17-June-2019

Morningnote

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Overseas Market Report

Foreign Equities	Latest Price	Time/Date (AEST)	Change	% Change
▼ Dow Jones (US)	26090	7:29am 15/06/2019	-17	-0.07
▼ S&P 500	2887	7:29am 15/06/2019	-5	-0.16
▼ NASDAQ	7797	7:31am 15/06/2019	-40	-0.52
▼ FTSE 100 Index	7346	1:50am 15/06/2019	-23	-0.31
▼ DAX 30	12096	2:00am 15/06/2019	-73	-0.60
▼ CAC 40	5368	2:15am 15/06/2019	-8	-0.15
▲ Nikkei 225 (Japan)	21117	4:20pm 14/06/2019	85	0.40
▼ HKSE	27118	6:23pm 14/06/2019	-176	-0.65
▼ SSE Composite Index	2882	5:15pm 14/06/2019	-29	-0.99
▲ NZ 50	10235	3:20pm 14/06/2019	12	0.11

International Markets Roundup

[Morningstar with AAP]: US stocks ended lower on Friday, as investors cautiously await this week's Federal Reserve meeting on 18-19 June - a warning from chipmaker Broadcom on weakening global demand also weighed.

Asia

China stocks ended weaker on Friday, as investors kept a cautious stance ahead of data that was released after market hours, while U.S. tariff threats continued to weigh.

The Shanghai Composite index was down 1 per cent at 2,881.97 points, but still ended up 1.9% for the week. The blue-chip CSI300 index closed 0.8 per cent lower, but 2.5 per cent higher week-on-week.

The Hong Kong stock market fell for the third straight session on Friday, reducing some its weekly gains, as China reported lacklustre industrial production data.

Police kept a close watch over central Hong Kong on Friday as the Asian financial hub returned to normalcy, with banks re-opening branches closed during violent protests earlier in the week.

At market close, the Hang Seng index was down 0.7 per cent to 27,118.53, bringing to 0.6 per cent its weekly gains.

Share prices within the energy segment of the Hang Seng rose 0.2 per cent, while the IT, financial and property sectors dipped 1.4 per cent, 0.8 per cent and 0.3 per cent, respectively.

Around the region, MSCI's Asia ex-Japan stock index was weaker by 0.5 per cent, while Japan's Nikkei index rose 0.4 per cent to 21,116.89, after slipping into negative territory in early trade.

Japanese energy shares rallied after attacks on two oil tankers in the Gulf of Oman pushed crude oil prices sharply higher.

Latam Autos Limited (LAA) -Latam Autos Reinstates to Official Quotation

Prime Financial Group Limited (PFG) -Prime Financial Group Provides Update on Capital Reduction

DomaCom Limited (DCL) -DomaCom Completes Capital Raising

Smiles Inclusive Limited (SIL) -Smiles Inclusive Advises on Withdrawal of Support for Second EGM

Volpara Health Technologies Limited (VHT) -Volpara Health Technologies Announces Completion of Acquisition of MRS Systems

Sony Corp also was in the spotlight, with the stock ending 3.1 per cent higher after Daniel Loeb's activist hedge fund Third Point LLC called on the company on Thursday to spin off its semiconductor business.

Europe

European shares on Friday were knocked by losses among trade-sensitive technology stocks, after US chipmaker Broadcom flagged declining sales and disappointing industrial data from China gave the clearest signs yet of the damage trade war may do to global growth.

The pan-European STOXX 600 index closed down 0.4 per cent, with Frankfurt's DAX index, which lists Europe's largest chipmaker Infineon, falling 0.6 per cent.

Broadcom blamed the trade war for the $2 billion hit to its 2019 sales, along with the ban on doing business with Huawei.

European peers Infineon, AMS and STMicroelectronics, Siltronic, Dialog Semiconductor fell between 2.5 per cent and 5.5 per cent, pulled technology sector down 1.8 per cent.

However, the losses on Friday weren't sever enough to offset gains built across the full week on hopes monetary easing in Europe and the US would offset May's growth fears. The Stoxx 600 was up 0.4 per cent across the week.

Mining and auto stocks which typically fall on trade concerns, fell about 0.9 per cent each.

Utilities, among sectors considered as bond-proxies, rose 0.5 per cent, helped by shares of National Grid, which was upgraded by Bernstein and France's Rubis.

N America

US stocks ended lower on Friday, as investors cautiously await this week's Federal Reserve meeting on 18-19 June - a warning from chipmaker Broadcom on weakening global demand also weighed.

Broadcom shares fell 5.6 per cent after management cut its full-year revenue forecast by US$2 billion.

At the close on Friday, the Dow Jones index, S&P500 and tech-heavy Nasdaq Composite were down 0.07 per cent, 0.16 per cent and 0.5 per cent, respectively.

Some market commentators suggest a sell-off will ensue if the Fed fails to cut rates this week.

The S&P500 remained in positive territory over the full week - its second straight week of gains - and up 4.9 per cent in June, largely on hopes of a rate cut.

Commodities		Latest Price	Time/Date (AEST)	Change	% Change
▼	Aluminium	1733	8:30am 15/06/2019	-23	-1.32
▼	Copper	5798	8:31am 15/06/2019	-33	-0.56
▲	Nickel	11792	8:32am 15/06/2019	30	0.26
▼	Gold	1342	8:14am 17/06/2019	-10	-0.71
▲	Silver	14.9	8:14am 17/06/2019	0.0	0.26
▲	Oil - West Texas crude	52.5	8:15am 17/06/2019	0.2	0.44
▼	Lead	1876	8:32am 15/06/2019	-22	-1.15
▼	Zinc	2563	8:32am 15/06/2019	-21	-0.83
▼	Ore	104	7:10am 15/06/2019	-2	-1.84

Currency	Latest Price	Time/Date (AEST)	Change	% Change
$A vs $US	0.6869	8:14am 17/06/2019	-0.0001	-0.01
$A vs GBP	0.5458	8:14am 17/06/2019	0.0020	0.37
$A vs YEN	74.58	8:14am 17/06/2019	-0.02	-0.03
$A vs EUR	0.6128	8:14am 17/06/2019	0.0012	0.20
$A vs $NZ	1.0574	8:14am 17/06/2019	0.0023	0.22
$US vs Euro	0.8917	8:14am 17/06/2019	0.0020	0.22
$US vs UK	0.7939	8:14am 17/06/2019	--	--
$US vs CHF	0.9984	8:14am 17/06/2019	-0.0002	-0.02
$A vs $CA	0.9216	8:14am 17/06/2019	-0.0022	-0.24

Australian Market Report

Australian Equities		Latest Price	Time/Date (AEST)	Change	% Change
▲	All Ordinaries	6634	4:31pm 14/06/2019	15	0.22
▲	S&P/ASX 200	6554	4:31pm 14/06/2019	12	0.18
▼	10-year Bond Rate	1.37	7:09am 15/06/2019	-0.01	-0.54
	90 Day Bank Accepted Bills SFE-Day	1.13	7:09am 15/06/2019	--	--
	3-yr Bond Rate	0.94	7:09am 15/06/2019	--	--

Local Markets Are Expected to Open Higher

Ahead of the local open SPI futures were 8 points higher at 6,565.

Friday 14 June - close [Morningstar with AAP]: The Australian share market has edged higher and hit another 11-and-a-half year peak in the process.

Australia's mining giants hit multiyear highs on the backs of surging iron ore prices and energy stocks moved higher after attacks on two fuel tankers in the Gulf of Oman, but banks and consumer shares dragged down the market.

The benchmark S&P/ASX200 index closed up 11.6 points, or 0.19 per cent, to 6,554 points at 1615 AEST on Friday, while the broader All Ordinaries was up 14.5 points, or 0.22 per cent, to 6,633.6.

For the week the ASX200 was up 110.1 points, or 1.71 per cent.

"A bit of a dull day to be honest," said CMC Markets chief market strategist Michael McCarthy, referring to the low overall gains.

Traders are torn between the easy money conditions that leaves them with money to invest, and shares being at decade highs, he said.

"There's a lack of enthusiasm, but there's not a lot of selling going on," Mr McCarthy said.

Miners were the biggest gainers on Friday, collectively up two per cent after the price of iron ore surged to a five-year high of over $US110 a tonne.

Iron ore giant Fortescue Metals gained 5.5 per cent to hit a more than 10-year high of $8.80.

BHP was up 1.9 per cent to an eight-year high of $40.30 and Rio Tinto gained 3.4 per cent to an 11-year high of $105.34.

The energy sector was up 1.7 per cent as a whole as the price of Brent crude jumped over four per cent to US$62 following the attack on the oil tankers, which the US blamed on Iran.

Woodside Petroleum gained 1.9 per cent to $35.03, Santos was up 2.6 per cent to $7 and Oil Search gained 1.5 per cent to also close at $7.

But the big four banks were all lower, with ANZ down 0.7 per cent to $28.22, Commonwealth down 0.8 per cent to $79.77, NAB down one per cent to $26.73, and Westpac down 0.9 per cent to $27.88.

AMP was down 5.8 per cent to $2.11 after regulator APRA issued new licence conditions on AMP Super.

Consumer discretionary shares were collectively down 0.7 per cent, with Wesfarmers falling 1.7 per cent to $35.66, while consumer staples dipped 0.4 per cent.

Pipe manufacturer Tubi Limited surged 47.5 per cent from its initial public offering price on its ASX debut, closing at 29.5 cents.

Flexible workplace company Victory Offices also made its ASX debut, closing at $2.15, up 7.5 per cent from its IPO price.

McGrath was flat at 27 cents after the real estate agent said it expected a full year earnings loss of between $6 million and $6.5 million.

Afterpay Touch shares continued to fall on regulatory concerns, closing down 4.3 per cent, and investment manager Challenger fell another 6.5 per cent after announcing on Thursday its profit would be at the lower range of guidance.

The Aussie dollar is buying 69.02 US cents, from 69.09 US cents on Thursday.

ON THE ASX:

The benchmark S&P/ASX200 index was up 11.6 points, or 0.18 per cent, to 6,554 points at 1630 AEST on Friday.

The All Ordinaries was up 14.5 points, or 0.22 per cent, to 6,633.6

The NZX 50 added 11.56 points (0.11%) closed at 10,235.37.

Companies Reporting Today (ASX 300):

ASX Code	Company Name	Report

* Estimated based on release date of previous report

Market Sensitive Announcements

07:34 AM

Meridian Energy Limited (MEZ) -Meridian Energy Provides Monthly Operating Report for May 2019

Meridian Energy provided monthly operating report for May 2019. It reported that in the month to 13 June 2019, national hydro storage increased from 107% to 122% of historical average. The Company's May 2019 monthly total inflows were 165% of historical average. NZ Aluminium Smelter's load during May 2019 was below the contract level of 622MW. The Company's retail sales volumes in May 2019 were 8.5% higher than May 2018.

08:24 AM

Goodman Group (GMG) -Goodman Group Notes on S&P DJI Announcing June 2019 Quarterly Rebalance of the S&P/ASX Indices

Goodman Group noted that S&P Dow Jones Indices (S&P DJI) announced the changes in the S&P/ASX indices, effective at the open of trading on 24 June 2019. At this rebalance, the S&P/ASX 200 index hierarchy and the S&P/ASX All Australian indices were reviewed. S&P DJI will also remove Navitas from the S&P/ASX indices, subject to shareholder and final court approval of the scheme of arrangement whereby the company will be acquired by an investment consortium.

08:31 AM

IMF Bentham Limited (IMF) -IMF Bentham Provides Settlement Update

IMF Bentham announced that the Federal Court of Australia has made orders approving the settlement of the securities class action against Ashley Services Group. The Company expects to generate revenue of $7.6m which would constitute a profit before tax and overheads of $4.8m, providing a ROIC of 1.7 times and an IRR of 106%. The period in which the revenue will be recognised remains to be determined. This investment is part of the Company's on-balance sheet portfolio.

08:34 AM

Alacer Gold Corp (AQG) -Alacer Gold Corp Reports Commerical Production at the Copler Sulfide Plant

Alacer Gold Corp reported that commercial production has been achieved at its Copler sulfide plant, effective 31 May 2019. In declaring commercial production, the Company evaluated several measures including throughput, gold recovery rate, production, costs and overall sulfide plant reliability. During May 2019, the sulfide plant operated at design for the sulfide sulfur processed and averaged a throughput rate of over 80%. Gold recovery was 93%, plant utilization was 85%, and over 22,000oz of gold were recovered with processing costs in line with expectations.

08:40 AM

Strike Energy Limited (STX) -Strike Energy Provides West Erregulla-2 Update

Strike Energy cased the surface hole section and cemented at section TD. The cement job was confirmed with good returns to surface and the first wellhead section was set. Recommencement of drilling was subsequently delayed due to several days of unplanned rig maintenance and severe weather conditions. Drilling of the first intermediate section has commenced and the current measured depth is 1,237m. The tertiary target in the Cattamarra oil is prognosed to be intercepted at a depth of 2,200m during the drilling of this section.

08:46 AM

Xanadu Mines Limited (XAM) -Xanadu Mines Trading Halted, Pending Company Announcement

The securities of Xanadu Mines will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 June 2019 or when the announcement is released to the market.

09:17 AM

BARD1 Life Sciences Limited (BD1) -BARD1 Life Sciences Trading Halted, Pending Company Announcement

The securities of BARD1 Life Sciences will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 June 2019 or when the announcement is released to the market.

09:52 AM

Kore Potash Plc (KP2) -Kore Potash Trading Halted, Pending Company Announcement

The securities of Kore Potash will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 June 2019 or when the announcement is released to the market.

10:00 AM

Prospect Resources Limited (PSC) -Prospect Resources Trading Halted, Pending Company Announcement

The securities of Prospect Resources will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 June 2019 or when the announcement is released to the market.

10:22 AM

Latam Autos Limited (LAA) -Latam Autos Reinstates to Official Quotation

The suspension of trading in the securities of LatAm Autos will be lifted immediately, following the release by LAA of an announcement regarding a capital raising.

10:54 AM

Prime Financial Group Limited (PFG) -Prime Financial Group Provides Update on Capital Reduction

Prime Financial Group announced that Prime Accounting & Wealth Management (PWM), a subsidiary company set up in conjunction with an Institutional Partner, is undertaking a Capital reduction of $3.50m which will facilitate the cancellation of Company shares in PWM for $0.96m and the cancellation of the remaining shares held by the Institutional Partner for $2.54m. On completion of the transaction, the put option liability to the Institutional Partner of $3.18m stated in Company's Half-Year Financial Report dated 31 December 2018 will be removed.

11:03 AM

DomaCom Limited (DCL) -DomaCom Completes Capital Raising

DomaCom announced it has received binding commitments via a share placement (Placement) to professional and sophisticated investors to raise $1.5m. A total of 16.67m ordinary shares will be issued at a price of $0.09 per share. The funds raised will be used to fund Company's continued expansion, investment in its platform and general working capital requirements.

11:06 AM

Smiles Inclusive Limited (SIL) -Smiles Inclusive Advises on Withdrawal of Support for Second EGM

Smiles Inclusive provided update in relation to the potential second EGM that was notified by Mr. Mike Timoney, Mr. Joao Camacho and their associates in late May 2019 (Second EGM). The shareholding entities associated with Mr. Timoney have formally withdrawn their support for the Second EGM. Mr. Camacho and his other associates hold less than 5% of the shares and therefore have insufficient votes to call the Second EGM themselves under the Corporations Act 2001 (Cth).

12:07 PM

Volpara Health Technologies Limited (VHT) -Volpara Health Technologies Announces Completion of Acquisition of MRS Systems

Volpara Health Technologies announced that it has completed its acquisition of Seattle-based MRS Systems, Inc, following the Company's initial announcement of the proposed acquisition to the ASX on 3 June 2019. MRS Systems is a medical software Company that provides comprehensive patient tracking and communication, and a radiology reporting platform for sub-specialty radiology applications including breast and lung imaging. The acquisition of MRS Systems is consistent with the Company's goal to save families from breast cancer using AI imaging algorithms to assist the early detection of breast cancer. Application of AI requires well-curated data, and the combination of the two Companies opens that potential.

Research Report Summaries

Morningstar Rating

★★

Share Price

12.970

Brambles Limited (BXB) - Americas Margin Recovery In Sight For Wide-Moat Brambles; FVE Unchanged on Analyst Transfer

Analyst Note-We retain our fair value estimate of AUD 11.20 per share for wide-moat Brambles following a transfer to another analyst. Our expectations for solid earnings growth are unchanged with an average EPS growth rate forecast of 8.0% for the five years to fiscal 2023, driven by continued expansion in emerging markets and efficiency initiatives across the global pallet-pooling network. Revenue growth in the core regions is likely to remain modest, driven by a consumption of economic growth and gradual conversion of users away from white wood, offset by greater gains in developing markets such as China. But after a solid run, Brambles' shares screen as slightly expensive, trading at about 15% premium to our fair value estimate.

We forecast average group revenue growth of 1.0% over the next five years, with top-line growth suppressed by the IFCO divestment in June 2019. Excluding this transaction, we see mid-single-digit annual revenue gains for the firm. We expect average EBITDA margins of about 27.7% in fiscal 2018 will remain steady over the next five years, albeit with a dip to about 26% in fiscal 2019 as the firm aims to pass through higher transport and lumber costs. An improvement in the margin will depend on improved scale in emerging markets and greater automation in North America. We forecast capital expenditure will remain high at above USD 1 billion in fiscal 2019, reflecting Brambles' ongoing growth opportunities. Capital expenditure is well covered by operating cash flow.

We retain our wide-moat and medium uncertainty ratings. Brambles' pallet pools and pallet service centres form part of a hub-and-spoke network. Sustainable cost advantages flow to Brambles as new and existing customers bring greater crate volumes into one of Brambles' pooling networks, creating a virtuous circle of scale-related operational cost and asset-efficiency advantages. We expect the return on invested capital will remain robust, at an average 15.5% over the next five years.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	811.31	846.10	961.35	942.80
EPS c	50.86	53.01	60.23	62.93
P/E x	22.20	18.06	21.54	20.61
EPS Growth %	-5.37	4.21	13.62	4.49
DPS c	28.99	29.00	29.00	37.00
Yield %	2.57	3.03	2.24	2.85
Franking %	27.5	30.0	47.5	30.0

Morningstar Rating

★★★

Share Price

13.410

Carsales.com Limited (CAR) - Carsales.com Sensibly Sells Problematic Stratton Investment; Fair Value Maintained at AUD 14.50

Analyst Note-We are pleased, but not particularly surprised, that narrow-moat Carsales.com has decided to sell its 50.1% shareholding in Stratton Finance. The company bought its Stratton shareholding in 2014 for AUD 60 million but the business has faced several challenges recently; including regulatory change, competition, and weak new cars sales caused by falling real estate prices and the associated wealth effect. The Stratton investment was impaired last December to about AUD 12 million, an immaterial value relative to Carsales.com's market capitalisation of AUD 3.4 billion, and we expect Stratton to comprise less than 1% of group EBITDA in fiscal 2019.

Carsales.com's decision to expand into auto finance broking had the potential to create revenue synergies by leveraging the large audience of car buyers. However, we were critical of this strategy because we felt the company expanded too far into the highly competitive finance sector, to a point where it lacked a competitive advantage. We viewed this as poor strategy and capital allocation because companies should aim to strengthen, not weaken, their economic moats. Stratton's competitive position is reflected in its EBITDA margin of just 5% in fiscal 2018, versus Carsales.com's online advertising EBITDA margin of 76%.

Carsales.com effectively pre-announced its fiscal 2019 financial results, considering there are only two weeks left of the financial year, with management expecting underlying NPAT of AUD 130 million to AUD 132 million, versus our prior forecast of AUD 129 million. We've updated our forecast to the high-end AUD 132 million, although we maintain our fair value estimate of AUD 14.50 per share. Because Stratton is yet to be sold, we retained its earnings in our forecasts. Carsales.com's share price has increased by about 30% since the start of 2019 since investor fears about the effects of weak new car sales subsided, but at the current market price of AUD 13.77 the stock remains slightly undervalued.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	116.36	122.89	131.67	154.25
EPS c	48.20	50.71	54.33	63.64
P/E x	23.86	27.40	25.35	21.64
EPS Growth %	8.26	5.19	7.14	17.15
DPS c	40.20	44.20	46.00	54.00
Yield %	3.50	3.18	3.34	3.92
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★★

Share Price

6.500

Challenger Limited (CGF) - Challenger's FVE Cut on Reduced Equity Growth Assumption and Intensifying Adviser Disruptions

Analyst Note-We have cut no-moat Challenger Group's fair value estimate to AUD 8.20 per share from AUD 9.25 primarily because of a reduction in the firm's growth assumption for its equity portfolio from fiscal 2020 and disruptions in its key financial adviser distribution channel. Challenger's updated guidance results in only a minor reduction in fiscal 2019 underlying net profit after tax, or NPAT, to AUD 398 million from the previous AUD 402 million. The damage occurs from fiscal 2020, with underlying NPAT forecast at AUD 369 million from the previous AUD 402 million. Lower earnings in fiscal 2020 is because of management's new lower equity growth assumption and guidance for a one-off incremental investment of AUD 15 million during fiscal 2020 for marketing, products and distribution. Earnings are also being hit by lower interest rates, resulting in lower asset returns, and being reduced by a higher normalised tax rate from fiscal 2020. At our fair value estimate the firm has a fiscal 2019 P/E of 12.7 times and 13.7 times in fiscal 2020 and a fully-franked dividend yield of 4.3% in both years.

We expect the lower interest-rate environment and disruption to its financial adviser distributional channel will continue to be headwinds to earnings growth over the next few years. However, Challenger is well positioned to take advantage of the long-term structural tailwinds of an ageing demographic and roughly AUD 67 billion being transferred each year to the pension phase from the allocation phase of superannuation in Australia. Its new agreement with MS Primary to sell USD annuities in Japan from July 1, 2019, in addition to the current sale of AUD annuities, should also support annuity sales. Management's confidence in Challenger's long-term prospects is reflected in their willingness to overlook near-term headwinds and maintain dividends at fiscal 2019 levels during fiscal 2020, despite lower-than-expected underlying NPAT and a payout moderately above its target ratio of 50%.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	384.90	406.10	397.77	369.35
EPS c	65.68	65.93	64.58	59.97
P/E x	16.86	19.39	10.06	10.84
EPS Growth %	4.77	0.39	-2.05	-7.14
DPS c	35.00	35.00	35.00	35.00
Yield %	3.16	2.74	5.38	5.38
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★★

Share Price

5.150

Fletcher Building Limited (FBU) - Formica Divestment Yields Balance Sheet Flexibility for Fletcher; FVE Unchanged on Analyst Transfer

Analyst Note-We retain our fair value estimate of NZD 6.70/AUD 6.50 per share for no-moat Fletcher, following a transfer to another analyst. Expectations for Fletcher are largely unchanged. Shares continue to screen as cheap, trading at about 24% discount to fair value. We continue to expect the top line to grow at a 10-year CAGR of 0.5%, with the divestment of Roof Tile Group (RTG) and Formica Business contributing to the flat top line. We expect EBIT margins to rise to a midcycle level of just over 7.4%, excluding joint venture, or JV, profits, up from a nadir of 0.3% in fiscal 2018. Tighter control of costs, operating leverage in the distribution division, and a higher mix of infrastructure construction projects relative to commercial projects will all contribute to an improvement in the margin. We expect EBIT of NZD 643 million, inclusive of JV profits, in fiscal 2019, up significantly from NZD 50 million in fiscal 2018.

We retain our no-moat and high uncertainty ratings. Following the substantial losses sustained in its construction segment in fiscal 2018, Fletcher has taken corrective action--divesting its global Formica business and backing away from commercial construction projects. But we would have liked to have seen a more comprehensive restructure, involving a marked reduction in the group's level of diversification. We advocate that Fletcher refocus the group's attention on its businesses, which are well positioned competitively. The potential for management to create value for shareholders increases when it's free from the distraction that comes with the ownership of a plethora of disparate businesses.

The dividend was suspended in fiscal 2018 but management reinstated dividends in first half fiscal 2019. The company looks to pay out between 50% and 75% as dividends and we expect a full-year dividend of NZD 0.28 cents (fully franked to New Zealand shareholders) in fiscal 2019, as gearing falls well below target gearing range of 1.5-2.0 times net debt/EBITDA.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	303.06	-55.28	373.87	330.60
EPS c	43.67	-7.42	45.97	42.61
P/E x	19.74	-86.84	11.20	12.09
EPS Growth %	-16.10	-116.99	0.00	-7.32
DPS c	36.82	0.00	34.62	30.62
Yield %	4.27	0.00	6.72	5.94
Franking %	0.0	0.0	0.0	0.0

Morningstar Rating

★★★

Share Price

26.580

JB Hi-Fi Limited (JBH) - JB Hi-Fi's Rally Ignores the Competitive Threats. FVE Unchanged at AUD 24.50

Analyst Note-No-moat JB Hi-Fi’s shares screen as overvalued at current prices after rising about 30% since the start of 2019. The market appears enamoured with the company’s market-leading position and competitive operating cost structure. However, investors aren’t getting a margin of safety to account for longer-term structural risks. We maintain our AUD 24.50 fair value estimate.

Like all traditional retailers, JB Hi-Fi continues to transform into an omnichannel, which brings into question the established retailing playbook of growing sales by rolling out stores, and also requires rethinking of the last-mile. The cyclical nature of the soft retailing environment is unlikely to have long-lasting negative effects on the intrinsic value of leading retailers such as JB Hi-Fi and shouldn’t worry fundamental investors too much.

A gradual decline in foot traffic in Australian stores is inevitable as e-commerce grows rapidly. We anticipate the dominant players in their respective categories to take market share from smaller and weaker players, which are burdened with lower-traffic online channels, less competitive pricing or lower gross profit margins, and the higher cost of doing business. We forecast JB Hi-Fi, together with Harvey Norman, will consolidate the brick-and-mortar channel in consumer electronics.

A recent example is the acquisition of three 2nds World stores by Harvey Norman, after the retailer entered voluntary administration in April 2019. Yet, we don’t forecast JB Hi-Fi’s store count to increase. Rather, we expect JB Hi-Fi to increase its online sales to maintain market share. The online retailing channel has grown at an average rate of 13% over the last five years, and we project this trend to continue over the next five years, with e-commerce sales increasing by an average of 14% per year to fiscal 2023.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	207.80	233.20	247.73	258.53
EPS c	184.38	201.21	213.74	223.07
P/E x	14.30	12.28	12.52	11.99
EPS Growth %	22.23	9.12	6.23	4.36
DPS c	118.00	132.00	140.00	146.00
Yield %	4.48	5.34	5.23	5.46
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★

Share Price

1.440

Mesoblast Limited (MSB) - Funding Challenges and Later Product Launches Mean a Lower FVE for Mesoblast

Analyst Note-We are lowering our fair value estimate for no-moat Mesoblast to AUD 1.50 from AUD 2.35, based on a re-evaluation of product launch timelines and pricing. Mesoblast doesn't have a marketed product yet and estimated launch timelines have shifted to between three and five years on average, compared with dates originally indicated by management. We now anticipate the firm's first owned product, to treat acute Graft Versus Host Disease, or aGVHD, in children will be launched in fiscal 2021 versus our prior forecast of a fiscal 2020 launch. Our FVE of AUD 1.50 includes only the Tier 1 potential products, which are in the late stages of clinical trials and limited to the U.S. and Europe.

Mesoblast's cash flow is constrained and requires about USD 100 million annually to fund operations. To date it has sourced equity and debt funding, supplemented by selling rights to develop and commercialise certain drugs in specific countries. We anticipate further equity capital will be raised because the balance sheet won't be able to accommodate only debt funding, until Mesoblast reaches a stage where its able to generate positive free cash flow, which we forecast to occur in fiscal 2025. Shares on issue could be diluted 50% to 70% from current levels based on our assumption and debt levels above USD 200 million would be unlikely given the risk profile of the firm. By March 2019, the firm had USD 70 million of debt and access to a further USD 35 million facility. Equityholders are further at risk because existing debt agreements have preferential rights to cash flows linked to specific drugs. We don't believe the firm will pay a dividend.

As a biotech firm without approved products, the valuation has extreme uncertainty. Approval success rates, drug pricing, production costs, and the success of commercialisation and ultimate share of the treatable market achieved are highly variable. Our valuation range has a bull case scenario of AUD 5.50 and a bear case of AUD 0.50.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	0.00	0.00	0.00	0.00
EPS c	0.00	0.00	0.00	0.00
P/E x	0.00	0.00	0.00	0.00
EPS Growth %	0.00	0.00	0.00	0.00
DPS c	0.00	0.00	0.00	0.00
Yield %	0.00	0.00	0.00	0.00
Franking %	0.0	0.0	0.0	0.0

Morningstar Rating

★★

Share Price

35.660

Wesfarmers Limited (WES) - Wesfarmers' Long-Standing Department Store Star Dims Sooner Than Expected; AUD 30 FVE Unchanged

Analyst Note-Wide-moat Wesfarmers had bad news awaiting investors, just before kicking off its 2019 Strategy Day. The market wasn't impressed, with the shares declining about 5%, but remaining overvalued. Severe competition in the department store sector is stifling sales growth at discounters Kmart and Target--together they represent Kmart Group. Price cutting and elevated promotional activity slashed their gross margins in the second half of fiscal 2019. In addition to structural headwinds, discretionary retailers have been struggling in a softening macroeconomic environment, although there could be some respite after the federal election, from recent and potential interest rate cuts and looming tax breaks.

We have lowered our estimated operating profit for the department store segment by 13% to AUD 554 million in fiscal 2019, in line with management's guidance of AUD 515 million-AUD 565 million. The implied reduction of EBIT margins to 6.5%, is a year sooner than we expected. We have been forecasting that increased competition by newer companies, both traditional and online retailers, will curb sales growth. Coupled with the price transparency and fulfilment costs introduced by the rise in e-commerce, we expect this will result in lower midcycle operating margins. Our long-term EBIT margin estimate for the Kmart Group is unchanged at 6.0%, down from 7.3% in fiscal 2018. Hence, we maintain our fair value estimate of AUD 30 per share.

Kmart is the department store that is most insulated from online threats and maintains its market share. However, we expect the chain will be forced to cut prices, at least in the medium term, as competitive pressures mount. Conversely, we forecast Target, and also Woolworth's Big W discount department store, to lose market share and gradually shut stores as leases roll off over the next decade.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	2,873.00	1,991.20	2,118.29	2,050.70
EPS c	254.25	175.75	186.82	180.86
P/E x	11.94	17.39	19.09	19.72
EPS Growth %	21.56	-30.88	6.30	-3.19
DPS c	223.00	223.00	159.00	154.00
Yield %	7.35	7.29	4.46	4.32
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★

Share Price

9.650

OZ Minerals Limited (OZL) - Raising our Oz Minerals FVE to AUD 11 per Share, Shares Now Undervalued

Analyst Note-Shares in no-moat-rated Oz Minerals have sold off recently, declining to AUD 9.50 per share from highs around AUD 11 in April 2019. The sell-off probably reflects weakness in base metals prices and concerns around global trade. While iron ore has been shielded from the economic concerns due to tight supply, the prices of copper, nickel, and zinc have all sold off by about 10% in the past few months. Oz Minerals shares fell in sympathy and that provides an opportunity.

We make no change to our near-term copper price forecast and continue to expect the price to average USD 2.80 per pound in 2019. This is in accord with the year to date average of USD 2.82 per pound. We raise our fair value estimate to AUD 11 per share from AUD 10.30 previously. The uptick reflects the lower Australian dollar--now below 0.70--the time value of money and the strong start to the year on production. With the increased fair value estimate and the decline in the share price, Oz Minerals now screens relatively undervalued. The shares trade at an approximate 14% discount to our fair value estimate.

Qualitatively, we think Oz Minerals business has improved in recent years. Management has done a good job of strategy and execution. The focus has been to lower costs, improve production reliability, extend life at Prominent Hill, develop Carrapateena efficiently and generate growth options. On those measures, the business is performing well. Carrapateena importantly adds low-cost copper gold production from a deposit with relatively long life. There may be some concerns in the market around the acquisition of Avanco Resources, which brought exposure to several development options in Brazil, and a small scale, operating copper-gold mine. It's early days on the integration front, and too soon in our view to make a call on the success of the acquisition. However, Oz Minerals paid a good price, it brings useful growth options and we're confident in management's ability to execute.

FYE Dec	2017A	2018A	2019E	2020E
Reported Npat $m	231.10	222.40	210.45	223.73
EPS c	77.40	71.47	64.57	68.64
P/E x	10.52	12.96	14.65	13.78
EPS Growth %	73.90	-7.66	-9.66	6.31
DPS c	20.00	23.00	20.00	27.00
Yield %	2.46	2.48	2.11	2.85
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★★

Share Price

2.260

Viva Energy Group Limited (VEA) - Refiner Margins Head in the Right Direction; Now for Alliance Volumes. No Change to AUD 3.00 FVE

Analyst Note-No-moat Viva Energy's share price has taken tentative steps toward a recovery following a rout precipitated by a corrected dysfunction in the Coles alliance, and exacerbated by the collapse of regional refining margins. At AUD 2.30, the shares are 35% above December AUD 1.70 lows, although they remain below 2018's AUD 2.50 IPO price and even further below our unchanged AUD 3.00 fair value estimate.

Regional refining margins fell sharply from the second half of 2018 because of an oversupply of gasoline. This was driven by softer regional demand and the higher production of gasoline-related products as more lower density crude was supplied. But the Geelong refining margin for April improved to USD 7.80 per barrel, from a March year-to-date average of just USD 4.60. Geelong's refining comprises approximately one third of our Viva fair value estimate overall, where we assume an unchanged midcycle refining margin of USD 10 per barrel in 2023.

Recovery in regional margins favoured the April result, but refinery operational performance has also been strong with record production rates achieved in March and April. There is still some way to go to get back to the approximately USD 10 per barrel levels prevailing over the three years prior to 2018. But continued focus on lifting production, improving operational performance, and increasing productivity and efficiency are good counters regardless. During 2018, Viva successfully completed a planned major maintenance turnaround at Geelong, which lifted crude intake and reduced energy costs.

The other element of the nascent recovery focuses on the Coles Express retail alliance. However, there is no confirmed evidence of a recovery yet. In February, after a near breakdown in the alliance, the partnership was extended through to 2029, but under new arrangements, with Viva responsible for retail fuel pricing and marketing while Coles Express is responsible for operating the stores and providing the convenience offering.

FYE Dec	2017A	2018A	2019E	2020E
Reported Npat $m	387.52	292.96	261.65	377.77
EPS c	19.93	15.07	13.46	19.43
P/E x	0.00	14.63	16.94	11.73
EPS Growth %	46.95	-24.40	-10.69	44.38
DPS c	0.00	4.80	8.07	11.66
Yield %	0.00	2.18	3.54	5.11
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★

Share Price

3.770

BWP Trust (BWP) - Lower Interest Rates Driving BWP Share Price Gains, FVE Unchanged

Analyst Note-We think historically low interest rates are driving no-moat BWP Trust's recent share price gains. An update from management prompts no material changes to our view on the company's fundamentals. Consequently, our fair value estimate remains AUD 3.30 per share. We expect what has changed is the broader macroeconomic outlook on interest rates. The Reserve Bank of Australia, or RBA, cut the cash rate by 25 basis points earlier in 2019. There is also growing consensus it will do so again at least one more time later this year and potentially again in 2020. Australia's 10-year government bond rate now trades at a historically low rate of about 1.4%. This compares with our forecast fiscal 2019 dividend yield for the trust at our fair value estimate of 5.4%.

Investor demand for recurring income streams is likely to be the cause for the trust's recent share price appreciation. Lower interest rates make investment in stable-yielding assets, such as BWP, more attractive. However, we think BWP is moderately overvalued at current prices. At BWP's current price of AUD 3.78 per share, the yield difference of about 3.4% between the trust's fiscal 2019 yield of 4.8% and the Australian 10-year government bond yield of 1.4% is generally in line or slightly higher than where this differential has traded in the last three years. However, if the Australian 10-year government bond was to revert to where it traded only about six months ago, a still historically low 2.5%, the yield differential of about 2.3% would be lower than where its generally traded over the last three years at BWP's current share price. Consequently, we think the current historically low interest rates will need to persist to drive further share price gains.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	161.33	135.63	134.22	136.47
EPS c	25.11	21.11	20.89	21.24
P/E x	12.32	14.42	18.05	17.75
EPS Growth %	-26.15	-15.93	-1.04	1.68
DPS c	17.51	17.81	18.09	18.47
Yield %	5.66	5.85	4.80	4.90
Franking %	0.0	0.0	0.0	0.0

Morningstar Rating

★★★

Share Price

28.220

Australia & New Zealand Banking Group Ltd (ANZ) - APRA's Proposed Changes to Capital Framework a Positive Development for Banks

Analyst Note-The Australian Prudential Regulation Authority's, or APRA's, new capital guidelines released on June 12, 2019 contained no major surprises. A key highlight was the proposal to hold slightly more capital for high-risk loans (interest-only and investment property loans) relative to low-risk loans (owner occupied, principal and interest loans). Currently, all mortgages have the same capital requirements irrespective of their levels of risk. While due to come into effect until Jan. 1, 2022, we think the proposals: (1) help strengthen capital levels, which provide a greater buffer to manage a potential increase in loan losses; and (2) help encourage responsible lending, which improves the quality of the banks' residential property exposures. For shareholders, the changes were only incremental and importantly there were no nasty surprises. Further, we do not see the need for dilutive capital raising because the banks can generate sufficient organic capital from future profits, dividend reinvestment plans and asset sales.

The proposed changes do not materially change the banks' capital requirements nor do they significantly alter the competitive landscape. To this end, our fair value estimates and moat ratings for Westpac Banking Corporation, National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Bendigo and Adelaide Bank and Bank of Queensland are intact.

FYE Sep	2017A	2018A	2019E	2020E
Reported Npat $m	6,809.00	6,487.00	6,911.17	7,063.00
EPS c	232.67	223.44	244.76	250.14
P/E x	12.71	12.75	11.62	11.37
EPS Growth %	-2.93	-3.97	9.54	2.20
DPS c	160.00	160.00	162.00	165.00
Yield %	5.41	5.62	5.70	5.80
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★

Share Price

11.480

Bendigo and Adelaide Bank Limited (BEN) - APRA's Proposed Changes to Capital Framework a Positive Development for Banks

Analyst Note-The Australian Prudential Regulation Authority's, or APRA's, new capital guidelines released on June 12, 2019 contained no major surprises. A key highlight was the proposal to hold slightly more capital for high-risk loans (interest-only and investment property loans) relative to low-risk loans (owner occupied, principal and interest loans). Currently, all mortgages have the same capital requirements irrespective of their levels of risk. While due to come into effect until Jan. 1, 2022, we think the proposals: (1) help strengthen capital levels, which provide a greater buffer to manage a potential increase in loan losses; and (2) help encourage responsible lending, which improves the quality of the banks' residential property exposures. For shareholders, the changes were only incremental and importantly there were no nasty surprises. Further, we do not see the need for dilutive capital raising because the banks can generate sufficient organic capital from future profits, dividend reinvestment plans and asset sales.

The proposed changes do not materially change the banks' capital requirements nor do they significantly alter the competitive landscape. To this end, our fair value estimates and moat ratings for Westpac Banking Corporation, National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Bendigo and Adelaide Bank and Bank of Queensland are intact.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	418.30	446.10	430.24	427.00
EPS c	88.54	92.29	87.74	85.85
P/E x	12.88	12.12	13.20	13.49
EPS Growth %	1.36	4.24	-4.93	-2.15
DPS c	68.00	70.00	69.00	68.00
Yield %	5.96	6.26	5.96	5.87
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★

Share Price

9.540

Bank of Queensland Limited (BOQ) - APRA's Proposed Changes to Capital Framework a Positive Development for Banks

Analyst Note-The Australian Prudential Regulation Authority's, or APRA's, new capital guidelines released on June 12, 2019 contained no major surprises. A key highlight was the proposal to hold slightly more capital for high-risk loans (interest-only and investment property loans) relative to low-risk loans (owner occupied, principal and interest loans). Currently, all mortgages have the same capital requirements irrespective of their levels of risk. While due to come into effect until Jan. 1, 2022, we think the proposals: (1) help strengthen capital levels, which provide a greater buffer to manage a potential increase in loan losses; and (2) help encourage responsible lending, which improves the quality of the banks' residential property exposures. For shareholders, the changes were only incremental and importantly there were no nasty surprises. Further, we do not see the need for dilutive capital raising because the banks can generate sufficient organic capital from future profits, dividend reinvestment plans and asset sales.

The proposed changes do not materially change the banks' capital requirements nor do they significantly alter the competitive landscape. To this end, our fair value estimates and moat ratings for Westpac Banking Corporation, National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Bendigo and Adelaide Bank and Bank of Queensland are intact.

FYE Aug	2017A	2018A	2019E	2020E
Reported Npat $m	362.00	372.00	320.26	342.18
EPS c	93.54	94.66	80.37	84.70
P/E x	12.37	12.39	11.88	11.28
EPS Growth %	-2.20	1.20	-15.10	5.39
DPS c	84.00	76.00	68.00	68.00
Yield %	7.26	6.48	7.12	7.12
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★

Share Price

79.770

Commonwealth Bank of Australia (CBA) - APRA's Proposed Changes to Capital Framework a Positive Development for Banks

Analyst Note-The Australian Prudential Regulation Authority's, or APRA's, new capital guidelines released on June 12, 2019 contained no major surprises. A key highlight was the proposal to hold slightly more capital for high-risk loans (interest-only and investment property loans) relative to low-risk loans (owner occupied, principal and interest loans). Currently, all mortgages have the same capital requirements irrespective of their levels of risk. While due to come into effect until Jan. 1, 2022, we think the proposals: (1) help strengthen capital levels, which provide a greater buffer to manage a potential increase in loan losses; and (2) help encourage responsible lending, which improves the quality of the banks' residential property exposures. For shareholders, the changes were only incremental and importantly there were no nasty surprises. Further, we do not see the need for dilutive capital raising because the banks can generate sufficient organic capital from future profits, dividend reinvestment plans and asset sales.

The proposed changes do not materially change the banks' capital requirements nor do they significantly alter the competitive landscape. To this end, our fair value estimates and moat ratings for Westpac Banking Corporation, National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Bendigo and Adelaide Bank and Bank of Queensland are intact.

FYE Jun	2017A	2018A	2019E	2020E
Reported Npat $m	9,881.00	9,933.00	8,804.58	9,619.60
EPS c	574.81	568.57	498.78	532.35
P/E x	13.78	13.52	16.12	15.11
EPS Growth %	3.53	-1.09	-12.27	6.73
DPS c	429.00	431.00	431.00	431.00
Yield %	5.42	5.61	5.36	5.36
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★★

Share Price

26.730

National Australia Bank Limited (NAB) - APRA's Proposed Changes to Capital Framework a Positive Development for Banks

Analyst Note-The Australian Prudential Regulation Authority's, or APRA's, new capital guidelines released on June 12, 2019 contained no major surprises. A key highlight was the proposal to hold slightly more capital for high-risk loans (interest-only and investment property loans) relative to low-risk loans (owner occupied, principal and interest loans). Currently, all mortgages have the same capital requirements irrespective of their levels of risk. While due to come into effect until Jan. 1, 2022, we think the proposals: (1) help strengthen capital levels, which provide a greater buffer to manage a potential increase in loan losses; and (2) help encourage responsible lending, which improves the quality of the banks' residential property exposures. For shareholders, the changes were only incremental and importantly there were no nasty surprises. Further, we do not see the need for dilutive capital raising because the banks can generate sufficient organic capital from future profits, dividend reinvestment plans and asset sales.

The proposed changes do not materially change the banks' capital requirements nor do they significantly alter the competitive landscape. To this end, our fair value estimates and moat ratings for Westpac Banking Corporation, National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Bendigo and Adelaide Bank and Bank of Queensland are intact.

FYE Sep	2017A	2018A	2019E	2020E
Reported Npat $m	6,642.00	6,232.00	6,229.50	6,568.82
EPS c	239.69	221.22	213.41	224.02
P/E x	12.71	13.10	12.65	12.05
EPS Growth %	1.87	-7.71	-3.53	4.97
DPS c	198.00	198.00	166.00	168.00
Yield %	6.50	6.83	6.15	6.22
Franking %	100.0	100.0	100.0	100.0

Morningstar Rating

★★★★

Share Price

27.880

Westpac Banking Corporation (WBC) - APRA's Proposed Changes to Capital Framework a Positive Development for Banks

Analyst Note-The Australian Prudential Regulation Authority's, or APRA's, new capital guidelines released on June 12, 2019 contained no major surprises. A key highlight was the proposal to hold slightly more capital for high-risk loans (interest-only and investment property loans) relative to low-risk loans (owner occupied, principal and interest loans). Currently, all mortgages have the same capital requirements irrespective of their levels of risk. While due to come into effect until Jan. 1, 2022, we think the proposals: (1) help strengthen capital levels, which provide a greater buffer to manage a potential increase in loan losses; and (2) help encourage responsible lending, which improves the quality of the banks' residential property exposures. For shareholders, the changes were only incremental and importantly there were no nasty surprises. Further, we do not see the need for dilutive capital raising because the banks can generate sufficient organic capital from future profits, dividend reinvestment plans and asset sales.

The proposed changes do not materially change the banks' capital requirements nor do they significantly alter the competitive landscape. To this end, our fair value estimates and moat ratings for Westpac Banking Corporation, National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Bendigo and Adelaide Bank and Bank of Queensland are intact.

FYE Sep	2017A	2018A	2019E	2020E
Reported Npat $m	8,062.00	8,065.00	7,320.50	7,851.91
EPS c	239.66	236.23	211.94	224.73
P/E x	13.40	12.73	13.27	12.52
EPS Growth %	1.78	-1.43	-10.28	6.03
DPS c	188.00	188.00	188.00	188.00
Yield %	5.85	6.25	6.68	6.68
Franking %	100.0	100.0	100.0	100.0

Recommendation Updates Over the Last Week

ASX Code	Company Name	Morningstar Rating	Date Changed	Latest Report
▼ AST	AusNet Services	★★	14/06/2019	Downgrade due to price change
▼ CCL	Coca-Cola Amatil	★★	13/06/2019	Downgrade due to price change
▲ CGF	Challenger	★★★★	13/06/2019	Upgrade due to price change
▼ CQR	Charter Hall Retail	★★	13/06/2019	Downgrade due to price change
▼ SDF	Steadfast Group	★★	13/06/2019	Downgrade due to price change
▼ CQE	Charter Hall Education Trust	★★	12/06/2019	Downgrade due to price change
▼ FXL	FlexiGroup	★★	12/06/2019	Downgrade due to price change
▼ GEM	G8 Education	★★★	12/06/2019	Downgrade due to price change
▼ CCP	Credit Corp Group	★★	11/06/2019	Downgrade due to price change
▼ COH	Cochlear	★★	11/06/2019	Downgrade due to price change
▼ GPT	GPT Group	★★	11/06/2019	Downgrade due to price change
▼ NHF	NIB Holdings	★★	11/06/2019	Downgrade due to price change
▲ VOC	Vocus Group	★★★	11/06/2019	AGL's Turn to Size Up Vocus and Enter the Data Fun House