
Everything Untoward About Selective Briefings

Greg Perry and Peter Morgan set the cat amongst the pigeons on the weekend. The two former fund managers – and it's the 'former' that's important - had the hide to suggest that listed companies providing selective briefings to fund managers creates an uneven playing field.

The current fund managers (a little more to lose, perhaps?) are up in arms. Geoff Wilson is leading the charge, quoted extensively in yesterday's Financial Review saying there is [nothing untoward going on](#). Equity Trustees' chief investment officer George Boubouras chimed in saying he had 'never been given confidential information' in 20 years of company meetings.

He must be attending different meetings to me. I've seen plenty of information disclosed that the average investor doesn't have access to. And I've only been in the job four years.

I'm not suggesting anyone did anything untoward with that information. Of course not. But the potential exists.

For David Paradise, boss of his eponymous \$10bn funds management company, access to information that others don't have (or aren't looking for) is a key plank in his success. Here's an extract from an [AFR Magazine hagiography](#) a few months back:

Some years ago David Paradise and his mate, fellow fund manager Alex Waislitz, were heading into a meeting with a company in which they were considering investing. Waislitz noticed that the blue suit Paradise was wearing was torn and he could see the white lining. "I said, 'David, you can't go in looking like that'. But he said, 'There's no way I'm missing this meeting because you might get information that I may not.' So, quick as a flash, he got out this blue Texta pen and proceeded to scribble over the white patches on his suit pocket so they blended in with the rest of it. And then we went into the meeting.

Waislitz relates the anecdote to make two points about Paradise, or "Para" as he is known. "He's not an over-spender by any means", and he is *relentless in his pursuit of slivers of information to gain an advantage for investment decisions*. [my emphasis]

Again, I'm not suggesting 'Para' is doing anything illegitimate. We're all in the same game. We're either looking for information that others don't have, or interpreting that information differently. But it shouldn't be coming from the mouth of the CEO. And it shouldn't be anything that is not publicly available should the average investor choose to look for it.

The solution to this problem is simple. Firstly, webcast all investor briefings so the general public can watch what the CEO has to say and how he or she answers questions. Secondly, if a

company has a one-on-one briefing with a fund manager, it should be recorded so that ASIC can inspect the records any time it feels like it.

The cost of those two steps is negligible. They will bring the dubious behaviour to a screaming halt. And we'll all be playing on the same field.