

Australian Brokers Call - 11 July 2023

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
ALD	\$29.25	Outperform	\$36.50	Macquarie
ALX	\$6.05	Hold	\$6.43	Morgans
BXB	\$13.95	Buy	\$15.90	UBS
CBO	\$1.22	Buy	\$1.75	Bell Potter
DBI	\$2.64	Add	\$2.76	Morgans
DXC	\$2.53	Add	\$3.18	Morgans
GQG	\$1.51	Outperform	\$2.15	Macquarie
MFG	\$8.38	Hold	\$9.85	Morgans

Some text

ALD AMPOL LIMITED **Overnight Price: \$ 29.25**

Macquarie rates ALD as Outperform

Ampol looks set to have sustained a weaker second quarter because of lower refining margins and the outage at Lytton. As a result Macquarie reduces estimates for 2023 by -7%. The target is lowered to \$36.50 from \$39.45 to reflect earnings downgrades.

Outperform maintained. The broker suggests any weakness stemming from "messy" second quarter results may provide the opportunity to accumulate the stock.

Australian Brokers Call - 11 July 2023

ALX ATLAS ARTERIA **Overnight Price: \$ 6.05**

Morgans rates ALX as Hold

Ahead of the August reporting season, Morgans updates its forecasts for infrastructure stocks under its coverage for the significant shift in interest rates since the broker's last review in April.

Since that time, forward interest rates have increased by more than 1% weighing on the cost of debt, explains Morgans, while for some stocks a decline in both the Australian dollar and the AUD/Euro exchange rate have had beneficial impacts. Atlas Arteria does benefit from these favourable currency movements and the broker also raises its DPS outlook to reflect significant cash balances at the fund level that build up from upgraded APRR distribution forecasts.

BXB BRAMBLES LIMITED **Overnight Price: \$ 13.95**

UBS rates BXB as Buy

UBS expects Brambles' result due in August will show the company's free cash flow recovery is likely to carry into FY24, the broker expecting a FY24 run rate of \$300m down from \$330m in FY23 after dividends..

The broker expects prices will "slow down but not go down" with most of the recent uptick attributable to a normalisation of lumber prices, and that better asset control and fewer replacement purchases are likely to kick in from here. UBS foresees further upside in the target price, believing the company has not fully rerated, observing it is trading at a discount to the sector peers. Still, the broker expects August guidance to be conservative.

CBO COBRAM ESTATE OLIVES LIMITED **Overnight Price: \$ 1.22**

Bell Potter rates CBO as Buy

Bell Potter is reviewing Cobram Estate Olives following the Paine Schwartz offer for Costa Group ((CGC)). Many of the same traits are present such as a seasonally-depressed yield pushing the share price towards the underlying value of the agricultural assets, implying little for the brands.

After the company recently downgraded its FY23 yield outcome, the broker adjusts forecasts to reflect the smaller harvest and higher base interest rates. Yet this is a portfolio of assets which are yet to reach economic maturity and the current share price, in the broker's view, ignores the uplift in asset values likely to accrue by FY30.

Australian Brokers Call - 11 July 2023

DBI DALRYMPLE BAY INFRASTRUCTURE LIMITED **Overnight Price: \$ 2.64**

Morgans rates DBI as Add

Ahead of the August reporting season, Morgans updates its forecasts for infrastructure stocks under its coverage for the significant shift in interest rates since the broker's last review in April.

Since that time, forward interest rates have increased by more than 1% weighing on the cost of debt, explains Morgans, while for some stocks a decline in both the Australian dollar and the AUD/Euro exchange rate have had beneficial impacts. In the case of Dalrymple Bay Infrastructure, existing interest rate hedging and swaps largely protect against higher interest rates until FY31, observes the broker. As a result, the Add rating and \$2.76 target are unchanged.

DXC DEXUS CONVENIENCE RETAIL REIT **Overnight Price: \$ 2.53**

Morgans rates DXC as Add

Morgans updates its forecasts for Dexus Convenience Retail REIT for a loss of income due to asset sales as well as a higher interest cost assumption, and the broker's target falls to \$3.18 from \$3.53.

Across FY23 asset sales were around 5% of the total portfolio, observes the analyst, and the REIT has announced the sale of three further assets totaling \$15.4m with proceeds used to pay down debt. Preliminary revaluations of the portfolio as at June 30 have also resulted in cap rates expanding by 20bps with values falling by -2.9%. The Add rating is unchanged.

GQG GQG PARTNERS INC **Overnight Price: \$ 1.51**

Macquarie rates GQG as Outperform

GQG Partners reported net inflows of \$1.2 bn in the June quarter and confirmed client demand is "reasonable". Macquarie notes the relative performance metrics have been more mixed in 2023, resulting in a slowing of net flows.

Emerging market equities in terms of relative performance are well ahead on a one and three-year basis, with international equities around benchmark. The broker believes the performance history and recent flows warrant a premium multiple and an Outperform rating is maintained. Target rises to \$2.15 from \$2.05.

Australian Brokers Call - 11 July 2023

MFG MAGELLAN FINANCIAL GROUP LIMITED

Overnight Price: \$ 8.38

Morgans rates MFG as Hold

Morgans marks-to-market its forecasts for Magellan Financial and lowers its target to \$9.85 from \$10.02 on FY24/25 downgrades of around -3-4% due to lower funds under management (FUM). Hold.

The group experienced outflows of -\$2.1bn in June-23 and -\$10.2bn in the calendar year-to-date. While the broker believes the peak for outflows has passed, they still continue and present risks to the Retail FUM base.

Australian Brokers Call - 11 July 2023

DISCLAIMER for General Advice: (This document is for general advice only).

This document is provided by Laverne Securities Pty Ltd T/as Investor Desk. Laverne Securities Pty Ltd, CAR 001269781 of Laverne Capital Pty Ltd AFSL No. 482937.

The material in this document may contain general advice or recommendations which, while believed to be accurate at the time of publication, are not appropriate for all persons or accounts. This document does not purport to contain all the information that a prospective investor may require. The material contained in this document does not take into consideration an investor's objectives, financial situation or needs. Before acting on the advice, investors should consider the appropriateness of the advice, having regard to the investor's objectives, financial situation, and needs. The material contained in this document is for sales purposes. The material contained in this document is for information purposes only and is not an offer, solicitation or recommendation with respect to the subscription for, purchase or sale of securities or financial products and neither or anything in it shall form the basis of any contract or commitment. This document should not be regarded by recipients as a substitute for the exercise of their own judgment and recipients should seek independent advice.

The material in this document has been obtained from sources believed to be true but neither Investor Desk and Banyan Tree nor its associates make any recommendation or warranty concerning the accuracy or reliability or completeness of the information or the performance of the companies referred to in this document. Past performance is not indicative of future performance. Any opinions and or recommendations expressed in this material are subject to change without notice and, Investor Desk and Banyan Tree are not under any obligation to update or keep current the information contained herein. References made to third parties are based on information believed to be reliable but are not guaranteed as being accurate.

Investor Desk and Banyan Tree and its respective officers may have an interest in the securities or derivatives of any entities referred to in this material. Investor Desk and Banyan Tree do and seek to do, business with companies that are the subject of its research reports. The analyst(s) hereby certify that all the views expressed in this report accurately reflect their personal views about the subject investment theme and/or company securities.

Although every attempt has been made to verify the accuracy of the information contained in the document, liability for any errors or omissions (except any statutory liability which cannot be excluded) is specifically excluded by Investor Desk and Banyan Tree, its associates, officers, directors, employees, and agents. Except for any liability which cannot be excluded, Investor Desk and Banyan Tree, its directors, employees and agents accept no liability or responsibility for any loss or damage of any kind, direct or indirect, arising out of the use of all or any part of this material. Recipients of this document agree in advance that Investor Desk and Banyan Tree are not liable to recipients in any matters whatsoever otherwise; recipients should disregard, destroy or delete this document. All information is correct at the time of publication. Investor Desk and Banyan Tree do not guarantee reliability and accuracy of the material contained in this document and is not liable for any unintentional errors in the document.

The securities of any company(ies) mentioned in this document may not be eligible for sale in all jurisdictions or to all categories of investors. This document is provided to the recipient only and is not to be distributed to third parties without the prior consent of Investor Desk and Banyan Tree.