

Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Stockmarkets continue to value individual stocks at extremes of over-valuation and under-valuation. At some stage, those high valuations (in high capitalisation companies that dominate the indices) must correct (dragging down the indices), but in every market there are many soundly financed companies trading at attractive valuations (e.g. *single digit* P/E ratios). This is where we continue to find attractive shares for investment.

Investment Outlook.

On the one hand, we remain concerned about the high valuation of many very large company shares, often *Growth/Technology* shares. Many are unprofitable businesses, burning cash and dependent upon investors for regular injections of new equity and/or debt capital. That may be normal for *emerging growth* companies, but we are talking about very large, often relatively mature businesses and trading on *huge* valuation multiples.

Software as a Service (SaaS) is an attractive business model and many SaaS companies used to trade at high Price/Sales ratios of 3-5. That high valuation is perhaps justified by stable, recurring revenues and expected growth potential . . . but the *new normal* P/S ratios for SaaS companies is now around 10-20!

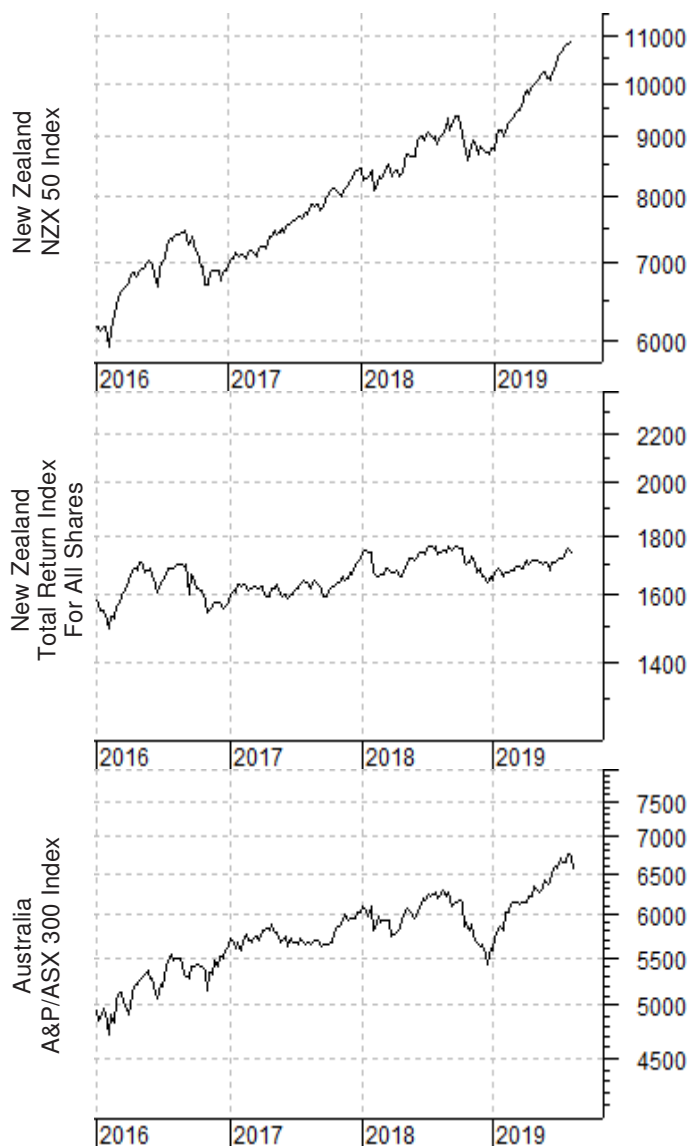
Zoom Video Communications (ZM) listed on the NASDAQ in May and now trades on a Price/Sales ratio of 66. At least it is not losing too much money, just US\$7.5 million (i.e. almost a break-even) for the year to 31 January 2019. This is not a small emerging start-up. Its market capitalisation is US\$26,060 million.

ZScaler (ZS) and **Okta** (OKTA) trade on P/S ratios of 40 and 35. ZS is a large US\$10,930 million capitalisation company. OKTA has a market capitalisation of US\$15,380 million.

We really can not even imagine how such high current valuations can possibly yield positive *future* returns for investors. These companies will need to grow *extremely* rapidly over an *extremely* long period of time to simply justify their current valuations. And grow *faster for longer* to yield positive investment returns. Even in normal times only a few might achieve that, while 95-99% will likely (Continued on Page 15)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	37% (Bearish)	78% (Bullish)
New Zealand:	61% (Neutral)	59% (Neutral)



Recommended Investments

CDL Investments recorded low revenues and profits in the first half year to 30 June, but is “confident that our second half performance will be better than the first”:

Six Months to 30/06/2019			
	Latest	Previous	Change
Revenues	\$40.2m	\$60.2m	-33.2%
Net Profit	\$15.1m	\$25.5m	-40.7%
Net Cash Surplus	\$1.4m	\$1.0m	+34.8%
Earnings per share	5.4c	9.2c	
Dividends per share	Nil	Nil	-

In the first half of 2018 the company recorded “high-margin sales” at its Auckland and Hamilton developments, but in the current half year made “good sales from our Hastings and Christchurch subdivisions”.

The low operating cash surplus in both periods reflects new land purchases. This year the company has purchased 8.17 hectares for \$7.6 million and has contracts to purchase a further 25.77 hectares for \$33.7 million.

Cash and deposits are \$37.7 million, so the company will remain debt-free after these land purchases.

In the 2014 book *The Death of Money: The Coming Collapse of the International Monetary System*, James Rickards concludes by recommending “a portfolio of 20% gold, 20% land, 10% fine art, 20% alternative funds and 30% cash”. For land he states “This includes undeveloped land in prime locations or land with agricultural potential, but it does not include land with structures”.

While the book's title is a little extreme, Rickards begins by stating “*The Death of Money* is about the demise of the [US] dollar,” as the *Reserve Currency* and “such a collapse does not mean the end of trade, finance, or banking. The major financial players, whether they be nations, banks, or multilateral institutions, will muddle through, while finance ministers, central bankers, and heads of state meet non-stop to patch together new rules of the game”.

Spoiler alert! Rickards believes that the US dollar will eventually be replaced by new gold-backed SDRs (i.e. **International Monetary Fund** “Special Drawing Rights”) with an exchange rate to US dollars (and other paper currencies) that values gold at around US\$7000 an ounce (and “the world of \$7000 gold is also a world of \$400 per barrel oil and \$100 per ounce silver”) - a level that depreciates paper currencies and inflates away about 80-90% of the real value of debt, bank deposits and cash. This solves the debt-problem . . . but savers will also see bank deposits and fixed income investments decimated.

While cash is a useful asset, Rickards' expectation is inconsistent with his recommendation to hold 30% of a portfolio in cash (i.e. which will lose most of its value).

In an earlier 2007 book, *Currency Wars*, Rickards expresses views which are also inconsistent with a 20% portfolio allocation to gold, describing a similar potential devaluation of paper money against gold but notes “Americans who had invested in gold earlier will be

confronted with a 90% *windfall profits* tax on their newfound wealth”.

Needless to say, we do not agree with Rickards recommended portfolio, but *businesses* owning and based upon *real assets* (i.e. land, gold, commodities) could be sound investments - especially during periods of low interest rates, inflation (or deflation) and periods of uncertainty.

CDL Investments holds development property (i.e. undeveloped land and some developed land) with a book value of \$179.5 million plus contracts to acquire further land for \$33.7 million. That is a total of \$213.2 million in land, or 76.5 cents per share, in a debt-free company.

At 69 cents the shares trade at a *discount* to this asset value.

CDL Investments is also a sound, under-valued *business*, with the shares trading on a Price/Earnings ratio of 6 and a gross Dividend Yield of 7.0%.

If the international monetary system does not “collapse” in the near future, then CDL Investments is an under-valued business providing a high cash income return for shareholders. If the system does “collapse” then CDL Investments should “muddle through” quite nicely while its land assets should maintain their real value, even if 80-90% of the value of cash, fixed interest investments and debt are inflated away through currency devaluations.

“Buy”.

CDL Investments



South Port NZ has upgraded its profit guidance for the year to June 2019 from \$8.6-8.9 million to “similar to the previous year of \$9.66 million”.

South Port NZ



Australian Shares

(This section is in Australian currency, unless stated.)

ALS Ltd is “currently seeing growth in Environment, Food, Pharmaceutical and Tribology businesses” but “some softness in sample intake in Commodities”, while “Asset Care” has “challenging” conditions.

The first half profit is expected to be \$90-95 million, similar to last year's \$93.3 million, plus a \$60 million gain on the sale of the China business and a potential tax liability of \$18 million relating to “historical restructuring”.

ALS has acquired Mexico based **Laboratorios de Control ARJ S.A de C.V.** for an undisclosed sum. The Mexico City based company was formed in 1967 and specialises in providing quality control for medicines, biological products, generics, biosimilars, cosmetics

and medical devices for large, global pharmaceutical companies. Annual revenues are “over \$30 million”.

ALS Ltd

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	278.1	1.2	2.26	6	7.0	69	39.8	+335%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	D	68.7	2.1	0.13	5	Nil	27	282.0	+98%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.4	0.33	12	7.6	908	612.8	+1088%
HOLD	Smiths City Group	SCY	09/10/06	64	D	52.7	2.1	0.07	NE	Nil	27	37.0	+0%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.4	4.53	19	5.1	703	310.8	+745%
HOLD+	Steel & Tube Holdings	STU	08/08/00	139*	C	90.6	1.2	0.17	11	10.7	91	346.1	+214%
Australian Shares (in Aust cents)													
HOLD+	Acrux Limited	ACR	12/05/14	99	B	166.6	2.4	8.98	NE	Nil	19	14.0	-67%
HOLD	AJ Lucas Group	AJL	13/05/03	107*	D	750.1	3.6	0.54	NE	Nil	9	36.4	-58%
HOLD+	ALS Limited	ALQ	12/10/99	72*	B	482.4	0.5	2.08	19	3.1	718	335.4	+1363%
HOLD	ARQ Group	ARQ	10/02/04	53	B	122.1	1.3	0.34	NE	13.1	61	226.0	+442%
HOLD	Atlas Pearls & Perfume	ATP	14/05/96	73	E	422.9	13.1	0.30	NE	Nil	1	17.5	-75%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	B	149.8	0.3	2.91	11	3.4	1597	263.5	+67%
HOLD+	CardieX Ltd	CDX	11/11/13	15	E	531.0	7.2	3.58	NE	Nil	3	Nil	-82%
HOLD	CPT Global Ltd	CGO	10/03/08	88	B	37.6	2.5	0.22	9	1.4	19	19.5	-57%
HOLD	CSG Limited	CSV	11/10/10	166*	D	445.7	2.5	0.27	NE	Nil	17	60.5	-53%
HOLD+	Cynata Thera.	CYP	13/03/17	50	C	95.1	0.9	NA	NE	Nil	173	Nil	+246%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	D	143.6	1.5	1.09	NE	Nil	60	Nil	+22%
BUY	FBR Limited	FBR	07/07/17	14	D	1403.6	4.0	NA	NE	Nil	8	Nil	-46%
HOLD-	Fiducian Group	FID	11/02/08	260	B	31.3	0.5	3.70	18	3.7	538	116.8	+152%
HOLD	Finbar Group Ltd	FRI	12/04/10	106	B	270.8	1.0	1.57	17	6.9	88	74.5	+53%
HOLD	Ignite Ltd	IGN	08/04/03	82*	E	89.6	5.5	0.03	NE	Nil	4	70.5	-9%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	B	422.5	0.5	2.72	12	3.3	870	301.0	+149%
HOLD+	Integrated Research	IRI	14/01/08	40	A	171.9	0.6	5.10	26	2.4	271	59.5	+726%
HOLD+	McMillan Shakespeare G	MMS	07/11/16	1041	B	83.2	0.5	1.99	12	5.6	1312	173.0	+43%
BUY	Michael Hill Int'l Ltd	MHJ	11/06/91	4*	B	387.8	1.7	0.33	5	10.2	49	72.3	+2933%
HOLD+	Mt Gibson Iron	MGX	10/11/14	44	A	1130.1	1.6	3.32	9	3.9	77	5.0	+86%
HOLD	Opthea Limited	OPT	10/02/04	188	B	200.6	0.9	NA	NE	Nil	291	65.0	+89%
HOLD	OZ Minerals	OZL	14/03/16	522	A	323.9	0.4	2.74	14	2.4	948	63.0	+94%
BUY	Prophecy International	PRO	08/09/08	26	B	64.0	1.7	2.34	NE	Nil	39	24.0	+142%
BUY	Reckon Limited ¹	RKN	08/08/16	141	B	113.3	1.2	1.02	10	4.4	68	8.0	-29%
HOLD	Silver Chef Ltd	SIV	13/11/17	740	B	39.3	1.1	0.10	6	13.5	74	10.0	-89%
BUY	St Barbara	SBM	12/08/19	396	A	695.7	0.7	3.11	9	3.0	396	Nil	
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	28.9	0.8	0.08	4	15.7	223	520.5	+189%
HOLD+	Village Roadshow	VRL	10/08/09	71*	D	195.1	0.6	0.36	NE	Nil	252	284.3	+655%
BUY	Woodside Petroleum	WPL	08/04/19	3410	A	936.2	0.4	4.18	16	6.2	3317	Nil	-3%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +266.2%. This is equal to an average annual rate of +21.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 35 current and 170 closed out) is +28.2%, compared with a market gain of +3.8% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

(1) Reckon's return includes 1/3 share of GetBusy plc (GETB) worth 40.5 pence (71.8 Aust cents).

Recommended Investments

(Continued from Page 3)

ARQ Ltd has completed the sale of **TPP Wholesale** and received the initial payment of \$21.3 million. The remaining \$3.1 million will be received over the next two years.



CardieX Ltd's quarterly report confirms its forecast of 20% revenue growth for its *AtCor* subsidiary "with a return to profitability" - which would be an important improvement for the group.

It also forecasts a three-fold increase from "device and software sales related to *Oscar 2*", mainly in China. Sales for the June 2019 year have not yet been disclosed, but this is a new product, so three-times a small number may still be a small number.

The company is also targeting "two new revenue generating OEM partnerships", using "powered by *AtCor*" technology in the June 2020 financial year "with an additional home consumer device launch" before the September 2020 quarter. "Material revenues" from these are not expected until the June 2021 financial year.

CardieX Ltd



Cynata Therapeutics has received "an indicative, non-binding and conditional proposal" from **Sumitomo Dainippon Pharma Co Ltd** to acquire the company at 200 cents per share.

The company began discussions with "secondary parties" around 22 May, which have now ceased, and received this proposal on 20 June.

Cynata Therapeutics has granted Sumitomo "non-exclusive due diligence". Nothing may come of this, but our initial thoughts are that 200 cents is not a great price.

This is a 55% premium to the market price immediately before the potential offer was announced, but only 12% above the March high of 179 cents. "Hold+".

Cynata Therapeutics



Ellex Medical Lasers expects to report a 3% growth in revenues to \$82 million for the year to 30 June 2019.

Laser & Ultrasound sales still account for 80% of revenues, at \$66 million and down 3%. Within that total, newer glaucoma laser sales were up 9% at \$26 million and *Ellex 2RT* sales increased 260% (off a very low base for this new product) to \$1.8 million.

iTrack total sales rose 29% to \$14 million, with US sales up 36% for the year (and up 41% in the second half). Owing to marketing expenses to grow the business, *iTrack* is expected to report a \$5 million loss (before interest, depreciation and tax) for the year, with a first half \$4 million loss improving strongly to just a \$1 million loss in the second half.

Compounding at 29% per annum, *iTrack* (high margin) revenues would exceed Laser & Ultrasound (low margin) revenues in 6-7 years as the group's overall revenue growth rate accelerates.

Overall the company expects to report a \$0.7-0.8 million loss (before interest, depreciation and tax) but again, that is owing to the investment in marketing (which is all written off and expensed) to grow the *iTrack* business. At some stage, probably in the very near future, gross margins on the rapidly expanding *iTrack* sales revenues will cover these marketing expenses to grow the business and then begin to add to net profits.

Ellex Medical Laser shares trade on a Price/Sales ratio of 1.04-1.09. Without new product Research & Development costs and marketing to grow new businesses the company would be profitable. The \$66 million Laser & Ultrasound division should be capable of earning a net profit margin of 5-10% or \$3.3-6.6 million. At a mature stage the *iTrack* business would have significantly higher revenues and be capable of earning 20-40% net profit margins. That would be \$2.8-5.6 million on current revenues (and with much higher profits on much higher revenues in the future). So potential current profitability (i.e. excluding growth expenditures) could be around \$6-12 million (4-8 cents per share). That is the equivalent of a Price/Earnings ratio of about 7½-15. "Buy".

Ellex Medical Lasers



FBR Ltd reports that its “initial WaaS operations will commence shortly”.

Also it has made “significant progress” to the *Hadrian X* “with improvements to the accuracy, lay rate and reliability” through “both software and mechanical changes”. The second *Hadrian X* robot has been fully assembled and in the final stage of commissioning.

Expenditure for the quarter was \$9.2 million, reducing cash (and deposits) to \$14.4 million.

FBR Ltd



Iuka Resources production fell 20.2% to 448.5 thousand tonnes for the half year to 30 June 2019.

Sales were 24.2% lower at 423.3 thousand tonnes, sales prices were 18.6% higher, but that still left sales revenues 10.1% lower at \$545.6 million.

Production costs per tonne were 30.1% higher at \$1681 but with the lower production the total cost was \$251.8 million - which still leaves the company with an attractive gross margin!

The pre-tax operating cash surplus was about \$224 million before the payment of the final 2018 dividend of \$79 million, capital expenditure of \$145 million and tax of \$144 million, leaving the company with net debt of \$142 million at 30 June.

Iuka Resources



Integrated Research expects to report revenues 10-12% higher at \$100.0-101.5 million and net profits 20-24% higher at \$21.2-22.0 million (12.3-12.8 cents per share). Licence sales will be 17-20% higher at \$61.5-63.0 million.

The forecast net profit would put Integrated Research shares on a Price/Earnings ratio of 21-22 and the Price/Sales ratio would be about 4.6. That is not cheap, but perhaps a fair value for a SaaS company with good growth potential. “Hold+”.

Integrated Research



Mt Gibson Iron delivered 400,000 wet metric tonnes (wmt) of ore - worth about \$60 million - from *Koolan Island* during the June quarter. Production is now “ramping up” to 3-4 Panamax ships per month, each shipment worth A\$9-10 million.

The Feasibility Study Mine Plan forecasts first year sales (to March 2020) of 2.1 million wmt (worth about A\$310 million at current iron ore prices and exchange rates), 2.6 million wmt (or \$380 million) to March 2021, rising to 4.6 million wmt (or \$675 million) to March 2022, 5.5 million wmt (\$800 million) to March 2023, 5.3 million wmt (\$780 million) to March 2024 and just 1.2 million wmt (\$175 million) in the sixth year of mining.

Cash operating costs will decline from A\$76/tonne in the first year to March 2020, to A\$68/tonnes to March 2021, \$41 to 2021, \$34 to 2023, \$28 to 2024 and just \$17/tonne in the sixth year.

The pre-tax net cash operating surplus will depend upon iron ore prices and the exchange rates, but at current levels this project will realise cash surpluses of \$150 million (13 cents per share) to March 2020, \$205 million (18 cents per share) to March 2021, \$485 million (43 cents per share) to March 2022, \$620 million (55 cents per share) to March 2023, \$630 million (56 cents per share) to March 2024 and \$155 million (14 cents per share) to March 2025.

This is a low cost, high margin mine.

Cash on hand at 30 June was \$385 million (34 cents per share).

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Recommended Investments

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Mt Gibson Iron



Opthea Ltd shares jumped 138.2% to 206 cents (and is now at 291 cents) on the day it released the results of its Phase 2b trial of *OPT-302* for treating wet age-related macular degeneration (AMD). Favourable results bring the company closer to building a very large market for its VEGF-C and VEGF-D inhibitor.

Results for the Phase 2a trial on patients with diabetic macular edema (DME) that have failed to respond to treatment with *Eylea* are expected in early 2020.

The Phase 2b trial was very successful, with “the potential to be a game-changer in the treatment landscape”. 366 patients were divided into three equal groups and treated every four weeks for 24 weeks with either (1) 0.5mg of *Lucentis*, (2) 0.5mg of *Lucentis* and 0.5mg of *OPT-302* or (3) 0.5mg of *Lucentis* and 2.0mg of *OPT-302*.

No safety risks were identified . . . and the third group had significantly improved results compared with the *Lucentis* only control group. The third group (i.e. receiving 2.0mg of *OPT-302*) recorded a mean improvement of 14.2 letters on a standardised eye chart, compared with 10.8 letters for the *Lucentis* only control group. 70.0% gained 10 letters or more, compared with 57.8% for the control group. 99.2% had stable or improved vision, compared with 96.7% for the control.

Standard treatments for AMD and DME include VEGF-A inhibitors *Lucentis* (annual sales US\$3,700 million in 2018) and *Eylea* (sales US\$6,200 million) and half of patients do not experience a significant improvement in vision. *OPT-302* inhibits VEGF-C and VEGF-D and used with one of the VEGF-A inhibitors should prove “more effective” at inhibiting “disease progression”.

The **European Patent Office** has issued a *Notice of Intention to Grant* a patent for *OPT-302*. Europe accounts for about 30% of the global market for wet AMD and DME treatments.

What should investors do with Opthea shares? With all of our shares, and everyday, we have the decision whether to Buy/Hold/Sell. Statistically the correct *decision* is to Hold (i.e. do nothing) about

99.5% of the time.

A large move up or down is usually followed by *another* large move - either in the same direction or the opposite direction! In this case Opthea rose 119½ cents (138%) in one day, then another 85 cents (41%) over another two days (for a total compound gain of 236% last week). As we frequently note, share price fluctuations are *skewed to the right*. Big moves to the downside are strictly limited to 100% (i.e. if the shares becomes worthless) but there is *no limit* to potential gains. If Opthea shares remain volatile in the immediate future then potential future gains will statistically be larger than potential (and limited) future losses.

So “investment maths” tells us we should “Hold” unless there was a very good reason for a different course of action.

The biggest mistake most investors make is to sell their winners too early. Just *do the maths* and *play the percentages* and you will be less likely to sell too early.

This is still a risky development business but continued success with clinical trials would eventually give Opthea the ability to earn multi-billion dollar, high margin, annual revenues! So potential *many-fold* further gains remain possible while risk remains limited to 100% of the current value of this shareholding.

Some investors may (or will eventually) become over-weighted in any individual investment that is very successful and that situation would require some potential profit-taking to maintain good diversification. If you have a large, well diversified investment portfolio (e.g. 40 positions with an average of 2½% in each) then we would consider some partial-profit taking (i.e. sell up to 25-33%) on any position that exceeded 10% of the portfolio. On a smaller, less diversified portfolio (where a position may start at 5-15%) we may let a position grow to 15% or 20% or 25% before partial profit-taking becomes *necessary*. Even for a “great company”. Even when you have fallen in love with the shares. That love can fade when your biggest holding drops 50-75% in value!

Opthea Ltd



OZ Minerals expects to produce the first concentrate from *Carrapateena* in the December quarter. At 30 June it had stockpiled 46,000 tonnes of ore produced during

the development phase. The mineral processing plant is 80% complete and on schedule.

Cash on hand was down from \$342 million to \$187 million (58 cents per share) after a net operating surplus of \$54 million (after tax) and \$177 million spend on *Carrapateena*. Completion of the *Carrapateena development* will require a further \$247-277 million this year - taking OZ Minerals net cash holding close to zero - before strong positive cashflows from early 2020.

OZ Minerals has entered a three stage exploration joint venture with **Investigator Resources** covering the *Maslins Project*. Under the first stage OZ Minerals will contribute at least \$1.4 million before July 2020 to enable Investigator Resources to undertake infill MT and gravity surveys this year and diamond drilling in early 2020. OZ Minerals will then have the option to advance to the second stage, contributing a further \$2.6 million to earn a 51% interest in the joint venture. After that OZ Minerals can spend a further \$6 million on exploration to lift its interest in the joint venture to 70%.

Finally, Investigator Resources can either fund its 30% share of further exploration/development or elect to dilute its interest to 20% (i.e. increase OZ Minerals' interest to 80%) and have OZ Minerals loan finance Investigator Resources' 20% share (with interest) to be repaid from future production.

OZ Minerals



Prophecy International Holdings expects to report June 2019 year revenues up 13.5% at \$12.1 million and a small operating profit of \$87,000 - up from a *loss* of \$730,000 last year.

Operations have probably improved more than those numbers suggest. Cash on hand increased 69% to \$4,382,000 (6.8 cents per share), indicating an operating cash surplus of about \$1.8 million.

The company also reports “a pipeline of more than \$2.6 million” in opportunities for its recently launched *CX Intelligence for Amazon Connect* “in a very short period”.

At 39 cents, the shares trade on a Price/Sales ratio of 2.34. That is a low ratio for a SaaS business. A P/S ratio of 3-5 may be appropriate for a small, growing SaaS business. Some large US SaaS companies trade on P/S ratios of 12-20 - which we consider very over-valued!

Prophecy International Holdings



A long term **Silver Chef** shareholder has significantly increased its holding in the company. **Blue Stamp Company Pty Ltd** is a small investment management fund for public investors. The fund has held shares in Silver Chef for a couple of years, partially reduced that holding over the last year but has been significantly adding to it over the last month.

That holding is now 6,606,396 Silver Chef shares (16.82% of the company) and worth about \$4.9 million. We believe this to be an arbitrage investment (i.e. to acquire the *Contingent Value Notes* for a net cost of a few cents ahead of the 70 cents privitisation) rather than a blocking stake or an investor seeking an alternative future for Silver Chef. This investment is about one-quarter of Blue Stamp's approximately \$20 million in net assets - most of which will be repaid in the privitisation, leaving it with about 1% of its portfolio in the *Contingent Value Notes*.

Almost certainly the *Scheme of Arrangement* will be approved by shareholders as there is no alternative plan for the company (and the arbitrage buyer above - and any other smaller arbitrage investors - would vote in favour). So shareholders have the option of (1) selling on-market now (and perhaps receiving 74-75 cents, less brokerage, from arbitrage buyers) or (2) holding to receive 70 cents plus the *Contingent Value Notes* which *may* have some value in a couple of years.

At 71-72 cents it could be worthwhile to follow the Blue Stamp strategy and buy more Silver Chef shares on-market (i.e. effectively acquiring the *Contingent Value Notes* at a price of 1-2 cents).

At 74-75 cents it could be worthwhile selling on-market to realise a higher current value than the privitisation (i.e. 70 cents in late September and - if you trust the new owners - maybe something after June 2021).

So our advice - depending upon market prices - is “Buy” (at 71-72 cents), “Sell” (at 74-75 cents or more) or “Hold” (for the privitisation at 70 cents plus some *Contingent Value Notes*).

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Recommended Investments

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Silver Chef



Village Roadshow reports that NASDAQ listed **iPic Entertainment Inc** (24.4% owned by Village Roadshow, at a book value of nil) missed a US\$10.1 million interest payment on 1 July on a US\$204 million credit facility and is planning to restructure. Village Roadshow has a contingent liability of US\$5.6 million (A\$8 million) and will pay this amount and there will be no further recourse to Village Roadshow.

Village Roadshow



Woodside Petroleum's LNG production was depressed in the June quarter owing to the shutdown of the *Pluto* LNG plant for planned maintenance (which, as we reported, re-started later than planned).

Total production, mainly LNG, was 17.3 MMboe (i.e. million barrels of oil equivalent), down 20.2% from the previous March 2019 quarter and down 21.7% compared with the June 2019 quarter.

Production revenues were US\$738 million - down 39.6% from the March quarter and down 31.8% from the June 2018 quarter - owing to the combination of lower volumes and lower oil prices on which LNG sales prices are based. Other revenues were about US\$100 million.

First half year revenues to 30 June will be 5.0% lower at US\$2260 million.

Development projects are on track. The *Greater Enfield* project is "on schedule and budget" and 95% complete. All subsea infrastructure is installed and 10 of the 12 development wells are complete. First production is expected "in the coming weeks".

The **Commonwealth Department of Energy and Environment** ruled on the *Pluto-NWS Interconnector* pipeline on 24 May and the **WA Environmental**

Protection Authority published its report and recommendation on 4 June. Tie-ins were constructed at the *Pluto* end during the recent maintenance shutdown. Woodside is "targeting RFSU" (that is "ready for start up", they have too much jargon in shareholder reports!) for the first half of 2022.

The *Scarborough Project* is progressing, with the **National Offshore Petroleum Safety and Environment Management Authority** releasing the *Scarborough Offshore Project Proposal* on 5 July for eight weeks of public comment.

Woodside Petroleum



GetBusy plc reports revenues up 19.3% to £6,151,000 for the half year to 30 June 2019. The *loss* was 14.3% lower at £571,000 (*minus* 1.2 pence per share).

The net operating cash *deficit* increased 34.5% to £456,000 but cash on hand is £1,946,000.

The company is considering some "potential share register rationalisation" owing to the 3500 shareholders in Australia and NZ with "very high costs and logistical complications" buying and selling the company's shares . . . although what they say they are proposing makes no sense!

GetBusy states "The board is working with advisers to create a solution to improve the liquidity of the shares which may include a share consolidation and a subsequent sub-division." Neither a consolidation nor a sub-division creates liquidity . . . and it is not market liquidity that creates the "very high costs and logistical complications" for Australian and NZ investors.

A consolidation (e.g. consolidating say four existing shares into one larger new share) and a sub-division (e.g. sub-dividing one existing share into four smaller new shares) simply divides the company into bigger or small shares. Whether you cut a cake into eight big slices (and have one slice) or 16 smaller slices (and have two slices) you have exactly the same amount of cake. Furthermore a consolidation and a sub-division are the *exact opposite* of each other so a "consolidation and subsequent sub-division" (i.e. combining shares together and then splitting them apart again) is complete nonsense.

To make things easier for Australian and NZ shareholders the company really needs to (1) dual-list the shares on the ASX or (2) arrange for a broker to offer to buy (and maybe also to sell) the shares off-market, either as a one-off event or as a regular event (i.e. a quarterly off-market "liquidity event" which many unlisted public companies arrange for shareholders and shareholder employees).

Share Recommendation:

Buy St Barbara

BUY St Barbara Ltd (code SBM).

St Barbara is a Gold Mining company operating the underground *Gwalia* mine in Western Australia, the open pit *Simberi* mine in Papua New Guinea and the recently acquired open pit *Touquoy* Mine in Nova Scotia, Canada.

The Gold price performs well in a period of *low, real interest rates* and Gold could also become a more attractive *money/store of value/safe haven* as Governments become more likely to experiment with unconventional monetary policies (i.e. which are potentially inflationary and economically disruptive) in the period ahead. If Gold performs well, then Gold Mining shares should be an even better investment . . . especially as many gold mining shares are under-valued and trade at just single-digit Price/Earnings ratios.

Gold Mining shares are defensive investments to hedge against monetary and economic risk, but also attractively priced, profitable, dividend paying *value* investments.

Company History

This company was originally formed and listed in 1969 as **Endeavour Oil** but has focused on gold mining since acquiring gold mining assets from **Sons of Gwalia** in 2005. The *current* underground *Gwalia* mine at Leonora was commissioned in 2008 and now operating 1700 metres below the surface (mbs). The company acquired **Allied Gold plc**, which owned the open pit *Simberi* mine in PNG, in 2012 and this year (i.e. 2019) expanded into Canada with the acquisition of **Atlantic Gold**.

Recent Results

For the year to June 2018, revenues rose 5.8% to \$679.2 million with net profits up 25.9% to \$201.9 million (39.1 cents per share). The annual dividend rate was 100.0% higher at 12.0 cents.

The net operating cash surplus was 4.1% higher at \$315.7 million.

Revenues for the half year to 31 December 2018 were virtually unchanged (i.e. up 0.7%) at \$332.1 million while net profits fell 21.3% to \$77.4 million (14.8 cents per share). A steady interim dividend of 4.0 cents was paid. The net operating cash surplus was down 26.4% to \$94.5 million

Current Business

The *Gwalia* mine has high grades of Gold ore but is now about 1700 metres below the surface (mbs). The recent \$112 million *Gwalia Extension Project (GEP)* - consisting mainly of additional ventilation (i.e. four vent shafts of five metre diameter) and an underground Paste Aggregate Fill (PAF) plant on level 1420 and level 1460 (i.e. 1420 and 1460 mbs) - is designed to continue mining to at least 2000 mbs. Ore reserves extend down to 2140 mbs and mineral resources to 2200 mbs. The

company regularly talks about “mining at 1.1Mtpa down to 2300 mbs”.

Mining begins at a new level (40 metres depth) approximately every 12 months, so it will take at least 15 years to reach 2300 mbs.

There are also some nearby underground exploration targets closer to the surface that could be accessed from the existing mine.

The *Gwalia Mass Extraction (GMX) Feasibility Study* unsuccessfully investigated two methods of hydraulic hoisting to replace trucking ore to the surface. In March 2019 the “three chamber pumping” option was rejected “due to technical risk and immaturity of the technology” while the “positive displacement pumping” was “technically feasible” but “reliably sizing material” was a problem and the capital cost would be around \$200 million - double earlier expectations. The company will continue with trucking, which has “the highest net present value”.

Production is currently constrained by ventilation and cooling and the *Gwalia Extension Project* will spend \$100 million on additional ventilation (which would also have been required with the hoisting methods). This additional ventilation should be completed in the second half of the 2020 financial year.

Gwalia Gold production is forecast at 200-220,000 ounces in the 2020 financial year, rising to around 230,000 ounces in 2021 and 2022.

The underground mining method is “long hole stoping with fill”. The company will work on 3-4 stopes, on three levels, generally working out from the centre of the ore body on each level. Development, raiseboring and production drilling take almost two months for each stope, followed by two and a half months of blasting and bogging (i.e. production) and two months of refilling the space with waste crushed underground and paste from the surface. Adjacent stopes cannot be developed until this fill and paste has cured.

The *Simberi* mine is currently expected to operate through to the end of the June 2020 financial year, with low grade, stockpiled ore then processed during the 2021 financial year. Exploration drilling of “highly prospective near mine targets” (i.e. mainly under the existing open pits) and targets on other islands seeks to extend operations. Sulphide ore reserves of 1.4 million ounces of Gold (and 3.1 Moz of Gold resources) “provide the opportunity to create a long life production centre”. The *Sorowar* pit is currently being drilled to improve project economics.

St Barbara paid A\$808 million in cash (i.e. funded from existing cash holdings and a 1 for 3.1 cash issue at 289 cents to raise \$490 million) to acquire Canada based **Atlantic Gold**. *(Continued on Page 10)*

BUY St Barbara*(Continued from Page 9)*

The company's major asset is 63.5% interest in the *Touquoy* mine (plus an option to acquire the remaining 36.5% at “fair market value”) producing around 80-105,000 ounces per annum over the next four years. The company also owns 100% of several nearby gold deposits (and extensive, under-explored tenements), with plans to construct a 2.0 Mtpa concentrator at each site and process the gold concentrate at Touquoy. This is forecast to lift production to above 230,000 ounces from 2023 onwards.

Long Term, Low Cost Mines

St Barbara's gold mines have relatively long lives and produce gold at relatively low cost. That makes the business more stable (i.e. more reliable net cash flows, profits and dividends), less sensitive to fluctuations in the Gold price (some of which is hedged through forward sales) and better able to finance mine expansion, new projects and acquisitions. A 10% increase (or decrease) in the price of Gold would likely result in a 20% increase in net profits.

As previously discussed, the company has three major mining operations in three different countries, some exploration interests and equity investments (worth \$37.9 million at June 2018, or about 5.4 cents per share) in **Catalyst Metals (CYL)**, **Duketon Mining (DKM)**, **Peel Mining (PEX)** and **Prodigy Gold (PRX)**.

Investment Criteria

At 396 cents the shares trade on a Price/Sales ratio of 3.11 (which reflects the high profit margins from its low cost mines), a Price/Earnings ratio of 9 and a Dividend Yield of 3.0%.

The company holds a small amount of cash (i.e. after paying for the Atlantic Gold acquisition) and has arranged a small, undrawn, facility of \$200 million in case this is needed to meet planned capital expenditure.

The issued capital is 695,653,732 shares giving the company a market capitalisation of \$2,755 million.

This is a relatively large company, so followed by eight brokers.

Directors have moderate shareholdings. The Chairman owns 60,967 shares and other Non-Executive Directors own 27,858 shares, 30,000 shares and 105,438 shares. The Managing Director/Chief Executive holds 1,869,053 shares, mainly received through the conversion of employment rights.

There have been four *insider* buys and one sell over the last year. Two Non-Executive Directors bought 16,129 and 20,000 shares each in March 2019 at prices between 295½-297 cents and a new Non-Executive Director bought her first 30,000 shares at the same time at 296 cents. One of those NEDs bought a further 10,000 shares in May at 284 cents. The MD/CEO sold 1,104,674 shares - immediately following the conversion from employment rights - on-market in September 2018 at 372 cents.

Most of the directors also subscribed for their entitlement to new shares in the May 2019 cash issue.

The shares dipped sharply when the company released an unfavourable GMX feasibility study in March (i.e. when potential new technology was found to be uncertain and uneconomic) but the shares have risen in recent months with the higher price of Gold.

The price of Gold benefits from periods of low, real interest rates . . . and lower (or negative) interest rates appear likely for an extended period of time. Gold Mining shares should prove an attractive investment in this low interest rate environment.

“Hard currency”, like Gold and Gold Mining shares, are a hedge against *Modern Monetary Theory* (MMT) which will ultimately be inflationary and depreciate the value of paper money. MMT - politicians will use a different name, but it will be the same creation of “free money” to pay for political promises - is likely to become a reality within the next few years . . . and when one country starts it will spread globally. If Gold maintains its *real value* (i.e. appreciates in depreciating paper currency terms), then Gold Mining profits would rise strongly.

Experimentation with new monetary policies could lead to uncertainty and unexpected consequences for economies and financial markets. Gold (and Gold Mining shares) could prove a “safe haven” investment.

Even in normal times, Gold Mining shares are *negatively correlated* with general stockmarket fluctuations. So including some portion of an investment portfolio in Gold Mining shares should *lower volatility* and *risk*.

Summary and Recommendation

Gold Mining shares are negatively correlated with stockmarket fluctuations, so are a natural hedge of “systematic” stockmarket risk. Given current economic and political uncertainties, a negatively correlated and attractively valued “hard currency” business could prove a good hedge to reduce portfolio risk *and* provide a real return on our investment.

St Barbara is also a soundly financed, debt-free company, with strong cashflows and paying dividends. It has three globally diversified long-life, low-cost mines. This should make it a good “value” investment with the potential to re-invest cashflow in further growth and expansion, plus the potential to be re-rated strongly.

St Barbara

Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
1414 Degrees	27	35	0-12	4.5	3.3	+38	0.54	3.45	1.0	+48	Havilah Resources	15	40	0-3	0.1	0.0	+999	0.43	9.99	1.0	+999
3D Resources	0.1	0.7	0-4	0.1	0.0	+999	1.55	4.05	1.0	+999	Helios Energy	17	2.0	2-4	14.5	15.0	-4	0.49	1.13	1.0	-1
8Common Ltd	12	3.5	0-5	8.0	8.6	-7	1.16	1.36	1.0	-9	Hipo Resources	0.8	2.0	0-10	0.2	0.1	+177	0.93	2.84	1.0	+237
AVZ Minerals	5.1	3.0	0-9	2.5	2.6	-4	0.96	1.69	1.0	+11	l candy Interactive	3.1	21	0-5	0.1	0.0	+999	0.72	9.99	1.0	+999
Adalta Ltd	20	25	1-10	5.5	4.5	+23	0.58	2.35	1.0	+28	Immuron Ltd	11	55	0-3	1.0	-0.0	+999	0.63%	2.35	1.0	+999
Admedus Ltd	6.0	8.0	2-4	3.0	3.4	-12	1.16	1.35	1.0	+30	Impact Minerals	1.0	4.0	0-10	0.1	0.0	+999	0.63	6.02	1.0	+494
Adveritas Ltd	8.8	10	2-2	3.9	4.7	-17	1.06	1.41	1.0	+24	Impression Healthcare	9.1	4.0	1-1	5.0	5.7	-12	0.88	1.47	1.0	-1
Algae.Tec Ltd	0.9	5.0	0-11	0.2	0.0	+999	0.50	9.36	1.0	+578	Imugene Ltd	2.3	2.6	1-3	1.0	0.5	+99	0.59	2.59	1.0	+43
Alligator Energy	0.3	2.1	0-4	0.1	0.0	+999	1.61	3.69	1.0	+999	Imugene Ltd	2.3	4.0	2-3	1.0	0.4	+137	0.59	2.38	1.0	+41
Altura Mining	11	20	2-6	3.1	2.3	+38	0.64	2.14	1.0	+37	Inca Minerals	0.4	1.2	0-11	0.1	0.0	+154	0.99	2.61	1.0	+250
American Patriot	2.1	4.5	0-1	0.2	0.0	+999	0.48	9.99	1.0	+999	Investigator Res.	2.8	3.5	1-4	0.8	1.0	-16	0.92	1.84	1.0	+38
Andromeda Metals	4.4	1.2	1-3	3.3	3.4	-3	1.09	1.24	1.0	+2	Jacka Resources	0.3	0.6	1-10	0.2	0.0	+999	0.00	9.99	1.0	+71
Animoca Brands	20	7.0	1-0	13.0	13.1	-1	0.56	1.50	1.0	+0	K2Fly Ltd	19	20	0-10	4.0	4.2	-6	0.73	2.56	1.0	+38
Anteo Diagnostics	1.4	2.0	1-3	0.6	0.2	+215	0.56	3.02	1.0	+63	Kazia Therapeutics	38	400	0-9	3.1	0.0	+999	0.47	9.99	1.0	+999
Antisense Thera.	5.0	8.0	0-4	1.2	0.7	+83	1.27	2.88	1.0	+622	King Island Scheelite	8.7	10	1-11	1.1	3.1	-65	0.75	1.83	1.0	+14
Argent Minerals	2.1	5.0	2-2	0.6	0.9	-32	1.13	1.50	1.0	+57	King River Resources	3.0	12	0-11	0.5	0.2	+172	1.01	2.82	1.0	+374
Argosy Minerals	11	20	2-7	4.8	2.5	+95	0.66	2.05	1.0	+39	Kogi Iron	5.1	10	2-4	1.1	0.6	+84	0.51	2.80	1.0	+40
Arrow Minerals	1.6	10	0-4	0.1	0.0	+999	0.69	9.99	1.0	+999	Koppar Resources	18	29	1-5	3.0	1.8	+67	0.54	3.25	1.0	+53
Aspire Mining	1.5	1.8	0-3	0.2	0.1	+88	0.65	5.10	1.0	+185	Land & Homes	0.9	20	1-12	1.2	0.0	+999	0.58	5.90	1.0	+402
Atrum Coal	29	20	1-7	10.0	13.7	-27	0.74	1.68	1.0	+3	Latam Autos	4.5	10	1-12	1.5	0.6	+167	0.63	2.61	1.0	+61
Auris Minerals	1.4	8.0	1-3	0.2	0.0	+999	0.69	4.28	1.0	+311	Latin Resources	0.1	1.0	0-1	0.1	0.0	+999	1.76	7.92	1.0	+999
Aurora Labs	30	100	0-8	14.5	0.4	+999	0.81	4.53	1.0	+753	Latin Resources	0.8	1.0	0-1	0.5	0.0	+999	0.89	6.11	1.0	+999
Aust Potash	12	20	0-2	0.3	0.0	+999	0.55	9.99	1.0	+999	Lepidico Ltd	2.4	5.0	2-9	1.1	0.9	+17	0.91	1.57	1.0	+40
Aust Potash	12	12	1-11	2.6	3.3	-22	0.55	2.20	1.0	+13	Lepidico Ltd	2.4	4.5	1-1	0.6	0.5	+32	0.91	2.28	1.0	+101
Aust Rural Capital	36	50	1-0	8.9	1.0	+771	0.31	6.72	1.0	+64	Linius Tech.	3.6	16	0-1	0.1	0.0	+999	0.71	9.99	1.0	+999
Austar Gold	0.3	1.0	1-1	0.1	0.0	+151	1.07	2.28	1.0	+232	Lion Selection	42	50	0-7	2.0	2.4	-18	0.38	5.87	1.0	+41
Auth Inv Fund	3.1	5.0	1-10	1.5	1.9	-23	1.54	1.26	1.0	+51	Lionhub Group	0.5	22	1-3	1.2	0.0	+999	1.15	3.23	1.0	+999
Bass Metals	0.9	5.0	1-4	0.1	0.0	+999	0.68	4.11	1.0	+267	Lithium Australia	5.1	12	1-10	1.1	0.1	+999	0.38	5.20	1.0	+67
Bassari Resources	1.4	3.4	0-1	0.1	0.0	+999	0.44	9.99	1.0	+999	Lodestar Minerals	0.8	3.0	0-2	0.1	0.0	+999	0.89	9.99	1.0	+999
Battery Minerals	1.2	10	3-11	0.3	0.1	+493	0.59	2.68	1.0	+73	MRG Metals	0.8	15	1-0	0.1	0.0	+999	1.18	3.16	1.0	+999
Beacon Minerals	4.7	2.5	2-12	2.6	2.7	-4	0.55	1.53	1.0	+3	MRG Metals	0.8	1.0	1-4	0.5	0.4	+40	1.18	1.56	1.0	+62
Benjamin Homigold	71	100	0-8	4.6	0.0	+999	0.00	9.99	1.0	+79	MSM Corporation	1.4	10	0-2	0.1	0.0	+999	0.61	9.99	1.0	+999
Big River Gold	2.0	2.0	2-10	1.0	1.1	-12	0.93	1.38	1.0	+15	Magmatic Resources	2.0	10	2-0	0.2	0.2	-5	0.86	2.29	1.0	+126
Biotron Ltd	7.8	5.0	0-3	3.5	4.0	-13	1.87	1.60	1.0	+37	Magmatic Resources	2.0	30	0-9	0.1	0.0	+999	0.86	6.51	1.0	+999
Blackham Resources	1.4	3.0	1-1	0.4	0.2	+60	0.95	2.26	1.0	+121	Magnetite Mines	0.5	5.0	1-9	0.1	0.1	+55	1.19	1.96	1.0	+277
Blaze Int'l	2.4	5.0	2-7	0.7	0.3	+101	0.55	2.50	1.0	+40	Mako Gold	8.9	30	1-8	2.0	0.7	+195	0.74	2.76	1.0	+120
Boart Longyear	0.6	2.1	5-1	0.2	0.5	-56	1.31	1.13	1.0	+31	Marquee Resources	11	20	1-1	1.5	4.4	-66	1.50	1.53	1.0	+94
Bowen Coking Coal	6.2	4.0	0-2	1.8	2.2	-20	0.72	2.62	1.0	-33	Matador Mining	30	20	1-0	10.0	12.4	-19	0.67	1.96	1.0	+2
Broken Hill Prospecting	3.4	8.0	0-2	0.3	0.0	+999	0.93	7.19	1.0	+999	Merlin Diamonds	0.6	1.3	1-7	0.3	0.0	+999	0.40	5.10	1.0	+87
Brookside Energy	1.1	3.0	1-4	0.2	0.1	+167	0.70	3.06	1.0	+123	Metals Australia	0.1	0.3	0-3	0.1	0.0	+364	2.57	1.94	1.0	+999
Bryah Resources	7.4	25	0-7	0.2	0.0	+999	0.65	7.01	1.0	+798	Metals Australia	0.1	1.0	0-9	0.1	0.0	+167	2.57	1.42	1.0	+999
Caeneus Minerals	0.1	0.3	1-4	0.1	0.0	+105	1.72	1.38	1.0	+183	Metminco Ltd	0.2	1.1	0-9	0.1	0.0	+289	1.54	2.11	1.0	+990
CardieX	2.7	5.0	2-3	1.0	0.8	+18	0.83	1.79	1.0	+43	Moho Resources	5.0	25	3-10	0.8	0.9	-12	0.73	1.92	1.0	+53
Cardinal Resources	4.3	15	0-1	27.0	27.5	-2	0.43	1.54	1.0	-13	Monash Abs Inv Coy	98	105	0-9	1.0	4.9	-79	0.23	8.03	1.0	+13
Celamin Holdings	6.5	5.0	0-9	2.0	2.4	-15	0.77	2.13	1.0	+11	Mt Ridley Mines	0.1	1.3	0-0	0.1	4.9	-98	2.71	8.03	1.0	+999
Centaurus Metals	0.8	1.2	1-9	0.3	0.3	+5	0.93	1.73	1.0	+43	Myanmar Metals	5.7	3.0	0-4	2.6	2.7	-4	0.47	2.09	1.0	-5
Centennial Mining	0.9	2.9	0-3	0.2	0.0	+999	0.00	9.99	1.0	+999	Nanolose Ltd	5.0	30	1-4	0.7	0.1	+561	0.80	3.36	1.0	+290
Cobalt Blue Holdings	12	25	0-8	1.7	0.4	+324	0.67	4.41	1.0	+232	Nelson Resources	4.7	20	0-1	1.0	0.0	+999	1.13	9.99	1.0	+999
Cohiba Minerals	1.1	1.8	0-8	0.4	0.4	+7	1.57	1.74	1.0	+199	Neurotech Int.	1.7	6.0	1-7	0.8	0.9	-16	1.80	1.29	1.0	+140
Conico Ltd	1.1	4.8	1-10	0.3	0.0	+999	0.53	4.27	1.0	+131	New Energy Minerals	2.6	35	0-5	0.1	0.0	+999	0.88	6.94	1.0	+999
Constellation Res	24	20	1-11	8.0	6.8	+18	0.36	2.63	1.0	+8	New Energy Minerals	2.6	20	1-3	0.2	0.0	+368	0.88	3.35	1.0	+430
Covata Ltd	1.5	5.5	2-9	0.4	0.0	+999	0.38	4.88	1.0	+64	New Talisman Gold	0.8	5.5	3-1	0.5	0.1	+836	0.69	2.47	1.0	+92
Creso Pharma	43	80	0-12	9.6	3.8	+155	0.68	3.25	1.0	+113	Noas Em. Opps.	106	102	1-10	5.2	16.7	-69	0.25	3.96	1.0	+1
DXN Ltd	4.6	10	0-9	0.2	0.5	-61	0.99	2.74	1.0	+208	Northwood Systems	0.4	0.8	1-2	0.1	0.1	+9	1.01	2.04	1.0	+100
Davenport Resources	4.5	20	3-11	0.7	1.3	-46	0.83	1.65	1.0	+48	Nova Minerals	3.0	3.3	1-0	1.2	0.7	+65	0.68	2.45	1.0	+48
Deep Yellow Ltd	30	50	2-9	6.5	4.2	+55	0.45	2.78	1.0	+26	Nihn Cobalt	3.0	10	2-10	0.7	0.9	-22	0.92	1.67	1.0	+57
Diatreme Resources	1.1	3.0	0-4	0.1	0.0	+999	0.59	9.99	1.0	+999	Nisantara Res.	23	30	0-11	1.4	3.3	-58	0.62	3.10	1.0	+40
Eden Innovations	4.9	8.0	1-6	1.9	1.8	+7	1.06	1.68	1.0	+59	Okajee Corporation	5.2	8.0	2-10	2.0	0.4	+410	0.31	3.94	1.0	+26
Elixir Petroleum	4.9	6.8	1-4	1.8	0.9	+91	0.66	2.52	1.0	+52	Opendna Ltd	4.0	5.0	2-2	1.5	1.6	-3	0.80	1.71	1.0	+25
Elsight Ltd	37	100	1-10	6.5	3.6	+80	0.68	2.68	1.0	+81	Ora Gold Ltd	1.1	5.0	0-1	0.1	0.0	+999	0.86	9.99	1.0	+999
Emerge Gaming	1.7	2.0	1-8	0.6	0.9	-36	1.28	1.38	1.0	+30	Orinoco Gold	0.3	11	0-5	0.2	0.0	+999	1.31	6.71	1.0	+999
Emperor Energy	0.2	0.5	0-7	0.1	0.0	+139	1.53	2.03	1.0	+557	Ozgrowth	17	19	0-0	0.1	0.0	+999	0.17	6.71	1.0	+999
Engage:BDR	3.4	25	1-4	1.3	0.7	+76	1.50	1.73	1.0	+387	Pacifico Minerals	1.0	1.5	1-3	0.3	0.3	-13	1.08	1.76	1.0	+62
Eon NRG	0.5	2.0	0-3	0.1	0.0	+647	1.61	3.55	1.0	+999	Parkd Ltd	7.0	30	0-4	0.3	0.1	+417	1.19	4.58	1.0	+999
Eon NRG Ltd	0.5	1.5	1-6	0.1	0.2	-59	1.61	1.38	1.0	+118	Peak Resources	4.4	6.0	0-10	1.5	0.8	+87	0.81	2.62	1.0	+96
Esports Mogul AP	1.2	5.0	0-2	0.1	0.0	+999	0.73	9.99	1.0	+999	Pearl Global	13	30	1-5	0.4	1.0					

Computer Selections of NZ Shares based upon our Comprehensive Share Selection Criteria

For an explanation of this table see the *Share Selection Methods* report available from our website. These shares are not formal “buy” and “sell” recommendations, but the “Under-Valued”, “Best Performing” and “Income” shares should be considered for purchase, while the “Over-Valued” and “Worst Performing” shares can generally be sold to release money for re-investment in more attractive shares.

Company	Share Price	STRENGTH RATING			Buyer to Seller Ratio	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend Yield	Price to Sales Ratio	Market Cap'n
		Cur-4-Wk Chg.	4-Wk Rank	Rank								
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0												
AWF Madison Grp	172	+1.8	+0.5	39	2-0	-1.7	6	0.9	28	13.1	0.21	57
Warehouse Group	228	+1.1	+1.3	42	0-0	6	1.6	5	0.7	34	9.7	0.26
Green Cross H.	114	+0.0	+0.8	47	1-0	-1.3	13	1.2	10	8.5	0.29	163
Col Motor Co	908	+5.0	+0.1	29	2-0	-1.5	13	0.4	12	7.6	0.33	297
Ebos Group Ltd	2408	+5.9	+1.4	24	1-1	7	3.1	13	0.5	25	3.1	0.48
Z Energy Ltd	664	+0.4	+1.2	45	0-0	6	2.9	20	0.7	14	9.0	0.49
Enprise Group	66	+0.0	+0.0	54	0-0	-0.9	-	1.6	NE	1.5	0.94	6

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0												
Col Motor Co	908	+5.0	+0.1	29	2-0	-1.5	13	0.3	12	7.6	0.33	297
Vital Ltd	84	+2.3	-1.5	38	0-0	-0.8	15	1.0	5	Nil	0.70	24
Z Energy Ltd	664	+0.4	+1.2	45	0-0	6	2.9	20	0.6	14	9.0	0.49
Green Cross H.	114	+0.0	+0.8	47	1-0	-1.3	13	0.9	10	8.5	0.29	163

INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million												
Sky Network TV	121	-16.8	+2.9	89	0-0	7	0.5	12	0.7	4	17.2	0.56
Air New Zealand	273	-2.4	+0.5	68	3-1	7	1.4	18	0.5	8	13.2	0.36
Hallenstein G.	530	+6.4	+1.5	21	0-3	-4.6	40	0.5	11	11.5	1.13	314
Turners Auto.	233	-19.2	+2.4	93	3-1	-0.9	10	0.6	9	10.1	0.60	202
Warehouse Group	228	+1.1	+1.3	42	0-0	6	1.6	5	0.5	34	9.7	0.26
Tourism Hold.	391	-10.5	+2.4	85	2-0	4	1.9	25	0.5	8	9.6	1.76
Z Energy Ltd	664	+0.4	+1.2	45	0-0	6	2.9	20	0.6	14	9.0	0.49
Green Cross H.	114	+0.0	+0.8	47	1-0	-1.3	13	0.8	10	8.5	0.29	163
Marlin Global	91	+2.5	+0.7	35	0-0	-0.9	20	0.7	5	8.3	N/A	109
Barramundi Ltd	64	+3.2	+0.5	32	0-0	-0.9	17	0.8	5	8.3	N/A	106

INSIDER BUYING: Most Insider Buying, Relative Strength > 0												
Port Tauranga	602	+8.2	-1.7	15	5-0	6	3.6	8	0.3	43	2.9	N/A
Heartland Group	162	+8.5	-1.7	15	3-0	-1.6	10	0.4	16	6.4	5.66	761
Chorus Ltd	574	+3.1	-5.1	33	6-3	6	2.4	8	0.5	29	5.3	2.49
Blis Technology	5	+48.6	-1.8	1	2-0	-13.5	-	3.0	NE	Nil	9.60	54
Col Motor Co	908	+5.0	+0.1	29	2-0	-1.5	13	0.3	12	7.6	0.33	297
AWF Madison Grp	172	+1.8	+0.5	39	2-0	-1.7	6	0.5	28	13.1	0.21	57
Meridian Energy	500	+15.1	+1.1	4	1-0	7	2.7	4	0.4	64	5.3	4.64
Vector Ltd	380	+5.1	-0.4	27	1-0	4	1.6	6	0.4	26	5.9	3.80
Argosy Property	146	+7.9	-0.0	17	1-0	6	1.1	13	0.5	9	4.3	N/A
NZ Exchange Ltd	119	+6.3	+3.0	22	1-0	3	5.1	18	0.6	28	7.1	4.79

Company	Share Price	STRENGTH RATING			Buyer to Seller Ratio	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend Yield	Price to Sales Ratio	Market Cap'n
		Cur-4-Wk Chg.	4-Wk Rank	Rank								
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
Summerset Group	584	-6.4	+1.6	79	2-0	4	1.3	22	0.5	6	2.2	9.45
MetLifeCare	445	-8.8	-0.2	83	5-0	5	0.6	8	0.5	8	2.2	8.24
NZ Windfarms	14	-0.8	+2.9	63	0-0	-0.7	-	1.3	NE	Nil	6.79	41
IkeGPS Limited	52	-4.6	+0.9	77	2-0	-5.0	-	0.9	NE	Nil	5.88	47
General Capital	6	+0.0	+0.0	55	0-0	-1.0	-	2.3	NE	Nil	4.01	8
Cooks Global Fd	4	+0.0	+0.0	51	0-0	-	-	2.6	NE	Nil	4.46	21
Oceania Health.	101	-0.1	-0.1	57	8-1	-	-	0.9	NE	14	4.7	3.25
Synlait Milk	960	-3.1	-1.0	71	0-1	6	5.5	13	0.3	41	Nil	2.57
CDL Investments	69	-7.5	+0.7	80	0-0	-0.9	16	0.6	6	7.0	2.26	192

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Vital Health PT	261	-58.3	-0.0	98	0-2	4	1.5	9	0.3	16	3.4	N/A
New Talisman	1	-25.0	+0.3	97	0-0	-1.2	-	5.2	NE	Nil	N/A	19
SeaDragon Ltd	0	-22.4	+0.2	97	0-0	-1.1	-	11.7	NE	Nil	1.98	10
PaySauce Ltd	50	-22.2	+1.3	96	0-0	-	-	1.5	NE	Nil	1.81	1,672
Geo Ltd	10	-18.7	-1.5	92	0-0	-2.1	-	1.7	NE	Nil	1.82	8
Comvita	297	-18.5	-1.1	91	5-1	3	0.7	4	0.5	17	1.9	0.79
Pac Edge Bio.	27	-17.0	+0.6	90	3-0	2	9.7	-	1.2	NE	Nil	N/A
Finzsoft Sol'ns	117	-12.6	-2.9	87	0-0	-1.6	-	0.6	NE	Nil	0.70	10
Evolve Educat.	11	-10.3	-2.6	85	2-0	1	-	1.5	NE	Nil	N/A	19
NZ King Salmon	200	-9.7	-4.7	84	4-0	4	1.7	12	0.6	14	3.5	1.73
MetLifeCare	445	-8.8	-0.2	83	5-0	5	0.6	8	0.5	8	2.2	8.24
Fonterra S/H Fd	376	-8.7	-0.9	83	0-0	4	2.5	-	0.3	NE	2.7	3.00
Rubicon Limited	18	-8.0	+0.8	82	0-0	-	-	1.3	NE	Nil	1.77	128
Moa Group Ltd	32	-7.8	-1.7	81	0-0	-2.7	-	0.9	NE	Nil	1.37	22
Scott Tech. Ltd	255	-7.4	+1.9	80	1-0	-1.9	10	0.5	18	5.4	1.06	194
Summerset Group	584	-6.4	+1.6	79	2-0	4	1.3	22	0.4	6	2.2	9.45
IkeGPS Limited	52	-4.6	+0.9	77	2-0	-5.0	-	0.9	NE	Nil	5.88	47
Rakon Ltd	30	-4.6	-1.0	76	2-0	-0.8	4	0.9	20	Nil	0.60	69
Mercer Group	21	-4.1	+0.5	74	1-0	-3.0	-	1.2	NE	Nil	0.47	14
Millennium & C.	265	-3.9	-0.2	74	0-0	-0.7	10	0.3	7	1.8	1.92	419

INSIDER SELLING: Most Insider Selling, Relative Strength < 0												
Scalcs Corp Ltd	466	-0.6	-2.4	63	0-4	3	2.6	12	0.4	23	5.5	1.62
Vital Health PT	261	-58.3	-0.0	98	0-2	4	1.5	9	0.3	16	3.4	N/A
Synlait Milk	960	-3.1	-1.0	71	0-1	6	5.5	13	0.3	41	Nil	2.57
Allied Farmers	70	-1.7	-0.1	66	0-1	-50.6	-	0.8	7	0.4	0.62	11

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate

Australian Warrant / Option Analysis

(Continued from Page 11)

Red Mountain Mining	0.4	1.5	0-3	0.1	0.0	+999	0.61	9.99	1.0	+999
Redstone Resources	1.0	3.5	1-8	0.1	0.1	+83	0.68	3.04	1.0	+116
Reedy Lagoon Corp.	0.5	8.0	1-7	0.1	0.0	+999	0.90	3.19	1.0	+470
Renascor Resources	1.6	3.0	0-2	0.1	0.0	+999	0.64	9.99	1.0	+999
Reward Minerals	8.2	24	1-10	2.0	0.3	+684	0.51	3.83	1.0	+88
Rimfire Pacific	0.2	1.0	0-8	0.1	0.0	+981	1.22	2.89	1.0	+999
Rimfire Pacific	0.2	2.2	0-8	0.1	0.0	+999	1.22	3.56	1.0	+999
Ryder Capital	141	150	2-3	10.0	7.9	+26	0.12	8.00	1.0	+6
Sabre Resources	0.6	3.0	0-2	0.1	0.0	+999	1.18	8.60	1.0	+999
Santana Minerals	0.3	3.0	0-1	0.1	0.0	+999	1.07	9.99	1.0	+999
Sayona Mining	1.0	7.8	0-8	0.2	0.0	+999	0.74	7.14	1.0	+999
Seafarms Group	8.0	10	1-11	4.0	1.3	+204	0.44	2.94	1.0	+35
Serpentine Tech.	0.4	0.4	1-8	0.2	0.3	-24	1.47	1.26	1.0	+28
Silver Mines	13	6.0	2-0	6.5	8.5	-24	0.83	1.37	1.0	-2
Six Sigma Metals	0.5	1.5	1-10	0.1	0.2	-41	1.18	1.61	1.0	+89
Skin Elements	2.1	10	1-4	0.1	0.8	-88	1.69	1.46	1.0	+225
Spectur Ltd	10	20	1-4	2.5	1.5	+70	0.76	2.51	1.0	+84
St George Mining	16	20	1-1	5.5	2.4	+131	0.58	2.99	1.0	+58
Stellar Resources	1.2	5.0	0-9	0.2	0.0	+999	0.80	4.62	1.0	+674
Suda Pharma.	0.4	1.5	0-11	0.1	0.1	+45	1.34	2.03	1.0	+354
Suda Pharma.	0.4	1.5	1-10	0.2	0.2	+30	1.34	1.50	1.0	+120
Sun Resources	0.3	1.0	1-2	0.1	0.1	+37	1.32	1.82	1.0	+213
Sunstone Metals	3.0	3.0	0-0	0.2	0.1	+175	0.77	1.82	1.0	+999
Superior Resources	1.0	1.6	0-0	0.1	0.1	+37	0.99	1.82	1.0	+999
Suffire Res.	0.7	1.8	0-3	0.1	0.0	+567	1.18	4.51	1.0	+999
Symbol Mining	0.7	4.5	0-10	0.3	0.0	+999	0.96	3.67	1.0	+908
Synertec Corp	4.8	5.3	0-11	0.1	1.1	-91	0.71	2.48	1.0	+13

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
TV2U Intl	0.7	2.0	1-7	0.2	0.2	-1	1.14	1.73	1.0	+106
Tanga Resources	0.3	1.0	1-2	0.1	0.1	+52	1.25	1.90	1.0	+209
Tao Commodities	6.9	20	1-0	1.5	0.2	+520	0.71	3.70	1.0	+212
Tasman Resources	5.6	6.0	1-0	2.6	2.1	+26	1.01	1.83	1.0	+54
Technology Metals	21	40	0-9	2.3	0.7	+246	0.60			

Computer Selections of Australian Shares based upon our Comprehensive Share Selection Criteria

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STRENGTH RATING														STRENGTH RATING																														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to P/E	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to P/E	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n															
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																												
NAOS Small Cap	57	-8.1	+0.9	64	1-0	-	-	0.5	3	0.5	20	9.7%	10.00	95	Dacian Gold Ltd	113	-36.3	-3.3	97	0-0	6	7.4	-	-	0.3	NE	Nil	N/A	254															
Byron Energy	23	-7.5	-5.6	63	0-0	-	0.1	-	-	0.9	90	Nil	9.93	162	Smiles Incl.	11	-36.3	+1.5	97	8-0	-	-	-	-	1.4	NE	Nil	0.88	6															
Naos Emerging	106	-6.0	+2.6	59	0-1	-	-	0.8	5	0.5	15	6.9	9.75	63	Oneview Health.	24	-34.4	+3.9	97	0-0	1	-	0.4	-	1.1	NE	Nil	1.23	16															
Xref Limited	46	-2.8	-8.5	51	0-0	1	-	7.7	-	0.8	NE	Nil	9.61	68	Sayona Mining	1	-33.9	-2.0	97	0-0	-	-	-	-	3.9	NE	Nil	N/A	17															
Neuren Pharm.	140	-2.1	+7.1	48	3-0	1	-	-	-	0.6	47	Nil	9.48	140	Calima Energy	2	-33.5	-4.4	97	0-0	-	-	-	-	2.9	NE	Nil	N/A	29															
LawFinance Ltd	6	-1.3	+0.5	46	0-0	-	-	-	-	1.5	NE	Nil	9.20	28	Latam Autos	5	-33.3	-4.0	97	0-1	-	-	2.3	-	1.8	NE	Nil	2.56	23															
Acruz Ltd	19	-3.0	-4.8	51	2-0	-	0.4	0.8	-	0.9	NE	Nil	8.98	31	New Wrld Cobalt	1	-32.6	-0.5	96	0-0	-	-	-	-	3.5	NE	Nil	N/A	5															
Shopping Centre	255	-0.1	-0.6	41	3-2	8	0.6	1.2	11	0.3	11	5.5	8.87	2,360	Apollo Minerals	4	-32.5	-7.5	96	0-0	-	-	-	-	2.0	NE	Nil	5.52	6															
Frontier Cap Gr	8	-0.0	+0.0	39	0-0	-	-	1.6	-	1.2	NE	Nil	8.80	22	Candy Club Hold	6	-32.3	-2.2	96	1-0	-	-	-	-	1.8	NE	Nil	6.34	9															
Carindale Prop	685	-3.2	+1.5	52	0-0	2	0.0	0.8	5	0.1	18	5.9	8.61	480	NuEnergy Cap'l	2	-32.3	+1.0	96	0-0	-	-	-	-	2.8	NE	Nil	N/A	27															
Immuron Ltd	11	-27.0	-2.5	93	5-0	-	-	3.7	-	1.2	NE	Nil	8.52	16	Landmark White	18	-31.7	-3.9	96	0-0	-	-	6.0	-	0.9	NE	Nil	0.37	15															
Genex Power	23	-0.7	+2.1	43	1-0	3	-	3.3	-	1.0	NE	Nil	8.45	87	AJ Lucas	9	-31.7	-1.1	96	0-0	2	-	0.5	-	1.2	NE	Nil	0.54	68															
Prospect Res.	17	-10.4	+1.5	70	0-0	-	-	-	-	1.2	NE	Nil	8.40	39	Oncosil Medical	7	-31.6	+4.3	96	3-0	2	-	3.4	-	1.4	NE	Nil	N/A	42															
Optiscan Image	4	-2.2	+2.8	49	1-0	-	-	-	-	2.0	NE	Nil	8.31	18	Flamingo AI Ltd	1	-31.3	+3.0	95	0-0	-	-	-	-	4.8	NE	Nil	1.28	7															
Nuheara Limited	4	-14.4	-9.7	78	1-1	-	-	3.6	-	2.2	NE	Nil	8.10	35	Auris Minerals	1	-31.1	-1.3	95	0-0	-	-	-	-	3.3	NE	Nil	N/A	6															
Scentre Group	400	-0.5	+1.6	42	4-0	12	0.7	1.0	11	0.2	9	5.5	8.05	21,268	Mobecom Limited	4	-30.7	-5.2	95	0-0	-	-	-	-	2.0	NE	Nil	4.68	7															
Department 13	4	-6.1	+1.6	60	0-0	-	-	-	-	2.0	NE	Nil	7.99	22	Kore Potash plc	3	-30.5	-4.1	95	0-0	-	-	-	-	2.0	NE	Nil	N/A	28															
HUB24 Limited	1085	-4.7	-5.0	56	2-6	7	11.1	38.8	29	0.2	134	0.3	7.95	679	Avenira Limited	1	-30.4	-8.0	95	0-0	-	-	-	-	5.0	NE	Nil	N/A	5															
Ariadne Aust	62	-1.6	-0.1	47	0-1	-	-	0.7	9	0.5	8	3.2	7.84	124	Visioneering T.	6	-30.3	+3.9	95	1-0	-	-	0.4	-	1.5	NE	Nil	3.60	22															
Mobilicom Ltd	10	-4.8	-4.5	56	0-0	-	-	2.4	-	1.8	NE	Nil	7.83	21	ARQ Group	61	-30.1	-8.3	95	2-1	1	0.9	-	-	0.5	NE	13.1	0.34	74															
Paygroup Ltd	70	-0.1	+0.4	41	0-0	-	-	-	-	0.9	NE	Nil	7.63	36	Carnegie Clean	0	-30.1	+3.9	95	0-0	-	-	-	-	6.9	NE	Nil	N/A	9															
Skyfii Limited	18	-0.7	+0.8	43	0-1	-	-	8.8	-	1.0	NE	Nil	7.50	46	Evans Dixon Ltd	68	-29.8	-6.3	95	2-0	-	-	-	-	0.7	8	16.2	0.49	146															
Namoi Cotton	32	-8.2	-0.4	65	1-0	1	-	0.3	-	0.6	NE	Nil	7.42	44	Benitec Bio.	6	-29.7	-9.8	95	0-0	-	-	0.6	-	1.9	NE	Nil	N/A	14															
US Masters Res.	78	-17.3	-2.6	82	0-0	-	-	0.5	-	0.4	NE	12.9	7.31	286	Shareroot Ltd	0	-29.6	+4.3	95	0-0	-	-	-	-	13.8	NE	Nil	3.15	21															
Platinum Asset	440	-3.7	-0.1	53	1-1	11	2.4	7.7	57	0.4	14	7.3	7.26	2,581	China Magnesium	1	-29.3	-14.4	94	0-0	-	-	0.3	-	3.6	NE	Nil	N/A	5															
Merlin Diamonds	1	-0.5	+0.2	42	0-0	-	-	-	-	5.2	NE	Nil	7.17	8	Xanadu Mines	6	-29.1	-2.7	94	4-0	-	-	-	-	1.6	NE	Nil	N/A	39															
Leaf Resources	3	-23.9	+1.4	91	0-0	-	-	2.8	-	2.3	NE	Nil	7.12	7	Talisman Mining	9	-28.9	+3.6	94	0-0	-	-	-	-	1.3	NE	Nil	N/A	16															
National Stor.	167	-0.5	-1.0	42	0-0	6	0.8	1.2	19	0.3	6	5.7	6.74	1,305	Cogstate Ltd	21	-28.9	+2.5	94	1-1	-	-	2.3	-	0.9	NE	Nil	0.61	25															
L1 Long Short	139	-3.8	-0.2	53	32-0	-	-	-	-	0.6	NE	Nil	6.44	92	Impedimed Ltd	14	-28.2	-3.4	94	4-0	3	1.3	0.9	-	1.3	NE	Nil	N/A	71															
Ottoman Energy	5	-5.3	-1.8	57	3-0	-	-	0.1	-	2.0	NE	Nil	6.41	133	Flexiroam Ltd	3	-27.8	-4.2	94	0-0	-	-	1.5	-	2.6	NE	Nil	1.17	7															
Candy Club Hold	6	-32.3	-2.2	96	1-0	-	-	-	-	1.9	NE	Nil	6.34	9	New Wrld Cobalt	2	-27.7	+4.7	94	0-0	-	-	-	-	2.8	NE	Nil	N/A	7															
Rightcrowd Ltd	26	-9.7	-0.1	68	0-0	-	0.1	-	-	1.1	NE	Nil	6.28	34	Liq Natural Gas	23	-27.4	-4.7	93	1-0	1	5.8	1.6	-	1.2	NE	Nil	N/A	130															
Pivotal Systems	162	-6.1	+4.8	60	1-0	-	-	-	-	0.7	NE	Nil	6.23	180	Sundance Energy	17	-27.3	-7.1	93	8-1	2	4.2	-	-	1.5	NE	Nil	0.50	117															
Corp Travel M.	2155	-6.1	-2.3	60	5-0	8	5.8	7.6	25	0.1	30	1.7	6.16	2,338	Scout Security	8	-27.0	-4.4	93	5-1	-	-	-	-	1.5	NE	Nil	3.34	6															
Fertoz Limited	14	-13.7	-5.2	76	1-0	-	-	-	-	1.1	NE	Nil	6.14	18	Immuron Ltd	11	-27.0	-2.5	93	5-0	-	-	3.7	-	1.1	NE	Nil	8.52	16															
Senex Energy	30	-6.2	-0.0	60	14-1	9	5.4	1.0	4	0.9	23	Nil	6.13	436	Global Vanadium	0	-26.9	+6.4	93	0-0	-	-	-	-	8.3	NE	Nil	N/A	8															
Bioxyne Ltd	2	-16.2	+4.9	80	2-0	-	-	-	-	2.8	NE	Nil	6.11	12	DXN Limited	5	-26.7	+0.9	93	0-0	-	-	-	-	2.1	NE	Nil	5.43	16															
Generation Dev.	49	-15.7	+1.2	79	3-0	-	-	4.9	3	0.7	156	4.1	6.05	60	Ecargo Holdings	5	-26.5	-2.7	93	0-0	-	-	2.7	-	2.1	NE	Nil	1.34	33															
Ensurance Ltd	2	-18.8	+0.5	85	14-0	-	-	-	-	3.0	NE	Nil	6.02	7	INSIDER SELLING: Most Insider Selling, Relative Strength < 0																													
Lion Energy Ltd	3	-5.7	-3.3	59	1-0	-	-	-	-	2.3	NE	Nil	5.84	6	Biotron Limited	8	-8.4	+3.9	65	0-4	-	0.1	-	-	1.6	NE	Nil	N/A	46															
Reef Casino Trt	249	-9.2	-1.9	67	0-0	-	-	1.3	5	0.3	25	8.1	5.79	124	HUB24 Limited	1085	-4.7	-5.0	56	2-6	7	11.1	38.8	29	0.2	134	0.3	7.95	679															
Mercantile Inv.	16	-0.9	+1.2	44	3-0	-	-	1.0	15	1.0	7	Nil	5.69	44	Village Road.	252	-3.8	-8.9	53	0-3	7	0.1	-	-	0.2	NE	Nil	0.36	492															
Whispir Ltd	142	-3.6	-2.4	53	0-0	-	-	-	-	0.8	NE	Nil	5.65	147	Computershare	1495	-5.2	-2.5	57	1-4	12	1.0	-	-	0.2	20	2.7	2.62	8,117															
KYCKR Limited	7	-9.9	+11.9	69	2-0	-	-	7.0	-	1.7	NE	Nil	5.58	10	WAM Research	136	-1.1	+3.1	45	0-2	-	-	1.1	9	0.3	12	7.0	N/A	256															
Pacific Current	543	-4.9	+4.4	57	0-0	3	-	-	-	0.4	3	4.1	5.57	259	Coassets Ltd	10	-2.8	+3.2	51	0-2	-	-	3.3	34	1.0	10	Nil	3.30	19															
Apollo Minerals	4	-32.5	-7.5	96	0-0	-	-	-	-	2.2	NE	Nil	5.52	6	Babylon Pump	2	-2.3	+3.2	49	0-2	-	-	-	-	2.1	NE	Nil	4.80	8															
Novatti Group	19	-12.6	-2.6	74	0-0	-	-	-	-	0.9	NE	Nil	5.52	30	Brainchip Hold.	5	-13.8	+6.1	76	0-2	1	0.0	4.7	-	1.8	NE	Nil	N/A	59															
Fremont Petrol.	1	-0.9	-7.1	44	0-0	-	-	-	-	4.5	NE	Nil	5.47	6	Weebit Nano Ltd	55	-13.4	-1.7	76	0-2	-	-	-	-	0.7	NE	Nil	N/A	35															
DXN Limited	5	-26.7	+0.9	93	0-0	-	-	-	-	2.3	NE	Nil	5.43	16	Domino's Pizza	3870	-7.8	-0.6	64	0-2	12	11.8	-	-	0.2	27	2.8	4.16	3,314															
Duxton Water	140	-1.4	-2.0	46	3-0	-	-	1.3	6	0.4	21	3.5	5.39	152	Canyon Res.	16	-4.7	-4.5	56	0-2	-	-	-	-	0.8	NE	Nil	N/A	50															
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																																												
Blue Sky Alt In	19	-47.1	+1.3	99	0-0	-	1.1	0.1	-	1.2	NE	Nil	0.48	14	Gulf Manganese	1	-13.6	+5.9	76	1-3	-	-	-	-	4.2	NE	Nil	N/A	27															
Actinogen Med.	1	-46.4	-7.9	99	0-0	-	-	0.8	-	4.1	NE	Nil	N/A	8	Brickworks Ltd	1597	-0.9	+1.2	44	1-3	5	0.8	1.4	13	0.1	11	3.4	2.91	2,392															
Freedom O & G	1	-43.9	-3.7	99	3-0	-	-	0.3	-	3.5	NE	Nil	0.54	12	K2 Asset Mgmt	4	-23.2	-3.3	90	1-3	-	-	1.1	54	1.6	2	11.4	0.75	11															
P2P Transport	13	-42.7	-2.0	99	2-0	1	-	-</																																				

Performance Forecasts

"Performance Forecasts" are computer generated predictions of the relative future price performance of a company's shares over the next three to six months. Performance Forecasts are calculated for every listed NZ share (except Investment Trusts) on a rating scale using the letters "A" (Highest potential for capital appreciation over the next 3-6 months), "B" (Above Average), "C" (Average), "D" (Below Average) and "E" (Lowest). These predictions are NOT buy or sell recommendations, but can be useful to help time planned purchases or sales, or to identify shares worthy of further study and analysis.

Performance Forecast					Price/Sales Ratio					P/E Ratio					Gross Yield				
Forecast	Price	Ratio	Ratio	Yield	Forecast	Price	Ratio	Ratio	Yield	Forecast	Price	Ratio	Ratio	Yield	Forecast	Price	Ratio	Ratio	Yield
A2 Milk Company	A	1595	N/A	NE	Nil	Gentech Group	D	527	4.97	37	3.6	Promisia Integ.	B	0.1	2.62	NE	Nil		
AFC Group Hold.	A	0.2	N/A	NE	Nil	Geo Ltd	E	9.5	1.82	NE	Nil	Property F Ind.	B	228	N/A	10	3.3		
AFT Pharma.	A	310	0.99	NE	Nil	Good Spirits	E	14	0.25	NE	Nil	Pushpay Hold.	B	327	6.23	33	Nil		
AMP Limited	A	195	0.87	NE	7.5	Goodman Prop.	C	213	N/A	9	3.1	QEX Logistics	C	85	0.75	23	Nil		
AWF Madison Grp	A	172	0.21	28	13.1	Green Cross H.	D	114	0.29	10	8.5	Rakon Ltd	D	30	0.60	20	Nil		
Abano Health.	A	378	0.35	13	8.8	Hallenstein G.	B	530	1.13	11	11.5	Restaurant Brds	B	1030	1.62	36	Nil		
Air New Zealand	A	273	0.36	8	13.2	Heartland Group	C	162	5.66	16	6.4	Rubicon Limited	C	18	1.77	NE	Nil		
Akd Int Airport	A	980	N/A	18	3.1	IkeGPS Limited	E	52	5.88	NE	Nil	Ryman Health.	A	1353	N/A	21	1.7		
Allied Farmers	C	70	0.62	7	0.4	Infratil NZ	C	493	N/A	15	4.9	Sanford Limited	C	690	1.25	15	4.6		
Aorere Res.	N/R	0.1	5.02	NE	Nil	Investore Prop.	C	193	N/A	11	3.9	Scales Corp Ltd	C	466	1.62	23	5.5		
Argosy Property	C	146	N/A	9	4.3	Just Life Group	E	35	1.83	15	7.9	Scott Tech. Ltd	C	255	1.06	18	5.4		
Arvida Group	D	139	3.77	10	4.6	Kathmandu Ltd	D	251	1.14	11	8.3	SeaDragon Ltd	C	0.2	1.98	NE	Nil		
Asset Plus	D	64	7.76	27	5.6	Kingfish Ltd	C	144	N/A	6	8.2	Seeka Kiwifruit	C	512	0.74	20	3.3		
Augusta Capital	C	157	5.70	20	3.8	Kiwi Property	C	166	8.31	17	4.2	Serko Limited	B	425	N/A	NE	Nil		
Barramundi Ltd	D	64	N/A	5	8.3	Mainfreight Grp	A	4100	1.40	30	1.9	Skellerup Hold.	B	242	1.94	17	6.3		
Blackwall Gbl.	E	0.6	2.10	NE	Nil	Marlborough WE	D	23	N/A	NE	Nil	Sky City Ltd	B	391	2.67	16	7.1		
Blis Technology	D	4.9	9.60	NE	Nil	Marlin Global	C	91	N/A	5	8.3	Sky Network TV	B	121	0.56	4	17.2		
Briscoe Group	C	355	1.25	12	7.8	Marsden Mar.	C	530	N/A	23	4.1	Smartpay NZ Ltd	C	17	1.39	NE	Nil		
Burger Fuel	D	54	1.39	23	Nil	Mercer Group	E	21	0.47	NE	Nil	Smiths City	D	27	0.07	NE	Nil		
CBL Corporation	D	317	1.91	25	2.2	Mercury NZ	B	500	3.88	30	4.2	Snakk Media Ltd	D	27	5.5	0.09	NE	Nil	
CDL Investments	E	69	2.26	6	7.0	Meridian Energy	C	500	4.64	64	5.3	Sol. Dynamics	C	170	1.48	24	4.3		
CSM Group Ltd	D	0.1	N/A	NE	Nil	MetLifeCare	D	445	8.24	8	2.2	South Port NZ	B	703	4.53	19	5.1		
Cannasouth Ltd	D	36	N/A	NE	Nil	Metro Per Glass	D	37	0.26	14	14.3	Spark NZ Ltd	B	413	2.09	18	7.4		
Cavalier Corp	D	27	0.13	5	Nil	Mid-Cap Index	C	583	N/A	8	2.3	Steel & Tube	C	91	0.17	11	10.7		
Chatham Rock	D	23	N/A	NE	Nil	Millennium & C.	D	265	1.92	7	1.8	Sthn Charter F.	C	0.1	3.24	NE	Nil		
Chorus Ltd	D	574	2.49	29	5.3	Moa Group Ltd	E	32	1.37	NE	Nil	Stride Property	B	233	N/A	9	5.5		
Col Motor Co	B	908	0.33	12	7.6	NZ Exchange Ltd	C	119	4.79	28	7.1	Summerset Group	B	584	9.45	6	2.2		
Comvita	D	297	0.79	17	1.9	NZ King Salmon	E	200	1.73	14	3.5	Synlait Milk	C	960	2.57	41	Nil		
Contact Energy	B	830	2.75	45	5.4	NZ Oil & Gas	N/R	62	2.88	NE	Nil	T&G Global	C	260	0.27	89	6.4		
Cooks Global Fd	E	4.2	3.46	NE	Nil	NZ Refining Co	D	212	1.84	22	4.9	TIL Logistics	C	110	N/A	NE	Nil		
Delegat Group	C	1195	4.44	26	1.5	NZ Windfarms	E	14	6.79	NE	Nil	Tilt Renewables	B	265	6.44	NE	Nil		
EROAD Ltd	D	295	3.28	NE	Nil	NZF Group	E	1.0	N/A	NE	Nil	Tourism Hold.	B	391	1.76	8	9.6		
Ebos Group Ltd	B	2408	0.48	25	3.1	NZME Limited	D	56	0.28	9	5.0	Tower Limited	C	74	0.77	NE	Nil		
Enprise Group	E	66	0.94	NE	1.5	NZSX 50 Port.	C	302	N/A	14	3.6	Training Sol.	B	0.4	N/A	NE	Nil		
Evolve Educat.	C	11	N/A	NE	Nil	NZSX 10 Fund	C	188	N/A	11	3.6	TruScreen Ltd	C	12	N/A	NE	Nil		
F & P Health.	C	1595	9.28	48	2.0	NZX Aust MidCap	C	699	N/A	7	2.8	Trust Power Ltd	A	771	2.57	26	5.9		
Finzsoft Sol'ns	E	117	0.70	NE	Nil	New Talisman	N/R	0.8	N/A	NE	Nil	Turners Auto.	B	233	0.60	9	10.1		
Fletcher Build.	E	472	0.42	NE	Nil	Oceania Health.	D	101	3.25	14	4.7	Vector Ltd	B	380	2.86	26	5.9		
Foley Wines Ltd	D	190	2.36	55	2.2	Ozzy (Tortis)	C	385	N/A	15	8.5	Vista Group PT	B	548	6.94	74	0.8		
Fonterra S/H Fd	E	376	0.30	NE	2.7	PGG Wrightsons	C	55	0.35	23	3.2	Vital Health PT	B	261	N/A	16	3.4		
Freightways Ltd	C	834	2.23	22	5.0	Pac Edge Bio.	D	27	N/A	NE	Nil	Vital Ltd	C	84	0.70	5	Nil		
Future Mobility	E	7.3	0.25	NE	Nil	PaySauce Ltd	C	50	1.81	NE	Nil	WN Drive Tech.	D	20	0.92	NE	Nil		
Geneva Finance	D	58	1.90	10	8.4	Plexure Group	B	94	N/A	NE	Nil	Warehouse Group	B	228	0.26	34	9.7		
Genesis Energy	C	345	N/A	NE	6.4	Port Tauranga	B	602	N/A	43	2.9	Z Energy Ltd	A	664	0.49	14	9.0		
General Capital	E	5.5	4.01	NE	Nil	Precinct Prop.	B	181	N/A	9	3.2	Ave of 134 Cos	C	321	0.70	20	3.4		
A.P. Eagers	A	1078	0.50	21	3.4	Cromwell Prop.	B	123	5.48	12	6.8	Orica Ltd	A	2177	1.54	NE	2.4		
AGL Energy Ltd	B	1925	0.99	8	6.1	Crown Resorts	B	1141	2.25	14	5.3	Origin Energy	B	716	0.86	58	Nil		
ALS Limited	B	718	2.08	19	3.1	Cyob plc	B	283	1.38	5	2.0	Orora Limited	A	322	0.91	18	3.9		
AMP Ltd	B	193	0.90	NE	7.3	Dexus	B	1329	N/A	10	2.1	Pendal Group	A	714	3.96	12	7.3		
ANZ Bank	A	2700	2.18	12	5.9	Domain Holdings	C	276	5.61	NE	2.9	Perpetual Ltd	A	3701	3.20	12	7.3		
APA Group	A	1079	5.38	48	4.2	Domino's Pizza	B	3870	4.16	27	2.8	Perseus Mining	B	87	2.38	NE	Nil		
ARB Corporation	A	1703	3.19	27	2.2	Downer EDI Ltd	B	740	0.37	62	3.6	Platinum Asset	A	440	7.26	14	7.3		
ASX Limited	A	8683	N/A	38	2.5	DuluxGroup Ltd	B	935	1.97	24	3.0	Polynovo Ltd	B	160	N/A	NE	Nil		
AVEO Group	A	202	2.74	3	4.5	Event Hospital.	B	1225	1.61	18	4.2	Premier Invest	A	1447	1.92	27	4.3		
Abacus Property	A	414	7.77	10	4.3	Evolution Min.	A	546	6.00	35	4.4	Pro Medicus Ltd	A	2892	N/A	NE	0.2		
Adelaide Bright	A	332	1.33	12	6.0	Flight Centre	B	4484	1.55	0	3.7	Purifloh Ltd	E	349	N/A	NE	Nil		
Afterpay Touch	B	2417	N/A	NE	Nil	Fortescue Metal	B	726	2.43	19	3.2	Q.B.E. Insur.	B	1180	0.81	28	4.2		
Ale Property	A	516	N/A	13	4.0	Freedom Foods	B	420	2.90	81	0.9	Qantas Airways	B	574	0.57	10	3.0		
Altium Limited	A	3306	N/A	85	0.8	G8 Education	B	266	1.41	17	4.7	Qube Holdings	B	308	3.31	26	1.8		
Alumina Ltd	A	228	N/A	7	14.1	GPT Group	B	625	N/A	8	4.1	REA Group Ltd	A	9664	N/A	50	1.1		
Amcor Ltd	A	1554	1.43	18	3.9	Genworth Mort.	A	329	3.13	19	5.2	Ramsay Health	B	6930	N/A	NE	2.1		
Aneka Tambang	B	100	9.65	NE	Nil	Gold Road Res.	B	162	N/A	NE	Nil	Reeca Limited	B	1007	2.10	25	2.0		
Ansell Ltd	A	2587	1.83	20	2.4	Goodman Group	A	1491	N/A	24	1.9	Regis Resources	A	605	5.03	18	2.6		
Appen Limited	A	2543	7.44	65	0.3	Graincorp	A	807	0.43	26	2.0	Reliance W/wide	B	327	3.36	39	2.0		
Argo Investment	A	828	N/A	27	3.8	Growthpoint Pro	A	436	N/A	8	5.1	Resolute Mining	A	200	3.39	19	1.0		
Aristocrat Leis	A	2942	5.29	35	1.6	Harvey Norman	B	429	2.44	13	7.0	Rio Tinto Ltd	A	8769	0.57	2	5.0		
Atlas Arteria	A	813	N/A	93	3.0	Healium Ltd	B	285	0.89	NE	3.7	S/Tracks ASX200	B	6110	N/A	9	1.5		
Aurizon Hold.	A	575	3.68	23	4.7	Hutchison Tel.	E	12	N/A	NE	Nil	Santos Ltd	B	676	2.71	16	2.0		
AusNet Services	B	179	3.54	26	5.4	I-Sign This Ltd	B	100	N/A	NE	Nil	Saracen Mineral	B	457	7.32	49	Nil		
Ausdrill Ltd	A	186	0.78	19	2.2	IDP Education	A	1891	9.72	92	0.8	Scentre Group	B	400	8.05	9	5.5		
Aust Foundation	B	627	N/A	27	3.8	IOOF Holdings	B	520	1.98	19	10.4	Seek Ltd	A	1923	5.14	NE	2.4		
Aust United In	B	932	N/A	12	3.8	IPH Limited	A	812	7.22	39	2.8	Service Stream	A	277	1.58	24	2.7		
Austal Limited	A	382	0.95	34	1.3	IRESS Limited	B	1269	4.67	34	3.6	Seven Group	B	1609	1.59	12	2.6		
Automotive Hold	A	302	0.15	31	5.4	Iluka Resources	B	870	2.72	12	3.3	Shopping Centre	B	255	8.87	11	5.5		
Aventus Retail	A	254	7.68	9	6.4	Incitec Pivot	B	329	1.39	26	3.3	Silver Lake Res	B	128	2.52	40	Nil		
BHP Group Ltd	A	3729	2.03	18	4.3	Independ. Group	A	575	4.34	64	0.5	Sims Metal Mgmt	B	972	0.31	10	5.5		
BKI Invest Coy	A	163	N/A	16	4.5	Inghams Group	B	388	0.61	25	3.1	Smartgroup Corp	B	917	4.86	20	4.5		
BWP Trust	A	383	N/A	13	4.7	Insurance Aust.	B	768	N/A	19	4.4	Sonic Health	A	2770	2.12	25	2.9		
Bank of Q'land	A	908	1.74	11	8.4	Invocare Ltd	B	1517	3.44	40	2.4	Soul Pattinson	B	2091	4.26	15	2.7		
Bapcor Limited	A	610	1.38	18	2.5	JB Hi-Fi Ltd	A	2796	0.47	14	4.7	South32 Limited	B	288	1.45	8	4.9		
Beach Energy	B	189	3.43	22	1.1	James Hardie	B	2168	2.68	29	2.4	Spark Infrastru	B	234	N/A	15	6.8		
Bellamy's Aust.	C	929	3.20	24	Nil	Janus Henderson	B	2850	0.76	3	7.2	Spotless Group	D	165	0.60	NE	Nil		
Bendigo Bank	A	1075	3.25	12	6.5	Jumbo Interact.	A	1											

Investment Outlook

(Continued from Page 1)

fall short of current expectations and yield *negative* investment returns for investors over the next 10-20 years. In the current global economic environment of *lower for longer*, these extreme high valuations appear disconnected from reality.

Of course, perhaps we have it all wrong and **Integrated Research** and **Prophecy International** are 80-90% undervalued on P/S ratios of 4.6 and 2.3? We could live with that mistake!

On the other hand - on any stockmarket in the world - one can find soundly financed, profitable, dividend paying companies whose shares trade at *single digit* Price/Earnings ratios! Even with a pessimistic view of the future, it is difficult to imagine a diversified holding in these under-valued shares failing to provide *positive* investment returns over the next 10-20 years.

Stockmarkets have experienced this type of dual-valuations in the past. In the late 1990's, Internet stocks traded at high valuations while many other shares traded at low valuations. When the stockmarket dipped, most of those internet companies were unable to raise further capital and failed.

In the 1960's and early 1970's the *Nifty Fifty* (i.e. 50 popular large capitalisation US stocks) were responsible for most of the stockmarket gains - just like the *FAANG* stocks today (i.e. *Facebook, Apple, Amazon, Netflix, Google* - which, of course, of now call *Alphabet*).

The *Nifty Fifty* were considered "one decisions" stocks - investors need only decide to buy and then hold forever! The companies all had strong profit growth and were given "extraordinary high" Price/Earnings ratios of around 50. That ended in the Bear Markets of the 1970's when the *Nifty Fifty* stocks fell more than the rest of the market and continued to under-perform during the 1980's. Most of these companies are still around, many trading on much lower valuations today (GE on a P/E of 12, IBM on 11, Dow Chemical 17, Philip Morris 16, Xerox 13).

Today the most out-of-favour former *Nifty Fifty* company is probably Revlon. The company is currently unprofitable but the stock trades on an extremely low Price/Sales ratio of just 0.36 with a capitalisation of only US\$931 million. In terms of revenues, Revlon's business is 6½ times larger than Zoom . . . but the stockmarket values Zoom's business at 28 times larger than Revlon.

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Abano Healthcare	8.00	19-08	03-09	2.780
Argosy Property	1.569	10-09	25-09	0.298
Goodman Property	1.663	04-09	19-09	0.299
Vital Healthcare	2.188	11-09	26-09	0.673
Australian Shares				
none				

Total Return Index for All Listed Shares

Jul 15	1727.40	Jul 22	1744.24
Jul 16	1725.66	Jul 23	1745.85
Jul 17	1735.78	Jul 24	1736.02
Jul 18	1737.68	Jul 25	1735.62
Jul 19	1739.49	Jul 26	1755.19
Jul 29	1746.77	Aug 5	1747.41
Jul 30	1748.08	Aug 6	1704.13
Jul 31	1740.31	Aug 7	1726.88
Aug 1	1746.33	Aug 8	1741.53
Aug 2	1737.55	Aug 9	1741.92

Next Issue:

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