

# FINANCIAL REVIEW

SE Market Wrap  
HD Shares rise as M&A, IPOs heat up  
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Shares advanced for the third week in a row as a flurry of corporate deal activity and initial public offerings helped the market rally from a 1.3 per cent fall at the start of the week following a slump in the iron ore price.

The S&P/ASX 200 Index added 0.3 per cent over the week to close at 5492 points, while the broader All Ordinaries Index gained 0.2 per cent to 5470.3, as investors shrugged off worries about slower demand growth from China and questions lingered about whether the sustained bull run remains justified.

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"Growth prospects for Australian corporate earnings are improving and are supportive of current market valuations," Alphinity Investment Management portfolio manager Johan Carlberg said.

On Friday, the benchmark index added 0.2 per cent, with a solid debut from the biggest initial public offering to hit the boards in 2014. Maintenance and catering services company Spotless Group Holdings lifted 7.2 per cent to \$1.72. Intueri Education Group rose 8.7 per cent on its IPO to \$2.37.

"There has been an avalanche of new offers to consider in recent months but, as usual, the quality has been mixed, with some priced too high," said Quest Asset Partners director and portfolio manager, Michael Evans.

Telecommunications was the best-performing sector over the week, as Telstra Corporation advanced 5.38 per cent to a nine-year high of \$5.38.

Three of the big four banks pushed higher. Commonwealth Bank of Australia rose 1.1 per cent to \$81.31, National Australia Bank added 0.3 per cent to \$33.57, and ANZ Banking Group lifted 2 per cent to \$33.60. Westpac Banking Corporation fell 0.3 per cent to \$34.19.

"Looking ahead, investors need to be mindful of where we are in the banks' earnings cycle," Mr Carlberg said.

Mining stocks lagged as the spot price for iron ore, landed in China, fell below \$US100 per tonne for the first time this year. Iron ore was last priced at \$US98.80 a tonne.

Resources giant BHP Billiton lost 1.1 per cent to \$37.65, while main rival Rio Tinto shed 1.2 per cent to \$60.54.

Junior goldminer Regis Resources was the worst-performing stock, dumping 25 per cent on Friday after an operations update and revision to 2015 guidance disappointed analysts.

Energy stocks were mostly lower as China and Russia announced a major gas deal. Woodside Petroleum fell 0.3 per cent to \$41.61 after abandoning an Israeli joint venture, leaving investors uncertain about how it plans to use the allocated capital.

Treasury **Wine** Estates, owner of Penfolds, was the best-performing stock, climbing 26.72 per cent to \$5.17 after the **company** revealed it rejected a takeover bid from private **equity firm** Kohlberg Kravis Roberts last month.

Retailers Woolworths and Wesfarmers were both modestly higher.

**CO** uerint : Intueri Education Group Ltd | colcos : Arowana International Ltd.

**IN** i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | i983 : Educational Services | ibcs : Business/Consumer Services

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