

RESEARCH ANALYST
Mathan Somasundaram
+61 2 9250 8947 mathan@baillieuholst.com.au

quantanalysis

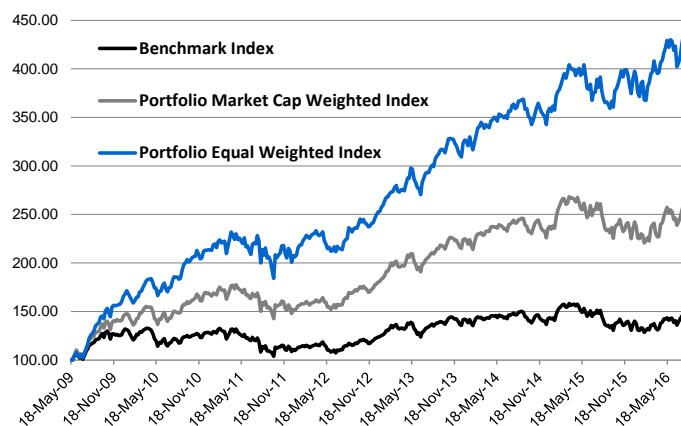
Market Manager

QUANTITATIVE ANALYSIS

July update – Moving from Brexit to reporting season

- Note:** This report is a Quantitative Strategy product. The report uses consensus rating and forecast data from Thomson/IBES to get coverage of the whole market and avoid a house skew, and as such sometimes the highlighted themes, sectors and stocks will not match our analysts view.
- Macro outlook:** Global markets are balancing the central bank stimulus against global growth worries to move higher. China, Japan, Europe and the UK are expected to deliver more stimulus, while the US remains outside its rate hike cycle despite strong domestic economic outlook. We continue to expect the RBA to cut rates in 2H16 and 1H17, while markets are waiting for FOMC and BOJ updates in the next few days to set the tone in the middle of the US reporting season. Local reporting season will officially kick off in August with a few downgrades in confession season having already seen double digit selloffs. The crowded trades at stretched multiples can accentuate market selloffs after a surprise downgrade. Markets have already priced in a stimulus outlook and will unwind amid any sign of an inability to deliver from central banks. The global and local growth risk continues to favour small caps over large caps in a low growth environment. The FOMC's likely move to weaken USD and China stimulus will keep resources supported in the short to medium term. Brexit related stocks are likely to have uncertainty hanging over them for the next few years.
- Quant strategy model changes:** BHP, KAR, RFG, RIO and WPL were added, while BTT, GBT, HGG, SPK and TLS were removed.
- Current quant strategy model portfolio:** Energy – large (WPL), small (KAR); Metals & Mining – large (BHP, RIO); Transport – large (SYD, TCL); Consumer Services – small (AAD, AGI, IPH, MTR, RFG, SLK); Media – small (VRL), micro (EVT, ICQ); Staple – mid (BKL), small (BAL); Health Care – large (CSL, RHC), mid (RMD); Banks – large (ANZ, NAB); Diversified Financials – large (MQG), small (IMF); Property – large (LLC); Information Technology – small (ALU, HSN, IFM), micro (HUB); Telecommunications – micro (SDA).

QUANT STRATEGY MODEL PORTFOLIO PERFORMANCE



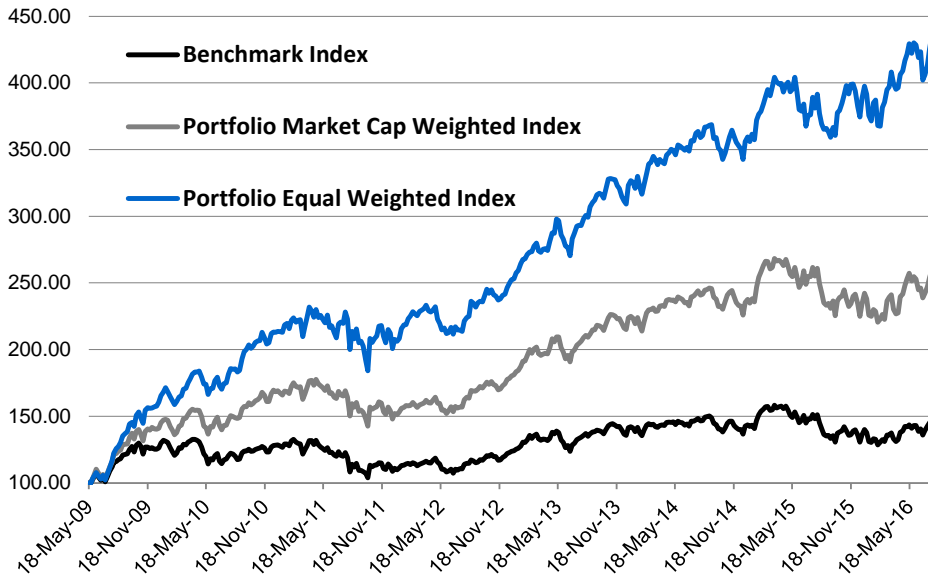
Source: ASX, Baillieu Holst, Bloomberg, IRESS, Thomson

Quant strategy model portfolio

- Quant strategy model portfolio stocks are identified via a balanced multi-style sector selection to set the universe. Some sectors have been excluded due to a lack of strong stock ideas while the Materials and Financial sectors are automatic strategic picks due to their size in the benchmark (S&P 300) index.
- The quant strategy model portfolio maintains a 30-stock portfolio with market cap weights calculated using the individual market capitalisations in the S&P 500.
- Stock selection in specific sectors is carried out by balancing a number of aspects such as:
 - **style:** growth versus value versus fundamental versus quality;
 - **beta:** market beta, currency beta;
 - **trend:** yield versus momentum;
 - **exposure:** US versus Euro versus Asia; and
 - **cycle:** cyclicals versus defensives.
- The factors used in the process by style are:
 - **fundamental:** market cap, expected return, net debt to equity;
 - **growth:** ROE, ROA, EPS growth, BPS growth, CFPS growth;
 - **value:** PE, PB, PCF;
 - **yield:** dividend yield, payout;
 - **momentum:** earnings revision, price momentum; and
 - **technical:** moving average, VWAP, spread.
- Performance analysis of the market cap-weighted and equal-weighted quant model portfolio does not take into account the transaction costs or implementation costs in portfolio changes. The model portfolio is designed to provide ideas and trends that are working at different times rather than a working portfolio.

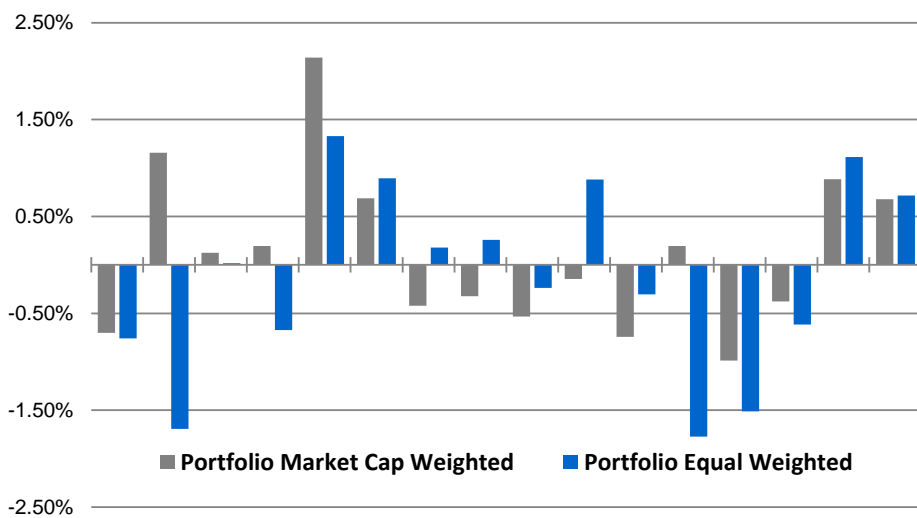
Quant strategy model portfolio

FIG.1: MODEL PORTFOLIO PERFORMANCE



Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.2: MODEL PORTFOLIOS LAST 16 WEEK EXCESS RETURNS



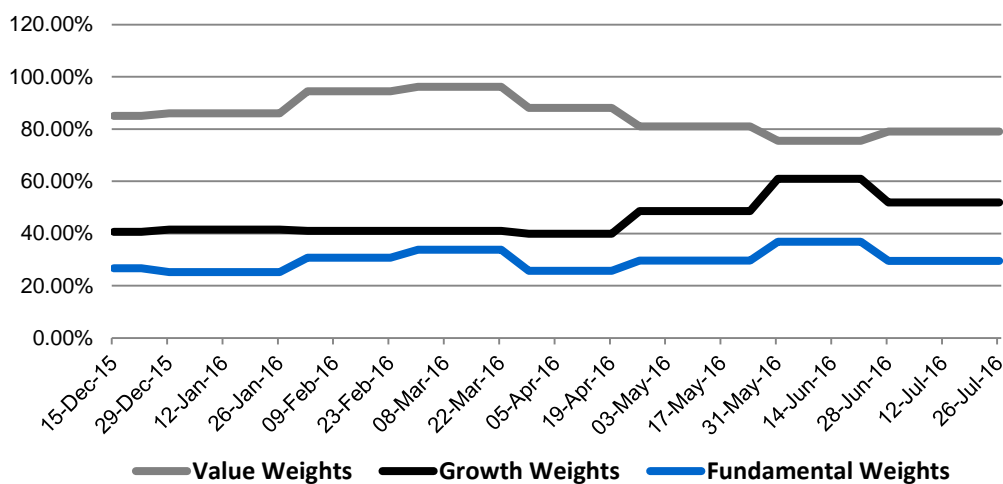
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.3: QUANT MODEL PORTFOLIO SECTOR BREAKDOWN

GICS	Sector	Weight	Average Stock Return since Last Update
2030	Transport	10.59%	6.41%
2530	Consumer Services	1.16%	-0.38%
2540	Media	0.89%	-2.65%
3010	Staples	0.91%	9.15%
3510	Health Care	19.89%	8.78%
4010	Banks	36.50%	4.31%
4020	Div Financials	8.52%	-6.20%
4040	Construction	2.05%	-0.97%
4510	Information Technology	0.57%	4.67%
5010	Telecommunication Services	18.91%	9.00%
	Quant Portfolio	100.00%	2.69%

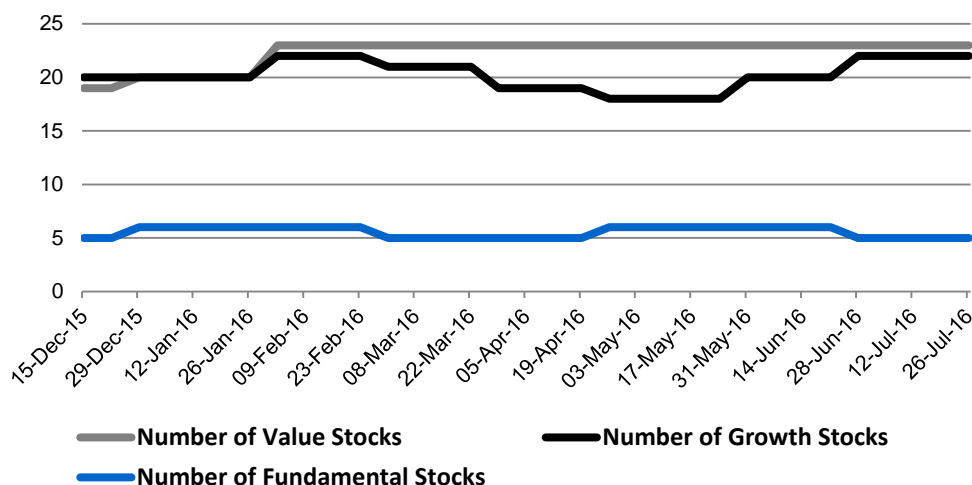
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.4: QUANT MODEL PORTFOLIO STYLE WEIGHTS



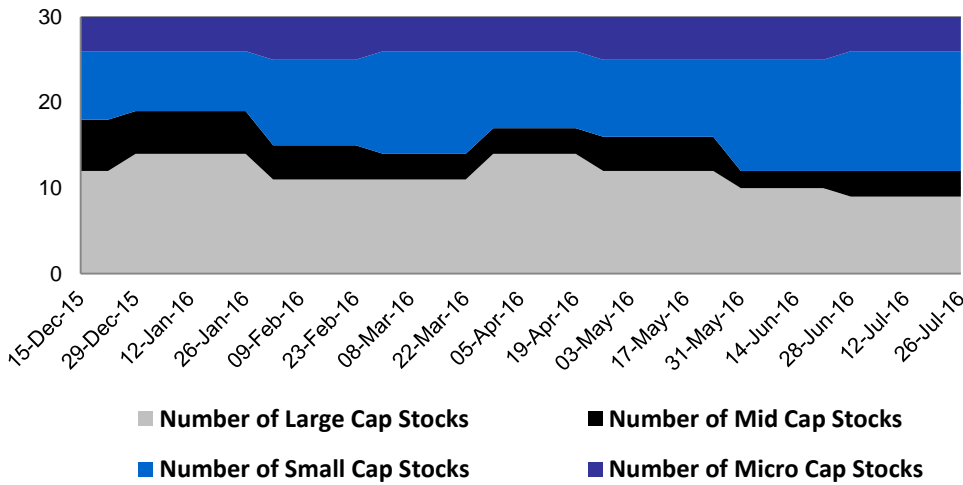
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.5: QUANT MODEL PORTFOLIO STYLE STOCK COUNTS



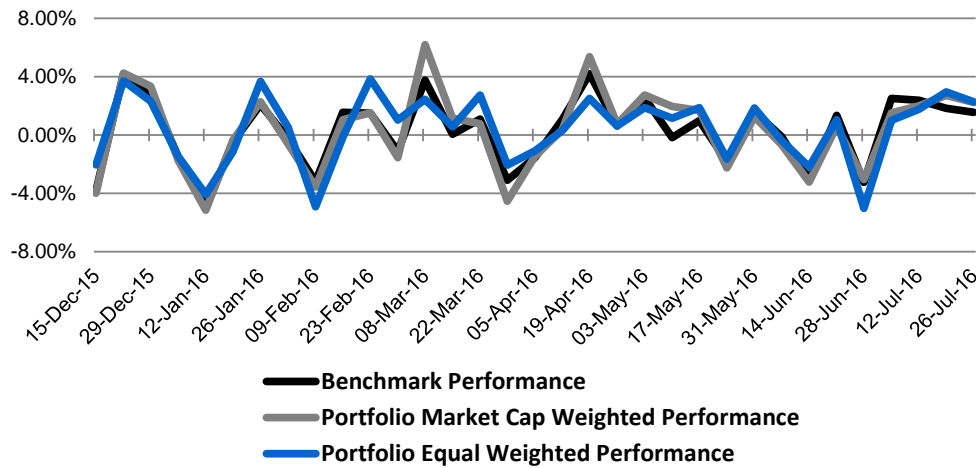
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.6: QUANT MODEL PORTFOLIO SIZE STOCK COUNTS



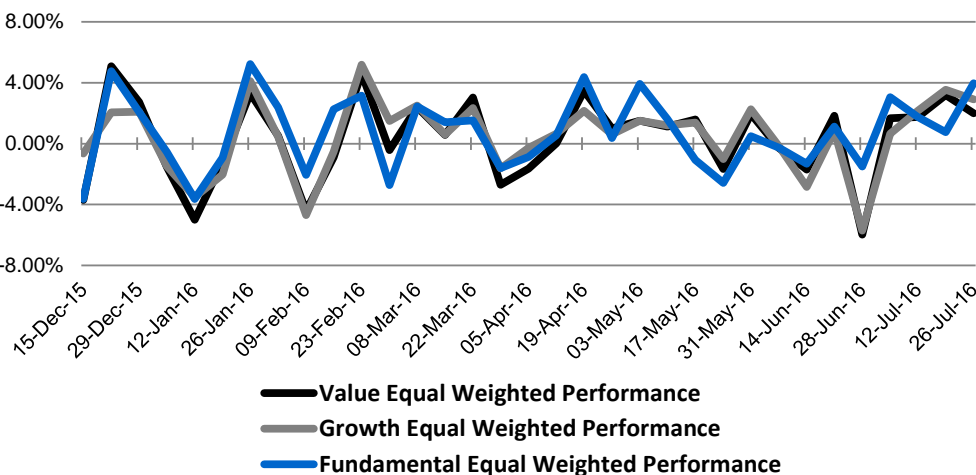
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.7: QUANT MODEL PORTFOLIO WEEKLY RETURNS



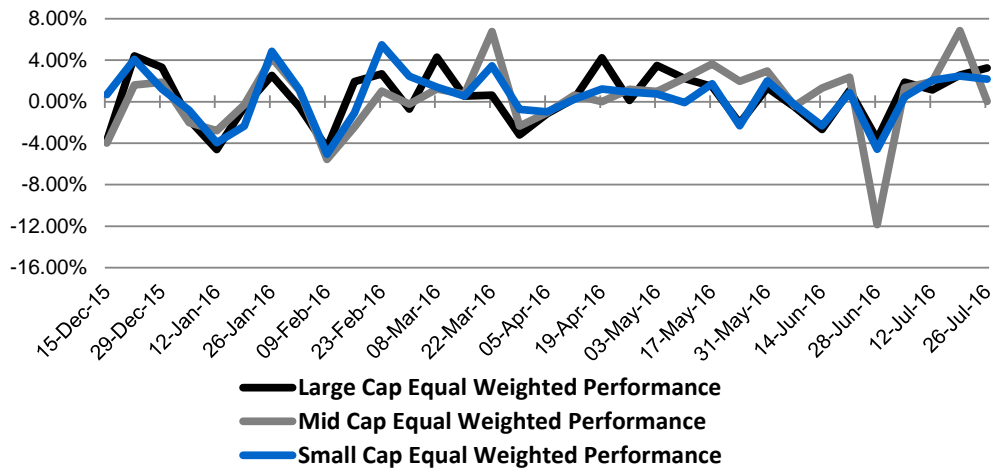
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.8: QUANT MODEL PORTFOLIO WEEKLY RETURNS BY STYLE



Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.9: QUANT MODEL PORTFOLIO WEEKLY RETURNS BY SIZE



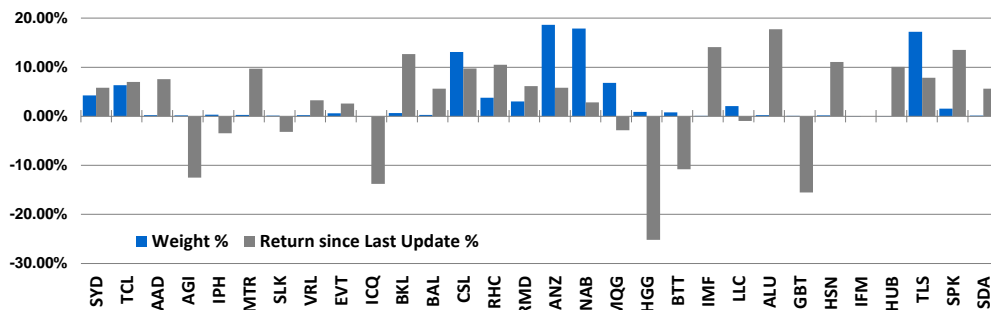
Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.10: QUANT MODEL PORTFOLIO PERFORMANCE BREAKDOWN

Performance Analysis	Benchmark Index	Portfolio Market Cap Weighted Index	Portfolio Equal Weighted Index
Performance since inception (May 2009)	40.91%	151.45%	322.29%
Average performance per month	0.45%	1.65%	3.52%
Standard Deviation (weekly)	2.10%	2.23%	2.29%
Performance over the past 1 month	8.53%	8.74%	8.21%
Performance over the past 3 months	6.19%	7.48%	6.41%
Performance over the past 12 months	-0.40%	1.76%	14.14%

Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

FIG.11: MODEL PORTFOLIO STOCKS SINCE LAST UPDATE



Source: ASX, Baillieu, Bloomberg, IRESS, Thomson

Quant Model Portfolio

FIG.12: QUANT STRATEGY MODEL PORTFOLIO PART 1 (THOMSON/IBES ESTIMATES)

Code		WPL	KAR	BHP	RIO	SYD	TCL	AAD	AGI	IPH	MTR
Share Price (\$)		27.12	1.32	19.26	48.68	7.50	12.45	2.08	2.03	6.67	3.62
Issued Shares (mn)		842	246	3,212	424	2,229	2,036	463	328	189	297
Market Capital (\$mn)		22,847	325	61,857	20,650	16,721	25,342	963	665	1,260	1,074
Price Target (\$)		29.77	2.29	22.65	54.09	7.20	11.52	2.35	2.48	8.03	4.39
Exp. 12-Mth Tot. Ret. (%)		13.54	73.64	19.79	14.17	0.11	-3.79	18.80	27.29	23.90	24.14
Rating		HOLD	BUY	HOLD	BUY	HOLD	HOLD	BUY	HOLD	BUY	BUY
EBITDA (\$mn)	FY2014	7024.0	-27.6	34574.2	23699.1	947.7	765.4	105.6	95.7	N/A	61.4
	FY2015	4028.1	-50.7	32628.3	17567.1	1014.7	1033.7	116.2	75.7	38.5	74.3
	FY2016	3571.8	-25.2	16109.4	13796.8	1131.7	1370.8	129.9	94.3	67.0	89.8
	FY2017	3959.5	-20.9	18433.5	13850.0	1214.4	1597.8	156.0	110.1	81.5	106.8
NPAT (\$mn)	FY2014	3233.8	-35.7	15028.5	11439.6	182.5	175.6	54.6	68.5	N/A	28.7
	FY2015	1272.4	-33.4	10682.0	6440.0	240.5	158.2	58.7	56.9	28.0	38.1
	FY2016	1036.9	-19.8	1411.4	4037.2	300.7	263.8	57.3	51.8	49.4	45.7
	FY2017	1264.1	-18.4	3187.4	4042.9	342.0	400.7	69.9	62.5	60.5	56.7
EPS (c)	FY2014	394.9	-25.7	279.4	627.6	8.3	13.4	13.3	21.2	N/A	11.7
	FY2015	163.7	-16.6	195.3	345.3	10.9	8.1	13.7	17.1	17.7	14.5
	FY2016	133.1	-7.6	26.8	227.0	13.5	13.0	12.3	16.1	27.7	16.6
	FY2017	164.5	-8.7	61.1	229.0	15.3	19.5	14.7	19.4	31.7	19.3
EPS Growth (%)	FY2014	57.4	-185.0	7.0	8.7	34.7	42.0	9.3	42.6	N/A	N/A
	FY2015	-58.5	35.2	-30.1	-45.0	31.6	-40.1	3.1	-19.1	N/A	23.8
	FY2016	-18.7	54.3	-86.3	-34.3	24.1	61.4	-10.5	-6.1	56.5	14.3
	FY2017	23.6	-14.5	128.0	0.9	13.3	50.0	19.5	20.5	14.4	16.3
DPS (c)	FY2014	323.3	0.0	132.2	255.8	23.7	34.6	13.0	10.7	N/A	0.0
	FY2015	148.7	0.0	173.1	311.3	25.7	39.8	12.8	10.2	11.7	10.6
	FY2016	101.8	0.0	41.8	148.5	30.4	45.4	12.5	10.3	23.1	10.6
	FY2017	120.8	0.0	40.2	137.0	33.4	49.8	13.5	12.2	27.0	12.9
PB (x)	FY2014	1.1	0.4	1.2	1.4	8.7	4.3	1.7	2.6	N/A	3.5
	FY2015	1.1	0.4	1.0	1.5	15.3	5.1	1.6	2.4	27.5	3.0
	FY2016	1.2	0.4	1.4	1.7	14.9	6.9	1.6	2.1	6.0	2.4
	FY2017	1.1	0.4	1.3	1.7	21.2	7.8	1.6	1.9	5.7	2.3
PE (x)	FY2014	6.9	-5.1	6.9	7.8	90.8	92.6	15.6	9.6	N/A	30.9
	FY2015	16.6	-7.9	9.9	14.1	69.0	154.6	15.1	11.8	37.7	24.9
	FY2016	20.4	-17.4	71.8	21.4	55.6	95.8	16.9	12.6	24.1	21.8
	FY2017	16.5	-15.2	31.5	21.3	49.0	63.8	14.1	10.5	21.0	18.8
ROE (x)	FY2014	15.9	-7.2	18.2	17.6	10.3	5.4	10.7	30.6	N/A	14.7
	FY2015	6.6	-3.8	9.7	9.5	19.4	2.9	10.3	22.0	161.3	13.1
	FY2016	5.3	-2.5	1.6	7.8	25.5	1.8	9.3	17.1	32.8	11.9
	FY2017	6.4	-2.3	4.1	7.7	36.3	4.0	10.5	18.5	27.1	12.7
Yield (%)	FY2014	11.9	0.0	6.9	5.3	3.2	2.8	6.2	5.3	N/A	0.0
	FY2015	5.5	0.0	9.0	6.4	3.4	3.2	6.2	5.0	1.8	2.9
	FY2016	3.8	0.0	2.2	3.1	4.1	3.6	6.0	5.1	3.5	2.9
	FY2017	4.5	0.0	2.1	2.8	4.5	4.0	6.5	6.0	4.0	3.6
EV/EBITDA (x)	FY2014	3.3	-10.7	2.6	1.8	24.6	40.8	11.4	6.9	N/A	19.0
	FY2015	7.1	4.4	3.0	2.4	23.8	33.4	10.7	8.7	32.9	15.4
	FY2016	8.0	6.7	5.9	2.7	22.0	26.9	9.8	7.7	18.5	12.3
	FY2017	7.1	1.7	4.9	2.6	20.6	23.5	8.5	6.6	15.2	10.6

FIG.13: QUANT STRATEGY MODEL PORTFOLIO PART 2 (THOMSON/IBES ESTIMATES)

Code		RFG	SLK	VRL	EVT	ICQ	BKL	BAL	CSL	RHC	RMD
Share Price (\$)		5.68	4.27	5.43	15.00	0.75	158.68	11.45	119.47	78.15	8.66
Issued Shares (mn)		165	101	161	159	249	17	97	456	202	1,400
Market Capital (\$mn)		937	432	875	2,379	187	2,733	1,107	54,536	15,793	12,123
Price Target (\$)		5.58	4.61	6.51	16.29	1.12	189.94	13.35	115.98	70.64	9.26
Exp. 12-Mth Tot. Ret. (%)		3.10	10.52	25.01	12.25	48.93	22.47	17.53	-1.52	-8.07	8.83
Rating		BUY	BUY	BUY	BUY	BUY	BUY	HOLD	HOLD	BUY	BUY
EBITDA (\$mn)	FY2014	59.7	15.8	172.9	177.1	-12.8	44.6	2.7	2026.0	729.0	526.5
	FY2015	92.6	19.0	159.6	225.4	-11.9	70.3	11.8	2686.8	1091.8	680.0
	FY2016	110.4	40.2	166.7	264.6	-7.4	155.1	51.8	2452.6	1257.4	715.5
	FY2017	119.7	48.6	182.5	280.4	-0.5	185.1	88.4	2828.8	1363.3	815.0
NPAT (\$mn)	FY2014	37.4	7.9	60.2	80.4	-13.9	24.8	1.8	1433.2	335.2	372.9
	FY2015	57.5	9.7	47.9	98.3	-12.9	42.0	8.4	1909.7	409.4	481.7
	FY2016	66.5	21.1	46.8	133.1	-8.0	102.2	34.6	1672.5	474.5	491.6
	FY2017	72.5	24.3	56.2	139.4	-1.9	123.4	55.6	1955.2	530.1	549.4
EPS (c)	FY2014	27.2	11.4	37.1	50.3	-7.2	146.6	1.9	297.2	163.0	25.9
	FY2015	36.7	12.6	29.6	61.8	-5.6	245.5	8.8	404.9	200.8	33.9
	FY2016	39.4	22.2	32.0	82.7	-3.3	591.9	37.6	358.8	231.0	34.9
	FY2017	43.3	24.2	35.0	86.2	-0.9	714.7	64.0	423.6	258.8	39.3
EPS Growth (%)	FY2014	-1.6	N/A	1.7	-6.6	-80.6	-4.9	N/A	9.9	20.5	7.8
	FY2015	35.0	11.3	-20.2	22.8	23.2	67.5	363.2	36.2	23.2	30.7
	FY2016	7.4	75.7	8.0	33.9	40.5	141.1	327.3	-11.4	15.0	3.0
	FY2017	9.9	9.0	9.4	4.2	72.7	20.7	70.2	18.1	12.0	12.5
DPS (c)	FY2014	21.8	7.2	45.5	42.4	0.0	123.2	0.0	121.3	82.5	11.0
	FY2015	26.4	8.2	27.4	46.6	0.0	195.6	2.0	164.4	103.5	15.5
	FY2016	27.4	11.1	27.5	55.2	0.0	440.1	10.7	168.0	119.8	16.0
	FY2017	28.9	13.1	28.2	58.1	0.0	548.4	21.9	196.0	140.7	17.5
PB (x)	FY2014	2.7	610.0	1.8	2.8	3.9	25.9	27.7	16.8	9.7	6.6
	FY2015	2.2	533.8	2.2	2.8	4.5	22.2	23.3	13.9	8.8	5.9
	FY2016	2.1	3.8	2.0	2.5	5.7	15.6	13.7	14.6	7.9	5.5
	FY2017	2.0	3.5	2.0	2.4	6.5	12.5	8.6	12.0	7.0	4.9
PE (x)	FY2014	20.9	37.6	14.6	29.8	-10.4	108.3	602.6	40.2	47.9	33.4
	FY2015	15.5	33.8	18.3	24.3	-13.5	64.6	130.1	29.5	38.9	25.6
	FY2016	14.4	19.2	17.0	18.1	-22.7	26.8	30.5	33.3	33.8	24.8
	FY2017	13.1	17.6	15.5	17.4	-83.3	22.2	17.9	28.2	30.2	22.0
ROE (x)	FY2014	13.6	18.4	11.2	8.8	-47.5	24.0	9.0	43.8	21.4	20.8
	FY2015	15.7	15.4	9.4	10.4	-33.6	37.4	24.2	46.4	23.4	21.2
	FY2016	15.9	18.1	8.6	13.4	-22.6	63.9	56.4	45.0	24.7	22.2
	FY2017	16.1	18.2	11.0	13.3	-7.9	62.9	61.0	47.8	24.7	23.8
Yield (%)	FY2014	3.8	1.7	8.4	2.8	0.0	0.8	0.0	1.0	1.1	1.3
	FY2015	4.6	1.9	5.0	3.1	0.0	1.2	0.2	1.4	1.3	1.8
	FY2016	4.8	2.6	5.1	3.7	0.0	2.8	0.9	1.4	1.5	1.8
	FY2017	5.1	3.1	5.2	3.9	0.0	3.5	1.9	1.6	1.8	2.0
EV/EBITDA (x)	FY2014	16.7	28.1	7.2	13.4	-14.1	62.7	404.9	27.5	23.3	22.0
	FY2015	12.1	23.0	8.0	10.8	-15.0	39.5	92.1	21.1	16.8	16.7
	FY2016	10.3	12.3	8.1	9.1	-25.0	17.5	20.6	23.5	14.8	17.6
	FY2017	9.4	10.0	7.4	8.4	-381.7	14.6	11.9	20.4	13.5	15.1

FIG. 14: QUANT STRATEGY MODEL PORTFOLIO PART 3 (THOMSON/IBES ESTIMATES)

Code		ANZ	NAB	MQG	IMF	LLC	ALU	HSN	IFM	HUB	SDA
Share Price (\$)		25.66	26.39	73.75	1.62	13.25	7.17	4.12	0.61	4.26	3.95
Issued Shares (mn)		2,927	2,657	340	169	582	130	180	310	53	122
Market Capital (\$mn)		75,115	70,115	25,100	275	7,716	934	741	188	225	480
Price Target (\$)		26.06	28.12	78.47	2.16	15.17	6.21	3.86	0.77	5.40	4.83
Exp. 12-Mth Tot. Ret. (%)		7.78	13.93	11.62	37.16	19.00	-10.68	-4.76	32.23	26.83	24.95
Rating		HOLD	BUY	BUY	BUY	BUY	HOLD	BUY	BUY	BUY	BUY
EBITDA (\$mn)	FY2014	9726.0	8577.5	2269.3	23.9	922.4	21.2	23.2	24.2	-7.2	25.4
	FY2015	10036.4	9205.2	2445.9	3.7	937.4	32.4	30.6	26.6	-5.0	40.6
	FY2016	8742.9	9359.6	2806.6	40.7	1070.7	33.6	44.5	23.1	-1.0	55.4
	FY2017	10164.6	9162.5	2876.8	52.6	1143.6	41.4	48.8	26.1	4.9	63.6
NPAT (\$mn)	FY2014	7043.0	5320.1	1223.7	17.0	618.6	14.4	14.2	11.6	-6.8	13.3
	FY2015	7307.9	6322.4	1500.2	5.9	621.3	22.6	18.1	13.9	-5.2	20.6
	FY2016	6392.3	6545.6	2035.1	29.8	696.3	28.3	26.1	10.6	-1.1	26.6
	FY2017	7233.2	6695.8	2103.9	38.0	744.9	35.4	29.0	13.0	6.1	32.1
EPS (c)	FY2014	254.8	220.2	360.5	10.3	93.9	12.8	9.0	3.8	-15.2	11.1
	FY2015	259.8	251.6	456.7	3.6	106.7	17.7	11.0	4.5	-9.3	17.8
	FY2016	212.2	242.6	591.8	17.7	120.1	22.4	14.4	3.5	-1.9	22.1
	FY2017	237.5	242.0	603.8	22.4	128.2	27.4	16.0	4.2	11.6	26.3
EPS Growth (%)	FY2014	10.6	-10.7	45.4	-19.2	-1.0	N/A	54.3	26.7	18.3	N/A
	FY2015	2.0	14.3	26.7	-65.5	13.6	38.3	22.3	17.8	38.8	60.4
	FY2016	-18.3	-3.6	29.6	396.3	12.6	26.4	31.5	-21.8	79.6	24.0
	FY2017	11.9	-0.2	2.0	26.6	6.7	22.2	11.1	20.0	710.5	19.0
DPS (c)	FY2014	177.0	196.1	270.6	8.8	63.3	13.2	6.0	3.9	0.0	3.4
	FY2015	180.7	197.1	309.6	10.1	54.7	18.3	6.4	4.1	0.0	8.4
	FY2016	159.9	194.5	385.1	6.7	59.9	19.3	6.7	3.0	0.0	11.0
	FY2017	161.3	188.4	411.2	8.7	65.2	22.4	7.5	3.5	0.0	13.7
PB (x)	FY2014	1.5	1.4	2.1	1.5	1.7	113.8	10.5	4.7	14.6	10.3
	FY2015	1.3	1.3	2.0	1.4	1.7	13.5	7.7	4.3	22.7	11.5
	FY2016	1.3	1.4	1.7	1.3	1.5	6.0	7.7	4.2	11.7	10.3
	FY2017	1.2	1.4	1.6	1.1	1.4	5.8	6.9	4.0	8.0	8.6
PE (x)	FY2014	10.1	12.0	20.5	15.7	14.1	56.0	46.0	15.9	-28.0	35.6
	FY2015	9.9	10.5	16.2	45.4	12.4	40.5	37.6	13.5	-45.8	22.2
	FY2016	12.1	10.9	12.5	9.2	11.0	32.0	28.6	17.3	-224.2	17.9
	FY2017	10.8	10.9	12.2	7.2	10.3	26.2	25.8	14.4	36.7	15.0
ROE (x)	FY2014	15.5	12.5	10.6	9.8	16.6	199.2	22.9	29.5	-32.0	31.5
	FY2015	14.2	13.5	12.6	7.0	22.7	50.0	23.3	32.1	-27.0	43.0
	FY2016	11.2	13.0	13.9	15.1	13.9	16.3	21.7	24.9	-6.5	59.9
	FY2017	12.1	13.3	13.6	16.5	14.3	21.9	21.3	27.8	24.5	58.0
Yield (%)	FY2014	6.9	7.4	3.7	5.4	4.8	1.8	1.5	6.4	0.0	0.9
	FY2015	7.0	7.5	4.2	6.3	4.1	2.6	1.5	6.7	0.0	2.1
	FY2016	6.2	7.4	5.2	4.1	4.5	2.7	1.6	5.0	0.0	2.8
	FY2017	6.3	7.1	5.6	5.4	4.9	3.1	1.8	5.8	0.0	3.5
EV/EBITDA (x)	FY2014	N/A	N/A	N/A	N/A	10.0	44.3	31.7	7.3	-29.3	20.5
	FY2015	N/A	N/A	N/A	N/A	9.5	27.5	24.4	6.5	-42.6	14.7
	FY2016	N/A	N/A	N/A	N/A	7.8	26.7	16.0	7.7	-216.5	11.0
	FY2017	N/A	N/A	N/A	N/A	7.7	21.6	14.4	6.7	43.3	9.4

This document has been prepared and issued by:

Baillieu Holst Ltd

ABN 74 006 519 393

Australian Financial Service Licence No. 245421

Participant of ASX Group

Participant of NSX Ltd

Analysts' stock ratings are defined as follows:

Buy: The stock's total return is expected to increase by at least 10-15 percent from the current share price over the next 12 months.

Hold: The stock's total return is expected to trade within a range of \pm 10-15 percent from the current share price over the next 12 months.

Sell: The stock's total return is expected to decrease by at least 10-15 percent from the current share price over the next 12 months.

Disclosure of potential interest and disclaimer:

Baillieu Holst Ltd (Baillieu Holst) and/or its associates may receive commissions, calculated at normal client rates, from transactions involving securities of the companies mentioned herein and may hold interests in securities of the companies mentioned herein from time to time. Your adviser will earn a commission of up to 55% of any brokerage resulting from any transactions you may undertake as a result of this advice.

When we provide advice to you, it is based on the information you have provided to us about your personal circumstances, financial objectives and needs. If you wish to rely on our advice, it is important that you inform us of any changes to your personal investment needs, objectives and financial circumstances.

If you do not provide us with the relevant information (including updated information) regarding your investment needs, objectives and financial circumstances, our advice may be based on inaccurate information, and you will need to consider whether the advice is suitable to you given your personal investment needs, objectives and financial circumstances. Please do not hesitate to contact our offices if you need to update your information held with us. Please be assured that we keep your information strictly confidential.

No representation, warranty or undertaking is given or made in relation to the accuracy of information contained in this advice, such advice being based solely on public information which has not been verified by Baillieu Holst Ltd.

Save for any statutory liability that cannot be excluded, Baillieu Holst Ltd and its employees and agents shall not be liable (whether in negligence or otherwise) for any error or inaccuracy in, or omission from, this advice or any resulting loss suffered by the recipient or any other person.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

Baillieu Holst Ltd assumes no obligation to update this advice or correct any inaccuracy which may become apparent after it is given.

Baillieu Holst Ltd

ABN 74 006 519 393

Australian Financial Service Licence No. 245421

Participant of ASX Group

Participant of NSX Ltd

www.baillieuholst.com.au

Melbourne (Head Office)

Address Level 26, 360 Collins Street

Melbourne, VIC 3000 Australia

Postal PO Box 48, Collins Street West

Melbourne, VIC 8007 Australia

Phone +61 3 9602 9222

Facsimile +61 3 9602 2350

Email melbourne@baillieuholst.com.au

Adelaide Office

Address 1, 341 Payneham Road

Marden, SA 5070 Australia

Phone +61 8 7074 8400

Facsimile +61 8 8362 3942

Email adelaide@baillieuholst.com.au

Bendigo Office

Address Cnr Bridge & Baxter Streets

Bendigo, VIC 3550 Australia

Postal PO Box 40

North Bendigo VIC 3550 Australia

Phone +61 3 4433 3400

Facsimile +61 3 4433 3430

Email bendigo@baillieuholst.com.au

Brisbane Office

Address Level 18, 333 Ann Street

Brisbane, QLD 4000 Australia

Phone +61 7 3232 1110

Email brisbane@baillieuholst.com.au

Geelong Office

Address 16 Aberdeen Street

Geelong West Vic 3218

Postal PO Box 364

Geelong Vic 3220 Australia

Phone +61 3 5229 4637

Facsimile +61 3 4229 4142

Email geelong@baillieuholst.com.au

Newcastle Office

Address Level 1, 120 Darby Street

Cooks Hill, NSW 2300 Australia

Postal PO Box 111

The Junction, NSW 2291 Australia

Phone +61 2 4037 3500

Facsimile +61 2 4037 3511

Email newcastle@baillieuholst.com.au

Perth Office

Address Level 10, 191 St Georges Terrace

Perth WA 6000 Australia

Postal PO Box 7662, Cloisters Square

Perth, WA 6850 Australia

Phone +61 8 6141 9450

Facsimile +61 8 6141 9499

Email perth@baillieuholst.com.au

Sydney Office

Address Level 18, 1 Alfred Street

Sydney, NSW 2000 Australia

Postal PO Box R1797

Royal Exchange, NSW 1225 Australia

Phone +61 2 9250 8900

Facsimile +61 2 9247 4092

Email sydney@baillieuholst.com.au