



VMAPS

# VENTURA MORNINGSTAR AUSTRALIAN SHARES INCOME MODEL

## RESEARCH PACK

**SEPTEMBER 2022**

**ADVISER USE ONLY – NOT FOR RETAIL INVESTORS**

### IMPORTANT INFORMATION:

Ventura Investment Management Ltd (Ventura) has been managing client portfolios in Australia for more than 15 years. In 2014, Ventura introduced Ventura Managed Account Portfolios (VMAPS) to provide investors with a diversified investment portfolio via a comprehensive range of professionally managed Investment Models. These models may include listed investments such as shares, exchange traded funds (ETFs), listed investment companies (LICs) and Australian Real Estate Investment Trusts (AREITS) as well as managed funds. The range of Investment Models include:

- diversified models which provide exposure to a broad range of asset classes including cash, fixed interest, property and equities (both Australian and international); and
- sector models which provide exposure to a specific sector across various asset classes including cash, fixed interest, property and equities (both Australian and international).

For the purpose of managing the asset selection for the Ventura Morningstar Models, VIML has appointed Morningstar Investment Management Australia Limited (Morningstar) to manage the asset selection for VMAPS. Morningstar is a leading provider of asset allocation, portfolio construction and investment research services with over 35 years' experience in the United States, Australia and other international markets. Morningstar advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals. Morningstar's disciplined investment approach delivers independent, cost effective and holistic solutions for our clients – helping them reach their financial goals. This long-term, valuation driven approach is underpinned by an emphasis on preserving capital and undertaking meticulous comprehensive fundamental analysis of global asset classes and securities.

For further information on VMAPS  
please contact your VenturaFM representative  
**1300 738 421 | [www.venturaFM.com.au](http://www.venturaFM.com.au)**

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**VENTURA FM**

# Morningstar Australian Shares Income Managed Account Portfolio

# Q32022

Preparation Date: 28/09/2022

## Research Pack

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### About this research pack

A research pack for financial advisers using the Morningstar Australian Shares Income Managed Account Portfolio. This pack shows analyst ratings and/or recommendations on the underlying portfolio holdings.

For managed funds included in the portfolio, investors hold units in Morningstar's 'zero management fee class'. For illustrative purposes, however, we have included the fact sheet for the class of units which are available to direct investors at the standard retail management fee.

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### About Morningstar

Morningstar is a leading provider of asset allocation, portfolio construction and investment research services with over 35 years' experience in the United States, Australia and other international markets. Morningstar advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

Morningstar's disciplined investment approach delivers objective, cost effective and holistic solutions for our clients - helping them reach their financial goals. This long-term, valuation driven approach is underpinned by an emphasis on preserving capital and undertaking comprehensive fundamental analysis of global asset classes and securities.

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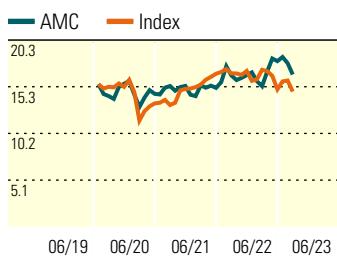
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# Amcor Plc AMC ★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	16.70
Capital Allocation	Standard
Market Cap \$Mil	11,128
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	16.58
52 Week High/Low \$	19.03/14.63
Shares Issued Mil	671
Morningstar Sector	Consumer Cyclical
Morningstar Industry	Packaging & Containers
GICS Sector	Materials

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	1,526.7	1,605.7	1,710.2	1,840.0
EPS ¢	98.1	105.9	114.1	122.8
EPS Chg %	7.2	7.9	7.7	7.6
DPS ¢	62.9	63.6	70.7	79.0
Franked %	0.0	0.0	0.0	0.0
Div Yld %	4.1	3.9	4.3	4.8
P/E x	15.5	15.6	14.5	13.5

Source: Morningstar estimates 18-Aug-2022.

## Profile

Amcor Plc (AMC, formerly Amcor Limited) develops and produces a range of packaging products including flexible packaging, rigid packaging containers, specialty cartons, and closures. It has 225 principal manufacturing facilities in more than 40 countries. The Company's majority of sales are made to the defensive food, beverage, pharmaceutical, medical device, home and personal care, and other consumer goods end markets.

## Investment Perspective

by Johannes Faul 18-Aug-2022

Amcor continues to unlock integration benefits from its transformative acquisition of Bemis in late fiscal 2019. The acquisition was moat-enhancing in our view, with resin procurement advantages in North America reinforced by incremental scale in the region.

## Research Archive

Time	Date	Rating	Price \$	Event
12:18PM	19-Aug-2022	★★★	18.55	
				<i>Amcor's June Quarter Meets Expectations, Outlook for Growth Maintained Despite Divestments</i>
10:13PM	04-May-2022	★★★	16.74	
				<i>Amcor's Third Quarter Aligns With Our Expectations; Operating Headwinds Managed Well</i>
10:14PM	02-Feb-2022	★★★	16.36	
				<i>No Surprises in Amcor's First-Half Result; Forecasts and AUD 16.70 Fair Value Estimate Maintained</i>
4:34PM	03-Nov-2021	★★★	16.11	
				<i>Amcor's First-Quarter Result Aligns With Our Expectations, Full-Year Forecast Unchanged</i>
10:48AM	22-Sep-2021	★★★	16.33	
				<i>Transferring Coverage of Amcor; FVE Maintained at AUD 16.70</i>

\$ = Price Move

= Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	18,570.2	17,203.0	19,284.0	20,120.9	20,957.1
EBITDA Margin %	11.0	13.2	14.2	16.4	16.5
EBIT (\$Mil)	1,505.8	1,781.7	2,255.4	2,423.4	2,575.6
EBIT Margin %	12.0	12.4	11.7	12.0	12.3
Adjusted NPAT (\$Mil)	1,466.1	1,526.7	1,605.7	1,710.2	1,840.0
Reported NPAT (\$Mil)	913.0	1,256.0	1,605.7	1,710.2	1,840.0
Earnings Per Share ¢	91.5	98.1	105.9	114.1	122.8
Avg no. of Shares (\$Mil)	1,602.0	1,556.0	1,516.0	1,499.0	1,499.0
Book Value Per Share ¢	435.8	414.4	362.2	382.7	427.0
Net Operating Cashflow (\$Mil)	0.0	0.0	0.0	2,417.5	2,851.5
Capex (\$Mil)	-595.8	-626.0	-698.8	-882.7	-887.6
Free Cash Flow (\$Mil)	2,326.7	1,778.5	2,012.0	1,681.3	2,098.2

## Key Dates

Fiscal Year End	30 Jun	AGM	14 Jan 2020
Listing Date	28 Aug 1969	DRIP	Active

# Ansell Limited ANN ★★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Low
Moat Rating	Narrow
Fair Value \$	32.00
Capital Allocation	Exemplary
Market Cap \$Mil	3,178
Morningstar Style Box	■■■■■
Price \$ (4:00PM 28-Sep-2022)	24.94
52 Week High/Low \$	34.67/21.11
Shares Issued Mil	127
Morningstar Sector	Healthcare
Morningstar Industry	Medical Instruments & Supplies
GICS Sector	Health Care

## Price vs. Market



## Profile

Ansell Limited (ANN) is involved in the development, manufacturing and sourcing, distribution and sale of gloves and protective personal equipment in the industrial and medical end markets. Ansell operates in two main business segments, Industrial and Healthcare. The group employs over 14,000 people worldwide with operations in North America, Latin America/Caribbean, EMEA and Asia Pacific, customers in more than 100 countries around the world.

## Investment Perspective

by Shane Ponraj 22-Aug-2022

Ansell has undergone extensive restructuring since 2014 which we believe puts the company in better shape operationally and a clear strategy to focus on its key brands and innovation. With a healthy balance sheet, Ansell has plenty of headroom to seek discounted acquisitions as well as continue opportunistic share buybacks to enhance shareholder returns. Currently, Ansell is facing cost pressures, supply chain disruption, and coronavirus-related demand normalising, which we expect will result in revenue growth reverting to 4% driven by trends in improved workplace safety and population factors, particularly in emerging markets. We anticipate operating margins to recover to 15% in the long term as elevated freight costs and manufacturing disruption abates while overhead absorption returns.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	26-Sep-2022	★★★★★	24.57	\$
<i>Price move through trigger level</i>				
2:54PM	23-Aug-2022	★★★★★	25.14	■
<i>Ansell's Margins Recover Faster Than We Expected; Shares Remain Undervalued</i>				
4:00PM	02-Aug-2022	★★★★★	26.83	\$
<i>Price move through trigger level</i>				
10:11PM	24-Jun-2022	★★★★★	21.83	■
<i>We Still Expect Ansell's Gross Margins to Recover; Shares Remain Undervalued</i>				
4:00PM	09-Jun-2022	★★★★★	24.45	\$
<i>Price move through trigger level</i>				

\$ = Price Move ■ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	2,407.4	2,712.3	2,690.7	2,706.3	2,806.1
EBITDA Margin %	15.7	18.8	13.9	14.9	16.0
EBIT (\$Mil)	323.3	452.3	314.4	339.3	379.0
EBIT Margin %	13.4	16.7	12.6	12.5	13.5
Adjusted NPAT (\$Mil)	233.6	330.1	242.2	236.6	267.6
Reported NPAT (\$Mil)	233.6	330.1	218.7	236.6	267.6
Earnings Per Share ¢	176.6	253.7	188.9	185.9	210.2
Avg no. of Shares (\$Mil)	132.3	130.1	128.2	127.3	127.3
Book Value Per Share ¢	1,560.5	1,595.5	1,658.9	1,865.4	1,983.1
Net Operating Cashflow (\$Mil)	427.7	231.2	306.0	386.3	389.4
Capex (\$Mil)	-90.4	-107.6	-93.0	-118.0	-138.5
Free Cash Flow (\$Mil)	307.8	68.9	203.4	273.9	253.8

## Key Dates

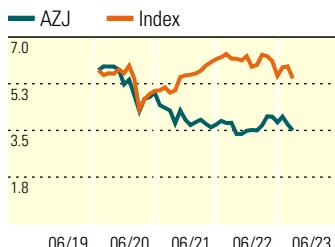
Fiscal Year End	30 Jun	AGM	10 Nov 2022
Listing Date	22 Aug 1985	DRIP	Active

# Aurizon Holdings Limited AZJ ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	Narrow
Fair Value \$	4.70
Capital Allocation	Standard
Market Cap \$Mil	6,442
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	3.50
52 Week High/Low \$	4.24/3.31
Shares Issued Mil	1,841
Morningstar Sector	Industrials
Morningstar Industry	Railroads
GICS Sector	Industrials

## Price vs. Market



## Profile

Aurizon Holdings Limited (AZJ) provides access to, and operation and management of, the Central Queensland Coal Network (CQCN) and provides design, construction, overhaul, maintenance and management services to Aurizon Holdings Limited and its subsidiary entities (the Aurizon Group) as well as external below rail customers.

## Investment Perspective

by Adrian Atkins 08-Aug-2022

Aurizon Holdings is a vertically integrated heavy-haul rail freight operator with an extensive fleet of locomotives and rolling stock. The company also manages and operates the largest coal rail track network in Australia. Aurizon was privatised after more than 145 years of state government ownership. The medium-term earnings outlook is supported by CPI-linked tariffs, operational efficiency gains and expansion of the bulk business. Coal prices are strong but downward pressure on haulage rates and volume growth is likely to remain because of stiff competition.

## Research Archive

Time	Date	Rating	Price \$	Event
10:14PM	08-Aug-2022	★★★★	3.90	■
		<i>Flat Result and Guidance Spooks Market, but Medium-Term Outlook Is Good</i>		
4:00PM	21-Jun-2022	★★★★	3.81	\$
		<i>Price move through trigger level</i>		
12:02PM	09-Jun-2022	★★★	4.20	■
		<i>Aurizon to Gain From Coal Rebound</i>		
4:00PM	03-Jun-2022	★★★	4.17	\$
		<i>Price move through trigger level</i>		
10:23PM	14-Feb-2022	★★★★	3.62	■
		<i>Good First-Half Result for Aurizon; Shares Remain Attractive</i>		

\$ = Price Move

■ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	3,064.6	3,019.3	3,057.9	3,322.1	3,472.3
EBITDA Margin %	47.9	49.1	48.0	45.8	47.6
EBIT (\$Mil)	909.0	903.1	875.3	905.0	1,014.4
EBIT Margin %	29.7	29.9	28.6	27.2	29.2
Adjusted NPAT (\$Mil)	531.4	532.7	525.2	521.4	553.5
Reported NPAT (\$Mil)	531.4	532.7	525.2	521.4	553.5
Earnings Per Share ¢	27.2	28.5	28.5	28.3	30.1
Avg no. of Shares (\$Mil)	1,952.9	1,870.5	1,844.6	1,840.7	1,840.7
Book Value Per Share ¢	223.1	228.5	239.2	246.6	254.2
Net Operating Cashflow (\$Mil)	1,096.3	1,098.7	1,192.0	1,153.0	1,212.3
Capex (\$Mil)	-516.8	-514.8	-495.9	-580.0	-570.0
Free Cash Flow (\$Mil)	828.8	667.5	748.6	-1,244.8	798.8

## Key Dates

Fiscal Year End	30 Jun	AGM	13 Oct 2022
Listing Date	22 Nov 2010	DRIP	None

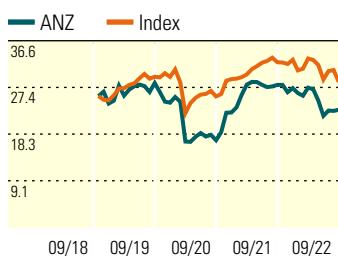
# Australia & New Zealand Banking Group Ltd ANZ

★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value \$	31.00
Capital Allocation	Standard
Market Cap \$Mil	68,918
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	23.05
52 Week High/Low \$	28.75/20.78
Shares Issued Mil	2,990
Morningstar Sector	Financial Services
Morningstar Industry	Banks - Diversified
GICS Sector	Financials

## Price vs. Market



	09/20	09/21	09/22e	09/23e
NPAT (\$Mil)	3,758.0	6,198.0	6,126.4	6,516.7
EPS ¢	132.8	218.4	218.0	218.1
EPS Chg %	-41.7	64.5	-0.2	0.0
DPS ¢	60.0	142.0	144.0	144.0
Franked %	100.0	100.0	100.0	85.0
Div Yld %	2.9	5.5	6.2	6.2
P/E	15.8	11.7	10.6	10.6

Source: Morningstar estimates 18-Jul-2022.

## Profile

Australia and New Zealand Banking Group Limited (ANZ) provides a range of banking and financial products and services to retail, small business, corporate and institutional clients. ANZ operates in Australia, New Zealand, Pacific Division, the United Kingdom and the United States. ANZ main business divisions consist of Retail, Commercial, Transaction Banking, Loans & Specialised Finance, Markets, Commercial banking and wealth management services.

## Investment Perspective

by Nathan Zaia 18-Jul-2022

ANZ Banking Group was established in 1951, with origins stretching back to London in 1835. It has a greater slant toward institutional banking and markets than its peers, but retail banking is still the core earnings contributor. The proposed acquisition of Suncorp Bank would elevate ANZ to number three in home lending. While ANZ Bank delivers lower returns due to this earnings mix, the institutional division provides welcome diversification and access to low cost customer deposits which are used to fund growth in consumer loans. ANZ has downscaled its Asia operations, now specifically targeting large clients it walked away from lending to small business. We expect the step-up in investment spend to help defend market share as opposed to materially growing earnings. Well capitalised and holding large loan loss provisions, ANZ is well placed to withstand any residual fallout from COVID-19 and rising cash rates.

## Research Archive

Time	Date	Rating	Price \$	Event
11:42PM	18-Jul-2022	★★★★	21.64	<a href="#">[Report]</a>
				<i>Corporate Action: Subscribe to Shares in ANZ</i>
				<i>Bank's Entitlement Offer, Suncorp Deal Is Fair</i>
10:08PM	14-Jun-2022	★★★★	22.00	<a href="#">[Report]</a>
				<i>Concern Around Bank Bad Debts and Market Selloff Present Long-Term Buying Opportunities in Banks</i>
2:14PM	18-May-2022	★★★★	25.88	<a href="#">[Report]</a>
				<i>A Less Uncertain Future for Australian Banks, Particularly on the Downside</i>
4:00PM	11-May-2022	★★★★	25.40	\$
				<i>Price move through trigger level</i>
10:18PM	04-May-2022	★★★	27.38	<a href="#">[Report]</a>
				<i>Margin Squeeze Coming to an End for ANZ Bank, now to Grow Home Loans and Lower Expenses</i>

\$ = Price Move

[\[Report\]](#) = Research Report

## Financials

	09/19	09/20	09/21	09/22e	09/23e
Net Interest Income (\$Mil)	14,339.0	14,049.0	14,161.0	14,779.1	15,289.5
Net Interest Margin %	1.76	1.63	1.64	1.64	1.65
Non Interest Income (\$Mil)	4,690.0	3,703.0	3,286.0	3,423.5	3,747.2
Adjusted NPAT (\$Mil)	6,470.0	3,758.0	6,198.0	6,126.4	6,516.7
Reported NPAT (\$Mil)	6,161.0	3,660.0	6,181.0	6,131.4	6,476.7
Earnings Per Share ¢	227.6	132.8	218.4	218.0	218.1
Avg no. of Shares (\$Mil)	2,843.1	2,830.9	2,838.6	2,802.6	2,987.6
Book Value Per Share ¢	2,137.9	2,164.9	2,242.8	2,554.0	2,168.8
Efficiency Ratio %	47.7	52.9	51.9	52.8	46.8
Bad Debts to Gross Loans Ratio %	0.13	0.44	-0.09	-0.03	0.13
Tier 1 Ratio %	11.8	12.6	13.4	13.2	14.6

## Key Dates

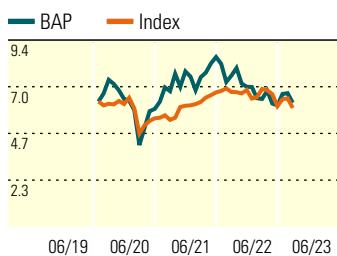
Fiscal Year End	30 Sep	AGM	16 Dec 2021
Listing Date	30 Sep 1969	DRIP	Active

# Bapcor Limited BAP ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	8.00
Capital Allocation	Exemplary
Market Cap \$Mil	2,108
Morningstar Style Box	☒
Price \$ (4:00PM 28-Sep-2022)	6.21
52 Week High/Low \$	8.37/5.45
Shares Issued Mil	339
Morningstar Sector	Consumer Cyclical
Morningstar Industry	Specialty Retail
GICS Sector	Consumer Discretionary

## Price vs. Market



## Profile

Bapcor Limited (BAP) is engaged in sales and distribution of vehicle parts, accessories, automotive equipment, service and solutions. Bapcor is one of the largest suppliers of vehicle parts, accessories, equipment, service and solutions in Asia Pacific with an operational network covering over 1,000 locations.

## Investment Perspective

by Angus Hewitt 17-Aug-2022

We expect Bapcor, which retails and distributes automotive spare parts and accessories businesses in Australia and New Zealand, to continue to consolidate the highly fragmented auto parts industry. The majority of Bapcor's earnings are derived from its Burson-branded trade businesses in Australia and New Zealand, which distribute automotive parts to chain and independent mechanic workshops. In our opinion, Bapcor enjoys durable competitive advantages against smaller peers--particularly in the trade industry--and we have assigned the firm a narrow economic moat. Bapcor's scale allows not only additional buying power, but also the ability to source an extensive range of inventory and the flexibility to efficiently allocate inventory between stores, affording a competitive position, which we expect smaller competitors will be unable to replicate.

## Research Archive

Time	Date	Rating	Price \$	Event
11:09AM	18-Aug-2022	★★★★	6.75	<a href="#">[Report]</a>
		<i>Bapcor Resilient Thanks to Strong Automotive Spare Parts Demand</i>		
10:08PM	17-Jun-2022	★★★★	5.60	<a href="#">[Report]</a>
		<i>Supply Chain Pressures Weigh on GUD Holdings' Short-Term Outlook</i>		
10:08PM	09-Feb-2022	★★★★	6.50	<a href="#">[Report]</a>
		<i>Bapcor's Interim Result Demonstrates the Resilience of Auto Parts</i>		
4:00PM	09-Feb-2022	★★★★	6.50	\$
		<i>Price move through trigger level</i>		
4:00PM	07-Feb-2022	★★★	7.08	\$
		<i>Price move through trigger level</i>		

\$ = Price Move [\[Report\]](#) = Research Report

## Financials

	06/22	06/23e	06/24e
NPAT (\$Mil)	131.3	139.3	158.7
EPS ¢	38.5	41.0	46.8
EPS Chg %	1.1	6.5	13.9
DPS ¢	21.5	23.0	26.0
Franked %	100.0	100.0	100.0
Div Yld %	3.0	3.7	4.2
P/E x	18.3	15.1	13.3

Source: Morningstar estimates 17-Aug-2022.

	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	1,841.9	1,955.3	2,087.4
EBITDA Margin %	15.5	13.0	13.6
EBIT (\$Mil)	197.4	226.2	254.8
EBIT Margin %	10.7	11.6	12.2
Adjusted NPAT (\$Mil)	131.3	139.3	158.7
Reported NPAT (\$Mil)	125.4	139.3	158.7
Earnings Per Share ¢	38.5	41.0	46.8
Avg no. of Shares (\$Mil)	340.6	339.4	339.4
Book Value Per Share ¢	320.3	339.5	360.3
Net Operating Cashflow (\$Mil)	104.8	215.3	155.9
Capex (\$Mil)	-43.6	-62.6	-54.3
Free Cash Flow (\$Mil)	53.8	171.8	121.5

## Key Dates

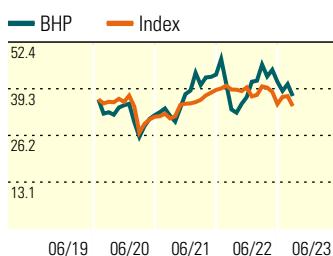
Fiscal Year End	30 Jun	AGM	19 Oct 2022
Listing Date	24 Apr 2014	DRIP	Active

# BHP Group Limited BHP ★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	None
Fair Value \$	37.00
Capital Allocation	Standard
Market Cap \$Mil	188,702
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	37.25
52 Week High/Low \$	47.90/31.66
Shares Issued Mil	5,066
Morningstar Sector	Basic Materials
Morningstar Industry	Other Industrial Metals & Mining
GICS Sector	Materials

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	22,895.8	32,980.2	20,203.6	20,663.6
EPS ¢	451.8	650.4	398.4	407.5
EPS Chg %	69.1	44.0	-38.7	2.3
DPS ¢	403.5	450.1	311.9	326.8
Franked %	100.0	100.0	100.0	100.0
Div Yld %	10.7	11.2	8.4	8.8
P/E x	8.4	6.2	9.3	9.1

Source: Morningstar estimates 16-Aug-2022.

## Profile

BHP Group Limited (BHP, Formerly BHP Billiton Limited) Is A Diversified Natural Resources Company Producing Commodities Along With Substantial Interests In Oil And Gas. BHP's Principal Business Lines Are Mineral Exploration And Production, As Well As Petroleum Exploration, Production And Refining. BHP's Assets, Operations And Interests Are Separated Into Petroleum And Potash, Copper, Iron Ore, Coal And Nickel.

## Investment Perspective

by Jon Mills 16-Aug-2022

BHP has several of the world's largest mines and has ridden the commodity supercycle since the early 2000s. Key commodities are iron ore, copper, and coking coal. In addition, the company has nickel exposure and is also entering the potash market through the development of its Jansen mine in Canada. BHP's iron ore mines in particular are at the low end of the industry cash cost curve along with Rio's; however, overinvestment during the peaks of the China boom, when capital costs were high relative to historical standards, diluted returns. After adding back the not-inconsiderable write-downs, we expect adjusted midcycle returns to be close to the company's cost of capital. Excluding impairments, we forecast midcycle returns slightly above our estimated cost of capital.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	01-Sep-2022	★★★	37.51	\$
<i>Price move through trigger level</i>				
4:00PM	24-Aug-2022	★★	41.91	\$
<i>Price move through trigger level</i>				
10:33PM	16-Aug-2022	★★★	40.51	■
<i>BHP Delivers Record Fiscal 2022 Result; Fair Value Estimate of AUD 37 per Share Retained</i>				
3:44PM	08-Aug-2022	★★★	38.81	■
<i>BHP Lobs Oz Minerals AUD 25 Offer and We Raise Our FVE to That Level; Shareholders Take No Action</i>				
10:20PM	27-Jul-2022	★★★	37.52	■
<i>Retaining Our AUD 37 BHP Fair Value Estimate With Transition of Analyst Coverage</i>				

\$ = Price Move

■ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	65,323.6	82,220.1	92,087.0	83,862.4	83,981.2
EBITDA Margin %	48.3	55.3	60.6	54.9	53.2
EBIT (\$Mil)	22,318.0	35,967.3	47,258.0	36,134.5	34,050.5
EBIT Margin %	34.2	43.8	51.3	43.1	40.6
Adjusted NPAT (\$Mil)	13,540.6	22,895.8	32,980.2	20,203.6	20,663.6
Reported NPAT (\$Mil)	11,890.6	15,156.2	42,791.9	20,203.6	20,663.6
Earnings Per Share ¢	267.1	451.8	650.4	398.4	407.5
Avg no. of Shares (\$Mil)	5,069.0	5,068.0	5,071.0	5,071.0	5,071.0
Book Value Per Share ¢	1,413.3	1,356.1	1,227.7	1,300.9	1,390.5
Net Operating Cashflow (\$Mil)	0.0	0.0	0.0	34,050.9	33,687.5
Capex (\$Mil)	-10,312.4	-8,856.4	-8,108.3	-9,071.8	-8,651.9
Free Cash Flow (\$Mil)	11,057.9	22,867.5	47,571.3	22,052.0	22,669.3

## Key Dates

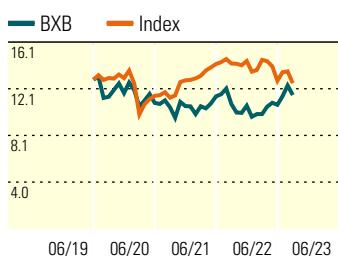
Fiscal Year End	30 Jun	AGM	10 Nov 2022
Listing Date	13 Aug 1885	DRIP	Active

# Brambles Limited BXB ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value \$	14.00
Capital Allocation	Exemplary
Market Cap \$Mil	16,019
Morningstar Style Box	■
Price \$ (4:00PM 28-Sep-2022)	11.55
52 Week High/Low \$	13.13/9.26
Shares Issued Mil	1,387
Morningstar Sector	Industrials
Morningstar Industry	Integrated Freight & Logistics
GICS Sector	Industrials

## Price vs. Market



Source: Morningstar estimates 17-Aug-2022.

## Profile

Brambles Limited (BXB) is a supply-chain logistics company operating in more than 60 countries, primarily through the CHEP brand. BXB specializes in the pooling of unit-load equipment and the provision of associated services. BXB is focusing on the outsourced management of reusable pallets, crates and containers.

## Investment Perspective

by Mathew Hodge 17-Aug-2022

Brambles is the largest provider of pallet pooling services globally, operating in about 60 countries throughout the Americas, EMEA and Asia-Pacific regions. Brambles' substantial relative scale in key markets provides the business with a cost advantage and wide economic moat. Investor sentiment for Brambles has weakened in recent years largely owing to the potential impact of e-commerce on traditional supply chains. While the evolution of traditional supply chains to more e-commerce-friendly supply chains has the potential to affect Brambles' pallet movements, Brambles remains a well-entrenched business with an attractive growth profile. Brambles' pallet pooling model has substantial benefits relative to the traditional nonrental whitewood pallet model and Brambles is positioned to benefit from secular growth as its pallet pooling model penetrates underserved markets over the short-, medium-, and long term.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	06-Sep-2022	★★★★	12.05	\$
<i>Price move through trigger level</i>				
4:00PM	22-Aug-2022	★★★★	13.10	\$
<i>Price move through trigger level</i>				
11:26PM	17-Aug-2022	★★★★	12.40	■
<i>Brambles Benefits From Firmer Pricing as Industrywide Pallet Shortage and Higher Service Costs Bite</i>				
4:00PM	17-Aug-2022	★★★★	12.40	\$
<i>Price move through trigger level</i>				
10:18PM	05-Jul-2022	★★★★	11.25	■
<i>Plastic Not Fantastic; Transferring Coverage to a New Analyst; Raising Our Brambles FVE to AUD 13.20</i>				

\$ = Price Move

■ = Research Report

## Financials

	06/21	06/22	06/23e	06/24e	06/20	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	715.6	776.7	918.0	1,020.1	7,247.1	7,225.1	7,608.6	8,492.8	7,919.5
EPS ¢	48.3	52.5	63.7	70.8	31.6	32.3	27.8	28.7	33.1
EPS Chg %	1.5	8.5	21.4	11.1	1,142.4	1,176.2	1,201.4	1,433.8	1,583.1
DPS ¢	27.4	30.1	34.7	38.6	16.3	16.3	16.2	16.9	20.0
Franked %	30.0	30.0	30.0	30.0	739.8	715.6	776.7	918.0	1,020.1
Div Yld %	2.6	2.8	3.0	3.3	667.3	703.7	785.0	918.0	1,020.1
P/E x	22.0	20.4	18.1	16.3	47.6	48.3	52.5	63.7	70.8
Avg no. of Shares (\$Mil)					1,553.4	1,480.2	1,480.2	1,441.2	1,441.2
Book Value Per Share ¢					264.3	243.0	219.1	265.2	305.0
Net Operating Cashflow (\$Mil)					2,065.7	2,085.9	2,063.2	2,355.5	1,815.8
Capex (\$Mil)					-1,493.6	-1,413.2	-2,186.2	-2,746.9	-1,889.8
Free Cash Flow (\$Mil)					720.9	842.4	162.0	-325.7	1.5

## Key Dates

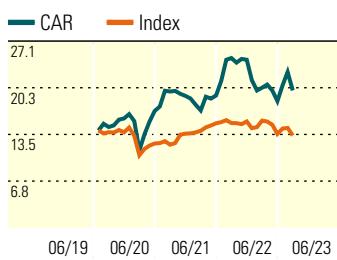
Fiscal Year End	30 Jun	AGM	18 Oct 2022
Listing Date	01 Jan 1954	DRIP	Suspended

# Carsales.com Limited CAR ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	22.80
Capital Allocation	Standard
Market Cap \$Mil	6,997
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	19.93
52 Week High/Low \$	25.84/16.99
Shares Issued Mil	351
Morningstar Sector	Communication Services
Morningstar Industry	Internet Content & Information
GICS Sector	Communication Services

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	153.4	194.8	242.5	269.6
EPS ¢	54.4	69.0	76.6	76.9
EPS Chg %	-3.4	26.7	11.2	0.4
DPS ¢	47.5	0.0	61.3	61.5
Franked %	100.0	100.0	100.0	100.0
Div Yld %	2.5	0.0	3.1	3.1
P/E x	34.8	31.8	26.0	25.9

Source: Morningstar estimates 06-Sep-2022.

## Profile

Carsales.com Ltd (CAR) is the online automotive, motorcycle and marine classifieds business in Australia. Together with its subsidiaries employing more than 800 people in Australia, carsales.com Ltd. develops world technology and advertising solutions that drive its business around the world. CAR network has operations across the Asia Pacific region and has interests in leading automotive classified businesses in Brazil, South Korea, Mexico, Chile, Argentina and the United States.

## Investment Perspective

by Brian Han 06-Sep-2022

Carsales.com leverages its audiences to extract value for car manufacturers eager to inform potential car buyers of their products. Carsales.com not only attracts the largest audience of buyers and sellers of vehicles, but also offers a highly engaged audience to advertisers. This is a significant maintainable competitive advantage and is attractive to the vehicle industry because vendors can now target their advertising expenditure directly to potential customers, rather than the scatter-gun approach through print and TV media. We expect Carsales.com can attract a disproportionate share of the car advertising market, which continues to migrate online at the expense of traditional TV and print advertising. Carsales.com has segmented its site to enable buyers to filter through to a particular car segment, enabling advertisers to further target expenditure directly to those interested in a particular type of car.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	23-Sep-2022	★★★★	19.64	\$
<i>Price move through trigger level</i>				
10:23PM	06-Sep-2022	★★★★	21.65	■
<i>Carsales.com's Fair Value Estimate Unchanged</i>				
<i>Following Transfer of Coverage</i>				
9:45AM	16-Aug-2022	★★★★	22.90	■
<i>Carsales.com Continues to Grow its Global Platform</i>				
4:00PM	29-Jul-2022	★★★★	20.65	\$
<i>Price move through trigger level</i>				
4:00PM	29-Jun-2022	★★★★	18.25	\$
<i>Price move through trigger level</i>				

\$ = Price Move ■ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	423.1	437.9	509.5	659.3	789.1
EBITDA Margin %	54.8	58.0	53.3	57.7	58.2
EBIT (\$Mil)	203.7	222.3	233.1	354.6	407.9
EBIT Margin %	48.1	50.8	45.7	53.8	51.7
Adjusted NPAT (\$Mil)	137.9	153.4	194.8	242.5	269.6
Reported NPAT (\$Mil)	114.7	131.8	160.8	242.5	269.6
Earnings Per Share ¢	56.3	54.4	69.0	76.6	76.9
Avg no. of Shares (\$Mil)	245.0	282.0	282.5	316.5	350.5
Book Value Per Share ¢	121.3	333.5	358.8	725.7	686.0
Net Operating Cashflow (\$Mil)	171.4	198.3	203.6	261.2	315.0
Capex (\$Mil)	-29.8	-51.3	-831.1	-1,763.8	-38.8
Free Cash Flow (\$Mil)	149.5	156.4	-618.5	-1,468.2	318.6

## Key Dates

Fiscal Year End	30 Jun	AGM	29 Oct 2021
Listing Date	10 Sep 2009	DRIP	Active

# Credit Corp Group Limited CCP ★★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	None
Fair Value \$	30.50
Capital Allocation	Standard
Market Cap \$Mil	1,184
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	17.45
52 Week High/Low \$	36.25/16.96
Shares Issued Mil	68
Morningstar Sector	Financial Services
Morningstar Industry	Credit Services
GICS Sector	Financials

## Price vs. Market



## Investment Perspective

by Shaun Ler 02-Aug-2022

Credit Corp is well positioned to increase earnings from its U.S. purchased debt ledger, or PDL, business, and issuing consumer loans to customers with an impaired credit history. The firm has strong track records in buying PDLs at sensible prices, recovering greater amounts than its initial outlay, and meeting compliance standards--all of which helps to ensure continued business and funding from the banks. Recent acquisitions of Baycorp and Collection House's PDL book also allow Credit Corp to further entrench its position in the Australian PDL market. Still, it is a business that requires financial leverage to drive higher economic profits, bringing the threat of value destruction from a severe credit event or overpayment for PDLs. Future returns on equity will likely be constrained with greater mix shift into the larger U.S. market, where peer returns are lower due to stiffer competition.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	27-Sep-2022	★★★★★	17.06	\$
<i>Price move through trigger level</i>				
1:39AM	03-Aug-2022	★★★★★	23.02	█
<i>There Is Value in Credit Corp Shares</i>				
<i>Notwithstanding Near-Term Earnings Pressure Points</i>				
4:00PM	28-Jun-2022	★★★★★	21.11	\$
<i>Price move through trigger level</i>				
4:00PM	17-Jun-2022	★★★★★	18.97	\$
<i>Price move through trigger level</i>				
10:48AM	02-May-2022	★★★★★	27.54	█
<i>Valuation of Credit Corp now Undemanding; Expected Earnings Growth Overlooked by Market</i>				

\$ = Price Move █ = Research Report

## Financials

	06/22	06/23e	06/24e
NPAT (\$Mil)	96.2	90.2	98.9
EPS ¢	141.8	133.0	145.8
EPS Chg %	9.2	-6.2	9.7
DPS ¢	74.0	66.5	72.9
Franked %	100.0	100.0	100.0
Div Yld %	2.5	3.8	4.2
P/E x	20.9	13.1	12.0

Source: Morningstar estimates 02-Aug-2022.

## Profile

Credit Corp Group Limited (CCP) is into debt purchase and collection as well as consumer lending. Credit Corp is Australia's largest provider of sustainable financial services in the credit-impaired consumer segment.

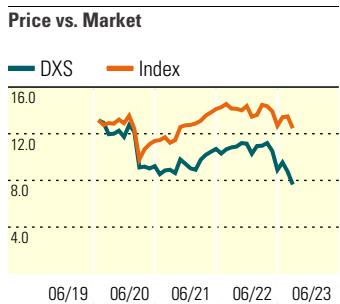
	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	411.2	431.3	491.7
EBITDA Margin %	37.3	30.9	29.7
EBIT (\$Mil)	143.0	128.9	141.3
EBIT Margin %	34.8	29.9	28.7
Adjusted NPAT (\$Mil)	96.2	90.2	98.9
Reported NPAT (\$Mil)	100.7	90.2	98.9
Earnings Per Share ¢	141.8	133.0	145.8
Avg no. of Shares (\$Mil)	67.8	67.8	67.8
Book Value Per Share ¢	1,091.9	1,158.4	1,231.3
Net Operating Cashflow (\$Mil)	-100.3	77.9	102.9
Capex (\$Mil)	-3.8	-4.3	-4.9
Free Cash Flow (\$Mil)	20.5	44.5	175.4

## Key Dates

Fiscal Year End	30 Jun	AGM	15 Jan 2020
Listing Date	04 Sep 2000	DRIP	Suspended

# Dexus DXS ★★★★ (4:00PM 28-Sep-2022)

Snapshot	
Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	10.80
Capital Allocation	Standard
Market Cap \$Mil	8,207
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	7.63
52 Week High/Low \$	11.50/7.39
Shares Issued Mil	1,076
Morningstar Sector	Real Estate
Morningstar Industry	REIT - Diversified
GICS Sector	Real Estate



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	717.0	757.6	684.3	714.9
EPS ¢	64.4	68.6	63.3	65.8
EPS Chg %	-1.5	6.5	-7.8	4.0
DPS ¢	51.8	53.2	50.0	50.0
Franked %	10.0	10.0	10.0	10.0
Div Yld %	5.5	5.0	6.6	6.6
P/E x	14.6	15.5	12.1	11.6

Source: Morningstar estimates 19-Aug-2022.

**Profile**  
Dexus (DXS, formerly Dexus Property Group) is an Australian real estate group focusing in owning, managing and developing real estate assets and managing real estate funds on behalf of third-party investors.

## Investment Perspective

by Alexander Prineas

19-Aug-2022

Dexus Property Group is a major Australian property owner, manager, investor and developer. About 75% of income comes from office rent, nearly all of it prime-grade property. About half (by book value) of the office portfolio is in the Sydney CBD or fringe, as well as substantial CBD exposure in Melbourne and Brisbane, and minor other holdings around Australia. The group has a sizable industrial property portfolio (one fifth of funds from operations, or FFO), and small retail and healthcare property interests. Funds management and property management accounts for about 10% of income, with funds management the group's fastest growth engine. The group targets gearing of 30%-40%, so financial risk is moderate considering that revenue is underpinned by long leases with fixed or CPI uplifts. Its funds management business is sticky given lockups and switching costs (exit penalties, and tax/transaction costs).

## Research Archive

Time	Date	Rating	Price \$	Event
10:24PM	19-Aug-2022	★★★★	9.16	
		<i>Dexus' Distributions to Decline in Fiscal 2023, but the Bitter Medicine Is Likely a Limited Dose</i>		
2:23PM	11-Jul-2022	★★★★	9.27	
		<i>Australian REIT Valuations Largely Unaffected by Rising Rates So Far; Sector Looks Undervalued.</i>		
4:00PM	14-Jun-2022	★★★★	9.07	\$
		<i>Price move through trigger level</i>		
2:38PM	28-Apr-2022	★★★★	11.18	
		<i>Dexus Acquires Funds Platform From Collimate Capital. FVE up 2.4% to AUD 10.80</i>		
10:23PM	15-Feb-2022	★★★★	10.43	
		<i>Development and Funds Management Ahead For Dexus. Securities Fairly Priced, AUD 10.55 FVE Unchanged</i>		

\$ = Price Move = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	1,380.5	1,377.5	1,324.2	1,349.6	1,519.0
EBITDA Margin %	51.9	51.3	55.7	55.1	55.6
EBIT (\$Mil)	703.1	698.0	724.3	730.0	831.5
EBIT Margin %	50.9	50.7	54.7	54.1	54.7
Adjusted NPAT (\$Mil)	734.6	717.0	757.6	684.3	714.9
Reported NPAT (\$Mil)	542.5	529.4	570.4	513.7	526.4
Earnings Per Share ¢	65.4	64.4	68.6	63.3	65.8
Avg no. of Shares (\$Mil)	1,123.4	1,112.9	1,103.9	1,080.8	1,086.0
Book Value Per Share ¢	1,078.0	1,124.0	1,229.0	1,261.4	1,253.8
Net Operating Cashflow (\$Mil)	493.1	493.1	493.1	526.8	533.9
Capex (\$Mil)	-243.2	-111.4	-103.4	-152.5	-1,061.3
Free Cash Flow (\$Mil)	-210.3	-186.0	-332.7	547.9	-270.9

## Key Dates

Fiscal Year End	30 Jun	AGM	26 Oct 2022
Listing Date	06 Oct 2004	DRIP	Suspended

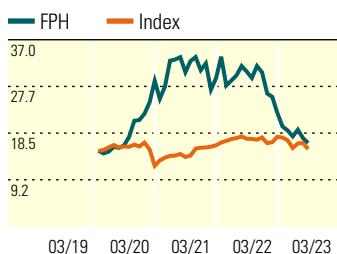
# Fisher & Paykel Healthcare Corporation Limited FPH

★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	19.50
Capital Allocation	Exemplary
Market Cap \$Mil	9,549
Morningstar Style Box	Grid
Price \$ (4:00PM 28-Sep-2022)	16.53
52 Week High/Low \$	33.01/16.39
Shares Issued Mil	578
Morningstar Sector	Healthcare
Morningstar Industry	Medical Instruments & Supplies
GICS Sector	Health Care

## Price vs. Market



## Investment Perspective

by Shane Ponraj 22-Aug-2022

Fisher & Paykel has a long growth trajectory as the hospital and homecare markets for respiratory devices are expanding strongly. Its nasal high flow therapy products are the main driver of growth and is gaining clinical traction in the hospital market where the company has an established stronghold. The use of Fisher & Paykel's products in clinical evidence being gathered, and leadership in nasal high flow therapy, lead us to consider its dominant market position as entrenched in the medium term. However, we think the margin expansion delivered over the last decade from sales mix and lower-cost manufacturing has largely played out and forecast midcycle margins to hold roughly in line with prepandemic levels.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	23-Sep-2022	★★★★	16.80	\$
				<i>Price move through trigger level</i>
4:00PM	12-Sep-2022	★★★	18.20	\$
				<i>Price move through trigger level</i>
4:00PM	06-Sep-2022	★★★★	16.90	\$
				<i>Price move through trigger level</i>
10:24PM	22-Aug-2022	★★★	18.25	■
				<i>Fisher's Guidance Disappoints Due to Elevated Customer Stock Levels and Cost Inflation; FVE Cut 8%</i>
11:20PM	26-May-2022	★★★★	18.06	■
				<i>Fisher &amp; Paykel's Pandemic-Inflated Sales Are Normalising as Expected, but Shares Appear Oversold</i>

\$ = Price Move

■ = Research Report

## Financials

	03/21	03/22	03/23e	03/24e
NPAT (\$Mil)	514.5	362.2	165.4	236.8
EPS ¢	88.8	62.5	28.5	40.8
EPS Chg %	80.4	-29.6	-54.3	43.2
DPS ¢	35.5	37.2	19.7	24.2
Franked %	0.0	0.0	0.0	0.0
Div Yld %	1.2	1.3	1.2	1.5
P/E x	34.2	47.2	58.0	40.5

Source: Morningstar estimates 22-Aug-2022.

	03/20	03/21	03/22	03/23e	03/24e
Sales Revenue (\$Mil)	1,200.2	1,840.0	1,585.0	1,258.4	1,441.4
EBITDA Margin %	33.5	40.3	35.0	23.1	27.7
EBIT (\$Mil)	353.5	673.7	477.4	213.8	312.9
EBIT Margin %	30.7	38.5	30.7	17.0	21.7
Adjusted NPAT (\$Mil)	284.9	514.5	362.2	165.4	236.8
Reported NPAT (\$Mil)	272.9	489.3	355.2	165.4	236.8
Earnings Per Share ¢	49.2	88.8	62.5	28.5	40.8
Avg no. of Shares (\$Mil)	579.0	579.6	580.0	580.2	580.2
Book Value Per Share ¢	159.7	244.9	273.0	268.6	285.2
Net Operating Cashflow (\$Mil)	305.3	583.7	305.7	296.5	329.0
Capex (\$Mil)	-138.0	-149.5	-130.4	-166.7	-176.6
Free Cash Flow (\$Mil)	128.0	395.9	125.3	94.7	116.5

## Key Dates

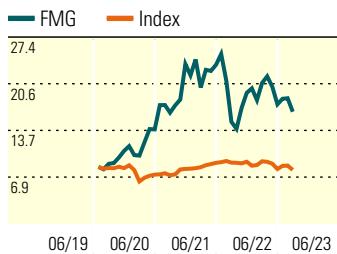
Fiscal Year End	31 Mar	AGM	24 Aug 2022
Listing Date	21 Nov 2001	DRIP	Active

# Fortescue Metals Group Ltd FMG ★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	None
Fair Value \$	14.00
Capital Allocation	Standard
Market Cap \$Mil	50,680
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	16.46
52 Week High/Low \$	22.99/13.90
Shares Issued Mil	3,079
Morningstar Sector	Basic Materials
Morningstar Industry	Steel
GICS Sector	Materials

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	15,227.0	8,581.9	7,704.0	8,019.7
EPS ¢	493.0	278.4	249.9	260.1
EPS Chg %	117.7	-43.5	-10.2	4.1
DPS ¢	358.0	207.0	200.0	208.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	17.8	10.7	12.2	12.6
P/E x	4.1	7.0	6.6	6.3

Source: Morningstar estimates 29-Aug-2022.

## Profile

Fortescue Metals Group Ltd (FMG) is an iron ore production and exploration company with assets located in the Pilbara region of Western Australia

## Investment Perspective

by Jon Mills 31-Jul-2022

After first ore in 2008, Fortescue has significantly expanded production to become the world's fourth-largest iron ore miner. Fortescue built its assets during the iron ore boom, meaning the unit cost of its installed capital base is generally higher than the established majors, who benefit from investments made when industry capital costs were much lower. Operating leverage is high, with margins well below those of peers BHP, Rio Tinto, and Vale, mainly due to the production of lower-grade iron ore, which attracts a material discount to the 62% benchmark. Considerable debt repayment in recent years has lowered financial leverage and the balance sheet is strong. Development of the 22 million tonne a year Iron Bridge magnetite mine should add a higher-cost but higher-value 67% grade iron product. More recently, the company is pursuing ambitions in green energy though its plans are at an early stage.

## Research Archive

Time	Date	Rating	Price \$	Event
10:35PM	29-Aug-2022	★★	18.89	
				<i>Lower Iron Ore Prices and Higher Costs Drive</i>
				<i>Fortescue's 2022 Result; AUD 14 FVE Retained</i>
1:24PM	01-Aug-2022	★★	18.20	
				<i>Fortescue's FVE Reduced to AUD 14 on Higher Costs, Partially Offset by Higher Forecast Production</i>
11:15PM	22-Jul-2022	★★	17.83	
				<i>FVEs Reduced for Most Miners on Lower Commodity Prices Driven by Recession Fears and China Slowdown</i>
11:44PM	03-Jun-2022	★★	21.46	
				<i>Raising Fortescue's FVE to AUD 14.50 on Transition in Coverage, Higher Midcycle Iron Ore Prices</i>
0:18AM	29-Apr-2022	★★	21.73	
				<i>Fortescue Reports Higher Production Offset by Lower Prices, Higher Costs; AUD 14 FVE Retained</i>

\$ = Price Move

= Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	19,036.2	32,959.6	24,082.5	25,407.3	25,845.4
EBITDA Margin %	64.5	73.2	60.5	53.3	54.5
EBIT (\$Mil)	10,217.3	22,106.2	12,463.6	11,289.7	11,722.1
EBIT Margin %	53.7	67.1	51.8	44.4	45.4
Adjusted NPAT (\$Mil)	6,999.3	15,227.0	8,581.9	7,704.0	8,019.7
Reported NPAT (\$Mil)	6,999.3	15,227.0	8,581.9	7,704.0	8,019.7
Earnings Per Share ¢	226.5	493.0	278.4	249.9	260.1
Avg no. of Shares (\$Mil)	3,090.0	3,088.4	3,083.0	3,083.0	3,083.0
Book Value Per Share ¢	632.9	849.0	778.8	885.2	937.4
Net Operating Cashflow (\$Mil)	9,482.6	18,627.4	9,203.7	10,064.3	10,353.9
Capex (\$Mil)	-2,864.7	-5,363.1	-3,876.2	-4,316.2	-2,781.1
Free Cash Flow (\$Mil)	6,745.2	13,355.5	4,930.1	5,946.9	7,758.6

## Key Dates

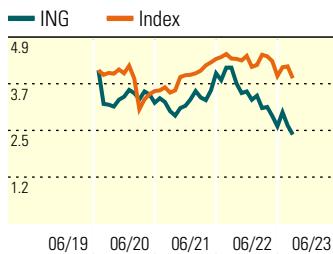
Fiscal Year End	30 Jun	AGM	22 Nov 2022
Listing Date	19 Mar 1987	DRIP	Active

# Inghams Group Limited ING ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	None
Fair Value \$	3.50
Capital Allocation	Standard
Market Cap \$Mil	877
Morningstar Style Box	grid
Price \$ (4:00PM 28-Sep-2022)	2.36
52 Week High/Low \$	4.14/2.31
Shares Issued Mil	372
Morningstar Sector	Consumer Defensive
Morningstar Industry	Farm Products
GICS Sector	Consumer Staples

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	86.7	42.4	52.1	69.8
EPS ¢	23.3	11.4	14.0	18.8
EPS Chg %	9.9	-51.1	23.0	34.1
DPS ¢	16.5	7.0	10.0	13.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	5.0	2.0	4.2	5.5
P/E x	14.2	30.2	16.9	12.6

Source: Morningstar estimates 19-Aug-2022.

## Profile

Inghams Group Limited (ING) involved in the production and sale of chicken and turkey products across its vertically integrated free range, value enhanced, primary processed, further processed and by product categories. Additionally, stockfeed is produced primarily for internal use but also for the poultry, pig and dairy industries.

## Investment Perspective

by Angus Hewitt 19-Aug-2022

Inghams is the largest vertically integrated poultry producer in Australia and New Zealand with around 40% market share in Australia and 35% in New Zealand. It runs its own stockfeed operations, controlling all aspects of chicken growing and processing. Import restrictions on chicken meat protect the duopoly industry structure in Australia and New Zealand, but powerful customers prevent establishment of economic moats. Relatively low operating margins and substantial lease-adjusted financial leverage magnify downside risk.

## Research Archive

Time	Date	Rating	Price \$	Event
10:21PM	19-Aug-2022	★★★★	2.69	<a href="#">[PDF]</a>
		<i>Inghams' Profits Poached by Elevated Costs</i>		
3:50PM	28-Jun-2022	★★★★	2.62	<a href="#">[PDF]</a>
		<i>Inghams May Have Ruffled Investors' Feathers, but We Think the Future Looks Bright</i>		
4:00PM	07-Mar-2022	★★★★	3.02	\$
		<i>Price move through trigger level</i>		
11:54PM	18-Feb-2022	★★★	3.35	<a href="#">[PDF]</a>
		<i>Don't Chicken Out on Inghams Just Because Chicken Supply Is Up</i>		
3:48PM	22-Dec-2021	★★★	3.44	<a href="#">[PDF]</a>
		<i>Omicron May Cause Short-Term Headwinds for Inghams, but Nothing to Get in a Flap About</i>		

\$ = Price Move

[\[PDF\]](#) = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	2,555.3	2,668.8	2,713.1	2,863.0	2,998.6
EBITDA Margin %	15.2	16.6	13.6	7.0	7.6
EBIT (\$Mil)	124.1	178.2	99.4	141.9	168.5
EBIT Margin %	-3.3	6.9	4.0	5.0	5.6
Adjusted NPAT (\$Mil)	78.8	86.7	42.4	52.1	69.8
Reported NPAT (\$Mil)	40.1	83.3	35.1	52.1	69.8
Earnings Per Share ¢	21.2	23.3	11.4	14.0	18.8
Avg no. of Shares (\$Mil)	372.3	372.7	372.7	371.7	371.7
Book Value Per Share ¢	34.7	43.9	42.4	46.6	52.3
Net Operating Cashflow (\$Mil)	344.5	439.9	341.6	124.1	126.3
Capex (\$Mil)	-86.7	-66.3	-61.9	-89.9	-90.0
Free Cash Flow (\$Mil)	247.3	363.7	283.8	89.5	82.8

## Key Dates

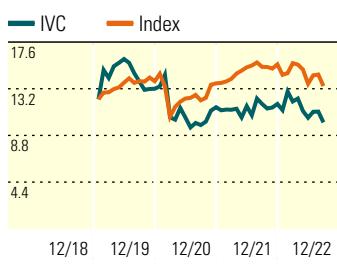
Fiscal Year End	30 Jun	AGM	08 Nov 2022
Listing Date	07 Nov 2016	DRIP	None

# InvoCare Limited IVC ★★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value \$	15.30
Capital Allocation	Standard
Market Cap \$Mil	1,443
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	10.02
52 Week High/Low \$	13.19/9.83
Shares Issued Mil	144
Morningstar Sector	Consumer Cyclical
Morningstar Industry	Personal Services
GICS Sector	Consumer Discretionary

## Price vs. Market



	12/20	12/21	12/22e	12/23e
NPAT (\$Mil)	22.1	30.8	59.8	67.0
EPS ¢	16.5	21.5	41.5	46.5
EPS Chg %	-67.6	30.3	92.7	12.0
DPS ¢	12.5	21.0	31.0	37.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	1.1	1.9	3.1	3.7
P/E x	68.0	52.6	24.1	21.6

Source: Morningstar estimates 29-Aug-2022.

## Profile

InvoCare Limited (IVC) owns and operates funeral homes, cemeteries and crematoria around Australia, New Zealand and Singapore. Key funeral brands are White Lady Funerals, Simplicity Funerals and Singapore Casket. IVC also operates over 290 funeral locations and 16 cemeteries and crematoria. InvoCare employs around 1,800 people globally.

## Investment Perspective

by Angus Hewitt 29-Aug-2022

We expect InvoCare to remain the Australian market leader in the death care industry, with an estimated market share of over a third. The company boasts a number of well-known, highly respected brands and cost advantages over the long tail of smaller players in the highly fragmented death care industry, underpinning our wide economic moat rating. Longer term, the number of deaths is highly predictable, creating reliable demand for its products. Historically, growth has been driven by price increases, growth in the number of deaths, small organic market share gains, and a boost from acquisitions of small private businesses at relatively attractive prices. Nonetheless, year-on-year variations in the death rate can cause some short-term earnings volatility.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	06-Sep-2022	★★★★★	10.25	\$
<i>Price move through trigger level</i>				
9:57AM	30-Aug-2022	★★★★	10.99	█
<i>InvoCare's 2022 Is Improving as Mortality and Pricing Recover</i>				
4:00PM	02-Aug-2022	★★★★	11.25	\$
<i>Price move through trigger level</i>				
10:14PM	07-Jul-2022	★★★★★	10.80	█
<i>Normalisation in Mortality and Pricing Signal an Improved 2022 for InvoCare</i>				
4:00PM	15-Jun-2022	★★★★★	10.24	\$
<i>Price move through trigger level</i>				

\$ = Price Move    █ = Research Report

## Financials

	12/19	12/20	12/21	12/22e	12/23e
Sales Revenue (\$Mil)	490.3	476.8	532.5	572.9	612.6
EBITDA Margin %	30.4	21.8	23.6	22.0	22.8
EBIT (\$Mil)	105.4	53.1	78.0	97.5	109.3
EBIT Margin %	21.5	11.1	14.6	17.0	17.8
Adjusted NPAT (\$Mil)	59.2	22.1	30.8	59.8	67.0
Reported NPAT (\$Mil)	63.8	-11.5	80.2	59.8	67.0
Earnings Per Share ¢	51.0	16.5	21.5	41.5	46.5
Avg no. of Shares (\$Mil)	116.2	133.9	142.9	144.1	144.1
Book Value Per Share ¢	254.5	396.1	405.4	412.8	422.2
Net Operating Cashflow (\$Mil)	63.8	63.6	77.7	86.7	100.1
Capex (\$Mil)	-65.3	-61.0	-62.7	-73.6	-75.6
Free Cash Flow (\$Mil)	25.0	1.6	48.3	22.5	35.2

## Key Dates

Fiscal Year End	31 Dec	AGM	20 May 2022
Listing Date	04 Dec 2003	DRIP	Active

**IRESS Limited IRE Under Review** (0:06AM 28-Sep-2022)

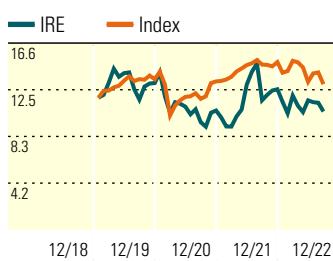
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## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	—
Capital Allocation	Standard
Market Cap \$Mil	1,964
Morningstar Style Box	
Price \$ (0:06AM 28-Sep-2022)	—
52 Week High/Low \$	13.25/9.50
Shares Issued Mil	187
Morningstar Sector	Technology
Morningstar Industry	Software - Application
GICS Sector	Information Technology

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## Price vs. Market



	12/20	12/21	12/22e	12/23e
NPAT (\$Mil)	64.1	70.2	81.8	91.3
EPS ¢	35.0	36.9	43.6	48.6
EPS Chg %	-8.8	5.3	18.2	11.5
DPS ¢	46.0	46.0	48.0	54.0
Franked %	38.3	37.6	37.6	37.6
Div Yld %	4.2	4.0	4.6	5.1
P/E x	31.1	31.4	24.1	21.6

Source: Morningstar estimates 18-Aug-2022

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## Profile

IRESS Limited (IRE) is a leading technology company, providing software to the financial services industry. They provide software and services for trading & market data, financial advice, investment management, mortgages, superannuation, life & pensions and data intelligence.

**Investment Perspective** by Mathew Hodge 27-Sep-2022

We expect Iress to deliver a high-single-digit EPS CAGR over the next decade, with growth from its wealth management business more than offsetting weakness from its mature financial markets business. We expect the narrow economic moat, underpinned by customer switching costs, to help defend the dominant position in Australian financial markets software and enable the Australian wealth management software business to maintain its industry-leading market share. We expect Australian-sourced earnings to gradually fall as geographic diversification continues. We forecast group EBIT margins to increase to 23% by 2030 as margin expansion within the wealth management division offsets margin contraction within the financial markets division. The capital-light business model should enable good cash conversion, low financial leverage, and regular dividends.

## Research Archive

Time	Date	Rating	Price \$	Event
0:06AM	28-Sep-2022	<b>Under Review</b>	—	
<i>Planning To Cease Coverage on Iress</i>				
12:38PM	19-Aug-2022	★★★	11.56	
<i>Iress Remains Fairly Valued Following Reiteration of Long-Term Earnings Guidance</i>				
2:27PM	27-Jul-2022	★★★	10.98	
<i>The Price Is Right for the Job - Iress Announces Marcus Price as New CEO</i>				
2:03PM	13-Apr-2022	★★★	11.80	
<i>IRESS FVE Maintained at AUD 11.00 per Share Despite Retention of Mortgage Business</i>				
11:54PM	18-Feb-2022	★★★	11.05	
<i>Iress Begins its Journey Toward Sustainable Earnings Growth</i>				

\$/=Price Move    ☰=Research Report

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## Financials

Financials	12/18	12/19	12/20	12/21	12/22	12/23
Sales Revenue (\$Mil)	508.9	542.6	595.9	631.8	670.1	
EBITDA Margin %	26.4	24.3	25.0	25.0	25.6	
EBIT (\$Mil)	97.1	92.5	101.8	117.9	131.8	
EBIT Margin %	19.1	17.0	17.1	18.7	19.7	
Adjusted NPAT (\$Mil)	67.2	64.1	70.2	81.8	91.3	
Reported NPAT (\$Mil)	65.1	59.1	73.8	71.8	91.3	
Earnings Per Share ¢	38.4	35.0	36.9	43.6	48.6	
Avg no. of Shares (\$Mil)	174.9	183.0	190.4	187.6	187.6	
Book Value Per Share ¢	248.7	321.2	282.1	276.5	271.1	
Net Operating Cashflow (\$Mil)	104.7	124.9	101.2	92.4	126.2	
Capex (\$Mil)	-33.5	-139.3	-34.6	-16.6	-17.4	
Free Cash Flow (\$Mil)	103.9	31.6	107.4	82.4	116.4	

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## Key Dates

Fiscal Year End 31 Dec AGM 05 May 2022  
Listing Date 03 Nov 2000 DRIP Active

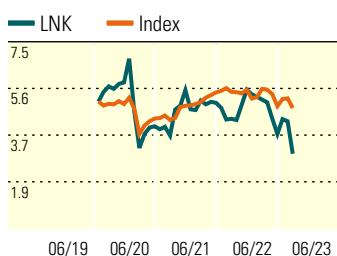
# Link Administration Holdings Limited LNK

**Under Review** (0:00AM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	Narrow
Fair Value \$	—
Capital Allocation	Standard
Market Cap \$Mil	1,539
Morningstar Style Box	■■■
Price \$ (0:00AM 28-Sep-2022)	—
52 Week High/Low \$	5.60/2.93
Shares Issued Mil	513
Morningstar Sector	Financial Services
Morningstar Industry	Capital Markets
GICS Sector	Information Technology

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	112.2	122.5	96.1	124.3
EPS ¢	21.1	23.7	18.7	24.2
EPS Chg %	-18.6	12.4	-21.0	29.4
DPS ¢	10.0	3.0	10.0	12.1
Franked %	82.0	82.0	82.0	82.0
Div Yld %	2.1	0.6	3.3	4.0
P/E x	22.5	20.3	16.0	12.4

Source: Morningstar estimates 14-Sep-2022.

## Profile

Link Administration Holdings Limited (LNK) is a technology-enabled provider of outsourced administration services for superannuation fund administration, corporate markets and related value-added services including data management analytics, digital communication and stakeholder education and advice. The business has three key divisions: Fund Administration, Corporate Markets and Information, Digital & Data Services (IDDS).

## Investment Perspective

by Mathew Hodge 14-Sep-2022

Link provides administration services to the financial services sector in Australia and the U.K., predominantly in the share registry and investment fund sectors. We expect Link's narrow economic moat to protect its reasonably large market shares in the Australian and United Kingdom financial services administration markets, underpinned by customer switching costs, a marginal cost advantage, and contractual terms of three to five years. We think the company can grow earnings at a faster rate than revenue, which we expect to compound at 5% for the next decade. Our expectation is for cost reductions and modest scale benefits from increasing share to drive mid- to high-single-digit earnings growth longer-term.

## Research Archive

Time	Date	Rating	Price \$	Event
0:00AM	28-Sep-2022	<b>Under Review</b>	—	
		<i>Planning To Cease Coverage on Link Administration</i>		
1:50PM	19-Sep-2022	★★★★	3.47	
		<i>Link Administration Rejects Updated Offer; FVE</i>		
		<i>Unchanged</i>		
3:35PM	14-Sep-2022	★★★★	3.51	
		<i>Link Administration FVE Maintained on U.K.</i>		
		<i>Financial Conduct Authority Decision</i>		
4:00PM	13-Sep-2022	★★★★	3.58	\$
		<i>Price move through trigger level</i>		
10:09PM	08-Sep-2022	★★★★	4.58	
		<i>Link Fair Value Estimate Lowered to Dye &amp; Durham's AUD 4.81 Offer Price on ACCC Clearance</i>		

\$ = Price Move

= Research Report

## Financials

	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	1,160.3	1,175.5	1,225.7	1,287.0
EBITDA Margin %	21.8	20.7	19.4	22.0
EBIT (\$Mil)	141.4	153.9	172.5	212.8
EBIT Margin %	12.2	13.1	14.1	16.5
Adjusted NPAT (\$Mil)	112.2	122.5	96.1	124.3
Reported NPAT (\$Mil)	-163.2	-67.7	96.1	124.3
Earnings Per Share ¢	21.1	23.7	18.7	24.2
Avg no. of Shares (\$Mil)	531.2	516.7	513.0	513.0
Book Value Per Share ¢	327.5	292.1	302.9	315.0
Net Operating Cashflow (\$Mil)	214.9	71.3	164.1	196.9
Capex (\$Mil)	169.9	-121.5	-120.5	-150.9
Free Cash Flow (\$Mil)	401.2	-28.1	68.2	70.7

## Key Dates

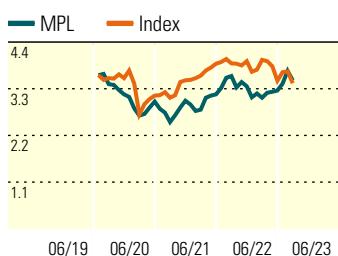
Fiscal Year End	30 Jun	AGM	20 Oct 2021
Listing Date	27 Oct 2015	DRIP	Active

# Medibank Private Limited MPL ★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	3.50
Capital Allocation	Standard
Market Cap \$Mil	9,611
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	3.49
52 Week High/Low \$	3.79/3.00
Shares Issued Mil	2,754
Morningstar Sector	Financial Services
Morningstar Industry	Insurance - Diversified
GICS Sector	Financials

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	441.2	393.9	559.9	583.6
EPS ¢	16.0	14.3	20.3	21.2
EPS Chg %	40.0	-10.7	42.2	4.2
DPS ¢	12.7	13.4	15.5	16.5
Franked %	100.0	100.0	100.0	100.0
Div Yld %	4.4	4.0	4.4	4.7
P/E x	18.0	23.2	17.2	16.5

Source: Morningstar estimates 18-Aug-2022.

## Profile

Medibank Private Limited (MPL) core business is the underwriting and distribution of PHI policies through its two brands, Medibank and AHM. It offers Hospital Cover and Extras Cover to customers in Australia as well as health insurance to overseas visitors and students. It also participates in the broader healthcare industry through the provision of integrated healthcare services to Policyholders, government, corporate and other customers.

## Investment Perspective

by Nathan Zaia 18-Aug-2022

The 2014 privatisation of Medibank Private Limited provided an attractive opportunity to invest in Australia's largest private health insurer. Expenditure on healthcare is expected to grow in the long term, underpinned by an increasing and ageing population. Operating in a heavily regulated industry, Australian health insurers typically produce stable and defensive earnings and, in our opinion, Medibank is well placed to produce solid long-term earnings growth. Future changes to regulations could hurt Medibank's prospects, but we don't believe the government would materially damage the viability of the private health insurance sector in Australia. Growth is supported by government reliance on private health insurers to partially fund escalating healthcare costs. Government policies and incentives encourage participation, with 54% of the population covered for private hospital and/or ancillary health insurance.

## Research Archive

Time	Date	Rating	Price \$	Event
10:18PM	18-Aug-2022	★★★	3.55	
				<i>Medibank in Good Health as Strategic Initiatives</i>
				<i>Position the Insurer for Growth</i>
11:14PM	22-Jun-2022	★★★	3.17	
				<i>Private Health Insurance Will Face Challenges in an Economic Slowdown but Still Defensive</i>
11:43AM	06-Apr-2022	★★★	3.06	
				<i>One Way to Help Private Health Insurance Affordability Is to Reduce Industry Costs</i>
2:18AM	26-Feb-2022	★★★	3.05	
				<i>Another Solid Medibank Result Despite Ongoing Noise Around Claim Costs</i>
10:03PM	16-Dec-2021	★★★	3.40	
				<i>Medibank on Track to Outpace Industry Growth for Fiscal 2022</i>

\$ = Price Move = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Net Earned Premium (\$Mil)	6,545.6	6,680.3	6,859.8	7,421.6	8,045.4
Loss & Loss Adj Expense (\$Mil)	5,531.6	5,610.8	5,731.1	6,214.9	6,823.2
Underwriting Profit (\$Mil)	470.6	538.6	592.6	669.2	677.6
Investment Income (\$Mil)	2.4	120.0	-24.8	123.7	137.9
Adjusted NPAT (\$Mil)	315.6	441.2	393.9	559.9	583.6
Reported NPAT (\$Mil)	315.0	441.2	393.9	559.9	583.6
Earnings Per Share ¢	11.4	16.0	14.3	20.3	21.2
Avg no. of Shares (\$Mil)	2,754.0	2,754.0	2,754.0	2,754.0	2,754.0
Book Value Per Share ¢	65.9	69.2	70.6	75.5	80.2
Loss Ratio %	84.5	84.0	83.6	83.7	84.8
Expense Ratio %	8.3	8.0	7.8	7.2	6.8
Combined Ratio %	92.8	91.9	91.4	91.0	91.6

## Key Dates

Fiscal Year End	30 Jun	AGM	16 Nov 2022
Listing Date	25 Nov 2014	DRIP	None

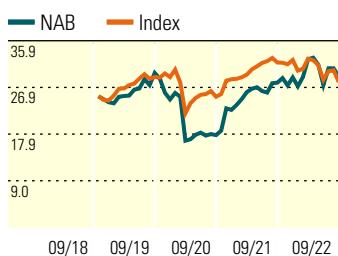
# National Australia Bank Limited NAB

★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value \$	29.00
Capital Allocation	Standard
Market Cap \$Mil	91,429
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	28.99
52 Week High/Low \$	33.75/25.43
Shares Issued Mil	3,154
Morningstar Sector	Financial Services
Morningstar Industry	Banks - Diversified
GICS Sector	Financials

## Price vs. Market



	09/20	09/21	09/22e	09/23e
NPAT (\$Mil)	3,710.0	6,558.0	6,934.9	6,902.7
EPS ¢	111.3	199.3	215.4	219.8
EPS Chg %	-34.0	79.1	8.0	2.1
DPS ¢	60.0	127.0	150.0	153.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	2.8	5.1	5.2	5.3
P/E x	19.2	12.5	13.5	13.2

Source: Morningstar estimates 08-Aug-2022.

## Profile

National Australia Bank Limited (NAB) is a financial services group that provides a comprehensive and integrated range of banking and financial services including wealth management throughout Australia and New Zealand, with branches located in Asia, the United Kingdom (UK) and the United States (US).

## Investment Perspective

by Nathan Zaia 08-Aug-2022

National Australia Bank is Australia's largest business bank, a mantle it will fight hard to retain as competition in the highly profitable mortgage market intensifies. The bank's continued investment in the business franchise leaves it well placed to benefit as business confidence and credit demand improve. The Financial Services Royal Commission hit all banks hard, but none more so than NAB. We believe Chairman Phil Chronican and CEO Ross McEwan are well suited to manage the regulatory and earnings challenges ahead. A low cash rate environment has put the emphasis on operating costs, but we think the bank has continued to do a good job on making investments which support credit growth and earnings in the medium term. High regulatory and compliance costs are unlikely to abate and while now less likely, large penalties due to claims by ASIC and AUSTRAC are an additional threat. The bank is well capitalised.

## Research Archive

Time	Date	Rating	Price \$	Event
12:50PM	10-Aug-2022	★★★	29.81	
				Largely as Expected Trading Update for National Australia Bank as Margins Begin to Improve
10:08PM	14-Jun-2022	★★★	26.84	
				Concern Around Bank Bad Debts and Market Selloff Present Long-Term Buying Opportunities in Banks
2:14PM	18-May-2022	★★★	31.31	
				A Less Uncertain Future for Australian Banks, Particularly on the Downside
1:58PM	05-May-2022	★★★	32.10	
				National Australia Bank Back in Growth Mode Delivering a Quality First-Half Result
2:08PM	02-May-2022	★★	32.63	
				National Australia Bank not Getting Off Scot-Free, but Risk of Hefty Austrac Penalty Falls

\$ = Price Move

= Research Report

## Financials

	09/19	09/20	09/21	09/22e	09/23e
Net Interest Income (\$Mil)	13,542.0	13,871.0	13,797.0	14,485.1	15,670.6
Net Interest Margin %	1.78	1.78	1.71	1.65	1.72
Non Interest Income (\$Mil)	3,679.0	3,319.0	3,009.0	3,428.4	3,477.3
Adjusted NPAT (\$Mil)	5,097.0	3,710.0	6,558.0	6,934.9	6,902.7
Reported NPAT (\$Mil)	4,798.0	2,559.0	6,364.0	6,484.9	6,727.7
Earnings Per Share ¢	168.6	111.3	199.3	215.4	219.8
Avg no. of Shares (\$Mil)	3,024.0	3,333.0	3,290.0	3,229.0	3,140.0
Book Value Per Share ¢	1,838.5	1,838.9	1,908.2	1,882.3	2,061.6
Efficiency Ratio %	52.8	52.6	46.6	45.2	45.6
Bad Debts to Gross Loans Ratio %	0.15	0.46	-0.04	0.01	0.10
Tier 1 Ratio %	12.2	12.4	12.4	13.2	13.6

## Key Dates

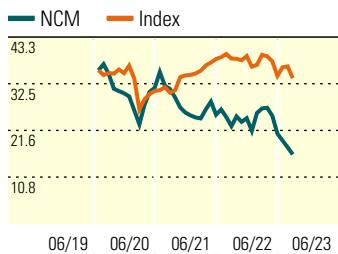
Fiscal Year End	30 Sep	AGM	18 Dec 2020
Listing Date	31 Jan 1962	DRIP	Active

# Newcrest Mining Limited NCM ★★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	None
Fair Value \$	31.00
Capital Allocation	Exemplary
Market Cap \$Mil	14,352
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	16.07
52 Week High/Low \$	28.96/15.72
Shares Issued Mil	893
Morningstar Sector	Basic Materials
Morningstar Industry	Gold
GICS Sector	Materials

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	1,558.9	1,201.1	1,478.1	1,189.1
EPS ¢	190.3	142.1	174.8	140.7
EPS Chg %	30.4	-25.3	23.1	-19.5
DPS ¢	74.5	39.6	70.0	56.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	2.6	1.6	4.4	3.5
P/E x	15.1	17.5	9.2	11.4

Source: Morningstar estimates 07-Sep-2022.

## Profile

Newcrest Mining Limited (NCM) is involved in exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

## Investment Perspective

by Jon Mills 07-Sep-2022

Newcrest is a large, long-life gold miner, long established as a low-cost producer. Expansion of the key Lihir and Cadia Valley operations and the lower Australian dollar saw Newcrest return to the lowest quartile of the cost curve. Reserve life of more than 20 years is one of the longest of the global gold majors, implying better-than-industry-average growth prospects, potential for incremental improvements and options to extend life. Exploration success historically fuelled production growth and sound returns, save the 2010 Lihir acquisition, which at the time was a misstep. Management's subsequent focus on Lihir and Cadia has driven meaningful improvement to production and unit costs of production. Newcrest recently expanded into Canada, purchasing Brucejack to add to its 70% stake in the Red Chris copper-gold mine. It also owns a 32% stake in the high-grade, low-cost Fruta Del Norte gold mine in Ecuador.

## Research Archive

Time	Date	Rating	Price \$	Event
11:38AM	08-Sep-2022	★★★★★	17.00	█
		<i>No-Moat Newcrest Mining Remains Undervalued and One of Our Best Ideas; AUD 31 FVE Retained</i>		
2:05PM	22-Aug-2022	★★★★★	18.58	█
		<i>Lower Production, Higher Costs Drive Newcrest's Weak Fiscal 2022 Result, FVE Lowered to AUD 31</i>		
11:15PM	22-Jul-2022	★★★★★	19.26	█
		<i>FVEs Reduced for Most Miners on Lower Commodity Prices Driven by Recession Fears and China Slowdown</i>		
4:00PM	15-Jul-2022	★★★★★	18.67	\$
		<i>Price move through trigger level</i>		
10:23PM	21-Apr-2022	★★★★	28.80	█
		<i>Retaining Our Newcrest FVE of AUD 33 Following Transition in Analyst Coverage</i>		

\$ = Price Move    █ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	5,922.6	6,128.3	5,794.8	7,496.8	7,154.2
EBITDA Margin %	47.1	52.8	47.8	43.5	39.7
EBIT (\$Mil)	1,828.7	2,335.6	1,734.2	2,040.4	1,617.4
EBIT Margin %	30.9	38.1	29.9	27.2	22.6
Adjusted NPAT (\$Mil)	1,136.3	1,558.9	1,201.1	1,478.1	1,189.1
Reported NPAT (\$Mil)	963.5	1,558.9	1,201.1	1,478.1	1,189.1
Earnings Per Share ¢	146.0	190.3	142.1	174.8	140.7
Avg no. of Shares (\$Mil)	778.5	819.1	845.4	845.4	845.4
Book Value Per Share ¢	1,612.2	1,644.0	2,003.0	2,107.8	2,192.5
Net Operating Cashflow (\$Mil)	-562.9	-373.6	-343.0	2,524.1	2,330.7
Capex (\$Mil)	-1,175.0	-1,600.4	-2,084.0	-2,634.9	-1,091.1
Free Cash Flow (\$Mil)	-1,009.1	1,553.1	-1,145.5	62.6	1,406.6

## Key Dates

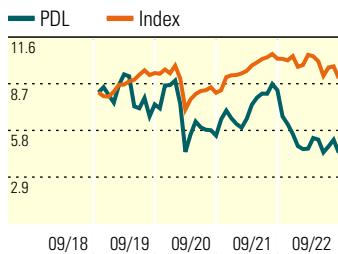
Fiscal Year End	30 Jun	AGM	10 Nov 2021
Listing Date	04 Jun 1987	DRIP	Active

# Pendal Group Limited PDL ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	Narrow
Fair Value \$	7.15
Capital Allocation	Standard
Market Cap \$Mil	1,686
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	4.40
52 Week High/Low \$	8.40/3.69
Shares Issued Mil	383
Morningstar Sector	Financial Services
Morningstar Industry	Asset Management
GICS Sector	Financials

## Price vs. Market



	09/20	09/21	09/22e	09/23e
NPAT (\$Mil)	132.6	165.3	170.5	118.2
EPS ¢	41.1	48.2	46.6	34.2
EPS Chg %	-11.8	17.2	-3.2	-26.7
DPS ¢	37.0	41.0	39.6	29.1
Franked %	10.0	10.0	10.0	10.0
Div Yld %	5.5	5.7	9.0	6.6
P/E x	16.3	15.0	9.4	12.9

Source: Morningstar estimates 04-Jul-2022.

## Profile

Pendal Group Limited (PDL) is an Australian company engaged in the provision of investment management services. The Company operates through two segments: investment management business in Australia (Pendal Australia) and outside of Australia (Pendal International).

## Investment Perspective

by Shaun Ler 25-Aug-2022

Pendal Group is a global active fund manager with a diverse breadth of investment opportunities. Geographic diversification increased significantly following the acquisition of U.K.-headquartered JO Hambro, providing significantly larger growth opportunities from offshore markets. The group boasts a solid long-term performance track record. Broad market movements and investor concerns around high inflation, COVID-19, Brexit and low growth in Europe have influenced net flows and investment returns, directly affecting revenue. Regardless, FUM and earnings growth prospects are stronger over the medium term, supported by efforts to broaden its distribution, new product launches, and the recent acquisition of U.S.-based Thompson, Siegel & Walmsley. These attributes help Pendal appeal to a broader set of investors, attract FUM throughout market cycles, and fend off competition from passive investments.

## Research Archive

Time	Date	Rating	Price \$	Event
0:18AM	26-Aug-2022	★★★★	5.29	
		<i>One Plus One Might Not Equal Two;</i>		
		<i>Perpetual-Pendal Tie-Up Has Merits but Brings Risks, Too</i>		
4:00PM	19-Jul-2022	★★★★	4.43	\$
		<i>Price move through trigger level</i>		
4:00PM	15-Jul-2022	★★★★★	3.76	\$
		<i>Price move through trigger level</i>		
9:53AM	05-Jul-2022	★★★★	4.37	
		<i>Pendal's Intrinsic Value Lowered on Industrywide Redemptions, but There Is Still Upside in the Stock</i>		
11:53AM	11-May-2022	★★★★★	5.19	
		<i>Pendal's Resilient Performance May Support Future Flows; Shares Cheap</i>		

\$ = Price Move = Research Report

## Financials

	09/20	09/21	09/22e	09/23e
Sales Revenue (\$Mil)	474.8	581.9	629.7	597.7
EBITDA Margin %	37.5	38.9	38.4	28.4
EBIT (\$Mil)	162.1	204.1	208.1	152.1
EBIT Margin %	34.1	35.1	33.0	25.5
Adjusted NPAT (\$Mil)	132.6	165.3	170.5	118.2
Reported NPAT (\$Mil)	116.4	164.7	151.4	109.3
Earnings Per Share ¢	41.1	48.2	46.6	34.2
Avg no. of Shares (\$Mil)	322.8	343.2	365.6	345.7
Book Value Per Share ¢	277.5	403.3	324.2	335.3
Net Operating Cashflow (\$Mil)	177.1	228.8	188.2	194.2
Capex (\$Mil)	-1.9	-1.9	-1.3	-1.2
Free Cash Flow (\$Mil)	198.1	-229.9	128.1	132.3

## Key Dates

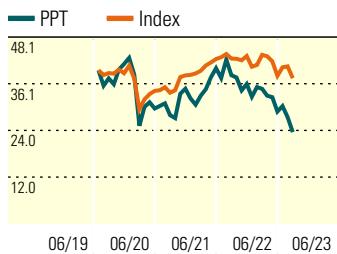
Fiscal Year End	30 Sep	AGM	10 Dec 2021
Listing Date	10 Dec 2007	DRIP	Active

# Perpetual Limited PPT ★★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	38.80
Capital Allocation	Standard
Market Cap \$Mil	1,350
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	23.59
52 Week High/Low \$	41.37/23.26
Shares Issued Mil	57
Morningstar Sector	Financial Services
Morningstar Industry	Asset Management
GICS Sector	Financials

## Price vs. Market



	06/22	06/23e	06/24e
NPAT (\$Mil)	148.2	111.3	124.2
EPS ¢	258.4	241.0	269.0
EPS Chg %	17.3	-6.7	11.6
DPS ¢	209.0	211.0	220.0
Franked %	100.0	100.0	70.0
Div Yld %	5.8	8.9	9.3
P/E x	13.8	9.8	8.8

Source: Morningstar estimates 25-Aug-2022.

## Profile

Perpetual Limited (PPT) is involved in portfolio management; financial planning; trustee, responsible entity and compliance services; executor services; investment administration; and custody services. PPT comprises of four core businesses: Perpetual Investment, Perpetual Private, Corporate Trusts and Group Support services.

## Investment Perspective

by Shaun Ler 25-Aug-2022

Perpetual has diversified its business from being an active manager of Australian equities to deriving more earnings from its international funds management business, providing financial advice to high-net-worth clients, and being the major provider of trustee services to the securitisation market and outsourced responsible entity services to funds. A notable change of tone has been a focus on inorganic growth to address the issue of net outflows, fill its product gaps, and build scale. Recent acquisitions of U.S. fund managers Barrow Hanley and Trillium materially improve Perpetual's earnings outlook. Unlike its funds management operations (in Australia as well as internationally), we think both the private wealth and corporate trust segments can better withstand the threat of competition, are subject to less fee pressure, and can generate more predictable earnings growth.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	09-Sep-2022	★★★★★	25.96	\$
		<i>Price move through trigger level</i>		
0:18AM	26-Aug-2022	★★★★★	27.44	█
		<i>One Plus One Might Not Equal Two;</i>		
		<i>Perpetual-Pendal Tie-Up Has Merits but Brings Risks, Too</i>		
10:23AM	05-Apr-2022	★★★★★	31.97	█
		<i>Perpetual's Offer for Pendal Brings Up More Questions Than Answers</i>		
9:28AM	25-Feb-2022	★★★★★	35.52	█
		<i>This Current Undervalued Opportunity May Not Be Perpetual</i>		
9:58AM	10-Dec-2021	★★★★★	35.14	█
		<i>Perpetual Strikes While the Iron Is Hot; Shares Undervalued</i>		

\$ = Price Move █ = Research Report

## Financials

	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	767.7	759.7	809.6
EBITDA Margin %	34.2	26.9	27.2
EBIT (\$Mil)	210.1	163.4	179.7
EBIT Margin %	27.4	21.5	22.2
Adjusted NPAT (\$Mil)	148.2	111.3	124.2
Reported NPAT (\$Mil)	101.2	92.7	105.6
Earnings Per Share ¢	258.4	241.0	269.0
Avg no. of Shares (\$Mil)	57.3	46.2	46.2
Book Value Per Share ¢	1,614.4	1,995.1	2,003.8
Net Operating Cashflow (\$Mil)	178.5	145.6	172.3
Capex (\$Mil)	0.0	0.0	0.0
Free Cash Flow (\$Mil)	102.5	118.3	131.2

## Key Dates

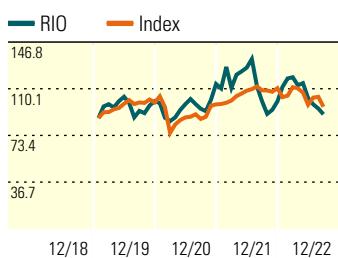
Fiscal Year End	30 Jun	AGM	20 Oct 2022
Listing Date	02 Nov 1988	DRIP	Active

# Rio Tinto Limited RIO ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	None
Fair Value \$	101.00
Capital Allocation	Standard
Market Cap \$Mil	33,409
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	90.00
52 Week High/Low \$	128.55/87.28
Shares Issued Mil	371
Morningstar Sector	Basic Materials
Morningstar Industry	Other Industrial Metals & Mining
GICS Sector	Materials

## Price vs. Market



	12/20	12/21	12/22e	12/23e
NPAT (\$Mil)	17,967.7	28,621.2	24,552.5	21,799.8
EPS ¢	1,103.3	1,757.1	1,507.3	1,338.3
EPS Chg %	31.0	59.3	-14.2	-11.2
DPS ¢	669.7	1,061.6	1,281.9	1,143.8
Franked %	100.0	100.0	100.0	100.0
Div Yld %	6.9	9.4	14.2	12.7
P/E x	8.8	6.4	6.0	6.7

Source: Morningstar estimates 15-Sep-2022.

## Profile

Rio Tinto Limited (RIO) is engaged in minerals and metals exploration, development, production and processing. The Company's Portfolio of assets is condensed into four product groups: Aluminium, Copper & Diamonds, Energy & Minerals and Iron Ore.

## Investment Perspective

by Jon Mills 27-Jul-2022

Like BHP, Rio Tinto has ridden the commodity supercycle since the early 2000s. Its asset portfolio is concentrated on iron ore. Copper and aluminium are moderate contributors along with the minerals business, with all coal sold by 2018. Aluminium should constitute a substantially larger share, given the USD 44 billion that Rio Tinto paid for Alcan in 2007, but the acquisition was near the top of the market. Rio Tinto and BHP have the lowest operating costs of the iron ore players. Despite iron ore being the bulk of company earnings, expectations for long-term excess returns are weighed down by the value-destructive overinvestment during the China boom, which diluted returns. After adding back the not-inconsiderable writedowns, we expect adjusted midcycle returns at around Rio's cost of capital. Excluding impairments, we forecast midcycle returns slightly above Rio's cost of capital.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	26-Sep-2022	★★★★	87.78	\$
		<i>Price move through trigger level</i>		
1:53PM	16-Sep-2022	★★★	94.64	█
		<i>Corporate Action: Vote in Favour of Rio Tinto's Updated Baowu Joint Venture, AUD 101 FVE Retained</i>		
11:44AM	28-Jul-2022	★★★	96.98	█
		<i>Rio Tinto's First-Half 2022 Result Strong Despite Lower Prices; FVE of AUD 101 Retained</i>		
10:16PM	27-Jul-2022	★★★	96.98	█
		<i>Retaining Our AUD 101 Rio Tinto Fair Value Estimate With Transition of Analyst Coverage</i>		
11:15PM	22-Jul-2022	★★★	96.26	█
		<i>FVEs Reduced for Most Miners on Lower Commodity Prices Driven by Recession Fears and China Slowdown</i>		

\$ = Price Move

█ = Research Report

## Financials

	12/19	12/20	12/21	12/22e	12/23e
Sales Revenue (\$Mil)	57,553.3	64,392.3	85,000.0	80,926.3	78,164.3
EBITDA Margin %	35.6	42.5	54.3	49.4	46.4
EBIT (\$Mil)	14,762.7	21,457.9	40,120.5	32,922.2	29,283.7
EBIT Margin %	34.6	39.8	47.4	40.7	37.5
Adjusted NPAT (\$Mil)	13,830.7	17,967.7	28,621.2	24,552.5	21,799.8
Reported NPAT (\$Mil)	10,680.0	14,100.8	28,238.3	24,552.5	21,799.8
Earnings Per Share ¢	842.3	1,103.3	1,757.1	1,507.3	1,338.3
Avg no. of Shares (\$Mil)	1,642.1	1,628.6	1,628.9	1,628.9	1,628.9
Book Value Per Share ¢	3,291.1	4,170.4	4,226.9	4,773.1	5,117.3
Net Operating Cashflow (\$Mil)	19,882.7	22,914.3	33,929.0	31,322.3	28,256.7
Capex (\$Mil)	-7,317.3	-8,933.3	-9,884.9	-10,740.7	-11,547.2
Free Cash Flow (\$Mil)	12,703.5	13,488.7	24,426.2	17,865.6	17,758.4

## Key Dates

Fiscal Year End	31 Dec	AGM	09 May 2019
Listing Date	19 Sep 1962	DRIP	Active

# Scentre Group SCG ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	None
Fair Value \$	3.15
Capital Allocation	Standard
Market Cap \$Mil	13,080
Morningstar Style Box	□□
Price \$ (4:00PM 28-Sep-2022)	2.52
52 Week High/Low \$	3.30/2.42
Shares Issued Mil	5,190
Morningstar Sector	Real Estate
Morningstar Industry	REIT - Retail
GICS Sector	Real Estate

## Price vs. Market



## Profile

Scentre Group (SCG) is the owner and operator of Westfield in Australia and New Zealand with interests in 42 Westfield Living Centres, encompassing more than 12,000 outlets. It is involved in ownership, development, design, construction, asset management, leasing and marketing activities with respect to its Australian and New Zealand portfolio of retail properties.

## Investment Perspective

by Alexander Prineas  
23-Aug-2022

Scentre Group's portfolio of Australian and New Zealand shopping centres dominate their catchments due to their size, location, and access to parking and transport infrastructure. This enables them to capture a high share of in-store sales in each area, disincentivising competition from other malls. However, the group faces challenges from e-commerce taking a greater share of spending over time. The business has been allocating more space to food, entertainment and services in response to online competition undermining the rent it receives from discretionary retailers. We expect a strong bounce in earnings as coronavirus impacts continue to fade, but in outer years we anticipate slower income growth than the group earned historically, due to online competition.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	16-Sep-2022	★★★★	2.74	\$
		<i>Price move through trigger level</i>		
11:23AM	24-Aug-2022	★★★★	2.84	□
		<i>Solid Recovery Underway at Scentre Group, Although Higher Interest Costs Are a Headwind</i>		
4:00PM	20-Jul-2022	★★★★	2.83	\$
		<i>Price move through trigger level</i>		
2:23PM	11-Jul-2022	★★★★	2.72	□
		<i>Australian REIT Valuations Largely Unaffected by Rising Rates So Far; Sector Looks Undervalued.</i>		
4:00PM	14-Jun-2022	★★★★	2.55	\$
		<i>Price move through trigger level</i>		

\$ = Price Move □ = Research Report

## Financials

	12/19	12/20	12/21	12/22e	12/23e
12/20	12/21	12/22e	12/23e		
NPAT (\$Mil)	3,723.2	920.0	962.5	1,071.2	
EPS ¢	-71.8	17.7	18.5	20.6	
EPS Chg %	-420.3	—	4.9	11.3	
DPS ¢	7.0	14.2	15.5	15.8	
Franked %	0.0	0.0	0.0	0.0	
Div Yld %	2.7	5.0	6.2	6.2	
P/E x	-3.6	16.1	13.6	12.2	

Source: Morningstar estimates 23-Aug-2022.

## Key Dates

Fiscal Year End	31 Dec	AGM	07 Apr 2022
Listing Date	25 Jun 2014	DRIP	None

# South32 Limited S32 ★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	None
Fair Value \$	4.30
Capital Allocation	Standard
Market Cap \$Mil	16,940
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	3.66
52 Week High/Low \$	5.44/3.34
Shares Issued Mil	4,628
Morningstar Sector	Basic Materials
Morningstar Industry	Other Industrial Metals & Mining
GICS Sector	Materials

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	655.6	3,603.4	3,595.8	2,763.7
EPS ¢	13.7	77.0	78.2	60.5
EPS Chg %	132.8	460.4	1.5	-22.6
DPS ¢	9.3	35.6	35.7	29.7
Franked %	100.0	100.0	100.0	100.0
Div Yld %	3.7	9.0	9.7	8.1
P/E x	18.3	5.2	4.7	6.1

Source: Morningstar estimates 29-Aug-2022.

## Profile

West Murchison nickel-copper-PGE project, Three Springs nickel-copper-PGE project, Jilleewarra gold and base metals project, Fraser Range nickel project, Western Australia. Berkshire, Nerramyne and Mt Vinden nickel-copper-PGE projects.

## Investment Perspective

by Mathew Hodge 29-Aug-2022

Spun out from BHP in 2015, South32 is one of few global midtier diversified miners. Commodity exposures include alumina, aluminium, manganese ore, manganese alloys, coal, nickel, lead, zinc and silver. With the exception of silver, all are tied to China's fixed-asset investment boom, which we think faces meaningful headwinds in future. Assets are generally bottom half of their respective cost curves and the balance sheet is appropriately robust. However, some of South32's commodity end markets are likely to suffer from weak demand and plentiful supply. It's likely earnings will decline from fiscal 2019 levels. We don't expect the company to generate maintainable excess returns in the long term despite an expected gradual improvement in the portfolio of assets.

## Research Archive

Time	Date	Rating	Price \$	Event
10:32PM	29-Aug-2022	★★★	4.09	■
				<i>South32's Strong Fiscal 2022 Result Driven by Higher Commodity Prices; AUD 4.30 FVE Retained</i>
4:00PM	29-Jul-2022	★★★	3.81	\$
				<i>Price move through trigger level</i>
11:15PM	22-Jul-2022	★★★★	3.53	■
				<i>FVEs Reduced for Most Miners on Lower Commodity Prices Driven by Recession Fears and China Slowdown</i>
4:00PM	15-Jun-2022	★★★★	4.33	\$
				<i>Price move through trigger level</i>
3:48PM	13-Apr-2022	★★★	5.11	■
				<i>FVEs Raised for Miners on Higher Commodity Prices Driven by Economic Recovery and Supply Constraints</i>

\$ = Price Move ■ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	9,375.3	8,706.3	13,089.6	13,796.5	12,118.5
EBITDA Margin %	14.4	21.5	43.7	34.0	31.5
EBIT (\$Mil)	240.6	907.6	4,780.5	3,771.1	2,882.1
EBIT Margin %	2.6	10.4	36.5	27.3	23.8
Adjusted NPAT (\$Mil)	288.4	655.6	3,603.4	3,595.8	2,763.7
Reported NPAT (\$Mil)	-97.1	-261.4	3,696.2	3,595.8	2,763.7
Earnings Per Share ¢	5.9	13.7	77.0	78.2	60.5
Avg no. of Shares (\$Mil)	4,892.0	4,771.0	4,679.0	4,599.4	4,570.3
Book Value Per Share ¢	292.2	251.6	319.1	382.6	415.8
Net Operating Cashflow (\$Mil)	2,040.1	1,883.6	4,251.5	3,675.2	3,080.2
Capex (\$Mil)	-1,059.6	-791.0	-819.8	-1,403.7	-1,553.6
Free Cash Flow (\$Mil)	-782.4	1,361.4	1,337.4	3,250.8	2,319.0

## Key Dates

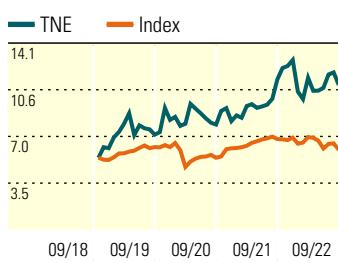
Fiscal Year End	30 Jun	AGM	29 Sep 2021
Listing Date	18 May 2015	DRIP	None

# Technology One Limited TNE ★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	10.60
Capital Allocation	Standard
Market Cap \$Mil	3,534
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	10.93
52 Week High/Low \$	13.60/9.55
Shares Issued Mil	323
Morningstar Sector	Technology
Morningstar Industry	Software - Application
GICS Sector	Information Technology

## Price vs. Market



	09/20	09/21	09/22e	09/23e
NPAT (\$Mil)	66.3	72.4	83.4	96.4
EPS ¢	20.8	22.6	26.0	30.0
EPS Chg %	12.5	8.4	15.3	15.5
DPS ¢	12.9	13.9	16.0	19.0
Franked %	60.0	60.0	60.0	60.0
Div Yld %	1.5	1.5	1.5	1.7
P/E x	40.4	40.5	42.1	36.4

Source: Morningstar estimates 06-Sep-2022.

## Profile

Technology One Limited (TNE) is a software provider and consultant, servicing government, local government, financial services, health & community services, education, and utilities and managed services markets. Products include financials, HR & Payroll, supply chain and business intelligence. TNE also offers custom software development services for large scale, purpose built applications. TNE has 14 offices throughout Australia, New Zealand, Asia, the South Pacific and the United Kingdom.

## Investment Perspective

by Mathew Hodge 07-Sep-2022

The enterprise software industry is intensely competitive, with many players not only battling each other for customers, but also striving to keep pace with rapid technological developments. Against this backdrop, Technology One has proven to be one of the most successful Australian companies in the space. Since the firm turned profitable in 1992, earnings growth has been impressive, as is the track record of client retention. All this testifies to the quality of the company's products, the benefits of its consistent research and development spending, and the strength of its staff and management. Critically, the nature of enterprise software and its intricate embedding into clients' technology infrastructure are such that switching costs are very high, something that Technology One has further enhanced through its end-to-end solutions offering and track record of quality delivery.

## Research Archive

Time	Date	Rating	Price \$	Event
10:18PM	06-Sep-2022	★★★	11.27	█
				Technology One's FVE of AUD 10.60 Unchanged
				Following Change of Analyst
4:00PM	06-Sep-2022	★★★	11.27	\$
				Price move through trigger level
4:00PM	01-Aug-2022	★★	12.01	\$
				Price move through trigger level
10:17PM	24-May-2022	★★★	10.24	█
				Technology One Delivers Another Solid Result Like Clockwork; FVE Increased to AUD 10.60
4:00PM	27-Apr-2022	★★★	10.42	\$
				Price move through trigger level

\$ = Price Move

█ = Research Report

## Financials

	09/19	09/20	09/21	09/22e	09/23e
Sales Revenue (\$Mil)	285.6	298.7	311.8	358.7	419.1
EBITDA Margin %	28.6	35.4	40.1	39.5	39.5
EBIT (\$Mil)	75.6	87.2	99.1	113.9	131.9
EBIT Margin %	26.5	29.2	31.8	31.8	31.5
Adjusted NPAT (\$Mil)	58.7	66.3	72.4	83.4	96.4
Reported NPAT (\$Mil)	58.5	62.9	72.7	83.4	96.4
Earnings Per Share ¢	18.5	20.8	22.6	26.0	30.0
Avg no. of Shares (\$Mil)	317.2	318.7	321.1	321.1	321.1
Book Value Per Share ¢	33.7	44.6	59.2	69.2	80.3
Net Operating Cashflow (\$Mil)	76.8	103.5	115.0	108.9	127.3
Capex (\$Mil)	-42.3	-45.1	-64.5	-53.2	-58.3
Free Cash Flow (\$Mil)	34.0	59.3	51.1	56.8	70.2

## Key Dates

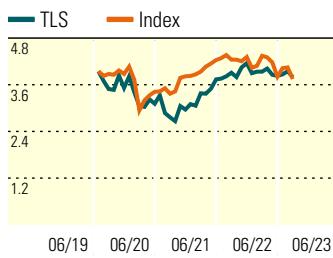
Fiscal Year End	30 Sep	AGM	23 Feb 2022
Listing Date	08 Dec 1999	DRIP	None

# Telstra Corporation Limited TLS ★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	4.20
Capital Allocation	Standard
Market Cap \$Mil	44,138
Morningstar Style Box	■■■
Price \$ (4:00PM 28-Sep-2022)	3.82
52 Week High/Low \$	4.31/3.62
Shares Issued Mil	11,554
Morningstar Sector	Communication Services
Morningstar Industry	Telecom Services
GICS Sector	Communication Services

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	1,857.0	1,688.0	1,881.0	1,949.4
EPS ¢	15.6	14.4	16.3	16.9
EPS Chg %	2.2	-8.1	13.4	3.6
DPS ¢	16.0	16.5	16.5	17.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	5.0	4.2	4.3	4.5
P/E x	20.4	27.4	23.5	22.6

Source: Morningstar estimates 26-Sep-2022.

## Profile

Telstra Corporation Limited (TLS) is a provider of telecommunications and information products and services through its Australian and offshore operations. TLS has a range of businesses namely fixed broadband, mobile, data and IP, network application & services (NAS), digital media and international.

## Investment Perspective

by Brian Han 26-Sep-2022

Telstra is the dominant player in the Australian telecom industry. It is the market leader in fixed voice, broadband, mobile services, and the corporate telecom market. Telstra's mobile unit benefits from a network quality advantage that underpins a 40%-plus subscriber market share position. Government-owned National Broadband Network has changed the structure of the broadband market. How management handles its broadband businesses under the NBN regime is key, with significant bearing on maintainability of current dividends. The balance sheet is solid, and the group has a good track record of extracting productivity benefits and replacing lost earnings. TPG Telecom's aborted plans to enter the mobile network market have diminished fears of heightened competition for Telstra, although the merged TPG-Vodafone entity will be a more formidable competitor.

## Research Archive

Time	Date	Rating	Price \$	Event
10:06PM	26-Sep-2022	★★★	3.76	<a href="#">[Report]</a>
				<i>Corporate Action: Vote in Favour of Telstra's Proposed Scheme To Establish a New Structure</i>
10:21PM	11-Aug-2022	★★★	3.96	<a href="#">[Report]</a>
				<i>Upwardly Mobile Telstra Weighed Down by Fixed Declines</i>
2:14PM	27-Jul-2022	★★★	3.94	<a href="#">[Report]</a>
				<i>Inflation Hits Telstra Mobile ... in a Good Way</i>
3:13PM	01-Apr-2022	★★★	3.96	<a href="#">[Report]</a>
				<i>Telstra's Fiscal 2023 EBITDA Target Becoming More Realistic Than Aspirational</i>
12:08PM	30-Mar-2022	★★★	3.93	<a href="#">[Report]</a>
				<i>End of Penn Span as Brady Assumes Quarterback Role at Telstra</i>

\$ = Price Move

[\[Report\]](#) = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	26,161.0	23,131.8	22,045.0	22,949.7	23,912.1
EBITDA Margin %	32.2	32.2	32.9	33.9	33.8
EBIT (\$Mil)	3,567.0	2,992.0	2,898.0	3,187.9	3,451.9
EBIT Margin %	13.6	12.9	13.2	13.9	14.4
Adjusted NPAT (\$Mil)	1,819.0	1,857.0	1,688.0	1,881.0	1,949.4
Reported NPAT (\$Mil)	1,819.0	1,857.0	1,688.0	1,881.0	1,949.4
Earnings Per Share ¢	15.3	15.6	14.4	16.3	16.9
Avg no. of Shares (\$Mil)	11,895.0	11,892.0	11,764.0	11,554.4	11,554.4
Book Value Per Share ¢	121.7	122.7	130.5	132.6	132.5
Net Operating Cashflow (\$Mil)	6,307.0	6,656.0	6,822.0	7,988.9	6,666.9
Capex (\$Mil)	-3,442.0	-3,140.0	-3,094.0	-3,669.4	-3,242.9
Free Cash Flow (\$Mil)	3,437.1	4,008.3	5,810.9	4,061.6	3,715.1

## Key Dates

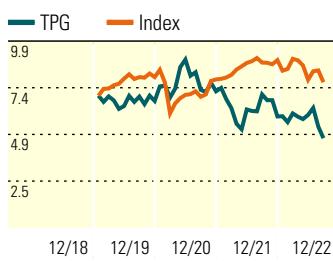
Fiscal Year End	30 Jun	AGM	11 Oct 2022
Listing Date	17 Nov 1997	DRIP	Active

# TPG Telecom Limited TPG ★★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value \$	7.40
Capital Allocation	Standard
Market Cap \$Mil	8,813
Morningstar Style Box	■■■■■
Price \$ (4:00PM 28-Sep-2022)	4.74
52 Week High/Low \$	7.25/4.68
Shares Issued Mil	1,859
Morningstar Sector	Communication Services
Morningstar Industry	Telecom Services
GICS Sector	Communication Services

## Price vs. Market



	12/20	12/21	12/22e	12/23e
NPAT (\$Mil)	282.0	222.0	269.3	440.3
EPS ¢	15.2	11.9	14.5	23.7
EPS Chg %	-12.1	-21.3	21.3	63.5
DPS ¢	7.5	16.5	18.0	19.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	1.0	2.6	3.8	4.0
P/E x	50.4	53.6	32.7	20.0

Source: Morningstar estimates 19-Aug-2022.

## Profile

TPG Telecom Limited (TPG) is an Australian-based multi-media full service telecommunications company providing consumer, wholesale and corporate telecommunications services. The business offers voice, internet and data solutions to a range of customers from consumer to SME, corporate and government sectors.

## Investment Perspective

by Brian Han 18-Aug-2022

TPG Telecom is the number-three mobile and number-two broadband player in the Australian telecommunications market. With the rollout of the National Broadband Network, or NBN, TPG Telecom is pulling out all stops to reduce its dependence on the margin-crunching impact of the government-owned infrastructure. Continuing growth in the corporate division is also likely to provide a buffer against the longer-term margin impact on the fixed-line broadband business. The company merged with Vodafone Australia in July 2020 and is now a fully integrated player in the Australian telecom market.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	16-Sep-2022	★★★★★	4.93	\$
<i>Price move through trigger level</i>				
3:05PM	19-Aug-2022	★★★★★	5.67	■
<i>Discombobulated Near-Term Commentary Mars</i>				
<i>TPG Telecom's Designated Long-Term Recovery</i>				
4:00PM	12-Aug-2022	★★★	6.63	\$
<i>Price move through trigger level</i>				
10:26PM	09-May-2022	★★★★★	5.70	■
<i>Clearer TPG Signals Amidst Wider Market Static</i>				
12:28PM	30-Mar-2022	★★★★★	5.70	■
<i>Zooming in on Sources of Earnings Growth for TPG Telecom</i>				

\$ = Price Move ■ = Research Report

## Financials

	12/19	12/20	12/21	12/22e	12/23e
Sales Revenue (\$Mil)	5,899.0	5,464.0	5,293.0	5,414.1	5,635.6
EBITDA Margin %	33.6	32.7	32.7	32.7	36.3
EBIT (\$Mil)	630.0	366.0	308.0	325.8	581.0
EBIT Margin %	10.7	6.7	5.8	6.0	10.3
Adjusted NPAT (\$Mil)	321.0	282.0	222.0	269.3	440.3
Reported NPAT (\$Mil)	294.4	734.0	110.0	157.3	328.3
Earnings Per Share ¢	17.3	15.2	11.9	14.5	23.7
Avg no. of Shares (\$Mil)	1,859.3	1,859.3	1,859.3	1,859.3	1,859.3
Book Value Per Share ¢	463.1	639.6	630.2	620.7	619.3
Net Operating Cashflow (\$Mil)	1,711.0	1,294.0	1,469.0	2,117.5	1,836.6
Capex (\$Mil)	-788.0	-706.0	-831.0	-1,025.5	-879.6
Free Cash Flow (\$Mil)	548.2	31.3	652.1	1,191.5	1,093.4

## Key Dates

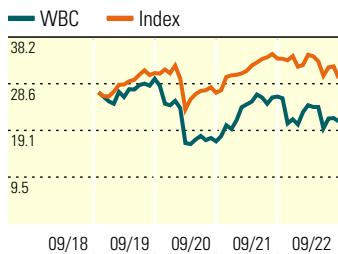
Fiscal Year End	31 Dec	AGM	06 May 2021
Listing Date	10 May 2001	DRIP	Active

# Westpac Banking Corporation WBC ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value \$	29.00
Capital Allocation	Standard
Market Cap \$Mil	73,279
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	20.93
52 Week High/Low \$	26.44/18.80
Shares Issued Mil	3,501
Morningstar Sector	Financial Services
Morningstar Industry	Banks - Diversified
GICS Sector	Financials

## Price vs. Market



	09/20	09/21	09/22e	09/23e
NPAT (\$Mil)	2,608.0	5,352.0	5,343.8	6,623.0
EPS ¢	72.6	146.4	152.7	189.2
EPS Chg %	-63.4	101.7	4.3	23.9
DPS ¢	31.0	118.0	125.0	130.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	1.5	5.1	6.0	6.2
P/E x	28.7	15.9	13.7	11.1

Source: Morningstar estimates 14-Aug-2022.

## Profile

Westpac Banking Corporation (WBC) is a banking and financial services group that deals in the provision of financial services including lending, deposit taking, payments services, investment platforms, superannuation and funds management, insurance services, leasing finance, general finance, interest rate risk management and foreign exchange services. It nearly serves around 13 million customers.

## Investment Perspective

by Nathan Zaia 14-Aug-2022

Westpac Banking Corporation is Australia's oldest bank, marking 200 years in 2017. The high-profile multibrand franchise in Australia and New Zealand is slanted toward retail banking, but retains meaningful exposure to the wealth, corporate, and institutional sectors. Margins are currently being compressed by historically low cash rates, customer switching to fixed-rate loans, and stronger demand from owner occupiers. Starved of material revenue growth opportunities, the bank will focus on cost-cutting initiatives but we are skeptical the AUD 8 billion target can be achieved. Recent results have been riddled with regulatory penalties, asset write-downs, and large loan loss provisions. We assume these notable items will not be as significant in the future. During tough economic conditions, capital strength is paramount, but we believe a 65% to 70% dividend payout ratio is likely over the long term.

## Research Archive

Time	Date	Rating	Price \$	Event
11:56AM	15-Aug-2022	★★★★	22.66	█
		<i>Capital and Credit Quality Leave Westpac in a Good Position to Navigate Economic Challenges</i>		
4:00PM	27-Jul-2022	★★★★	21.41	\$
		<i>Price move through trigger level</i>		
3:41PM	13-Jul-2022	★★★★★	20.10	█
		<i>Australian Household Debt Levels Are a Risk, but Westpac Is Not as Risky as Share Price Implies</i>		
4:00PM	16-Jun-2022	★★★★★	19.33	\$
		<i>Price move through trigger level</i>		
10:08PM	14-Jun-2022	★★★★	20.07	█
		<i>Concern Around Bank Bad Debts and Market Selloff Present Long-Term Buying Opportunities in Banks</i>		

\$ = Price Move    █ = Research Report

## Financials

	09/19	09/20	09/21	09/22e	09/23e
Net Interest Income (\$Mil)	16,953.0	17,086.0	16,714.0	16,272.1	17,300.8
Net Interest Margin %	2.12	2.08	2.04	1.85	1.90
Non Interest Income (\$Mil)	3,702.0	3,540.0	4,324.0	3,756.0	3,861.4
Adjusted NPAT (\$Mil)	6,849.0	2,608.0	5,352.0	5,343.8	6,623.0
Reported NPAT (\$Mil)	6,784.0	2,290.0	5,458.0	5,269.8	6,928.0
Earnings Per Share ¢	198.2	72.6	146.4	152.7	189.2
Avg no. of Shares (\$Mil)	3,456.0	3,595.0	3,657.0	3,499.5	3,499.5
Book Value Per Share ¢	1,893.9	1,892.2	1,969.8	2,271.2	1,964.3
Efficiency Ratio %	48.6	61.6	63.1	58.8	50.1
Bad Debts to Gross Loans Ratio %	0.11	0.45	-0.08	0.01	0.14
Tier 1 Ratio %	11.2	12.7	12.8	13.2	13.0

## Key Dates

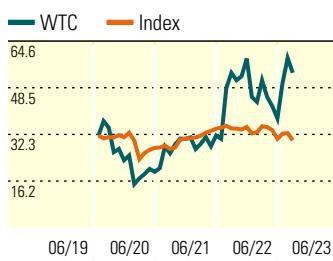
Fiscal Year End	30 Sep	AGM	15 Dec 2021
Listing Date	31 Jan 1962	DRIP	Active

# Wisetech Global Limited WTC ★★★★ (4:00PM 28-Sep-2022)

## Snapshot

Fair Value Uncertainty	High
Moat Rating	Narrow
Fair Value \$	70.00
Capital Allocation	Exemplary
Market Cap \$Mil	17,548
Morningstar Style Box	█
Price \$ (4:00PM 28-Sep-2022)	53.66
52 Week High/Low \$	63.37/34.11
Shares Issued Mil	327
Morningstar Sector	Technology
Morningstar Industry	Software - Application
GICS Sector	Information Technology

## Price vs. Market



	06/21	06/22	06/23e	06/24e
NPAT (\$Mil)	108.6	182.1	223.8	255.5
EPS ¢	33.4	55.8	68.7	78.5
EPS Chg %	90.2	66.9	23.1	14.3
DPS ¢	6.6	11.2	20.6	31.4
Franked %	100.0	100.0	100.0	100.0
Div Yld %	0.2	0.2	0.4	0.6
P/E x	84.5	82.6	78.1	68.3

Source: Morningstar estimates 24-Aug-2022.

## Profile

WiseTech Global (WTC) provides software solutions to the logistics industry globally. They develop, sell and implement software solutions that enable and empower logistics service providers to facilitate the movement and storage of goods and information, domestically and internationally. They provide solutions to more than 18,000 customers in over 165 countries.

## Investment Perspective

by Mathew Hodge 24-Aug-2022

WiseTech Global has grown quickly in recent years, compounding revenue at 31% for the six years ended June 2022. We expect strong growth to continue and forecast a revenue CAGR of 19% over the next decade, underpinned by the global rollout of WiseTech's cloud-based logistics software platform at large third-party logistics clients such as FedEx. The narrow economic moat, which is based on switching costs, and strong annual client retention rate of around 99%, should protect earnings from competition as the business grows. We expect revenue growth and the scalable business model to drive margin expansion, and we forecast an improvement in the EBIT margin from 31% in fiscal 2021 to about 40% by fiscal 2032.

## Research Archive

Time	Date	Rating	Price \$	Event
4:00PM	29-Aug-2022	★★★★	56.26	\$
<i>Price move through trigger level</i>				
8:27AM	25-Aug-2022	★★★	59.77	█
<i>WiseTech Continues Strong Performance; FVE</i>				
<i>Raised to AUD 70 on Coverage Transfer to a New Analyst</i>				
4:00PM	24-Aug-2022	★★★	59.77	\$
<i>Price move through trigger level</i>				
4:00PM	06-Jul-2022	★★★★	42.19	\$
<i>Price move through trigger level</i>				
4:00PM	14-Jun-2022	★★★★★	36.64	\$
<i>Price move through trigger level</i>				

\$ = Price Move    █ = Research Report

## Financials

	06/20	06/21	06/22	06/23e	06/24e
Sales Revenue (\$Mil)	429.4	507.5	632.3	788.6	949.4
EBITDA Margin %	29.8	42.3	52.7	51.6	50.2
EBIT (\$Mil)	91.1	159.3	262.9	321.5	366.9
EBIT Margin %	21.2	31.4	41.6	40.8	38.6
Adjusted NPAT (\$Mil)	56.9	108.6	182.1	223.8	255.5
Reported NPAT (\$Mil)	160.7	108.1	194.7	223.8	255.5
Earnings Per Share ¢	17.6	33.4	55.8	68.7	78.5
Avg no. of Shares (\$Mil)	323.8	324.9	326.3	325.8	325.5
Book Value Per Share ¢	309.9	340.4	403.1	512.0	621.9
Net Operating Cashflow (\$Mil)	129.9	211.6	306.6	296.2	353.5
Capex (\$Mil)	-144.4	-95.3	-104.2	-152.5	-167.6
Free Cash Flow (\$Mil)	-7.7	119.1	204.4	145.0	187.1

## Key Dates

Fiscal Year End	30 Jun	AGM	19 Nov 2021
Listing Date	11 Apr 2016	DRIP	Active

# Equities Research Methodology and Disclosure

We believe that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star, or Buy-rated, stocks sell for the biggest risk-adjusted discount to their fair values, whereas 1-star, or Sell-rated, stocks trade at premiums to their intrinsic worth. Four key components drive the Morningstar rating: our assessment of the firm's economic moat, our estimate of the stock's fair value, our uncertainty around that fair value estimate and the current market price. This process ultimately culminates in our single-point star rating. Underlying this rating is a fundamentally focused methodology and a robust, standardized set of procedures and core valuation tools used by Morningstar's equity analysts. In this document, we provide a detailed overview of how the Morningstar Rating for stocks is derived, and also outline the analytical work that feeds into our coverage of stocks.

## Morningstar's Economic Moat™ Rating

Moat is a proprietary Morningstar rating that measures a company's sustainable competitive advantage, if any. An economic moat enables a company to generate returns on invested capital above its cost of capital for a long period of time. Morningstar has identified five sources of economic moats: intangible assets, customer switching costs, cost advantages, network effects, and efficient scale. Morningstar assigns stocks one of three moat ratings: wide moat (companies with the longest-lasting competitive advantages), narrow moat (those with less durable competitive advantages), and no moat (those with no sustainable competitive advantage).

## Determining Fair Value

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' independent primary research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process.

## The Uncertainty Rating

The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors. Based on these factors, analysts classify the stock into one of several uncertainty levels: Low, Medium, High, Very High, or Extreme. Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases.

## Generating the Morningstar Star Rating

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the recommendation, or star rating, is automatically re-calculated at the market close on every day the market is open. Lower price/fair value ratios ( $<1.0$ ) lead to positive recommendations while higher price/fair value estimate ratios ( $>1.0$ ) lead to negative recommendations.

Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted. Furthermore, we would expect our fair value estimates to generally rise over time, due to the time value of money. Specifically, over the course of a year, barring major changes to analyst assumptions, we would expect our fair value estimates to increase at the level of our estimate of a firm's cost of equity (net of shareholder returns attributed to dividends). So, for a stock that pays no dividends with a \$100 fair value estimate today and an estimated 10% cost of

equity, we would expect our fair value estimate to rise to \$110 in 12 months, all else equal.

It is also worth noting that there is no predefined distribution of our recommendations. That is, the percentage of stocks that earn a Buy rating can fluctuate daily, so the recommendations, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many Buy-rated stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

Our recommendations /star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential. This rating encourages investors to consider an overweight position in the security relative to the appropriate benchmark.

★★★★ Appreciation beyond a fair risk-adjusted return is likely, in our opinion. This rating encourages investors to own the firm's shares, possibly overweight relative to the appropriate benchmark after fully considering more attractively priced alternatives, such as our Buy recommendations.

★★★ Indicates that we believe investors are likely to receive a fair risk-adjusted return (approximately cost of equity). Concentrated portfolios might consider exiting these positions if more attractively priced alternatives are available.

★★ We believe investors are likely to receive a less than fair risk-adjusted return and should consider directing their capital elsewhere. Securities with this recommendation should generally be underweight, assuming less expensive alternatives are available for the portfolio strategy being employed.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss. This rating encourages investors to strongly consider exiting portfolio positions in the security in nearly all strategies.