

# Henry Jennings

Market Strategist and Analyst

**AIA National Investors Conference 2017**



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How to avoid the "landmines" that can seriously affect investment returns



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Dow Jones closed +4. SPI Futures +10pts ahead of CBA result



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(ASX:HLO)



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(ASX:SIQ)



END OF DAY SUMMARY  
AUGUST 9 2016

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## What are landmines?



- Landmines are unexpected results/events
- Profit downgrades – Upgrades for shorts
- Regulatory changes – Bellamy's/China
- Sovereign Risk – Bank Levy
- Binary outcomes – Biotech trials
- Black Swan events – Dreamworld Tragedy



## Some recent examples



- QBE Insurance (QBE)
- Vocus Group (VOC)
- TPG Telecom (TPM)
- Healthscope (HSO)
- Slater and Gordon (SGH)
- Quintis (QIN)
- Brambles (BXB)
- Ardent Leisure (AAD)
- Banking sector on tax/levy news



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## **Hindsight is a wonderful thing**

“If I could do with foresight the things that I do with hindsight  
I would be a damnsight better off by a long sight”

Sometimes though it is obvious and the market has just  
ignored the risks.

It is your job to think independently of the market NOT follow  
the crowd

“Sheep get slaughtered”

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**Signs to look for:**



- Director selling
- Large Short positions
- Boardroom dramas
  - Mk1 Eyeball

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## Director Selling



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# Large Short Positions

## TOP SHORTED STOCKS

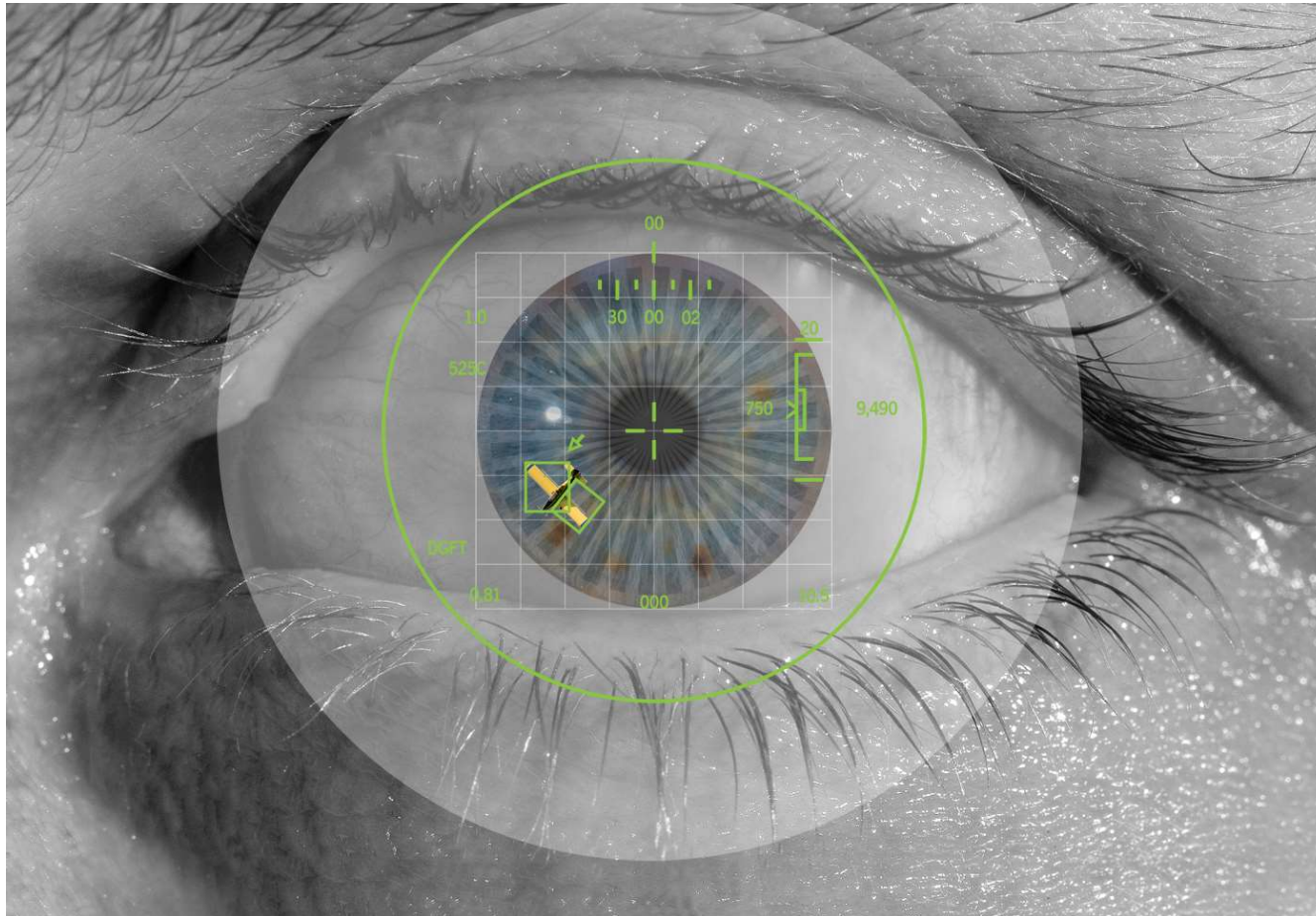
<u>ORE</u>	OROCOBRE LIMITED ORDINARY	19.71%
<u>SYR</u>	SYRAH RESOURCES ORDINARY	19.00%
<u>WSA</u>	WESTERN AREAS LTD ORDINARY	15.83%
<u>MYR</u>	MYER HOLDINGS LTD ORDINARY	15.20%
<u>IGO</u>	INDEPENDENCE GROUP ORDINARY	14.95%
<u>MTS</u>	METCASH LIMITED ORDINARY	13.01%
<u>MYX</u>	MAYNE PHARMA LTD ORDINARY	12.89%
<u>DMP</u>	DOMINO PIZZA ENTERPR ORDINARY	12.80%
<u>ACX</u>	ACONEX LIMITED ORDINARY	12.44%
<u>ISD</u>	ISENTIA GROUP LTD ORDINARY	11.99%
<u>FLT</u>	FLIGHT CENTRE TRAVEL ORDINARY	11.77%
<u>JBH</u>	JB HI-FI LIMITED ORDINARY	11.59%
<u>RFG</u>	RETAIL FOOD GROUP ORDINARY	11.27%
<u>AAD</u>	ARDENT LEISURE GROUP STAPLED SECURITIES	11.17%
<u>HVN</u>	HARVEY NORMAN ORDINARY	10.68%
<u>SHV</u>	SELECT HARVESTS ORDINARY	10.35%

## **Boardroom Issues**

Too many egos in a room.  
Vocus (VOC) springs to mind recently



## Mark One Eyeball



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## **USE YOUR EYES AND EARS!**

- Be aware of macro trends.
- Macro affects Micro
- Keep an eye on technical levels
- Get to know your portfolio –really know it
- Buffett buys a business not just a share
- Monitor for abnormal activity
- If worried reduce position-you can always get back in
- Nervous? Use an option position



## **So the landmine has exploded : How do you deal with the fallout?**

- Stay calm
- Try to think logically
- Take emotion out of the decision – use stop losses?
- Is the market correct in its assessment?
- Are the computers running the asylum?
- Three days to settle – do not rush in to average
- If in doubt 'SELL' – At least some – will allow clear thinking
- Don't average unless you know the company inside and out and have strong nerves
- 'Collins Class' submarine rationale





Thank You and Good Luck!



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