

14-September-2018

Morningnote

Contents

Overseas Market Report	1
Australian Market Report	4
Market Sensitive Announcements	6

Flashnotes

Contact Energy Limited (CEN) -Contact Energy Provides August 2018 Operating Report

Decmil Group Limited (DCG) -Decmil Group Secures Framework Agreement with QGC for Works Within the Surat Basin

Brickworks Limited (BKW) -Brickworks Provides Update on Notice of Intention of Protected Industrial Action

Panoramic Resources Limited (PAN) -Panoramic Resources Signs Agreement to Sell Lanfranchi Nickel Project

Metminco Limited (MNC) -Metminco Trading Halted, Pending Company Announcement

Imagion Biosystems Limited (IBX) -Imagion Biosystems Trading Halted, Pending Company Announcement

Poseidon Nickel Limited (POS) -Poseidon Nickel Trading Halted, Pending Company Announcement

Zip Co Limited (Z1P) -Zip Announces Partnership with Target Australia

Funtastic Limited (FUN) -Funtastic Reinstates to Official Quotation

Overseas Market Report

Foreign Equities	Latest Price	Time/Date (AEST)	Change	% Change
▲ Dow Jones (US)	26146	7:18am 14/09/2018	147	0.57
▲ S&P 500	2904	7:18am 14/09/2018	15	0.53
▲ NASDAQ	8014	7:31am 14/09/2018	59	0.75
▼ FTSE 100 Index	7282	1:50am 14/09/2018	-32	-0.43
▲ DAX 30	12056	2:00am 14/09/2018	23	0.19
▼ CAC 40	5328	2:15am 14/09/2018	-4	-0.08
▲ Nikkei 225 (Japan)	22821	4:20pm 13/09/2018	217	0.96
▲ HKSE	27014	6:23pm 13/09/2018	669	2.54
▲ SSE Composite Index	2687	5:16pm 13/09/2018	30	1.15
▲ NZ 50	9249	3:20pm 13/09/2018	53	0.58

International Markets Roundup

NEW YORK [Morningstar with AAP]: Apple has led a rebound in technology shares and boosted all three major US stock indexes, while trade worries eased after China welcomed new talks with the United States.

The Dow inched closer to its all-time high that was hit on January 26, closing at its highest since February 1 on Thursday and just 1.8 per cent below the January 26 close.

The S&P 500 and the Nasdaq had already moved past their January peaks to record highs in prior weeks.

The S&P technology index climbed 1.2 per cent on Thursday, its biggest percentage gain since August 2, boosted by Apple's 2.4 per cent gain.

The timing of a new round of trade talks remains unclear and US President Donald Trump said the United States was under no pressure to make a deal with China.

Portfolio manager at Allianz Global Investors in Dallas, Burns McKinney, said stocks already had a boost on Wednesday when investors got word the Trump administration had reached out to China on trade talks.

"The inflation numbers came out lower than people had expected," McKinney said.

"That's a positive because it gives the (Federal Reserve) cover to maybe move slower in raising interest rates, which is good for equities."

US consumer prices rose less than expected in August and underlying inflation pressures also appeared to be slowing, a report from the US Labor Department showed.

The Dow Jones Industrial Average rose 147.07 points, or 0.57 per cent, to 26,145.99, the S&P 500 gained 15.26 points, or 0.53 per cent, to 2,904.18 and the Nasdaq Composite added 59.48 points, or 0.75 per cent, to 8,013.71.

On Wednesday, the Trump administration invited Beijing for a new round of talks, even as Washington prepared to

Propertylink Group (PLG) -Propertylink Group Submits Proposal to Acquire Centuria Industrial REIT

Contrarian Value Fund Limited (CVF) -Contrarian Value Fund Trading Halted, Pending Company Announcement

Comet Ridge Limited (COI) -Comet Ridge Announces Pause in Trading

Comet Ridge Limited (COI) -Comet Ridge Trading Halted, Pending Company Announcement

Eden Innovations Ltd (EDE) -Eden Innovations Announces Parchem Appointed as Australian NZ Distributor of EdenCrete Products

slap tariffs on \$US200 billion worth of Chinese goods.

The trade-sensitive industrial index rose 0.5 per cent. Caterpillar was up 0.9 per cent and Boeing rose 0.6 per cent.

Apple, which has said tariffs could hit a "wide range" of its products, fell on Wednesday when it unveiled its largest-ever iPhone, but made only small, widely expected changes to its line-up.

Shares of Home Depot slipped 1.2 per cent, Lowe's Cos fell 1.4 per cent and Beacon Roofing Supply dropped 5.9 per cent as Hurricane Florence, which began lashing coastal North Carolina, was downgraded to a category 2.

The S&P consumer staples index dropped 0.4 per cent as shares of Kroger weighed on the sector.

Kroger slid 9.9 per cent after the supermarket chain's same-store sales missed estimates as customers were put off by changes in how it stocked merchandise.

Chipmakers bounced back from a slide on Wednesday, with the Philadelphia semiconductor index up 1.2 per cent.

Qualcomm rose 4.0 per cent after it said it would buy back about \$US16 billion of its stock.

Late in the session, a Republican-led panel in the US House of Representatives voted to make permanent individual tax cuts from Trump's 2017 tax overhaul, a move seen as a way to help Republican candidates in the November congressional elections.

Advancing issues outnumbered declining ones on the NYSE by a 1.41-to-1 ratio; on Nasdaq, a 1.09-to-1 ratio favoured advancers.

The S&P 500 posted 61 new 52-week highs and two new lows; the Nasdaq Composite recorded 120 new highs and 59 new lows.

About 6.7 billion shares changed hands on US exchanges. That compares with the 6.1 billion daily average for the past 20 trading days, according to Thomson Reuters data.

Commodities	Latest Price	Time/Date (AEST)	Change	% Change
▲ Aluminium	2028	3:21am 14/09/2018	3	0.14
▲ Copper	6014	3:21am 14/09/2018	32	0.54
▼ Nickel	12527	3:21am 14/09/2018	-16	-0.13
▼ Gold	1202	8:10am 14/09/2018	-9	-0.77
▼ Silver	14.2	8:09am 14/09/2018	-0.1	-0.32
▼ Oil - West Texas crude	68.6	8:10am 14/09/2018	-1.8	-2.53
▲ Lead	2023	3:21am 14/09/2018	22	1.07
▼ Zinc	2345	3:21am 14/09/2018	-14	-0.61
▲ Ore	68	7:10am 14/09/2018	0	0.49

Currency	Latest Price	Time/Date (AEST)	Change	% Change
▲ \$A vs \$US	0.7187	8:10am 14/09/2018	0.0019	0.27
▼ \$A vs GBP	0.5484	8:10am 14/09/2018	-0.0012	-0.22
▲ \$A vs YEN	80.46	8:10am 14/09/2018	0.74	0.93
▼ \$A vs EUR	0.6149	8:10am 14/09/2018	-0.0017	-0.28
▲ \$A vs \$NZ	1.0937	8:10am 14/09/2018	0.0020	0.18
▼ \$US vs Euro	0.8553	8:10am 14/09/2018	-0.0047	-0.55
▼ \$US vs UK	0.7627	8:10am 14/09/2018	-0.0038	-0.50
▼ \$US vs CHF	0.9654	8:10am 14/09/2018	-0.0045	-0.47
▲ \$A vs \$CA	0.9341	8:10am 14/09/2018	0.0029	0.31

Australian Market Report

Australian Equities	Latest Price	Time/Date (AEST)	Change	% Change
▼ All Ordinaries	6240	7:20pm 13/09/2018	-44	-0.70
▼ S&P/ASX 200	6129	7:20pm 13/09/2018	-47	-0.76
▲ 10-year Bond Rate	2.62	7:09am 14/09/2018	0.01	0.29
90 Day Bank Accepted Bills	1.95	2:46am 14/09/2018	--	--
SFE-Day				
▲ 3-yr Bond Rate	2.07	7:09am 14/09/2018	0.01	0.49

Local Markets Are Expected to Open Higher

Ahead of the local open SPI futures were 27 point higher at 6,158.

Thursday 13 September - close [Morningstar with AAP]: The Australian share market has closed lower, dragged down by losses in the banking and health care sectors, while the Aussie dollar had a boost from better-than-expected jobs data and easing US-China trade tensions.

The benchmark S&P/ASX200 index closed down 47.2 points, or 0.76 per cent, at 6,128.7 points on Thursday, while the broader All Ordinaries index was down 44 points, or 0.70 per cent, at 6,239.9 points.

Commodity prices rose overnight and Asian markets gained ground following reports the US has invited Chinese officials for a fresh round of trade negotiations.

The news helped the Australian materials sector gain ground in an otherwise depressed market.

But Rakuten Securities Australia chief operating officer Nick Twidale said investor uncertainty and fears of a trade war still remained.

"The US-China situation is massive and the real truth behind it is no one really knows where we're going to end up in six months' time," he said.

"If the tariffs do come through that (US President Donald) Trump's threatening and it goes up to \$US450 billion plus, it's unheard of numbers before and no one really knows what the domino effect is going to be on that."

On the ASX, the latest hearings at the banking royal commission struck another blow to the financial sector, weighing down the market further.

The inquiry heard on Wednesday that CBA's insurance business, CommInsure, had rejected a trauma payout to a heart attack victim after using outdated medical definitions that found the heart attack was not severe enough.

CBA, ANZ and NAB all fell more than one per cent, closing at \$71.18, \$28.06 and \$27.30 respectively.

Westpac dropped 0.6 per cent to \$27.57.

Drugmaker CSL, which has had a strong year so far marked by record highs and a near 50 per cent jump in prices, was trading 1.5 per cent lower, weighing on the health care sector.

Higher iron ore prices overnight combined with a surprise improvement in the number of jobs created in Australia in August to strengthen the Australian dollar, which was buying 71.88 US cents at 1630 AEST, up from 70.98 on Wednesday.

In the retail sector, department store Myer surged 37.4 per cent to 57 cents a day after posting a \$486 million full-year loss.

Woolworths shares fell 3.2 per cent to \$27.50 after going ex-dividend.

ON THE ASX:

The S&P/ASX200 closed down 47.2 points, or 0.76 per cent, at 6,128.7 points

The All Ordinaries was down 44 points, or 0.70 per cent, at 6,239.9 points

Companies Commencing Ex-Dividend Trading Today (ASX 300):

- Austal Limited
- ERM Power Limited

Companies Reporting Today (ASX 300):

ASX Code	Company Name	Report
BLD*	Boral Limited	Annual
CSL*	CSL Limited	Annual
JBH*	JB Hi-Fi Limited	Annual
MYS*	Mystate Limited	Annual
ORA*	Orora Limited	Annual
SLK*	Sealink Travel Group Limited	Annual
SSM*	Service Stream Limited	Annual
VOC*	Vocus Group Limited	Annual

* Estimated based on release date of previous report

Market Sensitive Announcements

07:36 AM

Contact Energy Limited (CEN) -Contact Energy Provides August 2018 Operating Report

Contact Energy provided August 2018 operating report. It reported that the NZ electricity demand was up 1.3% on August 2017. For the month of August 2018 the Company recorded electricity and gas sales of 736 GWh, netback of \$89.96/MWh. As at 11 September 2018, South Island controlled storage was 86% of mean and North Island controlled storage was 125% of mean.

08:35 AM

Decmil Group Limited (DCG) -Decmil Group Secures Framework Agreement with QGC for Works Within the Surat Basin

Decmil Group announced that its Qld Business Unit has secured a new three-year Framework Agreement with QGC for works within the Surat Basin. The Framework Agreement will commence on 1 November 2018 and the scope includes the provision of construction activities, logistics and maintenance services across a number of QGC's upstream projects within the Surat Basin. The Company has been working with QGC in the Surat Basin for over seven years providing services that include the installation of wellheads and various brownfield maintenance activities. The contract includes options to extend for up to two years beyond the initial three-year term.

08:44 AM

Brickworks Limited (BKW) -Brickworks Provides Update on Notice of Intention of Protected Industrial Action

Brickworks provided update on Notice of Intention of protected industrial action. The Company announced that the industrial action involving an indefinite strike and an indefinite overtime ban has been withdrawn. Austral Bricks will continue its good faith negotiations in an effort to resolve the outstanding issues and attain a fair and reasonable outcome for all parties.

09:05 AM

Panoramic Resources Limited (PAN) -Panoramic Resources Signs Agreement to Sell Lanfranchi Nickel Project

Panoramic Resources advised that it has agreed to sell its Lanfranchi Nickel Project to a wholly owned subsidiary of Texas-based Black Mountain Metals (Black Mountain) for a total cash consideration of A\$15.1m. A deposit of A\$1.51m is to be paid to the Company with a further A\$11.99m due on completion, which is expected to be during the December 2018 quarter. In addition to the initial cash payment, the Company will receive a further deferred cash consideration of \$1.6m to be paid in 12 equal monthly instalments. The proceeds from the sale of Lanfranchi will assist the Company to maintain a robust balance sheet during the restart and ramp up of the Savannah Project.

09:07 AM

Metminco Limited (MNC) -Metminco Trading Halted, Pending Company Announcement

The securities of Metminco will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 17 September 2018 or when the announcement is released to the market.

09:09 AM

Imagion Biosystems Limited (IBX) -Imagion Biosystems Trading Halted, Pending Company Announcement

The securities of Imagion Biosystems will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 17 September 2018 or when the announcement is released to the market.

09:14 AM

Poseidon Nickel Limited (POS) -Poseidon Nickel Trading Halted, Pending Company Announcement

The securities of Poseidon Nickel will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 17 September 2018 or when the announcement is released to the market.

09:38 AM	<p>Zip Co Limited (Z1P) -Zip Announces Partnership with Target Australia</p> <p>Zip announced a partnership with Target Australia (Target) to offer the Company interest-free payments to its customers. The Company will provide Target customers a checkout experience both online and in-store. The relationship with Target continues to deliver on the Company's strategic vision of partnering with Australia's retailers, providing consumers with choice whilst expanding the network of acceptance for the Company's growing customer base. It is anticipated that the Company will be live throughout the Target network, both online and instore, by mid October 2018.</p>
09:46 AM	<p>Funtastic Limited (FUN) -Funtastic Reinstates to Official Quotation</p> <p>The suspension of trading in the securities of Funtastic will be lifted immediately, following the release by the Company of an announcement regarding a capital raising.</p>
09:55 AM	<p>Propertylink Group (PLG) -Propertylink Group Submits Proposal to Acquire Centuria Industrial REIT</p> <p>Propertylink Group submitted a non-binding and indicative proposal (Proposal) to acquire all of the outstanding units in Centuria Industrial REIT (CIP) for a combination of cash and Company securities. The Company has proposed to acquire all outstanding CIP units, by way of an off-market takeover offer for a consideration of 2.5327 Company securities, and \$0.33 cash for each CIP unit. Based on the Company's closing price on 12 September 2018, the implied value of its Proposal is \$3.04 per CIP unit, which values the equity of CIP at \$755m.</p>
09:57 AM	<p>Contrarian Value Fund Limited (CVF) -Contrarian Value Fund Trading Halted, Pending Company Announcement</p> <p>The securities of Contrarian Value Fund will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 17 September 2018 or when the announcement is released to the market.</p>
09:59 AM	<p>Comet Ridge Limited (COI) -Comet Ridge Announces Pause in Trading</p> <p>Trading in the securities of the Comet Ridge will be temporarily paused pending a further announcement.</p>
10:18 AM	<p>Comet Ridge Limited (COI) -Comet Ridge Trading Halted, Pending Company Announcement</p> <p>The securities of Comet Ridge will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 17 September 2018 or when the announcement is released to the market.</p>
11:54 AM	<p>Eden Innovations Ltd (EDE) -Eden Innovations Announces Parchem Appointed as Australian NZ Distributor of EdenCrete Products</p> <p>Eden Innovations announced that Parchem Construction Supplies Pty ("Parchem"), a leading manufacturer and supplier of products and equipment to the Australian & New Zealand concrete and construction markets, has been appointed its first independent distributor, as the exclusive Australian and New Zealand distributor of the EdenCrete range of products. Parchem has been servicing the Australian construction industry for over 50 years. It is a long-established marketer of a wide range of products that it either manufactures or distributes on behalf of other manufacturers. These products are sold for use in many facets of the concrete industry in both Australia and New Zealand, supplying contractors operating throughout markets including infrastructure, buildings, power and mining.</p>

Recommendation Updates Over the Last Week

ASX Code	Company Name	Morningstar Rating	Date Changed	Latest Report
▼ MYR	Myer Holdings	★★★	13/09/2018	Downgrade due to price change
▲ NWL	Netwealth Group	★★	12/09/2018	Upgrade due to price change
▲ IFL	IOOF	★★★★	10/09/2018	Upgrade due to price change
▲ SGR	The Star Entertainment Group	★★★	10/09/2018	Upgrade due to price change
▼ APA	APA Group	★★	07/09/2018	CKI's Bid for APA Group Is Unlikely to Succeed
▲ BLD	Boral	★★★	07/09/2018	Upgrade due to price change
▲ ASX	ASX	★★	06/09/2018	Upgrade due to price change
▲ BKL	Blackmores	★★★	06/09/2018	Upgrade due to price change
▲ CGF	Challenger	★★★★	06/09/2018	Upgrade due to price change
▲ FXJ	Fairfax Media	★★★	06/09/2018	Upgrade due to price change
▲ NCM	Newcrest Mining	★★★★	06/09/2018	Upgrade due to price change

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