



The Coppo Report - Thursday 14 June 2018

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MAJOR MARKET DATA

ASX 200	6016.6	-6.9	-0.11%	SPI		6017	-7	-0.12%
ASX High	6033.7	10.2		SPI Fair Value		-18		
ASX Low	6007.5	-16.0		SPI Volume		-		
Value	\$6.16 Bn			\$A/\$US		0.7557	-0.0023	-0.30%
Specials				10 yr Bonds Futures		97.22	0.00	0.00%
52 Weeks Hi/Lows	16 Hi	23 Low		90 Day Bills Futures		98.02	0.00	0.00%
Momentum (Top 50)	324 Up	176 Down		Best Sector Today	1	Staples		0.33%
Asia Today					2	HealthCare		-1.40%
New Zealand	8930	1	0.01%		3	Info Tech		0.32%
China	3064	-9	-0.29%	Worst Sector Today	1	Prop Trusts		0.20%
Hong Kong	30938	-325	-1.06%		2	Materials		0.46%
Japan	22919	-195	-0.85%		3	Telecoms		4.55%
After US trading				After US trading				
Dow Futures	25331	-34	-0.14%	Gold in Asian trade		1295.5	1.54	0.12%
S&P 500 Futures	2789	-2.0	-0.07%	Oil in Asian trade		66.0	-0.05	-0.08%

Intra-day Chart of ASX 200



"Well, heaven knows what it is or where it came from—
just get rid of it. But save that cheese first."

Major Point Contributors to ASX 200

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Security	Up	IndexPts		Security	Down	IndexPts
TLS	14	6.22		CBA	-73	-4.80
BHP	13	1.56		CSL	-247	-4.18
WES	34	1.44		NAB	-19	-1.93
AZJ	17	1.28		COH	-841	-1.80
S32	5	0.97		APA	-39	-1.72
TWE	33	0.89		WBC	-13	-1.65
RIO	51	0.79		ANZ	-14	-1.53
FMG	10	0.64		AMC	-27	-1.17
EVN	11	0.59		SYD	-10	-0.84
BPT	9	0.59		JHX	-50	-0.83
	Top 10	14.95			Bottom 10	-20.45

Source Coppo report

Main Sector moves

Local Markets					Aussi Sectors	% Change
					Heathcare	-1.40
ASX 200	6016.6	-6.90	-0.11		Utilities	-1.27
New Zealand	8978.2	0.87	0.01		REITS	-1.27
					Financials	-0.55
Currencies					Financials ex REITS	-0.55
SA / SUS	0.7556	0.00	-0.32		Industrials	-0.43
EURO / USS	1.1806	0.00	0.10		Consumer Discretionary	-0.21
					Energy	0.18
BONDS					Info Tech	0.32
Aust 10 Year Bonds	97.218	0.03	0.03		Consumer Staples	0.33
US 10 yearBonds	2.9493	-0.01	-0.43		Materials	0.46
					Telcom	4.55
Australia						
All Ords	6129.6	-3.50	-0.06		Asian Mkts	
ASX 200	6016.6	-6.90	-0.11		Japan	-0.87
ASX 300	5979.8	-5.70	-0.10		Hong Kong	-0.98
Small Ords	2853.8	15.70	0.55			-0.28

Source Coppo report

TOP 20

ASX Code	% Move	Cents Move	-2.00%	0.00%	2.00%	4.00%
CBA	-1.07%	-73				
BHP	0.39%	13				
WBC	-0.47%	-13				
CSL	-1.31%	-247				
ANZ	-0.53%	-14				
NAB	-0.73%	-19				
WES	0.73%	34				
WOW	-0.21%	-6				
MQG	-0.31%	-35				
RIO	0.61%	51				
TLS	5.07%	14				
WPL	0.30%	10				
TCL	-0.75%	-9				
SCG	-0.47%	-2				
S32	1.33%	5				
IAG	-0.87%	-7				
ALL	-0.03%	-1				
WFD	0.00%	0				
SUN	0.22%	3				
ORG	-0.51%	-5				

Source Coppo report

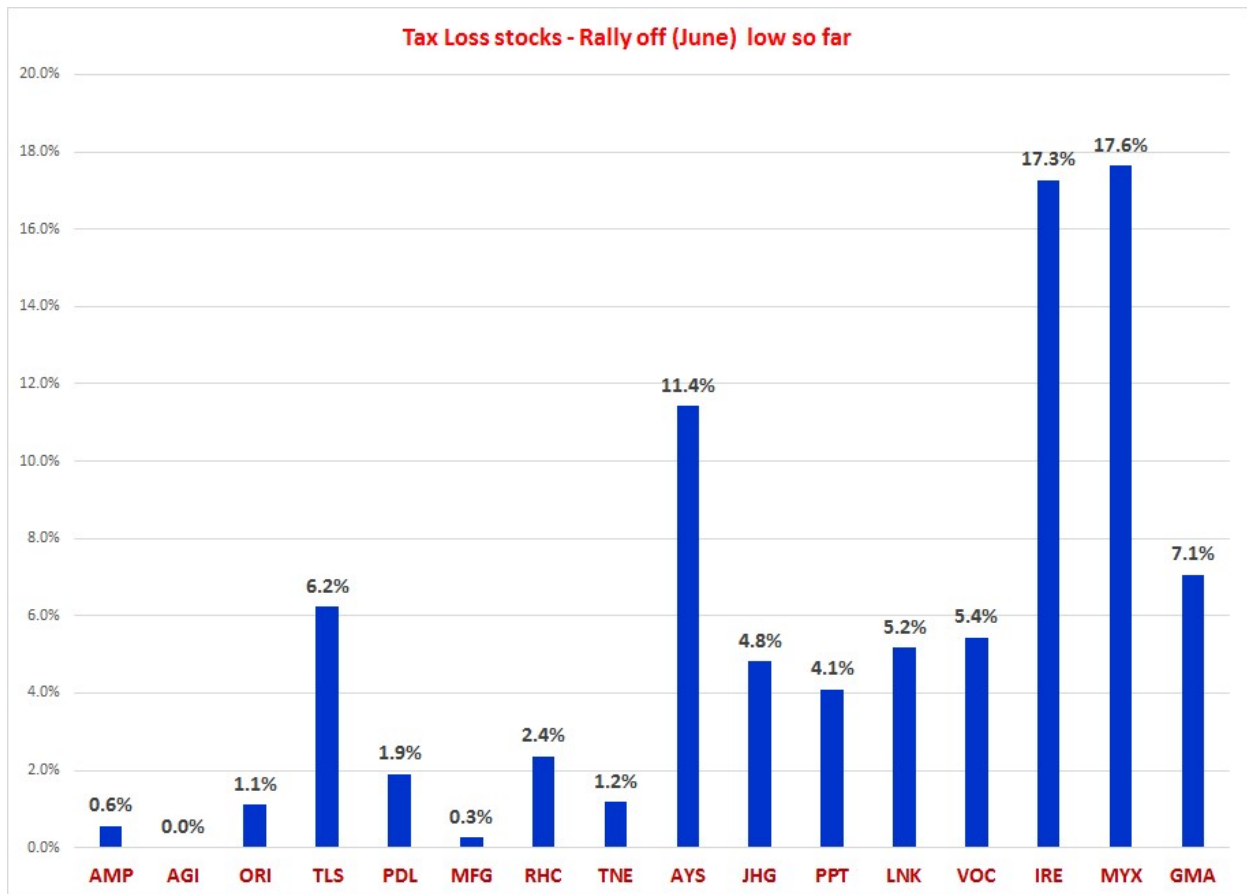
AUSTRALIAN MARKET OVERVIEW

1. The **ASX 200** was lower again -7 points or -0.11% (high was +10pts & low -16 pts) as the **banks** were all hit again plus **Healthcare**.
2. While **REITS & Utilities** also lower after **US Fed said 2 more** rate hikes this year (vs many who thought just 1), while **Builders** were also sold with rates in US going up that saw **US homebuilders down -4.5%** last night.
3. The reason for Bank selloff were covered yesterday – but we saw today **Westpac hit a 5 year low, CBA 2 year low, ANZ a 2 year low NAB 1.5 year low & Bank Of Queensland a 5 year low** as the **credit growth worries plague the banks long term earnings growth**.
4. **Banks** they are oversold & are overdue for a short **sharp (+5% to +8% rally)** that will go until mid / late July.... **ANZ** {\$26.20; -14; -0.53%}, **CBA** {\$67.45; -73; -1.07%}, **NAB** {\$25.95; -19; -0.73%}, **Westpac** {\$27.30; -13; -0.47%}, **Bendigo & Adelaide Bank** {\$10.17; 13; 1.29%}& **Bank of Queensland** {\$9.91; 19; 1.95%} ... Banks are a short term buy but then move on ... Put it this way when we look at the best returns in the next 12 months the Banks won't be there – they'll be in the near unchanged section...
5. **Two Tax loss selling stocks (where selling may be already exhausted) that are bouncing today** include,,
 - **Telstra** {\$2.90; 14; 5.07%} **sold off -35%** this Financial Year (from 1st July 2017 to 31st May 2018) **up +6% off June low** - helping was **JP Morgan** predicting they will have **\$1b in cost savings** at their **briefing** next week.. JPM said that there is also the **chance of a “game-changing” announcement**, such as a **structural separation** of the **company**, which could **yield more than 50% potential upside, based on precedents in the US market, while maintaining the dividend**, JPM
 - **Amaysim** {\$0.78; -0.5; -0.64%} **sold off -46%** this Financial Year (from 1st July 2017 to 31st May 2018) also better as tax loss selling seems over, stock has **bounced +12% off June low** already ..
 - **Vocus** {\$2.33; 10; 4.48%} **sold off -28%** this Financial Year (from 1st July 2017 to 31st May 2018) - may have bottomed yesterday - is **+5% off its June low** (assuming that was it yesterday)
 - **Iress** {\$12.02; 89; 8.00%} **sold off -17%** this Financial Year (from 1st July 2017 to 31st May 2018) has **rallied +16%** off June low of \$10.25
 - **Mayne Pharma** {\$0.90; 0.5; 0.56%} **sold off -29%** this Financial Year (from 1st July 2017 to 31st May 2018) has **rallied +17%** off June low. Also **Mayne Pharma** like also 20 others like (**Afterpay record high today , Dominos, Mayne Pharma, APN Outdoor 1 year high today , NEXTDC - record high today**) are all seeing strong buying due to what I think is “**tax loss buying**”. We all know what Tax loss selling is. But **tax loss buying** is also happening - what anyone who is short would be doing now, if the stock price is ‘above’ their short price. So for MYX it looks like a lot of **shorts were initiated around 65c to 70c** So they have been really hurting,

with price going from 80c to now 90c .. The shorts have decreased from 11% 2 mths ago to now just 9.32%

6. How some Tax Loss stocks are doing in June (off their June lows) so far

7.



8. Source Coppo report

9. Also

- **Primary Healthcare** {\$3.54; -32; -8.29%} weaker after stocks was (double) downgraded from But to Sell by UBS
- **Afterpay** {\$9.08; 65; 7.71%} - hit a record high today (and traded above \$9.00 !!) - stock goes into ASX 200 at the close tomorrow - which means index buying but more importantly a lot of instos who have never looked at it before – may now have a closer look. Also if you are a trader then you would probably hold off selling until after 1st July. If you sell today you will pay the tax by Feb 2019 (8 mths from now). But if you wait 2 more weeks – until after 1st July– then you are in the 2018/2019 tax year & thus the tax would not need to be paid until Feb 2020 (ie 1 year and 8 months from now) Hence the *stock could weaken early in July is profit taking / new shorts hit*...Also **Afterpay** (like also 20 others like **Dominos**, **Mayne Pharma**, **APN Outdoor**, **NEXTDC**) are all seeing strong buying due to what I think is “tax loss buying”. Tax loss buying is what anyone who is short would be doing now, if the stock price is ‘above’ their short price. So for Afterpay it looks like most of the shorts were initiated around \$6.00 to \$5.50. So they have been really hurting, with price going from \$6.50 to \$8.50 in the last few weeks Thus shorts have decreased from 10% a

month ago to 4.63% a week ago (but has trended back up to 5.38% today).. Also Google trends shows strong interest in Afterpay in the US - so any US announcement should be supportive..

10. We saw some all time highs the first six stocks I have been pushing & still like (on a long term basis – some may see short term profit taking due to their big rallies) ... ie ...**All Time Highs APT, LOV, QAN, NXT, RMD, APX,**
11. **Plus all time highs also in .. REA, XRO, CGC, WEB, GUD, EVN, FNP, MAQ**
12. **May labour force came out ... +12,000 vs mkt at +12,000 in employment vs +22,600 in April. Unemployment rate was 5 year low at 5.4% below mkt at 5.5% and vs 5,6% in April.**
13. Below I look at the Big 5 stocks from a year ago (A2M, ALL, CSL, CGF & TWE) & how they went & should we still hold them ..
14. Some the weakness came from...
 - **Healthcare Ansell** {\$26.33; -17; -0.64%}, **Cochlear** {\$189.80; -841; -4.24%}, **CSL** {\$186.79; -247; -1.31%}, **Capital Health** {\$0.33; 0; 0.00%}, **Mesoblast** {\$1.49; -2; -1.32%}, **Mayne Pharma** {\$0.90; 0.5; 0.56%}, **Primary Healthcare** {\$3.54; -32; -8.29%}, **Ramsay Healthcare** {\$57.78; -70; -1.20%}, **Resmed** {\$14.06; -5; -0.35%}, **Sonic Healthcare** {\$23.90; -38; -1.57%}, **Sigma** {\$0.76; 1; 1.33%}, **Sirtex Medical** {\$29.64; 2; 0.07%},
 - **Building Materials Adelaide Brighton** {\$6.70; -1; -0.15%}, **Boral** {\$6.34; -11; -1.71%}, **CSR** {\$4.74; -5; -1.04%}, **Hardies** {\$21.65; -50; -2.26%}, **GWA** {\$3.34; -12; -3.47%}, **Reece** {\$12.28; 3; 0.24%}, **Fletcher Building** {\$6.25; -3; -0.48%}, **Brickworks** {\$15.71; -27; -1.69%}, **Reliance Worldwide** {\$5.41; 2; 0.37%}
 - **REITS Abacus Property** {\$3.81; -4; -1.04%}, **BWP Trust** {\$3.26; 0; 0.00%}, **Charter Hall Group** {\$6.38; -3; -0.47%}, **Cromwell Property** {\$1.10; 0; 0.00%}, **Charter Hall Retail** {\$4.23; -1; -0.24%}, **Dexus** {\$9.60; -1; -0.10%}, **Vicinity Centres** {\$2.64; 1; 0.38%}, **Goodman Group** {\$9.49; 5; 0.53%}, **GPT** {\$5.01; -1; -0.20%}, **Lend Lease** {\$18.90; -14; -0.74%}, **IOF** {\$5.15; 1; 0.19%}, **Mirvac** {\$2.23; 2; 0.90%}, **Peet** {\$1.29; -0.5; -0.39%}, **SCA Property** {\$2.47; 3; 1.23%}, **Scentre Group** {\$4.21; -2; -0.47%}, **Stockland** {\$4.15; 2; 0.48%}, **Westfield** {\$8.84; 0; 0.00%}
15. Last night we saw the Fed raise interest rates for the second time this year, increasing the **+25 pts** to 1.75% to 2.00%. The market had expected the rate hike, but the **updated rate-hike forecast took some by surprise as the Fed is now calling for four rate hikes in 2018** -- up from **three** in March. **Treasuries sold off sharply** following the policy release, **sending yields to new highs, US 10-yr yield finished +2pts at 2.98%.**
16. Also last night we heard (late in the day – pre close) via the **Wall Street Journal** that the **White House** is preparing to **implement tariffs on tens of billions of dollars of Chinese goods** as early as Friday, which will **likely spark heavy retaliation from Beijing**. The **equity market sold off** and then **bounced back following the Fed decision**, but **dropped once again following the WSJ report**

17. **Netflix** (379.93, +16.10 +4.4%) – I have wanted to buy this for a while & every time it **just seems to go up ... I will buy it (for long term) – last chance I reckon** will be in the **next 3 to 4 mths** if we get a **seasonal US selloff**. It **must be bought before October** (that's the final deadline – as US mkt takes off mid October) . That's when you buy it (yes expensive) but **hold for the long run.. FOX** which I've had for years has (finally) **paid off...** On **Netflix** which has been a **big player in forcing traditional media companies to reinvent themselves**, hit a new **all-time high**. **Goldman** increased its target to **\$490**.

Don't forget .. Index changes at the close tomorrow..

MS estimates index funds will need to **buy \$167m** of these stocks & **sell \$123m**

Additions to the 200 are ..

1. **Afterpay** {\$9.08; 65; 7.71%} - which hit a **record high** today
2. **Appen** {\$12.52; 23; 1.87%} - which also hit a **record high** today
3. **Inghams** {\$3.76; 1; 0.27%}

those kicked out of the ASX 200 are ..

1. **Asalso Care** {\$1.32; 0; 0.00%}
2. **Iron Mountain** {\$45.10; -95; -2.06%}
3. **Retail Food Group** {\$0.58; 3; 5.50%}

Highs & Lows Today

Highs

- **All Time Highs** **APT, LOV, QAN, NXT, RMD, APX, REA, XRO, CGC, WEB, GUD, EVN, FNP, MAQ**
- **7 Year Highs** **FAR, WHC**
- **5.5 Year Highs** **RRL**
- **4 Year Highs** **NHC**
- **3.5 Year Highs** **WES**
- **1.5 Year Highs** **SHV**
- **1 Year Highs** **APO**

Lows

- **All Time Lows** **DNA**
- **9 Year Lows** **RKN**
- **6 Year Lows** **AGI**

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- 5 Year Lows **WBC, BOQ**
- 4.5 Year Lows **BLA**
- 3 Year Lows **GOW**
- 2 Year Lows **ANZ, CBA**
- 1.5 Year Lows **NAB**
- 1 Year Lows **SGR**

Value

- **Value** today was good at \$6.2 billion
- **Blocks** today saw 38 Block trades worth \$533m
- **Sonic**{ \$23.90; -38; -1.57% } pre mkt was the stand out worth \$171m - stock was slammed today - maybe mkt thinking seller has more & not finished ??

Block trades over \$10m today

Time	Ticker	Size	Price	Value	%ADV
08:00:26	SHL	7,063,658	24.25	\$ 171,293,707	826
12:31:18	BHP	1,014,000	33.25	\$ 33,715,500	15
12:01:06	AMC	2,100,000	13.8	\$ 28,980,000	67
10:13:48	WPL	808,043	33.45	\$ 27,029,038	30
10:55:51	TWE	1,500,000	17.6	\$ 26,400,000	63
11:36:03	XRO	400,000	45	\$ 18,000,000	63
11:29:35	AZJ	3,000,000	4.35	\$ 13,050,000	55
12:33:44	AZJ	3,000,000	4.33	\$ 12,990,000	55
10:59:04	CGC	1,500,000	8.51	\$ 12,765,000	158
10:29:02	ILU	1,100,000	11.45	\$ 12,595,000	57
12:17:45	CPU	647,682	18.035	\$ 11,680,945	55
10:17:38	QUB	4,800,000	2.36	\$ 11,328,000	175
14:41:29	APA	1,100,000	9.61	\$ 10,571,000	50
10:35:22	TWE	600,000	17.55	\$ 10,530,000	25
14:05:51	IOF	2,000,000	5.155	\$ 10,310,000	87
12:01:31	TLS	3,600,000	2.845	\$ 10,242,000	12
13:21:21	NAB	385,000	26	\$ 10,010,000	7
				\$ 431,490,190	

Source Bloomberg / Coppo Report

LAST YEAR I TALKED ABOUT 5 STOCKS YOU NEED TO OWN FOR THE LONG TERM - DO YOU BUY OR SELL THEM NOW ??

- As I said back in **MAY 2017** ... then ... “ we see it with stocks (that I have liked for a lengthy period of time & would continue to hold for a long long time.
- These stocks have also **one thing in common** – they are **all recently hitting new record highs**.

This **list of gold gems** that if you own - you just **don't sell** .. they are..

- **Treasury Wines**
- **Aristocrat**
- **CSL**
- **Challenger**
- **A2Milk**

Ok what was interesting is that these stocks were “expensive” a year ago – many would have not gone near them

- **CSL 32x, A2Milk 32x & Treasury Wines 32x** – stocks that cannot stuff up..
- All had big moves along with **Aristocrat (on 24x)**
- **Challenger** (which some would argue should not be here) are now **unchanged** a year later (but they were up at \$14.25 (up +13% in Jan – but came off)

This table shows the metrics of the big 5 a year ago – not cheap – low dividend yields .. Why would anyone want to own them ?>?!!!

- **BUT the reason they were expensive was that they had “superior long term earnings growth” well above the market.**
- The market has **wanted growth & earnings certinty** & these **stocks were expensive back then** – but they **promised to deliver strong earnings growth...**

This was how the metrics looked exactly 1 year ago - May 2017

	A year ago								
			EPS growth	EPS growth	EPS growth				
Stock	price	2017 PE	2018	2019	2020	3 Year CARG	PE/ CARG	Div	Div Yield
CSL	\$127	32x	19.8%	20.0%	14.3%	18%	177	136	1.07%
TWE	\$12.15	32x	26.0%	16.5%	15.5%	19%	166	26	2.14%
CGF	\$12.61	19.6x	30.0%	10.0%	12.0%	17%	113	34	2.70%
ALL	\$18.20	24x	31.0%	13.2%	11.2%	18%	130	29	1.59%
A2M	\$2.79	31.8x	120.0%	20.0%	18.0%	53%	60	0	0.00%

Source Coppo Report

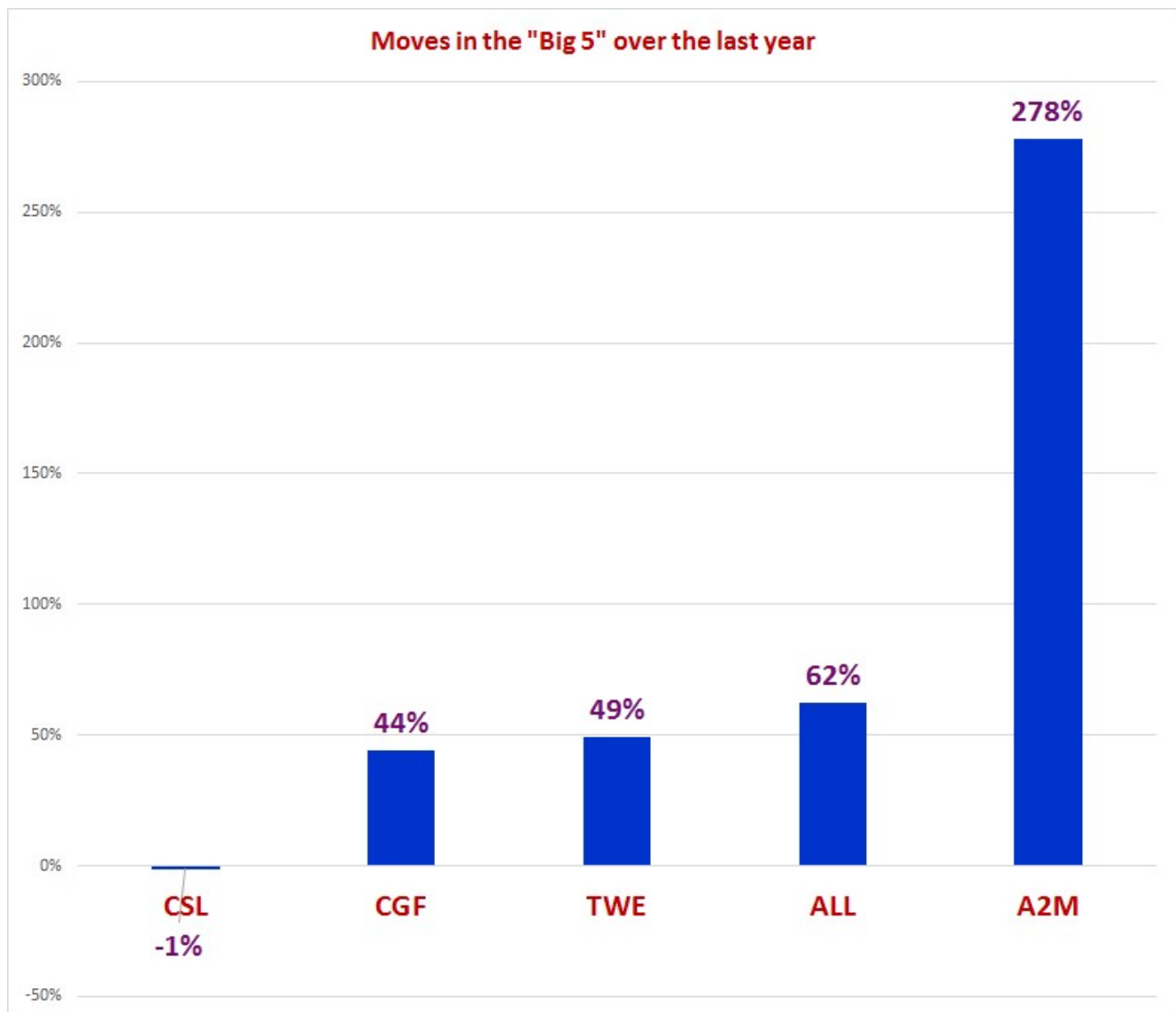
- Ok what happened in the last year – **they all (bar CGF) delivered ...** and the **stock price reacted accordingly**

The stock moves over the last 12 months have been ..

Stock	Last	A year ago	Move in last year
A2M	1059.5	279	280%
ALL	2960	1820	63%
CSL	18897	12700	49%
TWE	1748	1215	44%
CGF	1246	1261	-1%

Source Coppo Report

Or in a chart the moves over the last year were



Source Coppo Report

Ok now comparing what we saw last year at this time & what we are seeing today in these stocks

	A year ago								
			EPS growth		EPS growth	EPS growth			
Stock	price	2017 PE	2018	2019	2020	3 Year CARG	PE/ CARG	Div	Div Yield
CSL	\$127	32x	19.8%	20.0%	14.3%	18%	177	136	1.07%
TWE	\$12.15	32x	26.0%	16.5%	15.5%	19%	166	26	2.14%
CGF	\$12.61	19.6x	30.0%	10.0%	12.0%	17%	113	34	2.70%
ALL	\$18.20	24x	31.0%	13.2%	11.2%	18%	130	29	1.59%
A2M	\$2.79	31.8x	120.0%	20.0%	18.0%	53%	60	0	0.00%
	Today								
			EPS growth		EPS growth	EPS growth			
Stock	price	2018 PE	2018	2019	2020	3 Year CARG	PE/ CARG	Div	Div Yield
CSL	\$189	38x	27.0%	19.0%	10.0%	19%	171	168	0.89%
TWE	\$17.22	35x	21.0%	28.0%	13.0%	21%	155	35	2.03%
CGF	\$12.47	17.4x	30.0%	10.0%	12.0%	17%	113	35	2.81%
ALL	\$29.60	24.7x	42.0%	22.0%	10.0%	25%	97	49.5	1.67%
A2M	\$10.52	43x	102.0%	30.0%	35.0%	56%	57	0	0.00%

Source Coppo Report

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Now comparing last year to now – do they still look like Buys (or holds if own them) – or is it time to take profits & sell..

- Looking at the PE's - wow still high ...

Stock	PE a Year ago	PE now
CSL	32	38
TWE	32	35
CGF	19.6	17.4
ALL	24	24.7
A2M	31.8	43

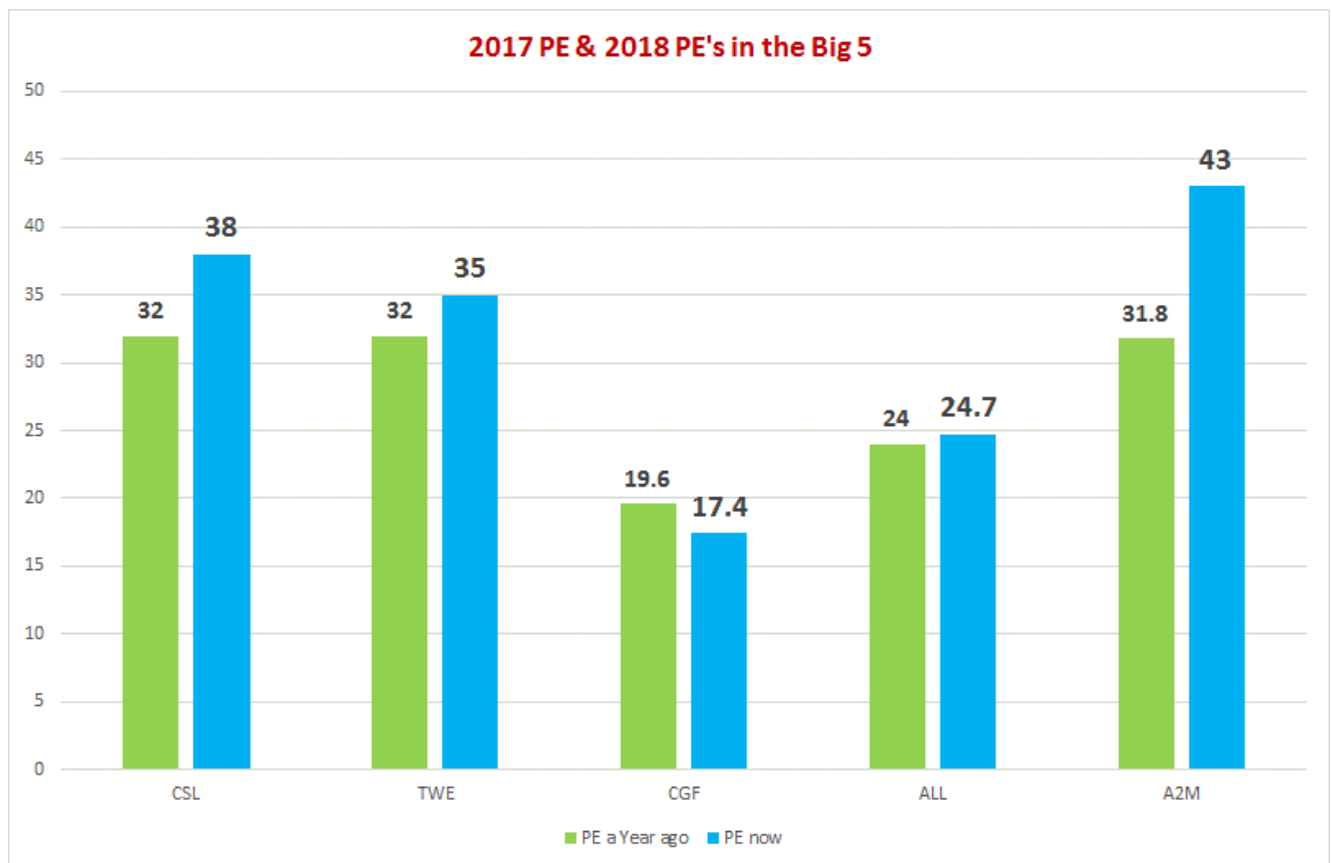
Source Coppo Report

Looking at the chart re PE's

- The **PE** has increased in 4 of the 5 ... **CSL, TWE, ALL & A2M**
- **CGF** is down slightly..
- **So 4 out of 5 of these stocks are even MORE EXPENSIVE** than they were a year ago...
- Is that a **reason to SELL** ..???

Not necessarily...

Chart showing PE last year & where it is now for these 5 stocks



Source Coppo Report

This shows how many PE points each stocks has added in the last year

- **A2Milk** is the standout from a **2017** (prospective) **PE** of **31.8x** to now **43x** - wow
- ..
- Funnily enough a few said a year ago – **when A2Milk** was trading on a **31.8x PE** -- “**get out of here Coppo** - not touching that. “
- They then **usually** turn to a younger person & say ...” I’ll teach you a long term lesson “...
- “Do you know **Coppo** wants me to buy **A2M** on a **PE** of **31.8** times.. That means it will take me **31** years before I get my investment back !!“
- Ok the **stock price** a year ago was **\$2.79** when those **comments** were made & it is now **\$10.52** & still on an evener bigger **PE 2018** of **43x...**
- So that **argument** is irrelevant to “**growth stocks**” – it only applies to “**value stocks**”



Source Coppo Report

Looking at the 3 year EPS CARG

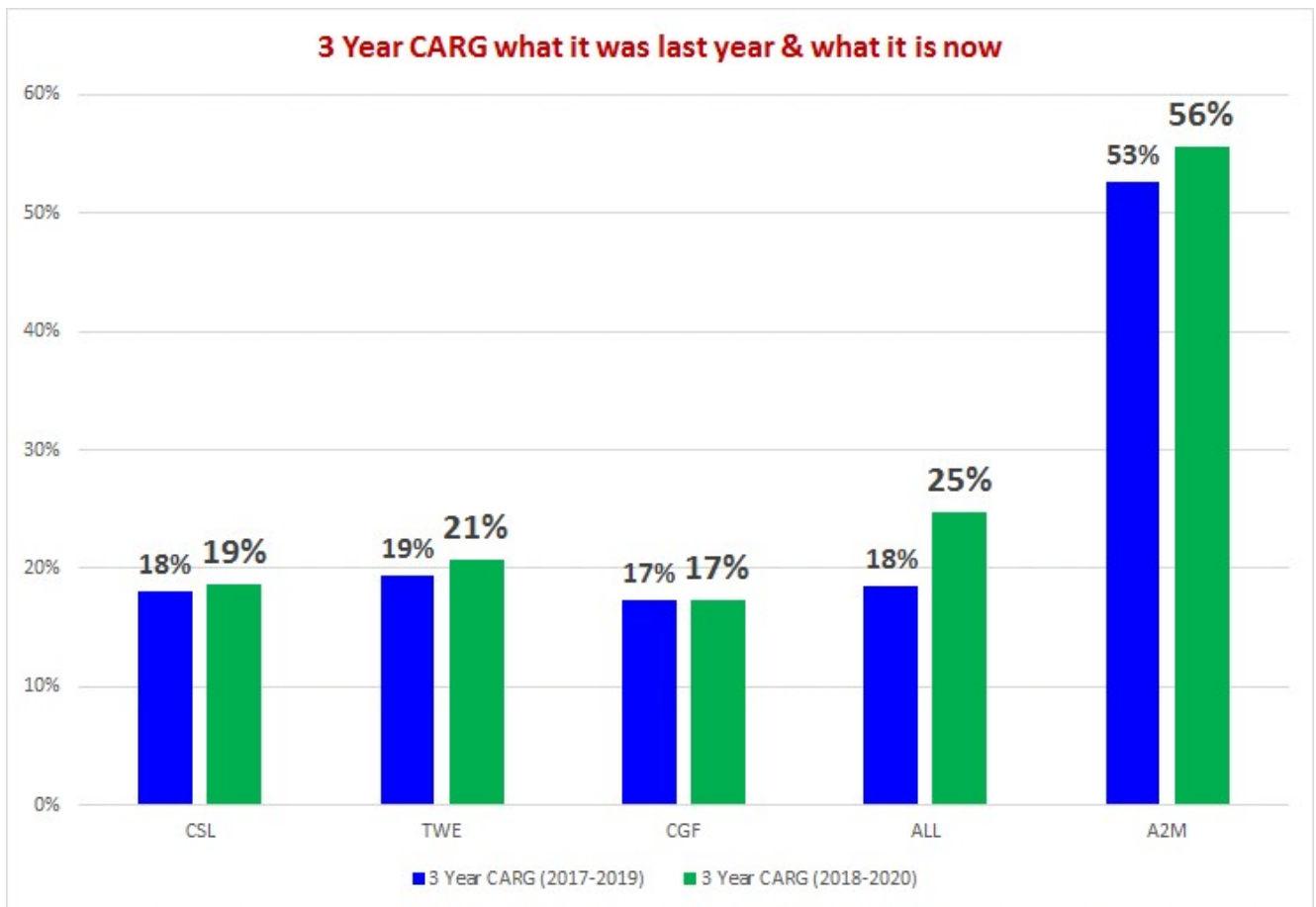
- Ok - **this is why A2Milk** (and the others) **trade on huge PE's**
- Their **3 year CARG** (compound annual growth rate) in EPS was (for 4 of them) around 18% a year ago **BUT** has increased to be even higher for 3 of them...

Stock	3 Year CARG (2017-2019)	3 Year CARG (2018-2020)
CSL	18%	19%
TWE	19%	21%
CGF	17%	17%
ALL	18%	25%
A2M	53%	56%

Source Coppo Report

- **CSL CARG** has gone **up 1%**
- **Treasury Wines** by **+3%** to now a **very healthy +21% EPS growth** – each year – over the next 3 years.
- **Aristocrathas** done even better **EPS growth** going from **+18%** to now a **whopping +25% (up +7% a year !!)**
- **A2Milk** also increased from an almost **unheard of +53% 3 year EPS CARG** to now **+56%**. – **Now this is WHY A2M trades on such a high PE** – as the years pass that PE will come down rapidly.
- **Challenger** – yes they have been the **disappointment** – **BUT they are in a great long term stock to participate in the Superannuation growth via their**

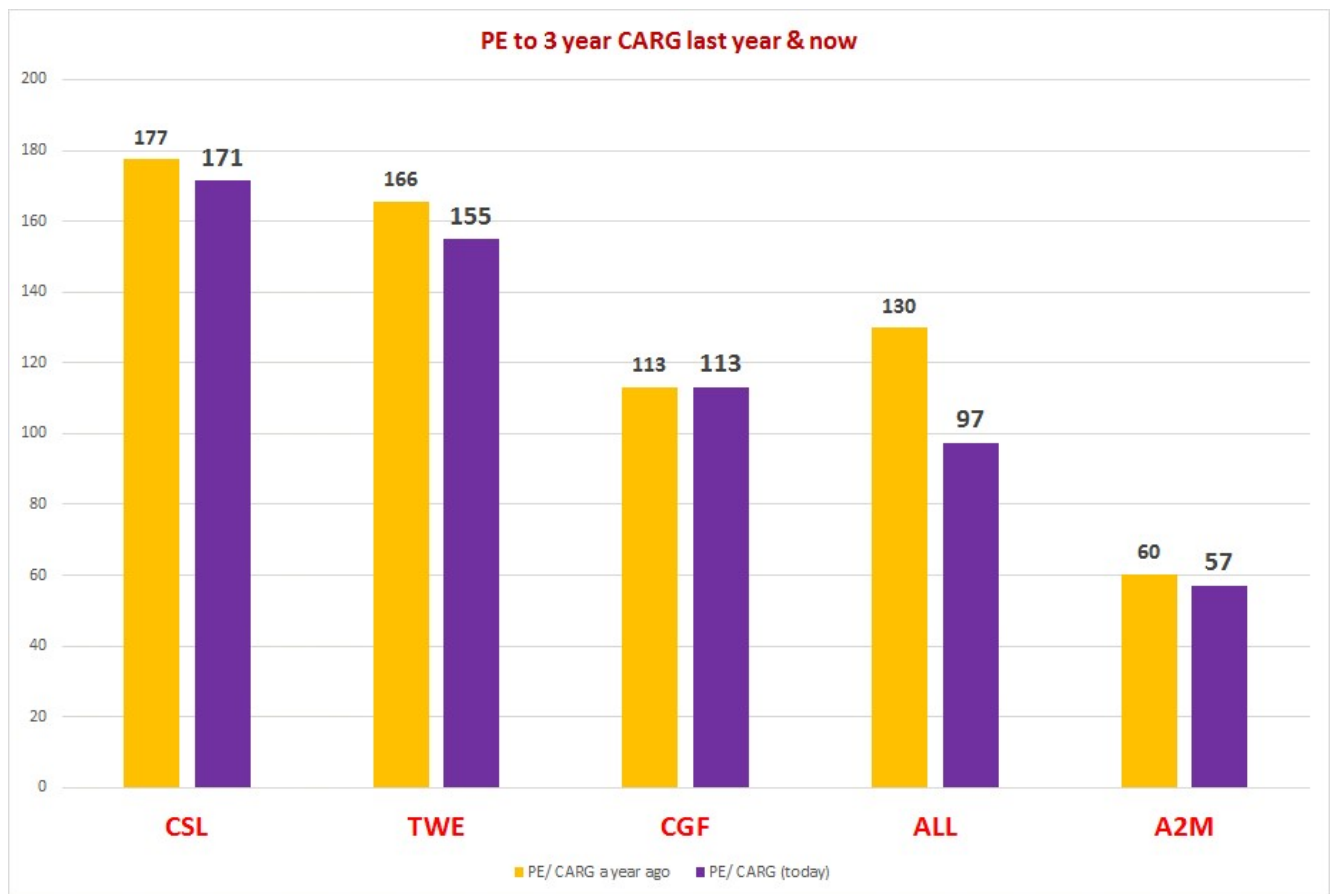
Deferred Lifetime Annuities. BUY



Source Coppo Report

Looking at 3 year CARG divided by the PE ..

- It shows – to me anyway – that **CSL & TWE** are **still very expensive** – as we know –
- **BUT Challenger & Aristocrat look a lot cheaper**
- – **while A2Milk** looks like a **screaming BUY** (as I've been **pushing** this week & **for the last 18 months**) at these levels.
- **Yes A2M PE is huge at 43x** but the **EPS 3 year CARG** more than **compensates** for that at **+56%** - on this measure you can still buy **A2M** (assuming you like / trust the story)
- **A2M** is far more **risk** than **CSL** & **that's why** on this measure they are **so much cheaper** as **mkt still deciding..**



Source Coppo Report

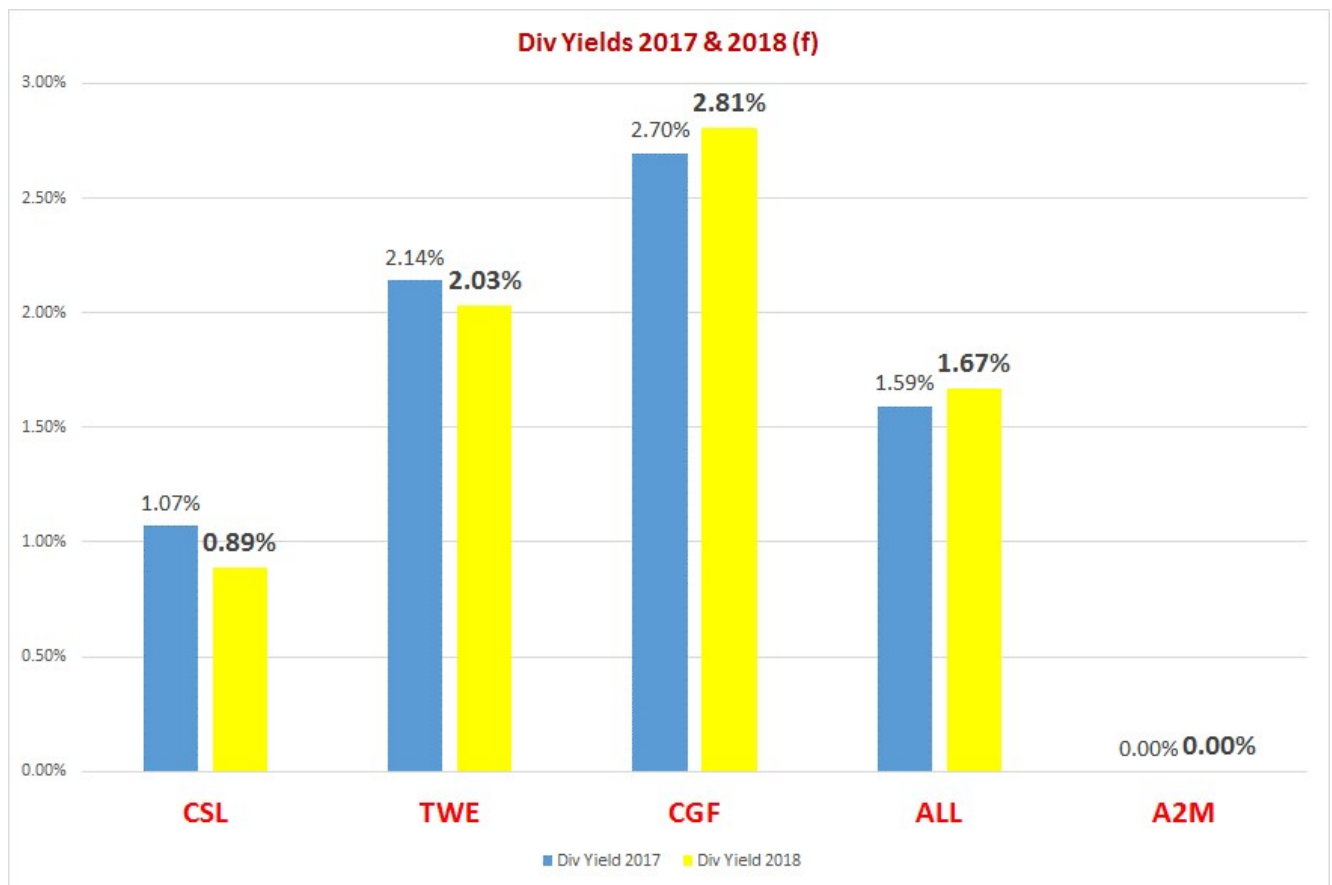
Lastly Dividend Yields

- You don't buy these stocks for income – they are growth stocks & thus their yields are low - while they are reinvesting in their business – which should see massive share price appreciation instead ..

Stock	Div Yield 2017	Div Yield 2018
CSL	1.07%	0.89%
TWE	2.14%	2.03%
CGF	2.70%	2.81%
ALL	1.59%	1.67%
A2M	0.00%	0.00%

Source Coppo Report

Dividend Yields on the Big 5



Source Coppo Report

So what to do ... BUY or SELL ??

- **If you own any or all of these Top 5 stocks I would NOT sell – they still have a lot left in them for the next 2 to 3 years (some even longer).**
- So we have time on our side if any speed bumps do arise on the way.
- **If you don't own all or any then I'd still be a BUYER of all – the timing is up to you (buying on weak days / mkt selloff days is good as all stocks get whacked together).**
- Also keep in mind **if we were to get a mkt selloff – that these 5 stocks are all high PE stocks & in a mkt re-risking they get hit a lot harder than other stocks.**
- **But I believe that owning them is a good strategy for the next 12 to 24 months at least.**

COMPANY NEWS

Orica {\$17.39; 7; 0.40%}

Update on Western Australia Business

- Orica confirms it will continue to supply explosives products and services to FMG until the end of our existing contract term in December 2019. We note that as allowed under the terms of that contract, FMG will source a portion of their ammonium nitrate requirements from an external party from July 2018.
- We expect the Burrup plant to be essentially loaded from 2020 onwards and do not expect any material change to our financial outlook in FY18 and FY19 and a minimal financial impact in FY20.

Other News of interest

1. **Air NZ** {\$2.97; 7; 2.41%} Investor Day in NZ today - they reaffirmed FY18 guidance as PBT exceeding the prior year. This is **not a surprise given the fuel hedging** saves them from the **worst until the hedges roll off into FY19**.
2. **Bubs Australia** {\$0.90; 0; 0.00%} **doing a \$40m raising** today – Bell potter & Shaws
3. **BHP** {\$33.38; 13; 0.39%} Despite market data **pointing to a sell down**, it is **understood activist investor Elliott Management has maintained its exposure to BHP**.
4. **Challenger** {\$12.37; -32; -2.52%} has **flagged a change in its appetite for risk**, **outlining plans to move out of property and corporate debt** in favour of **high grade bonds**.
5. **Challenger** {\$12.37; -32; -2.52%} is **taking a tilt at the \$36 billion Australian ETF market**, poised to **launch an actively traded fixed income product** it hopes **will appeal to SMSFs**.
6. **CSL** {\$186.79; -247; -1.31%} **Merck & Co says FDA grants priority review to Gardasil 9 SBLA**.
7. **Global Geoscience** {\$0.42; -2.5; -5.62%} this deal **was in big demand & done very easily** they are **raising \$53mn at 41c per share** which is a 7.9% discount to the company's last closing share price.
8. **Elanor Investors Group** {\$2.03; 1; 0.50%} Elanor Investors Group has **splashed out \$125.25 million for the A-grade WorkZone West commercial property in the Perth CBD**
9. **Investa Office Fund** {\$5.15; 1; 0.19%} Deep-pocketed US fund manager Blackstone is one step closer to taking over **Investa Office Fund with its \$3.1 billion proposal**, with the **two players now striking a scheme implementation agreement**.
10. **Caltex** {\$30.32; -25; -0.82%} may be poised **to leverage off its expertise in supply chain logistics** as it considers working up a bid for private equity-backed chemicals maker and distributor Ixom.

11. **Kogan.com** {\$7.26; -5; -0.68%} founder and **CFO have sold \$42m worth** of the company's shares, **triggering a slide in the share price**.
12. **Gateway Lifestyle** {\$2.15; 5; 2.38%} Gateway Lifestyle Group **suitor Hometown** has arrived on the **scene with a 17.5% pre-bid stake** after **securing early support** from four of the company's **institutional** shareholders.
13. **Gateway Lifestyle** {\$2.15; 5; 2.38%} / **Ingenia** {\$2.69; -4; -1.47%} **Ingenia** is said to **weigh competing bid for GTY**.
14. **Atlas** {\$0.04; -0.9; -19.10%} **up +11%** in last few days .. The **WA government** has stated that it is committed to **reserving infrastructure** at Port Hedland for junior miners. (AFR)
15. **APA Pipeline** {\$9.61; -39; -3.90%} **CK Group's significant cash war chest** will **fund the majority** of the deal with **APA**, **leaving regulatory issues** as the **largest obstacle** to the deal. (AFR)
16. **Aurizon** {\$4.32; 17; 4.10%} has welcomed the "**commercial credentials**" of a **new director at the QCA**, raising expectations a **bitter dispute with the regulator will be resolved**. (AFR)
17. **Mineral Deposits** {\$1.75; 4.5; 2.65%} **Eramet** has increased its **takeover bid for MIN to \$1.75 per share**. Shareholders in Mineral Deposits have labelled French miner Eramet's improved bid as "stingy" and "disappointing". But they still might take it.
18. **Onemarket** {\$1.27; -1.5; -1.17%} **IPO price was \$1.53** & was listed on the 1st June 2018 ... There is market **speculation** that OMN would be **better off in private hands** after **persistent share price decline** since being spun off. (Aust)
19. **Qantas** {\$6.45; -10; -1.53%} The Australian Transport Safety Bureau is **reviewing a mid-air 10 second 'nosedive'** by an **A380 which** was caused by **wake turbulence**. (Aust. Biz)
20. **RIO** {\$84.62; 51; 0.61%} **Activist shareholders in listed subsidiary Turquoise Hill** have called for the **appointment** of a **non-RIO CEO** as they seek a greater share of **Oyu Tolgoi** returns. (Aust)
21. **Telstra** {\$2.90; 14; 5.07%} **NBN Co staff were paid \$66mn** in bonuses last financial year despite high **levels of customer dissatisfaction**. (Aust)
22. **Santos** {\$5.82; -4; -0.68%} Suggestions abound that **Santos has turned an acquisitive eye back to Western Australia's Quadrant Energy**.
23. **Blue Sky** {\$1.58; -15; -8.67%} A **struggling Blue Sky-managed private equity fund breached lending limits** according to **materials shared with the fund's investors**.
24. **GUD Holdings** {\$13.91; 16; 1.16%} The **world of air filters, gaskets and ignition coils** for the 12m cars on Australia's roads that are more **than 5yo have produced** an **unlikely share market darling**.
25. **NAB** {\$25.95; -19; -0.73%} NAB wants '**greater transparency**' about data **provided to analysts covering the superannuation industry**.
26. **Macquarie Group** {\$113.45; -35; -0.31%} last night **finalised a £2 billion (\$3.52bn) bond**, with a major portion going towards renewable energy investment.
27. **Adirs** {\$2.20; 2; 0.92%} **Upgraded** to Add at Morgans Financial; PT \$2.50

- 28. **APA Group** {\$9.61; -39; -3.90%} **Upgraded** to Outperform at Credit Suisse; PT \$11.00
- 29. **Over the Wire** {\$3.68; -4; -1.08%} **downgraded** from Buy to hold - Bell potter PT \$4.00
- 30. **Ausdrill** {\$1.92; 2; 1.05%} **Upgraded** to Buy at Hartleys Ltd; PT \$2.72
- 31. **Telstra** {\$2.90; 14; 5.07%} **Upgraded** to **Overweight** at JPMorgan; Price Target \$3.30
- 32. **Webjet** {\$13.46; 42; 3.22%} **Upgraded** to Equal-weight at Morgan Stanley
- 33. **Fontera** {\$4.66; -4; -0.85%} regulator says **Fonterra milk price risk estimate too low**
- 34. **Windlab** {\$1.65; 0; 0.00%} Windlab gets **approval for 300mw Tanzania** wind farm, citizen says

ASX 200 MOVERS TODAY

Stock	Last Price	+/-	% Change		Stock	Last Price	+/-	% Change
IRE	1202	89	8.00%		PRY	354	-32	-8.29%
ORE	523	28	5.66%		COH	18980	-841	-4.24%
BPT	172	9	5.52%		APA	961	-39	-3.90%
RFG	57.5	3	5.50%		GWA	334	-12	-3.47%
TLS	290	14	5.07%		PGH	536	-16	-2.90%
VOC	233	10	4.48%		CCL	887	-26	-2.85%
RSG	133	6	4.31%		BKL	14230	-393	-2.69%
AZJ	432	17	4.10%		CGF	1237	-32	-2.52%
WSA	369	12	3.36%		SYR	273	-7	-2.50%
EVN	352	11	3.23%		AOG	242	-6	-2.42%
WEB	1346	42	3.22%		OML	511	-12	-2.29%
RRL	505	15	3.06%		JHX	2165	-50	-2.26%
SGM	1728	49	2.92%		INM	4510	-95	-2.06%
AAC	124.5	4	2.89%		ARB	2156	-45	-2.04%
SXL	125.5	4	2.87%		AMC	1379	-27	-1.92%
IGO	510	13	2.62%		NSR	157	-3	-1.88%
GTY	215	5	2.38%		BGA	722	-13	-1.77%
IPL	345	8	2.37%		MMS	1649	-29	-1.73%
NAN	307	7	2.33%		BLD	634	-11	-1.71%
FMG	465	10	2.20%		BKW	1571	-27	-1.69%
FPH	1395	29	2.12%		SUL	850	-14	-1.62%
SBM	482	10	2.12%		SHL	2390	-38	-1.57%
MIN	1674	34	2.07%		GMA	258	-4	-1.53%
LYC	250	5	2.04%		QAN	645	-10	-1.53%
BOQ	991	19	1.95%		CWY	166.5	-3	-1.48%
NST	637	12	1.92%		MTS	275	-4	-1.43%
TWE	1755	33	1.92%		SYD	727	-10	-1.36%
GXY	327	6	1.87%		FXJ	73	-1	-1.35%
SAR	220	4	1.85%		CSL	18679	-247	-1.31%
SKI	227	4	1.79%		ALQ	777	-10	-1.27%
MPL	290	5	1.75%		ASX	6195	-76	-1.21%
PLS	88.5	2	1.72%		RHC	5778	-70	-1.20%
AST	155.5	3	1.63%		BRG	1138	-13	-1.13%
CGC	844	13	1.56%		GXL	442	-5	-1.12%
NHF	547	8	1.48%		LNK	712	-8	-1.11%
WHC	571	8	1.42%		CBA	6745	-73	-1.07%
SIG	76	1	1.33%		AHG	278	-3	-1.07%
S32	381	5	1.33%		CSR	474	-5	-1.04%
TPM	547	7	1.30%		ABP	381	-4	-1.04%
BEN	1017	13	1.29%		MFG	2239	-23	-1.02%
HT1	238	3	1.28%		DOW	692	-7	-1.00%

Source IRESS

SHARE BUYBACKS

Stock	Bought back previous day	Total Bought Back	Value bought back so far	Total to be bought back	Shares left to buyback	buyback left (%)	Notice last lodged	Buyback Broker	\$ Value of Buyback over next 12 mths	% of Coy being bought back
A2M				7,000,000	7,000,000	100.0%			\$36m	1.00%
ANN		5,400,000	\$ 120,000,000	14,750,000	9,350,000	63.4%	26th April	UBS	\$358m	10%
ANZ	1,100,000	48,000,000	\$ 1,350,000,000	52,000,000	4,000,000	7.7%	14-Jun	UBS & ML	\$1.5m	1.78%
AZJ		60,200,000	\$ 295,000,000	61,800,000	1,600,000	2.6%	28-Feb	UBS	\$300m	3.00%
BSL		20,400,000	\$ 285,000,000	26,000,000	5,600,000	21.5%	12-Jun	UBS	300m	1.89%
CAJ		8,640,000	\$ 2,500,000	52,300,000	43,660,000	83.5%	15-Sep	Taylor Collison	\$15.6m	6.45%
CPU		3,300,000	\$ 49,000,000	14,400,000	11,100,000	77.1%	18-Dec	JP Morgan	\$200m	2.62%
CSR		1,600,000	\$ 5,800,000	50,600,031	49,000,031	96.8%	16-Aug	UBS	\$150m	7.06%
CWN		9,000,000	\$ 12,000,000	29,128,000	20,128,000	69.1%	4th June	GS	\$370m	4.30%
DMP		4,300,000	\$ 182,000,000	6,900,000	2,600,000	37.7%	8th Mar	Morgan Stanley	\$300m	7.7%
GMA	1,651,000	7,000,000	\$ 15,000,000	34,200,000	27,200,000	79.5%	14-Jun	Macq	\$100m	6.5%
IOF		15,200,000	\$ 70,000,000	30,702,372	15,502,372	50.5%	6-Nov	Macq	\$144m	5.00%
IPL		25,900,000	\$ 94,500,000	75,000,000	49,100,000	65.5%	13-Mar	UBS	\$300m	4.75%
LLC	169,000	8,200,000	\$ 149,000,000	8,000,000	-200,000	-2.5%	14-Jun	JP Morgan	\$500m	4.86%
NVT		19,800,000	\$ 98,300,000	28,252,585	8,452,585	29.9%	21-Sep	Morgan Stanley	\$135m	7.50%
PTM		0		58,700,000	58,700,000	100.0%	13-Sep	Credit Suisse	\$300m	10%
MEA		510,000	\$ 3,220,000	13,900,000	13,390,000	96.3%	12-Oct	Bell Potter	10m	10%
MGR		1,200,000	\$ 2,600,000	96,482,671	95,282,671	98.8%	5th Mar	JP Morgan	\$206m	3%
MYO		9,300,000	\$ 30,000,000	28,700,000	19,400,000	67.6%	4th june	Citi	\$102m	5%
QAN	1,080,000	55,300,000	\$ 338,000,000	63,172,935	7,872,935	12.5%	14-Jun	Citi/ Macq/ JPM	\$378m	3.62%
QBE		8,000,000	\$ 75,000,000	31,000,000	23,000,000	74.2%	12-Jun	Morgan Stanley	\$333m	1.97%
SCG	71,000	6,100,000	\$ 25,000,000	167,488,000	161,388,000	96.4%	16-Jun	CS / JMP	\$700m	3.20%
S32	354,000	200,000,000	\$ 594,000,000	322,000,000	122,000,000	37.9%	14-Jun	JP Morgan	\$960m	6.25%
SSM	Suspended	3,480,000	\$ 5,700,000	27,400,000	23,920,000	87.3%	3rd April	Ord Minnett		7.50%
SIG		131,900,000	\$ 100,000,000	218,000,000	86,100,000	39.5%	16th April	GS	\$181m	20%
				% Done						
		Total \$	\$ 3,901,620,000	50%				Total buybacks	\$ 7,729,000,000	

Source ASX Company announcements

SUBSTANTIAL SHAREHOLDER CHANGES

Company	Shareholder	Change	Previous Holding %	Current Holding %
ASX	BNP Paribas	1.19%	10.84%	12.03%
AZJ	NAB	Ceased	5.00%	0.00%
BAL	Norges Bank	Became		5.92%
GTY	Hometown	Became		17.77%
IRE	Greencape Capital	1.01%	5.65%	6.66%
ISD	Adam Smith	1.10%	5.36%	6.46%
NUF	Perpetual	Became	0.00%	5.00%
QUB	Perpetual	1.00%	7.61%	8.61%

Source ASX Company announcements

BIGGEST BLOCKS THROUGH MARKET TODAY

Time	Ticker	Local	Size	Price	Value	%ADV
15:26:57	RIO	AH	57,205	84.83	\$ 4,852,700	3
15:07:56	NCM	AH	200,000	20.49	\$ 4,098,000	8
14:41:29	APA	AT	1,100,000	9.61	\$ 10,571,000	50
14:31:14	SXL	AH	3,213,080	1.255	\$ 4,032,415	175
14:27:26	CBA	AH	50,000	67.33	\$ 3,366,500	2
14:24:58	CBA	AH	50,000	67.33	\$ 3,366,500	2
14:24:04	CBA	AH	50,000	67.3	\$ 3,365,000	2
14:21:55	CBA	AT	100,000	67.45	\$ 6,744,980	3
14:05:51	IOF	AT	2,000,000	5.155	\$ 10,310,000	87
14:05:32	IOF	AT	1,896,999	5.155	\$ 9,779,030	83
13:42:32	NCM	AH	200,000	20.52	\$ 4,104,000	8
13:21:21	NAB	AT	385,000	26	\$ 10,010,000	7
12:48:45	APX	AH	405,000	12.45	\$ 5,042,250	71
12:33:44	AZJ	AT	3,000,000	4.33	\$ 12,990,000	55
12:31:18	BHP	AH	1,014,000	33.25	\$ 33,715,500	15
12:17:45	CPU	AH	647,682	18.035	\$ 11,680,945	55
12:11:18	QUB	AT	2,368,183	2.36	\$ 5,588,912	86
12:01:31	TLS	AT	3,600,000	2.845	\$ 10,242,000	12
12:01:06	AMC	AT	2,100,000	13.8	\$ 28,980,000	67
11:53:41	REA	AT	40,000	91	\$ 3,640,000	18
11:36:03	XRO	AH	400,000	45	\$ 18,000,000	63
11:34:47	APA	AH	500,000	9.61	\$ 4,805,000	23
11:29:35	AZJ	AT	3,000,000	4.35	\$ 13,050,000	55
10:59:04	CGC	AT	1,500,000	8.51	\$ 12,765,000	158
10:55:51	TWE	AT	1,500,000	17.6	\$ 26,400,000	63
10:42:12	SGR	AT	1,000,000	4.75	\$ 4,750,000	34
10:35:50	REH	AT	300,000	12.25	\$ 3,675,000	165
10:35:22	TWE	AT	600,000	17.55	\$ 10,530,000	25
10:35:02	TAW	AT	10,000,000	0.37	\$ 3,700,000	681
10:33:11	MIN	AT	200,000	16.555	\$ 3,311,000	14
10:33:09	BVS	AH	1,000,000	3.25	\$ 3,250,000	99
10:31:37	TPM	AT	1,036,937	5.425	\$ 5,625,383	52
10:29:02	ILU	AT	1,100,000	11.45	\$ 12,595,000	57
10:17:38	QUB	AT	4,800,000	2.36	\$ 11,328,000	175
10:13:48	WPL	AT	808,043	33.45	\$ 27,029,038	30
10:09:51	URW	AH	300,000	14.61	\$ 4,383,000	--
09:13:20	GTY	AT	2,000,000	2.1	\$ 4,200,000	153
08:00:26	SHL	AT	7,063,658	24.25	\$ 171,293,707	826
07:14:31	NWS	AT	301,078	21.402	\$ 6,443,671	124
					\$ 533,613,532	

Source Bloomberg

bdec25b0-2392-40e4-b893-4bd4bc11e660

MOST SHORTED STOCKS - WEEKLY MOVEMENT

ASX Code	% Short Position (10 May 2018)	% Short Position (30 May 2018)	% Short Position (06 Jun 2018)	Weekly Movement
SYR	20.92%	19.69%	19.84%	0.75%
DMP	16.34%	16.34%	16.30%	-0.25%
JBH	16.17%	15.31%	15.66%	1.62%
GXY	14.54%	14.70%	14.05%	-4.46%
MYR	11.90%	13.42%	13.46%	0.35%
NAN	11.61%	12.32%	12.44%	0.93%
AAC	11.10%	11.73%	11.90%	1.44%
ORE	11.37%	11.71%	11.87%	1.37%
VOC	11.69%	11.77%	11.79%	0.23%
GXL	8.46%	10.88%	11.36%	4.36%
IGO	10.23%	10.55%	11.23%	6.46%
NWS	11.09%	11.31%	11.05%	-2.33%
IVC	10.62%	10.77%	10.94%	1.55%
HT1	10.28%	9.43%	9.47%	0.48%
GEM	8.46%	9.65%	9.28%	-3.80%
HVN	8.67%	8.61%	8.94%	3.79%
MYX	9.00%	9.32%	8.86%	-4.97%
MTS	7.78%	8.07%	8.82%	9.27%
BIN	8.17%	8.76%	8.73%	-0.36%
AAD	8.37%	8.73%	8.41%	-3.64%
QJN	8.39%	8.39%	8.39%	0.00%
PLS	7.50%	8.21%	8.15%	-0.66%
IPH	7.94%	8.30%	8.03%	-3.22%
GMA	7.72%	8.14%	8.00%	-1.69%
RFG	10.57%	7.62%	7.90%	3.74%
FLT	8.26%	7.73%	7.86%	1.67%
TPM	7.10%	7.58%	7.79%	2.67%
IFL	7.31%	7.63%	7.66%	0.45%
BGA	7.84%	7.65%	7.61%	-0.62%
WEB	7.38%	7.60%	7.55%	-0.65%
BKL	6.60%	7.40%	7.30%	-1.33%
QUB	6.33%	7.44%	7.30%	-1.87%
MLX	6.79%	8.49%	7.16%	-15.72%
SFR	5.67%	7.28%	7.13%	-2.15%
BWX	10.82%	7.28%	7.10%	-2.42%
ING	6.84%	6.87%	7.08%	2.95%
MYO	5.40%	5.59%	7.05%	26.20%
RSG	5.76%	6.91%	6.78%	-1.81%
MOC	5.18%	6.21%	6.67%	7.29%
CSR	7.22%	6.58%	6.60%	0.30%
SEK	6.23%	6.37%	6.54%	2.63%
TGR	7.33%	6.86%	6.53%	-4.74%
KAR	5.77%	6.48%	6.48%	0.03%
PRY	6.63%	6.43%	6.31%	-1.96%
BAP	6.26%	6.32%	6.25%	-1.18%
BEN	5.82%	5.39%	6.02%	11.65%
ALX		5.46%	6.02%	10.15%
NSR	5.84%	5.67%	5.89%	3.99%
AHG	5.17%	5.70%	5.69%	-0.19%
NUF		5.42%	5.68%	4.76%
SUL	5.66%	5.93%	5.67%	-4.42%
COO	5.55%	5.54%	5.54%	0.45%

Source ASIC

STOCK MOVES IN EACH SECTOR

Industrials

Banks

ANZ {\$26.20; -14; -0.53%}, **CBA** {\$67.45; -73; -1.07%}, **CYBG** plc {\$5.42; 5; 0.93%}, **NAB** {\$25.95; -19; -0.73%}, **Westpac** {\$27.30; -13; -0.47%}, **Bendigo & Adelaide Bank** {\$10.17; 13; 1.29%}, **Bank of Queensland** {\$9.91; 19; 1.95%}

Financial Services / Market Related Stocks

Macquarie Bank {\$113.45; -35; -0.31%}, **QBE** {\$9.30; -1; -0.11%}, **IAG** {\$7.94; -7; -0.87%}, **Suncorp** {\$13.87; 3; 0.22%}, **Austbrokers** {\$13.51; -71; -4.99%}, **Computershare** {\$17.87; -4; -0.22%}, **ASX** {\$61.95; -76; -1.21%}, **Cabcharge** {\$2.37; 10; 4.41%}, **Flexigroup** {\$2.19; -5; -2.23%}, **Iress** {\$12.02; 89; 8.00%}

Fund Managers / Brokers

Challenger {\$12.37; -32; -2.52%}, **Pendal** {\$9.63; 3; 0.31%}, **Janus Henderson** {\$42.17; -26; -0.61%}, **Platinum Asset** {\$5.93; 1; 0.17%}, **Bell Financial** {\$0.75; -2; -2.60%}, **K2 Asset Mgt** {\$0.15; 1; 7.14%}, **Pinicacle Investment** {\$5.31; -4; -0.75%}, **AMP** {\$3.63; 2; 0.55%}, **Perpetual** {\$39.60; -6; -0.15%}, **IOOF** {\$9.00; 8; 0.90%}, **Magellan** {\$22.39; -23; -1.02%}

Insurers

AMP {\$3.63; 2; 0.55%}, **IAG** {\$7.94; -7; -0.87%}, **Medibank** {\$2.90; 5; 1.75%}, **NIB Holdings** {\$5.47; 8; 1.48%}, **QBE** {\$9.30; -1; -0.11%}, **Suncorp** {\$13.87; 3; 0.22%}, **Ausbrokers** {\$13.51; -71; -4.99%}, **Steadfast** {\$2.83; 0; 0.00%}, **Tower** {\$0.72; -1; -1.37%}

Retailers

Harvey Norman {\$3.50; -1; -0.28%}, **JB Hi-Fi** {\$22.82; -16; -0.70%}, **Myer** {\$0.41; 0; 0.00%}, **Metcash** {\$2.75; -4; -1.43%}, **Adairs** {\$2.20; 2; 0.92%}, **Automotive Holdings** {\$2.78; -3; -1.07%}, **Burson** {\$6.83; 5; 0.74%}, **Breville** {\$11.38; -13; -1.13%}, **Premier Investments** {\$16.70; 6; 0.36%}, **Accent Group** (was **RCG**) {\$1.57; 2; 1.29%}, **Super Retail** {\$8.50; -14; -1.62%}, **Speciality Fashion** {\$0.76; 1.5; 2.01%}, **The Reject Shop** {\$5.54; 4; 0.73%}, **Thorn Group** {\$0.64; -2; -3.05%}, **Godfreys** {\$0.33; 0; 0.00%}, **Wesfarmers** {\$47.00; 34; 0.73%}, **Woolworths** {\$28.98; -6; -0.21%}, **Webjet** {\$13.46; 42; 3.22%}, **Kathmandu** {\$2.28; 3; 1.33%}, **Billabong** {\$1.05; 0; 0.00%}, **Lovisa** {\$12.16; -1; -0.08%}

Healthcare

Ansell {\$26.33; -17; -0.64%}, **Australian Pharmaceutical** {\$1.31; -1; -0.76%}, **Cochlear** {\$189.80; -841; -4.24%}, **CSL** {\$186.79; -247; -1.31%}, **Capital Health** {\$0.33; 0; 0.00%}, **Healthscope** {\$2.29; 1; 0.44%}, **Invocare** {\$13.43; 8; 0.60%}, **Mesoblast** {\$1.49; -2; -1.32%}, **Mayne Pharma** {\$0.90; 0.5; 0.56%}, **Primary Healthcare** {\$3.54; -32; -8.29%}, **Ramsay Healthcare** {\$57.78; -70; -1.20%}, **Resmed** {\$14.06; -5; -0.35%}, **Sonic Healthcare** {\$23.90; -38; -1.57%}, **Sigma** {\$0.76; 1; 1.33%}, **Sirtex Medical** {\$29.64; 2; 0.07%}, **Virtus Health** {\$5.46; -4; -0.73%}, **Fisher & Paykel Health** {\$13.95; 29; 2.12%}

Aged Care: Estia Heath {\$3.28; -2; -0.61%}, **Japara Healthcare** {\$1.80; 0.5; 0.28%}, **Regis Healthcare** {\$3.33; -2; -0.60%}

Media

HT&E {\$2.38; 3; 1.28%}, **APN Outdoor** {\$5.75; 1; 0.17%}, **Carsales** {\$14.58; -4; -0.27%}, **Domain Holdings** {\$3.17; -3; -0.94%}, **Fairfax** {\$0.73; -1; -1.35%}, **iCar Asia** {\$0.22; -0.5; -2.27%}, **Newscorp** {\$21.35; -17; -0.79%}, **Nine Entertainment** {\$2.46; -1; -0.40%}, **REA Group** {\$90.11; 31; 0.35%}, **Seek** {\$21.17; -6; -0.28%}, **Seven West Media** {\$0.84; 0.5; 0.60%}, **Sky Network TV** {\$2.29; 4; 1.78%}, **Southern Cross Media** {\$1.26; 3.5; 2.87%}, **Trade Me** {\$4.50; 1; 0.22%}, **WPP** {\$1.00; -0.5; -0.50%}

Telcos

Telstra {\$2.90; 14; 5.07%}, **Hutchison** {\$0.05; 0; 0.00%}, **Nextdc** {\$7.73; 1; 0.13%}, **Spark NZ** {\$3.53; 0; 0.00%}, **Chorus** {\$3.85; 3; 0.79%}, **TPG Telecom** {\$5.47; 7; 1.30%}, **Macquarie Telecom** {\$20.00; 55; 2.83%}, **Vocus** {\$2.33; 10; 4.48%}, **Amaysim** {\$0.78; -0.5; -0.64%}

Transport

Brambles {\$9.03; -4; -0.44%}, **Aurzion** {\$4.32; 17; 4.10%}, **Qantas** {\$6.45; -10; -1.53%}, **Qube** {\$2.35; -1; -0.42%}, **Virgin** {\$0.23; 0; 0.00%}, **Alliance Aviation** {\$1.87; 2; 1.08%}, **MMA Offshore** {\$0.24; 2; 9.09%}, **Sydney Airport** {\$7.27; -10; -1.36%}, **Auckland Airport** {\$6.43; -3; -0.46%}, **Air NZ** {\$2.97; 7; 2.41%}, **Macquarie Atlas Road** {MQA}, **Transurban** {\$11.92; -9; -0.75%}

Travel & Tourism

Qantas {\$6.45; -10; -1.53%}, **Sydney Airport** {\$7.27; -10; -1.36%}, **Auckland Airport** {\$6.43; -3; -0.46%}, **Air NZ** {\$2.97; 7; 2.41%}, **Virgin** {\$0.23; 0; 0.00%}, **Webjet** {\$13.46; 42; 3.22%}, **Ardent Leisure** {\$1.98; -0.5; -0.25%}, **Event Hospitality** {\$14.04; 14; 1.01%}, **Corporate Travel Management** {\$25.43; -16; -0.63%}, **Flight Centre** {\$62.56; 26; 0.42%}, **Sea Link Travel** {\$4.22; -8; -1.86%}, **Mantra Group** {\$3.95; 0; 0.00%}, **Helloworld Travel** {\$4.64; 2; 0.43%}

Building Materials

Adelaide Brighton {\$6.70; -1; -0.15%}, **Boral** {\$6.34; -11; -1.71%}, **CSR** {\$4.74; -5; -1.04%}, **Hardies** {\$21.65; -50; -2.26%}, **GWA** {\$3.34; -12; -3.47%}, **Reece** {\$12.28; 3; 0.24%}, **Fletcher Building** {\$6.25; -3; -0.48%}, **Brickworks** {\$15.71; -27; -1.69%}, **Reliance Worldwide** {\$5.41; 2; 0.37%}

Vehicles

AP Eagers {\$8.35; 8; 0.97%}, **Automotive Group** {\$2.78; -3; -1.07%}, **ARB Corp** {\$21.56; -45; -2.04%}, **McMillan Shakespeare** {\$16.49; -29; -1.73%}, **Smartgroup** {\$11.36; 0; 0.00%}, **SG Fleet** {\$3.55; 0; 0.00%}, **Eclipx** {\$3.22; 2; 0.63%}

Business Services

Afterpay {\$9.08; 65; 7.71%}, **MYOB** {\$2.80; 2; 0.72%}, **McMillan Shakespeare** {\$16.49; -29; -1.73%}, **Melbourne IT** {MLB}, **SG Fleet** {\$3.55; 0; 0.00%},

Food & Beverages

Coke-Cola Amatil {\$8.87; -26; -2.85%}, **Collins Foods** {\$5.52; -7; -1.25%}, **Domino's Pizza** {\$51.43; -52; -1.00%}, **Fonterra** {\$4.66; -4; -0.85%}, **Graincorp** {\$7.91; 0; 0.00%}, **Select Harvest** {\$7.35; 10; 1.38%}, **Treasury Wines** {\$17.55; 33; 1.92%}

Engineering & Construction

ALQ {\$7.77; -10; -1.27%}, **Boart Longyear** {\$0.01; 0; 0.00%}, **CIMIC Group** {\$40.46; -4; -0.10%}, **Downer EDI** {\$6.92; -7; -1.00%}, **GWA** {\$3.34; -12; -3.47%}, **Lend Lease** {\$18.90; -14; -0.74%}, **Monadelphous** {\$13.70; 13; 0.96%}, **McMillan Shakespeare** {\$16.49; -29; -1.73%}, **NRW Holdings** {\$1.35; 0; 0.00%}, **Seven Group Holdings** {\$19.89; 6; 0.30%}, **SAI Global** {\$4.74; 0; 0.00%}, **Worley** {\$16.58; -10; -0.60%}

REITS

Abacus Property {\$3.81; -4; -1.04%}, **BWP Trust** {\$3.26; 0; 0.00%}, **Charter Hall Group** {\$6.38; -3; -0.47%}, **Cromwell Property** {\$1.10; 0; 0.00%}, **Charter Hall Retail** {\$4.23; -1; -0.24%}, **Dexus** {\$9.60; -1; -0.10%}, **Vicinity Centres** {\$2.64; 1; 0.38%}, **Goodman Group** {\$9.49; 5; 0.53%}, **GPT** {\$5.01; -1; -0.20%}, **Lend Lease** {\$18.90; -14; -0.74%}, **IOF** {\$5.15; 1; 0.19%}, **Mirvac** {\$2.23; 2; 0.90%}, **Peet** {\$1.29; -0.5; -0.39%}, **SCA Property** {\$2.47; 3; 1.23%}, **Scentre Group** {\$4.21; -2; -0.47%}, **Stockland** {\$4.15; 2; 0.48%}, **Westfield** {\$8.84; 0; 0.00%}

Steel

Bluescope {\$18.35; 11; 0.60%}, **Sims** {\$17.28; 49; 2.92%}

Paper & Packaging

Amcor {\$13.79; -27; -1.92%}, **Orora** {\$3.43; -2; -0.58%}, **Pact Group** {\$5.36; -16; -2.90%}

Utilities

AGL {\$21.44; -11; -0.51%}, **APA Group** {\$9.61; -39; -3.90%}, **AusNet Services** {\$1.56; 2.5; 1.63%}, **Origin** {\$9.70; -5; -0.51%}, **Spark Infrastructure** {\$2.27; 4; 1.79%}

Infrastructure

APA {\$9.61; -39; -3.90%}, **SKI** {\$2.27; 4; 1.79%}, **Transurban** {\$11.92; -9; -0.75%}

Chemicals

Dulux {\$7.61; -4; -0.52%}, **Incitec Pivot** {\$3.45; 8; 2.37%}, **Orica** {\$17.39; 7; 0.40%}

IT, Software Services

Appen {\$12.52; 23; 1.87%}, **Computershare** {\$17.87; -4; -0.22%}, **Isentia** {\$0.79; 0; 0.00%}, **MYOB** {\$2.80; 2; 0.72%}, **Melbourne IT** {MLB}, **Technology One** {\$4.28; -2; -0.47%}

Agricultural

Capilano Honey {\$16.92; 31; 1.87%}, **Graincorp** {\$7.91; 0; 0.00%}, **Ridley Corp** {\$1.38; 3.5; 2.61%}, **Tassal Group** {\$4.24; 2; 0.47%}, **Huon** {\$4.56; 6; 1.33%}, **Fonterra** {\$4.66; -4; -0.85%}, **Incitec Pivot** {\$3.45; 8; 2.37%}, **Nufarm** {\$8.90; 0; 0.00%}, **Aust Ag** {\$1.25; 3.5; 2.89%}, **Elders** {\$8.30; 6; 0.73%}, **Webster** {\$1.90; -1.5; -0.78%}

Baby Formula + Stocks Leveraged to Chinese Consumers

A2 Milk {\$10.65; 13; 1.24%}, **Blackmores** {\$142.30; -393; -2.69%}, **Bellamy's** {\$16.21; -14; -0.86%}, **Bega Cheese** {\$7.22; -13; -1.77%}, **BWX** {\$6.00; 1; 0.17%}, **Synlait** {\$9.79; -20; -2.00%}, **Treasury Wines** {\$17.55; 33; 1.92%},

Consumer Products

Asaleo Care {\$1.32; 0; 0.00%}, **ARB** {\$21.56; -45; -2.04%}, **Coke-Cola Amatil** {\$8.87; -26; -2.85%}, **GUD** {\$13.91; 16; 1.16%}, **Treasury Wines** {\$17.55; 33; 1.92%}

Diversified Financials

ASX {\$61.95; -76; -1.21%}, **Challenger** {\$12.37; -32; -2.52%}, **Computershare** {\$17.87; -4; -0.22%}, **Flexigroup** {\$2.19; -5; -2.23%}, **Janus Hendersons** {\$42.17; -26; -0.61%}, **Iress** {\$12.02; 89; 8.00%}, **IOOF** {\$9.00; 8; 0.90%}, **Macquarie Bank** {\$113.45; -35; -0.31%}, **Perpetual** {\$39.60; -6; -0.15%}

Cannabis Stocks

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Auscann Group {\$1.30; -7.5; -5.45%}, **Bod Australia** {\$0.59; 0.5; 0.86%}, **Creso Pharma** {\$0.72; 1; 1.41%}, **Can Group** {\$2.77; 0; 0.00%}, **Creso Pharma** {\$0.72; 1; 1.41%}, **Elixinol** {\$1.61; 3; 1.90%}, **The Hydroponics** {\$0.58; -2; -3.33%} , **MMJ Phytotech** {\$0.31; 0.5; 1.64%}, **MGC Pharmaceuticals** {\$0.06; -0.2; -3.08%}, **Zelda Therapeutics** {\$0.11; -0.5; -4.55%}

RESOURCES

Iron Ore

BHP {\$33.38; 13; 0.39%}, **S32** {\$3.81; 5; 1.33%}, **RIO** {\$84.62; 51; 0.61%}, **Mt Gibson** {\$0.45; 2; 4.65%}, **Fortescue** {\$4.65; 10; 2.20%}, **Atlas Iron** {\$0.04; -0.9; -19.10%}

Others resources

Alumina {\$2.74; -1; -0.36%}, **Iluka** {\$11.42; 4; 0.35%}, **OZ Minerals** {\$10.31; 0; 0.00%}, **ERA** {\$0.47; 0.5; 1.09%}, **Metals X** {\$0.88; 4.5; 5.39%}, **Sandfire Resources** {\$9.68; 7; 0.73%}, **Independence Group** {\$5.10; 13; 2.62%}, **Western Areas** {\$3.69; 12; 3.36%}, **Base Resources** {\$0.28; 0; 0.00%}, **Lynas** {\$2.50; 5; 2.04%}, **Mineral Deposits** {\$1.75; 4.5; 2.65%}, **Alkane** {\$0.25; -0.5; -2.00%}

Energy Stocks

Caltex {\$30.32; -25; -0.82%}, **Origin** {\$9.70; -5; -0.51%}, **Oil Search** {\$8.38; 8; 0.96%}, **Santos** {\$5.82; -4; -0.68%}, **Worley Parsons** {\$16.58; -10; -0.60%}, **Woodside** {\$33.72; 10; 0.30%}, **AWE** {\$0.94; 0; 0.00%}, **Beach Energy** {\$1.72; 9; 5.52%}, **New Hope Corp** {\$2.70; 13; 5.06%}, **Senex Energy** {\$0.40; -0.5; -1.23%}, **Whitehaven Coal** {\$5.71; 8; 1.42%}

Mining Services

Monadelphous {\$13.70; 13; 0.96%}, **Orica** {\$17.39; 7; 0.40%}, **Downer** {\$6.92; -7; -1.00%}, **Worley** {\$16.58; -10; -0.60%}, **Seven Group Holdings** {\$19.89; 6; 0.30%}, **Emeco** {\$0.36; 0.5; 1.43%}, **Matrix Composites & Engineering** {\$0.51; 0; 0.00%}, **NRW Holdings** {\$1.35; 0; 0.00%}

Coal Stocks

Whitehaven Coal {\$5.71; 8; 1.42%}, **Terracoml** {\$0.44; -0.5; -1.12%}

Gold

Newcrest {\$20.50; 20; 0.99%}, **Kingsgate** {\$0.28; -1.5; -5.08%}, **St Barbara** {\$4.82; 10; 2.12%}, **Resolute** {\$1.33; 5.5; 4.31%}, **Alacer** {\$2.46; 6; 2.50%}, **Pantoro** {\$0.30; 0.5; 1.69%}, **Evolution Mining** {\$3.52; 11; 3.23%}, **Northern Star** {\$6.37; 12; 1.92%}, **Regis Resources** {\$5.05; 15; 3.06%}, **Perseus** {\$0.44; 1.5; 3.53%}, **OceanaGold** {\$3.39; -2; -0.59%}, **Medusa Mining** {\$0.64; 0.5; 0.79%}

Uranium Stocks

ERA {\$0.47; 0.5; 1.09%}, **Deep Yellow** {\$0.33; -1.5; -4.35%}, **Leigh Creek Energy** {\$0.20; 0; 0.00%}

Lithium / Graphite Stocks

Galaxy {\$3.27; 6; 1.87%}, **Orocobre** {\$5.23; 28; 5.66%}, **Pilbara Minerals** {\$0.89; 1.5; 1.72%}, **Syrah** {\$2.73; -7; -2.50%}, **Kidman Resources** {\$2.00; 2; 1.01%}, **Neometals** {\$0.35; 0.5; 1.47%}, **Altura Mining** {\$0.36; 0.5; 1.41%}, **European Metals Holdings** {\$0.38; 0; 0.00%}, **Red River Resources** {\$0.29; -1.5; -4.92%}

BELL POTTER RESEARCH

Over the Wire (OTW) Hold, TP\$4.00 – Chris Savage

(<https://www.bellpotter.com.au/onlineresearch/fileGet.aspx?guid=A0B54836-D555-4872-8918-347A74E8423E>)

Downgrade to HOLD

No change in forecasts. There is no change in our forecasts for Over the Wire. We last updated our forecasts at the release of the 1H FY18 result in February and upgraded our EPS forecasts over the next three years (FY18-FY20) by b/w 8-13%. We continue to forecast strong EPS growth over the next three years of 34%, 28% and 27% which is driven by organic growth (the company targets annual organic revenue growth of >20%), the integration and contribution from recent acquisitions (e.g. VPN Solutions) and also the realisation of synergies from past acquisitions. Note our forecasts do not assume any more acquisitions – as they are too difficult to forecast – though we do expect the company to make more and this provides potential upside to our forecasts.

14% increase in PT to \$4.00. While there is no change in our forecasts, we have updated each valuation we use in the determination of our price target for market movements and the time creep. On the back of the positive outlook for the stock and the prospect and another acquisition in the next 12 months we have also introduced a 10% premium in the relative valuations (previously we applied no premium or discount) and reduced the WACC we apply in the DCF from 10.9% to 10.4% (through a reduction in the beta). The net result is a 14% increase in our PT from \$3.50 to \$4.00 which has been driven by a relatively consistent increase in each of the valuations. This updated PT equates to an FY18 and FY19 PE ratio of c.36x and c.28x respectively.

Investment view: Downgrade from BUY to HOLD. At our updated PT of \$4.00 the total expected return (which includes the forecast dividend yield) is c.8% and, given this is below the required 15% threshold for a BUY, we downgrade the recommendation from BUY to HOLD. In our view the current forward PE ratios look reasonable for a stock with such a strong growth outlook. The risk to our downgrade in recommendation is the company makes another meaningful, strongly EPS accretive acquisition in the next 6-12 months but, as mentioned, these acquisitions are too difficult to forecast and there is no certainty this will occur.

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