

**AND THE  
WINNERS  
(AND LOSERS)  
ARE ...**

- 1 Grant King Origin Energy
- 2 Mark McInnes David Jones
- 3 Wal King Leighton Holdings
- 4 Frank O'Halloran QBE
- 5 Marius Kloppers BHP Billiton
- 6 Richard Uechtritz JB Hi-Fi
- 7 Paul Little Toll Holdings
- 8 Stuart Crosby Computershare
- 9 Ian Smith Newcrest Mining
- 10 Michael Luscombe Woolworths

**Most  
effective  
CEO**

- 1 BHP Billiton
- 2 Westpac
- 3 David Jones
- 4 Origin Energy
- 5 Cochlear
- 6 Woolworths
- 7 CBA
- 8 QBE
- 9 ASX
- 10 Coca Cola-Amatil

**Best  
company  
overall**

- 1 BHP Billiton
- 2 David Jones
- 3 QBE
- 4 Westpac
- 5 Origin Energy
- 6 Cochlear
- 7 CSL
- 8 Leighton Holdings
- 9 CBA
- 10 Woolworths

**Share-  
holder  
value**

- 1 Rio Tinto
- 2 Westpac
- 3 BHP Billiton
- 4 Woolworths
- 5 Origin Energy
- 6 Cochlear
- 7 AGL Energy
- 8 Insurance Aust.
- 9 CSL
- 10 Coca Cola-Amatil

**Green,  
social and  
corporate  
governance**

- 1 BHP Billiton
- 2 David Jones
- 3 Newcrest Mining
- 4 Woolworths
- 5 Cochlear
- 6 JB Hi-Fi
- 7 QBE
- 8 Coca Cola-Amatil
- 9 Woodside
- 10 Origin Energy

**Clarity  
of  
strategy**

**Worst  
company  
overall**

- 1 Macquarie Office Trust
- 2 Elders
- 3 Boart Longyear
- 4 Asciano Group
- 5 Macquarie Infrastructure
- 6 Consolidated Media Holdings
- 7 Goodman Group
- 8 Goodman Fielder
- 9 West Australian News
- 10 Aristocrat Leisure

SOURCE: EAST COLES

# The verdict

Investment managers judge the best in corporate Australia. **Stuart Washington** reports

*"In the short run, the market is a voting machine, but in the long run the market is a weighing machine."*  
**Benjamin Graham**

In early 2007 the Australian market was a popularity contest. And almost everyone was popular. "One of the clues that we had was that it was all too easy," says Mike Mangan, a portfolio manager with the boutique fund manager 2MG Asset Management. "It was up 20 per cent every year. It didn't pass the smell test." At that time the voting machine, as pictured by the legendary US value investor Benjamin Graham, was in full swing. Graham, not incidentally,

is regarded as one of the key influences on the investment strategies of one of the world's most successful investors, Warren Buffett.

Graham's voting machine can be thought of as the market being a popularity contest, when stocks with no real merit are "voted" to unrealistic heights. Babcock & Brown over \$30? No problems. How about Allico Finance Group, what does it do? No idea, but here's \$13.

Usher in the dawn of 2010, after a gruelling financial crisis, and there are signs the market has (temporarily) switched towards being a weighing machine. Graham's weighing machine is the idea that over the longer-term markets will reveal the stocks of true value.

The annual East Coles ASX Top 100 survey of professionals involved in the stockmarket, drawn from fund managers and stockbrokers, reveals a telling preference for weight rather than popularity. The survey assembles the views of an average of 14 market participants for each stock in the ASX 100, representing 1395 separate company reviews, across 20 different aspects.

The aspects include most effective chief executive, most focus on shareholder value and clarity of strategy. The tables for best and worst company overall were compiled by adding the 20 criteria then ranking the companies from first to last (see above).

Respondents included fund

managers within institutions including BT, Lazard, UBS, Wallara, Constellation, Tyndall, Caledonia and Morgan Stanley.

When it comes to the survey choosing weight above popularity, take the most admired chief executive named by the respondents: Grant King at the energy retailer Origin Energy.

Astute? Undoubtedly. Respected? Certainly. But a celebrity chief executive? Hardly. (See panel, page 4.)

The seeds of the current admiration for King lie in the actions of the past.

During those crazy days of 2006 he was not out there bidding top dollar for Alinta, the prize over which Babcock & Brown and Macquarie

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