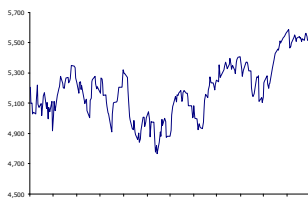


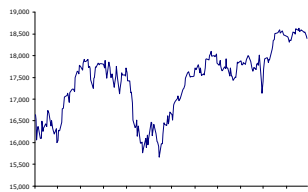
STATE ONE SPINNAKER

27 August 2016
Issue 335

12 month XJO chart



12 month Dow Jones chart



State One Research Products

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Overview

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Global Wrap – 27 August 2016

World Markets	27/08/2016	20/08/2016	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5515	5515	0.0%	0.7%	4.8%
Dow Jones	18395	18553	-0.8%	0.2%	10.5%
Nasdaq	5219	5238	-0.4%	1.1%	20.4%
S&P 500	2169	2184	-0.7%	0.2%	9.1%
FTSE 100	6838	6859	-0.3%	3.1%	10.4%
DAX30	10588	10544	0.4%	4.1%	3.1%
Shanghai Composite	3070	3085	-0.5%	2.9%	-0.4%
Nikkei 225	16361	16598	-1.4%	0.7%	-11.9%
Hang Seng	22910	22937	-0.1%	5.4%	4.9%
Currency					
AUD/USD	0.7563	0.7628	-0.9%	-1.6%	5.5%
Commodities					
Oil (\$/bbl)	47.3	49.0	-3.5%	15.0%	11.0%
Gas (\$/gal)	2.9	2.6	11.1%	1.9%	5.4%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	4622	4774	-3.2%	-4.6%	-8.1%
Lead (\$/t)	1878	1884	-0.3%	4.2%	13.6%
Zinc (\$/t)	2313	2287	1.1%	2.1%	34.0%
Aluminium (\$/t)	1628	1649	-1.3%	0.5%	6.5%
Nickel (\$/t)	9775	10250	-4.6%	-8.2%	0.5%
Tin (\$/t)	18920	18475	2.4%	4.9%	36.2%
Gold (\$/oz)	1326	1346	-1.5%	-2.8%	17.9%
Silver (\$/oz)	18.7	19.3	-3.0%	-8.4%	29.5%
Platinum (\$/oz)	1078	1118	-3.6%	-7.9%	7.7%
Wheat (\$/t)	407.500	444.750	-8.4%	-0.7%	-16.8%

Source: Iress

Capital Raisings for Sophisticated Investors

Opportunities to participate in capital raisings in two contrasting LICs (Sophisticated Investors Only)

1. [WAM](#) – long established, actively managed fund focused on ASX equities, and
2. [Antipodes Global Investment](#) – looking to IPO in mid-October. Actively managed long/short fund in international equities, founded by Jacob Mitchell, former Deputy Chief Investment Officer of Platinum Asset Management.

To download the related documents please visit <https://www.stateone.com.au/>

Global Wrap

US

August jobs figures at the end of the coming week, plus personal income and spending data at the beginning, will be all the more keenly anticipated, given US Federal Reserve chair Janet Yellen's speech at the monetary policy symposium in Jackson Hole, Wyoming on Friday.

Ms Yellen argued the case for another rate rise had 'strengthened', citing a 'solid performance' by the US employment market and the central bank's 'outlook for economic activity and inflation'.

As always, she accompanied her remarks with the disclaimer of future considerations, including regarding additional data.

The ISM's manufacturing index is also now likely to attract more than usual attention this week. Regional manufacturing indices will come in separately for Texas and the Chicago area.

Friday, before Ms Yellen spoke publicly, a second of three estimates of June quarter GDP growth was lowered, from 1.2% annually to 1.1%, against 0.8% for the March quarter.

Earlier in the week, new home sales which rose 31% year-on-year in July, improving for a fifth consecutive month, were cheered by some. Others pointed out recent housing starts reports indicated such rates could not continue.

One homebuilder reported strengthening quarterly sales the same trading session.

The following session, the housing market was highlighted again, with July existing home sales which fell 3.2% for the month and dropped 5.8% year-on-year.

A June house price index rose 0.2% for the month and 5.6% for the year, the same rates as reported for May.

Markit's initial August PMIs produced a 52.1 for manufacturing, 0.8 below the July reading, and a 50.9 for the services sector, 1.1 below expectations.

July durable goods orders were considered more heartening, jumping 4.4% for the month, following a 3.2% drop.

Weekly new unemployment claims fell 1000 against predictions of a 3000 rise.

Among the regional business activity indices, a Richmond region composite (services plus manufacturing) index came in at -11 following a +10 last month.

Meanwhile, a Kansas City region business conditions index came in at -4 from -6.

This week south of the border, Mexico reported a 0.2% pullback in June quarter GDP.

During the coming week, Brazil's central bank convenes a central policy meeting.

Europe

The euro zone's initial composite PMI for August has come in at 53.3, representing a one-point increase on July and reaching a seven-month high. More importantly, France's contribution was more robust than recently. Revised figures will be released this coming week.

Germany's June quarter GDP growth was confirmed in a final reading at 0.3% for the quarter, half the rate of growth estimated for the March quarter.

Much was made of a key German business confidence index from Ifo, which fell 2.1 points over the past month. However, at a robust 106.2, the reading could not be considered too ominous in the short-term, even though the decline was the steepest in one month over the past four years.

GfK's consumer confidence reading, reported Friday, represented a 15-month peak at 10.2, albeit just 0.2 above last month's estimate. Component readings varied markedly, income expectations rising 8.6 to 58.3, but economic expectations falling 0.8 to 8.6.

An initial August CPI estimate is due for Germany and also the euro zone as a whole this coming week, so one can expect renewed speculation of the likely European Central Bank (ECB) commentary following the bank's 8 September policy meeting.

UK August export-bound manufacturing orders, as calculated by CBI, have likely rebounded, but this was largely put down to the British pound depreciation. The -6 index represented the difference between the 27% of businesses reporting lower demand than normal and the 21% indicating higher demand. Against the -22 of July's survey, the result was considered phenomenal.

In the meantime, the UK's second June quarter GDP reading came in as for the initial estimate, at 0.6% growth.

In corporate news this week, major US-headquartered Tiffany was able to cite a July-August rise in UK sales on the British pound depreciation, that together with precious metals price falls, has helped lift profits.

Meanwhile, Liverpool Football Club last weekend reportedly handballed to external financial advisers an

unsolicited approach from a consortium including China's Everbright and private equity firm PCP Capital Partners.

China

July industrial profits, due at the end of this week head a batch of significant data expected over the next several days, including PMI estimates from both the NBS/CFLP and Caixin.

This past week, the People's Bank of China made available 50B yuan (~\$US7.5B) in 14-day loans to commercial banks Wednesday, following this with another 80B yuan Thursday.

In addition, the central bank reportedly requested banks to focus on managing liquidity, partly through the way they offered loans, and also emphasised no monetary policy change was likely in the near-term.

In the meantime, Australia's treasurer Scott Morrison publicly spoke of national government disquiet at debt levels within China.

Perhaps this will form a talking point between the two nations at the G20 leaders' summit September 4 – 5, hosted by Hangzhou in China's Zhejiang province.

China's mid-autumn festival season is also approaching, spawning the usual speculation of the extent of industry slowdown and hence materials demand.

Meanwhile, results due from the Industrial & Commercial Bank of China and Hebei Iron & Steel will likely draw some interest this week.

Japan

Core (including energy but not fresh food) CPI has now fallen for five consecutive months in Japan. For July it fell at an annual 0.5%, the fastest rate in three years. June's fall was revised to 0.4%.

The output component for Japan's (initial) August manufacturing PMI, also released this week, represented the first improvement in six months, rising 1.2 to an expansionary 50.6. The overall manufacturing PMI remained in contraction territory however, at 49.6, albeit 0.3 above the July estimate.

During the coming week, industrial production, household spending and final August PMIs are due.

Australia

Corporate financial reporting season reached a crescendo this week, a confluence of some disappointing results constraining market gains during at least two sessions.

Construction work done fell 3.7% during the June quarter, following forecasts of a 2% fall. For the year, work done dropped 10.6%, mostly in relation to mine, road and bridge construction. Office, retail and residential (in particular, renovation) construction work rose 1.2%.

During the coming week, July private sector spending, building approvals, retail sales, home sales, house prices and August manufacturing activity are among the economic reports due ahead of the September RBA meeting the following week.

The meeting comes one day ahead of the official release of June quarter GDP. This week Bank of America Merrill Lynch ventured a 0.6% growth forecast for the quarter, and 3.4% annually.

Westpac was concerned by this week's construction figures, however, citing the construction sector contributed 13% to GDP and hence claiming the latest data represented 'a material headwind'.

Commodities

After trading at two-month peaks the previous week, WTI crude (oil) pulled back Monday. Sentiment appeared damaged by several factors, including: China's July refined product exports; expectations of a sometime boost to Nigeria's exports on indications militants were prepared to talk; an anticipated daily 500,000bbl boost from northern Iraq; a ship loading crude at a port in Libya that had been closed for the past nine months; and continued weekly additions to the number of operational US oil rigs.

Come Tuesday however, the proposed on-the-sidelines OPEC get-together at the International Energy Forum in Algiers late September was again painted in a rosy hue by reports Iran was prepared to attend, and hence, might be considering supporting some type of crude production restraint.

Early-week, analysts from both Morgan Stanley and Goldman Sachs had joined last week's chorus of warnings, releasing written statements declaring doubt at any definitive outcome. Goldman, moreover, retained a forecast of \$US40/bbl - \$US50bbl for the (northern) summer of 2017.

Others pointed out Iran, like Saudi Arabia, was increasing August output.

Iran claims to still be ramping production to pre-sanction levels, so it's considered unlikely that the nation would agree to limit its output until satisfied at returning to at least historical figures, let alone sales income.

One industry player warned some producers were likely to offer any hint that might favour higher prices, and bemoaned trading reactions based on scant evidence.

Indeed, come Friday, Saudi Arabia's oil minister sent prices lower in early Asian trade, stating there had been no definitive cap discussions in recent weeks.

Hence, the week's snakes and ladders continued. On Thursday, military tensions between the US and Iran near Middle East export routes had offered some support to prices, and during European and US trade later Friday, reports of ballistic missiles fired at petroleum facilities belonging to Saudi Arabia swung prices higher again.

US weekly petroleum inventories again proved confusing this past week.

An industry report, released late Tuesday, estimated a 4.5MMbbl build in crude stockpiles the previous week, defying forecasts of a 500,000bbl decline.

The government agency, EIA, estimated a 2.5MMbbl increase in crude inventories and 4.1MMbbl rise in refined products.

Given crude supplies in particular, usually wane during summer, even seasoned analysts marvelled at the growth.

Petrol stocks on the Gulf Coast were estimated at their highest for summer in three years.

In the meantime, SEB Markets maintained the number of additional oil rigs operating in US shale territory in August meant output could potentially rise a daily 200,000bbl.

Monday this coming week, the Australian Bureau of Statistics (ABS) releases petroleum exploration figures for the June quarter.

Iron ore prices began the week with consecutive gains.

Australian producer Fortescue Metals Group (ASX: FMG) was feted for lowering debt, boosting its dividend to a record high and defying profit forecasts. Ratings agency Moody's raised FMG credit ratings, but Citigroup retained 'sell' advice due to the bank's stance that prices will average \$US42/t for 2017 and \$US38/t in 2018.

It remains to be seen what the 2016 Chinese Autumn festival will do to short-term prices.

In the steel sector, BlueScope Steel (ASX: BSL) said it expected prices would come down some in coming months, due to the pace of gains this year, but that glut levels were likely to persist for the foreseeable future.

Chinese company Chongqing Iron & Steel announced it was moving into towards a finance focus, given lower steel prices and higher labour costs.

In the meantime, Tata Steel revealed a turnaround £5M profit from its UK Port Talbot operation during June.

International July year-on-year crude steel output rose 1.4% to 133.7Mt, according to the World Steel Association.

China produced 66.8Mt of this, representing a 2.6% increase on July 2015, despite the nation's promised curbs and reported July output restrictions in Hebei.

India's July steel production notably rose 8.1% compared with July 2015 while the UK's plunged 27.3%.

Gold futures declined Monday on \$US strength, but regained some ground Tuesday as the \$US lost some steam on confusion regarding likely interest rate moves.

Weekend remarks by US Federal Reserve chair Stanley Fischer were interpreted as sufficiently optimistic, regarding employment and inflation, to boost the \$US and curtail precious metals interest.

By mid-week, the level of selling ahead of Friday's speech by chair Janet Yellen spawned sufficient stop-losses for futures prices to drop below a 50-day moving average, hence sparking further selling and prices at four-week lows.

Some speculated Venezuela was a big seller, due to deteriorating national economics.

In other gold news, reports emerged suggesting the 2020 Tokyo Olympics medals could be fashioned from metals recycled from smartphones and other electronics.

One report suggested 143kg of gold, 1566kg of silver and 1122t of copper were likely contained within 'gadgets' discarded in Japan during 2014.

Further, the reports suggested the 15% of recycling that reportedly does occur in Japan for metals from abandoned appliances already feeds the manufacturing of new products.

In the meantime, silver prices suffered some this week, on revelations China's silver imports dropped 36% during July

Base metals prices were supported by a less robust \$US by Tuesday, although copper trade was impacted by reports highlighting robust warehousing and four projects in Peru that had achieved ultimate design capacity this year.

LME copper warehousing reportedly rose 25% in the two weeks to 24 August, to a total 254,700t.

Warehouse stocks in South Korea and Singapore were said to have grown the most, prompting Société Générale to speculate this was due to surplus exports from China.

China's July copper products and unwrought copper exports were reported to have risen 500% year-on-year in July, to 75,022t.

China had reportedly imported 3.4Mt of copper, in both ore and concentrates, from Peru in the first seven months of 2016, but one analyst suggested domestic demand for the refined copper that then came from China's smelters had proved soft.

Despite little ultimate movement in the \$US across much of the week, nickel traded at six-week lows, partly on the amount of ferronickel coming out of Indonesia and also due to lowered expectations of the extent of production likely to be impacted by environmental regulation enforcement in the Philippines.

CRU predicted some pullback in aluminium prices during the December quarter, given resumed production in China. In subsequent sessions, prices touched three-week lows.

In other commodities news, speculation surfaced regarding the US rice harvest, given Louisiana's floods and the fact machine harvesting cannot commence across water-logged fields.

Economic Calendar 29/08/16 – 02/09/16

Tuesday August 30 2016			Actual	Previous	Consensus	Forecast	
07:30 AM	JP	Unemployment Rate JUL		3.1%	3.1%	3.1%	
03:00 PM	CH	KOF Leading Indicators AUG		102.7	102.4	102.9	
05:00 PM	EA	Business Confidence AUG		0.39		0.25	
08:00 PM	DE	Inflation Rate YoY Prel AUG		0.4%	0.5%	0.4%	
Wednesday August 31 2016			Actual	Previous	Consensus	Forecast	
07:05 AM	GB	Gfk Consumer Confidence AUG		-12	-8	-7	
03:55 PM	DE	Unemployment Change AUG		-7K	-4K	-3K	
03:55 PM	DE	Unemployment Rate AUG		6.1%	6.1%	6.1%	
05:00 PM	EA	Unemployment Rate JUL		10.1%	10.0%	10%	
08:00 PM	BR	GDP Growth Rate QoQ Q2		-0.3%	-0.4%	-0.3%	
08:00 PM	BR	GDP Growth Rate YoY Q2		-5.4%	-3.6%	-4.1%	
08:00 PM	IN	GDP Growth Rate YoY Q2		7.9%		7.4%	
08:15 PM	US	ADP Employment Change AUG		179K	170K	180K	
08:30 PM	CA	GDP Growth Rate QoQ Q2		0.6%		-0.9%	
08:30 PM	CA	GDP Growth Rate Annualized Q2		2.4%	-1.5%	-1%	
Thursday September 01 2016			Actual	Previous	Consensus	Forecast	
09:00 AM	CN	NBS Manufacturing PMI AUG		49.9	49.9	49.5	
09:45 AM	CN	Caixin Manufacturing PMI AUG		50.6	50.2	48.9	
10:00 PM	US	ISM Manufacturing PMI AUG		52.6	52	53.2	
Friday September 02 2016			Actual	Previous	Consensus	Forecast	
01:00 PM	JP	Consumer Confidence AUG		41.3		41.44	
08:30 PM	CA	Balance of Trade JUL		C\$-3.63B	C\$-3.2B	C\$-3.2B	
08:30 PM	US	Balance of Trade JUL		\$-44.51B	\$-43B	\$-46.2B	
08:30 PM	US	Non Farm Payrolls AUG		255K	185K	190K	
08:30 PM	US	Unemployment Rate AUG		4.9%	4.8%	4.9%	

Source: www.tradingeconomics.com

Economic Calendar 05/09/16 – 09/09/16

Tuesday September 06 2016			Actual	Previous	Consensus	Forecast
12:30 PM	AU	RBA Interest Rate Decision		1.5%		1.5%
01:45 PM	CH	GDP Growth Rate QoQ Q2		0.1%		0.4%
01:45 PM	CH	GDP Growth Rate YoY Q2		0.7%		0.9%
05:00 PM	EA	GDP Growth Rate QoQ 3rd Est Q2		0.6%	0.3%	0.3%
05:00 PM	EA	GDP Growth Rate YoY 3rd Est Q2		1.7%	1.6%	1.6%
10:00 PM	US	ISM Non-Manufacturing PMI AUG		55.5		57
Wednesday September 07 2016			Actual	Previous	Consensus	Forecast
09:30 AM	AU	GDP Growth Rate QoQ Q2		1.1%		0.7%
09:30 AM	AU	GDP Growth Rate YoY Q2		3.1%		3%
10:00 PM	CA	Ivey PMI s.a AUG		57		54.57
10:00 PM	CA	BoC Interest Rate Decision		0.5%		0.5%
Thursday September 08 2016			Actual	Previous	Consensus	Forecast
09:30 AM	AU	Balance of Trade JUL		A\$-3.19B		A\$-1.9B
09:30 AM	AU	NAB Business Confidence AUG		4		6
10:00 AM	CN	Balance of Trade AUG		\$52.31B		\$38B
10:00 AM	CN	Exports YoY AUG		-4.4%		
10:00 AM	CN	Imports YoY AUG		-12.5%		
07:45 PM	EA	ECB Interest Rate Decision		0.0%		0.0%
08:30 PM	EA	ECB Press Conference				
Friday September 09 2016			Actual	Previous	Consensus	Forecast
09:30 AM	CN	Inflation Rate YoY AUG		1.8%		2.1%
02:00 PM	DE	Balance of Trade JUL		€24.9B		€ 20.7B
03:00 PM	TR	GDP Growth Rate QoQ Q2		0.8%		1.2%
03:00 PM	TR	GDP Growth Rate YoY Q2		4.8%		5.1%
04:30 PM	GB	Balance of Trade JUL		£-5.1B		-4495.87
08:30 PM	CA	Employment Change AUG		-31.2K		3.20
08:30 PM	CA	Unemployment Rate AUG		6.9%		6.9%

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 27 August 2016

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
ALU	Altium Limited	27.0	APO	Apn Outdoor Grp	-35.6
GWA	GWA Group Ltd	25.6	BKL	Blackmores Limited	-21.7
ISD	Isentia Group Ltd	16.1	WSA	Western Areas Ltd	-19.6
SXL	Sthn Cross Media	12.9	MND	Monadelphous Group	-17.6
RFG	Retail Food Group	10.9	ACX	Aconex Limited	-14.3
SGM	Sims Metal Mgmt Ltd	10.3	MMS	McMillan Shakespeare	-14.1
MTS	Metcash Limited	9.9	WOR	WorleyParsons Ltd	-13.8
AHY	Asaleo Care Limited	8.8	ILU	Iluka Resources	-12.0
PGH	Pact Group Hldgs Ltd	8.4	IGO	Independence Group	-10.9
SRX	Sirtex Medical	7.9	SAR	Saracen Mineral	-10.4

Source: IRESS

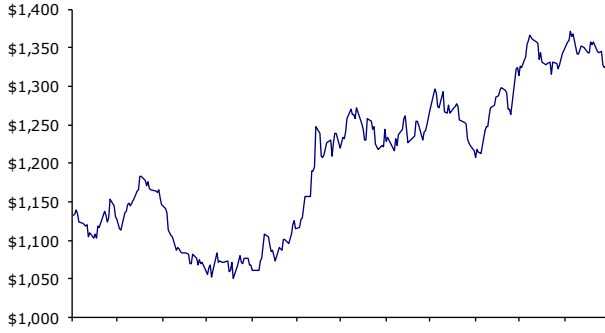
S & P Indices Week Ending 27 August 2016

S&P Indices	27/08/2016	20/08/2016	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8602	8734	-1.5%	3.7%	-8.3%
S&P 200 Materials	8890	8920	-0.3%	3.2%	8.3%
S&P 200 Industrials	5406	5501	-1.7%	-0.8%	18.1%
S&P 200 Consumer Disc.	2247	2236	0.5%	2.5%	23.6%
S&P 200 Consumer Staples	9228	9065	1.8%	4.8%	5.5%
S&P 200 Healthcare	22066	21859	0.9%	-0.3%	18.7%
S&P 200 Financials	6028	6009	0.3%	0.3%	-0.3%
S&P 200 Info Technology	823	830	-0.9%	6.3%	18.4%
S&P 200 Telecommunicatic	1963	2017	-2.7%	-6.7%	-5.2%
S&P 200 Utilities	7741	7621	1.6%	-2.8%	15.1%
S&P 200 Property Trusts	1510	1502	0.5%	-1.2%	21.2%
S&P 200 Financials ex PT	6639	6622	0.3%	0.6%	-4.3%

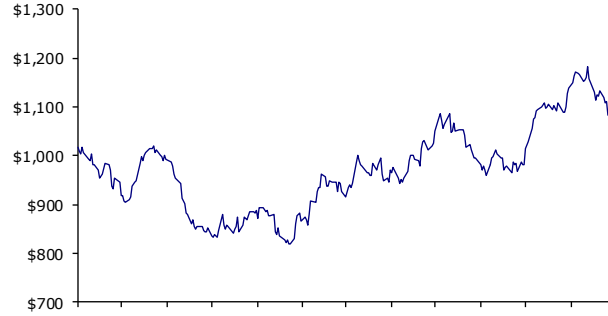
Source: IRESS

1 Year Commodity Price Charts

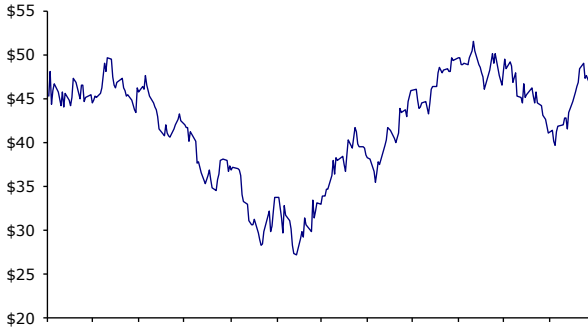
1 Year Gold



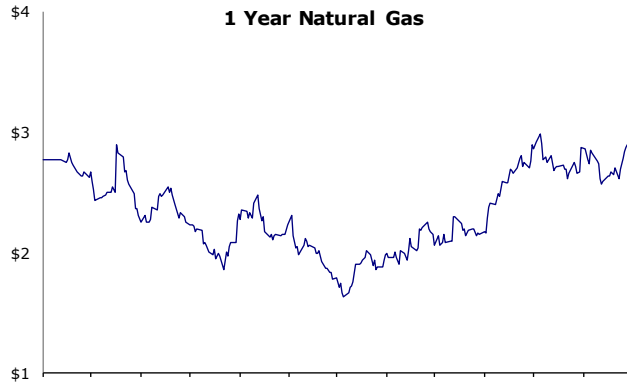
1 Year Platinum



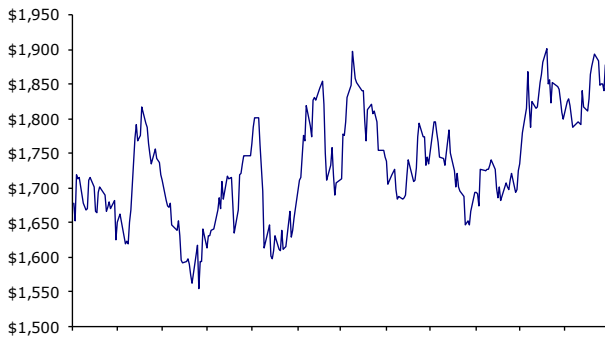
1 Year Oil



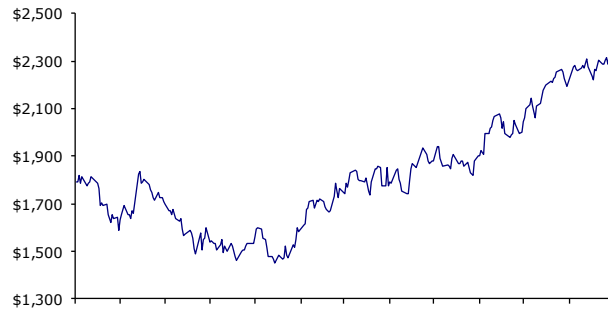
1 Year Natural Gas



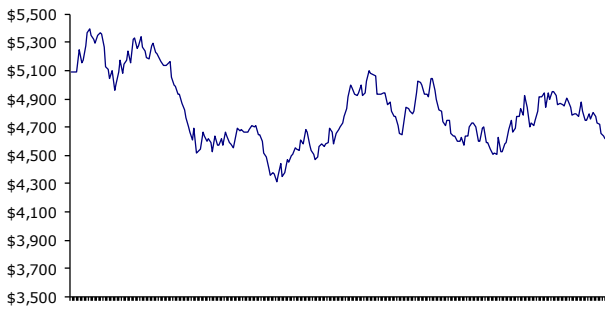
1 Year Lead



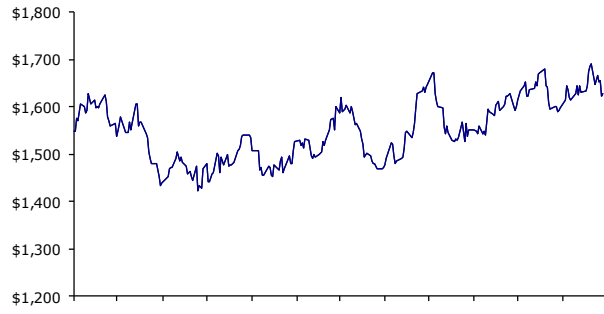
1 Year Zinc



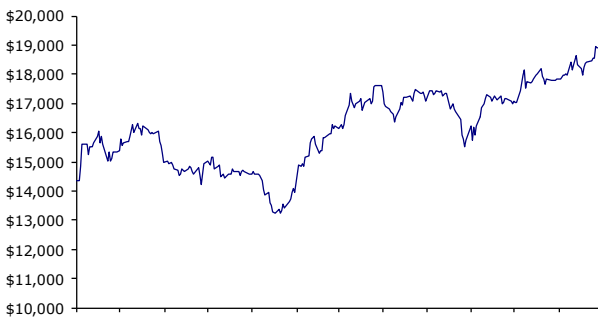
1 Year Copper



1 Year Aluminium

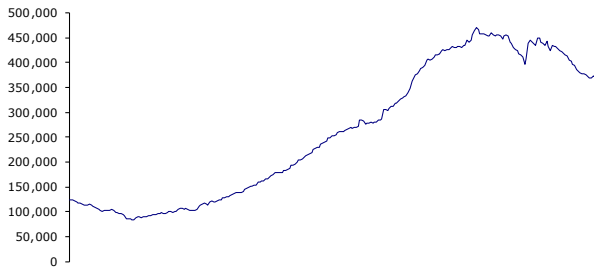


1 Year Tin

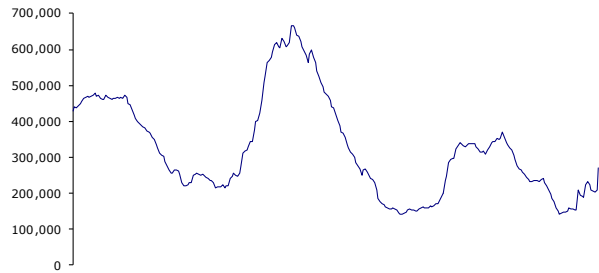


5 Year Metals Stockpiles

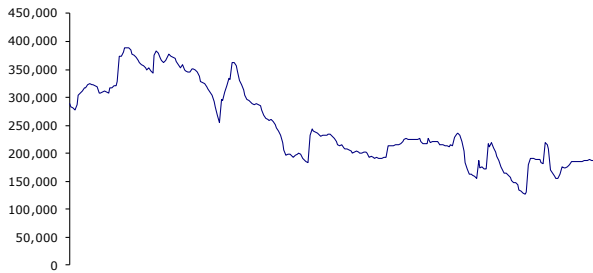
Nickel LME Stockpiles - 5 Year



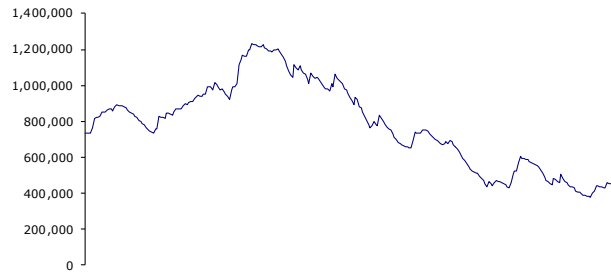
Copper LME Stockpiles - 5 Year



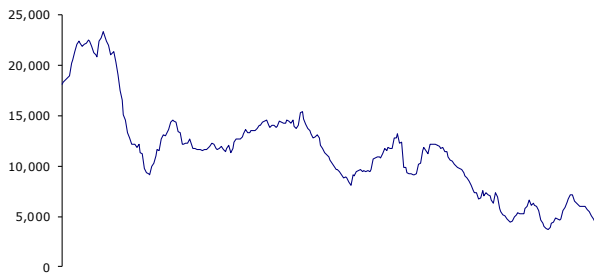
Lead LME Stockpiles - 5 Year



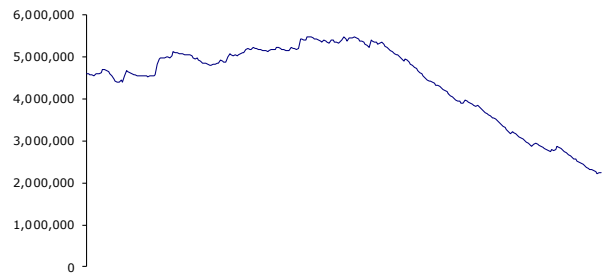
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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