

THE AUSTRALIAN BUSINESS REVIEW

THE WALL STREET JOURNAL.

S&P/ASX200
7139.50 ▼ -36.30

GOLD
\$US1839 ▲ +US2.90

DOLLAR
US71.61C ▼ -US0.30c

EMPTY SHELVES

US shoppers face shortages as Omicron hits staff {P17}



DATA ROOM

Zip Co and Sezzle revive merger talks {P14}



POLE POSITION

Fortescue buys FI-linked tech outfit Williams {P15}



Investors hold nerve but strategists warn of rocky year

DAVID ROGERS
MARKETS EDITOR

Investors have held their nerve, pouring money back into shares after a worrisome start to the year. However, leading strategists and fund managers warned of a rocky year ahead as rising inflation and a peak in the Covid-19 pandemic leads to a faster withdrawal of policy support.

After falling as much as 7 per cent in the past three weeks as US shares had their biggest fall in more than a year, Australia's benchmark S&P/ASX 200 share index mostly recovered from a 1.2 per cent intraday fall to an

INSIDE

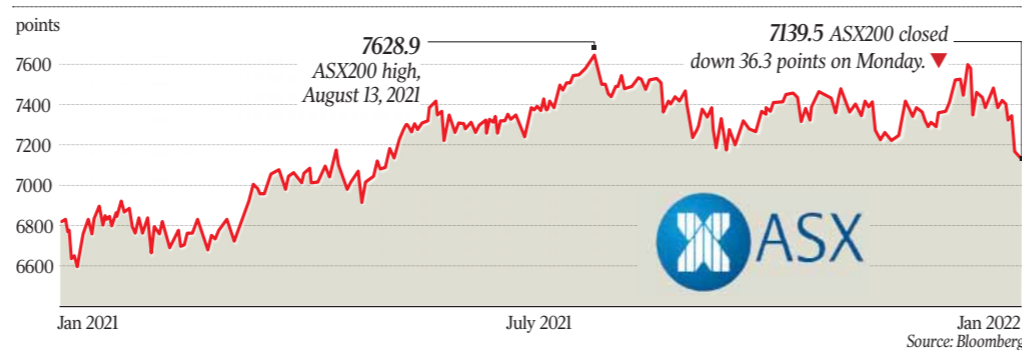
It could be a long week for investors as the local sharemarket is facing some serious tests in the days ahead

JAMES KIRBY
P20



eight-month low of 7086.8 points on Monday. The index closed down 36 points, or 0.5 per cent, at 7139.5

The market over 12 months



points, with Macquarie, Goodman, Domino's Pizza and REA Group finding strong support after recent falls as US futures

pointed to a bounce in US shares after their worst week since the Covid panic of March 2020. Regional markets were mixed,

with China's Shanghai Composite and Japan's Nikkei 225 both up 0.2 per cent, while the Hang Seng Index fell 1.3 per cent and South

Korea's KOSPI fell 1.5 per cent. It is a big week for markets grappling with the prospect of aggressive central bank tightening to clamp down on inflation, albeit China has started easing policy.

On Thursday, the Fed is expected to heighten expectations of policy tightening, testing the market valuations of growth stocks amid reports from such giants as Tesla, Microsoft and Apple.

Tuesday's release of Australian CPI data could affect market expectations for domestic interest rates. Economists see a 1 per cent rise in quarterly headline CPI and 3.2 per cent on an annual basis.

US purchasing managers data on Wednesday will gauge the

economic outlook and US GDP data will show the state of consumer demand and price pressures going into year-end.

"The markets have come down but they are still up very significantly from their March 2020 lows, whereas earnings haven't risen anywhere near that much," said Matt Sherwood, head of investment strategy at Perpetual.

"You might say that it could have some more to go if it was to realign with the earnings outlook. The key for investors is to know that markets don't move in a straight line," Mr Sherwood

Continued on Page 20

MARKETS P20

Novotech speeds up drug testing

EXCLUSIVE

JARED LYNCH

TPG Capital-backed Novotech has cracked open its \$1.06bn war chest, investing in precision medicine outfit Prospecion to shave potentially years off costly drug development.

Novotech – a leading clinical trials provider in Australia and Asia – has taken a minority stake in Prospecion, which also counts Ellerton Capital as an investor, after completing a \$US255m capital raising and \$US505m refinancing last week.

The size of the investment – the first in an expected spending spree – has not been disclosed but is believed to be eight figures, leaving Prospecion chief executive Eric Chung and co-founders Peter Cronin and Ricky Chen as majority shareholders.

It follows Prospecion raising \$45m in a series B funding round last September, which Ellerton led. Mr Chung said the company did not need a fresh capital injection from Novotech but was keen to enter drug development.

"We follow patients over time to see what treatments lead to outcomes, and overall the Prospecion mantra has been about putting the right patient on the right treatment," Mr Chung said.

"And generally we do that with drugs that are already available in the market. But overall, we've seen the trend with clinical trials coming together with real world evidence to create this integrated approach on how we bring new medicines to market and how we can bring medicines to patients faster.

"That's what we really liked about this partnership."

Prospecion uses anonymised data from hospitals and other clinical sources to follow the effectiveness of a particular treatment in real time across millions of patients. Mr Chung said Novotech would tap into its data and analytics to cut months, if not years, off drug development.

He said the targeted nature of the data would fast-track the recruitment of patients to clinical trials, the later stages of which typically involve thousands of participants, with companies often having to complete studies overseas to access a wider pool of people. This, Mr Chung said, was often the biggest hurdle in drug development.

"Through how we process the data and how we go through and find patients, it makes it easier to find the patients in Australia. So it's not just the case of going to a bigger market. It's more how do you get better at actually finding those patients," he said. "To give an example, in oncology about 80 per cent of the treatments require some sort of specific biomarker for the patient, so you have to have that or something like that to be recruited into a trial because the therapies are becoming more targeted.

"In any country it's going to be hard to find these patients. Yes it does help to go to a bigger market because if you are carpet bombing you might find more of them. But finding patients for those trials is actually going to require companies to be more precise in finding patients."

Continued on Page 14

INVESTMENT BANK BULLISH, THEN WORKED ON RAISE

Canaccord in spin for mine client

EXCLUSIVE

CLIONA O'DOWD
KYLAR LOUSSIKAN

Canaccord Genuity issued a bullish research note to clients recommending they buy shares in Eagle Mountain Mining eight days before the copper explorer said it was raising capital – with the assistance of the investment bank.

The September 16 equities research distributed to clients, titled "Trusting the Oracle", put a price target of \$1.70 per share on Eagle Mountain and reported its Arizona copper project was located in a "mining-friendly jurisdiction with infrastructure providing a head start". The "exciting early stage targets add some spice," the equities analysis reads.

At the time, Eagle Mountain shares were trading at 83c.

Eight days later, Eagle Mountain asked the ASX to halt trade in shares pending an update relating to a proposed capital raising. The \$16m placement was to sophisticated and professional investors identified by Canaccord and PAC Partners, the joint lead managers.

Canaccord did not respond to requests for comment; it also did not answer specific questions sent to the bank on Friday. However, in a previous statement sent to The Australian, Canaccord said it had put in place "significant policies and procedures designed to

Canaccord hits options goldmine



The Australian's report on Monday

ensure compliance with the securities law ... our global research product, and our published research analysts are independent from sales and investment banking throughout our operations."

The Australian is not suggesting Canaccord broke rules, only that more explicit disclosure of its relationship with the companies it covered would have benefited clients using the research to inform investment decisions.

The September 16 research report noted that Canaccord had received a fee as co-manager to the Eagle Mountain capital raising announced in February. The appendices also disclosed that the investment bank intended to seek or expected to receive compensation from the company in the next three months.

However, the research did not explicitly disclose that Canaccord had been issued 2 million options

in May as payment for services. It received 2 million more options in October "at a nil issue price as part consideration for a corporate advisory mandate".

On Monday, The Australian reported that Canaccord had circulated numerous research notes to its clients that made no specific mention that payments for its investment banking services were partially tied to the share performance of the companies they were recommending.

Despite a lower profile than the largest investment banks – Macquarie, UBS, Goldman Sachs and their peers – Canaccord has built a highly successful business specialising in smaller and medium-sized companies listing on the ASX or raising capital.

"In our view, Eagle Mountain Mining's Oracle Ridge copper project in Arizona, US, has many

Continued on Page 20

Baillieu Myer, retail revolutionary



Baillieu Myer, who has died at the age of 96, was a noted philanthropist who supported many arts organisations

OBITUARY

Baillieu Myer. Born 1926. Died 2022. Businessman, philanthropist.

ALAN HOWE

Long ago in a black and white world of vacuum tubes and test patterns, suburbs radiated out from capital cities along railway lines often built by speculators so that inexpensive outlying farmland could be chopped up into quarter-acre blocks and triple-fronted cream brick veneer houses placed on these like Monopoly

tokens. While this wasn't the world of Baillieu Myer, he lived surrounded by it. And by the time he joined the board of the family company, Myer Emporium, in 1955, Melbourne's population of 1.6 million mostly lived in its suburbs, increasingly at greater distances from the city's GPO.

About 16 per cent of Australians owned a car then – most likely paying it off in monthly instalments – but this statistic was certain to change quickly, as Baillieu well knew. He always analysed and acted with mercantile calculation – so too his brother Ken, who had joined the board seven years earlier, although the

older sibling could be volatile, if charming.

The brothers were welcome new blood for the board. And they had seen the future of retailing. It was the US, where each had worked to gain experience. They co-authored a submission that Myer should follow its customers out to the suburbs. The board – two of whose members had been born in the previous century – were at first reluctant, but after Ken and Baillieu had consultants assess their proposal, they came around and soon the company bought about 12 hectares in the southeastern Melbourne suburb of Malvern East from the Sister of

the Good Shepherd, an order – like the family to whom they sold their land – dedicated to investing in the society around them.

Not for the first time Ken and Baillieu were proved right. "Although based in a broad way on the pattern of shopping centres in the United States, Chadstone has been individually designed to suit local needs and its own location," the board stated on the Chadstone shopping centre's opening in October 1960. It had cost £6m. These days Chadstone has 520 shops, parking for almost 10,000

Continued on Page 16

COMMENTARY P21

Big banks 'will pay the price for loyalty tax'

JOYCE MOULLAKIS

The big banks have taken advantage of customer loyalty for too long and risk losing home loans when technology spurs a "fundamental shift" and makes switching mortgages much easier.

That is the view of Sherlock chief executive Adam Grocke. He founded the start-up in 2019 to

assist mortgage brokers in ensuring customers are paying competitive interest rates, with the aim of boosting retention levels.

Mr Grocke said the so-called "loyalty tax" charged by most lenders, which typically sees longstanding customers paying more than those seeking new loans, would come under pressure as switching became easier.

"When that actually comes to

fruition, and people can click a button and switch their mortgage to any lender, I think that's when the big banks and the financial system will take notice," he said.

Banks had "taken advantage of consumer loyalty for too long, and when they can actually vote with their feet without having barriers to move, that's when we're going to see a fundamental shift".

Mr Grocke said his company

was working on a solution that would involve a short conversation with a mortgage broker, clicking to accept the broker's recommendation, followed by an almost instant unconditional loan approval. That was possible, he said, because Sherlock's technology matched the credit profile of the borrower with the lender.

FULLREPORT P15

Not so much racing cars as mining trucks

ERIC JOHNSTON



What do you get a 60-year-old multi-billionaire whose wealth matches almost the entire annual output of Iceland? A fast car. A very fast car.

Make no mistake, Andrew Forrest's \$309m move on Williams Advanced Engineering is about getting his green Fortescue Future Industries logo close to a high-performing F1 car as much as it is about battery develop-

ment. The swoop on the engineering arm spun out of the legendary racing team founded by the late Sir Frank Williams gives Forrest a chance to roll the dice on today's big battery technology over tomorrow's green hydrogen. And Forrest, backed by Fortescue's bulging cashflows, has paid boom time prices.

COMMENTARY P21

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THE AUSTRALIAN 
For the informed Australian

Retail revolutionary Baillieu Myer leaves distinguished legacy

Continued from Page 13

cars, 20 million customers a year and annual sales of \$1.4bn.

It was a pioneering development – the second biggest in the southern hemisphere – and has been copied throughout the nation, driven by the way Australians shop, but equally influencing that.

The Dayton family of Minneapolis is much like the Myers. George Dayton founded the Dayton Dry Goods Co in Minnesota in 1902, selling food and general stores, and expanded quickly across America. It is a family of art collectors and philanthropists and often involved in politics; George's great grandson was most recently governor of Minnesota.

By the time Baillieu went to see their operations the stores had been renamed Target, and Baillieu thought their discount selling strategy could be brought to Australia to run parallel with his family's department stores. He became close to the Daytons and with no more than a handshake won the right to use the Target name and logo. It was imposed on a small chain of country Victoria shops called Lindsay & McKenzie that Myer had bought years before, but the new name, Lindsay's Target, launched in 1968, lasted only five years as Target stores spread nationwide.

Perhaps Baillieu's only serious business misstep occurred about this time. Assessing that food made up about a fifth of consumer spending, he opened three Target supermarkets in South Australia as a test run, but they were unable to challenge the dominance of the Coles-Woolworths duopoly and the experiment was discontinued.

Throughout his life, Baillieu's American connection was strong. Not only had he been born in San Francisco at a time his father, Simcha Baevski, and mother Merlyn had settled there, but Simcha, who had just changed his name to Sidney Myer (acknowledging a brother who had died in Russia of appendicitis), and who had already founded the store that also bears his brother's name, actively considered staying on and buying a local operation. Merlyn, a strong woman and one of the Baillieu clan, whom Sidney had first met at Queenscliff's Ozone Hotel when she was a child, was adamant the family was returning to her hometown and by 1929 they had.

Baillieu Myer, born in January 1926, was the third of four children born to the couple. After primary school he boarded at Geelong Grammar (one of his teachers was Manning Clark) and then went to Cambridge University, studying economics.

By then his father was long

dead. On the morning of September 5, 1934, Sidney told family members he felt a tightness in his chest. Rather than go to hospital he lit a cigarette, and asked his chauffeur to slowly follow him on a short walk. He made his way from his home on Toorak's Clendon Road and rounded the corner up Woorigoleen Road where he collapsed. Doctors were summoned and he was declared dead of a heart attack. His cigarette was still burning. The ambulance that arrived soon after instead took his body back to his home. It was the ambulance Sidney had recently donated to the service. He was 56.

That story gives us an indication of what drove his sons to live two of the most fulfilled lives of any Australian. Ken was 13, Baillieu just eight. But the boys were well aware that Myer men led brief lives. Sidney's brothers and their sons had lived short, often tragic lives. It was a life lesson that drove Ken and Baillieu to get a hurry on.

Ken served in the Royal Australian Navy in the latter part of World War II, was mentioned in despatches and earned a Distinguished Service Cross before rejoining the family business, where he spent a decade as chair. He was killed along with second wife Yasuko in a plane crash while on a fishing trip to Alaska in 1992.

Baillieu also served in the navy



Baillieu Myer with granddaughter Charlotte Myer, then 3, for the launch of a book about the Myer family

and was aboard the HMAS Pirie docked in Tokyo Harbour on September 2, 1945, when the Supreme Commander of the Allied Powers, Douglas MacArthur, Australia's General Sir Thomas Blamey and others witnessed the Japanese signing the surrender documents

aboard USS Missouri, ending the war. He must have been relieved – he had studied German just in case the Allies were beaten. He was only 19.

After university in England and learning business administration, Baillieu did what effectively were

internships at Macy's in New York and Harrods in London (and while there, sought out Australian speech therapist Lionel Logue to help conquer his stammer; Logue famously worked on King George VI's stammer, a story told in the film *The King's English*).

Arriving back in Melbourne, Baillieu rose through the Myer ranks, but after the success of Target, and with his older brother in charge, he stepped back, keeping only a non-executive spot on the board (while keeping more than busy on many other significant

boards, including Cadbury Schweppes, National Mutual, the Ten Network and the Commonwealth Bank). Later he was invited back and, as executive chairman, helped the company with its biggest change, the merger with Coles. He served as deputy chairman of the combined group.

Baillieu's philanthropy, although he avoided the term, stretched far and wide, an early physical manifestation of it being Melbourne's landmark Sidney Myer Music Bowl. Sidney's sons inherited a good proportion of their father's estate and sought donations to complete the project. Many of the 100,000 Victorians who had lined the street for Sidney's funeral did so. The building is based on the design of the Hollywood Bowl and in a further nod to their American influences, the 1959 opening night concert, by a 140-strong combination of the Melbourne and Sydney Symphony Orchestras, was under the baton of Alfred Wallenstein, the Hollywood Bowl's conductor.

Baillieu, like his father, was an accomplished violinist, and served on many arts boards, on which he always made his mark with his facility with numbers and an ability to spot cant at a distance.

I had dealings with Baillieu and his wife Sarah when we were working to build on an idea I had put to then Victorian Premier Jeff Kennett in the mid-90s for an immigration museum. Not only did Sarah sit productively on its board for some years, but, without fanfare, the family funded the Sarah and Baillieu Myer Immigrant Discovery Centre within it.

There, families can trace their forebears' contribution to the population of Australia using migrant ship passenger manifests that list names such as Sidney Myer and the millions less known than him who came to this country and changed it forever.

NOTICES

www.theaustralian.com.au

CUSTOMER SERVICE ADVICE FROM OPTUS

Delay due to severe weather events in the Darling Downs and Granite Belt District and parts of the Southeast Coast District of Queensland.

The Darling Downs and Granite Belt District and parts of the Southeast Coast District of Queensland were impacted by severe weather on or about Sunday 16 January 2022.

An interruption to Optus normal operations has occurred leading to delays in installation and repair activities. As many as 210 Optus services are impacted in the area bounded by and including, but not limited to, the area starting at the Logan River mouth following the coastline south past the Gold Coast to the QLD/NSW border and following the border westerly past Mount Lindesay, Wallangarra and Goondiwindi to Talwood Boonanga Rd. The area heads northwest past North Talwood to Weengallon, northeast to Ingelstone then east to Cecil Plains. From Cecil Plains the area heads northeast to Cooyar, east to Mount Binga, and southeast to Mount Nebo then southwest to Thagoona. The area turns southeast to Willowbank, east to Beenleigh then northeast back to the Logan River mouth. All suburbs and towns, off shore islands and coastal areas serviced by Optus within these boundaries are encompassed.

How will this affect you?

Unfortunately, your service may be affected and we may take longer than normal to fix telephone services or complete connections. Services in the area mentioned above with phone numbers in the following number ranges may have been affected:

0731133000	to	0731133999	0745648000	to	0745649999	0754600000	to	0754699999
0731330000	to	0731339999	0745653000	to	0745782999	0755000000	to	0755989999
0731610000	to	0731629999	0745925000	to	0745964999	0756058000	to	0756058999
0731720000	to	0731729999	0746120000	to	0746399999	0756070000	to	0756070999
0731890000	to	0731909999	0746509000	to	0746999999	0756090000	to	0756093999
0734725000	to	0734725999	0753094000	to	0753096999	0756099000	to	0756187999
0738041500	to	0738073099	0753210000	to	0753228399	0756270000	to	0756279999
0738752700	to	0738752799	0753240000	to	0753269999	0756440000	to	0756659999
0745280000	to	0745283999	0753300000	to	0753314999	0756679000	to	0756679999
0745396000	to	0745396999	0753610000	to	0753629999	0756790000	to	0756799999
0745408000	to	0745409999	0754100000	to	0754279999	0756891000	to	0756891999

We anticipate that the majority of services will be restored by 20 February 2022. We're sorry for any inconvenience this delay may cause but we can assure you we are working hard to get things back on track.

What else do you need to know?

Information as to the nature of these severe weather events can be sourced from the Bureau of Meteorology (BOM). Damaging winds and heavy rainfall are referred to in the BOM Severe Weather Warning issued for 16 January 2022 initially at 12:50 am Sunday, 16 January 2022, reference number IDQ21035; all of which were widely reported in the news media after the events.

Due to this event, we're claiming an exemption under section 21 of the *Telecommunications (Customer Service Guarantee) Standard 2011*, including an exemption from the payment of compensation between 17 January 2022 to 20 February 2022 inclusive for any delays in fixing or connecting services, and the keeping of appointments relating to these activities in the impacted area.

Need more information?

If you have any questions regarding your eligibility for a CSG payment under this notice, or wish to have us reconsider whether the circumstances were a proper basis for claiming an exemption, you can contact Optus on 13 39 37 quoting CSG exemption reference number 17012022-QLD-E-C-P-DARLING DOWNS AND SURROUNDING DISTRICTS_RUNL

You can also view a copy of this notice on our Internet site www.optus.com.au/msd

If, after calling Optus on the above number, you remain unsatisfied with our response to your query, you have the option of raising the matter with the *Telecommunications Industry Ombudsman (TIO)*.

Information on the TIO and contact details are available on the Internet (www.tio.com.au) and in the White Pages® telephone directory.

OPTUS

Notice of hearing to approve compromise or arrangement (rule 3.4)

TO all the creditors and members of **Quantum Health Group Limited (ACN 003 677 245)**.

TAKE NOTICE that at 3:00pm on 1 February 2022, the Supreme Court of New South Wales at the Law Courts Building, 184 Philip Street, Queens Square, Sydney NSW 2000 will hear an application by Quantum Health Group Limited seeking the approval of an arrangement between the above-named company and its members as proposed by resolution to be considered by the meeting of the members of the company to be held on 27 January 2022.

If you wish to oppose the approval of the arrangement, you must file and serve on the plaintiff a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on the plaintiff at its address for service at least 1 day before the date fixed for the hearing of the application.

The address for service of the plaintiff is *c/- Johnson Winter & Slattery, Level 25, 20 Bond Street, Sydney NSW 2000 (Attention: Mr Christopher Beames)*.

Name of person giving notice or of person's legal practitioner:

Mr Christopher Beames

Johnson Winter & Slattery
Solicitors for the plaintiff

NOTICE OF HEARING TO APPROVE NOTICE OF HEARING TO APPROVE SCHEME OF ARRANGEMENT AND FOR JUDICIAL ADVICE

TO ALL the members of Aventus Holdings Limited (ACN 627 640 180) (**Aventus Company**) and ALL the unitholders of the Aventus Retail Property Fund (ARSN 608 000 764) (**Aventus Trust**).

TAKE NOTICE THAT, at 3:00pm (Sydney time) on 2 February 2022, the Supreme Court of New South Wales at Law Courts Building Queens Square Sydney NSW will hear an application by:

(a) Aventus Company seeking the approval of a scheme of arrangement between Aventus Company and its members, if that scheme of arrangement is approved at a meeting of the members of Aventus Company to be held at 10:00am (Sydney time) on Tuesday, 25 January 2022; and

(b) Aventus Capital Limited (ACN 606 555 480) (**Aventus Trustee**) as responsible entity of Aventus Trust for judicial advice that it is justified in proceeding on the basis of certain resolutions if passed by a meeting of the unitholders of Aventus Trust to be held at 10:00am (Sydney time) on Tuesday, 25 January 2022.

If you wish to oppose the approval of the scheme of arrangement, you must file and serve on Aventus Company a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Aventus Company at its address for service at least one day before the day fixed for the hearing of the application.

If you wish to object to the giving of judicial advice, please notify Aventus Trustee in writing of your intention to appear at the hearing at least one day before the date fixed for the hearing at its address for service (set out below).

The address for service of Aventus Company and Aventus Trustee is *Herbert Smith Freehills, ANZ Tower, Level 33, 161 Castlereagh Street, Sydney NSW 2000 (Reference: Luke Bradshaw Hastings)*.

Mary Weaver

General Counsel and Company Secretary

Special: Defence Research Report

On Friday April 8, *The Australian* will publish its fourth annual Defence Research report in print and digital formats.

The report will explore the major defence research initiatives being undertaken at universities, research organisations and the defence industry and their linkages to our defence capital programs.

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