Charities the biggest dinner winners

CHRISTOPHER NIESCHE

The Australian Stockbroking Foundation has raised more than $9 million in the quarter of a century since it put on the first Stockbroking Awards Dinner.

"It's the largest gathering of brokers in the country every year. The excuse for raising money is an awards evening," says Australian Stockbroking Foundation chairman Danny Dreyfus.

The awards and foundation came about when then Qantas chairman John Menadue was trying to raise money for the Matthew Talbot Hostel, an inner-Sydney homeless men's refuge.

Menadue approached Jeff Wilson, now head of Wilson Asset Management but at that time a stockbroker, to see if there was an industry fund that could help with the refurbishment of the hostel in Woolloomooloo.

There wasn't, but he and Dreyfus decided to organise a brokers' dinner to raise money. The dinner was a success and so it became an annual event, along with a charity golf day.

The ASF has continued to support the Matthew Talbot Hostel, to the tune of about $3m over the years, but has added other charities as well, particularly those focused on children, including children's hospice Bear Cottage, Operation Smile (which provides reconstructive surgeries for children suffering from cleft lip or cleft palate), and the Australian Children's Music Foundation, which provides free, long-term music programs and instruments to disadvantaged and indigenous children across Australia.

A couple of years ago it added women's refuges Lou's Place and Mary's House, and Dads in Distress, which provides support for fathers after separation, particularly those who don't have access to their children. Dreyfus says that, among fathers, not seeing their children is the third-highest reason for male suicide in the country. "The first year that we announced that we were supporting them, four guys came up to me on the night and quietly said, 'I use that. Great cause. Really pleased'," Dreyfus says.

Mike Ryan of brokerage Shaw & Partners presented a cheque of $505,000 — the revenue from the previous day's institutional business at Shaw — to be evenly split between the Australian Stockbrokers Foundation and the Fund Managers Association.

The ASF is run entirely by volunteers and has almost no expenses. "PwC donates the audit," Dreyfus adds. It means that after paying for the cost of the awards dinner, 97 per cent of the money raised goes to the charities.

Stock Picker of the Year Chris Conway and, inset, Mike Ryan of Shaw and Partners with Danny Dreyfus

Conway's advice to investors: be vigilant

CHRISTOPHER NIESCHE

Stock Picker of the Year Chris Conway says investors should never think they've got the market beaten.

"Just when you think you've got the market licked, there's the moment where it tends to give you a hiding," says Conway, chief market strategist at Australian Stock Report. "It's always being vigilant, never settling, and always keep pushing and looking for that edge."

The award is for the most successful Sunday newspaper stock tipper. The judges looked at 408 recommendations from retail advisers that appeared in Sunday newspapers in the nine months until March 31 and measured their performance.

Interestingly, investors would have been best buying the advisers' hold recommendations, of which 62 per cent rose.

Next best shares to buy were the sell recommendations, with 59 per cent rising. Of the buy recommendations, exactly half went up, with the other half falling.

Conway topped the success rate with 62 per cent of his recommendations being correct, followed by Tony Paterno from Ord Minnett with a 60 per cent success rate and Mark Goulopoulos of Pattersons with 53 per cent.

Conway, whose tips appeared in Brisbane's *Sunday Mail* and the *Sunday Herald Sun* in Melbourne, says his success rate in his advice to clients is similar, hovering between 60 and 65 per cent. "As a basic premise, if you're in the 60s, good things can happen," Conway says.

His best picks over the past 12 months include A2 Milk, whose share price has risen from under $4 to about $11 in the past year on the back of strong Chinese demand for its milk and infant formula products.

Conway has also recommended Qantas, whose shares have performed strongly over the past year and last week hit a record high as the airline's profits remain strong.

But like all analysts, he isn't always right.

Conway nominates putting an underperform recommendation on Domino's Pizza as a bad call — so far at least. He thought it was unlikely the pizza chain would be able to meet its ambitious sales targets in the second half of the current financial year, but the stock price has remained strong.

"The numbers haven't come out yet. But the market in the interim hasn't cared what I thought, and stocks are up," he says.

Conway isn't an analyst who specialises in a particular sector, instead looking broadly across the market. He seeks out stocks with strong growth stories, but also with strong share price momentum.

For instance, when he did his initial analysis of A2 Milk, the growth story looked strong but he said he wanted to see the shares moving in the right direction before he recommended the stock.

Deal of year proves a licence to 3D-print cash

CHRISTOPHER NIESCHE

PAC Partners has won the Corporate Deal of the Year for floating 3D printing company Titomic, whose shares have risen more than 10-fold since listing.

Titomic was the best performing listing of over $3 million on the Australian sharemarket over the past year, with the stock up 1395 per cent from the listing price of 20c.

The shares have climbed as high as $2.99 and were recently around $2.50.

Melbourne-based Titomic makes the world's largest 3D metal printer, which has the potential to manufacture aircraft wings, ship hulls and rocket fuselages.

The printer, which is as large as a city bus, will be able in 22 minutes to print a bike that will be much stronger than current bicycles, says PAC Partners co-founder and managing director Craig Stranger.

However, Stranger says the company still has a way to go before its product is fully commercialised.

"There's still a lot of hurdles for these companies before they're a fully fledged large business," he says. "It's still at the relatively high end of the risk spectrum, but the market size is significant. A couple of institutional investors that have backed the story from listing really understand the size of the potential market."

PAC Partners has worked with Titomic since before the float, helping to raise funds to start on the commercialisation of the technology before raising $6.5m in the IPO.

Stranger says one of the questions when floating a company is what's the right amount of dilution for a company and a founder; essentially, where should the stock price be set and how much of the company will the founders retain. "Our thinking is that it's better to leave some value on the table early, especially if you're a business that needs capital," he says.

"That's what we always say to the companies: the IPO might be lower than you hoped, but you can always raise money at a high price in the future, and it's so much easier to raise money when investors have made money."

In fact, Titomic has since raised another $15m from investors.

Stranger says PAC Partners also seeks investors in an IPO who become long-term holders of a company rather than just trying to quickly flick it on.

"We get involved with the company and write detailed research to really help educate the investors about what the proposition is, and hopefully they're there for the long term," he says.

Founded five years ago, PAC Partners is a full-service brokerage with institutional and high-net-worth individual clients.

It has 25 staff in Sydney, Melbourne and Hong Kong. It has taken two other "ten-baggers" — companies that have increased tenfold in value — to market this year.

Baby-food maker Bubs Australia listed at 10c in January last year and its shares have risen close to $1; and medical cannabis company Cann Group listed last year at 30c and the price has since climbed as high as $4.

This year's awards were also a reminder that not all successful IPOs maintain their success. Last year's winner was delivery software company GetSwift, whose shares rose 300 per cent from their listing price of 20c.

GetSwift's shares continued their rapid rise to as high as $4, but have since slumped to 34c as regulators and investors became concerned about whether the company had fully disclosed contract losses.