Research as a Service

# Millennium Services Group Ltd

**Q1FY22 Trading Update**

## Resilient revenues in lockdown

**Millennium Services Group Ltd (ASX:MIL) has released its FY22 September quarter activities report incorporating some trading commentary. Revenues for the quarter were $65.6m (RaaS $65m), 2% above Q1FY21 but 5.3% below Q4FY21. Both Q1FY21 and Q1FY22 were impacted by COVID-related lockdowns at shopping malls but considering the extent of the most recent lockdowns, contracted and ad hoc revenues are proving very resilient. Despite lockdowns lifting we expect quarterly revenues for the remainder of FY22 to be down on FY21 due to net contract losses. The loss of the $28m per annum QIC contract has been slightly offset by the $6m per annum Westfield Southland contract (net $22m loss or 8% of FY21 revenue). Operating costs and working capital have and will continue to be a little volatile quarter to quarter. Head office support for the QIC contract will be removed, limiting NPAT damage but will predominantly be seen in 2HFY21. The timing of wage payments can have a massive impact on cash flows quarter to quarter given the size of the workforce (~4,800) and low gross margins, with Q4FY21 net cash from operating activities +$9.9m and Q1FY22 -$4.3m. Despite contact losses we continue to see value in MIL at current share price levels, trading at a forecast 2.5x FY22 EV/EBITDA against a peer average of 4.8x. The average peer multiple would imply a share price of $1.20/share.**

### Business Model

MIL is a human services business, bidding for predominantly fixed-rate contracts with opportunities for volume gains and ad hoc services, across the essential services of cleaning and security for durations of three-five years with large corporates. Satisfying contractual obligations utilising a vast workforce and procuring consumables for the jobs within the contracted price is key to profitability. Historically focusing on cleaning and security services within major shopping centres, MIL is looking to de-risk the retail exposure by moving into new sectors including aviation, aged care, education and government. An increased focus on compliance (Fair Work, Modern Slavery Act and Labour Hire regulations) and utilising the ASX-listed nature of the business will be keys in this push.

### Three-year growth strategy to reveal where to from here

With the profit improvement programme all but complete and a "sustainable" earnings base established, the focus now moves to growth options, particularly in the light of the QIC contract loss. Management is in the final stages of formulating a three-year growth strategy which will influence balance sheet use, capital management and the extent of growth on offer in what are fragmented markets but also markets open to complimentary service offerings. Our numbers imply only modest (~5% of existing sales) contract wins into FY23.

### Valuation between $1.20 (relative multiple) and $1.60 (DCF)

The peer group average FY22 EV/EBITDA multiple implies a $1.20/share valuation for MIL (4.8x EV/EBITDA), and we see no reason why this business does not deserve peer average multiples given average contract length, relative working capital intensity and market opportunities. As a sense check, our DCF valuation sits around $1.60/share, incorporating modest medium-term and terminal-growth assumptions.

**Historical earnings and RaaS estimates (In A$m)**

| Year end | Adj Revenue | Und. EBITDA | NPAT (adj) | EPS (adj) (c) | P/E (x) | EV/Sales (x) |
|---|---|---|---|---|---|---|
| 06/20a | 257.3 | 4.0 | 2.0 | 0.04 | nm | 0.25 |
| 06/21a | 273.7 | 11.6 | 2.2 | 0.05 | 13.3 | 0.11 |
| 06/22e | 261.8 | 10.4 | 3.5 | 0.08 | 8.3 | 0.08 |
| 06/23e | 274.9 | 12.1 | 5.4 | 0.12 | 5.4 | 0.07 |

Source: Company data, RaaS estimates for FY22e and FY23e

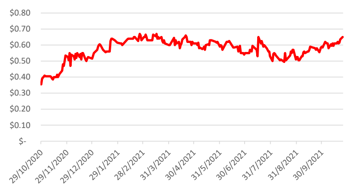
Human Services

**25th October 2021**

**Share details**

| | |
|---|---|
| ASX code | MIL |
| Share price (intraday) | $0.65 |
| Market capitalisation | $29.8M |
| Shares on issue | 45.9M |
| Net Debt at 30 Sept 21 | $7.0M |
| Free float | ~31.5% |

**Share performance**



**Upside Case**

- Converting a portion of the tender pipeline over the next 18 months
- Successfully diversify industry exposure to include government, education and aged care
- EPS accretive/complimentary acquisitions

**Downside Case**

- Competitive margin pressure re-emerges
- Sizable contract loss
- Wages growth above contract clauses

**Board of Directors**

| | |
|---|---|
| Stuart Grimshaw | Chairman |
| Scott Alomes | CEO |
| Rohan Garnett | Non-Executive Director |
| Darren Perry | Non-Executive Director |

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***The author owns shares**

## Q1FY22 Trading Update

Key takeaways from the recent 4C and implications for our forecasts include:

- FY22 September quarter revenue was $65.6m, slightly above our $65m forecast but solid given the widespread lockdowns of shopping malls across the group's client base.
- Both contracted and ad hoc revenue across the last five quarters adjusted for COVID impacts are remarkably consistent, highlighting the predictability of the business.
- Net cash from operating activities was -$4.4m against +$10m in Q4FY21. Both quarters were impacted by the timing of wage payments.

**Exhibit 1: MIL quarterly sales history (In A$m unless otherwise stated)**

| | Q1FY21* | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22* |
|---|---|---|---|---|---|
| **Sales** | **64.3** | **70.7** | **69.4** | **69.3** | **65.6** |
| Contract | 56.3 | 59.2 | 60.2 | 60.1 | 55.9 |
| Ad hoc | 8.0 | 11.5 | 9.2 | 9.2 | 9.7 |
| | | | | | |
| Cash receipts | na | na | 78.9 | 81.0 | 68.2 |
| | | | | | |
| Net cash from ops | na | na | 1.2 | 10.0 | -4.4 |

Source: Company financials and RaaS estimates *COVID impacted

## Outlook & Investment Case

FY21 ex-JobKeeper now provides a sustainable base from which to forecast following a number of years of restructuring. Key assumptions with regards to outlook are detailed below:

- The group operates in markets worth an estimated $11.7b (cleaning) and $9.8b (investigation and security services), according to IBISWorld. In the cleaning business (~70% of MIL revenue) MIL has less than 2% market share in a market where the top-four largest players have less than 10% of the market, offering significant market-share opportunities.
- A recent IBISWorld report on the Australian cleaning sector suggests following CAGR growth of -0.5% between FY17 and FY21F, the cleaning sector will grow by a CAGR 3.6% between FY22 and FY26 on the back of a COVID recovery and a trend to more regular and comprehensive cleans.
- The group is in the final stages of developing a three-year growth strategy incorporating the appropriate organisational structure. This is key to growth prospects, use of the current balance sheet and ultimately the relative share price "rating". There are many expansion options within the existing core businesses and/or the addition of complementary services.
- MIL will lose the $28m QIC cleaning contract from October 2021, but gain ~$6m from a new contract with Westfield Southland. Our numbers factor a "right sizing" of the cost base to limit the damage of this contract loss.
- Net debt was just $0.3m in June 2021, completely reshaping the balance sheet from year ago levels and providing a solid base from which to grow and/or acquire while looking at capital management options.
- Gross margins are back to "targeted" levels and based on extensive historical and peer analysis we feel these margins are sustainable at management's targeted 14%-14.5% range.

Exhibit 2: MIL divisional earnings forecasts (In A$m unless otherwise stated)

| | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| **Sales** | **257.3** | **273.7** | **261.8** | **274.9** | **288.6** |
| Cleaning | 213.3 | 216.9 | 211.5 | 222.1 | 233.2 |
| Security | 44.0 | 56.8 | 50.3 | 52.8 | 55.4 |
| | | | | | |
| **Gross profit** | **30.8** | **39.0** | **38.1** | **39.9** | **41.8** |
| GP% | 12.0 | 14.3 | 14.6 | 14.5 | 14.5 |
| | | | | | |
| Operating costs | 26.8 | 27.4 | 27.7 | 27.7 | 28.3 |
| EBITDA | 4.0 | 11.6 | 10.4 | 12.1 | 13.5 |
| Depreciation | 5.9 | 4.9 | 4.5 | 3.9 | 3.9 |
| **EBIT** | **-1.9** | **6.8** | **5.9** | **8.2** | **9.6** |
| Interest expense | 3.2 | 1.8 | 0.9 | 0.5 | 0.4 |
| Tax expense | -5.3 | 1.6 | 1.5 | 2.3 | 2.8 |
| Adjustments | 1.7 | -1.2 | 0.0 | 0.0 | 0.0 |
| **Adjusted NPAT** | **2.0** | **2.2** | **3.5** | **5.4** | **6.4** |
| Abnormals | 14.5 | 15.2 | 0.0 | 0.0 | 0.0 |
| **Reported NPAT** | **16.5** | **17.4** | **3.5** | **5.4** | **6.4** |

Source: Company financials and RaaS estimates

## Peer Comparison

Our assessed peer group for MIL rely on a mix of human resources and consumables to deliver services, typically under contract, mostly on a fixed-rate basis. These companies are people heavy and rely on the efficient management and utilisation of these people to deliver contracted outcomes and derive an acceptable return.

In the following table we present a cut-down peer group comparison using consensus and/or guidance for FY22 estimates.

Exhibit 3: Peer group financial comparison – FY22 (In A$m unless otherwise stated)

| Company name | Ticker | Share price (cps) | Mkt Cap | FY21 Net Debt | FY21(f) EBITDA | FY21(f) Sales | GP% | Working Capital/Sales | EV/ Sales (x) | EV/ EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|
| Service Stream * | SSM | 0.92 | 567 | 128.0 | 122.0 | 1,350 | 22.7% | -7.2% | 0.51 | 5.7 |
| GR Engineering | GNG | 1.78 | 276 | -76.9 | 41.6 | 450 | 10.5% | -3.0% | 0.44 | 4.8 |
| Licopodium | LYL | 4.47 | 177 | -76.8 | 26.5 | 165 | 33.0% | 9.5% | 0.61 | 3.8 |
| Southern Cross Electrical | SXE | 0.71 | 176 | -51.0 | 31.0 | 500 | 16.0% | 12.8% | 0.25 | 4.0 |
| BSA Limited | BSA | 0.30 | 130 | -12.0 | 22.8 | 430 | 11.0% | 1.7% | 0.27 | 5.2 |
| Ashley Services | ASH | 0.56 | 81 | -1.9 | 15.5 | 383 | 16.0% | 4.5% | 0.21 | 5.1 |
| **AVERAGE** | | | | | | | **18.2%** | **3.0%** | **0.38** | **4.8** |
| | | | | | | | | | | |
| Millennium | MIL | 0.64 | 29 | 0.3 | 11.6 | 274 | 14.3% | 0.7% | 0.11 | 2.5 |

Sources: Company financials, RaaS estimates *Pro-forma

Looking at MIL against our selected peer group using FY22 metrics we would highlight:

- MIL's gross margin is now just below the group average;
- On key valuation metrics MIL:
  - Is trading at an EV/EBITDA multiple of 2.5x, well below the group average of 4.8x and the lowest in the peer group;
  - Trading at a forecast EV/sales of 0.11x against the peer group average of 0.38x;
- Working capital requirements for the peer group are low, averaging 3.0% of sales. MIL is well below the peer group average at 0.7%;
- It is worth noting SSM recently acquired LLC Serviced for 6.9x FY21 EV/EBITDA.

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## Exhibit 4: Financial Summary (In A$m unless otherwise stated)

| Millennium Services (MIL.AX) | | | | | |
|---|---|---|---|---|---|
| **Profit and Loss (A$m)** | | | | | |
| **Y/E 30 June** | **FY19A** | **FY20A** | **FY21A** | **FY22F** | **FY23F** |
| Revenue | 294.7 | 257.3 | 273.7 | 261.8 | 274.9 |
| Gross profit | 30.1 | 30.8 | 39.0 | 38.1 | 39.9 |
| GP margin % | 10.2% | 12.0% | 14.3% | 14.6% | 14.5% |
| Underlying EBITDA | 0.1 | 4.0 | 11.6 | 10.4 | 12.1 |
| Depn | (8.8) | (5.9) | (4.9) | (4.5) | (3.9) |
| Amort | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | (8.7) | (1.9) | 6.8 | 5.9 | 8.2 |
| Interest | (2.5) | (3.2) | (1.8) | (0.9) | (0.5) |
| Tax | (3.2) | 5.3 | (1.6) | (1.5) | (2.3) |
| NPAT | (14.3) | 0.3 | 3.4 | 3.5 | 5.4 |
| Adjustments | (4.4) | 1.7 | (1.2) | 0.0 | 0.0 |
| **Adjusted NPAT** | **(18.7)** | **2.0** | **2.2** | **3.5** | **5.4** |
| Abnormals (net) | (26.8) | 14.5 | 15.2 | 0.0 | 0.0 |
| **NPAT (reported)** | **(45.5)** | **16.5** | **17.4** | **3.5** | **5.4** |
| **Cash flow (A$m)** | | | | | |
| **Y/E 30 June** | **FY19A** | **FY20A** | **FY21A** | **FY22F** | **FY23F** |
| EBITDA (inc cash rent/JK) | 0.1 | 19.4 | 29.3 | 9.5 | 11.2 |
| Interest | (2.5) | (3.2) | (1.8) | (0.9) | (0.5) |
| Tax | (0.9) | 0.5 | (0.1) | (1.5) | (2.3) |
| Working capital changes | 2.2 | (16.6) | 12.9 | (0.8) | (0.1) |
| **Operating cash flow** | **(1.1)** | **0.1** | **40.3** | **6.3** | **8.3** |
| Mtce capex | (1.3) | (2.2) | (2.2) | (2.4) | (2.5) |
| **Free cash flow** | **(2.4)** | **(2.1)** | **38.1** | **3.9** | **5.8** |
| Growth capex | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisitions/Disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | (2.7) | (2.5) | (2.1) | (2.0) | (2.0) |
| Cash flow pre financing | (5.1) | (4.6) | 36.0 | 1.9 | 3.8 |
| Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt drawdown/(repay) | (3.6) | 1.6 | (21.4) | (2.0) | (3.0) |
| Net Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net cash flow for year** | **(8.7)** | **(3.0)** | **14.6** | **(0.1)** | **0.8** |
| **Balance sheet (A$m)** | | | | | |
| **Y/E 30 June** | **FY19A** | **FY20A** | **FY21A** | **FY22F** | **FY23F** |
| Cash | 2.7 | 1.8 | 7.3 | 7.3 | 8.1 |
| Accounts receivable | 19.5 | 29.8 | 18.0 | 20.6 | 21.6 |
| Inventory | 0.8 | 1.2 | 1.1 | 1.0 | 1.0 |
| Other current assets | 1.2 | 2.5 | 2.2 | 0.0 | 0.0 |
| *Total current assets* | *24.2* | *35.3* | *28.7* | *28.8* | *30.7* |
| PPE | 11.4 | 8.6 | 7.0 | 5.8 | 5.2 |
| Goodwill | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| Right of use asset | 0.0 | 2.9 | 3.0 | 3.0 | 3.0 |
| Deferred tax asset | 0.2 | 7.4 | 8.5 | 8.5 | 8.5 |
| Other | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| *Total non current assets* | *19.1* | *26.5* | *26.2* | *24.9* | *24.4* |
| **Total Assets** | 43.4 | 61.9 | 54.9 | 53.8 | 55.1 |
| Accounts payable | 22.2 | 16.3 | 17.3 | 18.9 | 19.8 |
| Short term debt | 29.8 | 36.4 | 5.5 | 0.0 | 0.0 |
| Provisions | 26.1 | 22.4 | 22.6 | 19.8 | 20.8 |
| Lease liabilities/other | 0.0 | 0.8 | 5.5 | 9.7 | 6.7 |
| *Total current liabilities* | *78.0* | *76.0* | *50.9* | *48.4* | *47.3* |
| Long term debt | 0.0 | 0.0 | 2.1 | 0.1 | (2.9) |
| Other non current liabs | 1.8 | 5.8 | 4.1 | 4.1 | 4.1 |
| *Total long term liabilities* | *1.8* | *5.8* | *6.2* | *4.2* | *1.2* |
| **Total Liabilities** | 79.8 | 81.8 | 57.1 | 52.5 | 48.5 |
| **Net Assets** | **(36.4)** | **(19.9)** | **(2.3)** | **1.2** | **6.6** |
| | | | | | |
| Share capital | 19.0 | 19.0 | 19.1 | 19.1 | 19.1 |
| Reserves | (8.4) | (8.5) | (8.2) | (8.4) | (8.4) |
| Retained Earnings | (46.9) | (30.3) | (13.1) | (9.5) | (4.1) |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Shareholder funds** | **(36.4)** | **(19.9)** | **(2.3)** | **1.2** | **6.6** |

| Share price (25 October 2021) | | | | | A$ | 0.650 |
|---|---|---|---|---|---|---|
| **Interim (A$m)** | **H120** | **H220** | **H121** | **H221** | **H122F** | **H222F** |
| Revenue | 135.1 | 146.8 | 159.7 | 138.7 | 130.3 | 131.5 |
| EBITDA | 2.4 | 1.7 | 7.0 | 4.6 | 4.5 | 5.9 |
| EBIT | (0.0) | (1.8) | 4.8 | 2.0 | 2.2 | 3.7 |
| NPAT (normalised) | (1.7) | 2.0 | 2.6 | 0.8 | 1.2 | 2.3 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPAT (reported) | (0.8) | 2.8 | 1.9 | 0.3 | 1.2 | 2.3 |
| EPS (normalised) | nm | 0.061 | 0.042 | 0.006 | 0.027 | 0.050 |
| EPS (reported) | nm | 0.061 | 0.042 | 0.006 | 0.027 | 0.050 |
| Dividend (cps) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Imputation | | | | | | |
| Operating cash flow | na | na | na | na | na | na |
| Free Cash flow | na | na | na | na | na | na |
| **Divisionals** | **H120** | **H220** | **H121** | **H221** | **H122F** | **H222F** |
| Cleaning | 111.4 | 102.0 | 107.9 | 109.0 | 106.4 | 105.1 |
| Security | 23.7 | 20.2 | 27.2 | 29.7 | 23.9 | 26.4 |
| (Other) | - | 24.6 | 24.7 | - | - | - |
| Total Revenue | **135.1** | **146.8** | **159.7** | **138.7** | **130.3** | **131.5** |
| | | | | | | |
| Gross profit | 17.0 | 13.8 | 19.9 | 19.1 | 18.9 | 19.2 |
| Underlying GP Margin % | 12.6% | 11.3% | 14.8% | 13.8% | 14.5% | 14.6% |
| Operating Costs | | | | | | |
| Employment | 8.3 | 16.4 | 16.2 | 9.1 | 8.6 | 7.8 |
| Other | 5.5 | 4.9 | 6.2 | 6.4 | 5.8 | 5.5 |
| Exceptional | 0.9 | - 9.2 | - 9.5 | - 1.0 | - | - |
| Total costs | **14.7** | **12.1** | **12.9** | **14.5** | **14.4** | **13.3** |
| | | | | | | |
| **EBITDA** | **2.4** | **1.7** | **7.0** | **4.6** | **4.5** | **5.9** |
| EBITDA margin % | 1.7% | 1.1% | 4.4% | 3.3% | 3.5% | 4.5% |
| Margins, Leverage, Returns | | **FY19A** | **FY20A** | **FY21A** | **FY22F** | **FY23F** |
| EBITDA margin % | | 0.0% | 1.6% | 4.3% | 4.0% | 4.4% |
| EBIT margin % | | (2.9%) | (0.7%) | 2.5% | 2.3% | 3.0% |
| NPAT margin (pre significant items) | | (6.4%) | 0.8% | 0.8% | 1.3% | 2.0% |
| Net Debt (Cash) | | 27.1 | 34.6 | 0.3 | -7.1 | -10.9 |
| Net debt/EBITDA (x) | (x) | 314.9 x | 8.6 x | 0.0 x | -0.7 x | -0.9 x |
| ND/ND+Equity (%) | (%) | 42.7% | 63.5% | 12.0% | 86.1% | 62.5% |
| EBIT interest cover (x) | (x) | n/a | n/a | 0.3x | 0.2x | 0.1x |
| ROA | | nm | (3.5%) | 11.6% | 10.9% | 15.1% |
| ROE | | nm | nm | nm | nm | nm |
| ROIC | | nm | nm | nm | nm | nm |
| **NTA (per share)** | | -0.95 | -0.60 | -0.21 | -0.14 | -0.02 |
| **Working capital** | | -1.8 | 14.8 | 1.9 | 2.7 | 2.9 |
| **WC/Sales (%)** | | **(0.6%)** | **5.7%** | **0.7%** | **1.0%** | **1.0%** |
| **Revenue growth** | | nm | (12.7%) | 6.4% | (4.4%) | 5.0% |
| **EBIT growth pa** | | nm | nm | (463.7%) | (12.3%) | 38.8% |
| **Pricing** | | **FY19A** | **FY20A** | **FY21A** | **FY22F** | **FY23F** |
| No of shares (y/e) | (m) | 45.9 | 45.9 | 45.9 | 45.9 | 45.9 |
| Weighted Av Dil Shares | (m) | 45.9 | 45.9 | 45.9 | 45.9 | 45.9 |
| | | | | | | |
| EPS Reported | cps | nm | 0.359 | 0.379 | 0.077 | 0.118 |
| EPS Normalised/Diluted | cps | nm | 0.043 | 0.048 | 0.077 | 0.118 |
| EPS growth (norm/dil) | | nm | nm | 11% | 60% | 54% |
| DPS | cps | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| DPS Growth | | n/a | n/a | n/a | n/a | n/a |
| Dividend yield | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Dividend imputation | | 30 | 30 | 30 | 30 | 30 |
| PE (x) | | | nm | 13.6 | 8.5 | 5.5 |
| PE market | | 18 | 18 | 18 | 18 | 18 |
| Premium/(discount) | | | nm | (24.5%) | (52.9%) | (69.3%) |
| EV/EBITDA | | 662.0 | 15.9 | 2.6 | 2.2 | 1.6 |
| FCF/Share | cps | (4.535) | (4.535) | 83.023 | 8.542 | 12.630 |
| Price/FCF share | | (14.332) | (14.332) | 0.783 | 7.610 | 5.147 |
| Free Cash flow Yield | | (7.0%) | (7.0%) | 127.7% | 13.1% | 19.4% |

Source: Company data, RaaS estimates

# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6th May 2021**

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- our services
- how we transact with you
- how we are paid, and
- complaint processes

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BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

## Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

## Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

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Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than $50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

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