Switzer Super Report

Issue 361, 5 February, 2015

He told you so

Charlie Aitken is crowing a bit today. He's one of the few economists/broker types who called this week's rate cut, which he said was a '100%' certainty. Based on the bond market he reckons we've got another one coming and that means companies like Telstra are good bets.

Also in the *Switzer Super Report* today, we've got Tony Featherstone with his updated takeover portfolio. He says the energy sector is ripe for consolidation and adds Santos and AWE. We've also got a reminder of why it's so important to buy on dips in *Short n' Sweet* and Tony Negline looks at a very interesting court case, which sets a good precedent for SMSFs.

In *Buy, Sell, Hold – what the brokers say*, Echo Entertainment and Myer get upgrades and *My SMSF* revisits former Queensland state cricketer Sandy Morgan, who tells us what he has been buying over the last 12 months.

Sincerely,

Peter Switzer

Inside this Issue

Applestra, residential property and Fairfax looking good
by Charlie Aitken
02

02 **Applestra, residential property and Fairfax looking good**
by Charlie Aitken

06 **Oil stocks added to list of takeover targets**
by Tony Featherstone

09 **My SMSF update on Sandy Morgan – still playing cricket and buying shares**
by Super Report Subscriber

10 **Buy, Sell, Hold – what the brokers say**
by Staff Reporter

11 **Short n Sweet – why you should buy on dips**
by Penny Pryor

12 **How the "I know nothing" defence works for SMSF trustees**
by Tony Negline

14 **Regional banks and capital notes**
by Questions of the Week

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Applestra, residential property and Fairfax looking good

by Charlie Aitken

Key points

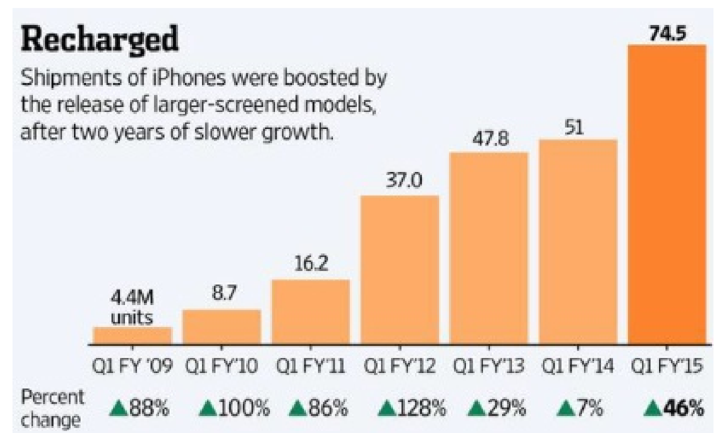
- *David Thodey and his team at Telstra have positioned the company to capture the structural growth in mobile data.*
- *The bond market is pricing in at least another interest rate cut, which is good for residential property and the banks.*
- *Fairfax could be in for an earnings surprise when it announces interim results on 19 February.*

It's only February 5 and what a year of expectation change and price movement it has been globally and locally. Bond yields have plummeted, commodity prices have plummeted, commodity currencies have plummeted, Central Banks have responded with rate cuts and further QE, while any equity with bond like characteristics has been re-rated.

Applestra

In Australia in the ASX top 20, Telstra (TLS) has led the way as global and domestic income seekers bid down its yield. Thankfully, the first thing I did in 2015 was upgrade my Telstra price target to $7.00 and after seeing Apple's blowout quarterly numbers I remain even more convinced Telstra is an earnings and dividend upgrade cycle.

I have previously written numerous notes on the 'Apple effect' on Telstra. My simply thesis is Apple is enabling mobile data addiction (MDA). What is interesting is, since Apple introduced large screen iPhone models, of which yours truly uses, sales have gone through the roof (74.5 million in the quarter plus 22 million iPads). Large models are clearly more effective for heavy mobile data users. The table below charts Apple's quarter on quarter iPhone sales growth.



This is all good news for Telstra, which dominates mobile data in Australia. It's a little known fact that over 1 million Australians now use two mobile phones: one for work and one for personal use. I forecast further product penetration per household and Telstra's 4G network advantage (see also reliability advantage) will see Telstra add more customers than its lesser competitors.

So despite the sharp move up in Telstra shares in January, I encourage you to stay the course. David Thodey and his team have this company very well positioned to capture the structural growth in mobile data. Below is a chart that confirms Apple and Telstra shares are joined at the hip. I call it Applestra.

Apple (APPL) vs. Telstra (TLS)

Interest rate outlook

Clearly, Telstra shares have been a short-term beneficiary of changing domestic interest rate expectations, expectations I think are correct. As you know, I have been forecasting two 25 basis point rate cuts in Australia in the first half of 2015. I did forecast Tuesday's 25 basis point cut as a "100% certainty" and I expect another 25 basis points before June. It's quite basic that a 2.25% cash rate is still too high and remains behind the ever lowering global and domestic yield curve. All my currency and Australian equity strategy is based off a 2.00% cash rate in 2015.

The table below confirms that despite Tuesday's cut, the RBA remains well "behind the curve".

RBA Cash Rate	2.25%
AGB 1yr yield	1.94%
AGB 2yr yield	1.90%
AGB 3yr yield	1.91%
AGB 4yr yield	1.91%
AGB 5yr yield	1.98%
AGB 10yr yield	2.38%
AGB 15yr yield	2.58%

Every Australian Government Bond (AGB) yield out to five years is below the current RBA cash rate. At one stage this week, the 3yr bond was almost 50 basis points below the new cash rate and the 10yr was at the new cash rate.

My point is that my forecast of two 25 basis point rate cuts in 1H 2015 remains and the current AGB yield curve is trying to tell me I am on the right track. The bond market has been well ahead of the equity market in pricing in lower cash rates, lower growth and lower inflation and I continue to take key macro signals from the bond market and yield curves.

Property power

That brings me to Australian residential property where I get endless questions from investors. I also get endless phone calls from local real estate agents after a couple of big sales in my street.

To my way of thinking, residential property prices are driven by a combination of the cost of money, the availability of money, affordability, population growth and the Australian dollar.

The residential property market has often been characterised by a tug-of-war between first homebuyers and investors. At the moment, it appears that investor activity remains the dominant force in the current cycle. Yet, although investors and first homebuyers are often in competition for the same property, their reasons for home ownership can vary.

Investors are invariably in search of yield and capital gain, while first homebuyers are more driven by family and affordability issues. While the reasons for property purchases may differ, a major driver of home ownership by both investors and first homebuyers is affordability. The two main determinants of affordability are the level of interest rates (mortgage rates) and the price of residential property.

There is little doubt that affordability, in the form of multi-decade lows for mortgage rates, has provided a major contribution to the strong gains for residential property over the last two or three years. Therefore, it would appear logical, that an understanding of the future direction of interest rates over the next few years is absolutely crucial for any prospective property buyers whether they be investors or first home buyers.

Considering, the cash rate is the primary determinant of variable mortgage rates, and the 3, 5 and 10 year Commonwealth bond yields remain the benchmark for fixed interest only loans, the outlook for mortgage rates for at least the next 18 months or longer, is lower. Importantly, this represents a significant change to expectations last year when the consensus view was for interest rate rises beginning June this year.

As a result, it appears that residential property affordability, based on interest or mortgage rate criteria, should be supported again this year. This is good news for both investors and first homebuyers. It is worth remembering however, that affordability is also a function of property prices. In this regard, the majority of forecasters are expecting further gains of around 5% this year for East Coast residential property. My base case is for 5% median house price gains in 2015, yet that could easily be 10% as record low mortgage rates meet strong population growth and the Australian dollar brings in expat and international buyers of Australian residential property.

This view on further Australian residential property price gains is one reason I recently upgraded the major banks, Macquarie Group (MQG) and Bank of Queensland (BOQ). Other leveraged derivatives of this view would include the property developers Lend Lease (LLC), Mirvac Group (MGR) & Stockland Group (SGP). REA Group (REA) will also be in an upgrade cycle.

Fairfax

This brings me to Fairfax Media (FXJ), which could well prove the forgotten but leveraged way to play residential real estate. Fairfax has not been "killed". It's like a cockroach scuttling round your kitchen. In fact, if my analysis is right, that cockroach has been breeding and the worst is behind Fairfax.

I feel Fairfax earnings have bottomed as both cost-out and revenue growth beats expectations. The reinvigoration of the Domain brand is driving the renewed revenue growth. You can see below that FY15 consensus EPS estimates have been sneaking up and I feel FXJ is a positive earnings surprise candidate in the pending interim reporting season. Yes, you read that right, I used the words Fairfax and positive earnings surprise candidate in the same sentence. Fairfax reports interim FY15 earnings on February 19.

FXJ consensus FY15 estimates (red line): sneaking up

Interestingly, if the Fairfax share price had matched the consensus EPS upgrades it would be trading at $1.05 (compared to today's $0.91).

Fairfax will generate over $1.8 billion of revenue in FY15, EBITDA over $300 million and EPS above 7c in my view. This debt free company trades on an EV/EBITDA of 6.59 times, EV/sales of 1.09 times, price to book of 1.02 times, price to cash flow of 12 times and P/E of 13 times. Dividend yield is forecast at 4.7%fully franked in FY15.

On the basis of macro drivers meeting bottom up , I recommend Fairfax as a "trading buy" up to 93c. If I am proved right at the interim result, Fairfax shares will break the five-year technical downtrend and the medium-term price target would be $1.50. This whole situation reminds me of Qantas (QAN) a year ago.

FXJ: 5yr downtrend break approaching

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Oil stocks added to list of takeover targets

by Tony Featherstone

Key points

- *Higher M&A activity is expected as companies take advantage of lower funding costs and boost growth through acquisitions.*
- *Santos and AWE have been added to the portfolio.*
- *NRW Holdings and Tiger have been cut.*

There are two schools of thought on mergers and acquisitions (M&A) activity in 2015. The first is that company boards are unlikely to approve widespread M&A activity because global demand remains sluggish and economic, political and regulatory risks are rising. The smarter play may well be returning capital to shareholders to boost yield as interest rates fall.

The second view is for sharply higher M&A activity as companies take advantage of lower funding costs and boost growth through acquisitions. And after heavy falls in the Australian dollar spur interest from offshore predators that want to build a bigger foothold in this market.

Lower rates to boost activity

I favour the second view. I understand boards' nervousness with M&A: business confidence is low and "'animal spirits" to fuel a takeover boom are missing. But low interest rates are conducive to higher M&A activity, valuations in commodity-related sectors have tumbled, and ongoing gains for Australian shares will driver valuations higher.

Speculation was rife this month that Seven Group Holdings would launch a takeover play for Beach Energy after quickly building a 13.8% stake in the oil and gas company. A Beach takeover could be too big for Seven to swallow, but watch other suitors for Beach emerge.

Greater consolidation among small and mid-tier energy producers is a good bet given the magnitude of share-price falls during the oil-price collapse. Contrarians who can hold mid-tier oil stocks for a few years, and withstand further short-term price volatility, will profit.

The additions

Two energy stocks are added to the list of takeover targets this month: sector giant **Santos** and mid-tier oil producer and explorer **AWE**. Both satisfy this column's key rule: choose undervalued companies that are attractive investments, with or without a takeover. Treat any takeover approach as the cream rather than the cake.

Newspapers have speculated on a Santos takeover for the past few months. One paper reported that Santos was "vulnerable" to a predator when it traded near $12. It is now around $8.11, having fallen from a 52-week high of $15.32 amid the carnage in energy prices.

Santos (STO)

Source: Yahoo!7 Finance, 5 January 2015

Santos must be on the radar of larger global energy groups. The bulk of the capital investment in the massive Gladstone Liquefied Natural Gas (GLNG) venture, of which Santos has a 30% stake, is done. With first cargo from GLNG expected later this year, Santos has greater appeal.

Huge recent M&A deals in oil and gas, notably BG Group's $6 billion divestment of its Queensland gas pipeline to APA group in late 2014, and Apache's US$2.75 billion sale of its Liquefied Natural Gas interests to Woodside Petroleum, show the potential for corporate activity in energy.

The timing looks right. The falling oil price, wreaking havoc on the energy sector, will sow the seeds for constrained oil supply in coming years and an eventual price recovery. And the lower exchange rate will make Australian assets more attractive to offshore predators, particularly in sectors such as minerals and energy where commodities are priced in US dollars and the target company's revenue stream is not contingent on the Australian dollar.

FN Arena has an $11 share-price target for Santos and a sentiment indicator (where 1 is the highest and -1 the lowest) of 0.7.

Investors see value emerging. Santos has rallied from a 52-week low of $6.96 after its fourth-quarter activities report in January broadly met market expectations. The stock has plenty of risk given lingering uncertainty about the oil price and the potential for further credit-rating downgrades that would affect its cost of capital.

But a forecast Price Earnings (PE) ratio of 15.1 times for FY14, and implied yield of 4.6%, fully franked, puts Santos firmly in value territory – and on the radar of predators that might snap it up before the Gladstone project ramps up this year.

AWE on the radar

Like Santos, AWE is also attracting more buy recommendations from stockbroking analysts. AWE has upstream oil and gas production and exploration projects in Australia, New Zealand, the United States and Indonesia. It is among the more established, better-run mid-tier energy stocks on ASX.

AWE (AWE)

Source: Yahoo!7 Finance, 5 January 2015

Small energy stocks are ripe for consolidation. They are responding to lower oil prices by cutting capital expenditure and operating costs wherever possible. The priority is preserving balance sheets and cash flow to survive further oil-price falls.

Macquarie says valuation support is emerging among mid-tier energy stocks, "assuming oil prices recover from current levels". Preferred stocks are AWE, Sino Gas & Energy, Senex Energy, and Karoon Gas. Its 12-month price target for AWE is $2.

FN Arena has a target price of $1.61 and a sentiment indicator of 0.5.

AWE looks a lower-risk play than other mid-tier energy producers and explorers. With a reasonably open share register, it could attract interest from a larger energy company that believes the time is right to pounce on an undervalued, quality mid-tier player.

Portfolio update

The takeover portfolio has underperformed since its last publication in mid-November after some good results — a median loss of 4% compared with a 3.4% gain in the S&P/ASX 200 index over that period. The portfolio was hampered by exposure to two resource-related stocks: NRW Holdings (down 58%) and Tiger Resources (down 65%). A 27% fall in Nearmap after stellar gains last year also hurt.

The stand-out performer was medical-device maker Reva Medical, which has been in the portfolio since it started early last year. It rallied 70% from mid-November. OnTheHouse also ticked higher with a 13% gain after losses last year.

To recap, the portfolio includes NIB Holdings, iiNet, Reckon, Automotive Holdings Group, Monash IVF Group, Vision Eye Institute, Australian Agricultural Company, Reva Medical, Ten Network Holdings, NRW Holdings, Tiger Resources, Nearmap, iSelect, OnTheHouse Holdings, OxForex Group and Ensogo (formally iBuy Group).

We'll lick our wounds and cut NRW and Tiger from the portfolio, replacing them with AWE and Santos, and stick with the rest. This portfolio mostly includes small- or mid-cap stocks, so suits experienced investors comfortable with potential higher volatility.

• *Tony Featherstone is a former managing editor of BRW and Shares magazines. All prices and analysis at Feb 3, 2015. Portfolio update based on comparison with Feb 3 and November 11 prices.*

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My SMSF update on Sandy Morgan – still playing cricket and buying shares

by Super Report Subscriber

Just over 15 months ago, former Queensland state cricketer Sandy Morgan, told us all about his self managed super fund, which he started up nearly two decades ago.

Sandy still likes investing, and although he draws down enough so he can " beer at the end of the week" he watches his portfolio every day and has bought shares during the past 12 months.

What have you done since we last spoke?

I've pretty much kept the portfolio going and of course as the market has gone up, it's gone up. I'm basically invested in equities. My private equity investments haven't been terribly successfully. However I hope to sell down a stake in a company (Sandy is on the board of Aurora Funds Management) and if that works out, Ill have a bucket-load of cash to invest.

How many companies do you hold?

I'm pretty diversified, I own about 50 companies so I haven't got big holdings in any one company.

What sort of companies do you own?

I've been in Ardent ever since it started off on the Gold Coast. I haven't got any enormously big holdings. I've got Insurance Australia Group and Harvey Norman. Everyone said sell Harvey Norman but its done ok. I even bought into Fairfax and that's done ok. I'm comfortable investing in shares and I keep buying them. I look at my portfolio daily.

What have you bought or sold in the past 15 months?

This year I bought Arrium (that hasn't done too well), Australian Agricultural Company and I bought some ASG Group and that's picked up.

I sold a few to make sure that I can buy a beer at the end of the week. I sold a bit of the banks. I sold some Telstra the other day, I've held onto them forever and their values have just gone up and up.

Of course I did things like sell Magellan way way too early at $6, I think now it's around $12. But my holdings in Amcor have gone up, Boral has been improving. They've all done alright.

When you free up some cash, what will you invest in?

I think maybe Treasury Wine Estates. I wouldn't mind having a go at News Corp. I think the big companies get it right eventually and News Corp has been hammered.

Coca Cola is another one, although I'm not that keen on the drink itself but they've got good distribution. They've now got a bit of exposure to Indonesia.

I think the system we live under is biased towards equity investing and that's even more so now they've whacked down interest rates.

Are you still playing cricket?

I'm going to South Africa for my last Golden Oldies tour in March. And this time I really mean it's my last. I'm not going to get sucked into bowling so much this time.

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Buy, Sell, Hold – what the brokers say

by Staff Reporter

It's interim reporting season and results are driving broker actions, spread fairly evenly between upgrades and downgrades so far. Analysts were particularly pleased with Echo Entertainment Group's numbers.

In the good books

Citi upgraded APN News & Media to Neutral from Sell. APN News & Media has essentially turned itself into a radio operator, plus some other assets, argue analysts at Citi. The legacy print media still represent downside risks, but that's all in the share price. Equally important, Citi analysts' valuation is now 90% based around the radio assets. APN is gaining market share and recently acquired Perth 96fm and Citi suggests here now lies a case of credible earnings upside potential.

Echo Entertainment Group was updated to Outperform from Neutral by Credit Suisse and Equal-Weight from Underweight by Morgan Stanley, following its interim results announcement. Credit Suisse analysts observe that the liberalisation of Queensland slot machine regulations is stimulating solid momentum for the industry and Echo already is benefiting big time. Management did raise some caution regarding competition for VIP gamblers, but nothing to stop CS from taking a more supportive view. The first half result beat estimates and Morgan Stanley is now more comfortable with the risks/return in Brisbane although concerned about market share risk in Sydney in 2019.

Morgan Stanley upgraded Myer (MYR) to Overweight from Equal-Weight. Morgan Stanley believes Myer's shares are too cheap. Refurbishment and new store activity should drive gross margins and offset the fall in the Australian dollar.

In the not-so-good books

Morgans downgraded Navitas to Reduce from Hold following its interim results. The numbers again surprised to the downside, and came with the news of Navitas having lost the SIBT city campus contract. The broker believes this is a sign of competition increasing.

Nufarm was downgraded to Neutral from Outperform by Macquarie, following the announcement that the CEO will leave, and to Underperform from Outperform by Credit Suisse. Macquarie cites uncertainty ahead of a new CEO being appointed but also the solid run Nufarm shares have had of late and Credit Suisse says neither a weaker Australian dollar nor an improvement in Australian earnings prospects warrant the recent share price rally.

Citi downgraded Southern Cross Media Group to Neutral from Buy. The trend is not Metro Radio's friend at the moment and Citi analysts have decided to lower their ad revenues forecasts. The analysts report their channel checks with media buyers indicate SXL Metro Radio has continued to struggle. Balance sheet constraints remain and competition is heating up from APN News & Media (APN), point out the analysts.

The above was compiled from reports on FNArena, which tabulates the views of eight major Australian and international stock brokers: BA-Merrill Lynch, CIMB, Citi, Credit Suisse, Deutsche Bank, JP Morgan, Macquarie and UBS.

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Short n Sweet – why you should buy on dips

by Penny Pryor

Even if you're a new subscriber to the *Switzer Super Report* you would know by now that we're big bulls. In the last few months of last year, after a horror month in September, one of our strongest messages was to buy on dips.

Peter said a number of times that if you believed the ASX/S&P 200 was going to come back then an exchange traded fund over the index – for example the SPDR S&P/ASX 200 Fund – was a good way to play it.

We're going to see a bit of consolidation over the next few days – 10 straight days of gains following an interest rate cut would probably make any trader nervous – but if you had bought into the index last October when it was around the 5150 mark, you would be up over 10% today.

And if you'd bought Charlie's favourite Telstra at $5.29 on October 10 last year, you would have paper profits of nearly 25% and we explained how well you would have done with CBA in a recent [Short n Sweet].

If you'd bought NAB on 10 October at $31.92 you would be around 13% ahead and if you'd jumped into healthcare stocks Ramsay and Resmed on the same day – when they were trading at $48.49 and $5.52 – you would be around 25% and 46% ahead.

National Australia Bank (NAB)

Source: Yahoo!7 Finance, 5 February 2015

Ramsay (RHC)

Source: Yahoo!7 Finance, 5 February 2015

Resmed (RMD)

Source: Yahoo!7 Finance, 5 February 2015

That is why we say buy good companies on dips.

Yesterday I asked both Peter and Paul whether they were considering profit taking in any of their banks and their unanimous answer was 'no way'.

They might be shuffling their positions – selling a little bit of CBA for a little bit of NAB for example – but nothing serious. These dividend payers are very hard to get rid of and for good reason, they will continue to provide the dividends that SMSF investors want and need.

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How the "I know nothing" defence works for SMSF trustees

by Tony Negline

Key points

- *The Australian Annuities Pty Ltd vs Rowley Super Fund Pty Ltd case involved a company – Australian Annuities – that was trustee of a family trust which ran a financial planning business that went into liquidation in June 2009.*
- *The company borrowed money to make contributions to the Rowley Super Fund, which the liquidators of the company tried to claw back.*
- *Steven Rowley was the sole director of the company and made the contributions to the SMSF but as it could not be proved the other family members were aware of the contributions or knew they were in breach of the director's responsibilities, the SMSF successfully defended its case.*

When growing up, *Hogan's Heroes* was one my favourite TV shows. Its two best characters were Colonel Klink and Sergeant Shultz who were played by outstanding actors.

I never thought that Shultz's famous statement, "I know nothing," when trying to deny or ignore the obvious would get a self managed super fund trustee very far. I've always assumed that if one SMSF trustee of a fund did anything wrong then any other trustees of the fund would get to share in any problems that arose from the wrong doing.

But a Victorian Supreme Court case handed down in October 2013 shows I may be mistaken.

The case

The case, A*ustralian Annuities Pty Ltd vs Rowley Super Fund Pty Ltd*, involved a company that was trustee of a family trust which ran a financial planning business for about 25 years but went into liquidation in June 2009. Australian Annuities borrowed $2.5 million from Macquarie Bank so superannuation contributions and employment termination benefits could be made for the principals of the business, Steven and Barbara Rowley, during the 2007 and 2008 financial years. Some of the loans were used to make super contributions for their two sons during the same financial years. Steven Rowley was Australasian Annuities' (AA) sole director.

The super contributions were made to the Rowley Super Fund, a self managed super fund, which all the Rowleys belonged to. They were also directors of the fund's corporate trustee after it was appointed in November 2008. Prior to its appointment, the four family members were its individual trustees.

The employment termination benefits were also transferred to this SMSF.
The liquidators tried to claw these contributions back from the super fund and Steven Rowley. When the case was heard Mr Rowley had been declared bankrupt and the case proceeded solely against the SMSF's corporate trustee.

The judge described the borrowing of money and its use for super contributions and termination benefits as improvident and not in AA's best interests. The judge said Steven Rowley didn't have proper regard to the company's interests when performing these transactions. His Honour also decided that Mr and Mrs Rowley didn't retire and hence shouldn't have received the termination benefits.

The arguments

AA's liquidators argued that the SMSF received money from AA in transactions that it knew were wrong and that it should hand the money back. This argument failed because the judge said whilst Steven Rowley knew what was taking place, it was not clear the other trustees – Mrs Rowley and her two sons – had sufficient knowledge about the transactions. Further they weren't aware they were a breach of a director's duty to act in AA's best interests. So just because one director had knowledge of these events then, by default, you can't say the other directors had the same knowledge.

The liquidators also argued that the super fund should repay the bank's debts because the super fund hadn't provided any consideration to AA or the individuals involved. This point was also rejected.

The SMSF trustee argued that the case should fail because the case was being funded by Macquarie Bank and if successful any proceeds from the case would flow solely to that bank and no other creditor. They also argued that the bank always knew the purpose of the loan was for super contributions.

Judgement

His Honour found no evidence that Macquarie participated or encouraged Steven Rowley to breach his director's duties. Further, there was no evidence that it advised Mr Rowley to make the super contributions or pay the termination benefits.

The final result – the self managed super fund successfully defended this case primarily because the judge believed three of the fund's members Sergeant "I know nothing" Shultz defence. Logically this argument would have also worked if the contributions had been made to any large super fund regulated by APRA.

So if something goes wrong in your super fund and you weren't aware of it at the time, you might find the claim "I know nothing!" extremely useful.

PS – Foxtel regularly shows *Hogan's Heroes* episodes on its *Fox Classics* channel.

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Regional banks and capital notes

by Questions of the Week

Question: Accepting the big 4 Banks are "tops", where do you assess Ben (Bendigo Adelaide)?

Answer (By Paul Rickard): All the banks will benefit from the interest rate cut through "yield compression" – so Bendigo is at post GFC highs.

That said, I prefer the major banks to the regional banks going forward. The regional banks were cheap, however, they rallied strongly in late 2013/early 2014 and I can't see anything particularly compelling in their offer. As a group, despite some often-interesting innovation, they do lag in technology and are not making market share gains.

As for the brokers, they are neutral on Bendigo. According to FN Arena, sentiment is 0.0 (scale -1.0 most negative to +1.0 most positive), with a consensus target price of $12.71.

Question 2: Would you consider buying ANZPE at these levels ($98.25) a better option than the new capital raising ANZ is currently embarking upon?

Answer 2 (By Paul Rickard): Usually, the market is very efficient at arbitraging out any price anomalies. Both the capital note issues (ANZPE and the new note) have identical terms, except for ANZPE being roughly one year shorter. ANZPE pays a coupon of 3.25% over the 180-day bank bill, the new Capital Note 3 issue will pay a margin of 3.60%.

At a price of $99.00, ANZPE is trading at a margin of 3.83%. If you ignore brokerage and the fact that the secondary market is often very thin, then you would be better off buying the ANZPE than participating in the new Capital 3 Notes issue.

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