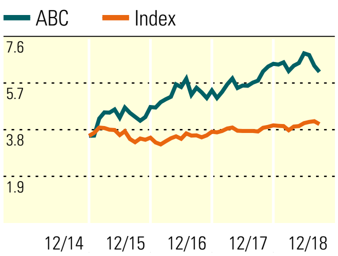
MORNINGSTAR®

Adelaide Brighton Limited ABC ★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	5.50
Stewardship Rating	Standard
Market Cap $Mil	4,027
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	6.19
52 Week High/Low $	7.07/5.62
Shares Issued Mil	651
Morningstar Sector	Basic Materials
Morningstar Industry	Building Materials
GICS Sector	Materials

Price vs. Market



	12/16	12/17	12/18e	12/19e
NPAT ($Mil)	186.0	197.9	198.1	242.3
EPS ¢	28.7	30.3	30.4	37.1
EPS Chg %	-10.5	5.7	0.1	22.3
DPS ¢	20.0	20.5	21.0	21.5
Franked %	100.0	100.0	100.0	100.0
Div Yld %	3.8	3.6	3.3	3.4
P/E x	18.3	19.0	20.8	17.0

Source: Morningstar estimates 22-Aug-2018 .

Profile

Adelaide Brighton Limited (ABC) is an integrated construction material and lime producing group of companies focused on the construction, engineering, infrastructure and resource sectors in Australia. ABC has three main operating divisions being: Cement, Lime, Concrete and Aggregates and Concrete Masonry Products.

Investment Perspective by Adam Fleck 22-Feb-2017

Adelaide Brighton has delivered strong growth from exposure to strong infrastructure and residential markets. Economic conditions and consumer confidence ultimately drive private and government construction, creating volatility. Still, a track record of controlling costs, balancing imports against local manufacturing capacity, vertical integration, selective expansions, and a prudent balance sheet help ease the burden of operating in a cyclical industry. Following the company's purchase of Central Pre-Mix Concrete, we still expect additional concrete or quarry acquisitions, complementing the company's vertically integrated model. Cost advantage gives Adelaide Brighton a narrow economic moat, stemming from efficient plants closely located to quarries and energy sources and access to cheap imports of clinker.

Research Archive

Time	Date	Rating	Price $	Event
5:40PM	22-Aug-2018	★★	6.25	
Volumes Strong for Narrow-Moat Adelaide Brighton; Energy Prices and Sales Mix Affect Margins				
10:55AM	04-Jul-2018	★★	7.01	
Adelaide Brighton Overvalued Amid Another Monthly Fall in Housing Approvals				
5:15PM	01-Mar-2018	**Reduce**	6.61	
Energy Headwinds Persist, But Strong Demand Lifts FVE to AUD 5.50 for Narrow-Moat Adelaide Brighton				
4:35PM	12-Jan-2018	**Reduce**	6.40	
One Swallow Does Not a Summer Make for Housing, but Spring Has Arrived for Infrastructure Spending.				
12:55PM	22-Dec-2017	**Reduce**	6.56	
Adelaide Brighton Secures South Australian Energy Supply, but Remains Overvalued				

$ = Price Move = Research Report

Financials	12/15	12/16	12/17	12/18e	12/19e
Sales Revenue ($Mil)	1,413.1	1,396.0	1,560.0	1,654.0	1,659.6
EBITDA Margin %	25.4	22.7	20.2	21.0	24.8
EBIT ($Mil)	280.4	238.9	232.9	267.3	330.1
EBIT Margin %	19.8	17.1	14.9	16.2	19.9
Adjusted NPAT ($Mil)	207.8	186.0	197.9	198.1	242.3
Reported NPAT ($Mil)	207.8	186.0	182.2	208.1	252.3
Earnings Per Share ¢	32.0	28.7	30.3	30.4	37.1
Avg no. of Shares ($Mil)	648.7	648.7	652.8	652.8	652.8
Book Value Per Share ¢	185.7	187.7	190.8	193.7	202.8
Net Operating Cashflow ($Mil)	193.9	193.9	193.9	243.4	305.1
Capex ($Mil)	-74.3	-86.5	-89.1	-110.0	-89.1
Free Cash Flow ($Mil)	158.3	192.5	78.8	162.3	244.8

Consensus out of 4 analysts	2017	2018e	2019e
EPS ¢	27.0	31.0	36.0
DPS ¢	25.0	24.0	25.0
Dividend Yield %	4.0	3.9	4.0

Key Dates

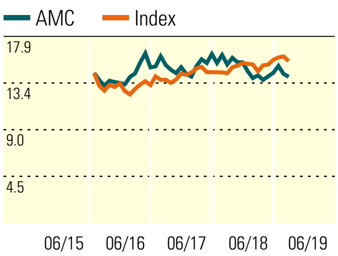
Fiscal Year End	31 Dec	AGM	17 May 2018
Listing Date	05 Jul 1960	DRIP	Suspended

Amcor Limited AMC ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	14.60
Stewardship Rating	Standard
Market Cap $Mil	16,249
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	14.03
52 Week High/Low $	16.10/13.12
Shares Issued Mil	1,158
Morningstar Sector	Consumer Cyclical
Morningstar Industry	Packaging & Containers
GICS Sector	Materials

Price vs. Market



	–	06/18	06/19e	06/20e
NPAT ($Mil)	–	905.4	1,083.6	1,088.5
EPS ¢	–	77.8	93.1	93.5
EPS Chg %	–	2.2	19.7	0.4
DPS ¢	–	55.5	65.1	65.4
Franked %	–	0.0	0.0	0.0
Div Yld %	–	3.7	4.5	4.6
P/E x	–	19.2	15.4	15.3

Source: Morningstar estimates 06-Sep-2018 .

Profile

Amcor Limited (AMC) is a global packaging company with operations across Australasia, North America, Latin America, Europe and Asia. AMC offers a range of packaging related products and services, including packaging for beverages, food, healthcare, personal and homecare, tobacco, and industrial applications.

Investment Perspective by Grant Slade 14-Jul-2017

Amcor's offer for Bemis will further cement its position as a global plastics giant. With 70% of Bemis' USD 4 billion in annual sales generated in North America, the deal will beef up Amcor's underweight position in the North American flexibles market. With synergy realisation estimated at USD 126 million, the deal adds AUD 1.14 per share of value for Amcor shareholders.

Research Archive

Time	Date	Rating	Price $	Event
11:40PM	21-Aug-2018	★★★	13.76	
Weak Volumes Affect Narrow-Moat Amcor in Fiscal 2018; FVE Reduced to AUD 14.60				
6:35PM	07-Aug-2018	★★★	14.39	
All-Scrip Offer For Bemis Provides Upside For Amcor Shareholders Contrary To Market Reaction				
3:50PM	06-Aug-2018	**Under Review**	—	
Narrow-moat Amcor Eyes Bemis in Potential All-scrip Deal; Putting Amcor Under Review				
3:10PM	21-Jun-2018	★★★	14.11	
Packaging Industry Growth Expectations Fully Packed into Share Prices				
6:00PM	12-Feb-2018	**Hold**	14.38	
Narrow-Moat Amcor Delivers EBIT Growth Despite Short-Term Revenue and Raw Material Cost Headwinds.				

$ = Price Move = Research Report

Financials

	06/18	06/19e	06/20e
Sales Revenue ($Mil)	12,021.5	13,494.3	14,423.1
EBITDA Margin %	15.5	15.3	14.7
EBIT ($Mil)	1,400.3	1,561.5	1,605.5
EBIT Margin %	11.1	11.6	11.1
Adjusted NPAT ($Mil)	905.4	1,083.6	1,088.5
Reported NPAT ($Mil)	963.4	1,083.6	1,088.5
Earnings Per Share ¢	77.8	93.1	93.5
Avg no. of Shares ($Mil)	1,164.4	1,164.4	1,164.4
Book Value Per Share ¢	113.2	147.7	175.1
Net Operating Cashflow ($Mil)	0.0	1,590.3	1,632.7
Capex ($Mil)	-480.0	-506.1	-514.6
Free Cash Flow ($Mil)	1,121.1	1,283.0	1,299.3

Consensus out of 4 analysts

	2018	2019e	2020e
EPS ¢	88.0	76.0	81.0
DPS ¢	61.0	56.0	59.0
Dividend Yield %	4.3	4.0	4.2

Key Dates

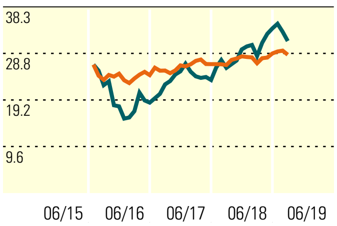
Fiscal Year End	30 Jun	AGM	01 Nov 2017
Listing Date	28 Aug 1969	DRIP	Active

BHP Billiton Limited BHP ★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	High
Moat Rating	None
Fair Value $	24.50
Stewardship Rating	Standard
Market Cap $Mil	100,526
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	31.30
52 Week High/Low $	35.29/25.54
Shares Issued Mil	3,212
Morningstar Sector	Basic Materials
Morningstar Industry	Industrial Metals & Minerals
GICS Sector	Materials

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	9,224.0	11,918.6	12,216.2	10,212.5
EPS ¢	172.9	223.3	228.9	191.3
EPS Chg %	450.3	29.2	2.5	-16.4
DPS ¢	111.8	157.4	148.0	134.5
Franked %	100.0	100.0	100.0	100.0
Div Yld %	4.8	5.5	4.7	4.3
P/E x	13.5	12.9	13.7	16.4

Source: Morningstar estimates 21-Aug-2018 .

Profile

BHP Billiton Limited (BHP) is a diversified natural resources company producing commodities along with substantial interests in oil and gas. BHP's principal business lines are mineral exploration and production, as well as petroleum exploration, production and refining. BHP's assets, operations and interests are separated into Petroleum and Potash, Copper, Iron ore, Coal and Nickel.

Investment Perspective by Mathew Hodge 18-Jul-2018

BHP has several of the world's largest mines. Key mined commodities are iron ore, coking coal, and copper. In addition, the company has meaningful oil exposure with large bets on U.S. onshore shale gas and oil, conventional petroleum, and liquefied natural gas, or LNG, assets. The iron ore mines in particular are at the low end of the industry cash cost curve; however, overinvestment during the peaks of the China boom, when capital costs were very high relative to historical standards, has diluted expected future returns. After adding back the not-inconsiderable write-downs, BHP's invested capital base nearly quadrupled in the decade-ended 2015, substantially lowering returns such that we expect adjusted midcycle returns below the company's cost of capital. Excluding impairments, we forecast midcycle returns to approximately match BHP's cost of capital.

Research Archive

Time	Date	Rating	Price $	Event
11:55AM	22-Aug-2018	★★	32.55	
BHP Remains Optimistic on Productivity Initiatives, AUD 24.50 FVE Maintained				
4:20PM	27-Jul-2018	★★	34.40	
Onshore Shale Sale Ends Painful Chapter for BHP				
8:00PM	18-Jul-2018	★★	33.57	
Raising BHP FVE to AUD 24.50 With the Lower Australian Dollar; Shares Still Overvalued				
3:55PM	19-Apr-2018	★★	30.92	
Raising BHP FVE to AUD 23 per share, but Shares Remain Overvalued				
4:45PM	21-Feb-2018	**Reduce**	29.81	
Cost Pressures Emerge for BHP, Maintaining our AUD 22 per Share FVE				

$ = Price Move = Research Report

Financials

Financials	06/16	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	44,525.6	52,567.7	61,494.3	54,038.9	48,315.5
EBITDA Margin %	42.4	50.6	51.4	53.1	51.4
EBIT ($Mil)	6,812.6	16,182.1	21,044.7	20,094.2	16,436.5
EBIT Margin %	15.3	30.8	34.2	37.2	34.0
Adjusted NPAT ($Mil)	1,671.9	9,224.0	11,918.6	12,216.2	10,212.5
Reported NPAT ($Mil)	-8,786.3	7,934.8	4,943.3	12,216.2	10,212.5
Earnings Per Share ¢	31.4	172.9	223.3	228.9	191.3
Avg no. of Shares ($Mil)	5,322.0	5,336.0	5,337.0	5,338.0	5,338.0
Book Value Per Share ¢	1,403.8	1,445.6	1,389.8	1,481.8	1,538.6
Net Operating Cashflow ($Mil)	0.0	0.0	0.0	35,572.7	19,111.4
Capex ($Mil)	-10,019.3	-6,207.7	-8,102.7	-7,719.9	-8,310.6
Free Cash Flow ($Mil)	-5,426.8	12,299.0	9,614.5	28,637.5	10,962.6

Consensus out of 5 analysts

	2018	2019e	2020e
EPS ¢	233.0	239.0	215.0
DPS ¢	181.0	146.0	132.0
Dividend Yield %	5.8	4.7	4.2

Key Dates

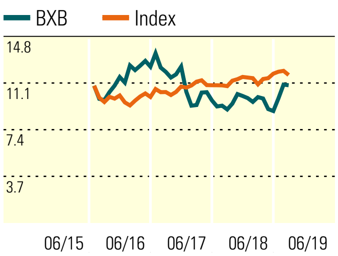
Fiscal Year End	30 Jun	AGM	16 Nov 2017
Listing Date	13 Aug 1885	DRIP	None

Brambles Limited BXB ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value $	11.20
Stewardship Rating	Standard
Market Cap $Mil	17,392
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	10.92
52 Week High/Low $	11.04/8.58
Shares Issued Mil	1,593
Morningstar Sector	Industrials
Morningstar Industry	Business Services
GICS Sector	Industrials

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	811.3	846.1	959.2	1,079.4
EPS ¢	50.9	53.0	60.1	67.6
EPS Chg %	-5.4	4.2	13.4	12.5
DPS ¢	29.0	29.0	31.0	41.0
Franked %	27.5	30.0	30.0	30.0
Div Yld %	2.6	3.0	2.8	3.7
P/E x	22.2	18.1	18.2	16.2

Source: Morningstar estimates 24-Aug-2018 .

Profile

Brambles Limited (BXB) is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. BXB specializes in the pooling of unit-load equipment and the provision of associated services. BXB is focusing on the outsourced management of returnable pallets, crates and containers.

Investment Perspective by Adam Fleck 24-Aug-2018

Brambles is the largest global provider of pallet and reusable plastic crate, or RPC, pooling services. Global scale and years of experience provide competitive advantages and a wide economic moat. The global infrastructure and advantageous cost position are barriers to entry, but there is some competition at the regional level. Cash flow, operating margins, and return on equity are high, but until recently, the business struggled to achieve sustainable earnings growth over a prolonged period. Management has been able to refocus the business, and while earnings are currently struggling with the effects of subdued U.S. and European economies, this is more than offset by increased penetration of existing markets and expansion to new geographies and services. A recovery in the developed economies would provide a major earnings boost. Growth opportunities exist in the RPC and container businesses.

Research Archive

Time	Date	Rating	Price $	Event
6:13PM	24-Aug-2018	★★★	10.60	
Brambles Beginning to Look Fairly Valued Following Fiscal 2018 Results				
4:00PM	24-Aug-2018	★★★	10.60	$
Price move through trigger level				
6:00PM	26-Apr-2018	★★★★	9.83	
Despite Competitive Pressures, Brambles' Core Pooling Businesses Continue to Capture Share				
3:45PM	12-Apr-2018	★★★★	9.79	
Brambles' HFG Divestiture Ends the Foray into Oil & Gas, but No Change to FVE				
4:50PM	16-Mar-2018	**Accumulate**	9.67	
Investor Day Focuses on Brambles' Core Pooling Businesses, Defending its Wide Moat				

$ = Price Move = Research Report

Financials

Financials	06/16	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	6,861.1	6,883.6	7,377.3	8,287.7	8,776.4
EBITDA Margin %	29.9	25.4	27.5	26.7	27.5
EBIT ($Mil)	1,299.7	1,023.6	1,271.9	1,452.3	1,611.1
EBIT Margin %	19.7	18.5	17.4	17.5	18.4
Adjusted NPAT ($Mil)	851.2	811.3	846.1	959.2	1,079.4
Reported NPAT ($Mil)	808.1	242.7	963.8	959.2	1,079.4
Earnings Per Share ¢	53.7	50.9	53.0	60.1	67.6
Avg no. of Shares ($Mil)	1,583.7	1,595.3	1,596.3	1,596.3	1,596.3
Book Value Per Share ¢	256.6	236.8	255.5	299.5	324.7
Net Operating Cashflow ($Mil)	1,604.7	1,607.5	1,835.9	1,638.7	1,904.3
Capex ($Mil)	-1,485.9	-1,430.1	-1,468.4	-1,487.8	-1,467.0
Free Cash Flow ($Mil)	446.4	557.2	940.3	218.8	515.6

Consensus out of 3 analysts

	2018	2019e	2020e
EPS ¢	56.0	58.0	64.0
DPS ¢	39.0	31.0	35.0
Dividend Yield %	3.6	2.8	3.2

Key Dates

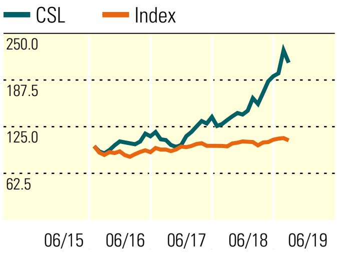
Fiscal Year End	30 Jun	AGM	23 Oct 2018
Listing Date	01 Jan 1954	DRIP	Suspended

CSL Limited CSL ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	207.00
Stewardship Rating	Standard
Market Cap $Mil	95,357
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	210.65
52 Week High/Low $	232.69/129.11
Shares Issued Mil	453
Morningstar Sector	Healthcare
Morningstar Industry	Biotechnology
GICS Sector	Health Care

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	1,745.7	2,256.7	2,606.6	2,964.9
EPS ¢	383.4	498.9	576.2	655.4
EPS Chg %	5.4	30.1	15.5	13.7
DPS ¢	177.5	224.5	264.4	302.1
Franked %	0.0	0.0	0.0	0.0
Div Yld %	1.5	1.5	1.2	1.4
P/E x	29.9	30.0	37.7	33.1

Source: Morningstar estimates 15-Aug-2018 .

Profile

CSL Limited (CSL) is a global biotechnology company that develops and delivers innovative medicines that save lives, protect public health and help people with life-threatening medical conditions live full lives. The operational businesses include CSL Behring and Seqirus. The Group operates predominantly in Australia, the USA, Germany, the United Kingdom and Switzerland.

Investment Perspective by Chris Kallos 15-Aug-2018

CSL is one of three major players in the global blood-plasma-derived biotherapies space. We expect consistent product innovation to drive high-single-digit top-line growth in developed markets, augmented by midteen lower-margin sales growth in emerging markets. With moderate operating leverage, this should result in double-digit profit growth during the next few years. CSL is cost-competitive, given its manufacturing scale and a wide plasma-derived product range that reduces unit production cost. Manufacturing know-how drives ongoing, incremental yield improvements. Cost competitiveness and innovation prowess deliver a narrow moat, reflected in returns on invested capital consistently above 20%, well above an under-10% cost of capital. CSL suits growth-oriented investors comfortable with the inherent risks of the biotechnology industry, including intellectual property disputes and regulatory intervention.

Research Archive

Time	Date	Rating	Price $	Event
7:00PM	15-Aug-2018	★★★	214.58	Research Report
CSL Exceeds Expectations and Achieves Turnaround in Seqirus Division; Raising FVE				
10:40AM	12-Jul-2018	★★★	198.05	Research Report
Raising CSL FVE to AUD 200 per Share after Reviewing the CSL112 Opportunity				
4:00PM	27-Feb-2018	**Reduce**	164.66	$
Price move through trigger level				
7:00PM	14-Feb-2018	**Hold**	149.29	Research Report
CSL Delivers Solid First Half as Seqirus Ramps Up Influenza Vaccine Production				
3:05PM	21-Dec-2017	**Hold**	140.71	Research Report
CSL R&D Investor Day Highlights Progress Towards CSL112 Phase III Trial				

$ = Price Move = Research Report

Financials

	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	9,037.6	10,332.9	11,782.6	12,955.9
EBITDA Margin %	29.6	33.8	33.7	34.5
EBIT ($Mil)	2,309.0	3,107.0	3,481.0	3,927.0
EBIT Margin %	25.6	30.1	29.5	30.3
Adjusted NPAT ($Mil)	1,745.7	2,256.7	2,606.6	2,964.9
Reported NPAT ($Mil)	1,745.7	2,256.7	2,606.6	2,964.9
Earnings Per Share ¢	383.4	498.9	576.2	655.4
Avg no. of Shares ($Mil)	455.3	452.4	452.4	452.4
Book Value Per Share ¢	907.1	1,177.5	1,522.1	1,869.3
Net Operating Cashflow ($Mil)	1,538.6	1,538.6	2,633.8	3,044.0
Capex ($Mil)	-899.6	-1,016.7	-1,610.5	-1,269.9
Free Cash Flow ($Mil)	582.4	578.1	1,153.3	1,872.3

Consensus out of 3 analysts	2018	2019e	2020e
EPS ¢	506.0	591.0	680.0
DPS ¢	233.0	272.0	314.0
Dividend Yield %	1.1	1.3	1.5

Key Dates

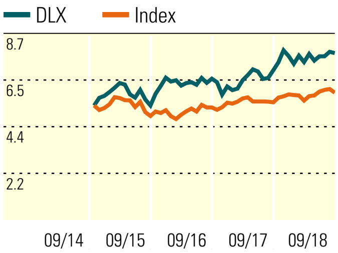
Fiscal Year End	30 Jun	AGM	18 Oct 2017
Listing Date	08 Jun 1994	DRIP	Suspended

DuluxGroup Limited DLX ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	7.50
Stewardship Rating	Standard
Market Cap $Mil	3,036
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	7.80
52 Week High/Low $	8.28/6.68
Shares Issued Mil	389
Morningstar Sector	Basic Materials
Morningstar Industry	Building Materials
GICS Sector	Materials

Price vs. Market



	09/16	09/17	09/18e	09/19e
NPAT ($Mil)	130.4	139.8	147.0	156.7
EPS ¢	33.8	36.2	37.9	40.4
EPS Chg %	2.3	7.3	4.7	6.6
DPS ¢	24.0	26.5	28.0	29.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	3.8	4.1	3.6	3.7
P/E x	18.6	18.1	20.5	19.2

Source: Morningstar estimates 24-May-2018 .

Profile

DuluxGroup Limited (DLX) is engaged in manufacturing, marketing, selling and distribution of branded paint, coatings, adhesives, garden care and other building products to the residential home improvement, commercial and infrastructure markets across Australia, New Zealand, Papua New Guinea, China and South East Asia. DLX operates mainly in Paints and Coatings ANZ, Consumer and Construction Products, Garage Doors & Openers, Cabinet Hardware and Architectural Hardware and other businesses segments.

Investment Perspective by Daniel Ragonese

17-May-2018

DuluxGroup is a consumer-oriented and brand-focused business, commanding healthy margins that more than adequately cover the modest capital expenditure requirements. We believe this makes the company an attractive investment that generates high free cash flow. While revenue from renovations is relatively stable, some parts of DuluxGroup are subject to cyclical shifts in consumer confidence and household expenditure. The acquisition of Alesco increased leverage to new housing activity. Input costs can be volatile, but DuluxGroup can generally pass those costs through, particularly in paints.

Research Archive

Time	Date	Rating	Price $	Event
5:00PM	17-May-2018	★★★	7.87	
Dulux's Continued Market Share Gains Paint a Pretty Picture for the Remainder of Fiscal 2018				
5:15PM	16-Mar-2018	**Hold**	7.67	
Dulux Well-Placed to Continue Riding Bunnings' Coat Tails for the Foreseeable Future				
6:40PM	15-Nov-2017	**Hold**	8.00	
It's Not Just About Paint; Strength Across All Divisions Drives 7% FVE Increase for Dulux				
4:00PM	15-Nov-2017	**Reduce**	8.00	$
Price move through trigger level				
5:29PM	14-Jul-2017	**Hold**	6.90	
Transfer of Analyst Coverage of DuluxGroup				

$ = Price Move = Research Report

Financials

	09/16	09/17	09/18e	09/19e
Sales Revenue ($Mil)	1,716.1	1,784.5	1,866.3	1,954.3
EBITDA Margin %	13.6	13.8	14.4	14.5
EBIT ($Mil)	201.1	214.2	225.7	239.8
EBIT Margin %	11.7	12.0	12.1	12.3
Adjusted NPAT ($Mil)	130.4	139.8	147.0	156.7
Reported NPAT ($Mil)	130.4	139.8	147.0	156.7
Earnings Per Share ¢	33.8	36.2	37.9	40.4
Avg no. of Shares ($Mil)	386.0	386.0	387.7	387.7
Book Value Per Share ¢	94.4	106.4	115.8	127.3
Net Operating Cashflow ($Mil)	144.9	166.0	212.5	179.0
Capex ($Mil)	-57.1	-95.5	-60.0	-33.2
Free Cash Flow ($Mil)	81.3	79.2	163.1	156.5

Consensus out of 3 analysts

	2017	2018e	2019e
EPS ¢	37.0	38.0	40.0
DPS ¢	27.0	28.0	30.0
Dividend Yield %	3.4	3.6	3.8

Key Dates

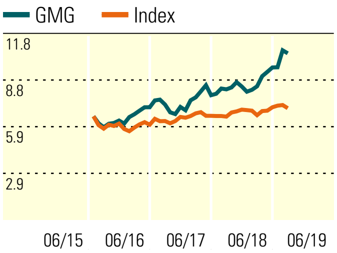
Fiscal Year End	30 Sep	AGM	21 Dec 2017
Listing Date	12 Jul 2010	DRIP	Active

Goodman Group GMG ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	10.20
Stewardship Rating	Standard
Market Cap $Mil	19,064
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	10.51
52 Week High/Low $	10.75/7.57
Shares Issued Mil	1,814
Morningstar Sector	Real Estate
Morningstar Industry	REIT - Diversified
GICS Sector	Real Estate

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	776.0	845.9	913.0	979.4
EPS ¢	42.1	45.6	49.0	52.2
EPS Chg %	6.6	8.2	7.5	6.6
DPS ¢	25.9	28.0	30.0	32.0
Franked %	0.0	0.0	0.0	0.0
Div Yld %	3.5	3.3	2.9	3.0
P/E x	17.7	18.7	21.5	20.1

Source: Morningstar estimates 19-Aug-2018 .

Profile

Goodman Group (GMG) is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom, North America and Brazil. GMG comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited. GMG operates four divisions namely Property Investment, Fund Management, Property Services and Property Development.

Investment Perspective by Tony Sherlock 20-Aug-2018

The substantial yield premium on high-quality industrial property to bonds is a key factor behind strong institutional demand for Goodman-developed product. With an outlook for interest rates to reach exceptionally low levels, we expect sustained institutional demand for industrial property. Goodman has strong growth prospects, but asset value risks are evident. Recent rises in industrial asset values have been facilitated by sharply lower interest rates, particularly given that rent growth rates have stabilised in most regions. The inevitable reversion to long-term average borrowing rates in outer years could weigh heavily on industrial property values, reflecting the dual impact of capitalisation-rate expansion and softer commercial demand for industrial space. This ever-present risk highlights the importance of premium product and financially sound tenants, a key attribute of the Goodman investment vehicles.

Research Archive

Time	Date	Rating	Price $	Event
2:02PM	20-Aug-2018	★★★	10.59	Research Report
Putting Customer First Provides Goodman With Long Growth Runway. FVE Increases 14% to AUD 10.20				
4:00PM	15-Aug-2018	★★	10.10	$
Price move through trigger level				
3:55PM	17-Jul-2018	★★★	9.77	Research Report
Goodman Foundations Are Strong But Share Price Looks a Bit Rich. FVE Unchanged at AUD 8.90				
3:50PM	19-Mar-2018	★★★	8.53	Research Report
We Upgrade Development Profile and Goodman FVE to AUD 8.90				
7:00PM	14-Feb-2018	**Hold**	8.03	Research Report
Goodman Weaves Magic of Growth Without the Gearing. FVE Raised to AUD 8.30				

$ = Price Move = Research Report

Financials

Financials	06/16	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	2,123.4	2,113.0	2,037.2	2,396.5	2,517.9
EBITDA Margin %	38.6	38.9	40.4	36.7	38.2
EBIT ($Mil)	811.8	812.6	816.9	874.0	955.9
EBIT Margin %	41.4	42.5	46.3	41.7	42.9
Adjusted NPAT ($Mil)	714.5	776.0	845.9	913.0	979.4
Reported NPAT ($Mil)	1,274.6	778.1	1,098.2	788.0	854.4
Earnings Per Share ¢	39.5	42.1	45.6	49.0	52.2
Avg no. of Shares ($Mil)	1,809.8	1,844.1	1,857.2	1,865.2	1,877.5
Book Value Per Share ¢	445.8	449.9	494.0	506.1	518.3
Net Operating Cashflow ($Mil)	830.1	586.4	1,161.2	908.6	949.8
Capex ($Mil)	-111.8	-5.2	-5.4	119.6	-27.6
Free Cash Flow ($Mil)	1,699.2	1,454.4	1,554.3	652.0	527.9

Consensus out of 2 analysts	2018	2019e	2020e
EPS ¢	56.0	50.0	52.0
DPS ¢	28.0	30.0	32.0
Dividend Yield %	2.7	2.9	3.0

Key Dates

Fiscal Year End	30 Jun	AGM	16 Nov 2017
Listing Date	02 Feb 2005	DRIP	Suspended

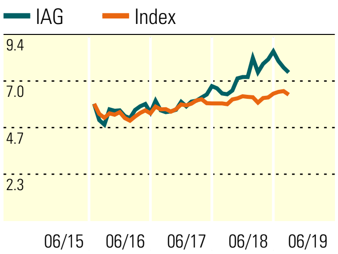
Insurance Australia Group Limited IAG

★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	High
Moat Rating	None
Fair Value $	7.50
Stewardship Rating	Standard
Market Cap $Mil	17,685
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	7.47
52 Week High/Low $	8.69/6.09
Shares Issued Mil	2,368
Morningstar Sector	Financial Services
Morningstar Industry	Insurance - Property & Casualty
GICS Sector	Financials

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	990.0	1,034.0	1,140.5	1,220.7
EPS ¢	41.8	43.7	47.4	51.9
EPS Chg %	16.9	4.4	8.6	9.4
DPS ¢	33.0	34.0	40.5	37.0
Franked %	100.0	100.0	92.0	85.0
Div Yld %	5.6	4.7	5.4	5.0
P/E x	14.1	16.6	15.7	14.4

Source: Morningstar estimates 15-Aug-2018 .

Profile

Insurance Australia Group Ltd (IAG) is a general insurance group, with operations in Australia, New Zealand, and Asia. The Group provides a range of personal and commercial insurance products, primarily motor vehicle and home insurance. IAG also has interest in general insurance joint ventures in Malaysia, India and China. IAG has two customer facing divisions - Consumer Division and Business division being responsible for sales, service, and brand and marketing execution.

Investment Perspective by David Ellis 15-Aug-2018

Insurance Australia Group is one of the two largest domestic general insurers operating in Australia and New Zealand. Despite heritage brands and high market shares, its products are commoditised and sustainable competitive advantages are elusive, hence the pressure from competition on revenue and margins. The firm exited its U.K. business several years ago to focus on its core business in Australia and New Zealand and its Asian strategy. The insurance market is mature, with cyclical, price-competitive, premium rates. Large insured events occur without warning, and claims trends are largely beyond the control of management in the short term. Reinsurance protection and capital management mitigate risks to some extent. General insurance is inherently risky, with volatile earnings, but recent quota share deals reduce earnings volatility, release capital and increase more-stable fee based income.

Research Archive

Time	Date	Rating	Price $	Event
5:20PM	15-Aug-2018	★★★	7.76	Research Report
Underlying Momentum Underpins IAG's FY18 Result. Capital Returns Continue. FVE Increased to AUD 7.50				
4:00PM	04-Jul-2018	★★★	8.14	$
Price move through trigger level				
4:00PM	21-Jun-2018	★★	8.65	$
Price move through trigger level				
1:40PM	19-Jun-2018	★★★	8.22	Research Report
IAG Takes Welcome First Step to Clean up Underperforming Asian Operations. AUD 7.30 FVE Unchanged				
2:10PM	12-Apr-2018	★★★	7.57	Research Report
IAG Reinforces Building Blocks to Support Future Earnings. FVE Increased to AUD 7.30				

$ = Price Move = Research Report

Financials

Financials	06/16	06/17	06/18	06/19e	06/20e
Net Earned Premium ($Mil)	8,228.0	8,465.0	7,671.0	8,497.5	8,752.4
Loss & Loss Adj Expense ($Mil)	5,397.0	5,263.0	4,617.0	5,241.9	5,399.1
Underwriting Profit ($Mil)	715.0	1,017.0	1,177.0	1,155.1	1,198.5
Investment Income ($Mil)	560.0	490.0	395.0	429.0	467.5
Adjusted NPAT ($Mil)	867.0	990.0	1,034.0	1,140.5	1,220.7
Reported NPAT ($Mil)	625.0	929.0	923.0	1,052.5	1,134.9
Earnings Per Share ¢	35.8	41.8	43.7	47.4	51.9
Avg no. of Shares ($Mil)	2,423.0	2,367.0	2,367.0	2,366.6	2,353.0
Book Value Per Share ¢	270.9	277.2	281.7	285.6	293.8
Loss Ratio %	65.6	62.2	60.2	61.7	61.7
Expense Ratio %	25.7	25.8	24.5	24.7	24.6
Combined Ratio %	91.3	88.0	84.7	86.4	86.3

Consensus out of 4 analysts	2018	2019e	2020e
EPS ¢	41.0	42.0	44.0
DPS ¢	34.0	37.0	34.0
Dividend Yield %	4.6	5.0	4.6

Key Dates

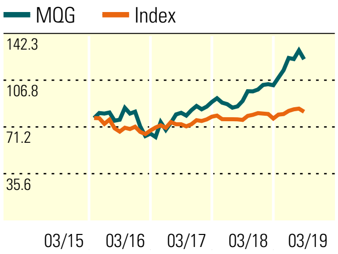
Fiscal Year End	30 Jun	AGM	26 Oct 2018
Listing Date	08 Aug 2000	DRIP	Active

Macquarie Group Limited MQG ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	130.00
Stewardship Rating	Exemplary
Market Cap $Mil	41,758
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	122.68
52 Week High/Low $	129.87/82.28
Shares Issued Mil	340
Morningstar Sector	Financial Services
Morningstar Industry	Capital Markets
GICS Sector	Financials

Price vs. Market



	03/17	03/18	03/19e	03/20e
NPAT ($Mil)	2,217.0	2,557.0	2,700.5	2,929.3
EPS ¢	644.5	743.5	793.4	860.6
EPS Chg %	4.1	15.4	6.7	8.5
DPS ¢	470.0	525.0	560.0	600.0
Franked %	45.0	45.0	45.0	45.0
Div Yld %	6.0	5.6	4.5	4.8
P/E x	12.2	12.7	15.7	14.5

Source: Morningstar estimates 25-Jul-2018 .

Profile

Macquarie Group Limited (MQG) is a global provider of banking, financial, advisory, investment and fund management services, headquartered in Sydney.

Investment Perspective by David Ellis 26-Jul-2018

Macquarie's global business model has successfully navigated the operational and capital market headwinds affecting other larger investment banks. Despite Macquarie being subscale compared with global peers, the firm has very successfully replaced the significant revenue streams previously sourced from the highly profitable satellite-fund business model. Long-held strengths of adaptability, variable costs, a solid balance sheet, and capable management offset volatile market conditions and place the group in a strong position to leverage the market rebound. Funds management, corporate lending, and asset financing are strong performers, delivering lower-risk income at the same time that Macquarie's market-dependent businesses start to recover. Further growth in global capital markets and increased transactional volumes are needed to increase earnings, particularly in the market-facing investment banking businesses.

Research Archive

Time	Date	Rating	Price $	Event
12:10PM	26-Jul-2018	★★★	124.93	Research Report
Changing of the Guard at Macquarie with Ms Wikramanayake Promoted to CEO. FVE AUD 130 Intact				
1:30PM	19-Jul-2018	★★★	124.38	Research Report
Macquarie Group's Business Units' Interconnectivity Is Underappreciated. FVE Increased to AUD 130				
4:00PM	09-May-2018	★★★	112.87	$
Price move through trigger level				
4:25PM	04-May-2018	★★★★	108.11	Research Report
Macquarie's Impressive FY18 Profit Hard to Fault. FVE Increased to AUD 121				
10:00AM	09-Apr-2018	★★★★	101.35	Research Report
Macquarie's Strong Competitive Advantages Boost FVE to AUD 118 and Moat Rating to Narrow				

$ = Price Move = Research Report

Financials

Financials	03/16	03/17	03/18	03/19e	03/20e
Sales Revenue ($Mil)	10,135.0	10,364.0	10,920.0	11,318.9	11,835.9
EBITDA Margin %	29.8	30.0	31.7	31.8	33.0
EBIT ($Mil)	3,015.0	3,104.0	3,464.0	3,598.8	3,901.2
EBIT Margin %	29.8	30.0	31.7	31.8	33.0
Adjusted NPAT ($Mil)	2,063.0	2,217.0	2,557.0	2,700.5	2,929.3
Reported NPAT ($Mil)	2,063.0	2,217.0	2,557.0	2,700.5	2,929.3
Earnings Per Share ¢	619.0	644.5	743.5	793.4	860.6
Avg no. of Shares ($Mil)	333.3	344.0	343.9	340.4	340.4
Book Value Per Share ¢	4,535.5	4,524.3	4,756.1	5,039.1	5,299.8
Net Operating Cashflow ($Mil)	12,823.0	-5,708.0	4,450.0	2,795.5	3,025.3
Capex ($Mil)	-367.0	-258.0	-255.0	-25.0	-25.0
Free Cash Flow ($Mil)	-2,411.0	-2,579.0	3,640.0	2,160.5	2,390.3

Consensus out of 5 analysts

Consensus	2018	2019e	2020e
EPS ¢	832.0	789.0	825.0
DPS ¢	525.0	550.0	576.0
Dividend Yield %	4.3	4.5	4.7

Key Dates

Fiscal Year End	31 Mar	AGM	26 Jul 2018
Listing Date	29 Jul 1996	DRIP	Active

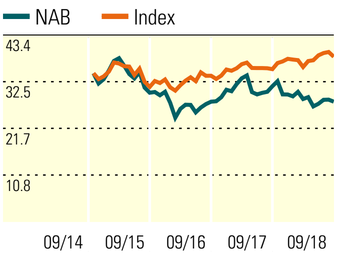
National Australia Bank Limited NAB

★★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value $	32.00
Stewardship Rating	Standard
Market Cap $Mil	76,200
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	27.87
52 Week High/Low $	32.98/25.90
Shares Issued Mil	2,734
Morningstar Sector	Financial Services
Morningstar Industry	Banks - Global
GICS Sector	Financials

Price vs. Market



	09/16	09/17	09/18e	09/19e
NPAT ($Mil)	6,483.0	6,642.0	6,450.4	6,836.8
EPS ¢	235.3	239.5	231.8	244.7
EPS Chg %	3.4	1.8	-3.2	5.6
DPS ¢	198.0	198.0	198.0	198.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	7.2	6.5	7.1	7.1
P/E x	11.7	12.7	12.1	11.4

Source: Morningstar estimates 13-Aug-2018 .

Profile

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

Investment Perspective by David Ellis 14-Aug-2018

National Australia Bank is one of four major banks and is Australia's biggest business bank. The Clydesdale demerger completed in February 2016 with the core and profitable Australian and New Zealand commercial and retail banking franchises now the sole focus. CEO Andrew Thorburn and senior management have started the business optimisation process and we expect consistent, high-quality earnings going forward, erasing previous disappointments and rebuilding investor confidence. Good revenue and volume growth, tight cost control and improved return on equity will feature. The share price has recovered relative to peers from a long period of underperformance. The bank has substantial exposure to the business sector, with 45% of earnings from business banking, and is well placed to take advantage of the recovery in demand for business credit. The author's retirement fund owns shares in all four Australian major banks.

Research Archive

Time	Date	Rating	Price $	Event
1:35PM	14-Aug-2018	★★★★	27.94	
No Major Surprises in NAB's 3Q18 Trading Update. AUD 32 FVE Unchanged				
5:50PM	01-Aug-2018	★★★★	27.98	
Solid Credit Growth and Favourable Economic Conditions Support Major Bank Earnings				
4:00PM	15-May-2018	★★★★	27.52	$
Price move through trigger level				
2:00PM	03-May-2018	★★★	29.58	
NAB's 1H18 Profit Flat. Confirms Wealth Business Sell-Off by End 2019. FVE AUD 32 Unchanged				
2:45PM	23-Apr-2018	★★★	28.37	
NAB Confirms Significant Restructuring Costs, but Payoff a Long Way Off. FVE AUD 32 Unchanged				

$ = Price Move = Research Report

Financials	09/15	09/16	09/17	09/18e	09/19e
Net Interest Income ($Mil)	14,017.0	12,912.0	13,166.0	13,213.1	13,755.6
Net Interest Margin %	1.87	1.88	1.92	1.87	1.89
Non Interest Income ($Mil)	5,281.0	4,492.0	4,729.0	4,870.9	5,093.7
Adjusted NPAT ($Mil)	5,839.0	6,483.0	6,642.0	6,450.4	6,836.8
Reported NPAT ($Mil)	6,338.0	352.0	5,285.0	5,425.4	6,836.8
Earnings Per Share ¢	227.6	235.3	239.5	231.8	244.7
Avg no. of Shares ($Mil)	2,565.4	2,755.3	2,773.1	2,783.4	2,793.7
Book Value Per Share ¢	2,163.2	1,861.6	1,850.2	1,609.2	1,889.5
Efficiency Ratio %	52.2	43.3	43.2	45.5	43.6
Bad Debts to Gross Loans Ratio %	0.15	0.14	0.15	0.13	0.17
Tier 1 Ratio %	12.4	12.2	12.4	13.6	13.6

Consensus out of 5 analysts	2017	2018e	2019e
EPS ¢	239.0	215.0	241.0
DPS ¢	198.0	198.0	198.0
Dividend Yield %	7.1	7.1	7.1

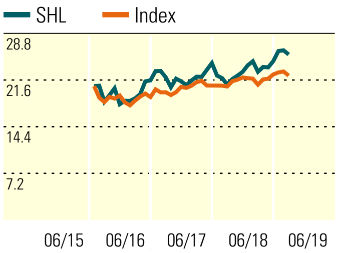
Key Dates			
Fiscal Year End	30 Sep	AGM	15 Dec 2017
Listing Date	31 Jan 1962	DRIP	Active

Sonic Healthcare Limited SHL ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	25.50
Stewardship Rating	Standard
Market Cap $Mil	10,868
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	25.54
52 Week High/Low $	27.00/20.60
Shares Issued Mil	426
Morningstar Sector	Healthcare
Morningstar Industry	Medical Care
GICS Sector	Health Care

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	427.5	475.6	503.0	562.1
EPS ¢	102.0	112.2	118.3	132.2
EPS Chg %	-6.5	10.0	5.4	11.7
DPS ¢	77.0	81.0	83.0	93.0
Franked %	20.0	30.0	30.0	30.0
Div Yld %	3.5	3.5	3.3	3.7
P/E x	21.5	20.4	21.5	19.3

Source: Morningstar estimates 16-Aug-2018 .

Profile

Sonic Healthcare Limited (SHL) is an international medical diagnostics company, offering laboratory medicine/pathology and radiology services to the medical community. The company is structured as a decentralized federation of medically-led diagnostic practices, with the head office in Sydney, Australia. SHL provides the services and infrastructure in eight countries: Australia; New Zealand; the UK; Germany; Switzerland; Belgium; Ireland; and the USA.

Investment Perspective by Chris Kallos 16-Aug-2018

During the past two decades, Sonic has built a dominant position in the Australian medical diagnostics market; it is now the largest Australian pathology laboratory operator. This scale gives it a significant cost advantage, the primary source of its narrow economic moat. Sonic invested heavily throughout the six years to 2011 to establish critical mass in the U.S. and European pathology markets. The firm is now generating synergies from acquired businesses, the same strategy it implemented so successfully in Australia. We expect steady realisation of synergies in the U.S. and European markets to gradually boost margins for many years and help drive EPS growth of about 10% during the next five years. Several dynamics underpin pathology test volume globally, including ageing populations, the economic benefits of preventative medicine, and ongoing innovation in pathology testing technology.

Research Archive

Time	Date	Rating	Price $	Event
7:20PM	16-Aug-2018	★★★	26.30	
Sonic Meets Expectations and Continues to Expand International Pathology by Stealth; Raising FVE				
4:20PM	29-Jun-2018	★★★	24.53	
Medicare Indexation Freeze Ends as the New Fiscal Year Begins; Maintaining FVE for Sonic Healthcare				
9:35AM	16-Feb-2018	**Hold**	23.77	
Sonic Delivers Solid Interim Result, but Fee Cuts in Germany Back on The Radar				
12:55PM	22-Dec-2017	**Hold**	23.09	
U.S. Medicare Fee Changes Face Increasing Industry Pressure; Maintaining FVE for Sonic				
4:00PM	29-Nov-2017	**Hold**	22.35	$
Price move through trigger level				

$ = Price Move   = Research Report

Financials

	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	5,119.0	5,538.2	5,874.5	6,231.6
EBITDA Margin %	17.0	17.1	17.6	18.1
EBIT ($Mil)	640.7	692.3	764.3	842.0
EBIT Margin %	12.5	12.5	13.0	13.5
Adjusted NPAT ($Mil)	427.5	475.6	503.0	562.1
Reported NPAT ($Mil)	427.5	475.6	503.0	562.1
Earnings Per Share ¢	102.0	112.2	118.3	132.2
Avg no. of Shares ($Mil)	419.0	423.8	425.0	425.3
Book Value Per Share ¢	914.0	985.8	1,021.1	1,059.5
Net Operating Cashflow ($Mil)	707.7	707.7	625.4	825.8
Capex ($Mil)	-336.9	-225.6	-176.2	-186.9
Free Cash Flow ($Mil)	31.7	317.7	401.2	590.2

Consensus out of 3 analysts	2018	2019e	2020e
EPS ¢	115.0	116.0	126.0
DPS ¢	81.0	84.0	91.0
Dividend Yield %	3.2	3.3	3.6

Key Dates

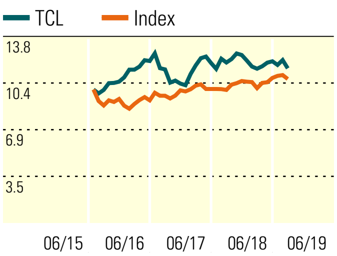
Fiscal Year End	30 Jun	AGM	22 Nov 2017
Listing Date	30 Apr 1987	DRIP	Suspended

Transurban Group TCL ★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value $	11.50
Stewardship Rating	Standard
Market Cap $Mil	25,456
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	11.44
52 Week High/Low $	13.11/10.97
Shares Issued Mil	2,225
Morningstar Sector	Industrials
Morningstar Industry	Infrastructure Operations
GICS Sector	Industrials

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	239.0	485.0	481.6	580.5
EPS ¢	11.7	22.7	19.6	21.6
EPS Chg %	30.7	93.2	-13.5	10.1
DPS ¢	51.5	56.0	59.0	62.0
Franked %	13.6	8.9	3.4	8.0
Div Yld %	4.6	4.7	5.2	5.4
P/E x	95.6	52.3	58.3	52.9

Source: Morningstar estimates 03-Sep-2018 .

Profile

Transurban Group (TCL) manages and develops urban toll road networks in Australia and the United States of America. Company engage in the development, operation, maintenance and financing of toll road networks as well as management of the associated customer and client relationships. Company have 13 roadsin Australian portfolio and in US company have 2 roads in the state of Virginia, both in Washington DC area.

Investment Perspective by Adrian Atkins 07-Aug-2018

Transurban Group is a leading toll road owner/operator, with a portfolio of assets in Australia and North America. Concession lives are fixed, with toll roads handed back to their respective governments debt-free at the end of the concession. The weighted average concession life of the portfolio is around 30 years. Under the leadership of Scott Charlton, Transurban has aggressively expanded its portfolio through a combination of acquisitions and greenfield projects. Toll roads have high barriers to entry and benefit from rising traffic volumes and tolls, which increase in line with the consumer price index or higher. Transurban is a stapled security, with a considerable portion of its net cash flows distributed to security holders pretax. The objective is to cash-cover and increase distributions; we project a five-year mid-single-digit CAGR in distributions

Research Archive

Time	Date	Rating	Price $	Event
3:05PM	03-Sep-2018	★★★	12.06	Research Report
Corporate Action: Take Up Entitlements to Fund Transurban's 25.5% WestConnex Stake				
6:45PM	07-Aug-2018	★★★	12.02	Research Report
Transurban Posts Solid FY18 Despite Soft Traffic Growth; No Change to FVE				
11:20AM	01-May-2018	★★★	11.60	Research Report
Transurban's Investor Day Highlights Growth Potential and Higher Costs				
5:40PM	16-Apr-2018	★★★	11.25	Research Report
Transurban Tracking In Line With Expectations; No Change to FVE				
4:45PM	23-Mar-2018	★★★	11.05	Research Report
Transurban Secures a Beachhead in Montreal; No change to FVE				

$ = Price Move = Research Report

Financials	06/16	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	2,210.0	2,732.0	3,298.0	2,536.4	2,708.1
EBITDA Margin %	57.2	56.8	51.0	75.6	76.6
EBIT ($Mil)	681.0	923.0	1,011.0	1,224.8	1,377.4
EBIT Margin %	36.7	34.0	31.3	48.3	50.9
Adjusted NPAT ($Mil)	177.8	239.0	485.0	481.6	580.5
Reported NPAT ($Mil)	99.0	239.0	485.0	481.6	580.5
Earnings Per Share ¢	9.0	11.7	22.7	19.6	21.6
Avg no. of Shares ($Mil)	1,978.8	2,035.5	2,138.0	2,456.2	2,687.7
Book Value Per Share ¢	326.4	220.6	261.5	391.8	317.7
Net Operating Cashflow ($Mil)	910.0	837.0	1,053.0	957.3	1,247.8
Capex ($Mil)	-78.0	-1,122.0	-1,484.0	-1,885.7	-1,533.2
Free Cash Flow ($Mil)	-1,797.8	994.7	128.2	-4,103.9	685.3

Consensus out of 3 analysts	2018	2019e	2020e
EPS ¢	24.0	20.0	23.0
DPS ¢	56.0	58.0	62.0
Dividend Yield %	4.9	5.1	5.4

Key Dates

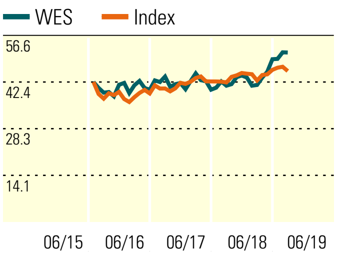
Fiscal Year End	30 Jun	AGM	12 Oct 2017
Listing Date	15 Mar 1996	DRIP	Active

Wesfarmers Limited WES ★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Narrow
Fair Value $	39.00
Stewardship Rating	Exemplary
Market Cap $Mil	58,268
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	51.39
52 Week High/Low $	52.77/40.29
Shares Issued Mil	1,134
Morningstar Sector	Consumer Defensive
Morningstar Industry	Grocery Stores
GICS Sector	Consumer Staples

Price vs. Market



	06/17	06/18	06/19e	06/20e
NPAT ($Mil)	2,873.0	2,770.0	3,053.7	3,036.8
EPS ¢	254.2	244.5	269.3	267.8
EPS Chg %	21.6	-3.8	10.2	-0.6
DPS ¢	223.0	223.0	229.0	229.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	5.2	5.2	4.5	4.5
P/E x	16.7	17.5	18.9	19.0

Source: Morningstar estimates 15-Aug-2018 .

Profile

Wesfarmers Limited (WES) is a diversified business operating supermarkets, department stores, home improvement and office supplies, resources, chemicals, energy and fertilisers, and industrials and safety products. WES is headquartered in Western Australia.

Investment Perspective by Johannes Faul 15-Aug-2018

Wesfarmers' diversified portfolio provides exposure to many segments of the Australian economy. However, even after the divestment of Coles, the vast majority of earnings will be consumer-related. Other operations provide exposure to agriculture and industrial gases. Wesfarmers is Australia's largest private-sector employer, with more than 200,000 employees. We believe Wesfarmers has a narrow moat, which is sourced from cost advantages derived from its significant retail scale. Return on equity is affected by dilutive equity issues associated with the acquisition of Coles in 2008, along with the company's significant goodwill, but return on invested capital (excluding goodwill) comfortably exceeds the cost of capital.

Research Archive

Time	Date	Rating	Price $	Event
4:00PM	21-Aug-2018	★★	50.98	$
Price move through trigger level				
11:48PM	15-Aug-2018	★	52.20	Research Report
Wesfarmers Rallies Investors as Department Stores Surprise on the Upside; FVE Raised to AUD 39				
4:00PM	15-Aug-2018	★	52.20	$
Price move through trigger level				
3:15PM	07-Aug-2018	★★	49.94	Research Report
Wesfarmers Kisses its Last Mine Goodbye, Achieving an Attractive Price, But Our FVE Unchanged				
7:56PM	23-Jul-2018	★★	49.35	Research Report
Further Clarity on Proposed Coles Demerger Doesn't Change AUD 37.50 FVE for Wesfarmers				

$ = Price Move = Research Report

Financials

Financials	06/16	06/17	06/18	06/19e	06/20e
Sales Revenue ($Mil)	65,981.0	68,444.0	69,878.0	69,053.9	71,090.9
EBITDA Margin %	4.0	8.3	7.8	8.2	8.0
EBIT ($Mil)	1,346.0	4,402.0	4,227.0	4,457.6	4,461.4
EBIT Margin %	5.3	6.5	6.6	6.5	6.3
Adjusted NPAT ($Mil)	2,353.0	2,873.0	2,770.0	3,053.7	3,036.8
Reported NPAT ($Mil)	407.0	2,873.0	1,195.0	3,717.0	3,036.8
Earnings Per Share ¢	209.2	254.2	244.5	269.3	267.8
Avg no. of Shares ($Mil)	1,125.0	1,130.0	1,133.0	1,133.8	1,133.8
Book Value Per Share ¢	2,039.9	2,118.7	2,008.3	2,105.6	2,144.5
Net Operating Cashflow ($Mil)	3,365.0	4,943.2	4,080.0	4,487.8	4,369.2
Capex ($Mil)	-1,899.0	-1,681.0	-1,815.0	-1,588.2	-1,848.4
Free Cash Flow ($Mil)	-1,155.2	3,703.3	1,458.5	3,261.3	2,617.5

Consensus out of 4 analysts

	2018	2019e	2020e
EPS ¢	267.0	269.0	277.0
DPS ¢	223.0	223.0	229.0
Dividend Yield %	4.3	4.3	4.5

Key Dates

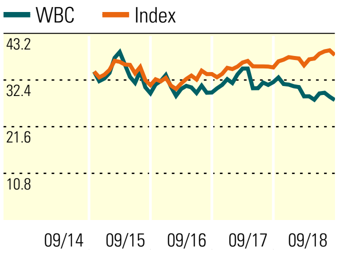
Fiscal Year End	30 Jun	AGM	13 Oct 2017
Listing Date	15 Nov 1984	DRIP	Active

Westpac Banking Corporation WBC ★★★★ (4:00PM 07-Sep-2018)

Snapshot

Fair Value Uncertainty	Medium
Moat Rating	Wide
Fair Value $	35.00
Stewardship Rating	Exemplary
Market Cap $Mil	95,487
Morningstar Style Box	
Price $ (4:00PM 07-Sep-2018)	27.80
52 Week High/Low $	33.68/27.24
Shares Issued Mil	3,435
Morningstar Sector	Financial Services
Morningstar Industry	Banks - Global
GICS Sector	Financials

Price vs. Market



	09/16	09/17	09/18e	09/19e
NPAT ($Mil)	7,822.0	8,062.0	8,424.8	8,739.0
EPS ¢	235.5	239.7	247.5	253.8
EPS Chg %	-5.6	1.8	3.3	2.5
DPS ¢	188.0	188.0	188.0	190.0
Franked %	100.0	100.0	100.0	100.0
Div Yld %	6.2	5.9	6.8	6.8
P/E x	12.9	13.4	11.2	11.0

Source: Morningstar estimates 24-Aug-2018 .

Profile

Westpac Banking Corporation (WBC) is Australia's oldest banking and financial services group, with branches and operations throughout Australia, New Zealand and the near Pacific region as well as offices in key financial centres around the world including London, New York, Hong Kong and Singapore. The Group is organised in the following 5 Key Divisions: Consumer Bank, Commercial and Business Bank, BT Financial Group, Westpac Institutional Bank and Westpac New Zealand. Its serves nearly 13 million customers.

Investment Perspective by David Ellis 24-Aug-2018

Westpac Banking Corporation is Australia's oldest bank, marking 200 years in 2017. Certain commentators view Westpac's successful home-loan growth strategy as a key weakness, but we argue that it is a core strength. Investor concerns, centred on the large exposure to residential mortgages, are overdone. The high-profile multibrand franchise in Australia and New Zealand is slanted towards retail banking, but retains meaningful exposure to the wealth, corporate, and institutional sectors. We see solid earnings upside potential, with international investors continuing to focus too much attention on negative short-term issues. A strong balance sheet, peer-leading loan quality, and impressive returns on equity underpin a solid earnings outlook. The author's retirement fund owns shares in all four Australian major banks.

Research Archive

Time	Date	Rating	Price $	Event
4:40PM	24-Aug-2018	★★★★	27.66	
Lower Net Interest Margins Surprise in Westpac's 3Q18 Update. AUD 35 FVE Unchanged.				
5:50PM	01-Aug-2018	★★★★	29.21	
Solid Credit Growth and Favourable Economic Conditions Support Major Bank Earnings				
3:56PM	07-May-2018	★★★★	29.10	
Westpac Bank Surprises with a Stronger Than Expected 1H18 Profit. FVE AUD 35 Unchanged				
5:30PM	23-Apr-2018	★★★★	28.86	
A Modest Increase in Westpac's 1H18 Profit Likely. FVE AUD 35 Unchanged				
3:20PM	06-Mar-2018	**Accumulate**	30.33	
Major Australian Bank Earnings Remain Resilient, Despite Slowing Credit Growth. FVEs Unchanged				

$ = Price Move = Research Report

Financials	09/15	09/16	09/17	09/18e	09/19e
Net Interest Income ($Mil)	14,239.0	15,348.0	15,704.0	16,484.7	17,469.2
Net Interest Margin %	2.08	2.13	2.09	2.13	2.12
Non Interest Income ($Mil)	6,301.0	5,888.0	5,852.0	5,808.3	5,921.8
Adjusted NPAT ($Mil)	7,820.0	7,822.0	8,062.0	8,424.8	8,739.0
Reported NPAT ($Mil)	8,012.0	7,445.0	7,990.0	8,424.8	8,739.0
Earnings Per Share ¢	249.5	235.5	239.7	247.5	253.8
Avg no. of Shares ($Mil)	3,134.0	3,322.0	3,364.0	3,404.0	3,444.0
Book Value Per Share ¢	1,720.3	1,751.4	1,823.5	1,781.4	1,846.6
Efficiency Ratio %	42.0	42.1	42.2	41.8	41.8
Bad Debts to Gross Loans Ratio %	0.12	0.17	0.13	0.13	0.15
Tier 1 Ratio %	11.4	11.2	12.7	12.0	12.0

Consensus out of 7 analysts	2017	2018e	2019e
EPS ¢	233.0	241.0	244.0
DPS ¢	188.0	188.0	193.0
Dividend Yield %	6.8	6.8	7.0

Key Dates

Fiscal Year End	30 Sep	AGM	08 Dec 2017
Listing Date	31 Jan 1962	DRIP	Active

Equities Research Methodology and Disclosure

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

Morningstar's Economic Moat™ Rating

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define excess profits as returns on invested capital, or ROICS, above our estimate of a firm's cost of capital, or WACC (weighted average cost of capital). Without a moat, profits are more susceptible to competition. Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Determining Fair Value

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

The Uncertainty Rating

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our recommendation system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, and other company-specific factors.

Our uncertainty ratings are low, medium, high, very high, and extreme. With each uncertainty rating is a corresponding set of price/fair value ratios that we use to assign recommendations, or star ratings.

Generating the Morningstar Recommendation/Star Rating

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

Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted. Furthermore, we would expect our fair value estimates to generally rise over time, due to the time value of money. Specifically, over the course of a year, barring major changes to analyst assumptions, we would expect our fair value estimates to increase at the level of our estimate of a firm's cost of equity (net of shareholder returns attributed to dividends). So, for a stock that pays no dividends with a $100 fair value estimate today and an estimated 10% cost of equity, we would expect our fair value estimate to rise to $110 in 12 months, all else equal.

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

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

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

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

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

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

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