

## TIME FOR A BOLD INITIATIVE THAT'S SAFE AS HOUSES

**A**USTRALIANS absolutely love property and why not, it has been one of the best performing assets classes around.

Among the many advantages property offers is less volatility than shares, the ability to get a loan for a large proportion of the purchase price with no "margin call" obligation if property values fall, strong growth potential and a reasonable yield.

For many Australians, the ability to drive past and actually see the bricks and mortar and possibly improve it through renovation is a key attraction but like all investment classes it does have its drawbacks.

One is that property is a very big, lumpy purchase which makes it hard to get diversification and of course you can't generally sell off part of a property.

Another is hefty transaction and holding costs such as stamp duty, rates, insurance and loan interest that make property more suitable for longer time periods.

And finally, like all investments, there is the issue of timing and asset allocation across the major property areas of commercial, industrial and residential.

Well, after a lengthy period of product development and ticking the boxes with the Australian Securities and Investments Commission, DomaCom is rolling out a system of fractional property investing that gets rid of many of the disadvantages of owning property.

Run through financial advisers who have completed extra training, the idea is that the investors can access different property types, locations, yield and capital growth profiles to reduce risk and enhance returns.

The actual property titles are held in trust by Perpetual and investors can hold as much as 100 per cent or as little as 1 per cent of any property through a DomaCom sub fund.

That allows for fractional property purchases with no debt at all if required, making it suitable for bite-sized investments through self managed super funds.

Liquidity is also provided through an expiry term of five years which can be extended by a vote of unit holders and a



**JOHN BEVERIDGE**

secondary online market through which investors can sell part or all of their units.

Chief executive Arthur Naoumidis said he believed it was an idea whose time has come, allowing investors to have the ability to assemble their own property portfolio but still have professional management.

"It gets rid of that all or nothing approach to property and allows for a much more precise and diversified allocation to property," said Mr Naoumidis.

It is an interesting idea which is being integrated on to some financial planning platforms.

A listed alternative is the fund of ASX 200 property trusts run by State Street (SLF) which is a portfolio buy.

THERE must be something about dark brown plastic bottles that has really attracted the attention of both shoppers and investors.

Fresh from the incredibly stellar share market performance of vitamin and supplement company Blackmores, now the float of BWX has been rushed, closing up an amazing 50.7 per cent at \$2.26 from a float price of \$1.50. BWX manufactures and markets the mid-market natural skincare Sukin brand.

Both companies are ramping up export sales with the major difference being that Blackmores is struggling to keep up with current demand while BWX has plenty of potential to ramp up supply if required.

BWX moves to a watch and wait as the stags clear out while the lofty Blackmores is a buy in the dips.

*The Herald Sun accepts no responsibility for stock recommendations. Readers should contact a licensed financial adviser.*

### SPDR LISTED PROPERTY



### BLACKMORES



# 'More ore pain looms'

**KIM CHRISTIAN RESOURCES**

FORTESCUE Metals chairman Andrew Forrest has flagged more pain for the iron ore industry as prices continue to languish.

And shareholders have hit the miner with a large protest vote over executive pay in the wake of another volatile year.

Led by proxy advisers, investors accounting for 17 per cent of Fortescue shares voted against its remuneration report at the group's annual meeting yesterday.

Mr Forrest said the board did not plan to change the report and urged shareholders to talk before casting a protest vote on technical grounds.

"There are shareholders there who are from overseas; they either didn't vote or thought the share price has gone down, so what do we do about it," he told reporters on the sidelines of the meeting.

"It's an iron ore company, it goes up and down with the iron ore price."

He said the protest would only have amounted to about 7 per cent of the vote if he had been able to use his personal voting rights.

Australian companies incur



**Fortescue Metals chairman Andrew Forrest**

a "first strike" if 25 per cent or more of votes are cast against their remuneration reports at annual meetings.

If they receive two strikes in a row, investors can then vote for a spill of the board.

Mr Forrest owns a third of the company's shares, which have halved in value over the past 18 months amid weaker iron ore prices and subdued Chinese steel demand.

He said iron ore prices could remain between \$US40 and \$US50 a tonne "for a little time".

"It could well get darker before it gets brighter in the iron ore industry," Mr Forrest said.

He declined to say specifically how he suffered from a serious knee injury while bushwalking in the Kimberley, last month but said it had given him some thinking time.

"I'm lucky to be still be standing on two legs so I feel grateful — I think I got off lightly," he said.

Fortescue shares closed 3 per cent higher yesterday at \$2.37.

AAP

## Computershare chairman exits

COMPUTERSHARE chairman Chris Morris has resigned from his role at the share registry group after almost a decade.

The Melbourne-based group announced ahead of its annual meeting that Simon Jones, a non-executive director since 2005, was succeeding Mr Mor-

### BOARDROOM

ris. Mr Morris had served as chairman since 2006 and will stay on as a director. After almost ten years, it was time to relinquish the role, he said.

"I am immensely proud of everything Computershare has

achieved in my time as chairman, and as its CEO before that," he said. "I am also very much looking forward to remaining on the board under the chairmanship of Simon Jones."

Shares in the group closed 0.1 per cent higher yesterday, at \$10.59.

## MARKET WRAP

# WATCHFUL MARKET WAITS ON CHINA DATA

THE Australian share market closed higher but gains were crimped as investors held back ahead of a flurry of Chinese economic data.

Falls in Westpac and BHP Billiton shares also weighed on the market, which was being driven higher by bargain hunters, CommSec market analyst Steven Daghlian said.

"One of the reasons the movement up is not huge is because China's monthly economic data download is due straight after the close," Mr Daghlian said.

The data showed growth in China's industrial production slowed to 5.6 per cent year-on-year in October.

Retail sales, a key indicator of consumer spending, increased 11.0 per cent in the same month from a year earlier, China's National



### DOLLARS & SENSE

by MACCA

Bureau of Statistics said. And fixed asset investment, a measure of government spending on infrastructure, expanded 10.2 per cent from January to October.

Meanwhile, Westpac was

down 76c, or 2.46 per cent, at \$30.14, after going ex-dividend.

**Commonwealth Bank** was up \$1.24, or 1.66 per cent, at \$76, **National Australia Bank** gained 40c,

## DULUX PINS HOPES ON PASSION FOR RENOS

### MANUFACTURING

PAINTMAKER DuluxGroup says a resilient home renovation market should underpin growth in earnings this financial year.

The company, whose brands include Dulux Paints, Selleys adhesives and Yates garden products, has lifted its net profit 7.9 per cent to \$112.8 million for the year to September.

Excluding restructuring costs, underlying profit was \$124.7 million.

Dulux managing director Patrick Houlihan said it was a solid result, underpinned by a continued strong performance from the Australian paints and coatings business, along with Selleys and Yates.

The Australia and New Zealand paints and coatings business generated earnings growth of 5.7 per cent.

Posting the results yesterday, Mr Houlihan said the broad outlook remained positive, "particularly in Australia and New Zealand, which represents the majority of our business".

"The existing homes segment, which represents nearly two-thirds of Dulux group revenue, is expected to continue to provide resilient, profitable growth."

In Australia, Dulux's primary market covers more than nine million existing homes, of which more than 70 per cent are older than 20 years.

Mr Houlihan said the renovation paint market tended to grow at about half the rate of the nation's economy.

Even in difficult financial times, consumers still did jobs around the home, including painting, he said.

The group's shares closed 2 per cent higher at \$6.08.

or 1.43 per cent, to \$28.37 and ANZ rose 69c, or 2.7 per cent, to \$26.23.

**BHP** shares were down 62c at \$20.95 amid worries about when its iron ore mine in Brazil, jointly operated with Vale, would reopen after a dam burst and unleashed a deadly mudslide.

**Fortescue Metals** was up 7c, or 3.04 per cent, at \$2.37 after it said it was repaying debt worth \$US750 million (\$1.07 billion) as part of its efforts to reduce interest costs.

Elsewhere in the resources sector, **Rio Tinto** was up 1c at \$49.40.

At the close, the benchmark ASX200 index was up 23.4 points, or 0.46 per cent, at 5122.6 points and the broader All Ordinaries index was up 23.4 points, or 0.45 per cent, at 5181 points.