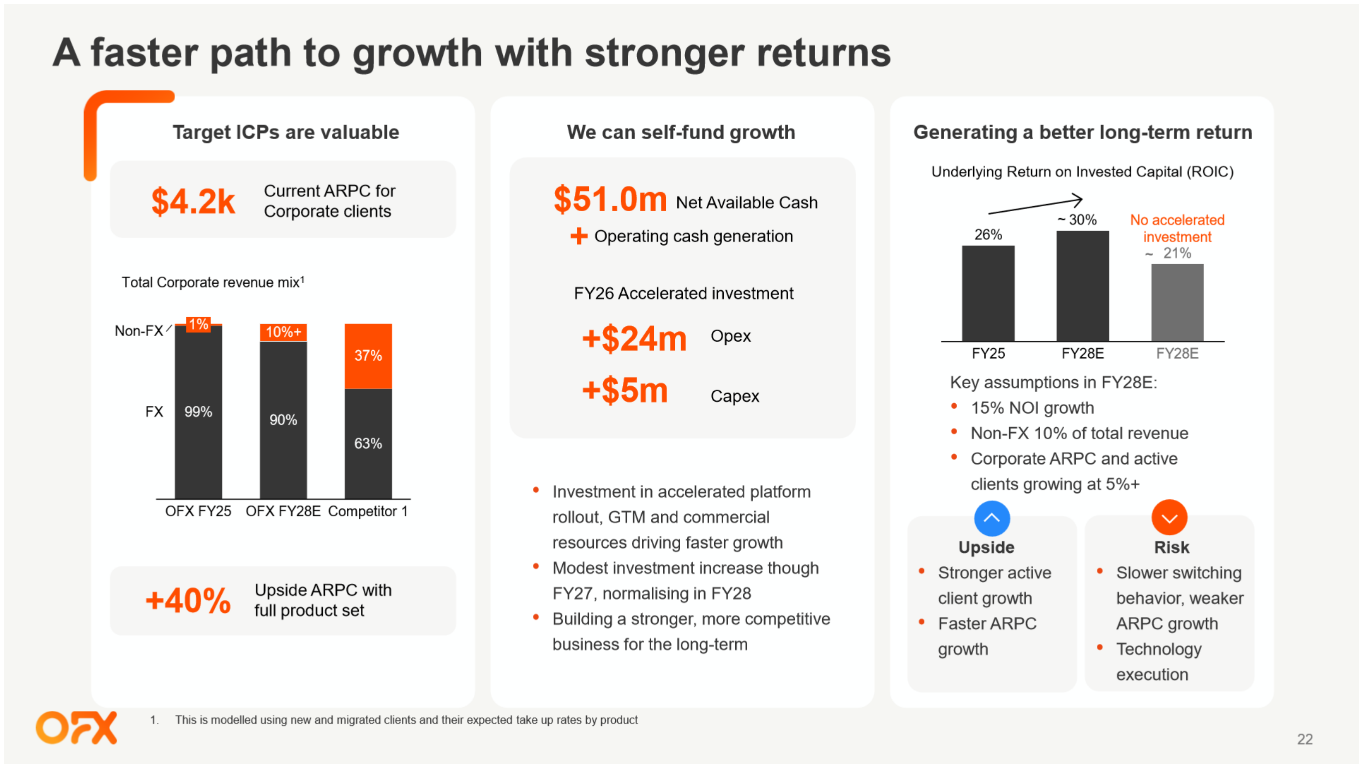


Source: OFX FY25 results presentation

To complete the platform investment, management has committed to an additional spend totalling $29m across 2026 and extending into 2027. Much of the outlay, some $24m is ongoing and will support remuneration bonuses should revenue and margin milestones be met, and approximately $7m to support product marketing and a dedicated frontline sales team.

Figure 9 profiles the spend and early rollout results.

Figure 9: OFX non-FX pathway

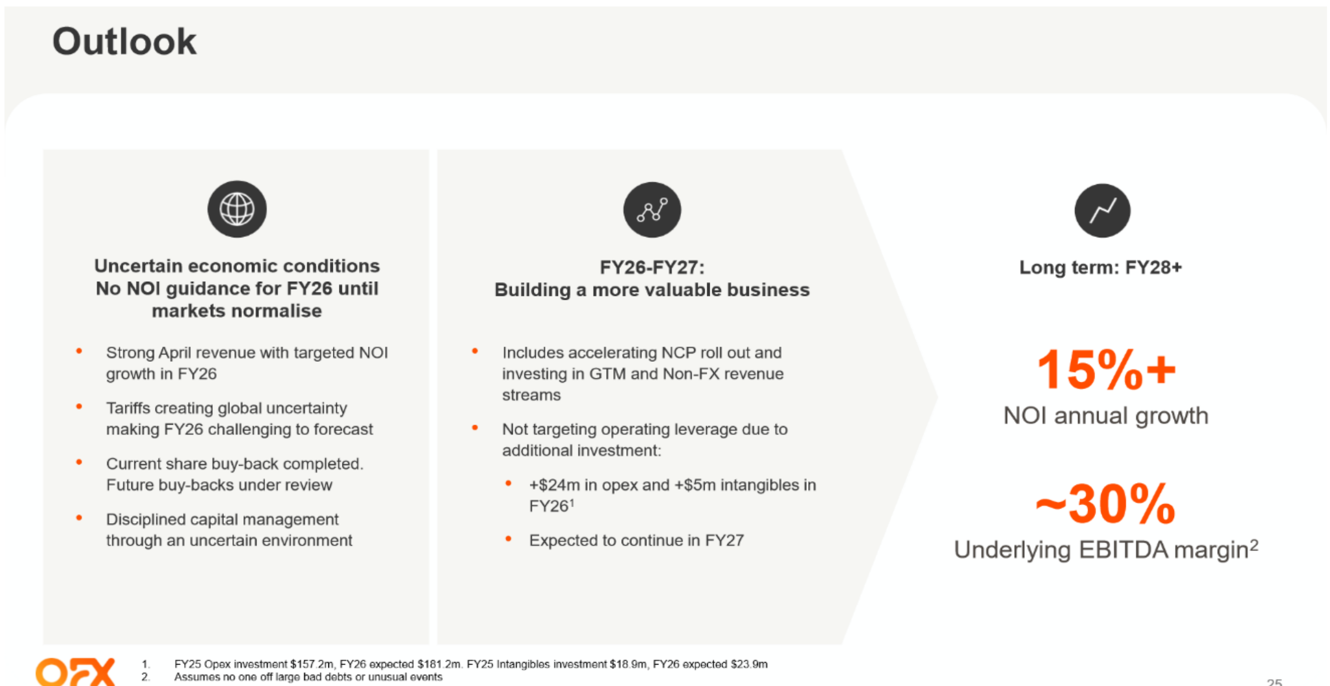


Source: OFX FY25 results presentation

This investment, however, will impact profits short term. As a result of heightened market volatility, involving trade tariffs and the subsequent impact on client engagement, management has walked away from providing earnings guidance moving into 2026. This has resulted in earnings uncertainty with research analysts cutting forward revenues and profits.

Figure 10 sets out the company's guidance outlook for 2026 and beyond.

Figure 10: OFX 2026 and beyond guidance



Source: OFX FY25 results presentation

Summary

Current management has sensibly evolved the business, while the transition from a pure digital FX provider to a full subscription service offering remains on track and consistent with past comments. That said, the share market remains unconvinced.

The reasons for disappointment are also clear, with the company reporting a lower full year result for 2025 and below its earlier guidance provided at the halfway point. The trade tariffs certainly provided a headwind, which makes the miss somewhat understandable. This was compounded by the announcement of an accelerated investment spend that would impact margins out to 2028.

Despite the miss, the business has the internal cash resources to fully fund the OFX 2.0 investment, and while no guidance is currently forthcoming, management expects growth in net operating income in 2026, stepping up to 15% by 2028.

The company will update the market at the upcoming August Annual General Meeting.

The market’s valuation of OFX has fallen to $163m, with net cash available of $51m.

TechnologyOne (ASX:TNE)

TechnologyOne is a global provider of Software-as-a-Service (SaaS) Enterprise Resource Planning (ERP). The company was founded in 1987 and serves six verticals, including Education, Government, Local Government, Health, Financial Services and Asset & Project Intensive industries. TechnologyOne employs over 1,300 staff with offices across six countries, including Australia and New Zealand, the U.K. and Malaysia.

	HY25 ($m)	HY24 ($m)	Change
Revenue	**291**	**245**	**19%**
SaaS & Recurring Revenue	*265*	*223*	*19%*
% Recurring	*91%*	*91%*	
R&D Investment	**69**	**57**	
% Revenue	*24%*	*23%*	
Net Profit After Tax	**63**	**48**	**12%**
Margin	*22%*	*20%*	
Operating Cash Flow	**71**	**36**	**95%**
Capital Expenditure (CAPEX)	45	41	
Net Cash	**212**	**172**	

For half year 2025, TechnologyOne reported a strong result with revenue up 19% to $291m and net profit after tax (NPAT) of $63m, a 12% increase on the prior year. Annual recurring revenue (ARR), often seen as a better measure of performance, grew by 21% to $511m, reaching this milestone 18 months ahead of schedule. The strong result was underpinned by new customer wins and the ongoing success of its cross-selling strategy within its existing customer base.

The U.K. market demonstrated significant growth, with new sales ARR increasing 61% to $4.3m and total ARR up 50% to $43.1m, fuelled by strong demand and client wins across both the higher education and local government sectors. The group achieved a major milestone by securing its first London Borough contract with the Borough of Islington. This marks a significant progression from serving County and Unitary Councils to partnering with larger, more prestigious Boroughs. TechnologyOne now supports 28 Counties, 6 Unitary Councils, and 1 Borough via its SaaS+ platform.

Locally, TechnologyOne successfully included its SaaS+ platform on the newly established Federal Government procurement panel, resulting in its first federal agency contract win for the Australian Energy Regulator (AER). Commenting on the win, CEO Ed Chung said, *"As the first Federal agency to select our unique Solution as a Service offering, SaaS+, the AER can focus on delivering best-in-class services, while we take care of their end-to-end solution experience.*"

Acquisition of CourseLoop

During the half, the group announced the acquisition of its 19th product, CourseLoop – a curriculum management platform designed for higher education institutions for a total investment of $60m. Following integration, TechnologyOne's OneEducation solution has become the world's first SaaS platform to provide a complete and unified end-to-end solution for the entire student lifecycle, from initial course design to graduation.

Continuous innovation

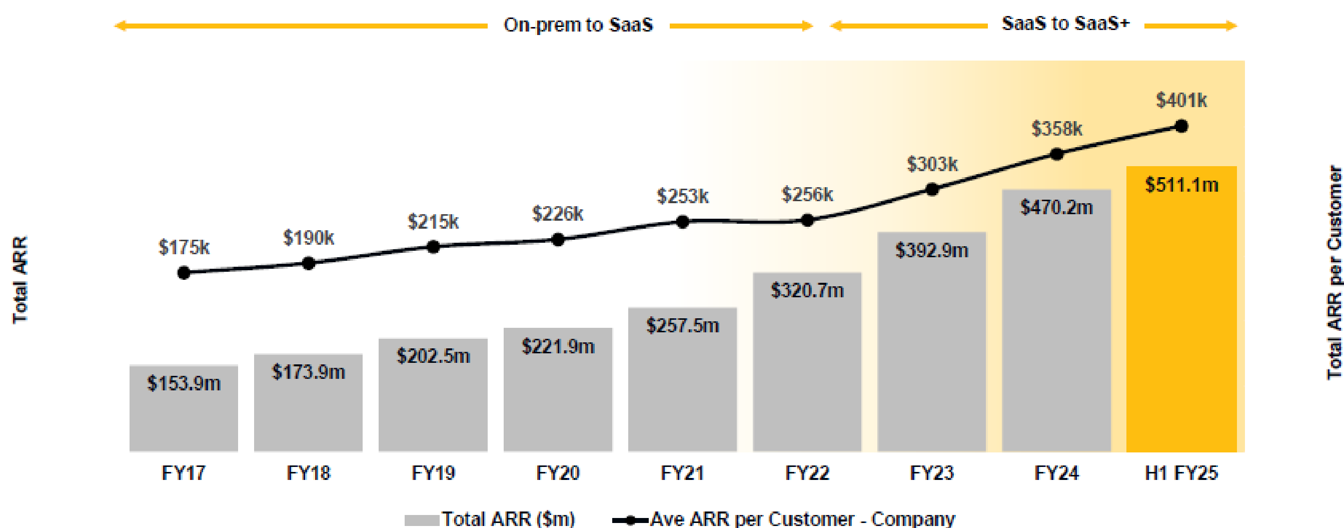
Since founding the business 38 years ago, TechnologyOne has re-written its codebase four times, a feat unmatched by any other ERP provider. This allows customers to benefit from biannual releases of new products and features while maintaining high levels of security. Additionally, customers have reported savings of 40% on the total cost of ownership by transitioning to TechnologyOne's SaaS offering. Its latest update, 25A saw 459 new features deployed across the company's product offerings.

Net Revenue Retention (NRR), a key metric reflecting the net amount of new ARR won and retained from existing customers, was 118%. By maintaining an NRR

above 115%, TechnologyOne expects the strength of its existing relationships to double its business size every five years.

The business has adopted a strategic approach, initially landing customers with core products like Financials, Property and Rating, or Student Management, and expanding engagement with additional products and modules over time. Continued investment in enhancing functionality has accelerated product adoption among SaaS customers, delivering significant growth in average ARR per customer, as illustrated in Figure 11.

Figure 11: Annual Recurring Revenue (ARR)



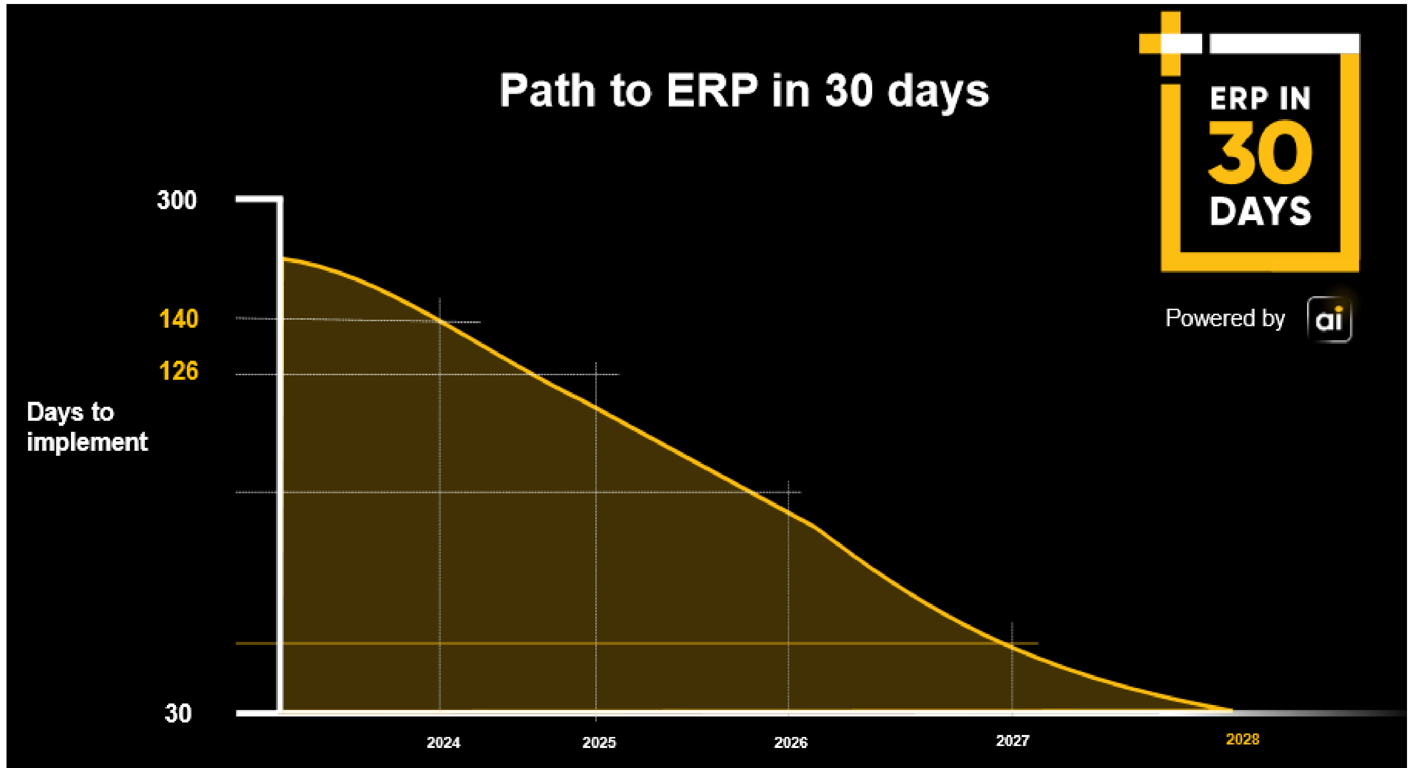
Source: TechnologyOne HY25 Results Presentation

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

TechnologyOne's full ownership of the service offering, from product design to implementation, and the industry-specific IP built over the last 38 years, has made this possible. Market adoption continues to exceed expectations, with more than 120 customers under this model.

In 2024, TechnologyOne announced an ambitious goal to deliver a 30-day ERP implementation by 2028. This aggressive target reflects the company's unwavering focus on significantly reducing implementation timelines, currently averaging 126 days (down from 140 at FY24), as shown in Figure 12.

Figure 12: Path to ERP in 30 days



Source: TechnologyOne HY25 Results Presentation

Guidance

While near-term growth will be driven by expanding the capabilities of the company's global SaaS ERP solution, initiatives such as Solution as a Service (SaaS+), Digital Experience Platform (DXP) and App Builder are poised for significant long-term contributions.

For FY25, management upgraded its profit growth from 12%-16% to 13%-17%. Longer term, the business aspires to double in size every five years, driven by its consistent investment in R&D at 20%-25% of revenue.

TechnologyOne has a market capitalisation of $13.2b. ***SFM***

James Hardie Industries: Acquisition of AZEK U.S.

Share price performance is not linear, we all understand this. Yet the fact that share price performance and underlying business performance are not always correlated challenges so many outsiders.

The Australian Equities landscape continues to be a battle between short-term fear and reality. The reality is that sporadic periods of underperformance is a prerequisite for compounding. After all, compounding, or long-term wealth creation, takes years to deliver. To achieve it one must weather, and at times, exploit the vagaries of the market. If investors are good enough to consistently time markets, that's another thing all together. We will park that one for now.

Yet industry researchers, consultants and clients alike continue to fret about the short term and volatility against an index. No wonder the dirty secret in our industry is that most managers do not compound above the index over longer periods spanning one and two decades.

Take James Hardie as an example. On 24 March 2025, the company announced the controversial US$8.8b AZEK acquisition proposal. The next day, Macquarie analysts cut their price target 32%. In the weeks that followed, the stock fell close to 40% and was without friends in Australia. The external pressure was clearly felt within, likely due to shareholder backlash and co-ordinated attacks in the press.

In June, there was little to no news other than the well telegraphed AZEK shareholder vote, a fait accompli, to approve the controversial acquisition, give or take the changes to broker DCF's and new analyst coverage. Yet the stock is up 18% from its lows, while remaining at a 19% discount from the day the deal was announced.

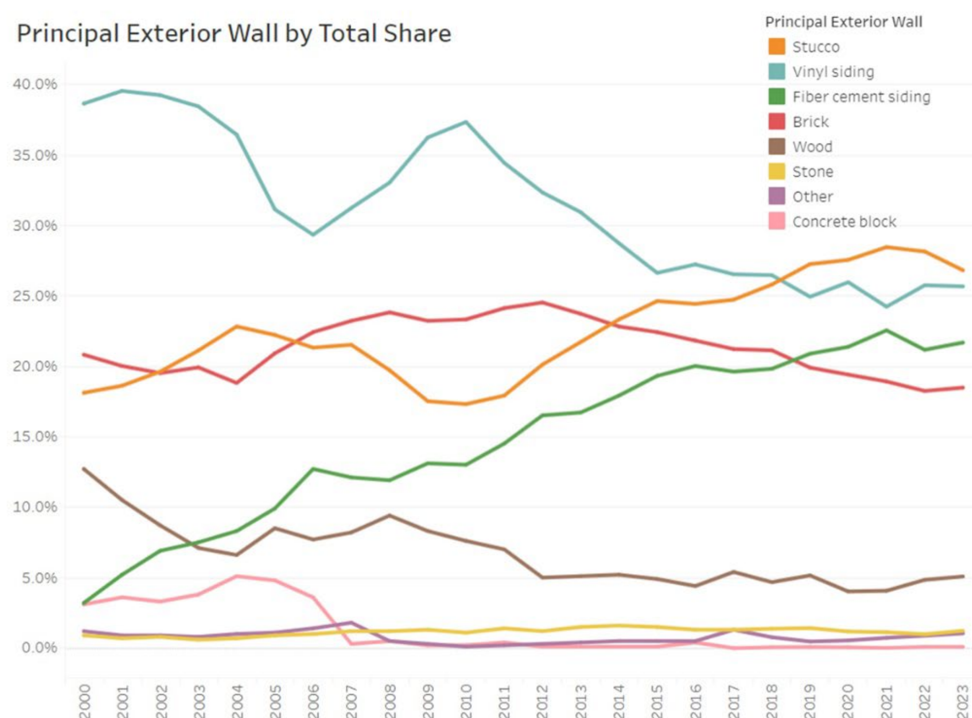
The controversy consists of:

1) A dilutive acquisition
2) Shareholder approval
3) Primary listing designation

We will try to address these three issues below. We caution that the analysis relating to these points is superficial, as it contains speculation about the future, somewhat like a DCF but in words. Warren Buffett is famously quoted as saying, *"We have long felt that the only value of stock forecasters is to make fortune tellers look good."* Buffett and Charlie Munger believe(d) short-term market forecasts are *"poison"* and should be *"kept locked up in a safe place, away from children and also from grown-ups who behave in the market like children"*.

But firstly, we take a brief look back at the core fibre cement business that we have known, to see if we need to be concerned about structural change, a real compound killer.

Figure 13: A brief look back



Source: National Association of Home Builders (NAHB)

Over the past five years, James Hardie's North American business, which represents approximately 75% of the group has grown the top line at a +10% Compound Annual Growth Rate (CAGR) and expanded its adjusted EBITDA margin by more than +400bps. According to the company, this is a clear demonstration of the inherent strength of the value proposition and the underlying momentum in the material conversion strategy.

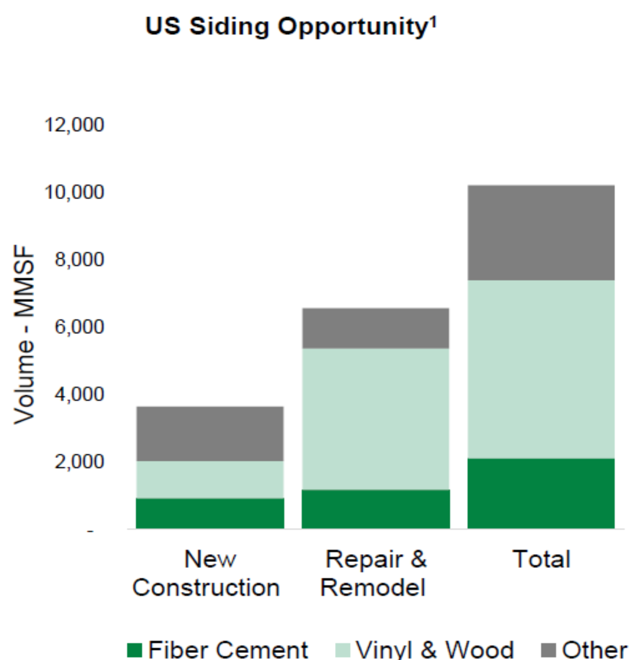
From a near standing start in 2000, fibre cement proved itself in the market by replacing wood, the lowest hanging fruit in the material conversion journey. In the early 2010s, fibre cement was a rising challenger in the siding market. By the late 2010s and early 2020s, it has become a mainstream choice. This is directly reflected in James Hardie's gains.

According to the U.S. Census Bureau data (as summarised by the National Association of Home Builders), the share of new U.S. homes using fibre cement siding grew from about 16% in 2012 to around 23% in 2022. This seven percentage-point increase over a decade underscores a significant trend of builders and homeowners shifting toward James Hardie's category. In the five years to 2022, fibre cement's market share is up roughly 2-3 percentage points (~19%-20% in 2017 to 22%-23% by 2022).

In the United States, James Hardie's largest market, the company's fibre cement siding products account for roughly 23% of new single-family home exteriors by volume. This puts James Hardie's siding in the top three most-used cladding materials for new U.S. homes, trailing only stucco at 27% and vinyl siding at 26% in national market share. Masonry or brick sits at around 19% and wood is circa 5% share.

James Hardie is the clear global leader in fibre cement products, with a dominant share (estimated >90%) of the fibre cement siding market in North America and substantial shares in Asia-Pacific. This gives it a de facto monopoly in this growing category. Its fibre cement siding line enjoys brand recognition and usage comparable to or exceeding long-established materials like wood and vinyl in many markets and it is taking share.

Figure 14: A brief look forward



Source: James Hardie Investor Day 2024 NAHB attributed data 2023

Long-term market fundamentals are highly supportive of the material conversion thesis, with over 35 million homes 20 to 40 years old, the prime age for replacing or improving exterior siding. Ten million vinyl homes alone have been built over the past 30 years. Eleven million homes have been sided with fibre cement to date.

One way to think about the opportunity is almost 80% of the homes in the United States today are not sided with fibre cement.

The total North American siding opportunity is 10 billion square feet (bsf), according to 2023 NAHB data. In FY25, James Hardie's volume was 2.95bsf of fibre cement. With a superior product recognised for fire safety, low water ingress, pest resistance, combined with curb appeal and growing brand profile, we expect continued share gains are a reasonable bet. We are equally realistic that price conscious consumers will trade down when financial conditions weigh heavily. A proxy for this weight is the U.S. 30-year mortgage rate above 6%.

Continued share growth

Recent data shows James Hardie is continuing to capture incremental market share. For example, in FY24 the company achieved volume growth in North America of +1%, even though the overall housing market construction declined around 6% in the same period. Outperforming the market like this indicates an effective gain in share.

Several factors drove James Hardie's market share growth trend:

Material conversion:

James Hardie has been successful in convincing builders and homeowners to "*convert*" from traditional materials (wood clapboard, cedar shingles, etc.) to its fibre cement products. Over the last decade, fibre cement steadily stole share from wood-based siding and even from vinyl in some regions. The durability (non-rot, fire resistant) of Hardie Plank siding made it attractive and its growing range of textures and colours helped win over consumers who previously might have chosen wood. The result is a clear long-term uptrend in fibre cement adoption: NAHB data notes an increase of roughly 5 percentage points in fibre cement's share in just the last 10 years. In parallel, vinyl siding's share fell about 5 points in that time.

Product innovation and branding:

In recent years, James Hardie invested heavily in product development (e.g. adding more architectural panels, artisan profiles, pre-coloured boards including

dream and statement collections, trim systems) and in branding and marketing. In 2021, it launched an integrated marketing campaign aimed directly at homeowners, a shift from its historical trade-focused marketing. This campaign, built around the idea of "*endless design possibilities*" with Hardie siding, has raised consumer awareness. As homeowners start requesting James Hardie by name, homebuilders are more likely to choose it, bolstering market share. This recent marketing push is a contributor to the company's accelerated share gains in the past two to three years.

Geographic expansion

James Hardie's share growth also comes from its expansion into new markets. In North America, it has made gains in the southern U.S., where fibre cement has rapidly gained traction (in the South region, fibre cement's share jumped 3.5 percentage points in one year, according to 2024 data). Internationally, entering Europe offers a source of new share growth (though from a small base). In the Asia-Pacific, James Hardie's share grew as housing activity rose. In FY24, APAC sales were up 9%, outpacing the market.

Weighing up the evidence of the share gains, prospects would suggest the structural integrity of the fibre cement material conversion opportunity remains. The recent full year performance, FY26 outlook and reiteration of 2024 Investor Day long-term targets are supportive of this statement.

In FY25, macro conditions continued to deteriorate beyond management's initial expectations. Headwinds included higher input costs and weaker end markets. The business delivered to guidance despite these headwinds (all figures USD denominated).

- Net sales $3.9b (-1%)
- North America net sales $2.86b (-1%)
- North America sales volume 2.95bsf (flat)
- Adjusted EBITDA $1.1b (-4%)
- Adjusted EBITDA margin 27.8% (-80bp)
- North America adjusted EBITDA $1b (-5%)
- North America adjusted EBITDA margin 35% (-150bp)
- Adjusted Net Income $644m (-9%)

In Q4 FY25, the business delivered:

- Net sales $972m (-3%)
- North America net sales $718m (-2%)
- North America sales volume 741.2mmsf (-3%)
- Adjusted EBITDA $269m (-4%)
- Adjusted EBITDA margin 27.6% (-30bp)
- North America adjusted EBITDA $247m (-7%)
- North America adjusted EBITDA margin 34.4% (-190bp)
- Adjusted Net Income $156m (-10%)

In FY25, James Hardie outperformed a market in its third year of declines, demonstrating continued execution of its plan to win in material conversion opportunities.

Outperformance in single-family exteriors was attributed to innovative product solutions such as ColorPlus, which grew at double digits. In the Northeast and Midwest, James Hardie have increased ColorPlus volumes at high single-digit CAGR over the last five years compared to end markets that were flat or down.

This outperformance was offset by multi-family weakness. In Q4 FY25, sales volume of 741mmsf was down 3% on the prior year. Market weakness was particularly notable in the interest rate sensitive multi-family dwellings, which fell 22%. Interiors declined low double digits.

For FY25, net cashflow was $802m and capital expenditure totalled $422m, resulting in free cash flow of $380m. A material uplift is expected in FY26 as capital expenditure comes off.

Net debt to EBITDA was down for the full year to $567m or 0.51x. The AZEK acquisition will see this increase to 2.8x, before falling <2x (inclusive of $500m share buyback) by the end of the second full year after the transaction closes.

In FY26, James Hardie is expecting a fourth consecutive year of declines in large-ticket repair and remodel activity. In North America, the group is assuming a mid-single digit decline in market volumes. This is based on macro expectations of new home starts, interest rate expectations and commodity prices driving COGS.

Despite the market headwinds, the company continues to forecast growth for FY26. Guidance in North America is for net sales to grow by low single-digits with an EBITDA margin of circa 35%, delivering low single-digits total adjusted EBITDA growth. Free cash flow of at least $500m is expected, which would be up +30%. James Hardie's management believe they have capacity in hand, enabling a clutch and peddle approach to capital expenditure, which will fall from 11% of sales in FY25 to 8% of sales in FY26.

The company also reiterated the longer-term targets established at the June 2024 Investor Day. "*In North America, we remain steadfast in our commitment to driving **double-digit revenue growth** over the long term, which is built on low-single-digit underlying market growth, approximately 4 points of outperformance versus our end markets through time and in an expectation to grow value faster than volumes by an additional mid-single digit. It also remains our expectation that organically, we will expand our North America EBITDA margin by 500 basis points, enabling to triple our EBITDA. We have stated this **path will not be linear**. However, we are highly confident we will achieve our objectives over the long term.*"

Controversy one: A dilutive acquisition

A significant driver of the group's recent multiple contraction has been the controversial AZEK proposal and acquisition. In the short term this is a dilutive acquisition.

Outbound merger & acquisitions (M&A) increases risk and uncertainty under any circumstances, and this is generally proportional to size. This is a large acquisition, with the proposal valuing AZEK at US$8.75b verse James Hardie at US$10.35b (as at proposal date 24 March 2025).

In addition, the transaction came at a time of heightened U.S. market uncertainty, with contributing factors including a Trump driven global trade war, the perceived break down of U.S. exceptionalism driving U.S. equity and U.S. dollar currency outflows, lower U.S. growth and increased risk of a U.S. recession, and a backdrop of war in Europe and the Middle East.

It is also debt and equity funded.

Quality businesses are rarely cheap, and a premium is required for control. Outdoor decking group, AZEK is a number two player with a large total addressable market and attractive growth prospects attached to a similar material conversion theme. The company has paid a fair price for a U.S. business that trades at a higher multiple.

Ironically, a U.S. listing was desired by James Hardie's management to bridge the valuation gap between the two equity markets, by attracting the higher valuation premiums of the deeper U.S. market. Premiums that Australian institutions are reluctant to pay for a high-quality business. See margin comparison below.

The AZEK acquisition will be funded by equity and debt, in essence the equivalent of a material equity raising, which generally attracts sizeable initial discounts. As a result, some multiple compression was to be expected.

Equity portion

The valuations and margin profiles of the two businesses differ, resulting in dilution on day one for James Hardie equity holders. The market has taken a dim view of this dilution.

Table 10: James Hardie & AZEK Margins

	James Hardie	AZEK
Gross Margin	38.8%	37.6%
EBITDA Margin	34.4%*	27.6%
Net Margin	16.0%*	11.5%

**North America*

Cash portion of purchase

The cash payment to AZEK shareholders is circa 46.5% of the US$8.75b consideration, resulting in a significant increase in James Hardie's debt profile from circa 0.6x to 2.8x net debt to EBITDA (before deleveraging), including the consideration to buyback US$500m worth of James Hardie stock in year one, post deal closure. As noted above, management has committed to <2x net debt to EBITDA by the end of the second full year following the deal's close.

While no ratings agency has outright downgraded the company's debt, Fitch revised James Hardie's outlook from stable to negative, citing concerns about increased leverage and integration risks after the AZEK deal, but affirmed its 'BBB' long-term issuer default rating.

Moody's revised James Hardie's outlook from positive to stable, but affirmed its Ba1 corporate family rating, Ba1-PD probability of default rating and Ba1 ratings on its senior unsecured notes.

We note all AZEK manufacturing (15 sites, including recycling facilities at eight locations) are U.S. domestic supply chains within 300 km, attracting low or no tariff risk. In the short-term, Australian investors are pining the dilution of:

- The leadership, brand and IP of the group's fibre cement business (monopoly position, growing consumer brand recognition, superior product), is reflected in its margin strength, market share gains and pricing.
- This singular business line focus has enabled operating excellence.
- A significant and potentially long-term standalone growth runway and penetration opportunity through material conversion from vinyl, stucco, OSB (particle board) sidings to fibre cement.

The conclusion we arrive at, in relation to the first concern, is that one cannot argue against the short-term dilution this deal presents, and it is this factor that drives immediate DCF downgrades. The question we are asking is whether this misses the big picture, a key focus for compounders.

We remain dismissive of the argument that the market timing, combining tariffs, recession and geopolitics – collectively the things under people's nose today – is too risky. We would prefer to see the acquisition at a lower point in the cycle than a higher point.

Longer term, the business combination looks more attractive. The AZEK purchase is partially about accelerating the company's growth long term. The combined business will see a higher CAGR. Management believes greater growth rates generate greater valuations. It is hard to argue against this point if execution is a given. AZEK has a material conversion opportunity (mirroring James Hardie) from wood to PVC and represents a strong and long penetration runway.

AZEK is considered the number two player in composite decking. It has brand and leadership qualities, and the IP (TimberTech) has demonstrated faster growth than Trex (its main competitor), in addition to a higher price point and a superior PVC offer.

U.S. visit

In June, we visited five outlets that sell TimberTech, Trex and Deckorators in Southern California, including big-box retailers and lumber specialists. The customer buying experience varies significantly across these retailers.

Both Lowe's and Home Depot stock a small subset of TimberTech and Trex range. Lowe's carries materially higher levels of TimberTech than Trex. While we could not identify Deckorators product on the shop floor of Lowe's or Home Depot, signage was apparent if you hunted for it. Both big boxes also carry material levels of James Hardie product and crude colour sample displays.

At both Lowe's and Home Depot, decking is considered a special-order product. Lowe's floor staff were eager to sign us up to a customer service appointment, including product advice and a full measure-and-quote service booked through the Lowe's special order desk, or via the app. Delivery to site is "*under three weeks and more like two weeks*".

Ganahl Lumber is an impressive operation. The business operates from 11 sites in a tight radius, approximately 30 minutes north of Los Angeles and two hours to the south near the famous coastal waves of San Clemente.

The shopping experience could be regarded as a very high-end Bunnings. Family owned since 1884, the business offers a high level of service and exceptional product displays, including indoor/outdoor areas with sections of pre-laid composite deck from each of the three suppliers, complete with stairs, railings and pergolas. You can walk around on each display and easily envisage how an installed product may look at home. Designated colour-coded draws full of small cut samples are available to take home, making the product selection particularly satisfying.

TimberTech's Advanced PVC has a proprietary cap system (four sides), which commands the highest price point. It is 60% recycled polymer and is free of any organic material, like wood fibre that attracts water mould and insects.

We submerged a sample of the TimberTech PVC 4-side-capped product next to the Trex Transcend cap (three sides) product, which is 95% recycled but contains reclaimed sawdust/timber. While there is no evidence of discolouration on the TimberTech or Trex cap, the water clearly shows fibre shed from the uncapped underside of the Trex board. This swayed a staff member who is in the market for a new deck.

Figure 15: SFML DIY experiment

Trex (left & standing) verse TimberTech (right) – DIY experiments can be as crude as DIY home improvements

DIY experiments aside, a Ganahl manager with over 25 years' experience noted that composite boards are a big seller and an increasingly easy decision over wood, "*gone are the days where you could source high quality US hardwoods*". The choice today, if you are determined to lay wood, is fast grown softer timber lines that are even more susceptible to mould, water and pest rot.

Ganahl customers are simply advised to pick the composite board by aesthetic appeal rather than brand. Unprompted, he noted TimberTech Advanced PVC Toasted Wheat was the current hot seller of the season and was apologetic they had run out of samples due to product demand.

Figure 16: Ganahl Lumber laid board displays

Figure 17: AZEK TimberTech PVC 16-foot board, Lowe’s

Figure 18: TimberTech PVC 12-foot board, Lowe’s

Figure 19: TREX 16-foot board, Home Depot

Table 11: Margin profile Trex v AZEK

	Trex	AZEK
Gross Margin	42.0%	37.6%
EBITDA Margin	31.0%	27.6%
Net Margin	19.7%	11.5%

Trex has an industry best margin profile, and like AZEK trades on a higher multiple than James Hardie. Synergies aside, we understand AZEK margins will expand with the increased proportion of recycled (sustainable) material in the board. While still early days, this has resulted in material margin expansion. This is not a material manufacturing change of process. If AZEK margins are to reach and exceed Trex margins, it is accretive to James Hardie's margin

The forward capital investment (CAPEX) requirements of AZEK mirror those of James Hardie. The capital has been outlaid, and future CAPEX will be lower. AZEK currently have circa 3 million feet of board capacity that produces revenues of US$1.44b. This is operating at 65% of capacity – meaning significant capacity headroom exists. The CAPEX profile will reduce due to forward investments from the current US$77m in FY24. We note CAPEX was US$165.2m in FY22, following the commission of a new Boise Idaho facility. As previously noted, James Hardie on a stand-alone basis also expects to be lower CAPEX, driven by forward capacity investments. Not well understood is the lower capital intensity that AZEK introduces to the combined business. When AZEK installs a new composite board line, the CAPEX requirement is circa US$10m, compared to a new James Hardie sheet line, which can cost US$250m. This is a CAPEX light version of Jame Hardie.

The integration risk is very real, as with all M&A. Here we note that the same, or similar customers and contractors for both businesses means strong

relationships already exist. Bundling will occur and scale matters. A material upsell opportunity exists for contractors who can do both siding and decking.

Both businesses' manufacturing is performing well, and importantly, no significant changes or issues need to be addressed. The focus is on incremental continuous improvement with the building industries most successful model, Hardie Operating System (HOS). James Hardie is further down the track on continuous improvement, and we believe upside exits here. The company has superior manufacturing discipline through HOS, a derivative of LEAN manufacturing systems. This will be applied to AZEK who are at the "infant stage" of manufacturing efficiency. HOS is an ongoing driver of the group's manufacturing yield (margin).

Systems integration is required for business enterprise resource planning, involving a blend of SAP (James Hardie) and JD Edwards (AZEK), which will be addressed over time. Importantly, both sales teams operate in Salesforce.

Synergies appear achievable. The largest bucket is heads out (US$125m), which represents circa 20% or 500 heads. The delicate work will be integrating the two sales teams, so they become one with the "fittest athletes". The easiest piece is arguably two Chicago headquarters becoming one, followed by two finance teams and two HR teams, and so on.

The combined business has increased scale. Collective revenue of US$5.9b offers material scale that drives operating leverage and enhances brand relevance, including the battle for shelf and bay space in Lowe's and Home Depot. We believe scale is an increasingly important factor in an industry consolidating towards bigger brand players with risk of marginalising the smaller.

Home Depot's acquisition of SRS Distribution for US$18.25b in March 2024 (roof and pool landscape distribution) and Lowe's attempted acquisition of Beacon roofing distribution for US$11b, subsequently bought by QXO on 20 March 2025, highlight the growing importance of scale. We believe this is also a strategic priority of the board, discussed further below.

People

AZEK's full time employees total 2,770. We expect 1,500 to 1,700 longer term. Management is known to the board and apparently have a similar culture outlook. At best, this could be a large influx of quality people. At worst, good people leave. This is an unknown risk.

The former AZEK CEO is to join the James Hardie board and forgo an Executive role. We questioned this with the company's board based on his history of overseeing unfit accounting practices and an inventory fraud, none of which have been cited by the fund managers concerned with voting and primary listings.

AZEK's Head of U.S. Sales will be retained, at an unknown quantity to Selector, with the broader sales team held in high regard by James Hardie insiders.

Balance sheet

James Hardie enters the transaction with a strong balance sheet and a potential turning point in the interest rate cycle. As we write, Federal Reserve Chairman Jerome Powell has acknowledged the path for interest rates would have continued down without the risk of tariff inflation. We note little indication of these phenomena during the previous administration and the current.

Cashflow

A combined free cash flow of US$1b will see the combined business delivering to 2x net debt to EBITDA in year two after close. Longer term, we see substantial drivers of sustainable cashflows soon after the full benefits of the AZEK acquisition have been realised.

Figure 20: Sherwin Willaims display, Lowe's

Controversy two: Shareholder approval

This is an interesting debate. Yes, we would always prefer to vote on any company resolution. We believe this is a right of all shareholders and should be upheld. We think careful consideration should be given to the business outcomes generated by a positive or negative vote. We certainly do not agree with the systematised methodology applied by proxy advisors and blindly followed by superfunds, who may employ soft consultation on the side.

As a result, we consulted with Chair Anne Lloyd who provided candid and transparent commentary around the statements made in the public domain. Lloyd understood this was not the deal that the market expected from James Hardie. In addition, the chair acknowledges a full price was paid and that revenue synergies are hard to model.

Lloyd is the experienced former CFO of Martin Marrietta Materials (2005-17), which has made 85 acquisitions since IPO in 1994. Her confidence centres on her beliefs that *"in time the deal will demonstrate both the returns and the accelerated growth being sought"* and importantly, the 2024 Investor Day run rate strategy of material conversion is still in place.

Revenue synergies are difficult to model by DCF as they only become apparent in year three to five. Revenue synergies will drive acceleration of growth rates of both companies.

What is clear is that James Hardie has front-end loaded the negatives (increased costs and lower ROCE). In addition, all the benefits are back ended, including accretion, synergies and growth. The internal aim, no doubt, will be to accelerate the benefits.

Controversy three: Listing designation

The NYSE stock listing will be maintained. We see this as a clear net positive. We hold little interest in the designation of a primary or secondary listing status and believe James Hardie will continue to be listed on the ASX for the foreseeable future. On the flip side, it's amazing how quickly the importance of a local listing vanishes when a 30% premium is offered!

We believe building materials with growth and industry best margins achieve higher valuations in the U.S., of

which James Hardie management are also firmly of this opinion.

Does strategy matter?

In a recent interview, Steve Ballmer, CEO of Microsoft (2000-2014), discusses the "*one-trick pony*". That is, any business that generates more than US$1b in revenue and might have a market capitalisation of anywhere up to US$50-$100b, or much more. Balmer describes "*Single Trick Ponies*" as super successful businesses with a unique model, whose "*founders*" should be recognised for their success. These businesses generally demonstrate competitive advantage in one shape or another that drives a flywheel and competitive advantage, which can be identified using Porter, Christensen or Helmers models.

By Ballmer's definition, a trick is a locomotive or "*revenue engine*" that pulls the cabooses. The cabooses are adjacent sources of revenue additive to the group. They are developed as an ecosystem through ongoing R&D. When this is the case, one trick will not be disrupted by the failure of another.

For a business to be a "*two-trick pony*" the second trick must demonstrate an uncorrelated source of revenue to the first.

According to Ballmer, Amazon is a clear two-trick pony. The first trick being the "*Store*" and the second is AWS. Apple is also a two-trick pony, the first being the Mac, the second the iPhone. He notes the app store or Services is part of the second trick. The Services business could disappear if the iPhone failed.

Today, James Hardie is the 800-pound gorilla that Australian investors have grown to love. However, it currently has a single product runway of maybe five, 10, or 15 years – "*we don't know for sure*".

Longer-term strategic discussions centre on how do you go beyond a single product focus? This deal introduces a longer-term business runway via a second complimentary product set.

The attractive piece for long-term shareholders is that neither business is broken or in need of repair. The proof point to this is that both businesses are outperforming their respective end markets, even in markets that are in decline. This is not a defensive play. If execution prevails, the end game is accelerating James Hardie's right to win in sidings through scale and portfolio extension.

The ongoing market backdrop remains and plays into the strengths of the James Hardie model:

- Housing shortages
- Housing affordability issues
- Labour shortages (Contractor crews)

James Hardie valuation

Speculation aside, a circa 40% downdraft, which is now unwinding, presented a compelling company valuation and we added to the position, as we tried to understand the material grievances of the Australian institutional shareholder base and the personal attacks that appeared in the press associated with company branding events. On this, we noted the exceptional branding and store presence of Sherwin-Williams (SW) paints, which is replicated in every Lowe's store on the West Coast of the U.S. CEO Aaron Erter, a former SW Executive with consumer brand experience will no doubt be wide awake to the gulf between the brand awareness and presence of his former and current employer.

In summary, we return to the three controversial aspects of the AZEK acquisition.

Number one, this is dilutive in the short term and some discount is to be expected. The 40% fall driven by a broker DCF made little sense to us. The longer-term outlook is different. Today James Hardie is a "*one-trick pony*" and that is changing. This part of the story is not built into models.

Secondly, we would have preferred to vote, that is simple. However, if we were inclined to vote this down, we would have also considered an exit first. A "*no confidence*" vote would likely drive board and management departures. James Hardie's board has acknowledged this could have been handled better. Rather than fight the criticism via the press, they will ensure the focus is on integration, execution and delivery. All motherhood statements today, but it's the

correct focus. The board also believe the path to a "two-trick pony" is an important long-term strategy.

Third, James Hardie's board also offered some assurances about an Australian listing/Primary designation. We tend to think this is a side show. We are equally dismissive of the timing of the acquisition.

The debt from this acquisition is material. The combined US$1b free cash flow is critical to the reduction of debt.

With sensible capital management, including no dividend, the business should be well placed to execute here. We will watch this space.

As Steve Ballmer notes, "*trick accounting*" is for you to decide as to whether it's *"a full trick or half a trick*". Ballmer thinks Microsoft's Gaming division is "*half a trick*". Its current CEO Phil Spencer, who Ballmer sees at the golf club, believes it's the third full trick for Microsoft. Balmer laughs and says he could be proven wrong.

James Hardie is a one and half trick pony. AZEK looks like "*half a trick*" to us but we could be wrong. ***SFM***

Is there a hidden gem in OBBBA?

Trump's One Big Beautiful Bill Act (OBBBA) has attracted huge media interest globally. Mostly negative.

At a time of swelling debt burdens, high interest rates, declining growth, war, tariffs and faltering U.S. exceptionalism, all and sundry under the great U.S. sun are being questioned.

U.S. exceptionalism is about broad global leadership. Leadership in spheres, such as democracy over tyranny, geopolitics, trade and reserve currency, amongst other global influences. The forgotten 'other' influences may include education, science and technology.

The gem

An unheralded piece of legislation in OBBBA will see changes to the tax deductibility of Research and Development (R&D) undertaken by U.S. domiciled businesses. The OBBBA proposes to repeal the requirement introduced by the Tax Cuts and Jobs Act (TCJA) of 2017 that mandated capitalisation and amortisation of domestic R&D costs over five years.

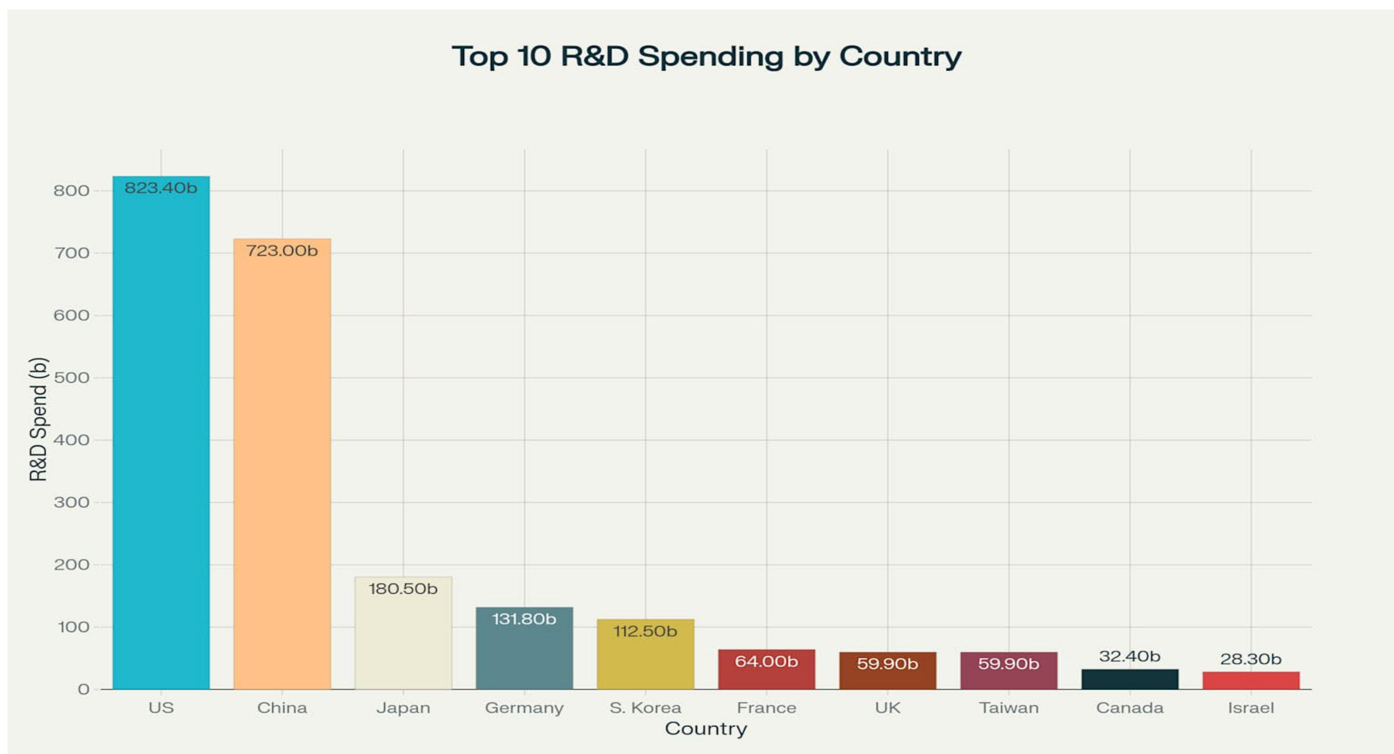
Currently, U.S. companies must capitalise R&D and amortise it over five years. Foreign based businesses undertaking R&D must amortise it over 15 years.

Starting in the 2025 tax year, companies will be allowed to immediately deduct domestic research and experimental expenses rather than capitalising them. Flexibility to capitalise over five year and 10-year periods is retained at the business discretion.

This change effectively restores the pre-2022 treatment of R&D costs, enabling companies to deduct these expenses in the year they are incurred. This provides businesses immediate tax savings, greater certainty and encourages innovation.

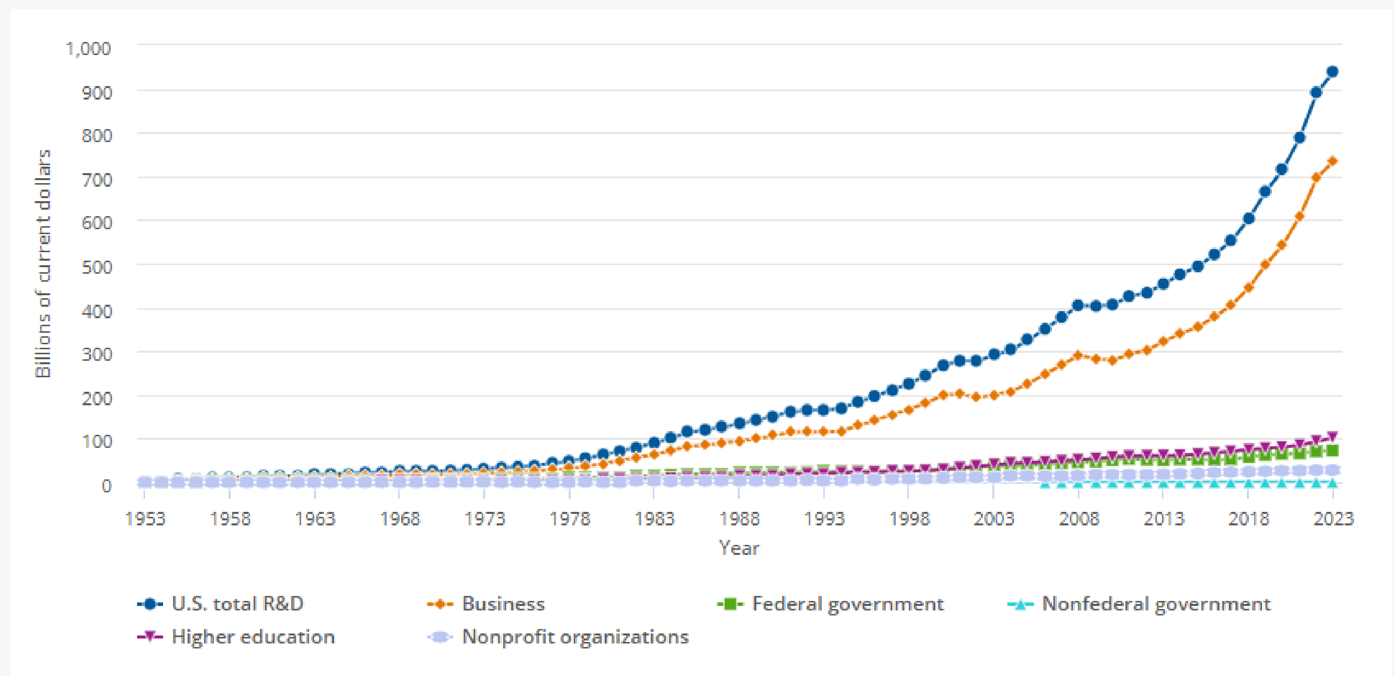
Small companies with gross receipts less than US$31m receive a retroactive benefit for the 2022-2024 period.

Figure 21: R&D spend by country



Source: 2023 Perplexity

Figure 22: U.S. R&D spending by sector



Source: National Centre for Science and Engineering

Importance of R&D

If, at an extreme, it can be argued that continuity of democracy and U.S. exceptionalism requires technology leadership across the likes of defence, industry and science, then R&D as the catalyst of such advances is a precious resource.

R&D is understood to create new jobs at a rate of 17,000 per US$1b of expenditure. It is a key driver of economic growth, expanding the tax pool that can reduce deficits and propel the flywheel. Society is advanced through higher living standards.

On this basis, it makes clear sense that private enterprise, the engine of the R&D dollars, should be incentivised to spend more and remove all the hurdles that impede its growth.

Global R&D is circa US$2.8 trillion and private sector funding is a major driver in leading R&D nations, especially in Israel, the U.S. and China.

Currently, the U.S. and China together account for over half of global R&D spending, with the gap between them narrowing rapidly. In the U.S., roughly 80% of R&D is funded by private enterprise, with the Magnificent 7 (Mag 7) stocks shouldering approximately US$250b of the current total, estimated to be between US$900b and US$1 trillion.

Israel leads the world in R&D intensity, dedicating 6.3% of its GDP to R&D. The outcome of this expenditure has become abundantly clear to the world. Israel is followed by South Korea (consumer electronics) and Taiwan (chips).

It is notable that by comparison, the U.S. R&D spend peaked at 3.59% of GDP in 2022. Some estimates suggest this fell for the first time to 3.4% in 2024, attributed to changes introduced by the Tax Cuts and Jobs Act (TCJA) of 2017.

Before this change, from 1954 through 2021, businesses could fully deduct R&D expenses in the year they were incurred, *"full expensing"* R&D. The TCJA's capitalisation requirement significantly increased the tax burden for companies investing in R&D and was a major shift from previous U.S. tax policy.

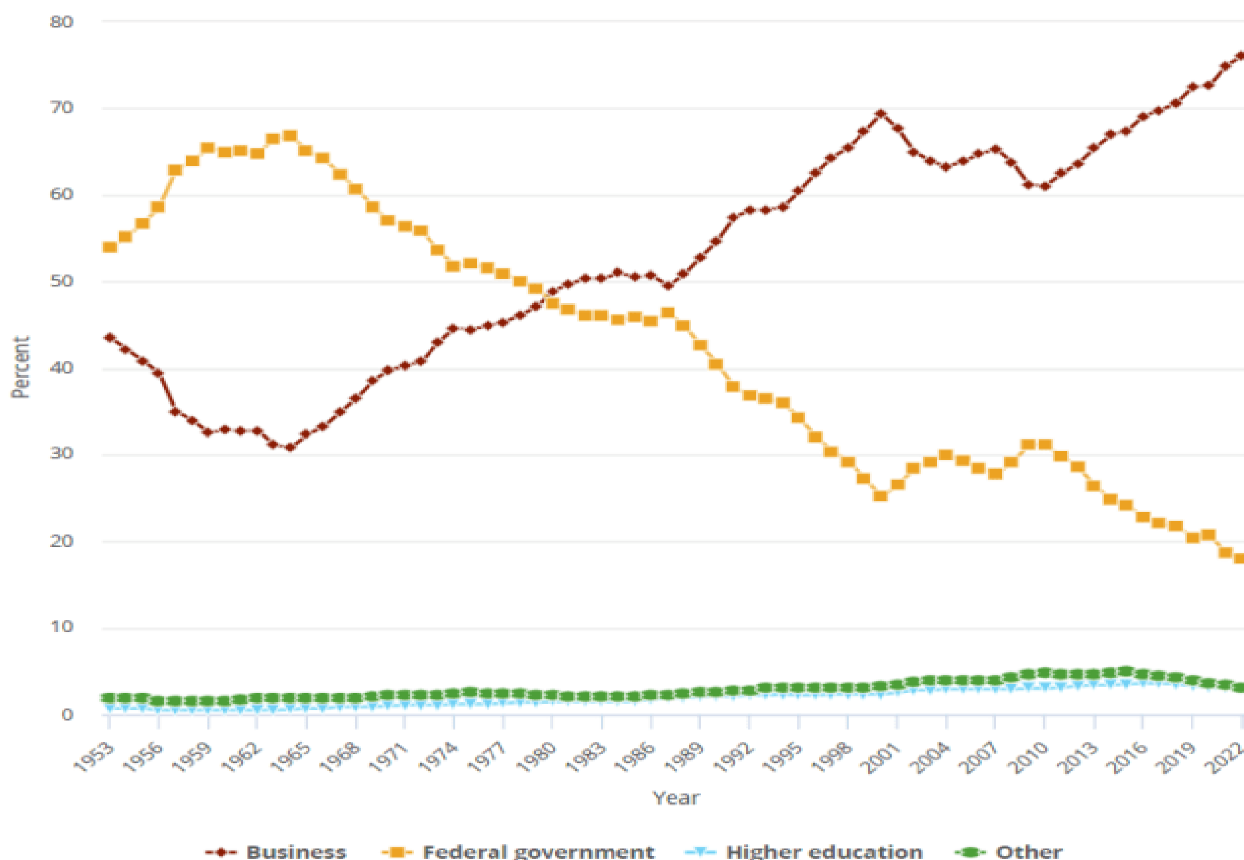
Two different views

The Congressional Budget Office (CBO) estimates OBBBA would increase the U.S. deficit by US$2.4–US$2.8 trillion over ten years. The headlines have focused on the millions who will lose health insurance coverage and other social security food benefits. The

CBO also forecasts that debt held by the public is projected to rise to 124% of GDP by the end of 2034, up from a baseline projection of 117% without the bill.

By contrast, the Office of the White House believes that OBBBA can drive up to four percentage points of real economic growth (GDP), primarily through its immediate expensing provisions for domestic R&D, which are expected to unleash a wave of business investment and innovation. Consequently, the tax pool grows, and the combination can reduce the deficit to 94% of GDP by 2034.

Figure 23: U.S. R&D spend by funding sector 1953-2023



Note(s):
Some data for 2021 are preliminary and may be revised later. The data for 2022 include estimates and are likely to later be revised. Federal performers of R&D include federal agencies and federally funded research and development centers. R&D funding listed as Other combines data from nonfederal governments (state and local) and nonprofit organizations. For more information, see Table 2 and Table 6 of National Patterns of R&D Resources (2021–22 edition).

Source: National Center for Science and Engineering Statistics

Observation

Time will tell which side of the political pond prevails. Our view is that the R&D legislation attached to OBBBA is an unheralded no-brainer.

We have always been attracted to unique businesses run by quality people who understand capital management, including a regular cadence of R&D to drive sustainable cashflows derived from brand, leadership, IP and recurring revenues.

We would also bet that the country with the largest and most efficient R&D spend, supported by the best education, will prevail as the "*exception*". Education and efficiency are key to this statement.

In terms of education, the U.S. is currently home to seven of the top 10 universities in the world. As for efficiency, this spend needs to be driven by an entrepreneurial spirit rather than being government directed. We believe the U.S. is better placed than its main rival on these fronts. ***SFM***

Turn Every Page

At a recent annual general meeting, a question was asked of the CEO regarding a series of investments made. The response was telling on two fronts. The first spoke to the group's holding intentions, "*I would say that . . . In the next 50 years, we won't give a thought to selling those positions.*"

It's rare, almost unheard of, to hear investment managers talk about holding positions for years, let alone decades.

The second part of the response provided an even more telling piece on how the investment came about, "*I never dreamt of that when I picked up that handbook. It's amazing what you can find when you turn the page. We showed a movie last year about "turn every page" and I would say that turning every page is one important ingredient to bring to the investment field. Very few people do turn every page, and the ones who turn every page aren't going to tell you what they're finding. So, you've got to do a little of it yourself*."

This concept of "*turn every page*" speaks of diligence, consistency and curiosity. It requires you to put in the hard yards from start to finish. In a world that gravitates to shortcuts, where data can easily be dumped into economic models and reports generated by computers, this notion of wading through pages can feel somewhat counterproductive.

On the contrary, this CEO not only enjoyed the process but over time his confidence grew in parallel to the knowledge gained. As he noted, "*So I spent a year acquiring them. And then we got to know the people better, and everything that Greg and I saw, we liked better as we went along.*"

Chapters in a book

At Selector, we talk about writing chapters in a book. It is a figurative way to convey our investment approach around the companies that make up our portfolio.

We say chapters because every business has its own lifecycle. Following its progress, the people and critical moments that characterise the business add to our knowledge base and shape our views.

It is a considered and often time-consuming approach, but incredibly invaluable.

Overall, three critical tasks are carried out internally.

Modelling

The first step involves the financial modelling of every business in a consistent and repeatable fashion. The aim is not to deliver a discounted cash flow (DCF) model, which the investment industry thrives on, but to force the twin actions of 'thinking' and 'doing'. This approach considers the moving parts of a business and opens the door for reflection.

The process requires manually inputting financial data, sourced directly from a company's income statement, balance sheet and cash flow statement into a model. Derived from that is a series of ratios and trends. This avoids the lazy approach of simply dumping data into a model without any real appreciation of the subtle points.

When you gloss over things, you miss important steps. A case in point is the recent James Hardie decision to acquire listed U.S. decking company, AZEK.

Reviewing past AZEK annual reports dating from 2020, readers can uncover issues that were less than satisfactory, including employee misappropriations leading to material weaknesses in inventory control and financial misreporting. These problems were first addressed in the company's public offer document in 2020 yet reappeared in the 2024 annual report.

It begs the obvious question of what management were doing to have not learnt from the 2019 events. These insights raise genuine concerns and throw up the obvious question of what else is unknown.

This iterative process of connecting the dots and understanding the moving parts of a business often reveals more insights to help formulate a view – a view that, it must be said, evolves continually.

But above all else, it is self-discipline that enables decision making. Benjamin Graham famously noted, "*The stock investor is neither right or wrong because others agreed or disagreed with him. He is right because his facts and analysis are right*."

Some would strongly disagree with this, arguing that you are only right if you make a profit and wrong if it is a loss, but Graham's point remains valid. This is reflected repeatedly in the way businesses are

compared on metrics like price to earnings ratio or operating margins, while overlooking proper analysis around research and development reinvestment, the application of sensible capital management policies, or the enduring power of recurring earnings.

When you do the work, often what emerges is a very clear distinction of what makes a good business, what doesn't and those that are simply too hard to even consider.

Corporate engagement

The second area involves corporate engagement. Investing is the imperfect crusade of gaining knowledge while remaining emotionally unbiased. Choosing to engage with management, the board and employees provides an added dimension. Some would argue that it potentially clouds judgement but that is not our view.

Every business has a unique narrative. Gaining a true understanding of that path is better served through insights gained from directly engaging with management, employees and board members, both in person and during onsite company visits.

The AZEK example above is again illustrative of posing legitimate questions and assessing the responses given.

Voting

The third important body of work involves company voting. We have chosen to vote on all annual meeting resolutions without any assistance from external proxy advisors. To do so requires extensive reading, consideration of each resolution put forward and an acceptance that things are not always perfect.

We choose to scrutinise and understand the key aspects of a business, mindful that it needs to operate in the real world, subject to all matters of commercial constraints and competitive tensions. To succeed one must be both pragmatic and sensible. To that end, our discussions with boards are genuinely frank, open and generally supportive.

Ultimately, we are seeking a common mindset and an alignment where words and actions are in sync to drive the desired outcome. These are rarely delivered in a straight line, but nor should they be.

Final comment

The CEO in question was Warren Buffett addressing shareholders at the Berkshire Hathaway 2024 Annual General Meeting held in May 2025.

As Buffett outlined, "*It's been about six years now since our Japanese investments. I was just going through a little handbook that probably had two or three thousand Japanese companies in it. One problem I have is that I can't read that handbook anymore – the print is too small. But there were five trading companies selling at ridiculously low prices. So, I spent about a year acquiring them. And then we got to know the people better, and everything that Greg and I saw, we liked better as we went along*."

In a world constantly looking for shortcuts, to turn every page speaks to the application of investment temperament, coupled with diligent curiosity.

For the record, at the end of 2024, Berkshire's investments in these five Japanese trading houses, Itochu, Marubeni, Mitsubishi, Mitsui and Sumitomo, totalled US$23.5b. ***SFM***

Under-rated performer

Figure 24: Computershare timeline 1978-2025

1978	Computershare business founded, Melbourne. Business founded by Chris Morris and his sister Penelope Maclagan. Focused on providing specialist share bureau services for Australian registrars. Core offering to provide best in class technology solutions.
1994	Computershare lists on Australian Stock Exchange | Net profit forecast of $5.0m. Market Capitalisation $36m | Issued capital 20m shares | Listing price $1.80 per share | FTE 50.
1995-1999	Computershare expands into multiple countries including the U.K, Scotland, South Africa, Hong Kong and New Zealand.
1999	Computershare submits bid to acquire 50% of Sydney Futures Exchange (SFE) as an alternative to the proposed merger between SFE and the ASX. September, Computershare undertakes 4:1 share split lifting ordinary shares on issue to 534m as of June 2000. September, Computershare withdraws SFE acquisition offer following announcement of Large Broker Group opposing proposal. December, Computershare issues 56m shares (pre-split 14m shares) at $3.68 per share to Telstra following exercise of options. Lifts ownership in Computershare to 15%.
2000	February, Computershare enters U.S. and Canada registry market, acquiring the stock transfer agent businesses from Harris Bank, the fourth largest in the U.S. market and the related Trust Company of Montreal, the third largest in Canada, for total consideration of $85m. June, Computershare acquires the Corporate Trust business from Montreal Trust, for consideration of C$80m. Computershare delivers sales revenue of $395m and net profit of $38.2m. July, Telstra quits 15% strategic stake in Computershare.
2001	Computershare issues $100m of reset preference shares with a face value of $100 per share and an interest rate of 5.5% per annum. Computershare delivers revenues of $754m up 85% and a net profit of $55m for the 2001 financial year.
2003	Acquisition of New York based shareholder communications group Georgeson Shareholder Communications for US$128m.
2004	Acquisition of EquiServe, with revenues of US$300m, a leading American transfer agent acquired for US$292m. Pivotal moment for the group, becoming a pre-eminent supplier of both share registry and employee plan services in the U.S.
2005	Chris Morris' ownership in Computershare stands at 55.9m shares | Group revenues surpass $1.0b for the first time with net profits of $92.3m.

2006	Computershare changes financial reporting to U.S. dollars for six-month period ending December 2006. Co-founder and CEO Chris Morris steps down 16 November, becoming Executive Chairman. Stuart Crosby, internal, appointed CEO and Director.
2010	Co-founders Chris Morris and Penny Maclagan step down from executive duties.
2011	Acquisition of The Bank of New York Mellon Corporation Shareholder Services Business for US$550m. The largest acquisition in the company's history. Acquisition of Specialized Loan Servicing (SLS), a U.S. based residual mortgage loan servicer established in 2003 for US$114m.
2014	CEO Stuart Crosby steps down, replaced by current Chief Information Officer Stuart Irving, alongside CFO Mark Davis. Irving joined Computershare in 1998, post The Royal Bank of Scotland share registry acquisition, before moving into CIO role in 2008.
2015	Co-founder Chris Morris steps down as Chairman, remains a board member. Simon Jones appointed as Chairman.
2016	Acquisition of Capital Markets Cooperative for US$44m, complements existing mortgage origination business.
2018	Acquisition of leading European Employee Share Plan business Equatex for EUR355m.
2019	Mark Davis steps down as CFO, replaced by Nick Oldfield, previously CFO of U.S. Operations and European region.
2020	Computershare delivers lower earning, impacted by COVID-19 and resulting lower interest rate environment. Revenues fall 2% to US$2.3b while Management net profit declines 10% to US$304m. Margin incomes falls 18% to $201m.
2021	Acquisition of U.S. Based Wells Fargo Corporate Trust Services business for US$750m, alongside first company equity raise of US$634m.
2021	Co-founder Chris Morris steps down from the board.
2022	Chairman Simon Jones steps down, having served as a director since 2005, replaced by Paul Reynolds who joined the board in 2018.
2023	Enters agreement to sell U.S. Mortgage Services business for US$720m.
2024	Acquisition of BNY Trust Company of Canada from BNY Mellon for US$64m. Chris Morris retains 5.45% interest, equal to 32m shares.
2025	Computershare on track to complete A$750m share buyback by FY25.

The beginning

If you are going to learn about a business, a good place to start is at the beginning. The timeline outlined in Figure 24 provides a backdrop to the Computershare business spanning 47 years so far, 31 of them listed.

Today, the company that identifies itself with the colour 'Purple' sits within the top 30 businesses listed on the Australian Stock Exchange and has a market valuation of $23b.

People

Computershare epitomises what good looks like, the culmination of a founder mentality that built a global business by taking calculated risks.

Brother and sister duo Chris Morris and Penelope Maclagan founded the company in 1978. The focus was to provide outsourced financial services to businesses seeking to manage their shareholder records.

Like most founders, Morris was ahead of his time. He was an early adopter of computer programming when the industry was just in its infancy. This ultimately led to the company's establishment and rapid growth in the latter part of the twentieth century, as more companies needed trusted partners to manage the growing number of shareholders.

In 1994, the company sought a public listing on the Australian Stock Exchange, at a modest valuation of $36m. It was the start of a very aggressive strategy to offer registry services globally.

From its dominant position in Australia, the company undertook a series of acquisitions across North America, Europe and Asia, often by acquiring existing transfer agent services from local incumbents.

Today, Computershare is the global leader for registry services. It manages more than 36 million global shareholder accounts, on behalf of 25,000 institutional clients, and operates in over 22 countries.

Founder's textbook governance

Fundamental to its enduring success has been the group's handling of succession. In an era that shuns the ongoing role of founders, Computershare stands as a beacon for the application of common sense, contrary to today's cookie cutter corporate governance framework.

As the timeline outlines, Computershare has been led by three CEOs since its listing. This includes co-founder Chris Morris, who held the role from 1994-2006, followed by the internal promotion of Stuart Crosby from 2006-2014. The current CEO, Stuart Irving, another internal appointment, has been in charge for the past 11 years.

In addition, since 2014 the company has had just two Chief Financial Officers (CFO), both internal appointments. Mark Davis served in the role from 2014-2019, followed by the current CFO, Nick Oldfield.

Morris' involvement with the company continued after he stepped down as CEO. In the modern age where the lack of board independence is frowned upon, the record shows that Morris took up the mantle of Executive Chairman from 2006-2010, continued as a Non-Executive Chair from 2010-2015, and remained a board member before finally stepping down in 2021.

Morris remains a substantial shareholder, holding 5.45%, or 32m shares valued at $1.3b, as outlined in the company's 2024 annual report.

His shareholding, commitment, business insights and preparedness to steer the Computershare ship with an owner's focus, should serve as a timely reminder that the key fiduciary responsibility of the board is to deliver for its shareholders.

The current CEO and CFO duo of Irving and Oldfield continues the Computershare tradition of maintaining conservatism and transparency. As the following sections discuss, management has reset the business with even greater focus and a sensible long-term capital management program.

The business

We think every business can overreach, and in doing so, stray away from core competencies. It is a natural outcome of executives seeking to deliver revenue growth when traditional avenues slow down.

In some respects, Computershare may have been guilty of that in the past. It partly explains why over recent years the company has embarked on its simplification strategy, as it aims to increase quality and consistency of earnings.

The 2023 decision to exit the U.S. Mortgage Services business for US$720m was an "*important milestone,*" according to CEO Irving. He noted, "*First, it represents an important milestone in executing Computershare's simplification strategy and drive to increase the quality and consistency of earnings.*

Over the past three years or so the US Mortgage business has underperformed against group margin and ROIC targets. We know it is more capital intensive compared to our core business and has high levels of regulatory risk. It's also had periods where it was impacted by a number of things outside our control, "a bit too macro" as I say.

If we recap on our history here, you will see what I mean. We entered the business in the US in late

2011 through the acquisition of Specialised Loan Servicing (SLS). Over the following years, we executed

our strategy to build scale in servicing, maintaining a mix of owned MSR's and capital light sub servicing, both performing and non-performing all whilst building up our higher margin ancillary revenues to enhance returns.

We were always very clear and disciplined that we did not want to be a loan originator or take credit risk but it is a large market with plenty of scope for growth and we were making good progress.

We saw the business as being capable of generating 12-14% post tax free cash flow return on capital, and 20% PBT margins. And prior to Covid and the lockdowns, we were pretty much there.

The substantial reductions in global interest rates through 2020 drove record levels of run-off. As US mortgage rates plummeted; we saw a collapse in margin income in the business. At the same time, the US Government put in place and then extended a moratorium on foreclosure which impacted our ability to generate revenues from non-performing loans. With lower servicing revenues and an accelerated amortisation profile, the business went into loss.

Of course, as we all know post the Covid period, rates rose rapidly. Originations slowed and refinancing activity dropped. MSRs became scarce and increased in value and price, our book value rose, and we took costs out to return the business to profitability.

In short, lots of moving parts.

We determined that 2023 was a good timing window to sell the business to an operator with an appetite to deploy capital into the business, allowing it to continue to grow. We are delighted to sell to Rithm who will provide capital, grow the book and enjoy the synergies of being vertically integrated with a large origination engine."

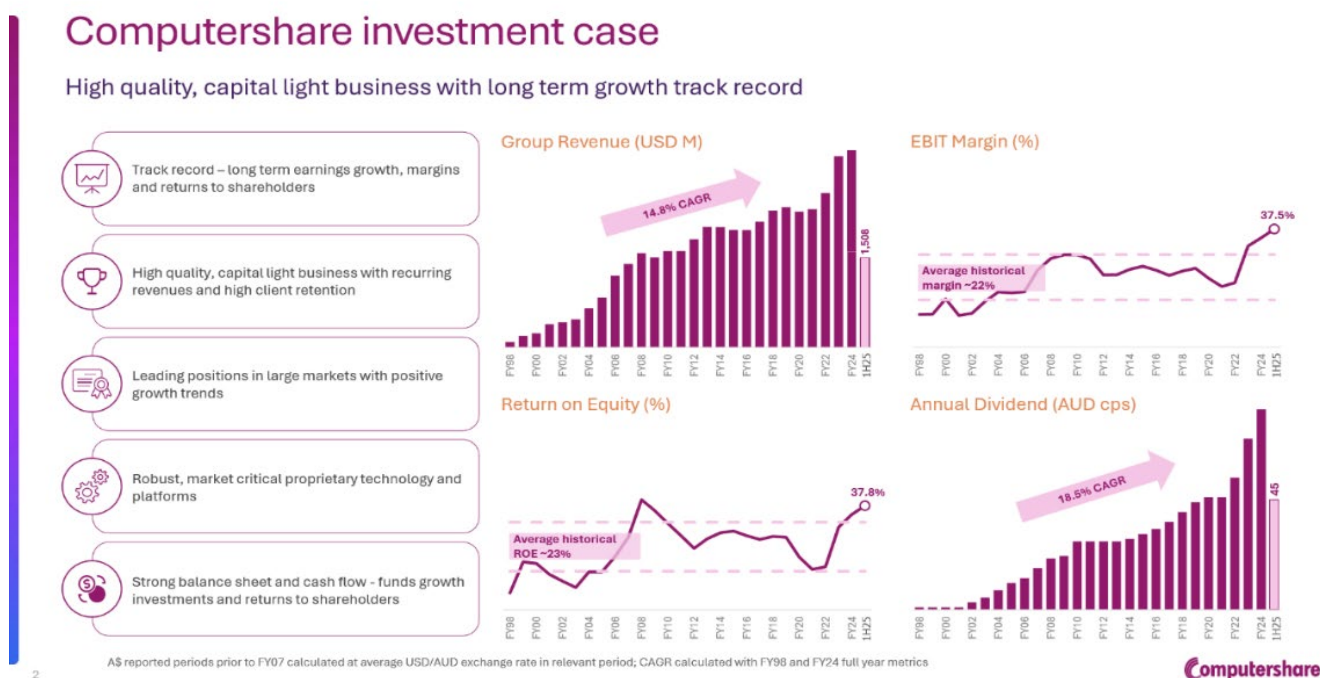
The last point, and perhaps the most pertinent, is that a business does best when it is in the hands of its rightful owner. As Irving explained above, Computershare was simply not the rightful owner of the Mortgage Services business.

The company has returned to its core.

The Computershare story of today is much simpler and less complex. At the company's most recent shareholder update, at the Macquarie Conference in May 2025, the 10-page slide presentation succinctly laid out the facts.

The investment case, "*High quality, capital light business with long-term growth track record*," in Figure 25 illustrates this clearly.

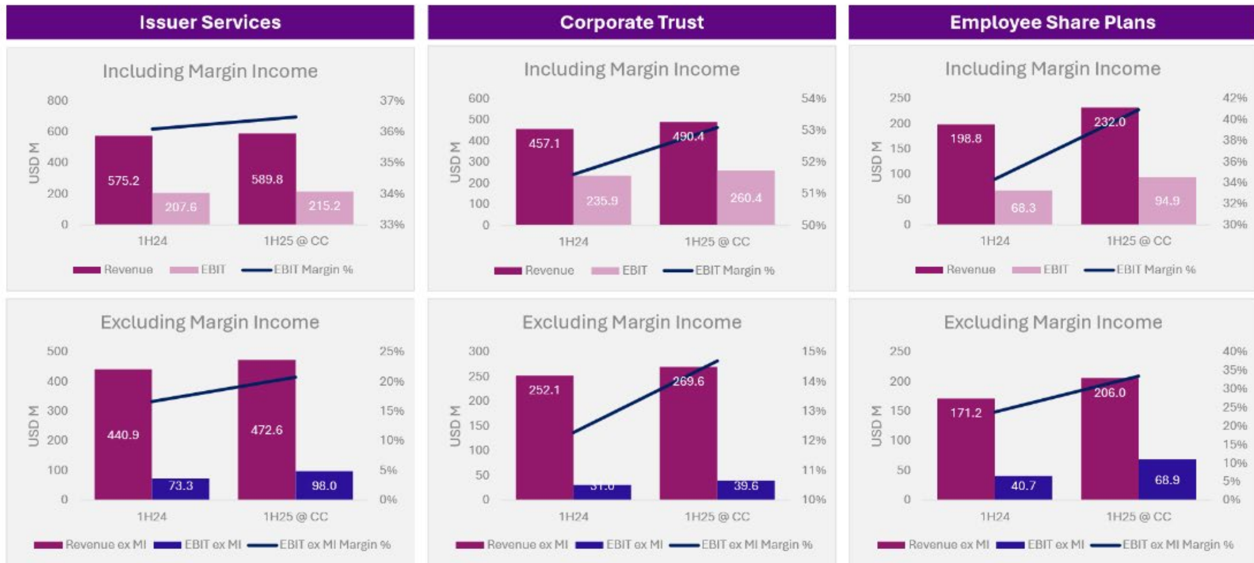
Figure 25: Computershare investment case



Macquarie Conference presentation May 2025

The business now comprises three integrated business units, Issuer Services (registry), Corporate Trust and Employee Share Plans. Figure 26 provides a snapshot of the first half 2025 earnings profile for each segment.

Figure 26: Business performance



Macquarie Conference presentation May 2025

Issuer Services

The Issuer Services business remains the group's anchor point, underpinning group revenues and built on a scalable competitive advantage.

Computershare acts as the middleman between corporations and shareholders, ensuring proper record keeping, governing ownership, share transfers, dividend payments, shareholder communications and corporate actions.

This is where it all began and today the Issuer Services business is a highly recurring, highly profitable business with high returns on capital. Figure 27 illustrates the recent multi-year performance.

Figure 27: Issuer Services 2019-2024

ISSUER SERVICES

Growth across all segments

Fiona Chalmers
CEO, Issuer Services

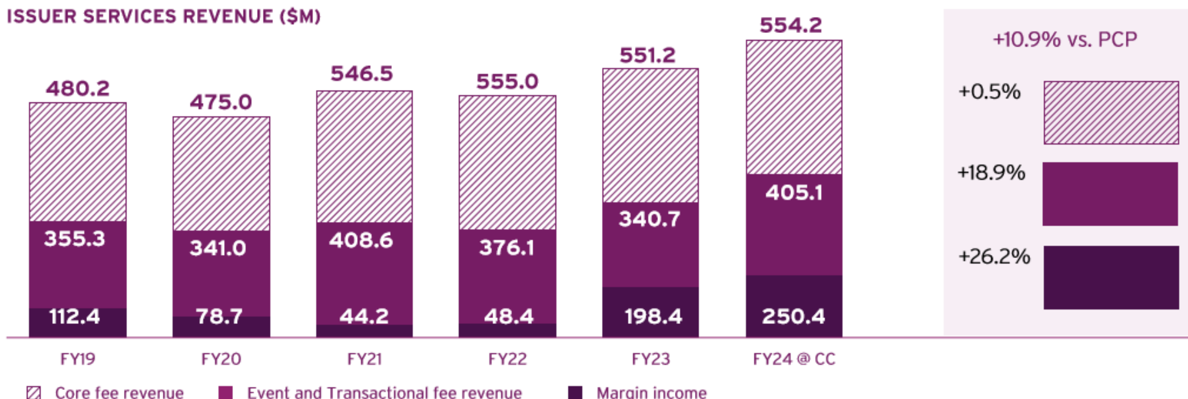
MANAGEMENT EBIT

$448.6m
UP 17.3%

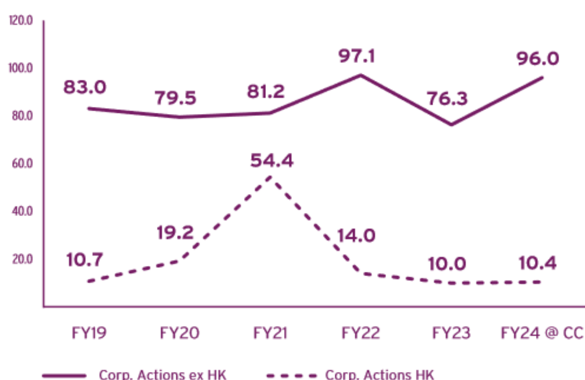
MARGIN
37.1%
UP 200bps

REVENUE BREAKDOWN	FY24 CC	FY23 ACTUAL	CC VARIANCE
Register Maintenance	$672.8	$661.5	+1.7%
Corporate Actions	$106.4	$86.2	+23.4%
Stakeholder Relationship Management	$71.3	$53.0	+34.5%
Governance Services	$108.8	$91.3	+19.2%
Margin Income	$250.4	$198.4	+26.2%
Total revenue	**$1,209.7**	**$1,090.4**	**+10.9%**
Mgmt EBITDA	$451.4	$385.3	+17.2%
Mgmt EBITDA margin	37.3%	35.3%	Up 200bps

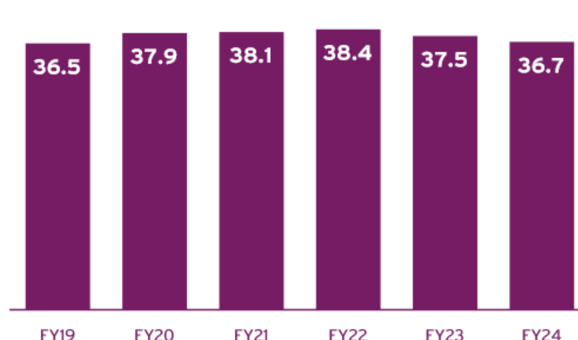
ISSUER SERVICES REVENUE ($M)



CORPORATE ACTIONS REVENUE ($M)



GLOBAL MANAGED SHAREHOLDER ACCOUNTS (M)



Computershare 2024 Annual Report. All references to Management Results are in constant currency unless otherwise stated.

Corporate Trust

Computershare's approach to business life is to build out the opportunity; in other words, start small and expand. Over the years, the company has largely grown through acquisitions, opening new markets in offshore territories. This strategy has been evident in the geographical expansion of registry services since 1994, leading to its current status as a global leader.

Similarly, the Corporate Trust segment has followed a similar path, beginning with the acquisition of the Corporate Trust business of Montreal Trust in 2000. In 2021, the group confirmed the purchase of U.S. based Wells Fargo Corporate Trust services business for US$750m, partly funded via a US$634m share equity raise.

This business sits firmly within the group's wheelhouse and where further acquisitions are likely. This is largely a result of current players looking to exit, evident by the Wells Fargo transaction, coupled with the need for operational scale along with technical and regulatory know-how.

Figure 28 profiles the progress of Corporate Trust over recent reporting periods.

Figure 28: Corporate Trust 2022-2024

COMPUTERSHARE CORPORATE TRUST

Low debt issuance impacts results, recovery underway

Frank Madonna
CEO, Computershare Corporate Trust

MANAGEMENT EBIT

$481.4m

DOWN 7.8%

MARGIN

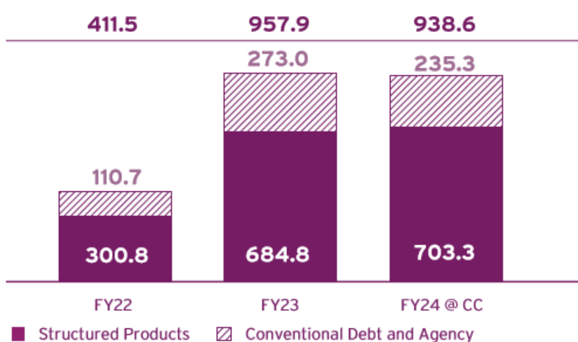
51.3%

DOWN 320bps

REVENUE BREAKDOWN	FY24 CC	FY23 ACTUAL	CC VARIANCE
Trust Fee and other revenue	$468.4	$484.9	-3.4%
MMF Fee Revenue	$49.2	$44.6	+10.3%
Margin Income	$420.9	$428.3	-1.7%
Total revenue	**$938.6**	**$957.9**	**-2.0%**
Mgmt EBITDA	$496.6	$532.4	-6.7%
Mgmt EBITDA margin	52.9%	55.6%	Down 270bps

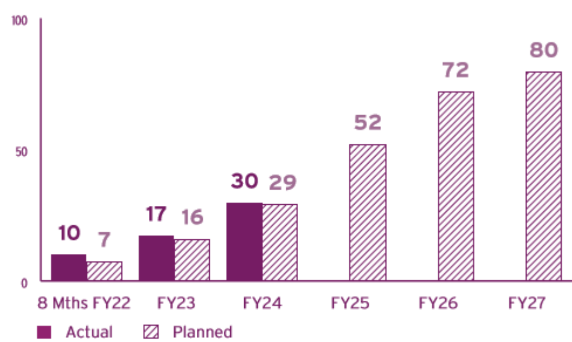
REMIC trustee business exited on 30 June 2023, FY23 revenue of $28.0m.

TOTAL REVENUE BREAKDOWN ($M)



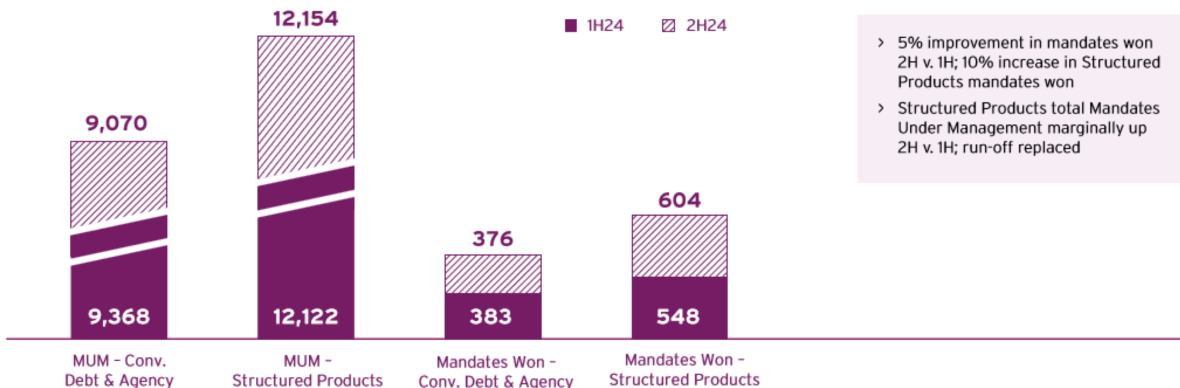
Refer to slide 30 for definition of structured products and conventional debt and agency.

CCT COST SYNERGY PLAN - CUMULATIVE BENEFITS ($M)



$80m of synergy benefits targeted by end of FY27. $29.7m of cumulative benefits achieved at the end of FY24.
Forecast execution expenses of c. $230m to transition (Spend to date $195.3m), integrate and transform the business, incurred over the first five years of ownership.

MANDATES UNDER MANAGEMENT (MUM) VS. MANDATES WON



- 5% improvement in mandates won 2H v. 1H; 10% increase in Structured Products mandates won
- Structured Products total Mandates Under Management marginally up 2H v. 1H; run-off replaced

OVERVIEW | GOVERNANCE | FINANCIALS | REPORTS | FURTHER INFORMATION

COMPUTERSHARE ANNUAL REPORT 2024

Computershare 2024 Annual Report. All references to Management Results are in constant currency unless otherwise stated.

There is nothing glamorous about this business and few want to do it. However, the role of a Corporate Trust provider is integral to the financial integrity of corporations that seek to engage with markets and investors. Scale and reputation are critical to this.

As such, there are high barriers to entry, the need for a Corporate Trust rating ensures brand recognition, and revenues are highly recurring due to established relationships.

In the U.S., Computershare is a top five provider across product specific segments. Having entered the U.S. market via the Wells Fargo acquisition, the chances of further acquisitions remain high.

Employee Share Plans

The third piece to the Computershare business involves the administration of company employee share plans. It is a natural extension to the registry services segment, helping companies execute employee equity plans efficiently, with leading technologies and compliance capabilities.

Figure 29 highlights the progress over the past six years, supported by the important acquisition of leading European operated Equatex in 2018, the former UBS Wealth Management business, for an outlay of EUR355m.

Figure 29: Employee Share Plans 2019-2024

EMPLOYEE SHARE PLANS

Higher transaction volumes and growth in core fees

Francis Catterall
CEO, Employee Share Plans

MANAGEMENT EBIT

$170.3m

UP 75.2%

MARGIN

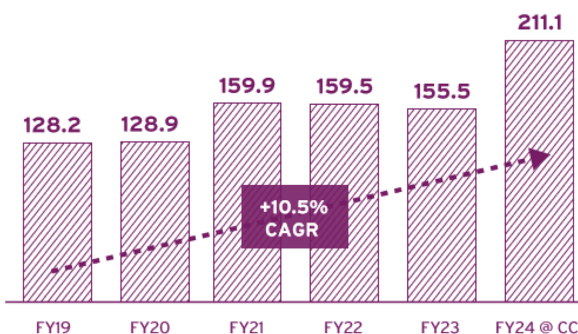
38.7%

UP 1060bps

REVENUE BREAKDOWN	FY24 CC	FY23 ACTUAL	CC VARIANCE
Fee	$160.9	$147.3	9.2%
Transactional	$211.1	$155.5	35.7%
Other	$17.5	$14.9	17.5%
Margin Income	$50.8	$28.9	75.8%
Total revenue	**$440.3**	**$346.7**	**27.0%**
Mgmt EBITDA	$175.3	$102.2	71.6%
Mgmt EBITDA margin	39.8%	29.5%	Up 1030bps

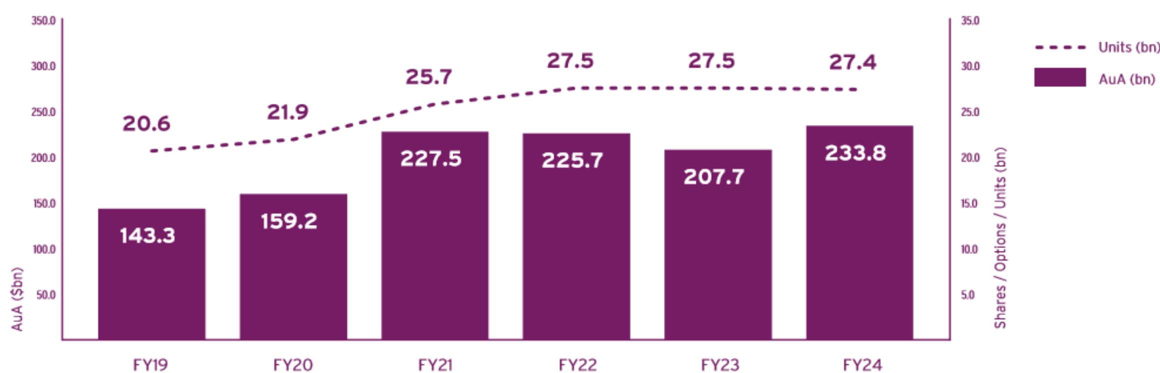
*Acquired Solium Capital UK on 1st December 2023. Contributed $24.9m revenue and $10.8m EBITDA in FY24.

TRANSACTIONAL REVENUE ($M)



CORE FEES ($M)

ASSETS UNDER ADMINISTRATION



Computershare 2024 Annual Report. All references to Management Results are in constant currency unless otherwise stated.

At the time of the Equatex acquisition, CEO Irving highlighted its significance, "*We have been selective and disciplined in our acquisition strategy, and we are delighted to welcome such a high quality business as Equatex to Computershare.*"

Representing a market share gain of 10% in the European market, the deal delivered US$400b of employee assets under administration, over 160 clients and leading technology platform, EquatePlus.

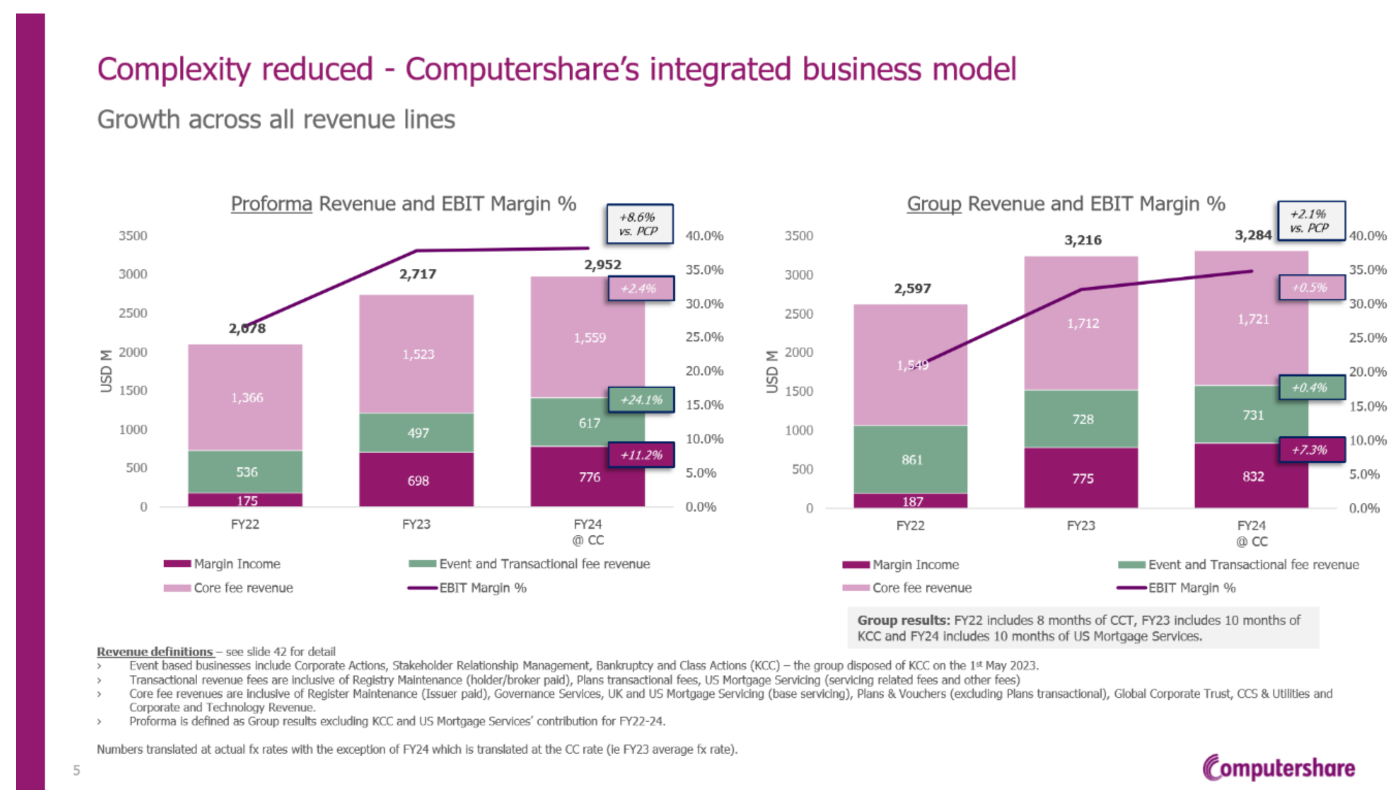
The business model

By and large, Computershare's business model is made up of three revenue streams:

- Client service fees are typically earned on managing the over 36 million investor accounts involving all manner of shareholder engagement.
- Client transactional income represents the more cyclical element that will rise and fall based on the level of market activity.
- Margin income refers to the interest income the company can earn on cash funds held by Computershare before it passes to share registry clients. Some would call this a 'float'.

Figure 30 highlights the pro-forma revenue contributions into the three segment lines.

Figure 30: Computershare revenue buckets 2022-2024



Computershare FY24 results presentation

Such is the consistency of services undertaken, Computershare estimates that 86% of revenues earned are recurring. That is, they largely repeat every year, while 14% are more transactional and therefore cyclical in nature.

Secondly, the level of margin income banked is determined by the amount of the cash pool held at any point in time and the rate of interest that can be earned on that pool.

In 2024, following a period of sustained interest rate rises, Computershare recorded margin income of US$832m, as Figure 30 illustrates, on client balances of US$29b. By comparison, the company earned US$199m of margin income in 2020 when rates were near zero and average client cash balances totalled US$34b.

This level of margin income swing has some investors concerned with its variability. However, CEO Irving is far more sanguine, noting that the group's total value service proposition includes the combined client fee revenue earned and the margin income. As such, rather than viewing these income streams in isolation, they should be considered collectively.

Figure 31 profiles group revenues, management net profit and earnings per share stretching back to 2015. When considering these financials, bear in mind the cash interest rate was around 2% in 2015 and declined to virtually zero by 2021 before accelerating to the current levels of over 4% in 2025.

During the 2015-2020 period, management's net profit (adjusted for non-recurring items) generally flatlined before accelerating. No doubt higher interest rates help margin income, but the Computershare business has shown incredible resilience during difficult financial conditions.

Figure 31: Financial Summary 2015-2024

USD million	FY15	FY16	FY17	FY18	FY19
Total Management Revenue	1,976.0	1,974.2	2,114.0	2,300.9	2,356.5
Operating Costs	(1,419.7)	(1,440.2)	(1,573.9)	(1,678.6)	(1,680.6)
Management EBITDA	554.1	532.6	540.8	622.7	674.9
EBITDA Margin %	28.0%	27.0%	25.6%	27.1%	28.6%
Management NPAT	332.7	303.5	297.3	344.7	381.4
Management EPS (USD) cents	59.82	55.09	54.41	63.38	70.24

USD million	FY20	FY21	FY22	FY23	FY24
Total Management Revenue	2,281.2	2,322.8	2,597.3	3,215.9	3,309.5
Operating Costs	(1,635.1)	(1,695.0)	(1,878.0)	(1,999.9)	(2,022.7)
Management EBITDA	646.4	628.2	720.3	1,216.4	1,287.3
EBITDA Margin %	28.3%	27.0%	27.7%	37.8%	38.9%
Management NPAT	303.8	283.8	349.9	652.0	708.3
Management EPS (USD) cents	56.12	50.71	57.95	108.01	118.33

Source: Computershare accounts

Financial attributes

Computershare excels in transparency. Investors will always want more and consequently this often leads to additional requests for insights. But on any measure the depth of financial data provided is high. The bar they've set also extends to the way it treats costs, invariably expensed at the time of outlay with little or no capitalisation. So, in essence, cash flows should align with what is reported.

Where there is a mismatch is reported profits versus adjusted management profits. Computershare stated profits have rarely been clean, a function of ongoing cost-out restructuring programs across the group's global operations and individual business units. Some may argue that it occurs so regularly that it should be viewed as part of the normal running of the business.

While there is merit in this view, the act of taking costs out and introducing greater efficiency through technological solutions is inherently non-recurring and reflects proactive decision making. In fact, one of the company's biggest outlays, as reflected in its income statement, is money spent on technology.

Figure 32 profiles the company's allocation of expenses from 2022 to 2025. The technology costs feature prominently and are separated into two buckets, the technology maintenance and future investment (highlighted under infrastructure and development spend).

There is no capitalisation of these costs, they are fully expensed and as management point out, the company's requirement for 'stay in business' capital expenditure is very light.

Figure 32: Technology expense profile 2022-2025

Other expenditure

USD M (at actual rates)

Operating costs	1H22	2H22	1H23	2H23	1H24	2H24	FY22	FY23	FY24	1H25
Cost of Sales	**191.3**	**207.6**	**183.6**	**187.2**	**182.0**	**202.4**	**398.9**	**370.8**	**384.3**	**162.0**
Personnel	553.8	674.2	652.9	678.3	653.2	671.5	1,228.1	1,331.1	1,324.6	601.3
Occupancy	13.9	15.8	15.9	18.3	19.7	17.8	29.7	34.2	37.5	18.6
Other Direct	51.8	66.2	66.4	92.1	78.2	78.7	118.0	158.5	156.9	69.1
Computer/External Technology	46.6	56.4	51.7	53.6	57.1	62.2	103.0	105.3	119.3	57.9
Total Controllable Costs	**666.1**	**812.7**	**786.8**	**842.3**	**808.2**	**830.2**	**1,478.8**	**1,629.1**	**1,638.3**	**746.9**
Total Operating Expenditure	**857.4**	**1,020.3**	**970.5**	**1,029.4**	**990.1**	**1,032.6**	**1,877.7**	**1,999.9**	**2,022.7**	**908.9**

Note 1: Computer/External technology includes hardware, software licenses, network and voice costs, 3rd party vendor fees and data centre costs.

Technology Costs	1H22	2H22	1H23	2H23	1H24	2H24	FY22	FY23	FY24	1H25
Development	54.3	64.1	63.0	79.2	64.5	72.4	118.4	142.2	136.9	48.3
Infrastructure	56.4	59.3	59.7	60.3	63.3	68.0	115.7	120.0	131.3	63.0
Maintenance	21.0	21.7	25.6	30.3	21.8	20.6	42.7	56.0	42.3	19.1
Admin	7.5	12.1	9.7	13.5	12.2	14.4	19.6	23.2	26.6	11.7
Total Technology Costs	**139.2**	**157.2**	**158.1**	**183.3**	**161.8**	**175.3**	**296.4**	**341.4**	**337.1**	**142.1**
Technology costs as a % of revenue	**11.9%**	**11.0%**	**10.5%**	**10.8%**	**10.0%**	**10.3%**	**11.4%**	**10.6%**	**10.2%**	**9.4%**

Note 2: Technology costs include personnel, occupancy and other direct costs attributable to technology services. No internal development cost is capitalised.

Capex breakdown	1H22	2H22	1H23	2H23	1H24	2H24	FY22	FY23	FY24	1H25
Information Technology	9.1	27.2	11.3	24.9	12.0	7.1	36.3	36.3	19.1	14.2
Communication Services Facilities	0.5	2.1	0.0	1.1	0.0	4.0	2.6	1.2	4.0	0.6
Occupancy	3.1	2.4	5.5	6.6	2.4	6.1	5.5	12.1	8.5	2.1
Other	0.3	0.1	0.4	0.0	0.9	3.9	0.4	0.4	4.9	5.3
Total Capex	**12.9**	**31.8**	**17.2**	**32.7**	**15.3**	**21.2**	**44.7**	**49.9**	**36.5**	**22.2**

Computershare half year 2025 investor presentation

High quality business

Computershare has a proven track record measured over decades. One of the most impressive aspects of the company has been its tight control over issued capital. Its growth has been predominantly undertaken with debt, followed by its repayment.

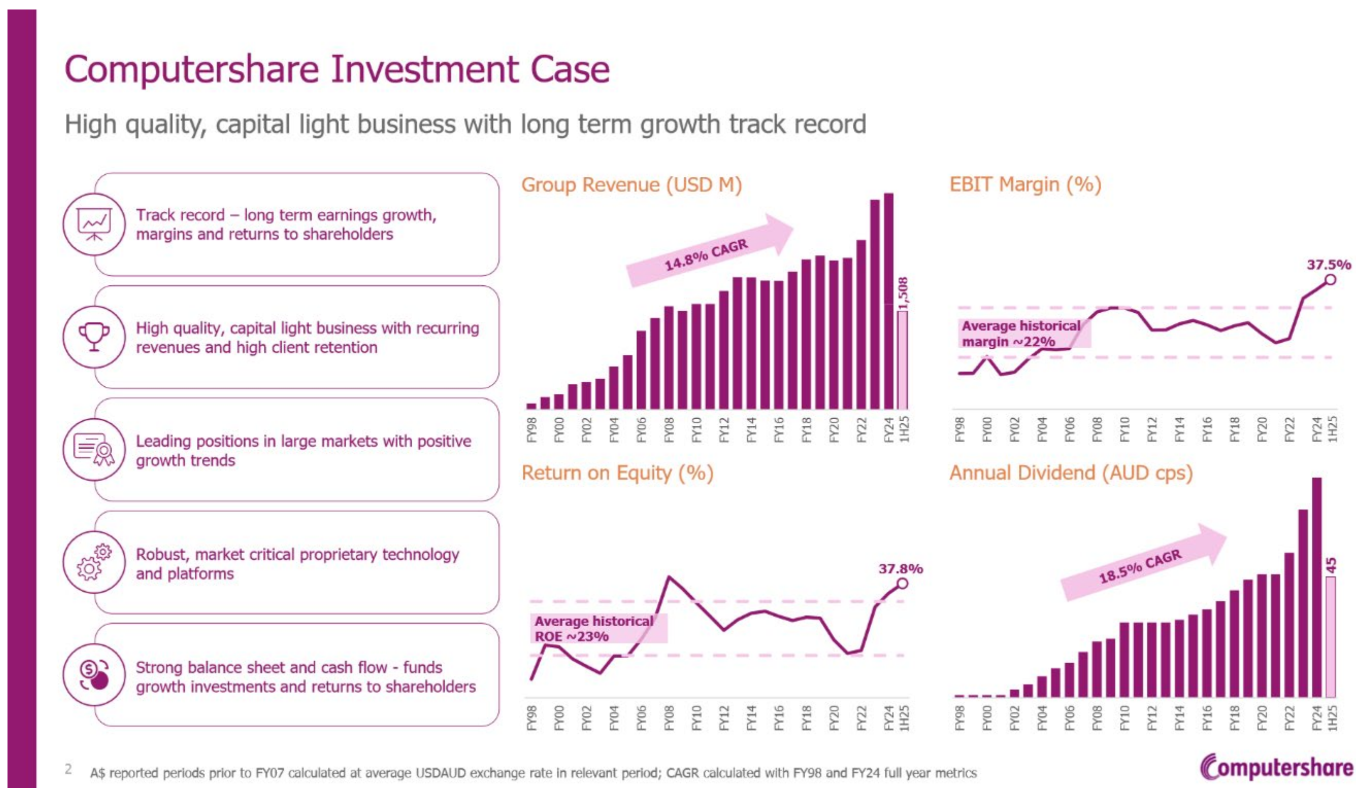
Since publicly listing in 1994, the group's capital base of 20 million shares has only grown due to a share placement to Telstra in the late nineties and the decision to split the company's share base on a 4:1 basis in 1999.

In 2021, new equity was issued for the first time to fund the Wells Fargo U.S. Corporate Trust business, resulting in the issued capital base lifting by 61 million shares to 603 million. Today, following its completion of an A$750m share buyback program, the company's issued capital stands at 580 million. And interestingly, the total number of shares bought back now offsets any shares issued over its corporate history.

Importantly, the group's growth, a by-product of organic and inorganic (acquisitions) activities, has been largely funded from internal cash flow. This is a super impressive achievement, underappreciated by investors.

As Figure 33 highlights, key financial metrics point to a high-performing business. The long-term trends illustrate the delivery of higher group revenues, strong operating margins and improving returns on equity. Importantly, while dividend payments have progressively increased over the years, they represent a payout ratio of less than 50% of after-tax profits.

Figure 33: Computershare key metrics



Computershare half year 2025 investor presentation

Currently, the group's net debt position stands at a historically low level of $439m, or a leverage ratio of 0.4%. More importantly, the group is in no hurry to change matters, except to execute the right deal.

Comment

Irving refers to the Computershare business as "*compounding on structural growth*". Over the years, it has weathered significant changes in the financial industry and even threats of competitive elimination.

In response to this, the business has adjusted and pivoted as needed. Today, it dominates in many segments, including issuer services, employee share plans and fulfilling the role of corporate trustee.

It enjoys the benefits of scale, applies technology sensibly, reinvests to stay ahead of competitors and is led by a management team and board that have never forgotten the important business philosophies built by its founders.

If there was a business that could attract the interest of a group like Warren Buffett's Berkshire Hathaway, one with enduring qualities and a founder's mindset, the "Being Purple" Computershare group is a standout. ***SFM***

Five Years On

Without wanting to reopen old wounds, it is hard to forget the global upheaval brought on by COVID-19 just five years ago. For many businesses, it was a significantly challenging period. For others, particularly those supplying vital medical equipment, it was a financially rewarding time as demand surged, even amid widespread supply chains disruptions.

New Zealand-based and dual-listed public company, Fisher & Paykel Healthcare was one such business. The company describes itself as, *"A leading designer, manufacturer and marketer of products and systems for use in acute and chronic respiratory care, surgery and the treatment of obstructive sleep apnea. The company's products are sold in over 120 countries worldwide*."

We have been long-term owners of the business, visited the company's manufacturing sites in New Zealand, the U.S. and Mexico and followed its progress in changing clinical practice.

COVID-19

The company certainly did not wish for COVID, but the events of 2019 resulted in incredible product demand and importantly, accelerated the medical adoption of its leading Nasal High Flow (NHF) Oxygen Therapy.

Figure 34 shows the company's financial performance over five years, capturing pre and post COVID. Following a steady rhythm of revenue and profit growth, in 2021 group revenues and profits spiked to NZ$1.97 billion (+56%) and NZ$524 million (+82%), respectively.

Figure 34: Fisher & Paykel – COVID 2019-2023

FIVE YEAR SUMMARY
For the years ended 31 March
All figures in NZ$M (except as otherwise stated)

		2019	2020	2021	2022	2023
FINANCIAL PERFORMANCE	Sales revenue	1,072.1	1,273.4	1,948.2	1,642.4	1,588.6
	Foreign exchange gain (loss) on hedged sales	(1.7)	(9.7)	23.0	39.3	(7.5)
	Total operating revenue	**1,070.4**	**1,263.7**	**1,971.2**	**1,681.7**	**1,581.1**
	Gross profit	715.8	835.8	1,245.6	1,052.7	938.4
	Gross margin	66.9%	66.1%	63.2%	62.6%	59.4%
	Other income	5.0	-	-	-	-
	SG&A expenses	(327.8)	(338.0)	(396.6)	(393.1)	(431.9)
	R&D expenses	(100.4)	(118.5)	(136.7)	(154.0)	(174.3)
	Total operating expenses	**(428.2)**	**(456.5)**	**(533.3)**	**(547.1)**	**(606.2)**
	Operating profit	292.6	379.3	712.3	505.6	332.2
	Operating margin	27.3%	30.0%	36.1%	30.1%	21.0%
	Net financing (expense) income	(1.4)	(8.8)	5.9	(1.4)	(4.2)
	Tax expense	(82.0)	(83.2)	(194.0)	(127.3)	(77.7)
	Profit after tax	**209.2**	**287.3**	**524.2**	**376.9**	**250.3**
REVENUE	North America	501.5	571.2	825.7	665.1	683.8
By Region and Product Group	Europe	314.6	365.4	633.8	468.1	427.6
	Asia Pacific	208.1	273.3	348.4	438.8	399.0
	Other	46.2	53.8	163.3	109.7	70.7
	Hospital products	642.3	801.3	1,498.1	1,207.1	1,023.5
	Homecare products	421.4	457.3	465.6	469.5	553.8
	Core products subtotal	1,063.7	1,258.6	1,963.7	1,676.6	1,577.3
	Distributed and other products	6.7	5.1	7.5	5.1	3.8
	Total operating revenue	**1,070.4**	**1,263.7**	**1,971.2**	**1,681.7**	**1,581.1**
Growth Rates Reported	Revenue	9.1%	18.1%	56.0%	-14.7%	-6.0%
	Gross profit	10.1%	16.8%	49.0%	-15.5%	-10.9%
	R&D expenses	6.0%	18.0%	15.4%	12.7%	13.2%
	Profit before tax	8.7%	27.2%	93.8%	-29.8%	-34.9%
	Profit after tax	10.0%	37.3%	82.5%	-28.1%	-33.6%
Growth Rates in Constant Currency[1]	Revenue	8.0%	13.8%	61.4%	-13.7%	-9.0%
	Gross profit	9.0%	11.3%	57.4%	-15.8%	-14.4%
	R&D expenses	6.0%	18.0%	15.4%	12.7%	13.2%
	Profit before tax	9.0%	20.3%	103.6%	-31.4%	-39.9%

[1] Constant Currency (CC) removes the impact of exchange rate movements. This approach is used to assess the company's underlying comparative financial performance without any distortion from changes in foreign exchange rates.
A reconciliation for the most recent 2 years and basis of preparation is set out on page 107.
The 2019-2022 growth rates in constant currency have been sourced from the 2022 annual report.

Source: Fisher & Paykel Healthcare 2023 Annual Report

And like a tale of two halves, the years that followed were not as positive, in sales or profit terms. The world was moving on from COVID with open arms and pockets of "normality" were returning. Investors and analysts followed suit, adjusting their discounted cash flow models, as if it could capture the reality of the situation.

What was lost on many was the inherent power of the Fisher & Paykel business model.

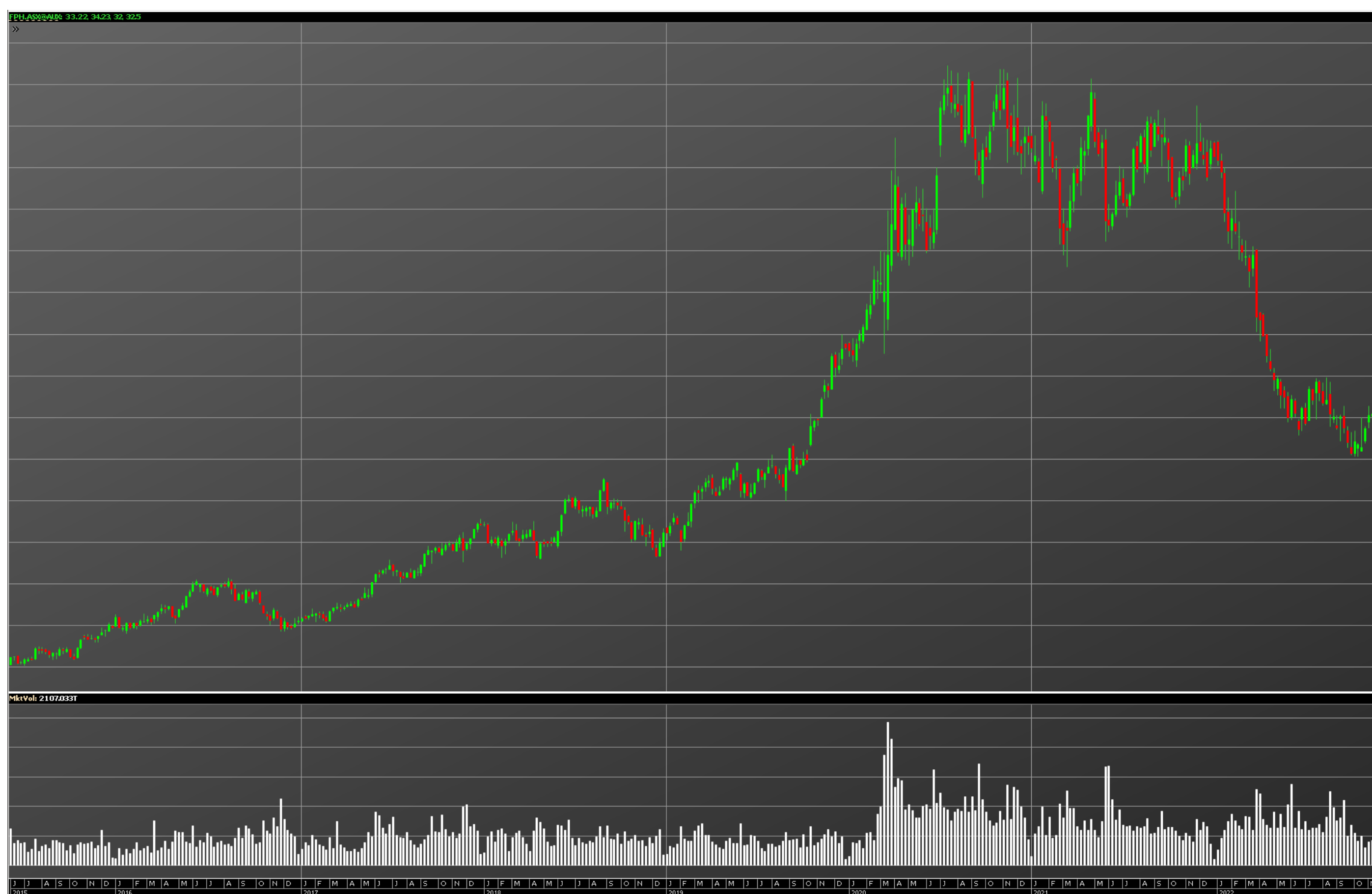
The majority of sales, some 89%, are recurring consumables. COVID certainly increased the uptake for one-off device sales, but the enormity of the COVID-induced demand was extraordinary.

In the company's 2022 annual report, Managing Director and CEO Lewis Gradon said, "*Over the last two financial years we have supplied NZ$880 million of hospital hardware, the equivalent of approximately 10 years' hardware sales prior to COVID-19. The growing body of evidence supporting the use of nasal high flow and our other respiratory therapies shows that our products have a clear role to play in improving care and outcomes beyond COVID-19 patients. We have a proven fifty-year track record of changing clinical practice and now we have the additional benefit of customers already having our hardware and clinical experience with its use*."

Such a thrust in medical device sales raised obvious concerns about whether the company could sustain the revenues achieved in subsequent years. More importantly, the actual use of sold devices and the consumable revenues that would normally flow remained a big unknown.

Chart 1 illustrates the rise and fall of Fisher & Paykel shares during this period. An explosive upward move followed by an equally sharp downward retreat.

Chart 1: Fisher & Paykel ASX share price movement 2015-2022



Source: Iress

They say a picture tells a thousand words, and inevitably both moves, up and down, reflect the world of stock markets. The euphoria of rapid sales and rising profits, as well as the disappointment of declining numbers. The reality though was simply a business that needed to catch its breath. Having absorbed significant costs to meet peak demand during COVID, operating profits and margins naturally lagged.

Now five years on, Figure 35 includes the 2025 financial year returns. The group delivered record revenues of NZ$2.02b, up 16% and more importantly, underlying net profits lifted 43% from NZ$264.4m to NZ$377.2m. A path to profit margin normality was the key call out, with expectations of more to follow.

Figure 35: Fisher & Paykel 2021-2025

Five year summary

For the years ended 31 March

All figures in NZ$M (except as otherwise stated)

		2021	2022	2023	2024	2025
FINANCIAL PERFORMANCE	Sales revenue	1,948.2	1,642.4	1,588.6	1,758.1	2,023.5
	Foreign exchange gain (loss) on hedged sales	23.0	39.3	(7.5)	(15.3)	(2.5)
	Total operating revenue	**1,971.2**	**1,681.7**	**1,581.1**	**1,742.8**	**2,021.0**
	Gross profit	1,245.6	1,052.7	938.4	1,044.4	1,270.9
	Gross margin	63.2%	62.6%	59.4%	59.9%	62.9%
	SG&A expenses	(396.6)	(393.1)	(431.9)	(492.8)	(534.4)
	R&D expenses	(136.7)	(154.0)	(174.3)	(198.2)	(226.9)
	Total operating expenses	**(533.3)**	**(547.1)**	**(606.2)**	**(691.0)**	**(761.3)**
	Operating profit	712.3	505.6	332.2	353.4	509.6
	Operating margin	36.1%	30.1%	21.0%	20.3%	25.2%
	Revaluation of land	-	-	-	(98.1)	-
	Profit before financing and tax	**712.3**	**505.6**	**332.2**	**255.3**	**509.6**
	Net financing expense	5.9	(1.4)	(4.2)	(19.6)	(6.3)
	Tax expense	(194.0)	(127.3)	(77.7)	(103.1)	(126.1)
	Profit after tax	**524.2**	**376.9**	**250.3**	**132.6**	**377.2**
	Underlying profit after tax[1]	**524.2**	**376.9**	**250.3**	**264.4**	**377.2**
Growth Rates Reported	Revenue	56.0%	-14.7%	-6.0%	10.2%	16.0%
	Gross profit	49.0%	-15.5%	-10.9%	11.3%	21.7%
	R&D expenses	15.4%	12.7%	13.2%	13.7%	14.5%
	Profit before tax	93.8%	-29.8%	-34.9%	-28.1%	113.5%
	Profit after tax	82.5%	-28.1%	-33.6%	-47.0%	184.5%
	Underlying profit after tax[1]	82.5%	-28.1%	-33.6%	5.6%	42.7%
Growth Rates in Constant Currency[2]	Revenue	61.4%	-13.7%	-9.0%	8.4%	13.7%
	Gross profit	57.4%	-15.8%	-14.4%	10.2%	18.5%
	R&D expenses	15.4%	12.7%	13.2%	13.7%	14.5%
	Profit before tax	103.6%	-31.4%	-39.9%	-35.1%	107.3%
	Underlying profit before tax[1]	103.6%	-31.4%	-39.9%	6.9%	32.2%

(1) Underlying profit has been presented excluding the impact of abnormal items occurring during the 2024 financial year. A reconciliation is set out on page 127.

(2) Constant Currency (CC) removes the impact of exchange rate movements. This approach is used to assess the company's underlying comparative financial performance without any distortion from changes in foreign exchange rates. A reconciliation for the most recent two years and basis of preparation is set out on page 130. The 2021 to 2024 growth rates in constant currency have been sourced from the 2024 annual report.

Source: Fisher & Paykel Healthcare 2025 Annual Report

The accompanying Chart 2 captures the company's share performance from 2022 to 2025. Compare it to Chart 1 and you can see both are symptomatic of an industry, being the broking analyst community, that continually chases its tail, with obvious consequences for those that follow their recommendation.

A good example is a recent research report on Fisher & Paykel following the company's recent full-year earnings result, which rated the stock as an "*outperform*." Analysts like to use terms like "*neutral*", "*outperform*" and even "*sell*" when making their recommendations. The problem lies in the fact that the recommendations frequently change, in contrast to the businesses themselves. Granted, if the share prices shift dramatically up or down, it can lead to different outcomes, but this is not usually the main driver of why recommendations change.

If we continue with our example, in August 2022, this report had the stock rated an "*outperform*". The same month, with the stock 20% lower the recommendation changed to "*neutral*". It begs the question, why lower the recommendation when the shares are so much cheaper? Aren't you supposed to buy when there is better value on offer?

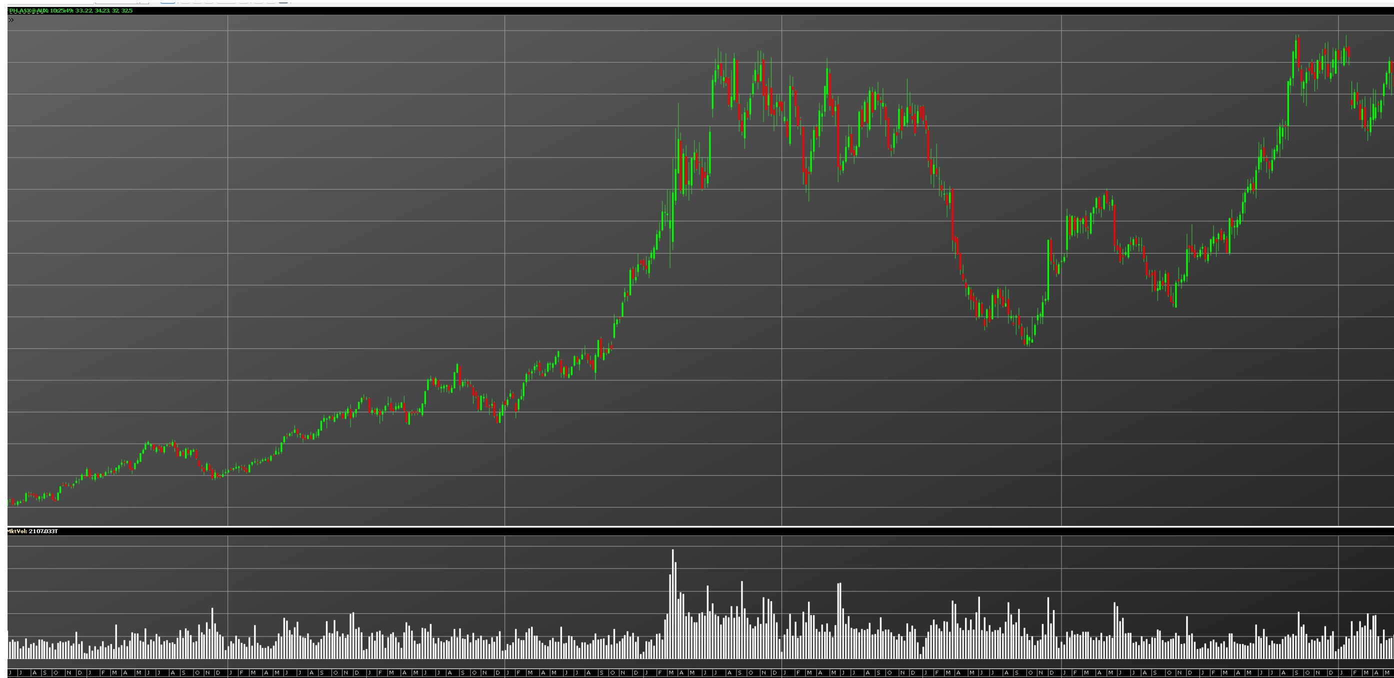
Nine months later, in mid-2023, the company was upgraded back to an "*outperform*" rating, despite the stock rising 30%. So, with supposedly less value on offer, the recommendation is lifted to a buy.

From that point on, the shares fell 14%. As it became cheaper, the company was lowered to a "*neutral*"

rating. It stayed there until late 2024, when it then jumped to an "*outperform*", at which point the shares had already rallied 62%.

Frankly, this is why the market offers genuine investors such great opportunities from time to time. The ability to separate the qualities of a business compared to the erratic nature of the stock market is the true competitive advantage that investors should exploit.

Chart 2: Fisher & Paykel ASX share price movement 2015-2025



Source: Iress

The Fisher & Paykel backstory

Now in its 56th year as a company, the Fisher & Paykel story is typical of many start-up businesses. Below is an extract and timeline from the 2025 Annual Report.

"Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in acute and chronic respiratory care, surgery and the treatment of obstructive sleep apnea.

Established in New Zealand in 1969, our business was built on a vision to emulate the body's natural humidification processes. It all started with Dr Matt Spence, an intensive care specialist at Auckland Hospital, who noticed his patients on mechanical breathing machines were suffering from dry and infected tracheas.

For help solving the problem, he turned to Alf Melville, a government electrical engineer, and Dave O'Hare, a senior engineer with appliances company Fisher & Paykel Industries. The three collaborated to find an innovative solution, and the result was a prototype humidifier made from a humble fruit preserving jar, which was then designed and manufactured by a small team at Fisher & Paykel Industries

The first respiratory humidifier was sold in 1970 and was marketed internationally.

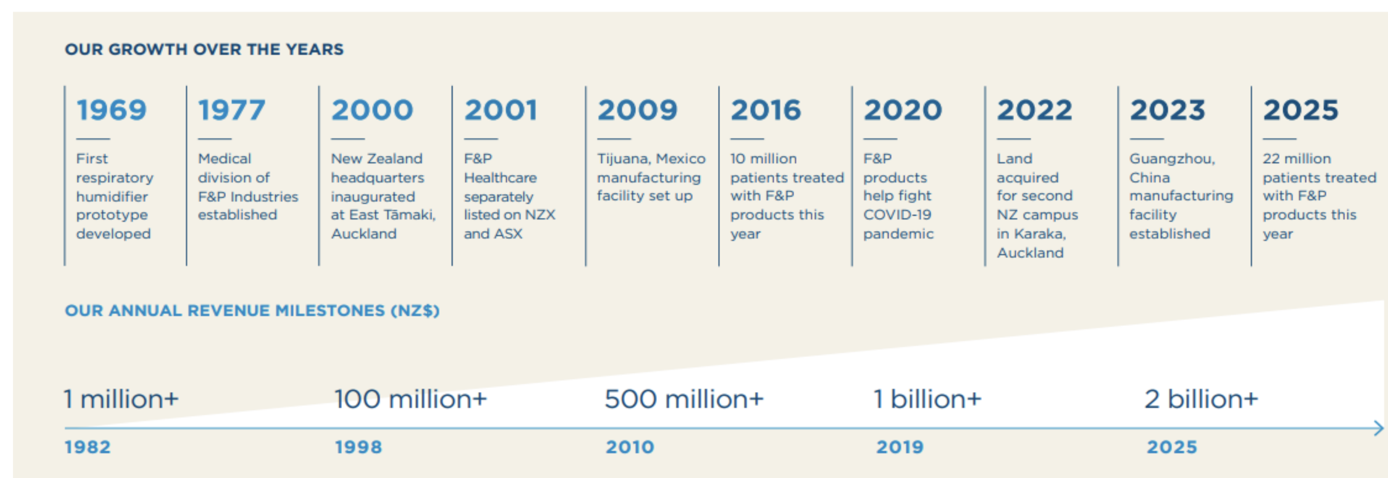
By 1990, the medical division of Fisher & Paykel Industries had been renamed Fisher & Paykel Healthcare, and its annual sales had grown to NZ$29m.

In 2001, the appliances business divested, and Fisher & Paykel Healthcare became a separate company listed on the New Zealand and Australian stock exchanges.

Over time, the Fisher & Paykel Healthcare portfolio has expanded to other clinical applications, including products for noninvasive ventilation, high flow therapy, surgery and the treatment of obstructive sleep apnea.

Our medical devices and technologies help clinicians deliver the best possible patient care in over 120 countries worldwide. They enable patients to transition into less acute care settings, recover more quickly and avoid more serious conditions."

Figure 36: Growth timeline 1969-2025



Source: Fisher & Paykel Annual Report 2025

It is somewhat appropriate that for a 56-year-old company, the 2025 Annual Report is titled *Fundamentals*. CEO Lewis Gradon – appointed to the chief role in 2016 and an employee of the business for 42 years, 15 of which were spent in Products and Technology – is perhaps best placed to describe the role 'fundamentals' play:

"We opened our report to shareholders by referring to our 'fundamentals' - basic principles that underpin the way we work, collaborate and make decisions. It is fundamental for example, that we put the patient first in everything we do.

The products we deliver must have unique, customer valued benefits - products that not only improve but transform clinical practice.

This starts with a deep understanding of patient care and the problems that need solving.

Understanding problems and finding better solutions requires a consistent commitment to research and development (R&D), so we cannot be complacent.

We seek to work with clinicians who are the best in the field. Key opinion leaders not only help us understand problems, they also evaluate the effectiveness of our therapies and contribute to the body of clinical evidence supporting them.

While we cannot fully anticipate the short-term challenges, we will continue to rely on the fundamental principles that have guided this business for decades."

The engine

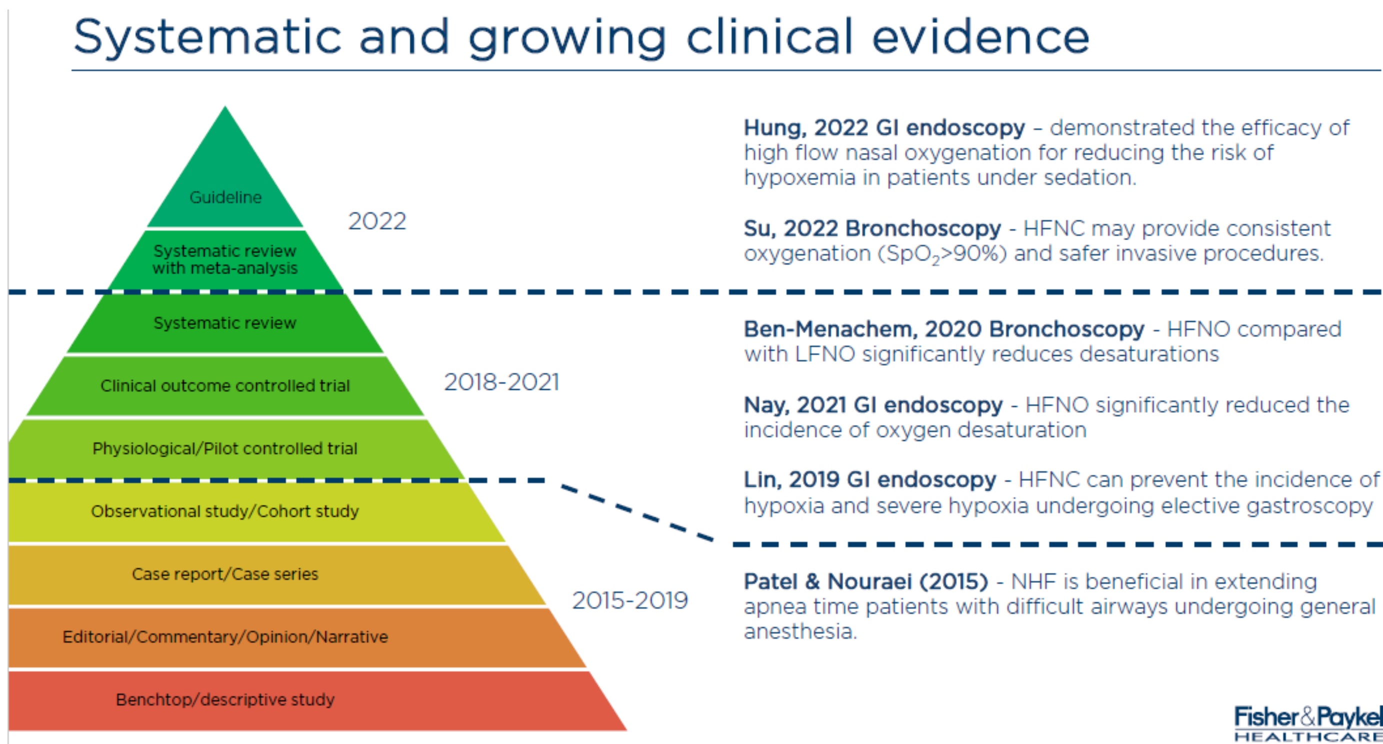
Readers who examined Figure 34 and Figure 35 above may have picked up on one key item, the Research & Development (R&D) expense line. This goes to the heart of the 'fundamental' approach, illustrating the company's commitment to new products and better solutions. Despite the ups and downs of markets and revenues, R&D spend has been the one constant.

In 2019, it totalled NZ$100m, or 9.4% of revenue. In 2021, at the company's historic sales peak, R&D hit NZ$137m or 6.9% of revenues. In the subsequent years up to 2024, R&D rose to NZ$154m, NZ$174m and NZ$198m, respectively, while both top-line sales and bottom-line net profits declined. In 2025, R&D increased again, hitting NZ$227m. With record revenues of NZ$2.021b, R&D spend accounted for over 11% of revenues.

The power of this R&D commitment cannot be underestimated, although analysts do a good job of treating this as an expense and less so appreciating the long-term benefits it delivers.

Enter Figure 37, a product timeline from the Fisher & Paykel Healthcare 2022 Investor Day presentation. The focus of the day was on new products, including the company's latest flagship Hospital device, the Airvo 3, which succeeded the Airvo 2 (see Figure 38 and Figure 39), and a completely new offering for anaesthesiologists.

Figure 37: Bringing a product to life – 2015-2022



Source: Fisher & Paykel Healthcare 2022 Investor Day presentation

Figure 38: Fisher & Paykel Airvo 3

Source: Fisher & Paykel Healthcare 2022 Investor Day presentation

Figure 39: Fisher & Paykel Airvo 3

Source: Web image Airvo 3

The two anaesthesia offerings, the Optiflow Switch and Optiflow Trace, shown in Figure 40 and Figure 41, are designed to provide specialist clinicians with continuous humidified oxygen therapy solutions during surgical procedures. Referring to the company's core 'fundamentals', both products resulted from working with clinicians, listening to their needs and committing to R&D solutions.

If we cast our minds back to Figure 37, we can see the 'benchtop' works on both products began in 2015. Seven years later, in May 2022, the products had their official market launch, followed by U.S. regulatory approval, with the focus now centred on sales and clinical market rollout.

To put this product opportunity into financial perspective, the company estimates the addressable market for Optiflow Nasal High Flow (NHF) in the Hospital setting at 50 million patients per annum, equivalent to a NZ$5b market opportunity. In 2025, an estimated seven million patients, valued at NZ$700m, benefited from the use of an Optiflow device.

The anaesthesia market opportunity is also estimated to be worth NZ$5b, equal to the Hospital NHF segment. In 2025, the company recorded combined Optiflow Switch and Optiflow Trace sales of some NZ$80m, underscoring the significant latent opportunity that is still available. This represented annual sales of 40% and management points to a similar lift in 2026.

Figure 40: Fisher & Paykel Optiflow Switch

Enables delivery of **humidified oxygen** in the peri-anesthesia environment

User can **Switch** between bag mask ventilation and Optiflow without needing to remove the nasal interface

Reduces the number of steps required to bag mask ventilate a patient vs standard Optiflow nasal high flow interfaces

Source: Fisher & Paykel Healthcare 2022 Investor Day presentation

Figure 41: Fisher & Paykel Optiflow Trace

Sampling of exhaled gas from either nose or mouth*

Secure connection with standard CO_2 sampling lines

Continuous sampling of exhaled CO_2 while using Optiflow nasal high flow for oxygenation*

*Attention: this applies for flow rates between 5-50L/min.

Source: Fisher & Paykel Healthcare 2022 Investor Day presentation

Beyond 2025

As sales took centre stage in COVID, gross margins and net profits took a back seat. Management's focus was on meeting the surge in demand, maintaining manufacturing throughput and attending to customer needs. Freight costs, in particular, blew out leading to operating inefficiencies.

But COVID delivered something even bigger for the company. It forced the industry to change at a rapid rate and accelerated the medical adoption of Optiflow NHF in the Hospital and Homecare setting.

Figure 42 demonstrates the company's transformational investment commitment from 2019 to 2023. Notably, employee growth rose 44% to 6,564, R&D personnel accelerated by 46%, a dedicated

anaesthesia sales team was established, NHF clinical practice guidelines dramatically jumped from zero to seven and the number of patients treated with Optiflow doubled, from three million to six million.

Figure 42: Fisher & Paykel progress 2019-2023

	FY2019	FY2023	Change	Comment
Countries with F&P people	38	53	39%	• COVID-19 accelerated expansion
Total people	4,547	6,564	44%	
People in Manufacturing & Operations	2,680	3,975	48%	• Peaked at 4,989 in FY22
People in R&D	581	846	46%	• Accelerated R&D investment
R&D as a % of revenue	9%	11%	165bps	
Land	57 ha	159 ha	179%	• Added 102 ha for second NZ campus
Manufacturing facilities	5	7	40%	• Plus preparing China and NZ5
Plant and equipment capex	$41M	$100M	144%	• Cumulative $434M over the last 5 years
Hospital hardware (% of hospital sales)	12%	15%	300bps	• Cumulative $1.2B sales over last 5 years
Patients treated with Optiflow	3M out of 30M	6M out of 50M	100%	• Peaked at 7M patients in FY21/FY22
NHF clinical practice guidelines	0	7	N/A	• Guidelines for non-COVID-19 patients
NHF studies published	247	865	250%	
Anesthesia sales team	20	69	245%	• Accelerated anesthesia opportunity

Source: Fisher & Paykel 2023 ASX CEO Connect presentation

The 2025 results proved the group's historical operating cadence is clearly on the mend.

Gross margins lifted from 59.9% to 62.9%, with management targeting 65% as a near-term goal. Operating costs across Selling, General and Administrative (SG&A) expenses dropped as a percentage of revenue, but there is more to go. In 2022, it sat at 23.4%, while the figure remained elevated at 26.4% at the end of 2025.

Even R&D, which remains a long-term priority, sits at over 11% currently and is likely to trend lower to 10%, even though the actual level of dollar investment will be higher.

These expense lines help outsiders with modelling the business which management provides, but in truth, the company's approach to budgeting is much simpler.

Consider the top line potential, determine the operating expenses to support that, and target a suitable long-term operating margin. This helps explain why all the individual expenses are considered collectively. The focus on R&D is paramount though in delivering continuous business performance.

On the balance sheet, even with a full investment plate across R&D and significant new manufacturing undertakings, the company ended 2025 with net cash of NZ$201m, alongside a more conservative dividend payout ratio of 66%.

The company is not immune to future shocks, be they Trump induced, regulatory actions or competitive pressures. That said, Fisher & Paykel Healthcare is a proven leader in its space and has a clear long-term mindset, backed by a strong and competitive business moat.

Summary

The next time you read about a company's recommendation being changed from a sell to a buy, or vice-versa, take a deep breath, have a cup of tea or coffee and reflect on the business you are in.

Better still, read the annual report and form a view of what the company and management team have to offer and think beyond the next three months, preferably years.

Not all businesses make the grade, but Fisher & Paykel Healthcare illustrates the value of thinking long term. ***SFM***

Deficit Dilemma

Ray Dalio, founder of Bridgewater Associates, sounded the alarm in May on the looming debt catastrophe in the U.S., labelling the country as being at risk of a "*financial heart attack*". Having founded what is now the world's largest hedge fund in 1975, Dalio has endured many market cycles and black swan events. His comments on the state of the U.S economy, therefore, carry weight and should not be taken lightly.

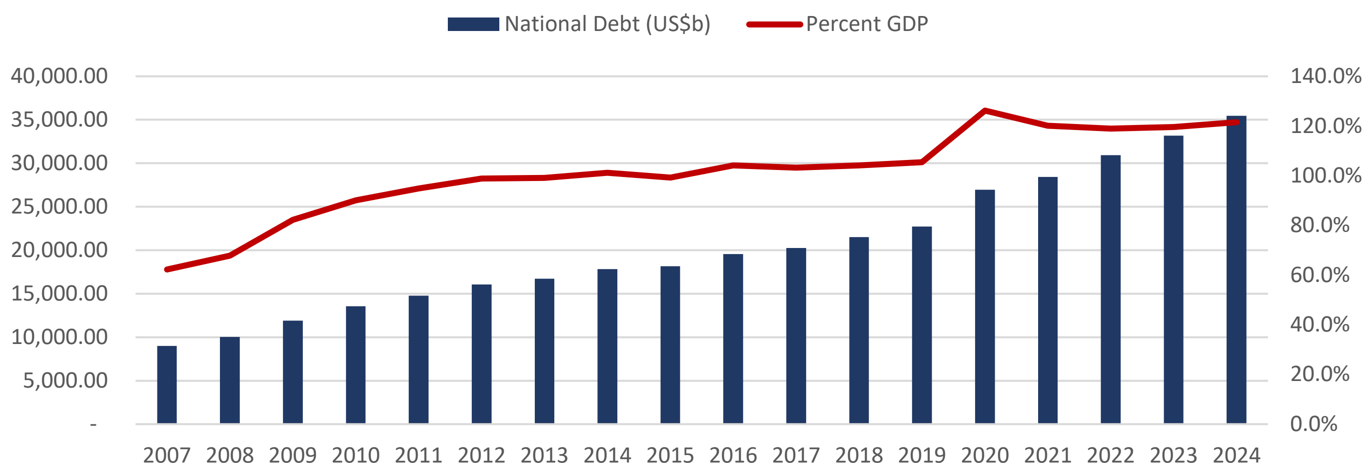
As of the end of 2024, the U.S. national debt reached a new record, surpassing US$36t (A$56t), as reflected in Figure 43. In the same period, the country's gross domestic product (GDP) stood at US$29t. A simple calculation returns a debt-to-GDP ratio of 122%.

Another perspective can be gained by looking at the annual fiscal deficit (or surplus) of a given country, the difference between what a government earns in a year and what it spends.

In 2024, the U.S. fiscal deficit was US$1.8t, representative of 6.3% of the GDP in the same year. With every new annual deficit recorded, the total U.S. national debt pile rises. For reference, the last time the U.S. recorded a fiscal year surplus was 2001.

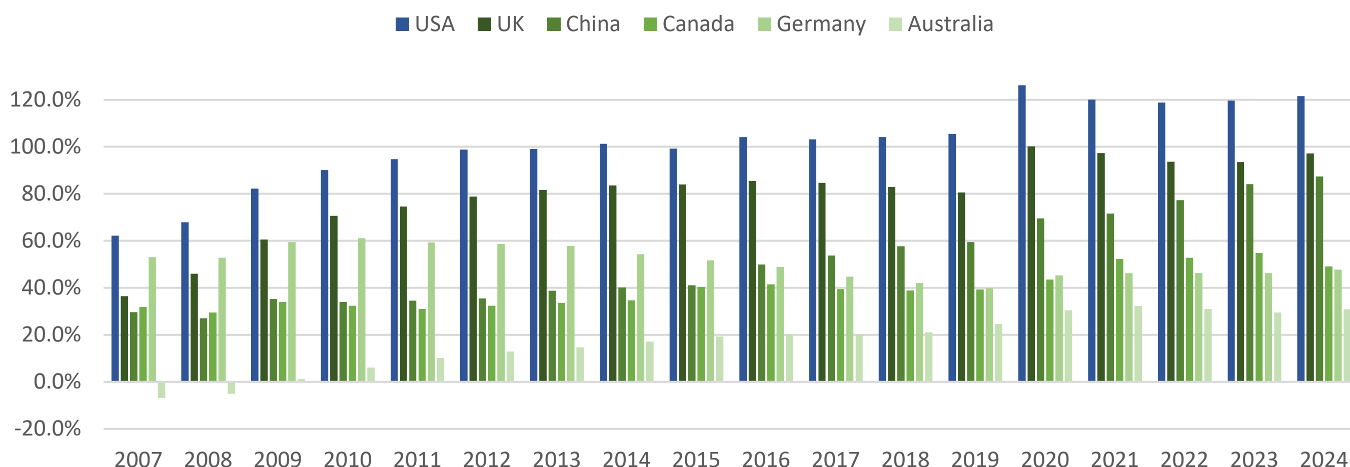
Figure 44 compares the U.S. national debt pile to that of other developed countries, expressed as a percentage of each nation's respective GDP.

Figure 43: U.S. National Debt, percent of GDP



Source: Federal Reserve Bank of St. Louis

Figure 44: U.S. National Debt vs. the World



Source: Refinitiv macro

The government, like any borrower, is required to pay interest on its debt each year. As U.S. treasury yields have climbed, shown in Figure 45, so too has the cost of the government interest payments owed to its investors who own the debt. Now, about a trillion government dollars are spent annually just to *service* existing debt, and over the next year, the government must either repay or refinance (via government bond issuance) over US$9t of debt. More on the bond market soon.

Figure 45: U.S. 10-Year Treasury Yield

Source: Iress

Taking all of this into consideration, Moody's, a recognised credit rating agency, ultimately downgraded the U.S. credit rating in May over concerns of persistent fiscal deficits alongside declining national revenues.

Ambitious goals

Enter DOGE, the U.S. Department of Government Efficiency, established by President Donald Trump and headed up by entrepreneur and billionaire Elon Musk, appointed as a 'special government employee'. Musk was tasked with maximising U.S. productivity and identifying and eliminating wasteful spending. He pledged to identify US$2t in government savings, though this was revised to US$1t, before it was eventually stated that DOGE would save just $150b before the end of the 2026 financial year. In May, Musk stepped down from this role.

The next item on Trump's agenda to boost national revenue was tariffs, applied to every country and ranging anywhere from 10% up to 145% at their peak.

The U.S. courts are currently trying to block these blanket tariffs, claiming the U.S. trade deficit does not meet the requirements for which 'emergency-powers' law would allow Trump to impose such levies.

Next, the Administration's '*One, Big, Beautiful Bill*' was passed in House (in May). The bill proposes extensions to tax cuts from Trump's first term that are otherwise set to expire at the end of the year and increases military and border spending.

Given this will reduce income collected via taxes while simultaneously raising defence outlay, it is no surprise that the bill is estimated to add US$3.3t to the national debt by 2034.

The bond market

Government bonds act as a key mechanism for financing the deficit. However, when demand weakens, yields spike, i.e. investors demand higher returns for holding government debt. This increase in yields signals negative sentiment surrounding the government's ability to repay its debts, despite Treasury Bonds typically being an investment vehicle which is considered to be 'risk-free' and highly liquid.

A recent auction of U.S. 20-year bonds was evidence of this, with the bonds issuing at 5.047%, 1.2 basis points above the initial expected yield. The tepid auction sent a message to equity markets, which fell on the day, about investor confidence in the U.S. fiscal system.

Since his inauguration in January, Trump's aggressive and unpredictable policymaking has tended to raise fears about higher inflation, bigger government deficits and global uncertainty. This all gets priced into the bond market via higher yields. Dalio emphasises that as yields continue to increase, so too does the cost of servicing the debt, leading the country into a vicious debt spiral if the annual fiscal deficit is not reduced back to 3% over the next three years from its current 6.3% level.

Those with experience in the bond market, such as Dalio, should be listened to when such alarms are raised, given U.S. bonds are often used to benchmark other asset and investment classes, such as equity prices, the reserve currency and mortgage rates. U.S. bond market panic would indicate a breakdown in the foundation of the global financial system, as it signals that investors no longer trust the cost or availability of capital associated with the world's so-called 'risk-free' benchmark.

Comment

Ultimately, it is the accumulation of all these deficits that leads to a government debt pile, which draws the greatest concern. At some point, it will matter and simply ignoring it will have its own consequences. ***SFM***

Company Engagements – June 2025 Quarter

Date	Company	Description
1-Apr	CSL	CSL Barrenjoey Industry Insight Call
1-Apr	JHX	James Hardie Industries Barrenjoey Industry Insight Call
2-Apr	PME	Pro Medicus Barrenjoey Industry Insight Call
2-Apr	RMD	ResMed Barrenjoey Industry Insight Call
2-Apr	SDR	SiteMinder GS Emerging Leaders Conference
2-Apr	GDG	Generation Development Group GS Emerging Leaders Conference
2-Apr	JHX	James Hardie Industries Management Meeting
3-Apr	LNW	Light & Wonder Litigation Update Call
8-Apr	TLX	Telix Pharmaceuticals UBS Industry Insights Call
10-Apr	IFM	Infomedia Management Meeting
14-Apr	PME	Pro Medicus Barrenjoey Industry Insight Call
17-Apr	FPH	Fisher & Paykel Healthcare Barrenjoey Industry Insight Call
22-Apr	JHX	James Hardie Industries Management Meeting
23-Apr	DMP	Domino's Pizza Enterprises UBS Industry Insights Call
24-Apr	RMD	ResMed 3Q Results Call
24-Apr	RMD	ResMed GS Management Meeting
28-Apr	TLX	Telix Pharmaceuticals Investor Update
28-Apr	FLT	Flight Centre Travel Group Flight Centre Trading Update
30-Apr	JIN	Jumbo Interactive Taylor Collison Management Meeting
30-Apr	ALL	Aristocrat Leisure Macquarie Industry Insights Call
30-Apr	WHR.NYSE	Whirlpool Macquarie Management Meeting
2-May	IRE	Iress Annual General Meeting
5-May	IRE	Iress Barrenjoey Emerging Companies Conference
5-May	PYC	PYC Therapeutics Barrenjoey Emerging Companies Conference
5-May	NEU	Neuren Pharmaceutical Barrenjoey Emerging Companies Conference
5-May	DXB	Dimerix Barrenjoey Emerging Companies Conference
5-May	NAN	Nanosonics Barrenjoey Emerging Companies Conference
5-May	IMM	Immutep Barrenjoey Emerging Companies Conference
5-May	SNT	Syntara Barrenjoey Emerging Companies Conference
5-May	CU6	Clarity Pharmaceutical Barrenjoey Emerging Companies Conference
5-May	IMU	Imugene Barrenjoey Emerging Companies Conference
5-May	CYC	Cyclopharm Barrenjoey Emerging Companies Conference
5-May	EBR	EBR Systems Barrenjoey Emerging Companies Conference
6-May	WES	Wesfarmers Macquarie Conference 2025
6-May	RWC	Reliance Worldwide Macquarie Conference 2025
6-May	CSL	CSL Macquarie Conference 2025
6-May	CPU	Computershare Macquarie Conference 2025
6-May	SIG	Sigma Healthcare Macquarie Conference 2025
6-May	TLX	Telix Pharmaceuticals Macquarie Conference 2025
6-May	PME	Pro Medicus Macquarie Conference 2025
6-May	WTC	WiseTech Global Macquarie Conference 2025
7-May	FLT	Flight Centre Travel Group Macquarie Conference 2025
7-May	IDX	Integral Diagnostics Macquarie Conference 2025
7-May	PNI	Pinnacle Investment Macquarie Conference 2025
7-May	PNV	PolyNovo Macquarie Conference 2025

Date	Company	Description
7-May	GDG	Generation Development Group Macquarie Conference 2025
8-May	BRG	Breville Macquarie Conference 2025
8-May	IRE	Iress Macquarie Conference 2025
8-May	NAN	Nanosonics Macquarie Conference 2025
8-May	A4N	Alpha HPA Macquarie Conference 2025
8-May	NEU	Neuren Pharmaceutical Macquarie Conference 2025
9-May	LNW	Light & Wonder Macquarie Management Meeting
9-May	REA	REA Group 3Q Results Call
9-May	TLX	Telix Pharmaceuticals Management Meeting
13-May	WTC	WiseTech Global UBS Industry Insights Call
13-May	RMD	ResMed Management Meeting
14-May	ALL	Aristocrat Leisure HY25 Results Call
14-May	NAN	Nanosonics Site Tour
15-May	ALL	Aristocrat Leisure MST Management Meeting
16-May	PNV	PolyNovo Investor Update Conference Call
20-May	OFX	OFX Group FY25 Results Call
20-May	TNE	TechnologyOne HY25 Results Call
20-May	OFX	OFX Group Management Meeting
21-May	JHX	James Hardie Industries 4Q25 Results Call
21-May	SEK	SEEK Investor Day
21-May	TLX	Telix Pharmaceuticals Annual General Meeting
21-May	TNE	TechnologyOne UBS Management Meeting
21-May	PME	Pro Medicus Citi Management Meeting
22-May	TNE	TechnologyOne GS Management Meeting
22-May	TLX	Telix Pharmaceuticals Wilsons Conference
22-May	OFX	OFX Group Wilsons Conference
22-May	FLT	Flight Centre Travel Group Wilsons Conference
22-May	JIN	Jumbo Interactive Wilsons Conference
23-May	LPX.NYSE	Louisiana Pacific Barrenjoey Management Meeting
23-May	TNE	TechnologyOne Barrenjoey Management Meeting
26-May	WTC	WiseTech Global Acquisition of ETWO Call
28-May	FPH	Fisher & Paykel Healthcare FY25 Results Call
28-May	OFX	OFX Group Management Meeting
29-May	TREX.NYSE	TREX Investor Briefing
29-May	JHX	James Hardie Industries Management Meeting
3-Jun	FPH	Fisher & Paykel Healthcare Management Meeting
4-Jun	OFX	OFX Group Management Meeting
5-Jun	WTC	WiseTech Global UBS Industry Insights Call
11-Jun	TLX	Telix Pharmaceuticals Investor Day
12-Jun	CPU	Computershare Management Meeting
12-Jun	FLT	Flight Centre Travel Group Management Meeting
12-Jun	CAR	CAR Group Citi Management Meeting
12-Jun	FCL	FINEOS Corporation Holdings Annual General Meeting
12-Jun	DMP	Domino’s Pizza Enterprises Japan Site Visit
18-Jun	CPU	Computershare JP Morgan Industry Insights Call
18-Jun	CSL	CSL Barrenjoey Industry Insight Call
18-Jun	ALL	Aristocrat Leisure Citi Industry Insights Call

Date	Company	Description
18-Jun	TNE	TechnologyOne Morgans Management Meeting
25-Jun	XRO	Xero Melio Acquisition Investor Call
26-Jun	RMD	ResMed UBS Industry Insights Call
27-Jun	COH	Cochlear Management Meeting

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