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## **Senate inquiry into Managed Investment Schemes (MIS)**

Dear Sir/ Madam

I write this letter today as a person at the very front line of the Managed Investment Schemes that were listed on the Australian Stock Exchange (ASX), and one of the few recognised experts on the investment merit & known risks of these respective companies in Australia.

I was the lead equities research analyst responsible for Timbercorp Limited, and also Great Southern Plantations Limited, amongst others. I had deep contacts and access into these respective companies.

I could write a book on what I saw and learnt, but for the purposes of this submissions focus on a few material points, in my opinion:

- The respective MIS companies were essentially blind (in my view) to the significant risks to their business models. Growth was sought at almost any cost. I was converted and similarly believed that their business models were sustainable. Very little focus or attention was paid by management and Boards of the respective companies to the significant risks that both the equity & individual projects carried.
- As such, project MIS investors – of whom are nearly all retail and unsophisticated, were clearly not made aware of the risk profile in my view. I made a \$100,000 investment into an unsuccessful Timbercorp project.
- I understand that management of at least one leading MIS company were of the view if that the Company failed, then respective MIS investors would be fully protected. In hindsight this is clearly not the case.
- Payments sought by Korda Mentha on behalf of the Timbercorp banks are neither fair, nor reasonable. The very same banks were the stakeholder most 'inside the tent' of Timbercorp in my opinion, implicit in growing the business, plantations and therefore risk profile aggressively. To show 'all care and no responsibility' after the event, and still seek full interest from unsophisticated retail investors is both immoral and unjust in my strong view.

If you require clarification of any issues raised in this letter please do not hesitate to contact me any time.

Yours sincerely,

Craig Stranger  
Managing Director