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SE MarketWatch

HD **Luck’s a fortune in going for broker**

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Mortgage Choice (MOC) $3.09 THE ungenerous take on the home-loan broker’s “best ever” profit is that a chimpanzee could run the joint in the current **property** climate.

The 18 per cent increase (on a cash basis) to $18.7 **million** was driven by an “incredible” 17 per cent surge in home loan approvals to $12.2 **billion**.

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Of course the broker doesn’t own any loans, but the outstandings add to the $47bn of written mortgages on which the franchised operation draws upfront and trail commissions.

On that front, luck’s a fortune as well: bank commissions have edged up and the brokers’ share of loan originations has crept up from 44 per cent a year ago to 50 per cent now.

The $28bn question (the value of last year’s record housing finance approvals) is when — or if — the boom will bust.

CFO Susan Mitchell says last year’s 10 per cent **property** price surge was “strong, but not sustainable’’. The Commonwealth Bank, the biggest home lender, expects 5-7 per cent housing credit growth, similar to last year’s. “This implies we won’t continue to see huge growth, but a levelling out which is great news for the industry and our business,’’ Mitchell says.

Meanwhile, Mortgage Choice is starting to reap the benefits of its diversification measures: the HelpMeChoose insurance comparison **site** and a start-up financial planning business. With 90 per cent of revenue derived from the core business, the new pursuits won’t move the dial for a while.

Mortgage Choice is a hold. Ironically, the **company** is debt-free and always has been.

Asciano (AIO) $6.22 AS with fellow rail hauler Aurizon, king **coal** remains a merry old soul for Asciano amid a downturn in bulk volumes elsewhere.

Having spent $3bn on catch-up capex on its creaking port and rail networks, Asciano has joined the flourishing Shareholders Benevolent Movement with a generous 24 per cent increase in the total full-year div, to 14.25c a share.

This is at the top end of the **company**’s 20-40 per cent dividend payout ratio (DPR) range. With free cashflow flowing strongly in the second half, the DPR rises to 60-70 per cent.

“As that free cashflow expands, so will our ability to increase dividends and reduce leverage in the **company**,’’ CEO John Mullen says.

Mullen goes as far as declaring increased payouts as “sacrosanct’’, with acquisitions off the agenda if they impede on Asciano’s dividend-dispensing abilities.

This will be no succour to Glenn Stevens. The Reserve Bank guv says he's led the capex-shy corporate horses to low interest rate "water'' — only to see them disperse funds to investors rather than invest in productive assets.

Still, surely the guv wouldn't begrudge Asciano holders some joy: rewards have been thin since the messy split from Toll Holdings in mid-2007.

"We had a good year this year and we expect a much better year next year,'' Mullen says.

Given this, we ascribe a **buy** call. Another catalyst is the expected partial **sale** of the Patrick port operation to an experienced global partner. And — sorry Clive — they could well be mongrel **Chinese**.

ASX (ASX) $37.19 ONE line item supporting the bourse's record full-year earnings was a 36 per cent surge in interest income to $70m, at a time of rock-bottom rates.

As it happens, the windfall results from the unexpected $553m **equity** raising, the proceeds of which hang around the balance sheet as capital to supporting clearing house activities.

The "bonus" interest is just as well, because the raising constrained earnings per share and dividend growth in a period in which net profit grew 10 per cent to $383m.

ASX chief Elmer Funke Kupper says he's pleased that all the bourse's main revenue lines forged ahead.

The loudest plaudit goes to the listings division, which bolstered earnings by 11 per cent on the flood of 107 IPOs.

Funke Kupper says lower trading volatility — which continues into the current financial year — has reduced trading opportunities for the investment banks. As a result, trading volumes have not matched the market's growth.

Otherwise, he says, "it continues to be a really good environment for the exchange''.

We concur that the bourse is more than holding its own, especially in a scary world of dark pools and competing platforms.

But the stock looks fully valued and we suggest selling in view of buying in at a lower entry price.

You'll also be creating volume and doing a favour to everyone who clips the ticket along the way.The Australian accepts no responsibility for stock recommendations. Readers should contact a licensed financial adviser. The author owns Mortgage Choice shares.

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