

Private Wealth Management

Portfolio Strategy Review - February 2009

Investment Strategy | Australia

Key Points

- February proved to be yet another difficult month for equities with the ASX200 finishing the month down 5.5%, after trading down through recent January lows. Risk aversion remained high in the face of further deterioration in offshore economic data, accelerating earnings downgrades during reporting season and renewed concerns over global financial companies as the US and UK governments debated nationalising key financial institutions.

- Investors were mainly preoccupied with the significant amount of data provided during "reporting season". Industrial company earnings declined 11.9% on pcp, while Resource company earnings increased by 24.3% as they continued to benefit from the strong residual bulk commodity prices and the impact of the currency devaluation. Analysts continued to revise down their earnings expectations for FY09 in light of weaker revenue expectations and declining margins. Balance sheet risks remained a key focus while equity raisings continued but at a lower run rate to January. The Banks, Energy and Consumer Staple sectors outperformed while the Industrials, REIT and Utility sectors lagged.

- The economic data worsened during February. House prices declined at the fastest rate on record (-3.3% yoy) as private sector credit contracted for the first fall since 1992. Building approvals continued to fall although December retail sales bounced in response to an earlier fiscal stimulus package. Employment data saw a large decline in fulltime jobs. The RBA cut interest rates by 100bp to 3.25% (lowest level for 45 years) while the Federal Govt announced an additional \$42bn stimulus package (to be released over the next 4 years). The AUD consolidated in a tight trading band during February finishing the month at 64.6¢ (-1.0¢).

Private Wealth Management Investment Strategy

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Economic Releases

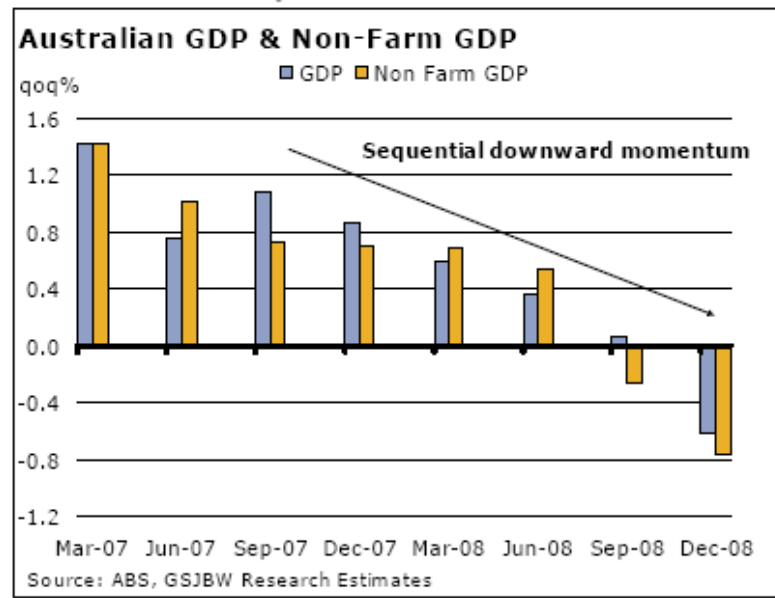
Australian economy contracts 0.5% in December quarter. Non-farm economy is in recession.

After a week of sharp shifts in expectations for this GDP release, the final print was materially weaker than the partial data suggested. A 0.5% decline in the quarter (consensus and GSJBW +0.2qoq) follows a 0.1% rise in the prior quarter, taking the annual rate to just 0.3%yoy. Excluding the farm sector, the Australian economy is already in recession, having contracted 0.8% in the December quarter, following a 0.3% decline in the September quarter. On a per capita basis the Australian economy contracted in each of the last 3 quarters to be down 1.1%yoy.

From a production perspective, only agriculture meaningfully added to growth in the quarter (+6.9%qoq) which can be traced solely to the size of a wheat crop. Indeed, 8 of the 17 industries contracted in the quarter.

Income was the largest drag in the quarter. Wages rose 1.2%, corporate profits fell 5.6%, unincorporated profits rose 1.0% (but this is farm driven). This was sufficient to see nominal GDP(I) decline 0.7%qoq.

Following the inaction on rates by the RBA in their March meeting, we have pushed out our expected 75bpts of easing to 2H09 but our overall rates call is effectively unchanged.



Retail sales, January - Sales edge higher as some of stimulus package spills into 2009

In seasonally adjusted terms, retail sales rose by 0.2% in December. This was ahead of market consensus expectations for a fall of 0.6% and followed a large 3.8% rise in December, which was the largest monthly increase since the GST compensation package was delivered. Over the year to January, retail sales have accelerated to 5.9%yoy.

Across industries, department store (-0.5%) and household good sales (-4.0%) unwound large gains over the Christmas period, but this was more than offset by higher sales elsewhere and particularly for food (+1.5%). Excluding food, sales actually contracted by 0.6% - the weakest monthly print since last September.

While this report suggests that some of the impact from December's \$8.4bn fiscal stimulus package spilled-over into 2009, in context, households are saving by far the majority of the handouts. For example, the level of retail sales in the month of November stood at \$18.5bn, so the \$8.4bn fiscal injection in December represented a potential stimulus of 46% the size of monthly sales, if all was spent immediately and not saved. The \$1.45bn increment in seasonally adjusted sales since then suggests that less than 10% of the stimulus was spent in each of December and January, assuming no change on behalf of consumers who didn't receive the package. In reality, retail spending by non-recipient consumers most likely fell sharply and those that received the package most likely spent a much higher percentage of the windfall.

Private Credit: rose by 0.6% in January, beating consensus (+0.2%).

The rise followed the first monthly contraction in credit since the last recession, and sees annual growth decelerate to just 6.1% (~14½year low) – well down on the double digit growth evident over recent years.

As expected, the slide in personal credit (-0.2%mom) and moderation in housing credit (+0.5%) continued, while business credit recovered some of last months decline (+0.7%).

We expect weak credit outcomes in the coming months. For households, the period of balance sheet consolidation will be a drawn-out one. While for business credit there are two key factors weighing on the outlook; Recent large scale corporate equity raisings used to pay down debt; As the re-intermediation process nears completion, this will remove one of the key drivers of business lending over 2008.



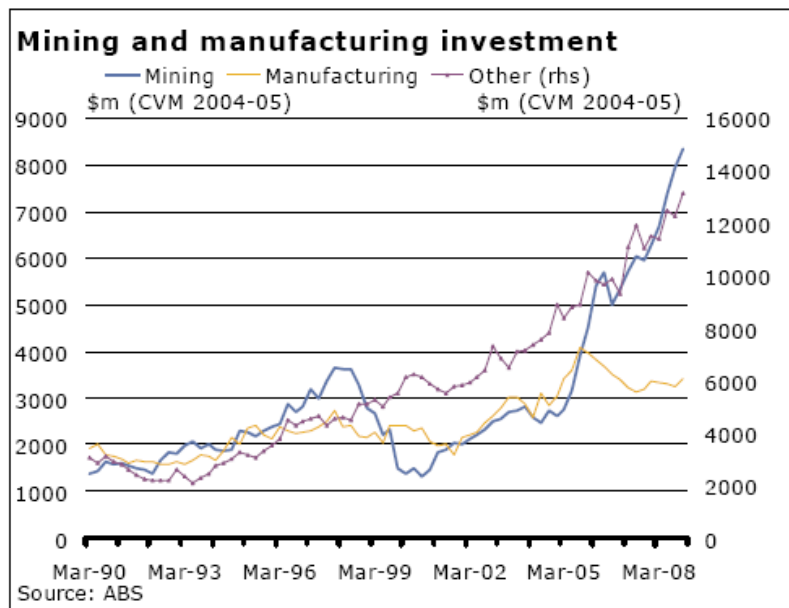
The availability and cost of credit will continue to impact on the outlook for equities. This is likely to mean that companies will continue to source capital from the market through equity issues and restrain their dividend payments.

Capital Expenditure and Investment Intentions

Capital Expenditure: The 6.0% increase in private capital expenditure in the December quarter beat consensus by a considerable margin (-3.3%qq), taking year-ended growth to +17.8%yoy. Investment intentions: Based on 5-year realisation (intentions translating into real outcomes) ratios, investment intentions imply a very healthy (yet entirely unrealistic) 17.3% increase in 2008-09 (previous survey +26.9%) and 10.2% in 2009/10.

Whichever way you cut the data this was a significant upside surprise, but we would argue not quite as strong as the headline suggests. Growth was concentrated in the **buildings & structures** component (+11.5%qq).

Spending on **machinery & equipment** (MEI) is this component that maps through most closely to the National Accounts. MEI rose by 1% in Q4 - certainly an upside surprise, but not as larger one as the headline suggests. The weaker A\$ contributed to sharply higher **prices** in the equipment component (+4.6%qoq, 3.8%yoy) – the largest quarterly rise in the more than 20-year history of the series.



Private investment spending has been one of the most supportive features of Australian economic growth in recent years. With all the news flow from companies indicating that they intended to cut back on capital spending, any signs that the desire to investment remains high is a positive as one could expect these to be brought about rapidly once conditions stabilise. This would support equities that participated in mining and engineering services in particular.

AUSTRALIA - MAIN ECONOMIC FORECASTS

	2007	2008	2009	2010	2008E		2009E				2010E			
		(f)	(f)	(f)	3Q (f)	4Q (f)	1Q (f)	2Q (f)	3Q (f)	4Q (f)	1Q (f)	2Q (f)	3Q (f)	4Q (f)
GDP Components, % chg. yoy														
Private consumption	4.3	2.1	1.8	2.7	1.7	0.7	0.8	1.5	2.2	2.6	2.6	2.7	2.6	2.7
Govt consumption	2.4	3.8	4.2	3.9	3.6	3.3	3.7	3.6	4.6	4.8	4.5	4.2	3.7	3.1
Dwelling Investment	2.7	1.1	-0.4	12.1	2.6	-1.4	-3.0	-2.5	-1.2	5.3	10.1	12.5	13.6	12.4
Fixed Investment	9.2	7.7	-5.8	0.0	7.0	3.5	0.0	-3.4	-3.2	-1.2	1.3	3.1	3.1	3.1
Export volumes	3.3	4.5	-4.0	1.1	5.0	2.2	-2.0	-4.9	-6.4	-2.5	-0.5	-0.5	2.5	3.0
Import volumes	11.4	11.1	-4.9	3.0	13.2	5.2	-0.7	-5.9	-8.3	-4.4	-1.5	2.5	5.6	5.6
Domestic demand	5.4	4.0	0.0	2.7	4.1	2.0	0.4	-0.8	-0.4	0.9	2.0	2.9	2.8	2.9
Real GDP growth	4.0	2.2	-0.2	2.3	1.9	0.6	-0.6	-0.7	-0.3	0.9	1.9	2.1	2.4	2.6
Nominal GDP US\$bn	913	1004	841	886										
Output and Prices, % chg. yoy														
Industrial Production	3.4	3.0	0.9	2.8	3.9	1.8	0.5	0.0	0.9	2.1	2.8	2.8	2.8	2.8
Average Earnings	4.7	3.4	3.5	3.2	3.5	3.5	3.7	3.8	3.2	3.2	3.2	3.2	3.2	3.2
Consumer Prices	2.3	4.4	1.9	2.9	5.0	3.7	2.3	1.4	1.3	2.5	3.2	3.1	2.7	2.4
Labour Market														
Unemployment Rate, %	4.4	4.2	6.7	7.6	4.2	4.4	5.5	6.4	7.2	7.5	7.8	7.6	7.5	7.4
Population - m	21.1	21.4	21.6	21.9										
External Sector														
Trade balance, US\$bn	-16.6	-1.2	-10.2	-27.6	1.2	3.9	3.8	-3.2	-5.3	-5.4	-6.6	-7.3	-7.4	-6.4
Current acct. bal, US\$bn	-57.2	-41.2	-37.1	-53.6	-8.0	-3.2	-3.4	-10.1	-11.8	-11.9	-13.1	-13.8	-13.9	-12.9
Current acct. balance - % of GDP	-6.3	-4.1	-4.4	-6.1	-3.2	-1.6	-1.6	-4.8	-5.6	-5.6	-6.0	-6.3	-6.2	-5.7
Financial Sector														
Cash Rate, % eop	6.75	4.25	2.50	4.00	7.00	4.25	2.75	2.50	2.50	2.50	3.00	3.25	3.50	4.00
3-month interest rate, % eop	7.29	3.66	2.79	4.15	5.45	3.66	2.66	2.65	2.65	2.79	3.31	3.56	3.88	4.15
10-year govt. bond yield, % eop	6.14	4.40	5.00	5.80	5.65	4.40	4.40	4.60	4.80	5.00	5.10	5.30	5.50	5.80
Exchange Rate Forecasts														
A\$/US\$, eop	0.87	0.67	0.71	0.72	0.82	0.67	0.71	0.71	0.71	0.71	0.71	0.71	0.72	0.72
Public Sector (FY)														
Federal Budget - \$USbn	14.4	16.8	-3.5	-30.0										
Federal Budget - % of GDP	1.6	1.7	-0.4	-3.5										
General Govt Balance - \$USbn	4.39	4.83	4.21	4.32										
General Govt Balance-% of GDP	0.5	0.5	0.5	0.5										
Company Sector, % chg. yoy														
After Tax Company Profits	12.0	15.3	-6.5	4.6	24.3	13.8	3.4	-8.4	-12.5	-7.0	1.0	3.5	6.1	7.7
Debt Sector (FY)														
Public Gross Debt-(% of GDP)	0.0	0.0	0.0	2.0										
Public Net Debt-(% of GDP)	-5.6	-3.3	-3.4	-3.9										

Source: ABS, RBA, GSJBW Research estimates

GSJBW Company Fundamentals

The figures provide a guide to company investment statistics.

Dividend cuts have become the norm and we caution that the apparent high stated yields may not be brought about as companies are either forced to preserve capital or chose to do. Dividend cover indicates how conservative the company is in terms of paying out earnings – higher cover typically means the company may chose to hold its dividend if it believes that any deterioration in earnings was temporary.

We believe current P/Es reflect close to bottom of cycle earnings and, where a company has experienced a sharp fall in profit and is trading at a low multiple, it may present an opportunity (for the patient) to invest in companies that could experience a sharp upturn in profit when a recovery gets underway. All figures as at 3rd of March 09.

		Div Yield		Div Cover (x)		PE (x)		Earnings Growth	
		2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Paper/Steel/Agricultural									
AAC	Australian Agricultural Company Ltd	4.6	4.6	1.5	1.7	23.8	14.3	0.0	65.6
BSL	Bluescope Steel Ltd	16.6	17.0	1.4	2.0	4.9	4.3	-58.6	15.3
FCL	Futuris Corporation Limited	32.7	36.4	1.1	1.1	5.9	2.9	-58.0	102.1
LLC	LEND LEASE	8.9	12.8	1.4	1.3	6.8	8.0	-27.2	-15.1
OST	ONESTEEL LIMITED	15.3	15.3	1.5	1.7	5.0	4.3	-8.8	16.3
SGM	SIMS GROUP LIMITED	7.2	6.9	1.8	2.0	14.9	7.7	-61.3	94.4
Energy/Oil									
BBW	Babcock and Brown Wind	10.3	10.7	0.9	1.2	40.9	10.8	-31.3	277.3
CTX	CALTEX AUSTRALIA LIMITED	7.2	6.5	2.0	2.0	8.7	6.9	57.5	24.8
ENE	ENERGY DEVELOPMENTS	8.5	10.3	1.5	1.5	10.6	7.7	27.1	38.1
OSH	Oil Search	2.2	2.2	1.4	1.5	69.7	32.8	-71.3	112.5
STO	SANTOS LTD	1.4	1.6	2.2	2.2	88.9	33.3	-80.7	166.7
WPL	WOODSIDE PETROLEUM	2.7	7.3	1.7	1.7	26.6	22.3	-55.0	19.4
Mining/Engineering Services									
AAX	AUSENCO LTD	16.3	16.3	1.8	1.9	3.0	3.4	-0.6	-13.0
BKN	BRADKEN LIMITED	12.3	12.3	2.4	2.2	2.4	3.4	-3.5	-29.8
BLY	BOART LONGYEAR LIMITED	0.0	7.4	0.0	5.6	1.5	1.9	-52.3	-22.2
DOW	DOWNER EDI LIMITED	7.2	7.8	1.9	1.9	7.6	7.3	3.8	4.1
IMD	IMDEX LIMITED	5.2	6.9	4.7	3.9	2.5	4.1	-20.7	-38.3
MND	MONADELPHOUS LTD	10.4	10.4	1.1	1.1	8.6	8.7	7.5	-1.2
MSL	The MAC Services Group Limited	9.3	9.3	1.8	1.8	5.5	6.0	19.2	-8.1
SDM	SEDGMAN LIMITED	14.6	14.6	2.0	2.1	3.0	3.5	0.0	-12.7
TSE	TRANSFIELD SERVICES LIMITED	7.2	8.3	2.6	2.3	4.4	5.4	-23.9	-17.9
UGL	UNITED GROUP LIMITED	8.8	9.1	1.4	1.4	8.1	8.0	8.6	1.2
WOR	WORLEYPARSONS LIMITED	6.3	6.6	2.0	1.9	8.8	8.1	20.1	7.6
Communications/Media/Entertainment									
AEO	AUSTereo GROUP LIMITED	7.5	8.1	1.4	1.4	9.2	9.3	-5.8	-1.5
ALL	ARISTOCRAT LEISURE LIMITED	6.5	7.6	1.7	1.6	11.3	9.3	7.5	21.0
APN	APN NEWS & MEDIA	17.7	19.3	1.1	1.1	5.7	5.2	-24.2	8.6
CMJ	CONSOLIDATED MEDIA HOLDINGS	8.3	13.5	0.9	0.6	14.2	13.3	-4.1	6.4
CWN	CROWN LIMITED	9.4	11.6	1.3	1.3	12.5	8.5	-22.5	47.4
FXJ	FAIRFAX MEDIA LIMITED	8.6	11.0	1.4	1.3	6.6	8.3	-43.8	-20.6
NWS	NEWS CORPORATION LIMITED	2.0	2.2	6.2	7.1	9.9	8.2	-23.1	21.3
SGT	Singapore Telecom	4.5	5.0	1.7	1.9	14.9	12.7	-8.1	17.5
TAH	TABCORP HOLDINGS LIMITED	9.3	9.7	1.3	1.3	7.5	8.1	-13.2	-8.0
TLS	TELSTRA CORPORATION LTD	8.7	9.3	1.2	1.2	11.6	9.8	0.7	18.4
TTS	TATTERSALS LIMITED	8.1	8.8	1.0	1.1	13.1	11.9	7.4	9.6
WAN	WEST AUSTRALIAN NEWSPAPERS	9.0	11.2	1.1	1.0	9.4	10.0	-17.5	-5.6

Source : GSJBW Research estimates

		Div Yield		Div Cover (x)		PE (x)		Earnings Growth	
		2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Small Cap									
ALS	ALESCO CORPORATION LIMITED	26.7	56.4	1.9	1.1	2.1	2.0	-44.3	6.0
AUB	AUSTBROKERS HOLDINGS LIMITED	6.2	6.8	1.7	1.7	11.2	9.6	11.3	15.7
CAB	CABCHARGE AUSTRALIA LIMITED	6.6	6.9	1.5	1.5	10.2	9.9	7.2	2.6
CRG	CRANE GROUP LIMITED	9.5	10.0	1.2	1.3	8.9	9.1	-13.5	-2.2
DMP	DOMINO S PIZZA	4.6	5.3	1.6	1.6	14.9	13.4	10.6	11.5
FXL	FlexiGroup Ltd	13.3	14.8	2.2	2.2	3.8	3.4	-18.9	13.3
GUD	GUD HOLDINGS LIMITED	10.8	11.2	1.1	1.2	8.3	8.1	-13.5	1.5
GWT	GWA INTERNATIONAL LIMITED	8.1	10.2	1.0	1.0	12.6	12.4	-20.9	1.8
IRE	IRESS MARKET TECHNOLOGY LIMITED	7.2	7.6	1.1	1.2	14.2	12.7	0.0	12.4
JBH	JB HI-FI LIMITED	3.3	3.8	2.5	2.5	13.4	12.3	28.3	9.5
MCU	MITCHELL COMMUNICATION	9.2	10.8	1.8	1.7	6.1	6.1	1.4	0.0
MLE	Macquarie Leisure Trust Group	20.7	22.2	1.1	1.1	4.8	4.5	-3.6	5.3
Beverages									
FGL	FOSTER S GROUP LIMITED	4.9	5.3	1.4	1.4	14.3	14.3	8.2	0.5
CCL	COCA-COLA AMATIL LIMITED	4.7	5.1	1.4	1.4	15.9	15.4	3.3	3.2
LNN	LION NATHAN LIMITED	5.4	5.7	1.2	1.3	15.6	15.0	4.8	4.2
Resources									
AWC	Alumina Limited	3.3	3.3	1.3	1.2	0.0	22.7	0.0	0.0
BHP	BHP	4.0	4.2	1.6	2.3	12.6	15.7	-25.4	-19.9
NCM	NEWCREST MINING AUSTRALIA LTD	0.4	0.6	10.1	9.9	33.2	23.5	-16.0	41.1
RIO	RIO TINTO LIMITED	4.0	4.2	3.0	2.8	11.0	8.3	-52.1	32.3
IGO	INDEPENDENCE GROUP	2.0	2.0	4.7	4.6	16.6	10.8	-69.1	53.9
WSA	WESTERN AREAS NL	0.6	2.0	13.7	6.3	0.0	12.6	-66.7	0.0
FLX	Felix Resources Limited	3.1	6.4	2.0	2.0	5.7	16.3	129.5	-64.9
CEY	Centennial Coal	6.0	5.9	2.0	2.0	6.7	8.3	55.7	-18.9
MCC	Macarthur Coal	2.8	9.2	4.1	2.0	3.8	8.7	137.8	-56.3
ERA	Energy Resources of Australia	3.3	3.5	1.7	1.7	16.9	18.0	74.5	-6.2
Banks/Financials/Insurance									
CPU	COMPUTERSHARE	3.4	3.7	2.8	2.9	10.9	10.3	12.5	5.1
TAL	TOWER Australia Group Limited	3.0	3.5	3.4	3.3	10.6	9.7	-6.5	10.0
AXA	AXA ASIA PACIFIC HOLDINGS LTD	6.8	7.6	1.8	1.8	8.9	8.1	0.0	9.8
QBE	QBE INSURANCE GROUP LTD	6.9	7.4	1.6	1.7	9.6	8.9	-5.6	7.8
CGF	CHALLENGER GROUP LIMITED	11.9	13.2	3.1	3.0	117.5	2.7	-71.4	4250.0
MQG	Macquarie Group Limited	11.3	15.1	1.7	1.8	5.6	5.3	-53.3	5.0
BOQ	Bank of Queensland Limited	10.5	11.9	1.4	1.4	7.1	6.7	-4.1	4.9
NAB	National Australia Bank Limited	10.9	12.4	1.3	1.5	7.4	7.0	2.4	5.6
IAG	INSURANCE AUSTRALIA GROUP LIMITED	5.2	6.1	1.6	1.6	25.1	12.0	101.5	109.5
ANZ	ANZ Banking Group Limited	8.6	11.8	1.6	1.5	10.0	7.2	-10.2	39.5
WBC	Westpac Banking Corporation	8.4	10.1	1.3	1.4	9.7	9.0	-10.0	8.1
CBA	Commonwealth Bank of Australia	8.9	10.1	1.2	1.3	10.2	9.7	-14.5	5.1
BTT	BT Investment Management Limited	11.5	12.5	1.2	1.2	7.8	7.4	-32.0	5.3
ASX	ASX LIMITED	6.1	6.7	1.1	1.1	14.3	14.7	-13.2	-2.9
SUN	SUNCORP-METWAY LIMITED	7.6	9.1	1.6	1.8	8.0	8.1	-23.5	-1.2
AMP	AMP LTD	7.3	7.7	1.2	1.2	12.5	11.6	69.3	8.0

Source : GSJBW Research estimates

		Div Yield		Div Cover (x)		PE (x)		Earnings Growth	
		2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Infrastructure		Distribution Coverage *							
MCG	MACQUARIE COMMUNICATIONS	13.3	14.5	3.4	4.4	0.0	15.7	0.0	0.0
AIO	ASCIANO GROUP	33.7	53.9	1.0	1.2	8.7	18.5	-67.5	-52.9
CEU	CONNECTEAST LIMITED	4.8	0.0	-	-	0.0	0.0	-590.0	-36.2
MAP	MACQUARIE AIRPORTS	12.9	14.2	0.8	0.6	0.0	0.0	0.0	-5.4
TCL	TRANSURBAN GROUP	4.9	4.9	1.0	0.8	0.0	0.0	-5.6	-0.9
AIX	AUSTRALIAN INFRASTRUCTURE FUND	9.7	10.0	1.1	1.0	5.1	4.5	-46.0	11.5
MIG	MACQUARIE INFRASTRUCTURE GROUP	0.0	0.0	0.7	1.6	0.0	0.0	0.0	0.0
Utilities		Distribution Coverage *							
AGK	AGL ENERGY	4.2	4.4	1.9	1.8	15.5	14.2	6.1	8.5
ORG	ORIGIN ENERGY LIMITED	3.4	4.0	1.9	2.6	21.5	17.7	24.9	21.8
APA	APA GROUP	11.5	11.8	1.2	1.2	15.9	13.6	-3.8	16.5
SPN	SP AUSNET	11.9	11.9	1.0	1.0	14.1	12.5	-11.3	12.7
SKI	SPARK INFRASTRUCTURE	13.5	13.5	1.1	1.2	55.0	27.5	-41.2	100.0
ENV	ENVESTRA LIMITED	17.2	17.2	0.9	1.2	13.9	24.6	91.7	-43.5
* - Cash flow coverage defined as EBITDA less interest paid, tax paid and maintenance capex (all proportionately consolidated).									
Building/Transport									
NUF	NUFARM LIMITED	4.9	5.3	2.5	2.5	9.0	8.1	35.0	11.2
TOL	TOLL HOLDINGS LIMITED	4.0	4.5	2.5	2.5	10.8	9.9	-19.7	9.1
JHX	JAMES HARDIE LIMITED	3.0	6.3	1.0	0.8	19.0	34.9	-48.2	-45.7
ORI	Orica Limited	8.7	9.9	1.8	1.7	7.4	6.3	-0.3	16.6
BXB	BRAMBLES LIMITED	8.1	8.8	1.6	1.7	9.4	7.8	0.2	20.0
LEI	LEIGHTON HOLDINGS LIMITED	8.1	8.4	1.5	1.4	8.9	8.3	-1.0	7.8
IPL	Incitec Pivot Ltd	11.0	10.6	1.6	1.5	7.2	5.9	-50.5	22.4
ABC	Adelaide Brighton	8.1	8.7	1.5	1.5	8.8	8.1	-10.9	9.2
QAN	QANTAS AIRWAYS LIMITED	10.9	7.7	1.5	1.5	8.1	6.1	-60.9	33.7
CSR	CSR Ltd	9.1	12.6	1.4	1.4	8.6	7.7	-45.2	12.2
BLD	Boral Ltd	6.9	11.7	1.6	1.5	13.2	9.2	-48.6	44.4
Retail									
HVN	HARVEY NORMAN HOLDINGS	5.8	7.3	2.0	1.9	9.8	8.6	-30.0	14.4
BBG	Billabong International Limited	9.0	10.4	1.5	1.5	8.1	7.6	2.2	6.2
WOW	WOOLWORTHS	4.7	5.5	1.3	1.3	18.1	15.9	9.6	14.0
MTS	METCASH	6.2	6.8	1.3	1.2	14.4	12.8	11.5	12.4
WES	Wesfarmers Ltd	4.8	6.3	1.6	1.6	9.2	13.1	-0.5	-29.4
GFF	GOODMAN FIELDER	9.5	10.0	1.3	1.3	9.1	8.1	-5.2	11.8
DJS	DAVID JONES	11.1	12.4	1.1	1.1	8.3	8.1	-0.7	2.5
Healthcare									
CSL	CSL LIMITED	2.1	2.3	2.9	2.9	21.7	17.1	33.0	26.9
ANN	ANSELL HEALTHCARE LIMITED	3.9	4.2	2.9	2.9	10.2	8.9	13.6	14.2
RHC	RAMSAY HEALTHCARE LIMITED	4.1	4.7	1.9	1.9	14.8	12.8	14.1	15.6
HSP	HEALTHSCOPE LIMITED	5.9	6.3	1.6	1.7	12.2	10.7	8.4	14.0
SHL	SONIC HEALTHCARE LIMITED	5.4	5.9	1.4	1.4	14.5	12.9	12.8	11.8
COH	COCHLEAR LIMITED	4.0	4.4	1.4	1.4	21.0	17.9	22.8	17.4
SIP	SIGMA PHARMACEUTICALS LIMITED	7.6	8.3	1.3	1.3	11.2	10.1	1.1	10.5

Source : GSJBW Research estimates

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Price:Base Case DCF:	The premium or discount to base case DCF valuation at which the stock is trading relative to the average premium or discount across the market.

¹ EVA™ is a registered trademark of the U.S. consultancy firm Stern Stewart

For Insurers

EVA™ Trend: ¹	ROE is used as a proxy for EVA. Rating takes into account the expected level and trend of ROE over the next 2-3 years.
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For REITs

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Sell	15%	12%
Hold	62%	66%
Buy	23%	22%

* No direct linkage with overall distribution as the latter relates to the full Goldman Sachs JBWere stock coverage (>250 companies). The above table combines the corporate relationships and recommendations of both Goldman Sachs JBWere Pty Ltd and its affiliate in New Zealand, Goldman Sachs JBWere (NZ) Limited.

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