CREDIT SUISSE

First Edition – Australia & NZ

Monday, October 05, 2020

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EQUITY RESEARCH

CREDIT SUISSE EQUITIES (AUSTRALIA) LIMITED
ABN 35 068 232 708 ACN 068 232 708 | Participating Organisation of the Australian Stock Exchange

COMPANIES & SECTORS

ESG

MARKET EVENTS

CBA Australia PMI Services (Sep F)	05 Oct
Melbourne Institute Inflation YoY (Sep)	05 Oct
US, Markit US Services PMI (Sep F)	05 Oct
US, ISM Services Index (Sep)	05 Oct
NZ, ANZ Commodity Price (Sep)	05 Oct

UPCOMING CONFERENCES

Corporate & Hybrid Capital Conference – London	7 Oct
Credit Suisse European Communications Infrastructure Conference – London	7 Oct

TABLES

Featured Research

CSL.AX: CSL – Seqirus gets a shot in the arm

The COVID-19 pandemic is likely to promote a sustained increase in influenza vaccination coverage rates over the next 2-3 years as health systems aim to ease the burden on hospitals during the flu season. We estimate industry volume growth of 10% in FY21, and Seqirus to gain share with seasonal vaccine volume growth of 14% (20% in 1H21) and revenue growth of 19% (25% in 1H21), aided by mix shift. With continued mix shift to Fluad QIV, increased operating leverage with greater scale & higher pandemic fees, we believe Seqirus can operate at an average 25% EBIT margin through the cycle (from 20% in FY20). Click here to read on.

Note: If the rating of a company shown on the cover of *First Edition* is in bold type a rating change has taken place.

Australia & NZ Market Reports

Australia	Index	+/-	1Day	1Wk	%1Mth	%Yr
All Ordinaries	5983.2	-86.2	-1.4%	-2.6%	-4.3%	-9.5%
S&P/ASX 50	5571.7	-79.7	-1.4%	-3.7%	-4.7%	-13.7%
S&P/ASX 200	5791.5	-81.4	-1.4%	-2.9%	-4.5%	-10.8%
Banks	5416.5	0.0	0.0%	-3.3%	-3.2%	-31.1%
Insurance	2861.8	0.0	0.0%	-0.9%	-8.8%	-32.8%
REITs	1312.5	-4.8	-0.4%	0.4%	0.5%	-18.1%
Industrials	5685.4	-95.7	-1.7%	-2.7%	-2.1%	-14.3%
Materials	13509.9	-294.0	-2.1%	-2.9%	-5.4%	5.1%
Cons. Discreet	2630.2	-19.1	-0.7%	-1.5%	-3.4%	2.5%
Cons. Staples	11885.1	-17.7	-0.1%	-4.9%	-6.7%	-2.7%
NEW ZEALAND						
NZX 50	11822.8	10.110	0.1%	0.2%	-0.7%	9.3%

Currencies, Interest Rates & Gold	Index	+/-	%1Day	%1Wk	%1Mth	%Yr
AUD/USD	0.716	-0.003	-0.3%	1.9%	-2.5%	6.2%
AUD/GBP	0.557	0.000	0.0%	1.1%	1.4%	1.9%
EURAUD	1.635	0.000	0.0%	-1.2%	1.2%	0.5%
NZD/USD	0.664	-0.001	-0.1%	1.5%	-2.0%	5.3%
AUD/NZD	1.079	0.000	0.0%	0.5%	-0.4%	0.9%
TWI	0.612	0.005	0.8%	1.5%	-2.2%	3.9%
AU 10Y	0.847	-0.029	-3.3%	2.0%	-10.9%	-9.2%
NZ 10Y	0.530	-0.023	-4.2%	8.2%	-18.8%	-49.7%
US 10Y	0.673	-0.013	-1.9%	2.6%	1.8%	-56.1%
UK 10Y	0.233	0.012	5.4%	22.6%	-2.1%	
DE 10Y	-0.532	-0.008	1.5%	1.5%	13.0%	-9.4%
Gold Spot	1,905	19.609	1.0%	2.4%	-1.9%	26.6%

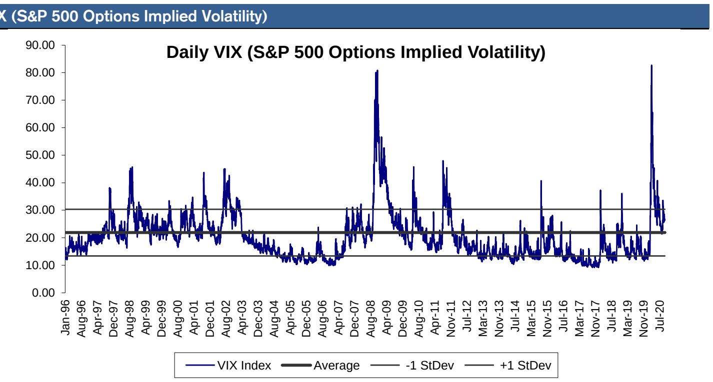
Best Performers	Close	%	Vol '000	Worst Performers	Close	%	Vol '000
Janus Henderson Group	32.80	9.4	2952	**Mesoblast**	3.19	-10.7	66788
Ioneer	0.15	3.4	9618	**Karoon Energy**	0.71	-10.7	6074
OFX Grp	1.14	3.2	404	**NRW Holdings**	1.88	-8.1	5175
EML	3.05	3.0	6348	**De Grey Mining**	1.19	-7.4	9960
Bellevue Gold	1.08	2.4	3575	**Paradigm**	2.66	-7.0	1509
MyState	3.66	2.2	25	**Beach Energy**	1.25	-6.4	22020
AACo	1.12	1.8	625	**OZ Minerals**	13.38	-6.3	2680
Fletcher Building	3.66	1.7	1758	**Galaxy Resources**	1.12	-6.3	8020
Dacian Gold	0.34	1.5	1014	**Oil Search**	2.52	-6.0	11642
TechnologyOne	8.01	1.5	1397	**City Chic**	2.83	-6.0	650
Charter Hall Group	12.88	1.3	1721	**Lovisa Hldg**	7.80	-5.9	296
Domino's Pizza Enterprises	80.60	1.3	243	**Cooper Energy**	0.33	-5.8%	8518

Source: ASX, The BLOOMBERG PROFESSIONALTM service, Refinitiv

Commodity Prices		Spot*	Forward Curve 3mth	Forward Curve 15mth	Credit Suisse Forecasts 3Q20	2020	2021
Bulks							
Iron Ore	$/t	79.7			85.0	89.3	81.0
Coking Coal	$/t				115.0	124.2	130.0
Thermal Coal	$/t	61.8			53.0	56.2	55.0
Base Metals							
Aluminium	USc/lb	77.2	78.7	82.2	77.1	74.2	77.1
Copper	USc/lb	289.2	289.7	290.5	280.3	267.4	280.3
Nickel	USc/lb	648.8	650.6	659.3	610.1	582.8	620.1
Zinc	USc/lb	104.7	105.5	107.7	99.8	96.3	99.8
Lead	USc/lb	80.9	82.0	84.0	83.9	81.3	85.3
Tin	USc/lb	782.6	784.8		907.2	907.2	916.0
Precious Metals							
Gold	US$/oz	1905.0			2100.0	1836.0	2500.0
Silver	US$/oz	23.9			18.0	17.0	18.0
Platinum	US$/oz	896.2					
Energy							
Oil (Brent)	US$/bbl	41.1	41.9	44.9	43.0	41.0	50.0
Oil (WTI)	US$/bbl	40.2	39.4	42.2	41.0	38.0	45.0

**Fiscal year averages used, Steel prices are contract prices. Spot as of 10PM AEST.*

VIX (S&P 500 Options Implied Volatility)



VIX – Current	1mth rol(avg)	3mth rol(avg)	6mth rol(avg)
26.70	27.68	25.75	29.71

Freight	Spot	1 Wk (avg)	1 Mt (avg)	3 Mt (avg)	6 Mt (avg)	1 Yr (avg)
Baltic Dry	1658.0	1660	1392	1505	1171	1105

Source: The BLOOMBERG PROFESSIONALTM service

Upcoming Credit Suisse Global Conferences

New additions this week in bold.

October to December 2020	
7 Oct	2020 Corporate & Hybrid Capital Conference – London
7 Oct	2020 Credit Suisse European Communications Infrastructure Conference – London
21 - 23 Oct	2020 9th Annual Real Estate CEO Conference – Sao Paulo, Brazil
26 - 30 Oct	2020 4th TechFin and Telecom Virtual Conference – Virtual
2 - 6 Nov	2020 11th China Investment Conference – Virtual
4 - 5 Nov	2020 8th Annual LatAm Basic Materials Virtual Conference– Virtual
9 - 12 Nov	2020 29th Annual Healthcare Conference – Scottsdale / Virtual
11 - 12 Nov	2020 24th Annual Technology Conference – Virtual
12 - 17 Nov	Asia Frontier Markets and ASEAN Virtual Conference – London/New York (Virtual)
16 - 20 Nov	2020 Asia Internet Conference – London / New York
17 - 19 Nov	2020 3rd Brazil Utilities Day – Sao Paulo, Brazil / Virtual
18 - 20 Nov	2020 Swiss Small & Midcap Conference – Zurich
18 - 20 Nov	2020 2nd Japan Corporate Days – London (Virtual)
23 - 24 Nov	2020 EMEA FinTech Conference – London
23 - 25 Nov	2020 European Financials Disruption Conference – Virtual
30 Nov - 3 Dec	2020 24th Annual Technology Conference – Scottsdale
1 Dec	2020 London Specialty Chemicals Conference – London
2 - 4 Dec	2020 8th Annual Global Industrials Conference – Palm Beach/Virtual
7 - 11 Dec	2020 Disruptive Business Week – Virtual
7 - 11 Dec	9th Annual European Healthcare Fieldtrip – Europe
8 - 9 Dec	2020 10th Annual European Business Services Conference – New York

Dates and events are subject to change.

Link to the live Credit Suisse conference calendar: Credit Suisse – Global Corporate Access Calendar

If you would like to attend any of the above conferences, please contact the Australian Corporate Access team:
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At a Glance

Market and key sector metrics

As at 02 October 2020	PE (1)			PE Rel vs ASX 200(1)			EPS Growth % (1)			Div Yield % (1)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
S&P/ASX 200	21.03	17.85	16.55	1.00	1.00	1.00	-23.75	17.86	7.83	3.29	3.40	3.87
Emerging Companies (3)	21.77	18.56	15.08	1.04	1.04	0.91	-29.05	17.30	23.05	2.88	3.08	3.53
Financials (2)	15.78	14.58	12.78	0.75	0.82	0.77	-29.60	8.29	14.02	3.81	3.76	5.39
Banks (2)	15.40	13.41	11.77	0.73	0.75	0.71	-34.32	14.91	13.91	3.77	3.89	5.79
Diversified Financials (2)	16.66	19.54	16.91	0.79	1.10	1.02	-8.34	-14.73	15.58	3.92	3.29	4.25
Insurance (2)	19.43	18.46	17.21	0.92	1.03	1.04	-14.81	5.31	7.23	3.98	3.97	4.30
Real Estate (2)	20.90	17.56	16.47	0.99	0.98	1.00	-25.99	18.99	6.63	3.89	4.16	4.35
Materials (2)	12.12	10.18	12.49	0.58	0.57	0.75	7.81	19.04	-18.47	5.28	5.34	4.06
Metals & Mining (2)	11.48	9.57	12.07	0.55	0.54	0.73	9.41	19.91	-20.69	5.56	5.71	4.09
Energy (2)	16.51	15.68	11.40	0.78	0.88	0.69	-44.20	5.26	37.51	2.68	3.42	4.63
Industrials ex Infra (2)	69.10	25.99	14.68	3.29	1.46	0.89	-78.98	n.m	77.02	2.80	3.31	3.69
Infrastructure	-117.71	-1512.05	>100	-5.60	-84.73	6.08	n.m	92.21	n.m	2.31	2.34	3.40
Consumer Discretionary (2)	30.98	25.20	21.54	1.47	1.41	1.30	-33.45	22.97	17.00	2.56	3.05	3.44
Consumer Staples (2)	24.95	21.62	20.42	1.19	1.21	1.23	-7.98	15.40	5.86	2.88	3.40	3.60

(1) Includes all companies covered by Credit Suisse analysts. (2) All sectors are based on S&P/ASX200.Companies on restricted list are not included in aggregates (3) Emerging companies are all companies covered by Credit Suisse analysts excluding top 100 stocks.
Source: Company data, Credit Suisse Estimates, Refinitiv

Australia/NZ equities executive summary

COMPANIES & SECTORS

Here comes the rain again

Australian Coal Sector

Sam Webb
Research Analyst
61 2 8205 4535

The coal complex has seen a strong rebound in pricing over the past month on the back of improved demand, stronger sentiment and supply cuts. We explore what a La Niña could mean for the sector and pricing, with the Bureau of Meteorology (BOM) indicating it is now established in the Pacific.

La Niña event suggests high rainfall to come: The BOM has indicated La Niña is now established in the Pacific, with all models indicating the event will persist until at least January. Of relevance for our coverage universe, La Niña brings increased rainfall and a greater number of tropical cyclones. Whilst BOM modelling does not indicate this La Niña will be as severe as what we saw a decade ago (2010–2012), we flag the risk of pricing spikes for coal in the event we were to see supply disruptions from producers in Queensland and inventories were not at sufficient levels to cater for what is an improved demand backdrop.

Producers far better prepared this time around: We understand the Australian coal producers are largely far better equipped than they have been historically to deal with severe weather events. Over the past five years far greater investment has taken place in weather mitigation capital such as water pumping equipment at the pits, higher trestles at the open sea ports and spend on ensuring haul road structural integrity at the mines. The issue for all producers typically comes when they experience high, localised rain events in a short period of time. These events are effectively impossible to navigate, with Blackwater one of the more recent examples.

Not just the coal producers watching the situation closely: Whilst the Bowen Basin is most exposed to La Niña in our coverage universe, in the event severe rain events were to go further west like we saw a couple of years ago, base metals operations in Queensland and rail networks could potentially be impacted. For the broader steel market we expect steel mills (and coal traders) will also be watching the dynamic closely, ensuring they are on the front foot with regards to sourcing 1Q volume requirements – perhaps one of the contributors to the recent strength we've seen in pricing.

Stock implications: The Queensland coal producers have the potential to be most exposed to both upside and downside risks from La Niña. The upside comes to the extent there are production impacts from wet weather that tighten the market and pricing; whilst the downside comes via production interruptions and/or increased maintenance or remediation costs if the weather events are severe enough. We are far from weather experts but any severe rainfall events are likely to only add to what is an increasingly positive demand and pricing backdrop given coal producers have (prudently given where prices have been hovering) likely been running slightly lower inventory levels to keep modest working capital positions when FCF has been at its tightest. In our view, the cleanest way to play this dynamic is CRN (A$1.60/sh TP and Outperform rating), or for those wanting larger and more liquid names, BHP (A$39/sh, Outperform) and S32 (A$2.60/sh, Outperform).

Positive investment experience for CGF; RBA rate cut key risk for HUB/NWL; minor earnings changes for equity markets in SepQ

Australian Diversified Financials

James Cordukes, CFA
Research Analyst
61 2 8205 4858

We have marked to market our earnings for the September 2020 quarter. Compared to recent quarters, the impacts were rather benign, with slightly weaker domestic equity markets offset by stronger global markets (in AUD terms). Earnings changes across our asset managers and platforms were generally minor (+/-1%). However, a narrowing of credit spreads likely significantly benefited CGF while risk of a cut to the RBA cash rate could have a negative impact on the HUB/NWL. The ASX's interest rate futures volumes could also be negatively impacted if the RBA extends the maturity of its bond purchase program to 5-10 years. We upgrade PTM to NEUTRAL and downgrade HUB to UNDERPERFORM.

RBA rate cuts: Key risk for platforms. According to Bloomberg, fixed income markets are pricing in a 65% chance of a 25bp cut the cash rate on the 6 October. This also equates to ~100% chance of a 15bp rate cut to 0.10%. A 15-25bp rate cut will likely negatively impact HUB/NWL's cash administration fees, creating an 11-19% earnings headwind for HUB and a 6-9% headwind for NWL. AMP/IFL have minimal exposure.

CGF: Expecting positive investment experience. Following ~A$0.8bn of investment experience losses in 2H20, we expect CGF to report ~A$100mn of positive investment experience gains in 1Q21E. We expect the benefit of narrower credit spreads to offset the impact of stable property valuations and losses due to the lower illiquidity premium on policyholder liabilities. New business strain could also be slightly positive.

PTM: Upgrade to Neutral. While we expect ongoing outflows, consensus has already factored in sizeable outflows into their forecasts. With PTM trading at trough multiples (13-14x) and with more limited earnings/valuation downside, we upgrade to Neutral. There is upside if the Asia Fund's improved fund performance attracts FuM from offshore markets.

HUB: Downgrade to Underperform. Following ~70% outperformance over the last quarter we downgrade HUB to Underperform. While HUB is executing on its strategy and the industry dynamics remain in its favour this is more than factored into the current valuation (~50x FY22E) and there is now downside risk to earnings if the RBA cuts rates.

Iron ore price should remain strong if China steel demand doesn't give way

Commodity Thoughts

Matthew Hope
Research Analyst
61 2 8205 4669

What would it take for iron ore hold up at ca.US$90/t through to at least 2023? We elaborate on work included in our latest bulks forecast of 30 Sep. Our base case iron ore price forecast is high in 2021 (US$105/t), but gives way from 2022 to reach the bottom of a negative consensus range (Figure 1). Our base case price forecast is driven by a view that China steel demand will roll over and accelerate downwards from 2021, which causes large iron ore surpluses. But if instead of falling, China demand plateaus, as some respected organizations suggest, we find iron ore surpluses would not eventuate and our price outlook would be constructive across the forecast period, perhaps averaging $90/t. China's per capita steel consumption is high at 720kg per person, but has not yet reached Japan's peak level of ca.1970. Japan and the US each maintained peak steel demand rates for 40 years, but China may want to urbanise faster, given a rapidly aging population.

There is very little iron ore supply growth planned beyond Vale recovering to 400Mtpa by 2023. The iron ore major miners have little near-term production growth planned and are content to enjoy strong prices. Vale 450Mtpa and Simandou will probably proceed, but are probably 2025+ propositions. In the meantime, the iron ore price really depends on China demand, and our forecasts are driven by the outlook of our Steel team.

Iron ore exposures would present greater value than our current TPs/ratings suggest if iron ore prices hold out through the forecast period (Figure 2 - Credit Suisse high case). Running US$90 for CY2022 / 23 would upgrade earnings by 13% / 113% for RIO, 22% / 179% for FMG and 14% / 75% for BHP. US$90/t and a more buoyant price beyond 2023 would add ~A$15.8/sh to our current RIO valuation (A$95/sh), ~A$3.9/sh to FMG (A$16.50/sh) and ~A$4.7/sh to BHP (A$39/sh).

CREDIT SUISSE

ESG

ESG Weekly: Green Ali; EVs; Siemens Energy; Boohoo; CCS; JBH; CWY

The long and the short of it

Phineas Glover
Research Analyst
61 2 8205 4448

***Theme of the Week* – Green Aluminium**: We summarise a new connection series report on green aluminium, which breaks down the potential outcomes both from the creation of a London Metals Exchange (LME) 'low-carbon aluminium' platform and the EU's proposed Carbon Border Adjustment Mechanism. The report also consider the product life-cycle emissions impact from shifting to lighter aluminium in autos over steel. Despite larger initial emission intensity in production, the light-weighting advantages of aluminium, see the 'carbon breakeven point' halfway through the average total distance travelled of a vehicle. **Alcoa**, **NHY**, **En+ Group** and **Rusal** could materially benefit from hypothetical maximum premiums. **Hindalco** and **Chalco** are unlikely to see benefits.

Mobility revolution – XPeng: We initiate coverage on XPeng with an OUTPERFORM rating and a TP of US$21. XPeng is a leading smart EV maker in China. XPeng enjoys a clear leadership in developing full-stack autonomous driving technology. We forecast China's new EV (NEV) volume to see a six-year (2020-25) CAGR of 25% (hitting 4.5 mn units) and achieve 16% penetration (NEV volume as % of overall auto). We expect pure EVs' selling price to decline to a similar level as the ICE vehicle in 2023, which is estimated to trigger a 93% YoY NEV volume jump in that year.

Energy transition – Siemens Energy: We initiate coverage on Siemens Energy with an Outperform rating and find that it is an underappreciated energy transition play. Four key parts of the investment thesis include: margin improvement across Gas & Power and SGRE; resilient service model for gas turbines; underestimated market opportunity for gas turbines; and the offering in power generation and transmission solutions with an interesting hydrogen option. Hydrogen could yield a further €1.2bn / €2 per share value to Siemens Energy. We flagged Siemens Energy as being positively exposed to the energy transition and grid in our recent report, The Green-Shaped Recovery.

Conduct: Our European Internet sector analyst believes there is considerable risk to **Boohoo** on a wide range of ESG issues, such as widespread evidence of non-compliance and illegal activity, potentially impacting execution, sales growth and margins. Women working at **JBH** stores have complained of regular sexual harassment and even assault from customers and a "boys club" work environment. Further developments on **CWY** show a director made a formal complaint over Vik Bansal's behaviour last year and claims emerge that the Fair Work Act may have been breached by the company.

Carbon capture: The IEA has backed carbon capture technology, stating that it is vital but needs significant investment. It estimates that US$27bn-worth of CCS projects is due to be sanctioned in the next 12 months, but US$160bn more investment is needed by 2030.

Companies in focus: **CBR** – energy efficiency; **BOQ** – wage underpayment; **KB Financial / ANZ** – coal financing; **BEN** – breaches; **CBA** – rem report; **CWN** – licencing; **WPL** – hydrogen; **STO** – CSG; **Total** – renewables; **ALG** – fine; **BHP** – thermal coal; **RIO** – social licence; **WHC** & **NHC** – coal to gas; **FMG** – hydro; **CCL** – water; **ArcelorMittal** – Co2 targets; **LYB** – recycled plastic; **Google** – media code; **Airbus** – hydrogen plane.

CREDIT SUISSE

Australian Coal Sector

Here comes the rain again

Diversified Metals & Mining | Sector Review

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The coal complex has seen a strong rebound in pricing over the past month on the back of improved demand, stronger sentiment and supply cuts. We explore what a La Niña could mean for the sector and pricing, with the Bureau of Meteorology (BOM) indicating it is now established in the Pacific.

- **La Niña event suggests high rainfall to come:** The BOM has indicated La Niña is now established in the Pacific, with all models indicating the event will persist until at least January. Of relevance for our coverage universe, La Niña brings increased rainfall and a greater number of tropical cyclones. Whilst BOM modelling does not indicate this La Niña will be as severe as what we saw a decade ago (2010–2012), we flag the risk of pricing spikes for coal in the event we were to see supply disruptions from producers in Queensland and inventories were not at sufficient levels to cater for what is an improved demand backdrop.
- **Producers far better prepared this time around:** We understand the Australian coal producers are largely far better equipped than they have been historically to deal with severe weather events. Over the past five years far greater investment has taken place in weather mitigation capital such as water pumping equipment at the pits, higher trestles at the open sea ports and spend on ensuring haul road structural integrity at the mines. The issue for all producers typically comes when they experience high, localised rain events in a short period of time. These events are effectively impossible to navigate, with Blackwater one of the more recent examples.
- **Not just the coal producers watching the situation closely:** Whilst the Bowen Basin is most exposed to La Niña in our coverage universe, in the event severe rain events were to go further west like we saw a couple of years ago, base metals operations in Queensland and rail networks could potentially be impacted. For the broader steel market we expect steel mills (and coal traders) will also be watching the dynamic closely, ensuring they are on the front foot with regards to sourcing 1Q volume requirements – perhaps one of the contributors to the recent strength we've seen in pricing.
- **Stock implications:** The Queensland coal producers have the potential to be most exposed to both upside and downside risks from La Niña. The upside comes to the extent there are production impacts from wet weather that tighten the market and pricing; whilst the downside comes via production interruptions and/or increased maintenance or remediation costs if the weather events are severe enough. We are far from weather experts but any severe rainfall events are likely to only add to what is an increasingly positive demand and pricing backdrop given coal producers have (prudently given where prices have been hovering) likely been running slightly lower inventory levels to keep modest working capital positions when FCF has been at its tightest. In our view, the cleanest way to play this dynamic is CRN (A$1.60/sh TP and Outperform rating), or for those wanting larger and more liquid names, BHP (A$39/sh, Outperform) and S32 (A$2.60/sh, Outperform).

What is La Niña and what could it mean?

El Niño and La Niña are climate events that have the strongest influence on climate variability. La Niña typically means that we should expect[1]:

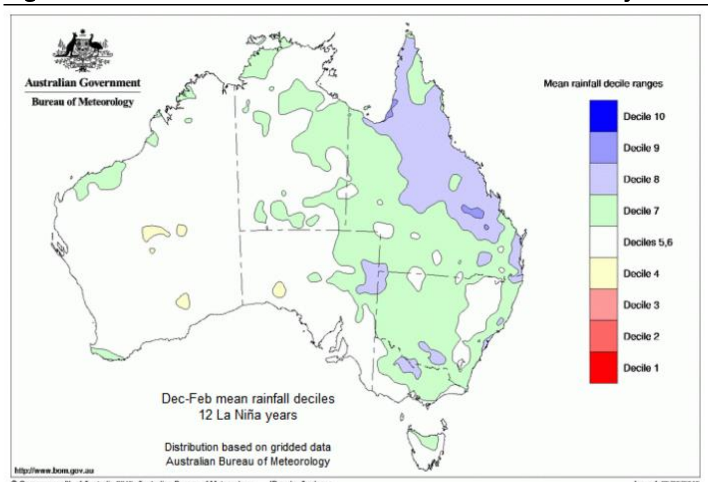
- Increased rainfall across much of Australia
- Cooler daytime temperatures (south of the tropics)
- Warmer overnight temperatures (in the north)
- Shift in temperature extremes
- Decreased frost risk
- Greater tropical cyclone numbers
- Earlier monsoon onset

There are many potential impacts, both positive and negative, across a range of sectors – specifically resources, agriculture, construction, transport.

Figure 1 shows the rainfall pattern during the first year (year 0) of a La Nina from December to February. Effectively this is what we could be looking to expect on average from December this year to February next year. In terms of how the deciles are calculated, “Decile 10” would be the top 10% of all years in terms of amount of rainfall, “Decile 9” would be top 20% of all years rainfall etc.

For the coal miners and our exposures, higher rainfall does not necessarily mean production disruptions. The sector as a whole has invested significantly to navigate adverse weather conditions and limit the impact on operations as we have described on the front page of this note. The real risk is that severe weather events happen quickly, in that high volumes of rainfall occur within a short period of time. These events are largely impossible to overcome and often take a long period of time to work through.

Figure 1: Summer mean rainfall deciles for 12 La Nina years



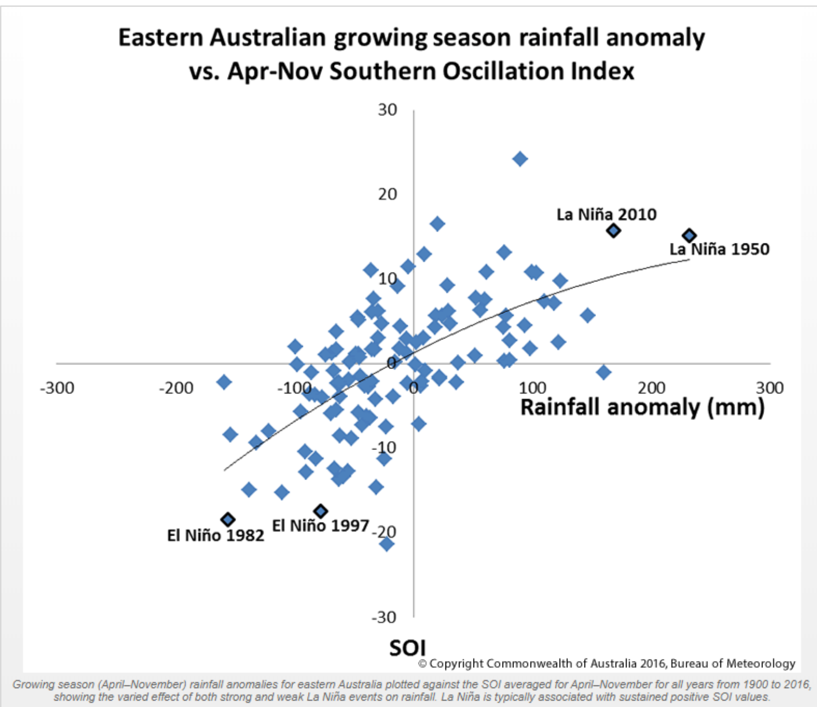
Source: BOM

[1] BOM

2010–2012 as an example

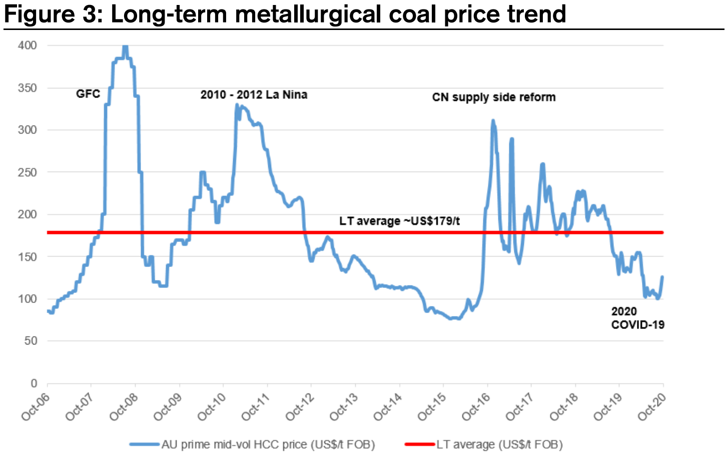
The BOM notes that the wettest years on record in Australia occurred during the strong 2010–2012 and 1974 La Niña events. Whilst current estimates suggest this La Niña is likely to be less severe than a decade ago, not to mention the better preparedness of the producers for extreme weather events, we add a snapshot of what happened in 2010–2012 by way of example. For context – the 2010 weather events were so adverse that BHP declared force majeure for the majority of their Bowen Basin products, including Goonyella Riverside, Peak Downs, Norwich Park, Gregory Crinum, South Walker and Blackwater. We are not suggesting this is about to repeat, just to display the extreme case.

Figure 2: Summer mean rainfall deciles for 12 La Nina years



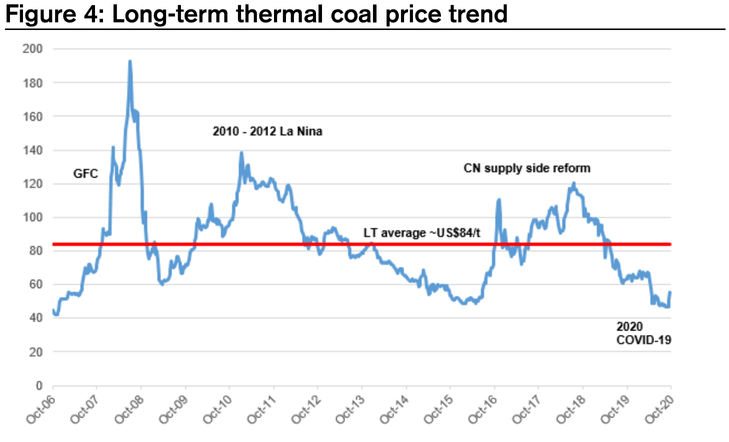
Source: BOM

Figure 3: Long-term metallurgical coal price trend



Source: McCloskey, Credit Suisse estimates

Figure 4: Long-term thermal coal price trend



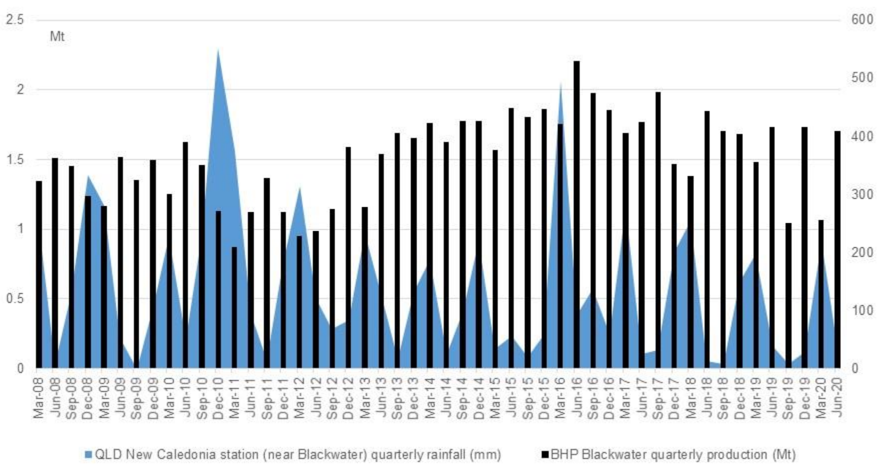
Source: McCloskey, Credit Suisse estimates

Early 2020 weather example

Of course it's worth noting we don't need La Niña to have a weather-related event in the sector. What producers struggle with is heavy rainfall over a very short period of time. Irrespective of how good the water pumping equipment and preparedness is at the operations, it is near impossible to avoid downtime from such events.

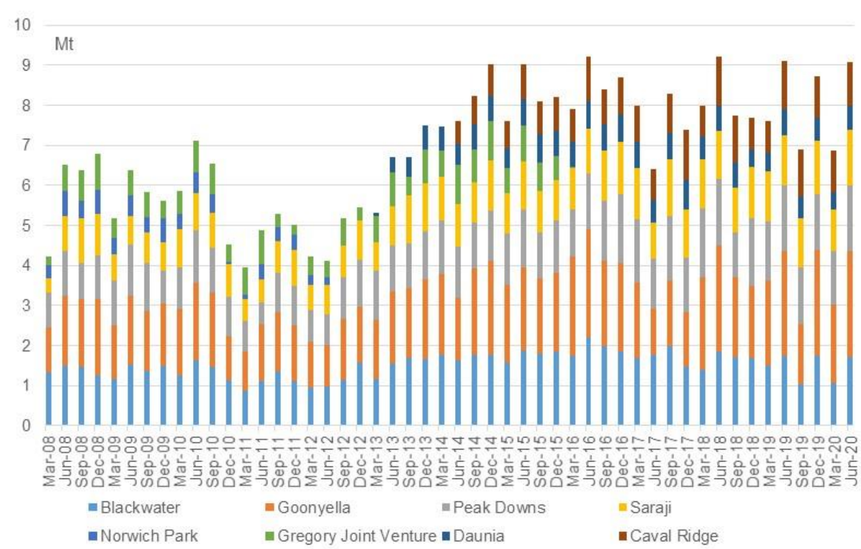
We saw this earlier in 2020 for BHP (more in the sector likely impacted too) following significantly higher rainfall by a factor of almost two at Peak Downs and almost three at Blackwater compared with historical averages. Blackwater, BHP's biggest mine was the most heavily impacted following the flooding of pits and haul roads. BHP has noted that it will take until the end of the SepQ for the operation to return to full capacity.

Figure 5: BHP Blackwater met coal production vs. rainfall



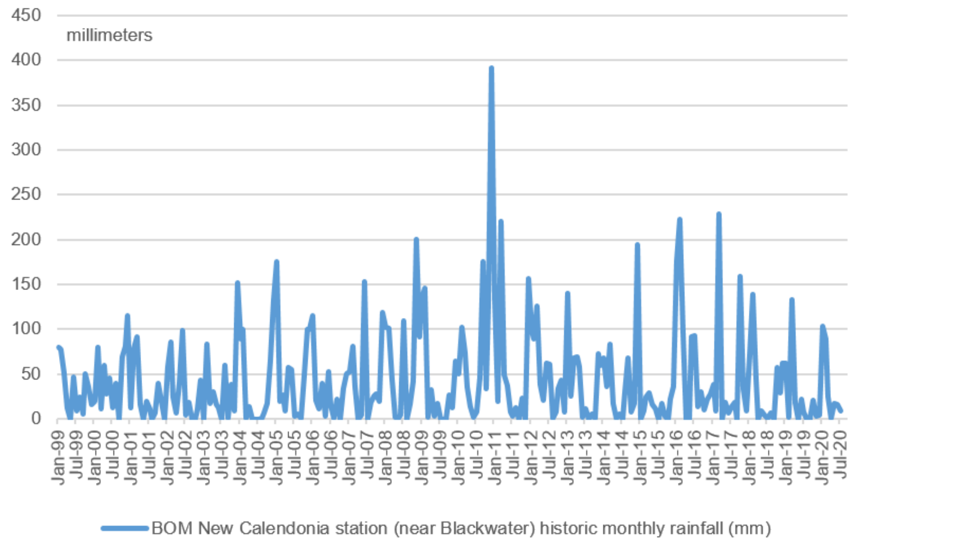
Source: BOM, Company data

Figure 6: BHP BMA metallurgical coal production – by asset



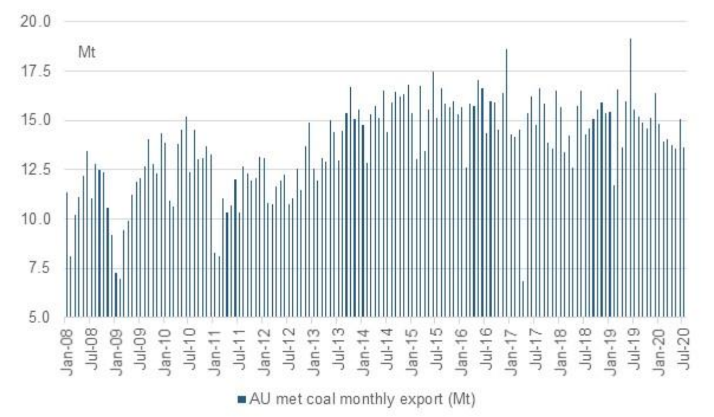
Source: Company data

Figure 7: BOM New Calendonia station (near Blackwater) monthly rainfall (mm)



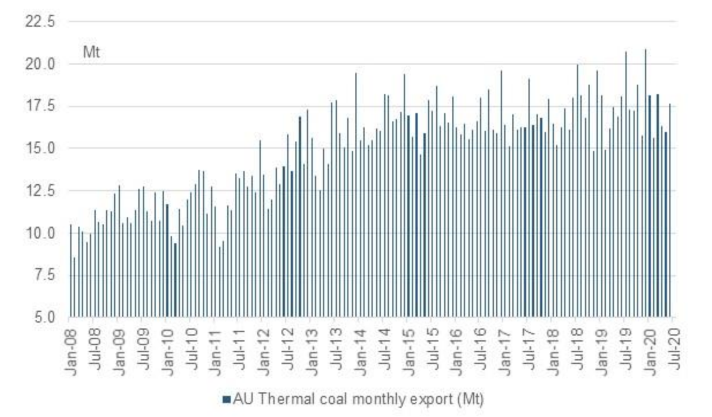
Source: BOM

Figure 8: AU metallurgical coal monthly export (Mt)



Source: FID, China Customs data, Credit Suisse estimates

Figure 9: AU thermal coal monthly export (Mt)



Source: FID, China Customs data, Credit Suisse estimates

CREDIT SUISSE

Australian Diversified Financials

Positive investment experience for CGF; RBA rate cut key risk for HUB/NWL; minor earnings changes for equity markets in SepQ

Diversified Financials | Earnings

We have marked to market our earnings for the September 2020 quarter. Compared to recent quarters, the impacts were rather benign, with slightly weaker domestic equity markets offset by stronger global markets (in AUD terms). Earnings changes across our asset managers and platforms were generally minor (+/-1%). However, a narrowing of credit spreads likely significantly benefited CGF while risk of a cut to the RBA cash rate could have a negative impact on the HUB/NWL. The ASX's interest rate futures volumes could also be negatively impacted if the RBA extends the maturity of its bond purchase program to 5-10 years. We upgrade PTM to NEUTRAL and downgrade HUB to UNDERPERFORM.

- **RBA rate cuts: Key risk for platforms.** According to Bloomberg, fixed income markets are pricing in a 65% chance of a 25bp cut the cash rate on the 6 October. This also equates to ~100% chance of a 15bp rate cut to 0.10%. A 15-25bp rate cut will likely negatively impact HUB/NWL's cash administration fees, creating an 11-19% earnings headwind for HUB and a 6-9% headwind for NWL. AMP/IFL have minimal exposure.

- **CGF: Expecting positive investment experience.** Following ~A$0.8bn of investment experience losses in 2H20, we expect CGF to report ~A$100mn of positive investment experience gains in 1Q21E. We expect the benefit of narrower credit spreads to offset the impact of stable property valuations and losses due to the lower illiquidity premium on policyholder liabilities. New business strain could also be slightly positive.

- **PTM: Upgrade to Neutral.** While we expect ongoing outflows, consensus has already factored in sizeable outflows into their forecasts. With PTM trading at trough multiples (13-14x) and with more limited earnings/valuation downside, we upgrade to Neutral. There is upside if the Asia Fund's improved fund performance attracts FuM from offshore markets.

- **HUB: Downgrade to Underperform.** Following ~70% outperformance over the last quarter we downgrade HUB to Underperform. While HUB is executing on its strategy and the industry dynamics remain in its favour this is more than factored into the current valuation (~50x FY22E) and there is now downside risk to earnings if the RBA cuts rates.

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Figure 1: Credit Suisse changes to earnings, targeting prices and ratings

	New Rating	Old Rating	Target Price (A$)	Old TP (A$)	Share Price (A$)	12mth fwd P/E	FY20F Chg	FY21F Chg	FY22F Chg	FY23F Chg
Asset Managers:										
MFG	OPFM	OPFM	$65.00	$65.00	$57.53	22.4x		(0.6%)	(0.8%)	(0.7%)
PDL	NTRL	NTRL	$5.80	$6.30	$5.54	12.3x	(0.1%)	(0.1%)	(0.1%)	
PPT	NTRL	NTRL	$31.00	$35.00	$28.39	13.6x		0.9%	0.5%	0.5%
PTM	NTRL	UPFM	$3.30	$3.30	$3.14	14.0x		0.9%	1.3%	1.4%
Average							(0.1%)	0.3%	0.2%	0.4%
Platforms:										
IFL	OPFM	OPFM	$5.00	$5.00	$3.11	10.9x		1.1%	0.8%	1.0%
HUB	UPFM	NTRL	$16.30	$16.30	$18.61	68.1x		(0.6%)	(0.5%)	(0.4%)
NWL	NTRL	NTRL	$14.75	$14.00	$15.50	70.0x		(0.3%)	(0.4%)	(0.3%)
Average								0.1%	(0.0%)	0.1%
Large Cap Div Fins:										
CGF	OPFM	OPFM	$4.25	$4.25	$3.84	10.1x		36%	(0%)	(0%)

Source: Company data, Credit Suisse estimates

Summary of investment views

Following a September 2020 mark to market, our orders of preference are:

- **Platforms – IFL, AMP, NWL, HUB**
- **Asset managers – MFG, PPT, PDL, PTM, JHG**
- **Large-cap diversified financials – CGF, LNK, CPU, ASX**

Figure 2: Diversified financials key valuation metrics

in A$, unless otherwise stated

	Stock Rating	Target Price	Share Price	EPS Growth 2yr CAGR	12mth fwd P/E	P/E Rel to ASX200	12mth fwd ROE	6mth fwd P/B	12mth fwd Div Yield
Diversified Financials									
ASX	UPFM	$73.00	$81.34	(2%)	32.6x	68%	13%	4.2x	2.8%
CGF	OPFM	$4.25	$3.84	(4%)	10.1x	(48%)	8%	0.7x	5.1%
CPU	NTRL	$13.90	$12.49	(0%)	18.0x	(7%)	16%	3.0x	3.2%
LNK	OPFM	$5.10	$3.74	12%	14.3x	(26%)	7%	1.0x	3.0%
Average				**1%**	**18.7x**	**(3%)**	**11%**	**2.2x**	**3.5%**
Asset Managers									
JHG	UPFM	$21.00	$29.97	(0%)	8.9x	(54%)	na	na	6.7%
MFG	OPFM	$65.00	$57.53	11%	22.4x	16%	39%	9.3x	4.0%
PDL	NTRL	$5.80	$5.54	1%	12.3x	(37%)	15%	1.9x	7.0%
PPT	NTRL	$31.00	$28.39	12%	13.6x	(30%)	12%	1.8x	4.1%
PTM	NTRL	$3.30	$3.14	(7%)	14.0x	(28%)	40%	5.7x	7.0%
Average				**4%**	**14.9x**	**(23%)**	**21%**	**3.7x**	**5.0%**
Institutional Platforms									
AMP	OPFM	$1.78	$1.35	(1%)	11.7x	(40%)	8%	1.0x	4.1%
IFL	OPFM	$5.00	$3.11	9%	10.9x	(43%)	10%	1.0x	5.5%
Average				**4%**	**11.3x**	**(42%)**	**9%**	**1.0x**	**4.8%**
Specialist Platforms									
HUB	UPFM	$16.30	$18.61	44%	68.1x	252%	16%	12.6x	0.6%
NWL	NTRL	$14.75	$15.50	21%	70.0x	262%	58%	43.9x	1.1%
Average				**32%**	**69.0x**	**257%**	**37%**	**28.2x**	**0.9%**

Source: Credit Suisse estimates

Asset Managers

MFG (OUTPERFORM, TP A$65.00)

We remain confident in MFG's flows outlook over the next two to three years which we expect will support earnings growth and allow it to maintain its current above peer multiple. We have factored $12bn of inflows into our forecasts over the next three years to reflect ongoing retail flows supported by Partnership benefits (potentially ~$3bn over the next couple of years) and sustained institutional inflows. We believe there is room for upside from flows into the Retirement Income product, Sustainable Strategies and Core Series, performance fees and a branch out into alternative asset management. While we view the investment in Barrenjoey as having little implication on the core asset management business, it does provide MFG shareholders with potential upside should Barrenjoey grow into a profitable operation (and even more so should MFG broaden into unlisted assets – potentially a ~10% earnings opportunity). We view concerns over a P/E de-rate due to business mix as overplayed given growth in Barrenjoey earnings can still be value accretive even if the Group multiple falls a little. We therefore reiterate our Outperform rating.

PPT (NEUTRAL, TP A$31.00)

Ultimately, the investment case for PPT hinges on its ability to execute on its recent acquisitions (Trillium, Barrow Hanley) and building out global distribution to attract meaningful flows. If successful there could be significant upside to earnings, however, if flows fail to get moving the stock is likely to de-rate as investors shift towards a sum-of-the-parts approach.

While there is valuation support for PPT, we remain Neutral, as there is: (1) lack of a positive catalyst in the short term, noting the strategy will take several years to execute as PPT builds out its global distribution; (2) risk of FuM attrition on the recently acquired asset management businesses in the US could see flows deteriorate before they get better (if PPT execute on its global distribution strategy); and (3) a lack of conviction in earnings given that ongoing one-offs make it difficult to assess the earnings power of the business.

We see scope for small bolt on M&A which given the recent over raise should be accretive and could easily add 3% to EPS. This could provide some modest near-term upside.

PDL (NEUTRAL, TP A$5.80)

We continue to remain cautious on flows for PDL, with Hambro (~85% of earnings) having seen eleven consecutive quarters of outflows mostly due to several of its largest funds carrying significant underperformance (e.g., UK Equity Income has A$2.8bn of retail FuM and carries 800bp of underperformance over one year, 600bp over three years; UK Dynamic has A$2.4bn of retail FuM and carries 1,100bp of underperformance over one-year, 500bp over three years; European Select Value has A$1.2bn of retail FuM and carries 500bp of underperformance over one year, 600bp over three years). Although performance fees could recover a little for Hambro in FY21E, weak performance across many of its larger funds leaves us less optimistic around future performance fees. In addition, Westpac's recent commentary suggests there is ongoing risk to flows in Pendal Australia (we view this as only a modest risk of ~2% of NPAT). This means that despite some apparent valuation support (12-13x FY21E) we have a Neutral rating.

PTM (NEUTRAL, TP A$3.30)

Performance in the flagship International Fund remains weak (-900bp over one/three years) which will likely limit inflows in the near term. In contrast, the Asia Funds' performance has improved significantly over the last year with 1,300bp of outperformance over the one-year time horizon and in July/August reported its first inflows (~$10-20mn/month) in some time demonstrating that flows can follow performance. We see little scope for an improvement in outflows given: (1) weak fund performance; (2) Morningstar's recent downgrade of the International Fund to "Bronze" (vs Magellan's "Gold" rating); and (3) outflows from legacy platforms where PTM's FuM may be overrepresented.

While we expect ongoing outflows, consensus has already factored in sizeable outflows, which limits the downside earnings risk from here. While these outflows are now reflected in the share price there could be upside if the Asia Fund's improved fund performance attracts FuM from offshore markets. We also note that PTM is trading at trough multiples again (13-14x) which limits downside risk on a further P/E de-rate. Following ~15% underperformance over the last three months we upgrade to Neutral.

JHG (UNDERPERFORM, TP A$21.00)

JHG is trading on a depressed multiple (~8.9x, ~10% discount to US peers) which screens as good value against an Australian peer group, however, we cannot see a re-rating catalyst on the horizon given outflows are likely to persist and so we have an Underperform rating.

We were somewhat hopeful that improved 2Q20 retail flows (which inflected positive) would see flows improve and create a re-rating catalyst. However, this was not the case with large institutional outflows persisting (including in the INTECH business). Looking into the remainder of the year, the outflows dynamic is unlikely to change with ongoing institutional outflows, challenging conditions in US equity (retail) and PM changes in the Balanced Fund which was the No. 1 fund for retail flows over the last couple of years (even the absence of inflows into this product let alone outflows could make a sizeable dent in JHG's flows). We expect these trends to overshadow positive flows into JHG's European retail business which continues to see positive flows into July/August.

We note that some value investors may be attracted to JHG's capital return story, with nearly all JHG's earnings returned to shareholders through dividends or the buyback.

Platforms

IFL (OUTPERFORM, TP $5.00)

IFL's share price will likely see near-term volatility as debate continues on the strategic merits of the acquisition (rather than simply the economic merits of a synergy-driven and debt-funded accretive deal). We are of the view that we have conservatively set our target price, allowing for platform margin compression, outflows, the one-off spend in coming years as well as the cash cost of the advice liabilities. On this basis, our target price of A$5.00 represents significant valuation upside from the current share price which supports our Outperform rating.

In conjunction with their FY20 result, IFL announced a significant equity raising and acquisition of MLC Wealth. The purchase price implies 16.2x MLC forecast FY20 NPAT or 7.4x including synergies. We estimate the deal is ~15-20% accretive. It is a long-dated deal, with approval likely to take up to ten months and full integration and realisation of synergies to take a further three years. So while we achieve ~15-20% EPS accretion from the deal, this is realised in our FY24 forecast Underlying NPAT, albeit at a slightly lower level on the assumption of revenue decline in the MLC business.

AMP (OUTPERFORM, TP $1.78)

While the capital management update at the 1H20 result was ahead of timing expectations, the quantum fell slightly short and the cost story lacking in conviction. However, this was more than allowed for in the share price, in our view, and so there remains valuation appeal which keeps us on an OUTPERFORM rating.

AMP reported $1.4bn of excess capital at the end of 1H20 and this will be distributed via: (1) $400mn spend on buying back 15% stake in AMP Capital, (2) $344mn of special dividend, (3) $200mn of on-market buy-back, and (4) ~$500mn to fund the completion of the transformation programme. With no dividend to be paid in 2H20 and a forward payout ratio of up to 50%, we question what AMP is doing with the annual retained earnings of over $200mn in coming periods. This 'reinvestment' back in to the business will likely attract limited valuation allowance by investors, in our view.

AMP confirmed $120mn of cumulative cost savings to be delivered in FY20, however, downgraded its controllable cost guidance by $40mn, now flat on pcp. A number of additional costs found their way into the AMP cost base, including 6% CPI increases. AMP was silent on how permanent these additional costs would be and what the medium-term cost base could be.

NWL (NEUTRAL, TP $14.75)

NWL continue to attract significant inflows and grow market share in a profitable manner despite the COVID-19 related headwinds. While the valuation is optically high (~60x FY22E), the ~20% three-year CAGR somewhat justifies this and so we have a Neutral rating.

NWL recently issued guidance for flows of $8bn in FY21E. While lower than FY20 ($9.1bn), excluding a A$2.7bn transition last year, it represents a ~25% increase which refutes any concerns of a temporary COVID-19-related slowdown in flows. With management confident enough to issue such strong guidance despite any headwinds from COVID-19, we have included $8bn of inflows not only in FY21E but also FY22-23E.

While NWL pointed to further revenue margin pressure in FY21E, we view it as manageable given strong FuA growth. We forecast -5.7bp of revenue margin pressure in FY21E, -2.9bp in FY22E but only 1-2bp p.a. thereafter. We expect re-pricings/back book migration to have a ~3.5bp impact in FY21E and the lower cash admin fee to have a further ~1.5bp. By FY23E we expect normalising trading activity to be a ~1bp headwind and normalising cash admin fees to be a ~3bp headwind.

According to Bloomberg, fixed income markets are pricing in a 65% chance of a 25bp cut the cash rate on the 6 October. However, this also equates to ~100% chance of a 15bp rate cut to 0.10%. If there is a 15bp (25bp) cut to the cash rate in early October 2020, the impact on NWL's earnings will be around -6% (-9%). While this will be disappointing, the size of the impact is more manageable than it is for peer, HUB.

HUB (UNDERPERFORM, TP $16.30)

HUB is making the most of the unique opportunity created by the disruption in the wealth management industry by capturing significant flows and growing its market share. The recent FY20 result demonstrated that HUB is able to translate this into profitable growth with strong top line growth and EBITDA margin expansion (even if costs did run higher than consensus expected). While HUB is executing on their growth strategy and management is confident in the outlook for flows (as evidenced by their FY22 FuA target) we believe the current ~50x FY22 multiple factors in the growth opportunity but does not account for the emerging risk on the cash administration fee should the RBA cut interest rates (which could be up to 20% of earnings).

According to Bloomberg, fixed income markets are pricing in a 65% chance of a 25bp cut the cash rate on the 6 October. However, this also equates to ~100% chance of a 15bp rate cut to 0.10%. If there is a 15bp (25bp) cut to the cash rate in early October 2020, the impact on HUB's earnings will be around -11% (-19%).

Large-cap diversified financials

CGF (OUTPERFORM, TP $4.25)

CGF is trading at a ~30% significant discount to book value. While there is a challenging 1H21E result ahead due to likely weak book growth and COE margin compression CGF carries significant valuation support and there is the potential for a positive catalyst in the release of the Retirement Income Review. We therefore have an Outperform rating.

CGF is trading on 0.7x FY21E BV, however, if we strip out the Funds Management business (which we apply a conservative 15x multiple to) the Life business (including allocated costs) is trading on 0.6x FY21E BV. This is arguably too low considering it generates an 8% ROE on this capital (0.8x might be more appropriate).

Annuity book growth is currently weak. Disruption in the advice market, departure of bank advisers who previously utilised CGF products, low interest/annuity rates, introduction of new age pension means test rules and a lack of clarity on the retirement income framework have all impacted annuity sales. However, the pending release of the Retirement Income Review (possibly around the Budget in October) has the potential to kick start growth in the annuity market. In a best-case scenario there could be regulatory support, with a worst-case scenario being the status quo (which in itself could still provide industry funds with the confidence to develop products to meet the Retirement Income Covenant and advisers to begin allocating to annuities again).

LNK (OUTPERFORM, TP $5.10)

LNK's business is being negatively impacted by COVID-19, but we do not believe the business model is broken. Revenues should be broadly resilient, but we acknowledge that a high cost to income ratio (80-85%) will mean that even small variations in revenues can have a large impact on earnings. We therefore see reduced earnings certainty in FY21E. However, earnings will likely snapback and when they do it will highlight the inherent value. While LNK is trading on an undemanding 11.7x FY22E EPS, if we strip out PEXA (at book value), LNK's business ex-PEXA is trading on just 9.6x.

LNK's gearing was 2.7x, above its target gearing range of 1.5-2.5x. While a dilutive equity raising would solve the problem quickly, we believe LNK could organically de-gear to the top of its gearing range by 30 June 2021 (factoring in the full run rate of PES synergies). We estimate that gearing with drop to ~2.5x (ex PES / PEXA) by December 2020 with the impact of lower EBITDA offset by lower debt as a result of strong cash flow (assisted by a low payout ratio). Factoring in the PES acquisition (ex-synergies) and the PEXA capital return would take gearing at December 2020 to ~2.7x. The PES synergies and another six months of cash flow could see LNK's gearing return to ~2.5x by June 2021, the upper end of its target range.

CPU (NEUTRAL, TP $13.90)

CPU's earnings are expected to decline ~30% over FY20-21E (~20% in FY20, with guidance for a further ~10% in FY21E), with the earnings recovery story is unlikely to play out until FY22E. While this will be appealing for medium-term investors given an undemanding valuation, we believe the earnings risk remains skewed to the downside in the near term. In our view, CPU's FY21E guidance factors in a recovery in operating condition as the pressures of COVID-19 ease. The guidance for a 40/60 split in 1H/2H earnings in FY21E implies a ~50% increase in earnings in 2H21E compared to 1H21E which is far more than the normal 10-15% benefit that seasonality might provide (based on 47/53 split). Any delay in the economic recovery presents downside to CPU's earnings pushing out the earnings recovery and re-rating catalyst. We note that there could be scope for a cost out program to be announced at the AGM as part of CPU's broader review of its operating model as a result of COVID-19. Any cost savings are likely to be skewed to 2H21E or more likely FY22E.

While lower margin income will be a significant headwind in FY21E (-24% NPAT) as will the roll-off of the UKAR fixed fees (-12% NPAT impact), there are significant cost savings programs which in gross terms should add 22% to NPAT in FY21E. Lower borrowing costs and reversal of one-off costs in 1H20 and 2H20 could add a further 10%. We can therefore see a pathway, for CPU to offset a significant portion of these significant headwinds (e.g., we forecast only a ~10% NPAT decline in FY21E).

ASX (UNDERPERFORM, TP $73.00)

ASX's earnings benefited from elevated activity in FY20 which was supported by above trend revenue growth. However, looking into FY21E revenue growth is likely to be minimal which with lower investment spread income and with mid-to-high-single-digit expense growth will lead to negative earnings growth in FY21E. With ASX trading on ~33x FY21E we see little valuation support so reiterate our Underperform rating. That said, it remains the most defensive stock in our coverage and its earnings could benefit from the ongoing market volatility (including in an equity market sell-off).

ASX talked to a mixed operating environment next year, however, on our bottom-up analysis we see more headwinds than tailwinds with our forecasts expecting a 6% decline in FY21E UNPAT. Tailwinds include buoyant cash equities trading activity (CSe turnover up ~10% in FY21E), roll off of $14mn of rebates in Equity Post Trade Services (1.5% revenue benefit) before any volume growth (which we expect to be ~10%) and higher government bond issuance/securitisation which will support Austraclear (CSe +10% Austraclear revenue).

Headwinds include lower futures volumes (CSe down ~15% in FY21E), lower investment spread and interest income (~$30mn revenue headwind or 4% earnings impact) and headwinds in Information and Technical Services from lower subscriptions/connections and lack of (or delayed) price increases.

In light of the environment, ASX has chosen not to raise fees in the majority of its businesses (the exception being Technical Services where fee increases will come through in 2H20). While this will see a slower rate of earnings growth in FY21E, we expect it will also build goodwill with clients and expect fee annual fee increases to return in CY21/FY22E.

Marking to market

We have marked to market our forecasts for the quarter ending 30 September 2020. Our earnings now reflect the:

- **Continued recovery in global equity markets:** The ASX200 Accumulation Index decreased 0.4% in the September 2020 quarter (-10.2% YoY). Global equities increased 6.3% in local currency terms during the quarter (6.8% YoY), while in AUD terms we estimate global equities were up 3.7% (2.8% YoY). The performance of equities varied from across all regions in the quarter: the US (8.5% QoQ in USD), Europe (-1.8% QoQ in EUR), the UK (-4.9% QoQ in GBP), Asia (+8.6% QoQ in USD), and emerging markets (+7.4% QoQ in USD).
- **Modest flattening of the yield curve:** The Australian yield curve flattened slightly during the September quarter, with a roughly flat 90-day bank bill rate in conjunction with a ~10bp decline in both the ten- and three-year bond yields.
- **Appreciation of the AUD:** In the September 2020 quarter, the AUD appreciated against the USD (4% QoQ, 6% YoY) and more modestly against the NZD (1% QoQ, 0% YoY), but was unchanged or slightly down against the GBP (0% QoQ and 1% YoY) and the EUR (-1% QoQ and -1% YoY).

Figure 3: September 2020 market movements

	Sep-19	Jun-20	Sep-20	QoQ Chg	YoY Chg
Australian Equities					
ASX200 Accumulation Index	71,955	64,893	64,608	(0.4%)	(10.2%)
ASX200 Price Index	6,688	5,898	5,816	(1.4%)	(13.0%)
Global Equities					
Global Equities (Local Currency)	1,680	1,688	1,794	6.3%	6.8%
Global Equities (USD)	2,222	2,251	2,423	7.6%	9.1%
...in AUD				3.7%	2.8%
...in GBP				3.3%	3.7%
US Equities (S&P500) (USD)	2,977	3,100	3,363	8.5%	13.0%
...in AUD				4.6%	6.5%
UK Equities (FTSE100) (GBP)	7,408	6,170	5,866	(4.9%)	(20.8%)
...in AUD				(4.5%)	(21.6%)
Euopean Equities (Euronext 100) (EUR)	1,099	977	959	(1.8%)	(12.8%)
...in AUD				(1.3%)	(11.6%)
...in GBP				(1.7%)	(10.8%)
Emerging Market Equities (USD)	1,001	995	1,069	7.4%	6.8%
...in AUD				3.5%	0.6%
...in GBP				3.1%	1.6%
Asian Equities (excl Japan) (USD)	618	649	705	8.6%	14.0%
...in AUD				4.7%	7.5%
...in GBP				4.2%	8.5%

	Sep-19	Jun-20	Sep-20	QoQ Chg	YoY Chg
Australian Interest Rates					
Australian Cash Rate	1.00%	0.25%	0.25%	0.00%	(0.75%)
Australian 90 day bill rate	0.95%	0.10%	0.09%	(0.01%)	(0.86%)
Australian 3 yr bond yields	0.73%	0.25%	0.16%	(0.09%)	(0.57%)
Australian 10 yr bond yields	1.01%	0.87%	0.79%	(0.08%)	(0.22%)
AUD Exchange Rates					
AUDUSD	0.67	0.69	0.72	4%	6%
AUDGBP	0.55	0.56	0.55	(0%)	1%
AUDEUR	0.62	0.61	0.61	(1%)	(1%)
AUDNZD	1.08	1.07	1.08	1%	0%

Source: Company data, Credit Suisse estimates

Impact of RBA rate cut

According to Bloomberg, fixed income markets are pricing in a 65% chance of a 25bp cut the cash rate on the 6 October. However, this also equates to ~100% chance of a 15bp rate cut to 0.10%. With a high chance of a rate cut on the horizon, we review the sensitivities to an RBA rate cut.

Platforms

Some platforms, particularly HUB and NWL (amongst the listed players), generate income from cash allocations on their platform by paying the customer less than the rate they are receiving. HUB and NWL are currently generally paying investors the RBA cash rate less 25bp yet receive a rate well over the RBA rate thereby making a spread of ~95-120bp.

This means if there is a 15-25bp rate cut to the RBA cash rate, then HUB/NWL will be paying negative rates to their clients. We expect that, similar to previous rate cuts, they will adjust the rate they are paying to their clients to zero. This means that HUB/NWL could wear the impact of an additional 15-25bp cash rate cut. A reduction by the RBA to negative rates is more likely to see the platforms pass any impact of below zero rates on to their clients rather than absorb the impact themselves.

We estimate that if there is a 15bp (25bp) cut to the cash rate in early October 2020, the impact on HUB's earnings will be around -11% (-19%), while for NWL it will be around -6% (-9%). The table below outlines our workings.

IFL and AMP do not make a significant margin on cash with its clients generally receiving a rate at or above the RBA cash rate and so they will not be impacted. This includes the recently acquired ANZ and MLC businesses.

Figure 4: HUB – sensitivity to 15bp and 25bp cash rate cuts

	1H20A	2H20A	1H21F	2H21F	1H22F	2H22F	1H23F	2H23F	FY19A	FY20A	FY21F	FY22F	FY23F
CURRENT													
Cash Admin Fee (%)	1.20%	1.05%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	1.20%	1.12%	0.95%	0.95%	0.95%
Cash Admin Fee ($mn)	8.7	9.5	9.9	10.8	11.8	13.1	14.3	15.4	12.4	18.2	20.7	24.9	29.7
Cash Admin Fee After Tax ($mn)	6.1	6.7	7.0	7.6	8.3	9.2	10.0	10.8	8.7	12.7	14.5	17.4	20.8
% NPAT (@ 30% tax)	112%	141%	98%	84%	78%	75%	71%	68%	128%	126%	90%	76%	69%
SCENARIO - 15bp RBA rate cut (Oct 2020)													
Cash Admin Fee (%)	1.20%	1.05%	0.88%	0.80%	0.80%	0.80%	0.80%	0.80%	1.20%	1.12%	0.84%	0.80%	0.80%
Cash Admin Fee ($mn)	8.7	9.5	9.2	9.1	10.0	11.0	12.0	13.0	12.4	18.2	18.2	21.0	25.0
Cash Admin Fee After Tax ($mn)	6.1	6.7	6.4	6.4	7.0	7.7	8.4	9.1	8.7	12.7	12.8	14.7	17.5
IMPACT ON NPAT ($mn)	**0.0**	**0.0**	**(0.5)**	**(1.2)**	**(1.3)**	**(1.4)**	**(1.6)**	**(1.7)**	**0.0**	**0.0**	**(1.7)**	**(2.8)**	**(3.3)**
IMPACT ON NPAT (% NPAT)	**0%**	**0%**	**(8%)**	**(13%)**	**(12%)**	**(12%)**	**(11%)**	**(11%)**	**0%**	**0%**	**(11%)**	**(12%)**	**(11%)**
SCENARIO - 25bp RBA rate cut (Oct 2020)													
Cash Admin Fee (%)	1.20%	1.05%	0.83%	0.70%	0.70%	0.70%	0.70%	0.70%	1.20%	1.12%	0.76%	0.70%	0.70%
Cash Admin Fee ($mn)	8.7	9.5	8.6	8.0	8.7	9.6	10.5	11.4	12.4	18.2	16.6	18.4	21.9
Cash Admin Fee After Tax ($mn)	6.1	6.7	6.0	5.6	6.1	6.7	7.4	8.0	8.7	12.7	11.6	12.8	15.3
IMPACT ON NPAT ($mn)	**0.0**	**0.0**	**(0.9)**	**(2.0)**	**(2.2)**	**(2.4)**	**(2.6)**	**(2.8)**	**0.0**	**0.0**	**(2.9)**	**(4.6)**	**(5.5)**
IMPACT ON NPAT (% NPAT)	**0%**	**0%**	**(13%)**	**(22%)**	**(21%)**	**(20%)**	**(19%)**	**(18%)**	**0%**	**0%**	**(18%)**	**(20%)**	**(18%)**
Assumptions													
Average FuA ($mn)	14,435	16,425	19,024	22,719	26,226	29,763	33,406	37,158	10,320	15,430	20,872	27,994	35,282
Average Cash Allocations	10%	11%	11%	10%	10%	9%	9%	9%	10%	11%	10%	9%	9%
Average Cash Balance ($mn)	1,444	1,807	2,093	2,272	2,491	2,753	3,007	3,251	1,032	1,625	2,182	2,622	3,129
UNPAT	5.4	4.7	7.1	9.0	10.6	12.2	14.1	16.0	6.8	10.1	16.1	22.8	30.1

Source: Company data, Credit Suisse estimates

Figure 5: NWL – sensitivity to 15bp and 25bp cash rate cuts

	1H20A	2H20A	1H21F	2H21F	1H22F	2H22F	1H23F	2H23F	FY19A	FY20A	FY21F	FY22F	FY23F
CURRENT													
Cash Admin Fee (%)	1.43%	1.28%	1.18%	1.18%	1.18%	1.18%	1.18%	1.18%	1.45%	1.34%	1.18%	1.18%	1.18%
Cash Admin Fee ($mn)	15.4	17.4	18.2	18.9	20.3	22.1	24.0	26.1	24.7	32.8	37.1	42.4	50.0
Cash Admin Fee After Tax ($mn)	10.8	12.2	12.8	13.2	14.2	15.4	16.8	18.3	17.3	22.9	26.0	29.7	35.0
% NPAT (@ 30% tax)	52%	52%	52%	50%	48%	46%	45%	44%	48%	52%	51%	47%	44%
SCENARIO - 15bp RBA rate cut (Oct 2020)													
Cash Admin Fee (%)	1.43%	1.28%	1.10%	1.03%	1.03%	1.03%	1.03%	1.03%	1.45%	1.34%	1.06%	1.03%	1.03%
Cash Admin Fee ($mn)	15.4	17.4	17.1	16.4	17.7	19.2	20.9	22.7	24.7	32.8	33.5	37.0	43.6
Cash Admin Fee After Tax ($mn)	10.8	12.2	12.0	11.5	12.4	13.5	14.6	15.9	17.3	22.9	23.5	25.9	30.5
IMPACT ON NPAT ($mn)	**0.0**	**0.0**	**(0.8)**	**(1.7)**	**(1.8)**	**(2.0)**	**(2.1)**	**(2.3)**	**0.0**	**0.0**	**(2.5)**	**(3.8)**	**(4.5)**
IMPACT ON NPAT (% NPAT)	**0%**	**0%**	**(3%)**	**(6%)**	**(6%)**	**(6%)**	**(6%)**	**(6%)**	**0%**	**0%**	**(5%)**	**(6%)**	**(6%)**
SCENARIO - 25bp RBA rate cut (Oct 2020)													
Cash Admin Fee (%)	1.43%	1.28%	1.05%	0.93%	0.93%	0.93%	0.93%	0.93%	1.45%	1.34%	0.99%	0.93%	0.93%
Cash Admin Fee ($mn)	15.4	17.4	16.3	14.8	16.0	17.4	18.9	20.5	24.7	32.8	31.1	33.4	39.4
Cash Admin Fee After Tax ($mn)	10.8	12.2	11.4	10.4	11.2	12.2	13.2	14.4	17.3	22.9	21.8	23.4	27.6
IMPACT ON NPAT ($mn)	**0.0**	**0.0**	**(1.4)**	**(2.8)**	**(3.0)**	**(3.3)**	**(3.6)**	**(3.9)**	**0.0**	**0.0**	**(4.2)**	**(6.3)**	**(7.5)**
IMPACT ON NPAT (% NPAT)	**0%**	**0%**	**(6%)**	**(11%)**	**(10%)**	**(10%)**	**(10%)**	**(9%)**	**0%**	**0%**	**(8%)**	**(10%)**	**(9%)**
Assumptions													
Period End Cash Allocations	7.0%	9.8%	8.5%	8.0%	7.8%	7.5%	7.4%	7.3%	0.0%	9.8%	8.0%	7.5%	7.3%
Average Cash Allocations	8.4%	9.1%	9.2%	8.3%	7.9%	7.6%	7.5%	7.4%	8.5%	8.8%	8.7%	7.7%	7.4%
Average Cash Balance ($mn)	2,160	2,727	3,104	3,209	3,460	3,756	4,078	4,438	1,700	2,444	3,157	3,608	4,258
UNPAT	20.6	23.2	24.4	26.6	29.7	33.5	37.0	41.8	36.0	43.8	51.0	63.1	78.8

Source: Company data, Credit Suisse estimates

ASX

ASX has a very small exposure to lower interest rates through interest earnt on its own capital (~$1.2bn). A 15bp rate cut would reduce NPAT by ~0.3% while a 25bp rate cut would reduce NPAT by -0.4%.

Speculation of rate cuts could see increased trading opportunities in the futures market which could see a temporary recovery in short dated interest rate futures. However, there is scope for the RBA to also extend the maturities of its rate targeting program up to five to ten years (from the current three years) which would weaken the case for ASX's launch of five-year interest rate futures and the market for ten-year futures which have to date remained more resilient.

CGF

The majority of CGF's fixed income assets have a natural hedge through policyholder liabilities. This means the balance sheet impact and earnings impact is somewhat contained from lower interest rates. However, CGF does have ~A$2.2bn of shareholder funds of which we estimate ~75 is invested in government bonds and fixed income securities which do not have a natural hedge. While an RBA rate cut may not have a direct impact on earnings (the sensitivity is very small in CGF's accounts), lower bond yields would reduce CGF's earnings on shareholder capital. We estimate that a 15-25bp reduction in cash rates/bond yields, CGF's earnings would be reduced by 0.6-1.0%.

Credit spreads are a more important driver of CGF's earnings as they can lead to large positive/negative investment experience and drive the ROE over the medium run.

CPU

CPU is predominantly exposed to the US, the UK and Canadian interest rates rather than Australian interest rates. We view a cut to the RBA cash rate as having a negligible effect on CPU's earnings. With the majority of CPU's earnings (~95%) derived from offshore CPU would benefit from any depreciation in the AUD.

LNK

LNK has only a modest exposure to interest rates with this coming primarily through its corporate actions business (although this is running at subdued levels at the moment anyway).

A lower AUD would likely provide LNK with a small tailwind given ~50-60% of its revenues are derived in offshore."

Asset managers

The asset managers generally have very low exposure to cash rate cuts, although falling bond yields might lead to some small benefits from positive market movements in fixed income AuM. This benefit would be modest given fixed income products are lower margin. It is likely to be more than offset by movements in equity markets.

Those asset managers with offshore exposure (all our listed asset managers) could benefit from a lower AUD if the rate cut leads to depreciation in the AUD.

CGF investment experience

CGF is exposed to changes in asset valuations which can lead to positive and negative investment experience. This includes where assets do not perform in line with CGF's normalised growth assumptions.

In 2H20, CGF reported $1.1bn of negative investment experience (pre-tax) due to wider credit spreads and declines in the value of its property, equity and infrastructure portfolios.

Looking at asset markets in the September 2020 quarter, we expect that CGF could benefit from positive investment experience as some asset classes recover. We estimate that CGF could see ~$150mn positive investment experience in 1Q21E (~$100mn post tax) as outlined in the table below.

Figure 6: CGF Investment experience in 1Q21E (CSe)

	Assets ($mn)	Investment Experience (%)	Investment Experience ($mn)
Fixed Income	13,971	0.09%	238
…Credit spreads narrowing	13,971	1.79%	250
…Variance compared to normalized defaults	13,971	(0.09%)	(12)
Property	3,292	(0.50%)	(33)
Equity & Infrastructure	394	(0.43%)	(2)
Alternatives	647	0.00%	0
Asset investment experience	**18,304**		**203**
New Business Strain			10
Illiquidity Premium			(68)
Investment experience (pre-tax)			**145**
Tax			(44)
Investment experience after tax			**102**

Source: Company data, Credit Suisse estimates

In our estimate we have assumed:

- **Fixed income.** The recent narrowing of credit spreads reverses ~50% of the ~$520mn of negative valuation marks taken in 2H20 (CSe 1Q21 +$250mn). RBA data on credit spreads indicates that A-rated securities have largely recovered the blow out in credit spreads seen in 2H20, while BBB-rated securities have recovered ~50% of the increase seen in 2H20. We assume credit losses are twice the normalised level (70bp p.a. rather than 35bp p.a.) in 1Q21E, which we view as particularly conservative given ongoing government support to the economy and CGF's recent de-risking of the fixed income portfolio (~85% is now investment grade) which includes ~20% of fixed income assets in cash.

- **Property.** We assume no valuation adjustments in the September 2020 quarter for property noting CGF recently reviewed all properties in June 2020 quarter, that it carries minimal exposure to Victorian retail assets and many of its office assets include government and bank tenants. Nevertheless, flat property valuations will result in growth that is below CGF's normalised growth assumption of 2% p.a. (0.5% per quarter) which equates to negative investment experience of ~$30mn.

- **Equity & infrastructure.** Domestic beta (including low beta) likely underperformed CGF's normalised growth assumptions, while offshore beta likely exceeded CGF's normalised growth assumptions in 1Q21E. We assume infrastructure valuations remained unchanged which in itself would have resulted in negative investment experience. Overall, we expect the investment experience for these assets was negligible in the quarter.

- **Alternatives.** New normalised growth assumptions in FY21E include nil growth in the alternatives portfolio. We assume there is no investment experience within CGF's alternatives portfolio in 1Q21E.

- **New Business Strain.** Accounting standards require CGF to value annuities at lower rates than the rate CGF pays its customers who hold an annuity. This creates a non-cash loss on new annuities which gradually unwinds over the life of the annuity. When the annuity book grows there are typically net losses from new business strain while when the book contracts there are likely to positive new business strain marks. Given a soft outlook for net book growth we have assumed a $10mn positive impact from new business strain in 1Q21 (roughly one-third of the $30mn experienced in 2H20, most of which came in the 4Q20).
- **Illiquidity premium.** Recognising that most of CGF's assets are hold to maturity, the regulator allows CGF to include an illiquidity premium on its discount rate for annuities. This is set at one-third of the credit spread on three-year A-rated securities. As credit spreads narrow, CGF is likely to have experienced negative valuation marks on its annuity portfolio. We estimate these were ~$70mm in 1Q21E.

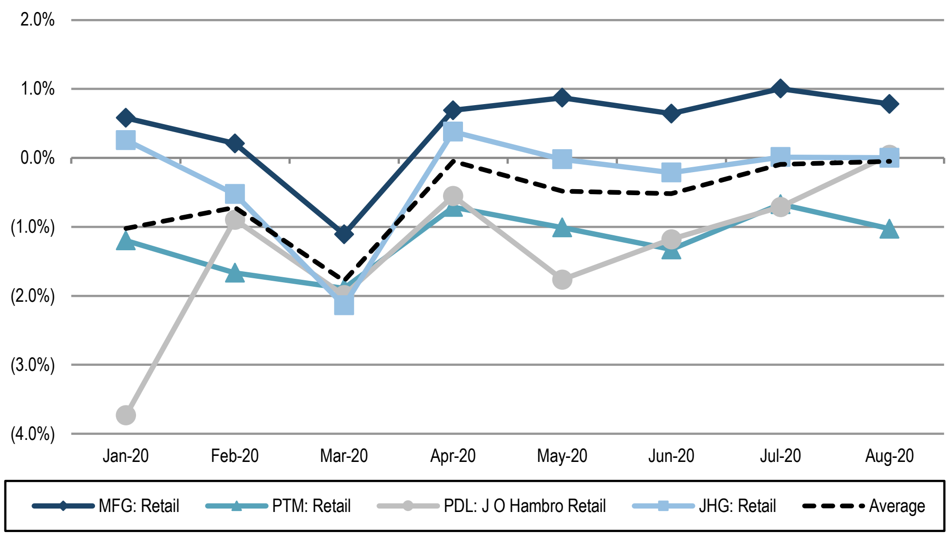
Fund flows

We have compiled the monthly data on retail flows for MFG, PTM, JHG and PDL which we can use to gain a more intricate understanding of how flows have been tracking in recent months.

As illustrated in the chart below, the Australian listed asset managers have seen relatively stable flows in the past few months compared to what was a volatile start to the year for flows and markets generally. Outflows peaked in March 2020 before making a rebound make to neutral territory in April. Flows in July and August have been amongst the best the industry has seen this year with broadly neutral flows.

While MFG was the only manager to experience sizeable inflows in July/August, Hambro's flows progressively improved back to neutral territory and JHG has remained at Neutral levels. PTM continued to experience outflows similar to recent months.

Figure 7: Retail flows % Opening AuM (monthly)



Source: Company data, Morningstar, Strategic Insights, Credit Suisse estimates

Overleaf we have provided a more complete data set including institutional flows from MFG and PTM.

Figure 8: Monthly flows by asset manager

	Currency	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
Net Flows (Monthy)									
MFG	AUD	414	453	469	818	(288)	249	769	566
…retail	AUD	156	60	(303)	175	228	173	269	208
…institutional	AUD	258	393	772	643	(516)	76	500	358
PTM	AUD	(254)	(372)	(426)	(299)	(211)	(213)	(167)	(202)
…retail	AUD	(235)	(320)	(350)	(121)	(175)	(226)	(112)	(171)
…institutional	AUD	(19)	(52)	(76)	(178)	(36)	13	(55)	(31)
PDL: J O Hambro Retail	AUD	(1,251)	(307)	(532)	(160)	(491)	(345)	(209)	12
…J O Hambro Retail - US	AUD	(29)	(43)	(333)	119	100	(58)	61	210
…J O Hambro Retail - UK/Europe/Other	AUD	(1,222)	(264)	(199)	(279)	(591)	(287)	(270)	(197)
JHG Retail	USD	549	(1,071)	(4,151)	646	(39)	(418)	22	1
…JHG Retail - US	USD	461	120	(2,631)	(17)	(468)	(598)	(417)	(390)
…JHG Retail - UK/Europe/Other	USD	88	(1,191)	(1,521)	663	428	180	439	391
Net Flows % Opening AuM (Monthly)									
MFG		0.4%	0.4%	0.5%	0.9%	(0.3%)	0.3%	0.8%	0.6%
…retail		0.6%	0.2%	(1.1%)	0.7%	0.9%	0.6%	1.0%	0.8%
…institutional		0.4%	0.5%	1.1%	0.9%	(0.7%)	0.1%	0.7%	0.5%
PTM		(1.0%)	(1.5%)	(1.8%)	(1.4%)	(1.0%)	(1.0%)	(0.8%)	(0.9%)
…retail		(1.2%)	(1.7%)	(1.9%)	(0.7%)	(1.0%)	(1.3%)	(0.7%)	(1.0%)
…institutional		(0.3%)	(1.0%)	(1.4%)	(3.6%)	(0.7%)	0.3%	(1.2%)	(0.7%)
PDL: J O Hambro Retail		(3.7%)	(0.9%)	(2.0%)	(0.6%)	(1.8%)	(1.2%)	(0.7%)	0.0%
…J O Hambro Retail - US		(0.2%)	(0.3%)	(2.6%)	0.8%	0.7%	(0.4%)	0.4%	1.3%
…J O Hambro Retail - UK/Europe/Other		(6.5%)	(1.4%)	(1.4%)	(1.9%)	(4.3%)	(2.0%)	(2.0%)	(1.5%)
JHG Retail		0.3%	(0.5%)	(2.1%)	0.4%	(0.0%)	(0.2%)	0.0%	0.0%
…JHG Retail - US		0.3%	0.1%	(2.0%)	(0.0%)	(0.4%)	(0.4%)	(0.3%)	(0.3%)
…JHG Retail - UK/Europe/Other		0.1%	(1.8%)	(2.6%)	1.2%	0.7%	0.3%	0.7%	0.6%
Annualised (monthy) Net Flow Rate									
MFG		5%	5%	6%	10%	(4%)	3%	9%	7%
…retail		7%	3%	(13%)	8%	10%	8%	12%	9%
…institutional		4%	6%	13%	11%	(9%)	1%	9%	6%
PTM		(12%)	(18%)	(21%)	(16%)	(11%)	(12%)	(9%)	(11%)
…retail		(14%)	(20%)	(23%)	(9%)	(12%)	(16%)	(8%)	(12%)
…institutional		(4%)	(11%)	(17%)	(43%)	(9%)	3%	(14%)	(8%)
PDL: J O Hambro Retail		(45%)	(11%)	(24%)	(7%)	(21%)	(14%)	(9%)	1%
…J O Hambro Retail - US		(2%)	(3%)	(31%)	10%	8%	(5%)	5%	16%
…J O Hambro Retail - UK/Europe/Other		(79%)	(17%)	(17%)	(23%)	(52%)	(24%)	(24%)	(18%)
JHG Retail		3%	(6%)	(26%)	5%	(0%)	(3%)	0%	0%
…JHG Retail - US		4%	1%	(23%)	(0%)	(4%)	(5%)	(4%)	(3%)
…JHG Retail - UK/Europe/Other		2%	(22%)	(31%)	14%	9%	3%	8%	8%
AuM									
MFG	AUD	104,311	100,650	93,991	96,973	98,454	97,184	98,526	100,871
…retail	AUD	28,572	27,345	25,345	26,164	26,985	26,769	26,585	27,489
…institutional	AUD	75,739	73,305	68,646	70,809	71,469	70,415	71,941	73,382
PTM	AUD	24,649	23,785	21,927	22,138	21,759	21,385	21,377	21,677
…retail	AUD	19,220	18,504	17,021	17,326	17,037	16,600	16,653	16,872
…institutional	AUD	5,429	5,281	4,905	4,812	4,722	4,785	4,724	4,805
PDL: J O Hambro Retail	AUD	34,256	26,740	28,865	27,849	29,212	29,343	29,414	28,906
…J O Hambro Retail - US	AUD	15,471	12,966	14,139	14,136	15,133	15,757	16,015	15,882
…J O Hambro Retail - UK/Europe/Other	AUD	18,785	13,773	14,726	13,714	14,079	13,586	13,399	13,024
JHG Retail	USD	203,690	194,057	169,872	185,172	196,367	200,213	206,026	211,838
…JHG Retail - US	USD	138,943	134,790	114,890	127,623	134,172	136,742	143,572	150,401
…JHG Retail - UK/Europe/Other	USD	64,747	59,267	54,981	57,548	62,195	63,471	62,454	61,437

Source: Company data, Morningstar, Strategic Insights, Credit Suisse estimates

We forecast net outflows in CY20 of 5.5% on average across our asset managers. We forecast outflows for most asset managers with the exception of MFG, who we expect to remain in inflow given its strong fund performance and distribution.

Figure 9: Credit Suisse flows forecasts in CY20

	Net Flows - CY20	% Opening FuM
JHG	(US$30.4bn)	(8.1%)
MFG	$4.8bn	4.9%
	$1.9bn	7.0%
	$2.9bn	4.1%
PDL	($6.6bn)	(6.5%)
	($5.1bn)	(10.6%)
	($1.5bn)	(2.7%)
PPT	($1.6bn)	(6.1%)
PTM	($3.0bn)	(11.9%)
Average		**(5.5%)**

Source: Company data, Credit Suisse estimates

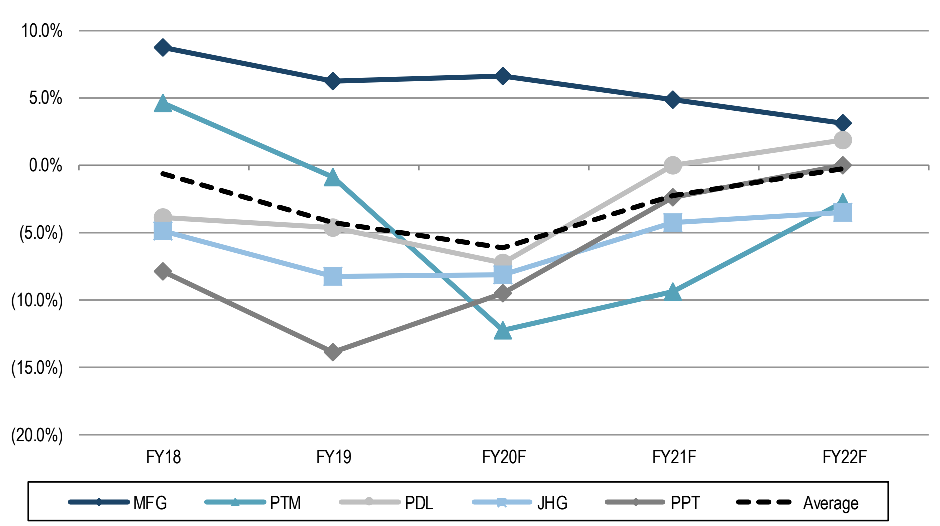
We forecast a recovery in flows across our coverage into FY21E and FY22E, although expect JHG and PTM to remain in outflow given demand in their core asset classes/strategies and weak fund performance. We also have flows for PDL recovering to inflow in FY22E.

Figure 10: Credit Suisse net flow forecasts (% opening FuM)

	FY18	FY19	1H20	2H20F	FY20F	FY21F	FY22F
JHG	(4.9%)	(8.3%)	(5.4%)	(3.0%)	(8.1%)	(4.3%)	(3.6%)
MFG	8.7%	6.3%	4.2%	2.2%	6.6%	4.9%	3.1%
…retail	12.2%	7.6%	10.3%	1.8%	12.4%	11.2%	7.7%
…institutional	7.2%	5.8%	1.9%	2.3%	4.5%	2.5%	1.3%
PDL	(3.9%)	(4.6%)	(5.2%)	(2.4%)	(7.3%)	(0.0%)	1.8%
…Pendal Australia	(3.1%)	(2.8%)	(7.0%)	(3.9%)	(10.3%)	(0.5%)	0.3%
…J O Hambro	(4.5%)	(6.2%)	(3.5%)	(1.1%)	(4.4%)	0.4%	3.0%
PPT	(8.0%)	(14.0%)	(5.5%)	(4.2%)	(9.6%)	(2.5%)	0.0%
PTM	4.6%	(1.0%)	(5.2%)	(6.9%)	(12.2%)	(9.5%)	(2.8%)
Average	**(0.7%)**	**(4.3%)**	**(3.4%)**	**(2.9%)**	**(6.1%)**	**(2.3%)**	**(0.3%)**

Source: Company data, Credit Suisse estimates

Figure 11: Net flows % opening AuM



Source: Company data, Credit Suisse estimates

Fund performance summary

The following pages present the most recent snapshot of fund performance for the listed asset managers.

JHG

Figure 12: JHG: % of FuM exceeding benchmark as at 30 June 2020

JHG fund performance

	1 Year	3 Year	5 Year
% of Funds exceeding benchmarks	**60%**	**62%**	**68%**
…Equities	52%	54%	64%
…Fixed Income	83%	87%	96%
…Quant	23%	22%	9%
…Multi-Asset	93%	91%	94%
…Alternatives	96%	96%	99%

Source: Company data, Credit Suisse estimates

MFG

Figure 13: MFG fund performance – key funds as at 31 August 2020

	3mth	6mth	1Yr	3Yr	5Yr	7Yr	10Yr	FuM ($)	% FuM
Global Equity Strategies:									
Magellan Global Fund	1.5%	1.0%	5.8%	16.6%	11.5%	14.3%	16.1%		
Outperformance vs benchmark	(1.5%)	0.1%	(0.6%)	4.2%	2.0%	1.7%	3.3%		
…Benchmark - MSCI World NTR Index (AUD)	3.0%	0.9%	6.4%	12.4%	9.5%	12.6%	12.8%		
Magellan Global Fund (Hedged)	11.0%	11.8%	11.4%	12.7%	12.2%	12.3%			
Outperformance vs benchmark	(1.0%)	0.4%	(0.2%)	3.8%	2.0%	1.2%			
…Benchmark - MSCI World Index NTR (hedged to AUD)	12.0%	11.4%	11.7%	8.9%	10.2%	11.1%			
Magellan High Conviction Fund	7.1%	2.3%	10.6%	13.8%	12.1%	15.0%			
Outperformance vs benchmark	4.6%	(2.7%)	0.6%	3.8%	2.1%	5.0%			
…Benchmark - 10% p.a.	2.5%	5.0%	10.0%	10.0%	10.0%	10.0%			
Global Listed Infrastructure Strategies:								**$16.4b**	**16%**
Magellan Infrastructure Fund	(1.4%)	(7.7%)	(11.2%)	3.2%	7.5%	10.2%	11.6%		
Outperformance vs benchmark	(0.6%)	6.1%	3.9%	5.2%	4.0%	3.8%	4.2%		
…Benchmark - S&P Global Infrastructure Index A$ Hedged Net	(0.8%)	(13.8%)	(15.2%)	(2.0%)	3.5%	6.4%	7.4%		
Magellan Infrastructure Fund (Unhedged)	(7.5%)	(14.2%)	(14.4%)	5.1%	6.4%	10.8%			
Outperformance vs benchmark	(0.1%)	6.0%	3.6%	4.6%	3.7%	3.5%			
…Benchmark - S&P Global Infrastructure Index A$ Unhedged NTR	(7.4%)	(20.2%)	(18.0%)	0.4%	2.7%	7.3%			
Australia Equity Strategies:								**$7.4b**	**7%**
Airlie Australian Share Fund	9.1%	1.3%	4.4%						
Outperformance vs benchmark	3.0%	5.8%	9.5%						
…Benchmark - S&P ASX 200 Accumulation	6.0%	(4.5%)	(5.1%)						
Total								**$100.9b**	**100%**

Source: Company data, Credit Suisse estimate

PDL

Figure 14: PDL: % of FuM ranked in 1st and 2nd quartiles as at 31 March 2020

	1 Year	3 Year	5 Year
% of Core funds ranked in 1st and 2nd Quartiles	**51%**	**43%**	**43%**
…1st Quartile	31%	26%	20%
…2nd Quartile	20%	17%	23%
…3rd Quartile	24%	21%	23%
…4th Quartile	25%	36%	34%
% Funds exceeding benchmark	**70%**	**71%**	**65%**

Source: Company data, Credit Suisse estimates

Figure 15: J O Hambro retail funds fund performance for key funds at 31 August 2020

Fund	Status	Domicile	Fund Size Aug-20 A$mn	Fund Out/Under Performance as at August 2020* 3-month	6-month	1-Year	3-Year	5-Year
JOHCM International Select I	Soft closed	United States	13,957	8.6%	15.7%	11.8%	7.0%	3.4%
JOHCM UK Equity Income A GBP Acc	Soft closed	United Kingdom	2,751	(1.9%)	(13.2%)	(7.7%)	(6.3%)	(4.3%)
JOHCM UK Dynamic B Acc	Soft closed	United Kingdom	2,399	(1.3%)	(11.3%)	(11.2%)	(5.4%)	(3.1%)
JOHCM Global Select A GBP	Open	Ireland	2,497	(0.7%)	8.9%	4.7%	4.2%	0.2%
JOHCM European Select Val A EUR	Soft closed	Ireland	1,157	1.5%	5.5%	(4.5%)	(5.8%)	(2.1%)
JOHCM Continental European B GBP	Open	Ireland	1,049	2.0%	4.4%	2.2%	(0.9%)	(1.2%)
JOHCM Emerging Markets Opps Instl	Open	United States	857	2.8%	1.1%	(4.5%)	(1.3%)	(0.8%)
JOHCM Global Opps Offshore A USD Inc	Open	Ireland	724	(8.6%)	(11.4%)	(12.0%)	(4.1%)	(2.9%)
JOHCM UK Opportunities A GBP Acc	Open	United Kingdom	599	2.7%	7.8%	7.3%	3.0%	0.9%
JOHCM Global Emerging Mkts Opps USD A	Open	Ireland	586	(5.3%)	(5.6%)	(8.3%)	(2.1%)	(1.5%)
JOHCM Global Equity Instl	Open	United States	633	5.9%	11.1%	7.3%	4.6%	(0.5%)
JOHCM UK Growth B GBP Inc	Open	Ireland	349	3.7%	4.2%	8.7%	(1.0%)	(3.3%)
JOHCM Japan B GBP	Soft closed	Ireland	281	(1.6%)	(9.7%)	(11.5%)	(6.8%)	(5.7%)
JOHCM International Small Cap Eq Instl	Open	United States	249	(4.9%)	(3.5%)	(5.8%)	(3.4%)	(1.3%)
JOHCM European Concentrated Value A EUR	Open	Ireland	196	(0.4%)	4.0%	(7.5%)	(4.2%)	(1.1%)
JOHCM Asia ex-Japan A USD Inc	Open	Ireland	162	3.8%	11.5%	3.7%	(2.0%)	(3.1%)
JOHCM Global Income Builder Instl	Open	United States	114	na	na	na	na	na
JOHCM Global Income Builder Seed GBP	Open	Ireland	195	na	na	na	na	na
Other			152					
Total (A$mn)			**28,906**					
Fund Performance summary								
% FuM Outperforming				66%	75%	68%	62%	60%
Number of Funds Outperforming				47%	59%	41%	24%	18%

* Performance for UK/EU funds are as at August 2020, US Funds are as at June 2020.

Source: Company data, Credit Suisse estimates

PPT

Figure 16: PPT fund performance for key funds at 31 August 2020

	1mth	3mths	6mths	1yr	3yrs	5yrs	10yrs
Perpetual Wholesale Industrial Share Fund							
Absolute performance	3.4%	3.5%	(8.2%)	(10.9%)	0.7%	2.8%	7.6%
Benchmark performance (ASX300 Industrial Accum.)	*3.6%*	*6.0%*	*(7.5%)*	*(7.0%)*	*4.8%*	*6.3%*	*9.6%*
Relative performance	(0.3%)	(2.5%)	(0.7%)	(3.8%)	(4.1%)	(3.5%)	(1.9%)
Perpetual Wholesale Australian Share Fund							
Absolute performance	3.9%	4.5%	(3.6%)	(6.5%)	2.3%	4.1%	7.0%
Benchmark performance (ASX300 Accum.)	*3.0%*	*6.2%*	*(4.1%)*	*(4.8%)*	*6.2%*	*7.6%*	*7.7%*
Relative performance	0.9%	(1.7%)	0.6%	(1.7%)	(3.9%)	(3.5%)	(0.8%)
Perpetual Wholesale Concentrated Equity Fund							
Absolute performance	4.6%	3.7%	(8.1%)	(11.8%)	0.4%	3.5%	7.0%
Benchmark performance (ASX300 Accum.)	*3.0%*	*6.2%*	*(4.1%)*	*(4.8%)*	*6.2%*	*7.6%*	*7.7%*
Relative performance	1.5%	(2.5%)	(3.9%)	(7.0%)	(5.8%)	(4.1%)	(0.7%)
Perpetual Wholesale SHARE-PLUS Long-Short Fund							
Absolute performance	1.6%	(0.1%)	(5.3%)	(7.5%)	2.3%	4.2%	9.4%
Benchmark performance (ASX300 Accum.)	*3.0%*	*6.2%*	*(4.1%)*	*(4.8%)*	*6.2%*	*7.6%*	*7.7%*
Relative performance	(1.4%)	(6.3%)	(1.1%)	(2.7%)	(4.0%)	(3.3%)	1.7%
Perpetual Wholesale Ethical SRI Fund							
Absolute performance	5.8%	3.8%	(1.7%)	(4.2%)	0.4%	4.2%	9.4%
Benchmark performance (ASX300 Accum.)	*3.0%*	*6.2%*	*(4.1%)*	*(4.8%)*	*6.2%*	*7.6%*	*7.7%*
Relative performance	2.8%	(2.4%)	2.5%	0.6%	(5.9%)	(3.4%)	1.7%
Perpetual Wholesale Global Share Fund							
Absolute performance	0.3%	1.8%	(7.4%)	(1.9%)	6.9%	6.4%	
Benchmark performance (World Total Return A$)	*3.4%*	*3.0%*	*0.9%*	*6.4%*	*12.4%*	*9.5%*	
Relative performance	(3.1%)	(1.2%)	(8.3%)	(8.2%)	(5.5%)	(3.1%)	

Source: Company data, the BLOOMBERG PROFESSIONAL™ service, Credit Suisse estimates

PTM

Figure 17: PTM Fund performance (relative to benchmark) as at 31 August 2020

in millions, unless otherwise stated

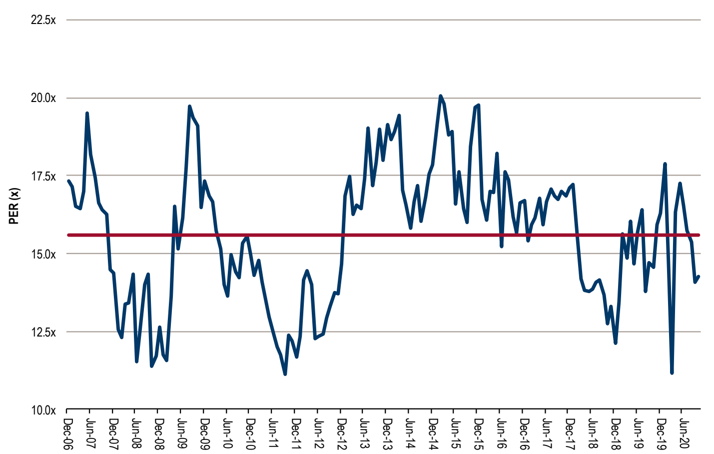
	1mth	3mths	6mths	1yr	2yrs	3yrs	5yrs	10yrs	FuM	% FuM
Platinum International Fund (incl ASX listed fund)	2.7%	2.4%	(4.2%)	(2.8%)	(0.6%)	2.8%	5.4%	8.4%	$8.7b	40%
Outperformance vs benchmark (%)	(0.2%)	(1.1%)	(4.7%)	(9.0%)	(7.2%)	(8.8%)	(3.9%)	(3.6%)		
Platinum Asia Fund (incl ASX listed funds)	1.6%	14.2%	14.3%	23.5%	11.2%	11.3%	10.7%	9.9%	$5.2b	24%
Outperformance vs benchmark (%)	1.2%	4.9%	13.8%	12.7%	5.7%	3.4%	1.1%	1.2%		
Platinum Global Fund (MLC) - closed	3.9%	4.6%	(1.4%)	2.3%	1.1%	3.5%	5.5%	8.8%	$0.7b	3%
Outperformance vs benchmark (%)	1.0%	1.1%	(1.9%)	(3.9%)	(5.5%)	(8.1%)	(3.8%)	(3.2%)		
Platinum European Fund	2.6%	2.0%	(9.0%)	(11.3%)	(6.2%)	1.2%	3.9%	10.1%	$0.6b	3%
Outperformance vs benchmark (%)	1.8%	1.3%	(1.5%)	(6.8%)	(6.2%)	(2.7%)	0.8%	2.7%		
Platinum International Brands Fund	7.8%	8.2%	5.0%	7.5%	4.1%	6.8%	9.2%	10.6%	$0.6b	3%
Outperformance vs benchmark (%)	4.9%	4.7%	4.5%	1.3%	(2.5%)	(4.8%)	(0.1%)	(1.4%)		
Platinum Japan Fund	(1.5%)	(8.4%)	(11.9%)	(11.9%)	(4.1%)	1.2%	4.3%	12.4%	$0.5b	2%
Outperformance vs benchmark (%)	(5.9%)	(3.4%)	(7.6%)	(12.3%)	(4.9%)	(5.5%)	(0.6%)	3.8%		
Platinum Unhedged Fund	2.7%	1.1%	(8.1%)	(5.8%)	(3.1%)	2.6%	6.5%	9.4%	$0.2b	1%
Outperformance vs benchmark (%)	(0.2%)	(2.4%)	(8.6%)	(12.0%)	(9.7%)	(9.0%)	(2.8%)	(2.6%)		
Platinum International Health Care Fund	2.4%	(3.2%)	7.0%	25.6%	10.4%	16.8%	11.3%	17.3%	$0.4b	2%
Outperformance vs benchmark (%)	3.5%	2.1%	4.1%	13.3%	0.9%	2.5%	3.5%	1.1%		
Platinum International Tech Fund	0.5%	6.1%	12.5%	20.8%	12.7%	14.5%	12.3%	12.2%	$0.1b	1%
Outperformance vs benchmark (%)	(5.4%)	(6.8%)	(7.2%)	(18.9%)	(11.8%)	(14.2%)	(12.0%)	(9.5%)		
Other FuM									$4.8b	22%
Total									**$21.7b**	**100%**

Source: Company data, Credit Suisse estimates

Valuation screens

Figure 18: Australian fund manager PE at 14.3x

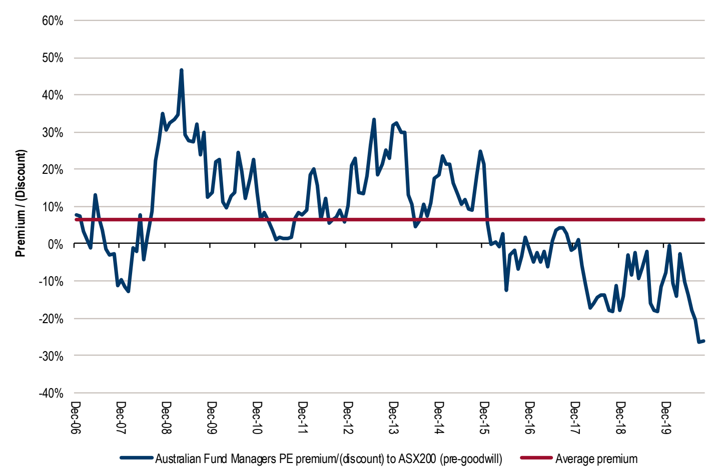
Australian fund manager PE – 12mth fwd rolling



Source: IBES, the BLOOMBERG PROFESSIONAL™ service, Credit Suisse estimates

Figure 19: Australia FMs trading 26% below the market

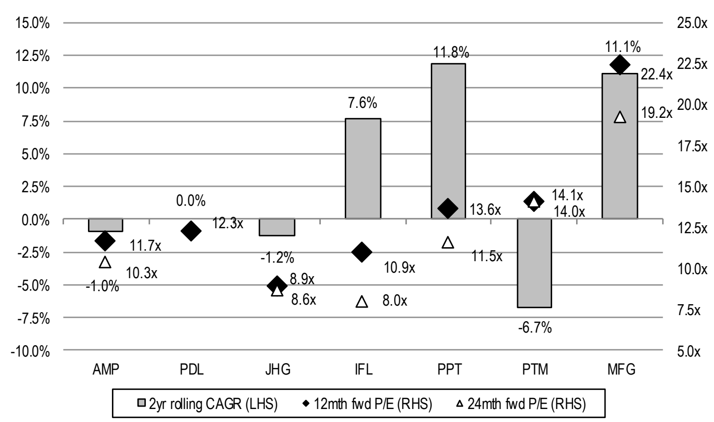
Australian fund manager PE premium/(discount) to ASX200



Source: IBES, the BLOOMBERG PROFESSIONAL™ service, Credit Suisse estimates

Figure 20: Australian fund manager growth vs P/E

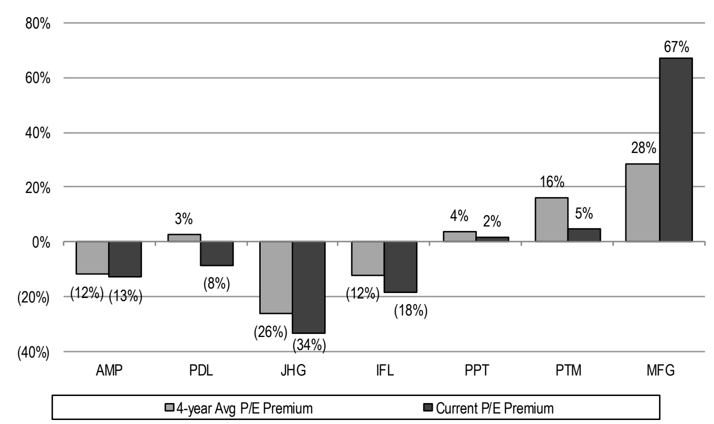
Australian FMs – valuation vs growth



Source: The BLOOMBERG PROFESSIONAL™ service, Credit Suisse estimates

Figure 21: Most varying from historic trading levels

Australian FM P/E premium/(discount) to peers – current vs 4-yr avg



Source: The BLOOMBERG PROFESSIONAL™ service, Credit Suisse estimates

Global asset manager valuation comparison

Figure 22: Global asset manager valuation comparison

		Currency	CS Rating	CS Target Price	Share Price	Market Cap	P/E 2020	P/E 2021	P/E 2022	P/E 12mth fwd	EPS (local FX) 2019	EPS (local FX) 2020	EPS (local FX) 2021	EPS (local FX) 2022	EPS Growth 2020	EPS Growth 2021	EPS Growth 2022	3yr EPS CAGR 2019-2022	2yr EPS CAGR 2020-2022
CREDIT SUISSE																			
Australian Asset Managers (Credit Suisse)																			
Pendal	PDL.AX	AUD	NTRL	5.80	5.46	A$1.8bn	11.3x	12.1x	11.1x	12.1x	0.51	0.48	0.45	0.49	(6%)	(6%)	9%	(1%)	1%
Janus Henderson	JHG.AX	AUD	UPFM	21.00	29.87	A$3.4bn	8.4x	9.0x	8.5x	8.9x	3.55	3.56	3.31	3.52	0%	(7%)	7%	(0%)	(1%)
Magellan	MFG.AX	AUD	OPFM	65.00	56.64	A$10.4bn	23.5x	23.1x	19.6x	22.1x	2.06	2.41	2.45	2.89	17%	2%	18%	12%	9%
Perpetual	PPT.AX	AUD	NTRL	31.00	27.97	A$1.6bn	14.2x	14.4x	11.5x	13.6x	2.46	1.97	1.94	2.43	(20%)	(2%)	26%	(0%)	11%
Platinum	PTM.AX	AUD	NTRL	3.30	3.07	A$1.8bn	11.5x	13.8x	14.0x	13.8x	0.27	0.27	0.22	0.22	(1%)	(17%)	(1%)	(7%)	(9%)
Average							**13.8x**	**14.5x**	**12.9x**	**14.1x**					**(2%)**	**(6%)**	**12%**	**1%**	**2%**
Credit Suisse vs Consensus																			
Pendal	PDL.AX										(5%)	2%	4%	(1%)					
Janus Henderson	JHG.AX										(0%)	1%	(1%)	na					
Magellan	MFG.AX										0%	(0%)	(0%)	5%					
Perpetual	PPT.AX										(0%)	(0%)	(2%)	3%					
Platinum	PTM.AX										0%	(0%)	3%	7%					
Average																			
CONSENSUS																			
Australian Asset Managers (Consensus)																			
Australia Asset Managers - Traditional:																			
Pendal	PDL.AX	AUD	NTRL	5.80	5.46	A$1.8bn	11.6x	12.6x	11.0x	12.6x	0.54	0.47	0.43	0.50	(13%)	(8%)	15%	(3%)	3%
Janus Henderson	JHG.AX	AUD	UPFM	21.00	29.87	A$3.4bn	8.4x	8.9x	8.1x	8.8x	3.55	3.54	3.35	3.68	(0%)	(5%)	10%	1%	2%
Magellan	MFG.AX	AUD	OPFM	65.00	56.64	A$10.4bn	23.5x	23.0x	20.6x	22.4x	2.06	2.42	2.46	2.75	17%	2%	12%	10%	7%
Perpetual	PPT.AX	AUD	NTRL	31.00	27.97	A$1.6bn	14.2x	14.1x	11.8x	13.5x	2.46	1.97	1.98	2.37	(20%)	0%	20%	(1%)	10%
Platinum	PTM.AX	AUD	NTRL	3.30	3.07	A$1.8bn	11.5x	14.3x	14.9x	14.4x	0.27	0.27	0.22	0.21	(1%)	(20%)	(4%)	(9%)	(12%)
Average							**13.8x**	**14.6x**	**13.3x**	**14.3x**					**(3%)**	**(6%)**	**10%**	**(0%)**	**2%**
US Asset Managers (Consensus)																			
US Asset Managers - Traditional:																			
Affiliated Managers	AMG.N	USD	NTRL	71.00	68.38	US$3.2bn	5.7x	5.4x	5.1x	5.4x	14.22	11.97	12.76	13.51	(16%)	7%	6%	(2%)	6%
AllianceBernstein	AB.N	USD	NTRL	30.00	27.04	US$2.6bn	10.2x	9.1x	8.0x	9.3x	2.52	2.66	2.98	3.40	6%	12%	14%	10%	13%
Artisan Partners	APAM.N	USD	NC	NC	38.99	US$3.1bn	12.8x	11.5x	10.3x	11.8x	2.67	3.04	3.40	3.80	14%	12%	12%	12%	12%
Eaton Vance	EV.N	USD	NTRL	41.00	38.15	US$4.4bn	11.4x	10.8x	9.9x	10.9x	3.45	3.35	3.53	3.87	(3%)	5%	10%	4%	7%
Federated Investors	FII.N	USD	NC	NC	21.51	US$2.2bn	7.7x	8.2x	7.7x	8.1x	2.69	2.79	2.61	2.81	4%	(6%)	8%	1%	0%
Franklin Resources	BEN.N	USD	UPFM	20.00	20.35	US$10.1bn	7.8x	7.9x	7.6x	7.9x	2.35	2.62	2.59	2.69	11%	(1%)	4%	5%	1%
Invesco	IVZ.N	USD	NTRL	10.00	11.41	US$5.2bn	7.2x	6.6x	6.4x	6.8x	2.55	1.58	1.72	1.78	(38%)	9%	3%	(11%)	6%
Janus Henderson	JHG.N	USD	UPFM	15.00	21.72	US$2.4bn	8.7x	8.9x	8.4x	8.9x	2.47	2.51	2.43	2.60	2%	(3%)	7%	2%	2%
Legg Mason	LM.N	USD	NC	NC	49.99	US$4.5bn	13.3x	15.9x	14.0x	14.9x	(0.38)	3.76	3.15	3.56	(1089%)	(16%)	13%	(311%)	(3%)
T. Rowe Price	TROW.OQ	USD	OPFM	147.00	128.22	US$29.1bn	14.8x	13.5x	12.6x	13.8x	8.07	8.69	9.48	10.21	8%	9%	8%	8%	8%
Average							**9.9x**	**9.8x**	**9.0x**	**9.8x**					**(110%)**	**3%**	**8%**	**(28%)**	**5%**
US Asset Managers - Passive / ETF:																			
BlackRock	BLK.N	USD	OPFM	667.00	563.55	US$85.9bn	18.9x	17.2x	15.5x	17.6x	28.48	29.88	32.70	36.38	5%	9%	11%	9%	10%
WisdomTree Investments	WETF.OQ	USD	OPFM	3.77	3.20	US$0.5bn	15.2x	13.9x	11.4x	14.2x	0.22	0.21	0.23	0.28	(5%)	10%	22%	8%	15%
Average							**17.0x**	**15.6x**	**13.5x**	**15.9x**					**0%**	**9%**	**16%**	**8%**	**13%**
UK / European Asset Managers (Consensus)																			
UK / Europe Asset Managers - Traditional:																			
Amundi	AMUN.PA	EUR	NTRL	65.00	60.20	€12.2bn	13.3x	12.2x	11.5x	12.5x	5.00	4.52	4.94	5.24	(10%)	9%	6%	2%	8%
Ashmore	ASHM.L	GBP	UPFM	3.60	3.58	£2.6bn	13.9x	14.6x	13.5x	14.3x	0.25	0.26	0.25	0.27	3%	(4%)	8%	2%	2%
Azimut	AZMT.MI	EUR	NC	NC	15.42	€2.2bn	9.3x	9.6x	9.1x	9.5x	2.63	1.66	1.61	1.70	(37%)	(3%)	6%	(14%)	1%
Jupiter	JUP.L	GBP	NTRL	2.50	2.24	£1.2bn	10.8x	9.9x	9.3x	10.1x	0.29	0.21	0.23	0.24	(28%)	9%	6%	(6%)	8%
Polar Capital	POLR.L	GBP	NC	NC	4.70	£0.5bn	11.5x	11.2x	9.7x	10.4x	0.52	0.41	0.42	0.48	(21%)	3%	15%	(2%)	9%
Schroders	SDR.L	GBP	UPFM	26.90	26.95	£7.6bn	15.5x	14.6x	13.6x	14.8x	1.98	1.74	1.84	1.98	(12%)	6%	7%	(0%)	6%
Standard Life Aberdeen	SLA.L	GBP	UPFM	2.40	2.26	£5.0bn	16.4x	13.9x	12.7x	14.4x	0.19	0.14	0.16	0.18	(28%)	18%	9%	(3%)	14%
Average							**13.0x**	**12.3x**	**11.4x**	**12.3x**					**(19%)**	**5%**	**8%**	**(3%)**	**7%**

Source: Company data, IBES, Credit Suisse estimates

Small-cap platform valuation comparison

Figure 23: Small-cap platform valuation comparison

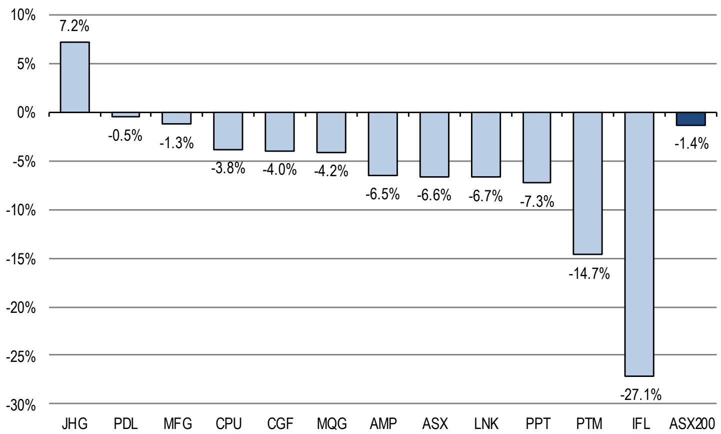
		Currency	CS Rating	CS Target Price	Share Price (A$)	Market Cap (A$mn)	P/E FY20A	P/E FY21E	P/E FY22E	P/E FY23E	EPS FY20A	EPS FY21E	EPS FY22E	EPS FY23E	EPS Growth FY21E	EPS Growth FY22E	EPS Growth FY23E	3yr EPS CAGR FY20-FY23E
CREDIT SUISSE EARNINGS																		
AMP	AMP.AX	AUD	OPFM	1.78	$1.35	$4,622mn	10.6x	12.1x	9.9x	na	0.13	0.11	0.14	na	(13%)	22%	na	na
IFL	IFL.AX	AUD	OPFM	5.00	$3.11	$2,019mn	8.5x	12.5x	8.1x	6.9x	0.37	0.25	0.38	0.45	(32%)	54%	18%	7%
HUB24	HUB.AX	AUD	UPFM	16.30	$18.61	$1,170mn	117.6x	75.0x	53.6x	41.3x	0.16	0.25	0.35	0.45	57%	40%	30%	42%
Netwealth	NWL.AX	AUD	NTRL	14.75	$15.50	$3,684mn	86.6x	74.2x	59.9x	48.1x	0.18	0.21	0.26	0.32	17%	24%	25%	22%
IBES CONSENSUS EARNINGS																		
Small Cap Platforms and Adminstrators:																		
Class	CL1.AX	AUD	NC	NC	$2.04	$252mn	35.8x	32.9x	28.3x	24.6x	0.06	0.06	0.07	0.08	9%	16%	15%	13%
Equity Trustees	EQT.AX	AUD	NC	NC	$27.71	$577mn	27.1x	26.0x	23.8x	22.2x	1.02	1.07	1.17	1.25	4%	9%	7%	7%
HUB24	HUB.AX	AUD	UPFM	16.30	$18.61	$1,170mn	99.5x	63.7x	45.8x	35.1x	0.19	0.29	0.41	0.53	56%	39%	31%	42%
Netwealth	NWL.AX	AUD	NTRL	14.75	$15.50	$3,684mn	97.9x	73.1x	60.3x	50.0x	0.16	0.21	0.26	0.31	34%	21%	21%	25%
OneVue	OVH.AX	AUD	NC	NC	$0.34	$90mn	55.8x	30.5x	14.6x	14.0x	0.01	0.01	0.02	0.02	83%	109%	4%	59%
Praemium	PPS.AX	AUD	NC	NC	$0.55	$223mn	38.9x	45.4x	30.3x	23.7x	0.01	0.01	0.02	0.02	(14%)	50%	28%	18%
Average							**59.2x**	**45.3x**	**33.8x**	**28.3x**					**29%**	**41%**	**18%**	**27%**
Small Cap Diversified Financials:																		
Clearview	CVW.AX	AUD	NC	NC	$0.34	$226mn	14.6x	11.2x	9.3x	7.8x	0.02	0.03	0.04	0.04	30%	20%	19%	23%
Iress	IRE.AX	AUD	NTRL	11.00	$9.52	$1,840mn	24.6x	23.3x	21.3x	15.9x	0.39	0.41	0.45	0.60	6%	9%	35%	16%
MainstreamBPO	MAI.AX	AUD	NC	NC	$0.69	$91mn	46.0x	34.5x	23.0x	18.6x	0.02	0.02	0.03	0.04	33%	50%	23%	35%
OzForex	OFX.AX	AUD	NC	NC	$1.10	$268mn	12.8x	18.3x	na	na	0.09	0.06	na	na	(30%)	na	na	na
Pacific Group	PAC.AX	AUD	NC	NC	$5.80	$288mn	11.3x	10.5x	9.3x	8.7x	0.51	0.55	0.63	0.67	8%	13%	7%	9%
Pinnacle	PNI.AX	AUD	NC	NC	$5.07	$949mn	28.3x	27.6x	23.4x	19.6x	0.18	0.18	0.22	0.26	3%	18%	19%	13%
Average							**22.9x**	**20.9x**	**17.3x**	**14.1x**					**8%**	**22%**	**21%**	**19%**
Large Cap Diversified Financials:																		
AMP	AMP.AX	AUD	OPFM	1.78	$1.35	$4,622mn	13.5x	12.0x	10.5x	na	0.10	0.11	0.13	na	12%	14%	na	na
ASX	ASX.AX	AUD	UPFM	73.00	$81.34	$15,747mn	31.6x	32.6x	31.7x	30.5x	2.58	2.50	2.57	2.67	(3%)	3%	4%	1%
Challenger	CGF.AX	AUD	OPFM	4.25	$3.84	$2,594mn	6.8x	9.6x	8.5x	8.3x	0.57	0.40	0.45	0.46	(30%)	13%	3%	(6%)
Computershare	CPU.AX	AUD	NTRL	10.11	$12.49	$6,756mn	14.9x	17.4x	15.3x	14.9x	0.84	0.72	0.82	0.84	(14%)	14%	3%	0%
IOOF	IFL.AX	AUD	OPFM	5.00	$3.11	$2,019mn	9.2x	11.8x	9.8x	8.6x	0.34	0.26	0.32	0.36	(22%)	20%	14%	2%
Link Group	LNK.AX	AUD	OPFM	5.10	$3.74	$1,987mn	13.9x	16.6x	12.1x	11.2x	0.27	0.23	0.31	0.33	(16%)	38%	8%	7%
Magellan	MFG.AX	AUD	OPFM	65.00	$57.53	$10,556mn	23.8x	23.5x	21.1x	19.5x	2.42	2.44	2.73	2.95	1%	12%	8%	7%
Pendal Group	PDL.AX	AUD	NTRL	5.80	$5.54	$1,788mn	11.7x	12.5x	11.1x	10.3x	0.48	0.44	0.50	0.54	(7%)	13%	8%	4%
Perpetual	PPT.AX	AUD	NTRL	31.00	$28.39	$1,603mn	14.4x	14.4x	12.0x	11.1x	1.97	1.98	2.37	2.56	0%	20%	8%	9%
Platinum	PTM.AX	AUD	NTRL	3.30	$3.14	$1,842mn	11.7x	14.6x	15.2x	15.1x	0.27	0.22	0.21	0.21	(20%)	(4%)	1%	(8%)
Average							**14.5x**	**15.8x**	**14.1x**	**13.7x**					**(10%)**	**14%**	**7%**	**2%**
ASX Small Caps Industrials Index							**24.6x**	**22.7x**	**18.7x**	**17.3x**					**8%**	**22%**	**11%**	**14%**

Source: IBES, the BLOOMBERG PROFESSIONAL™ service, Credit Suisse estimates

Share price momentum

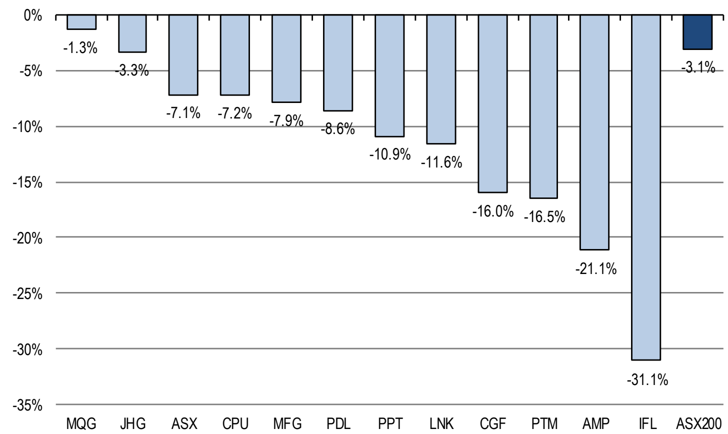
The charts below illustrate the absolute share price return for diversified financials. The data has not been adjusted for dividends.

Figure 24: JHG outperforming over the last month…



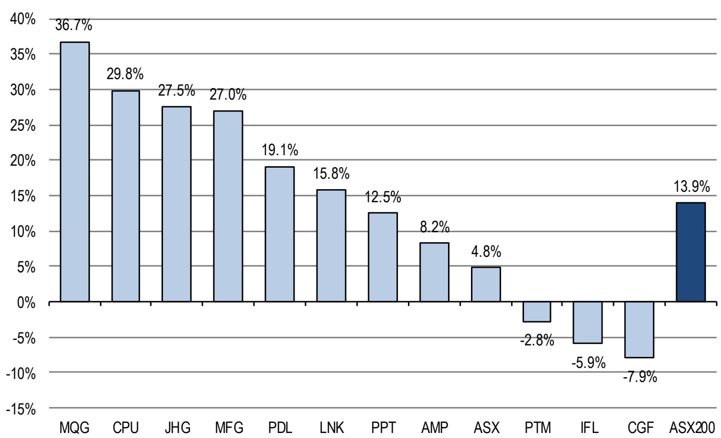
Source: Company data, Credit Suisse estimates

Figure 25: …while the majority have underperformed in last qtr



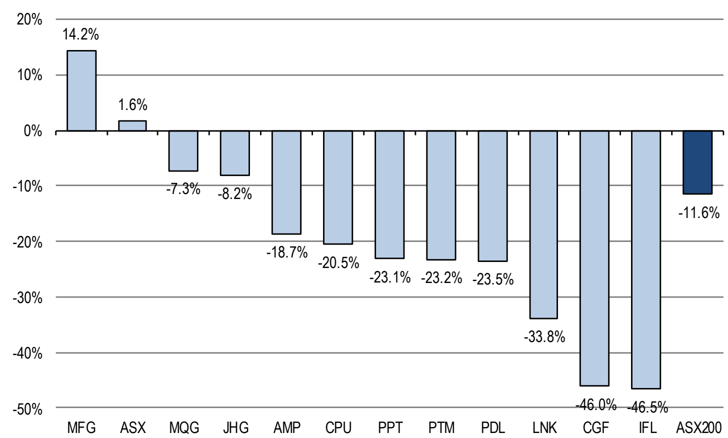
Source: Company data, Credit Suisse estimates

Figure 26: MFG and CPU outperforming over last 6 months…



Source: Company data, Credit Suisse estimates

Figure 27: …with MFG the best performer over last 12 months

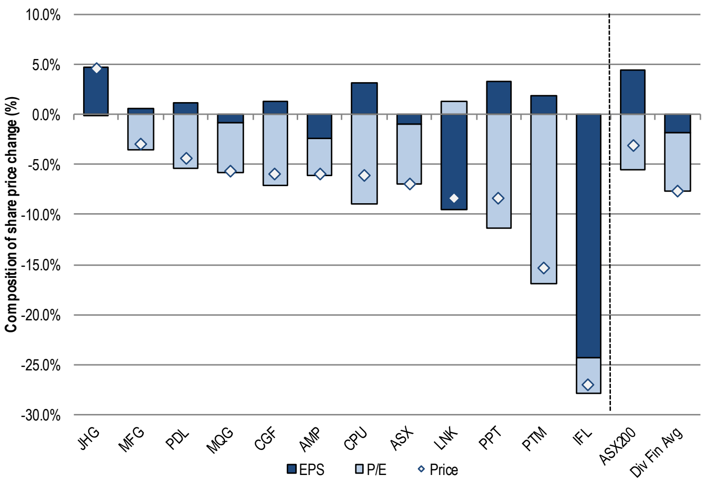


Source: Company data, Credit Suisse estimates

P/E analysis

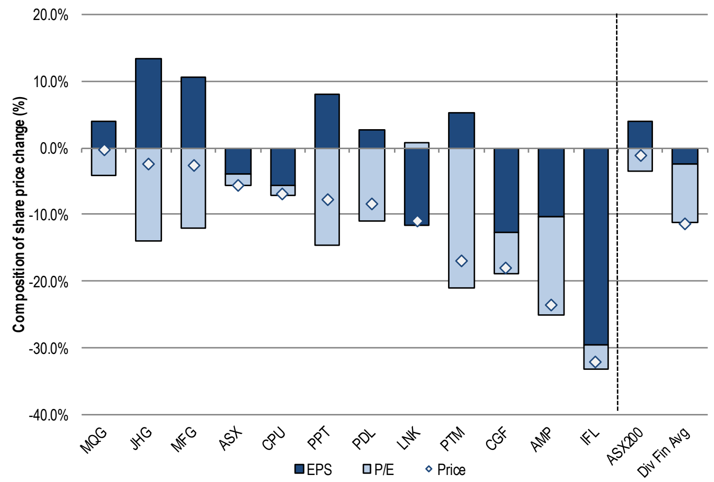
In the charts below we have disaggregated share price movements into EPS changes and movement in P/E multiples. Our analysis uses IBES consensus earnings.

Figure 28: Mixed div fins de-rate over the last month…



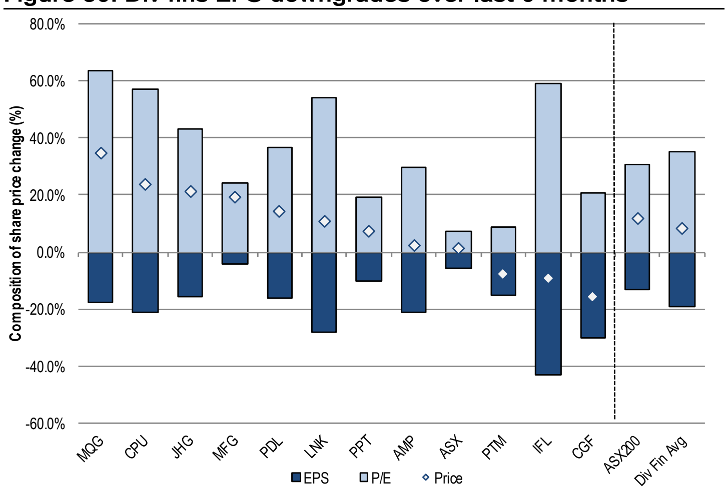
Source: Company data, Credit Suisse estimates

Figure 29: …and over the last 3 months



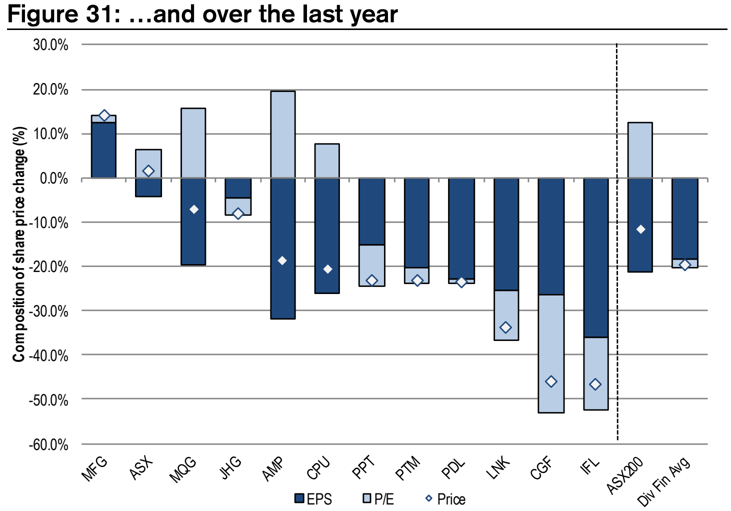
Source: Company data, Credit Suisse estimates

Figure 30: Div fins EPS downgrades over last 6 months



Source: Company data, Credit Suisse estimates

Figure 31: …and over the last year

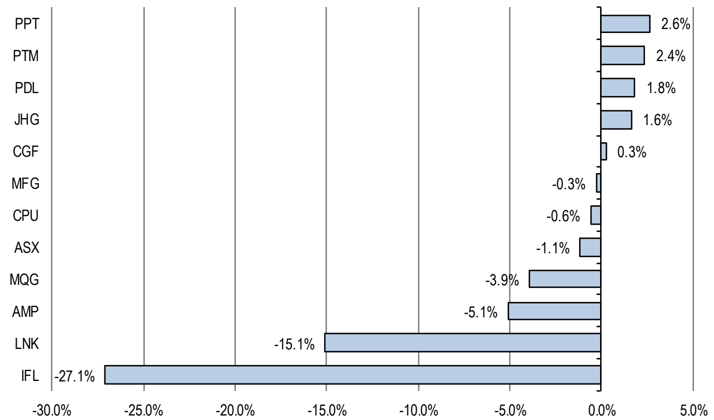


Source: Company data, Credit Suisse estimates

Earnings momentum

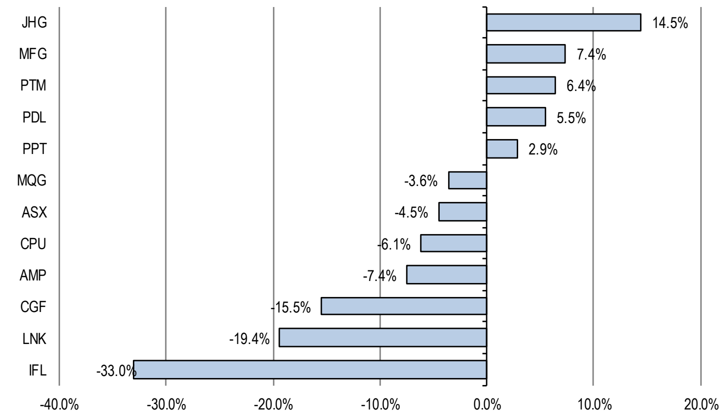
The charts below illustrate the earnings changes in IBES consensus estimates over the past one, three, six and 12 months.

Figure 32: One-month earnings changes



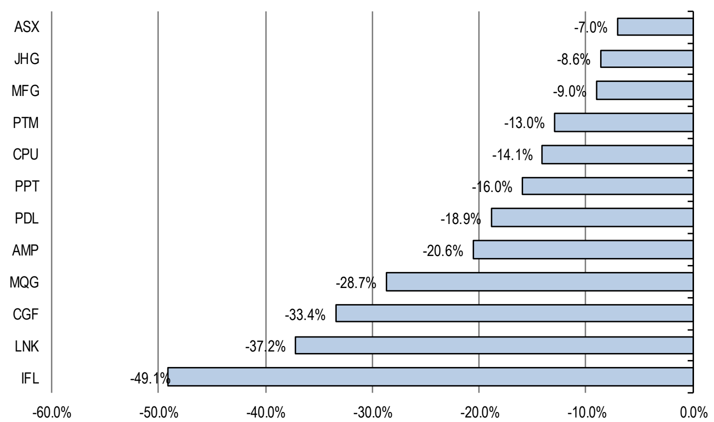
Source: Company data, Credit Suisse estimates

Figure 33: Three-month earnings changes



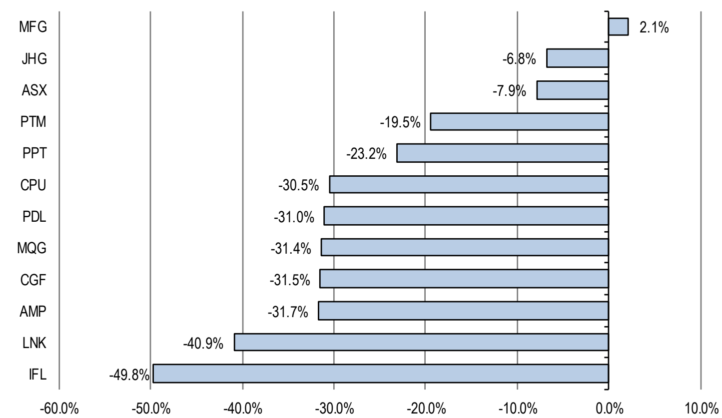
Source: Company data, Credit Suisse estimates

Figure 34: Six-month earnings changes



Source: Company data, Credit Suisse estimates

Figure 35: 12-month earnings changes



Source: Company data, Credit Suisse estimates

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Commodity Thoughts

Iron ore price should remain strong if China steel demand doesn't give way

Diversified Metals & Mining | Sector Review

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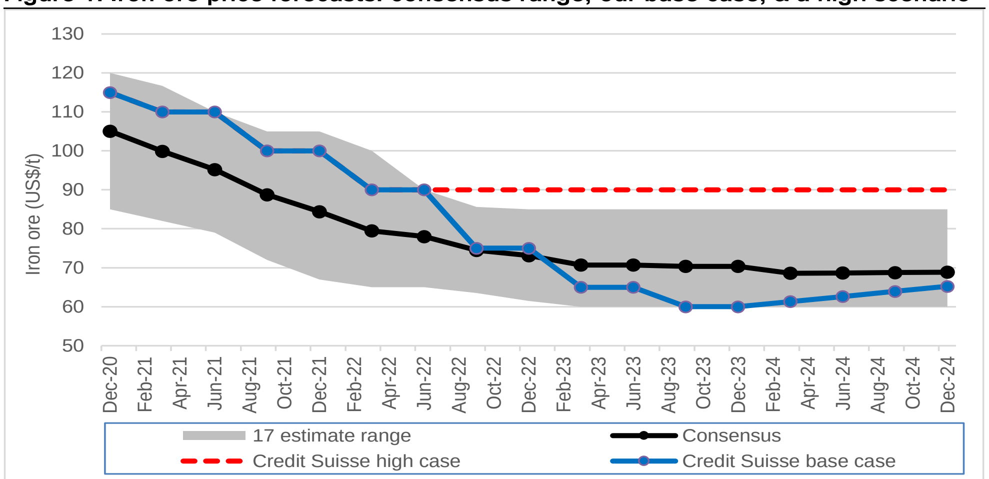
- **What would it take for iron ore hold up at ca.US$90/t through to at least 2023?** We elaborate on work included in our latest bulks forecast of 30 Sep. Our base case iron ore price forecast is high in 2021 (US$105/t), but gives way from 2022 to reach the bottom of a negative consensus range (Figure 1). Our base case price forecast is driven by a view that China steel demand will roll over and accelerate downwards from 2021, which causes large iron ore surpluses. But if instead of falling, China demand plateaus, as some respected organizations suggest, we find iron ore surpluses would not eventuate and our price outlook would be constructive across the forecast period, perhaps averaging $90/t. China's per capita steel consumption is high at 720kg per person, but has not yet reached Japan's peak level of ca.1970. Japan and the US each maintained peak steel demand rates for 40 years, but China may want to urbanise faster, given a rapidly aging population.

Figure 1: Iron ore price forecasts: consensus range, our base case, & a high scenario



Source: Consensus Economics, Credit Suisse estimates

- **There is very little iron ore supply growth planned** beyond Vale recovering to 400Mtpa by 2023. The iron ore major miners have little near-term production growth planned and are content to enjoy strong prices. Vale 450Mtpa and Simandou will probably proceed, but are probably 2025+ propositions. In the meantime, the iron ore price really depends on China demand, and our forecasts are driven by the outlook of our Steel team.

- **Iron ore exposures would present greater value than our current TPs/ratings suggest if iron ore prices hold out through the forecast period** (Figure 2 - Credit Suisse high case). Running US$90 for CY2022 / 23 would upgrade earnings by 13% / 113% for RIO, 22% / 179% for FMG and 14% / 75% for BHP. US$90/t and a more buoyant price beyond 2023 would add ~A$15.8/sh to our current RIO valuation (A$95/sh), ~A$3.9/sh to FMG (A$16.50/sh) and ~A$4.7/sh to BHP (A$39/sh).

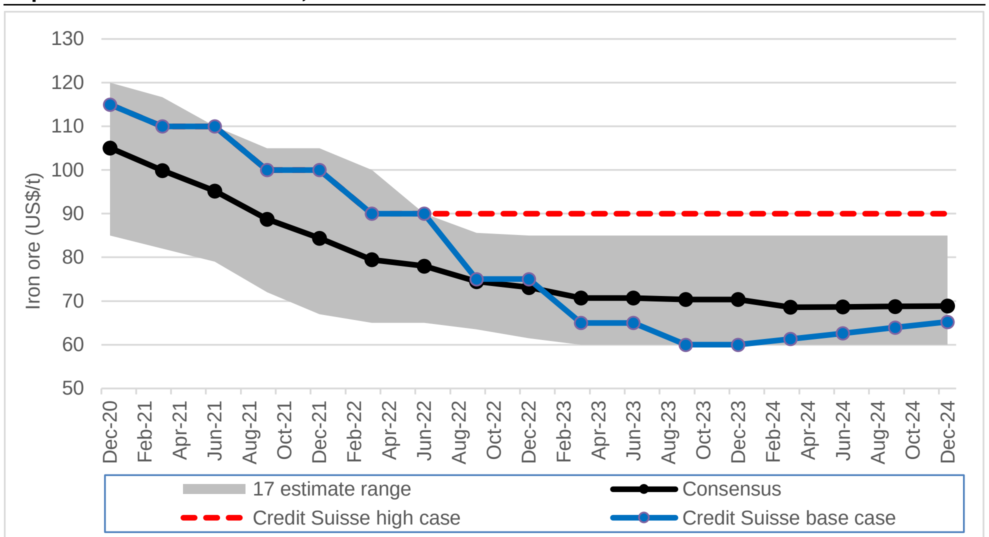
Iron ore price should remain strong if China steel does not give way

The street's negative iron ore forecasts are tied to a guess on China steel demand
The street has a negative view of iron ore prices, steeply backwardated, diving from +$120/t currently to below $70/t in 2024. Our base case forecasts published on 30 Sep (Bulks Forecasts – Global recovery to lift coal and support iron ore) are even more bearish, undercutting consensus. The uniformity of the call across the Street makes it difficult for clients to get conviction on buying iron ore stocks.

The call has been the same for the past decade, and for a two year period in 2014 and 2015 it was a good call. The rest of the time it has been awful – investors that bought the iron ore pure play FMG at the average price of 2016 would have enjoyed a 43% CAGR to now, a 21% CAGR for RIO and 18% for BHP which is more diversified. But we commodity analysts are stubborn and maintain this call. Why?

No supply growth before 2025
The reason can't be supply. There's no iron ore supply growth of any note in the next five years or so. Vale will recover production back towards 400Mtpa and reach it around 2023 in our forecasts. It then wants to advance to 450Mtpa, but that is likely to be a 2025 proposition, and Simandou may be even longer. All the other known growth is minor, such as Samarco creeping up to 8Mtpa and similar. The big miners are not planning new capacity expansions for various reasons, and are content to enjoy high iron ore prices.

Figure 2: Consensus forecast (including CS) has iron ore price heading down, and has kept that call for a decade, but it's not been a winner.



Source: Consensus Economics, Credit Suisse estimates

China steel forecast drives iron ore view

With no supply growth demand drives the iron ore balance
In our case, and possibly for other houses, the steel forecasts that we use forces a negative view – in particular the China steel forecasts, as China dominates the seaborne iron ore market. Our steel team believes China steel demand will roll over next year and then accelerate downwards in 2022 and 2023 (Figure 3). That's the first decline since the previous period in 2014 and 2015. In the interim, China's steel demand has grown at a CAGR of 6.1%.

Figure 3: Credit Suisse base case - China crude steel production and apparent demand forecasts (Mt)

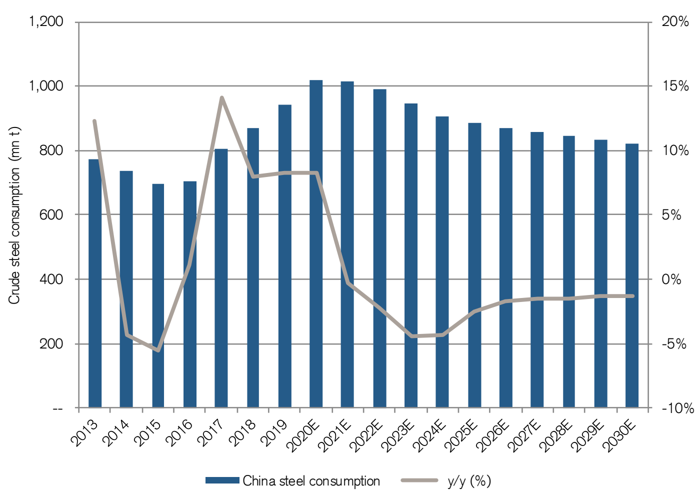
	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f
China production	**822**	**822**	**804**	**808**	**832**	**928**	**996**	**1050**	**1040**	**1025**	**983**
Production YoY	*12.4%*	*0.0%*	*-2.2%*	*0.6%*	*2.9%*	*11.6%*	*7.3%*	*5.4%*	*-1.0%*	*-1.5%*	*-4.1%*
China net (imports)/exports	48.3	79.4	106	101	65	59	52	32	25	30	33
China apparent consumption	**774**	**743**	**698**	**707**	**766**	**869**	**944**	**1018**	**1015**	**995**	**950**
Domestic use YoY	*12.3%*	*-4.0%*	*-6.1%*	*1.4%*	*8.3%*	*13.4%*	*8.6%*	*7.8%*	*-0.3%*	*-2.0%*	*-4.5%*
BOF output	**765**	**768**	**756**	**757**	**751**	**820**	**876**	**960**	**943**	**910**	**863**
EAF output	**57**	**54**	**48**	**51**	**81**	**108**	**120**	**90**	**97**	**115**	**120**
EAF proportion			6%	6%	10%	12%	12%	9%	9%	11%	12%

Source: WSA, NBS, Credit Suisse estimates

Our steel team published its view in European Carbon Steel – Leaving a deep valley slowly behind. Early cycle plays most favoured – 30 Sep 2020. The steel team argues that China's per capita steel demand of *ca.* 720kg per capita per year as high and unsustainable. They view it as the artificial result of government stimulus pulling forward demand, which leaves a steel demand gap in future. They believe the impact of stimulus programs is fading and financial risks mitigate ongoing Government stimulus. In addition, the current steel demand is underpinned by property construction, and recent tighter restrictions on property developers financing, and mortgage approvals – seeking to take the heat out of housing speculation – may cool the industry, unwinding demand.

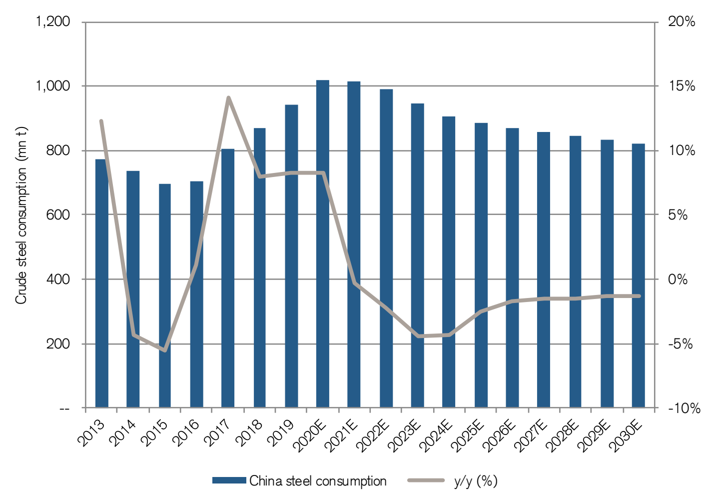
Our steel team forecasts China steel as shown in Figure 4 and Figure 5, and the steep fall in China steel consumption from 2022 delivers a large surplus of iron ore supply. If that view is correct, we have to once again argue for the price to fall from 2022.

Figure 4: Base case: China's steel consumption to peak in 2020/21…



Source: WSA, Credit Suisse estimates

Figure 5: …and so will the crude steel production in China

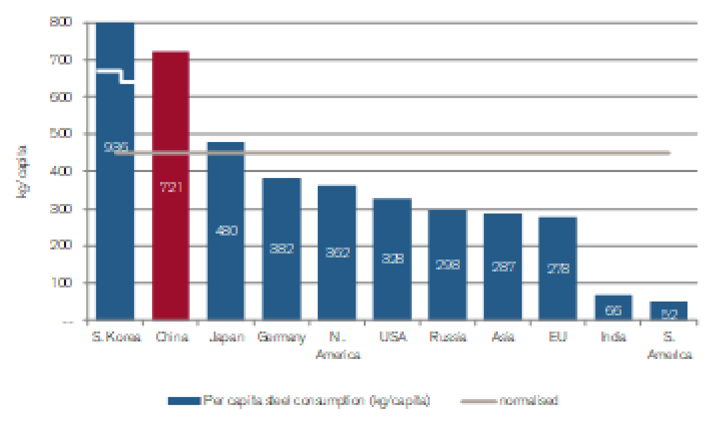


Source: WSA, Credit Suisse estimates

But there are arguments against a negative steel view too:

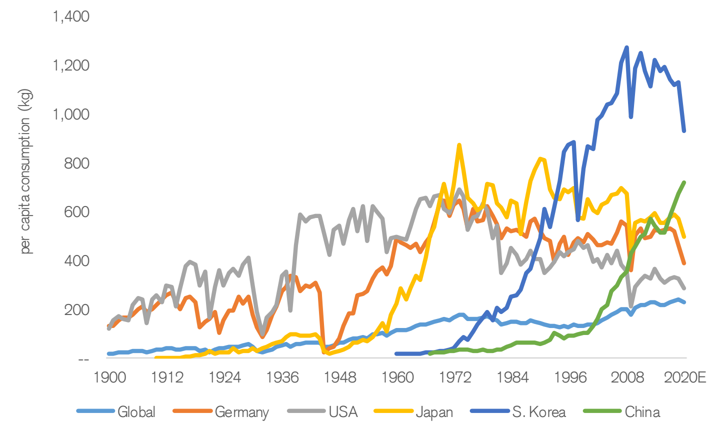
China's per capita steel consumption is not as excessive as you may believe:
A chart that caught our attention is Figure 7 – a per capita steel consumption comparison since 1900, produced by our Steel team and published on 30 Sep in the European Carbon steel note referred to above. We ignore South Korea as a small export oriented country and focus on the larger nations. We note 40 year periods of very high per capita steel use in US and Japan. China's growth looks similar to Japan *circa.* 1970 when Japan was just beginning its high consumption period.

Figure 6: China's per capita consumption relative to other industrial nations



Source: WSA, World Bank population data, Credit Suisse estimates

Figure 7: Steel consumption per capita for industrial nation since 1900



Source: WSA, ESCS, US bureau of census, ISSP,, Credit Suisse estimates

Urbanisation in the past has brought 40 years of very high steel demand

China's per capita steel usage is currently high relative to most other nations, but it's not exceptional relative to the peaks of per capita steel consumption in the US or Japan. Japan's per capita steel consumption rocketed through the 1960s, peaking in the early 1970s at levels greater than China now, and then it stayed at these elevated levels until around 2010 (Figure 7). That's 40 years of strong consumption. The US per capita consumption shot up in World War 2 and stayed at levels of about 600kg per capita, until fading in the early 1980s, again 40 years of high per capita consumption. Clearly both Japan started there steel growth run as smaller and less urbanized and industrialised economies than they were at the end of the 40 years of high steel use. 40 years may be the time required to install sufficient steel in country to become fully urbanised and industrialised.

Perhaps China is also looking at 40 years of very high steel production. Our steel team seems to be arguing that China's per capita consumption should be about 580kg per capita per year, a rate probably just below the US rate over its 40 year steel boom. So our steel team might argue that they have an appropriate growth rate for the urbanisation.

But what if a country seeks to do urbanise faster than over 40 years?

China has been urbanising at about 2 percentage points per year and has reached just over 60% urbanisation. But it may not have 40 years to complete the growth. It might have to accelerate steel production to higher per capita rates than Japan reached.

Mysteel argued in a recent webinar that China is perhaps three to five years away from peak steel demand. Mysteel believes the Chinese Government is concerned about its rapidly aging population and wants to complete urbanisation and industrialization before the workforce reaches retirement. China's aging looks to be on a similar path to that pioneered by Japan, but Japan has an urbanisation rate of +90% against China's rate of just over 60% and completed industrialisation before the population became old. Mysteel believes China is racing to complete urbanisation so will continue to drive infrastructure development for the next few years.

If that is the case, there is no apparent reason why China could not further grow steel use, or at least maintain current rates for an extended period. China's steel consumption has not yet hit the per capita peaks that Japan saw. And in our view, per capita steel consumption in China is likely to have more similarities to Japan than the past US rate. China cities are high-rise towers full of structural steel and concrete, similar to Japan. US cities are largely suburbia of wood-framed houses, devoid of steel. Japan also has a lot of rail infrastructure with bullet trains, similar to China's developments. The US depends on roads.

Perhaps China steel demand has not yet peaked and will plateau for a decade

So we can understand why Mysteel and some iron ore companies argue that steel demand growth in China is not quite finished yet and should then plateau for many years, not give way. That's what happened for Japan and the US before China's rise.

So we tested such a steel view as a scenario, with the changes relative to our base case highlighted in Figure 8.

Figure 8: CS high case scenario — China crude steel production and apparent demand forecasts (Mt)

	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f
China production	**822**	**822**	**804**	**808**	**832**	**928**	**996**	**1050**	**1063**	**1079**	**1082**
Production YoY	*12.4%*	*0.0%*	*-2.2%*	*0.6%*	*2.9%*	*11.6%*	*7.3%*	*5.4%*	*1.3%*	*1.4%*	*0.3%*
China net (imports)/exports	48.3	79.4	106	101	65	59	52	32	25	30	33
China apparent consumption	**774**	**743**	**698**	**707**	**766**	**869**	**944**	**1018**	**1038**	**1049**	**1049**
Domestic use YoY	*12.3%*	*-4.0%*	*-6.1%*	*1.4%*	*8.3%*	*13.4%*	*8.6%*	*7.8%*	*2.0%*	*1.0%*	*0.0%*
BOF output	**765**	**768**	**756**	**757**	**751**	**820**	**876**	**960**	**996**	**964**	**962**
EAF output	**57**	**54**	**48**	**51**	**81**	**108**	**120**	**90**	**97**	**115**	**120**
EAF proportion			6%	6%	10%	12%	12%	9%	9%	11%	12%
China Production (Base case)	*822*	*822*	*804*	*808*	*832*	*928*	*996*	*1050*	*1040*	*1025*	*983*
Scenario difference								0	23	54	99

Source: WSA, NBS, Credit Suisse estimates

Feeding that view into our iron ore supply and demand model, we end up with modest iron ore deficits across the forecasts (Figure 9). Modest deficits would not/could not actually occur, as a more buoyant outlook would see incremental iron ore output increases for marginal exporters, India, Brazil small mines etc. Nevertheless, large surpluses will not be evident, as they are for our base case, so our iron ore price view would be more constructive, likely in the $80-$100/t range through to at least 2023, and with a more buoyant price tail beyond that.

Figure 9: High steel case Iron ore supply & demand scenario

Dry Mt 62% equivalent	2018	2019	1Q 20	2Q 20	3Q 20	4Q 20	2020f	1Q 21	2Q 21	3Q 21	4Q 21	2021f	2022f	2023f
China Steel Production	**928**	**996**	234	269	269	279	**1050**	250	276	271	266	**1063**	**1079**	**1082**
	11.6%	**7.3%**	1.4%	2.8%	5.3%	12.0%	**5.4%**	6.9%	2.8%	0.8%	-4.6%	**1.3%**	**1.4%**	**0.3%**
World Steel Production	**1817**	**1858**	443	434	466	498	**1808**	445	447	482	501	**1875**	**1879**	**1855**
% change	***5.0%***	***2.3%***	*-1.9%*	*-10.4%*	*-0.2%*	*9.8%*	***-2.7%***	*0.3%*	*2.9%*	*3.5%*	*0.6%*	***3.7%***	***0.2%***	***-1.3%***
China														
Total Chinese IO Demand	**1180**	**1250**	318	351	347	360	**1376**	328	359	350	346	**1383**	**1390**	**1383**
Domestic Production (62% eqvnt.)	**204**	**245**	65	75	75	62	**277**	65	70	70	65	**270**	**270**	**270**
Supply from internal stocks	**-14**	**-1**	0	5			**5**							
Supply from port stocks	**5**	**16**	10	8			**18**							
Demand														
China imports (dmt)	**985**	**991**	244	262	272	298	**1075**	263	289	280	281	**1113**	**1120**	**1113**
World ex-China imports (dmt)	**427**	**422**	82	97	103	102	**384**	100	87	108	121	**416**	**422**	**430**
World Imports	**1412**	**1413**	326	359	374	400	**1460**	363	376	388	402	**1530**	**1542**	**1543**
% change	***-0.7%***	***0.0%***	*0.3%*	*1.2%*	*-0.7%*	*0.0%*	***3.3%***	*-9.3%*	*3.7%*	*3.1%*	*3.6%*	***4.8%***	***0.8%***	***0.1%***
Supply														
Big four producers	**1068**	**991**	225	259	269	276	**1028**	245	265	281	272	**1068**	**1101**	**1121**
Other producers	**345**	**405**	101	100	115	111	**428**	110	110	112	110	**437**	**428**	**420**
World Exports	**1412**	**1397**	326	359	384	387	**1457**	355	375	393	383	**1505**	**1529**	**1541**
% change	***-0.8%***	***-1.1%***	*-10.2%*	*10.3%*	*7.0%*	*0.6%*	***4.3%***	*-8.3%*	*5.7%*	*4.9%*	*-2.6%*	***3.3%***	***1.6%***	***0.8%***
Ex-China stock changes		**-16**												
Req'd Seaborne Adjustment	**---**	**0**	**0**	**0**	**10**	**-13**	**-3**	**-9**	**-2**	**5**	**-19**	**-24**	**-13**	**-2**
Chg China stocks (port & other)		**-15**	-10	-13			**-23**							

Source: WSA, Customs data, company data, Credit Suisse estimates

Scenario delivers punchy upgrades to iron ore exposures

If iron ore prices held out at $90/t from 2022 through the forecast period similar (Figure 1 - Credit Suisse high case), iron ore exposures would present greater value than our current TPs and ratings suggest. Running US$90 for CY202-23 would add ~A$15.8/sh to our current RIO valuation (A$95/sh), ~A$3.9/sh to FMG (A$16.50/sh) and ~A$4.7/sh to BHP (A$39/sh). The earnings upgrades in CY22/23 are 13% / 113% for RIO, 22% / 179% for FMG and 14% / 75% for BHP, respectively.

Figure 10: Iron ore miners NPAT: base case and higher $90/t scenario for CY22-23

Base Case			$90/t scenario 2022-23		
NPAT	**CY22**	**CY23**	**NPAT**	**CY22**	**CY23**
BHP	7875	5408	BHP	8973	9448
RIO	8248	4324	RIO	9309	9205
FMG	3158	1439	FMG	3848	4016

Source: Credit Suisse estimates

Figure 11: Iron ore miners valuations: base case & higher $90/t scenario for CY22-23

Base Case		$90/t scenario	
NPV	A$/sh	NPV	A$/sh
BHP	39.00	BHP	43.70
RIO	95.20	RIO	110.90
FMG	16.50	FMG	20.40

Source: Credit Suisse estimates

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The long and the short of it

ESG Weekly: Green Ali; EVs; Siemens Energy; Boohoo; CCS; JBH; CWY

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- ***Theme of the Week* – Green Aluminium**: We summarise a new connection series report on green aluminium, which breaks down the potential outcomes both from the creation of a London Metals Exchange (LME) 'low-carbon aluminium' platform and the EU's proposed Carbon Border Adjustment Mechanism. The report also consider the product life-cycle emissions impact from shifting to lighter aluminium in autos over steel. Despite larger initial emission intensity in production, the light-weighting advantages of aluminium, see the 'carbon breakeven point' halfway through the average total distance travelled of a vehicle. **Alcoa**, **NHY**, **En+ Group** and **Rusal** could materially benefit from hypothetical maximum premiums. **Hindalco** and **Chalco** are unlikely to see benefits.

- **Mobility revolution – XPeng:** We initiate coverage on XPeng with an OUTPERFORM rating and a TP of US$21. XPeng is a leading smart EV maker in China. XPeng enjoys a clear leadership in developing full-stack autonomous driving technology. We forecast China's new EV (NEV) volume to see a six-year (2020-25) CAGR of 25% (hitting 4.5 mn units) and achieve 16% penetration (NEV volume as % of overall auto). We expect pure EVs' selling price to decline to a similar level as the ICE vehicle in 2023, which is estimated to trigger a 93% YoY NEV volume jump in that year.

- **Energy transition – Siemens Energy**: We initiate coverage on Siemens Energy with an Outperform rating and find that it is an underappreciated energy transition play. Four key parts of the investment thesis include: margin improvement across Gas & Power and SGRE; resilient service model for gas turbines; underestimated market opportunity for gas turbines; and the offering in power generation and transmission solutions with an interesting hydrogen option. Hydrogen could yield a further €1.2bn / €2 per share value to Siemens Energy. We flagged Siemens Energy as being positively exposed to the energy transition and grid in our recent report, The Green-Shaped Recovery.

- **Conduct**: Our European Internet sector analyst believes there is considerable risk to **Boohoo** on a wide range of ESG issues, such as widespread evidence of non-compliance and illegal activity, potentially impacting execution, sales growth and margins. Women working at **JBH** stores have complained of regular sexual harassment and even assault from customers and a "boys club" work environment. Further developments on **CWY** show a director made a formal complaint over Vik Bansal's behaviour last year and claims emerge that the Fair Work Act may have been breached by the company.

- **Carbon capture**: The IEA has backed carbon capture technology, stating that it is vital but needs significant investment. It estimates that US$27bn-worth of CCS projects is due to be sanctioned in the next 12 months, but US$160bn more investment is needed by 2030.

- **Companies in focus**: **CBR** – energy efficiency; **BOQ** – wage underpayment; **KB Financial / ANZ** – coal financing; **BEN** – breaches; **CBA** – rem report; **CWN** – licencing; **WPL** – hydrogen; **STO** – CSG; **Total** – renewables; **ALG** – fine; **BHP** – thermal coal; **RIO** – social licence; **WHC** & **NHC** – coal to gas; **FMG** – hydro; **CCL** – water; **ArcelorMittal** – Co2 targets; **LYB** – recycled plastic; **Google** – media code; **Airbus** – hydrogen plane.

Theme of the week: Green Aluminium

Aluminum is an important metal of the future: it is highly recyclable, durable and lightweight making it extremely important in construction autos and manufacturing. The industry accounts for ~3% of global energy-related CO2 emissions but there is a significant disparity of carbon use in the production process across different regions. Unfortunately, it is not 'green' to make in many parts of the world. Our Global Metals sector analysts have collaborated in a new report, Green Aluminium: Unlocking the green premium, to break down the key catalysts and potential outcomes, both from the creation of a London Metals Exchange (LME) 'low-carbon aluminium' platform and from changes in European policy.

Green momentum

Aluminum customers are expanding their use of the metal and also asking for more sustainable aluminum, including:

- Pepsi's current and future plans to package water in aluminum cans;
- Nespresso has committed to 100% sustainable aluminum coffee capsules by 2020;
- Apple (with help from Canadian and Quebec governments) funded a carbon free aluminum JV with Alcoa and Rio Tinto; and
- Auto OEMs need sustainable aluminum to meet emission targets and clean up supply chains.

At the same time, the LME is launching a low-carbon trading platform in 2021 and Trafigura launched a low-carbon aluminum financing platform offering preferential interest rates to pay a premium for low-carbon aluminum. Given how little aluminum is produced below 4t/CO2/tAl, just a small uptick in demand could drive a price premium for cleaner metal.

Green premium winners and losers

The LME and Trafigura are developing 'low-carbon aluminium' platforms which, through increased transparency and with enough demand, could drive material premiums in the future, in our view.

- **Alcoa (O/P), NHY (N), En+ (N)/Rusal (N) could benefit materially:** We look at 'hypothetical maximum premiums' by pricing the disparity in carbon content and estimate an increase of 10-15% in EBITDA margins (or near doubling of current levels) to primary smelting, which could in theory result in a valuation uplift of upwards of 75%.
- **Hindalco (O/P) and Chalco (O/P) unlikely to see any significant benefits:** We doubt Hindalco or Chalco can decarbonise quickly and in fact use their high carbon content as a benchmark from which to base potential premiums for Western players.
- **European green policy should see NHY gain ~NOK750m in additional compensation from 2021E – we raised our TP to NOK30.5 (from NOK28) and updated earnings:** As we analyse potential changes in European policy, we highlight why the implementation of proposed carbon border adjustments would be detrimental on its own to the European market vs the current compensation scheme; however, this analysis has led us to find a 'hidden' windfall for Norsk Hydro from next year worth ~NOK2.5/share.

Figure 1: Hypothetical maximum premium calculations based on 2019 margins

Premium calculation				
Average China smelter emissions, tCO2/tAl				16.2
LME Low -carbon threshold, tCO2/tAl				8.0
Difference				8.2
Carbon Tax ($/tCO2)				33
Premium				**272**
Margin Impact				
	Norsk Hydro (Prim. Metal)	**Rusal (Group)**	**Rio Tinto (Aluminium)**	**Alcoa (Aluminium)**
2019 Realised price inc premium ($/t)	2,135	1,920	2,349	2,141
2019 All in cost per tonne	1,986	1,627	1,990	2,132
Baseline EBITDA Margin (%)	***7%***	***15%***	***15%***	***0%***
8tCO2/tAl Scenario				
8tCO2/tAl threshold scenario premium	272	272	272	272
8tCO2/tAl threshold scenario EBITDA Margin (%)	***17%***	***26%***	***24%***	***12%***
Increase to margin (percentage points)	*+10%*	*+10%*	*+9%*	*+11%*
Increase vs previous margin	*+151%*	*+69%*	*+57%*	*+2744%*
Individual Emissions Scenario				
Average product emissions	4.0	2.6	4.5	6.0
Difference vs Chinese emission intensity	12.2	13.6	11.8	10.2
Low Carbon premium (@$33/t carbon tax)	402	450	389	338
EBITDA margin with low carbon premium (%)	***22%***	***31%***	***27%***	***14%***
Increase to margin (percentage points)	*+15%*	*+16%*	*+12%*	*+14%*
Increase vs previous margin	*+212%*	*+105%*	*+79%*	*+3326%*

Source: Company data, Credit Suisse estimates

Figure 2: Potential valuation upside (assuming theoretical maximum premiums based on carbon content) is most significant for aluminium pure plays, less so for the diversified miners

	Rio Tinto	Alcoa	NHY (NOK)	Rusal
8tCO2/tAl Scenario				
Impact on annual underlying EBITDA of 10% change (U$m)	447	219	3,610	684
1H 2020 Avg Realised price ($/t)	1,595		1,580	1,688
Green Premium ($/t)	272	272	272	272
EBITDA Increase led by Green Premium (U$m)	761	595	6,204	1,100
5 yr Avg EV/ 12MF EBITDA (x)	5.94	4.09	6.70	2.43
EV uplift	4,520	2,431	41,566	2,670
Current MC (U$m)	102,466	2,287	54,208	6,097
% Increase in Market Cap	4.4%	106.3%	76.7%	43.8%
Individual Emissions Scenario				
Impact on annual underlying EBITDA of 10% change (U$m)	447	219	3,610	684
1H 2020 Avg Realised price ($/t)	1,595		1,580	1,688
Green Premium ($/t)	389	338	402	450
EBITDA Increase led by Green Premium (U$m)	1,089	741	9,183	1,822
5 yr Avg EV/ 12MF EBITDA (x)	5.94	4.09	6.70	2.43
EV uplift	6,468	3,028	61,528	4,422
Current MC (U$m)	102,466	2,287	54,208	6,097
% Increase in Market Cap	6.3%	132.4%	113.5%	72.5%

Source: Company data, Credit Suisse estimates Note: Alcoa's sensitivity is for a $100/t move in Ali price Rusal sensitivity is estimates by CS rather than reported

Addressing leakage: carbon border adjustments – possibly counter-productive

As part of the European Green Deal adopted in December 2019, the European Commission has proposed implementing a Carbon Border Adjustment Mechanism (CBAM) where imports into Europe would be taxed on their carbon footprint to treat imports equally to aluminium produced domestically. The exact design of the initiative has not been defined yet and is currently being formed, however the policy is planned to be [adopted by Q2 2021].

Although this may be a viable long-term solution, we believe there are a number of hurdles that suggest there is risk that the aluminium sector may not be included in the first iteration of the CBAM.

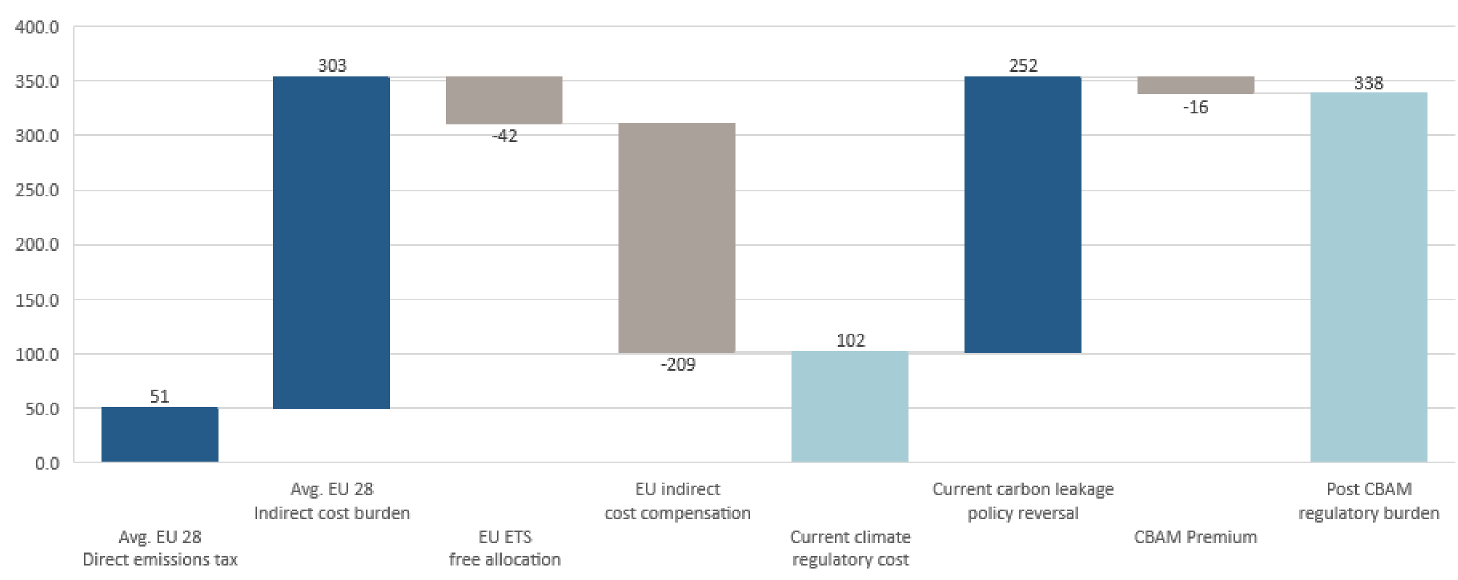
Imports do make up a significant (~50%) proportion of consumption of aluminium in Europe and so at first look a tax on imports could make a real difference, but of course this depends on where the imported aluminium comes from and its carbon intensity.

The vast majority of product from China would receive a penalty (if it could be accurately classified), that is not to say that all aluminium from China is not green. Therefore we highlight it could be possible for China to simply redistribute its sales so that greener and therefore compliant material is sent to Europe with other product sent elsewhere globally where environmental restrictions are not punitive.

This report analyses the net effect of introducing carbon border adjustments in favour of (i.e. also removing) the current indirect compensation that is in place. **This gives a current net climate regulatory cost on average of EUR102/t for direct and indirect emissions.**

We think the CBAM premium would be either zero or marginal. We calculate that the CBAM would increase the climate regulatory burden by ~230% if current carbon leakage measures were removed from EUR102/t to EUR338/t. This would make the European aluminium industry much less competitive on the global stage while also potentially leading to increased carbon leakage if it means manufacturing moves outside of Europe.

Figure 3: Change in regulatory burden for average European producer would increase if the CBAM replaced existing carbon-leakage measures on our estimates



Source: CRU, European Commission, Credit Suisse research

Auto industry – a prime case for green aluminium

The most cost-effective way to reduce the environmental footprint in autos is reducing the weight of the vehicle. This can be done by switching out the steel body for lighter materials, which can also be done without compromising safety. This is particularly important for Battery Electric Vehicle (BEV) as the addition of battery and motor subtracting engine and transmission can add 300kg.

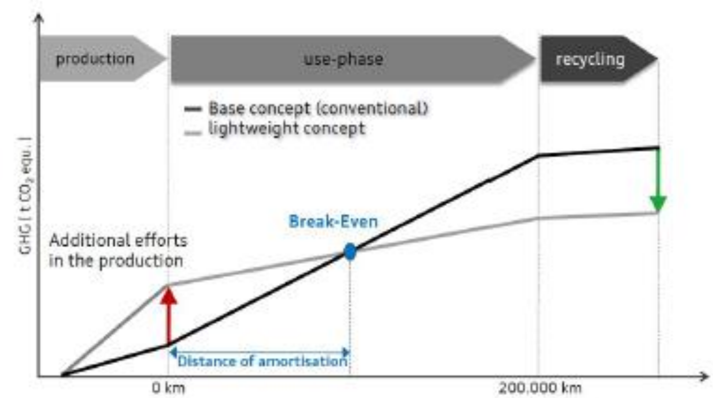
Even for BEV, research shows that using the average European electricity mix (in 2015) on average 63% of emissions are at the use phase (13% battery production and 25% materials + manufacture).

Aluminium is generally regarded as the best alternative to steel and used in upper-segment cars.

Aluminium has higher material emissions, so substituting steel for aluminium would initially increase emissions. While a much larger market than aluminium, steel uses just ~2 tonnes of carbon to make each tonne of steel vs the global average for Ali at 14t of carbon. However, we think it's important to look at it from a product life-cycle perspective and take a holistic view so as not to 'shift' emissions from one area to another.

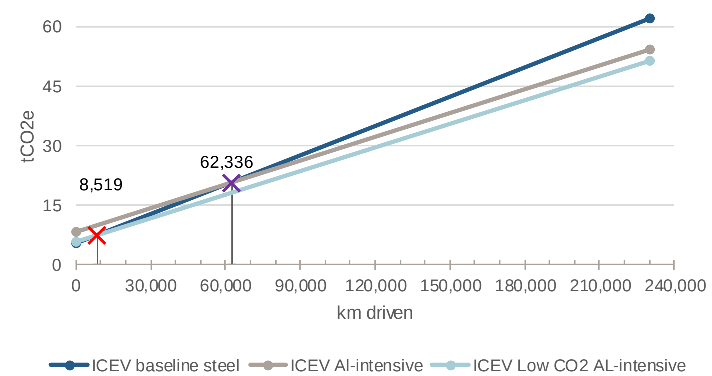
Using low-carbon aluminium, the breakeven reduces to 8,500km with a 17% reduction in total lifecycle emissions. Using data from Ducker Frontier on aluminium content by European car segment, we can see that the usage of low-carbon aluminium on average would add $46/t to the production cost of a vehicle. Even factoring in their forecasts for the increase in aluminium mix per unit by 2025, the **cost would increase by only $51/unit assuming a low-carbon aluminium premium of $255.**

Figure 4: illustration of breakeven distances



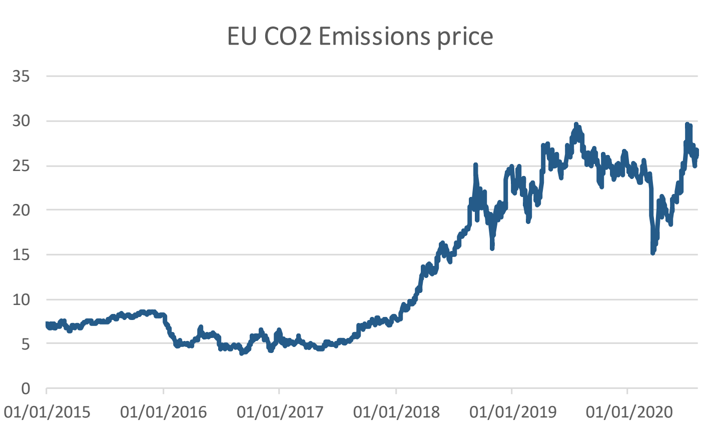
Source: Rusal, Seifert 2017

Figure 5: Low-carbon aluminium significantly reduces carbon payback distance



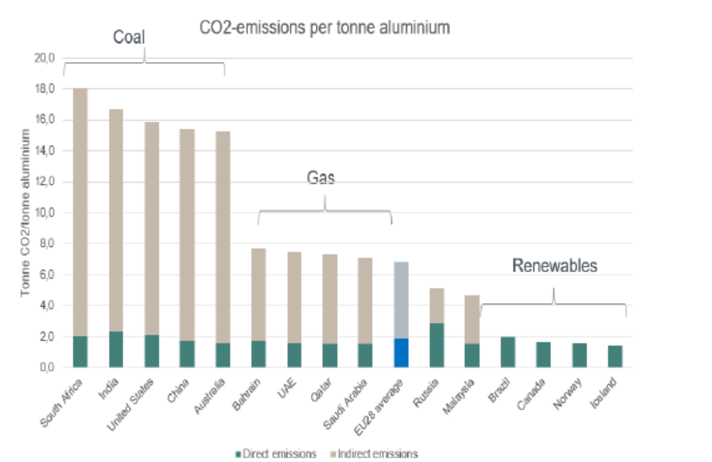
Source: Rusal

Figure 6: EU CO2 emissions price (EUR/t)



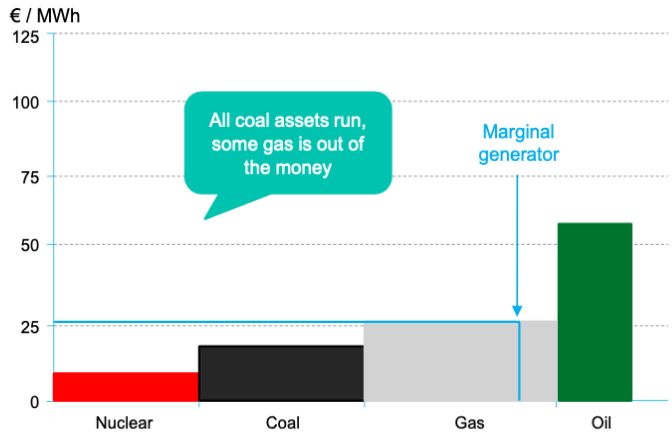
Source: Refinitiv

Figure 7: Co2 emissions per tonne Ali by country



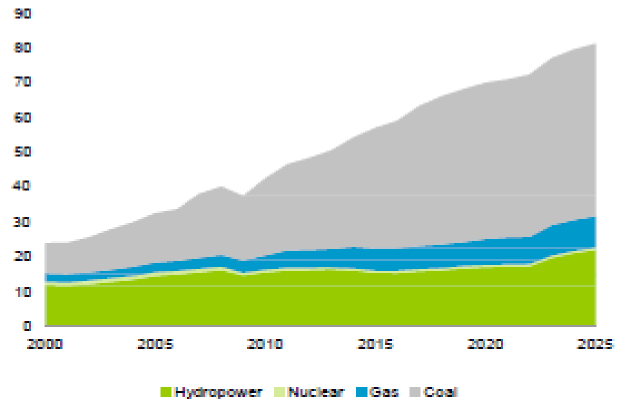
Source: Norsk Hydro

Figure 8: Carbon costs exist within power prices



Source: Bloomberg NEF

Figure 9: Global aluminium production (kt) by electricity source



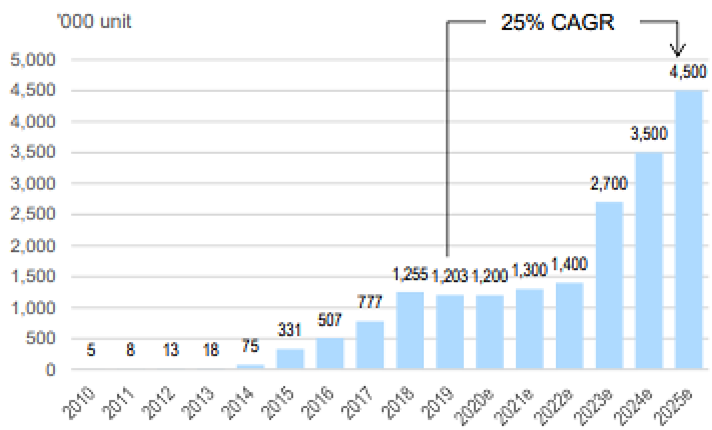
Source: Norsk Hydro

Companies in focus

Autos

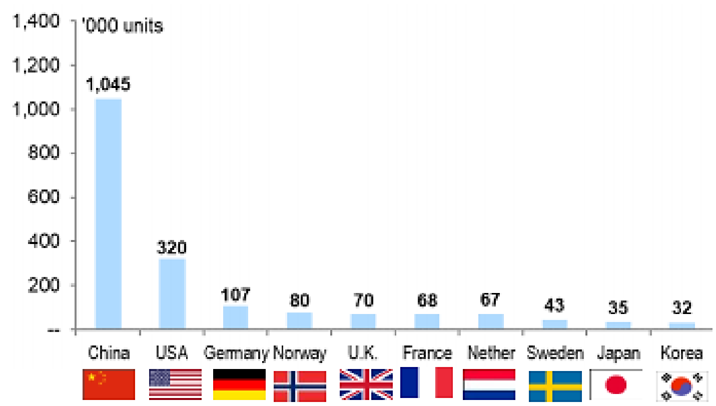
- EV initiation: We initiate coverage on XPeng with an OUTPERFORM rating and a TP of US$21, implying 20% upside. XPeng is a leading smart EV maker in China, focusing on the mid-to-high-end market. XPeng enjoys a clear leadership in developing full-stack autonomous driving technology. We forecast China's new EV (NEV) volume to see a six-year (2020-25) CAGR of 25% (hitting 4.5 mn units) and achieve 16% penetration (NEV volume as % of overall auto). We expect pure EVs' selling price to decline to a similar level as the ICE vehicle in 2023, which is estimated to trigger a 93% YoY NEV volume jump in that year. Meanwhile, we forecast "Level 2 and above" autonomous driving systems penetration rate to rise from 8% in 2019 to 35% by 2025.

Figure 10: China NEV sales volume outlook



Source: Thinkercar, Credit Suisse estimates

Figure 11: Global Top 10 largest NEV passenger vehicle markets in 2019

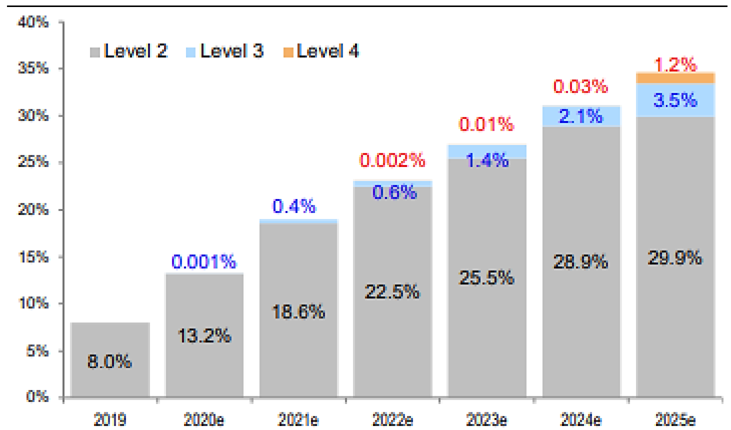


Source: Thinkercar, Credit Suisse estimates

Figure 12: Auto industry is critical to China's economy

Source: CEIC

Figure 13: China "Level 2-4" autonomous driving penetration rate outlook



Source: Thinkercar, Credit Suisse estimates

- Energy efficient cars: Lightweight wheel maker Carbon Revolution (CBR.AX) is set to benefit from rising demand from the electric vehicle market. Carbon Revolution chief executive Jake Dingle said electric car companies were pushing to find ways of lowering the weight of vehicles and reducing in-car road noise for drivers and lightweight wheels are a part of the solution.

Banks and Financials

- Regulation: Consumer advocates have criticised the Morrison government's proposed credit regulation reforms, claiming a relaxation of responsible lending rules would spark financial hardship and impede the post-pandemic economic recovery.

- Wage underpayment: BOQ has been incorrectly paying some staff for much of the past decade and likely faces an expensive remediation bill to rectify the problem. It is understood a recent internal review of Bank of Queensland's payroll processes uncovered numerous cases of both under and overpayment of current and former staff, denying some staff of entitlements due under their employment contracts.

- Coal financing: KB Financial Group (105560) has become the first bank in South Korea to publish a coal policy. In its announcement, it said that its ESG committee had decided that new coal power projects are un-investable.

- Fossil fuel financing: ANZ has dropped out of six lending relationships with large fossil fuel-based companies over the past two years, as the bank starts to transition to a low-carbon economy. Chief executive, Shayne Elliott, said last month at ANZ’s third annual environmental, social and corporate governance briefing that the bank had started discussions in 2018 with 100 of its highest-emitting customers, encouraging them to establish or strengthen low-carbon transition plans by 2021.

- Breaches: Bendigo and Adelaide Bank has been sanctioned for serious and systemic breaches of the 2013 Code of Banking Practice over its debt collection practices and the treatment of customers experiencing financial difficulty. The banking industry’s self-appointed watchdog, the Banking Code Compliance Committee, on Wednesday (30 September) said the breaches related to outstanding loans in the collapsed Great Southern scheme and took place over a four-year period between February 2015 and 2019.

- Remuneration report: Proxy adviser ISS has recommended a “no” vote against the Commonwealth Bank’s remuneration report and A$1.6m equity grant to chief executive Matt Comyn, saying it is “regressive” and inconsistent with the treatment of regular staff in recent pay negotiations.

Casinos

- Governance: An executive of James Packer’s private company made suggestions to the chief financial officer of Crown Resorts to improve the financial forecasts of the gaming company less than a fortnight before Mr Packer agreed to sell 20 per cent of Crown to Hong Kong group Melco for A$1.8bn. The revelation on Thursday came as Crown chief executive Ken Barton acknowledged the company’s International VIP business had previously struck the wrong balance between generating revenue and managing risk and compliance, blaming a lack of leadership in oversight of operation.

- Licence: The Victorian Commission for Gambling and Liquor Regulation (VCGLR) could recommend to the Authority that Crown is unsuitable to hold a Restricted Gaming Licence. Our Casino sector analyst recalls that it was press allegations that raised questions of suitability and led to the NSW Public Inquiry in the first place. So what then? Section 14 of the VIP Gaming Management Agreement under Sec 142 of the Casino Control Act states that upon notification of unsuitability the Independent Liquor & Gaming Authority of NSW must consult with Crown, identify specific matters and state actions that can be taken to rectify those matters. In our view, this then could open the possibility of individuals being deemed unsuitable, including Close Associates but in turn, means that Crown Resorts as an entity is likely to retain its NSW licence.
    - **ESG view**: The Inquiry has a remit not only to consider the suitability of Crown as a license-holder, but the appropriateness of the current regulatory regime. The current focus on the right level of oversight of junkets should also be a consideration of investors. Movements to regulate junkets more directly as is the case in other casino jurisdictions would represent a structural headwind for Crown’s VIP business.

- [Junket operator](): A director of the James Packer-backed Crown Resorts believes the controversial Hong Kong group Suncity remains an "acceptable" junket operator and has disputed the claims of his chief executive that the casino group's anti-money laundering (AML) functions were previously under-resourced with unqualified staff.

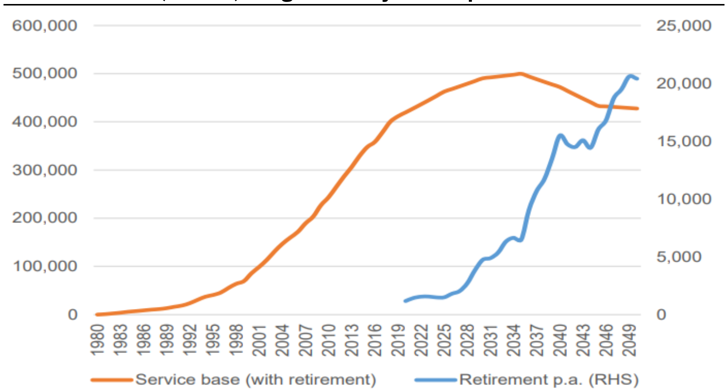
Energy

- Energy transition: We initiate coverage on Siemens Energy with an Outperform rating and find that it is an underappreciated energy transition play. Four key parts of the investment thesis include:

    1. Management's energy and focus towards margin improvement across both Gas & Power and SGRE (improving group Adj EBITA from 0-2% to 6.5-8.5% via restructuring >€800, portfolio streaming and new focus on productivity);
    2. Resilient Service model for gas turbines supported by order backlog – the addressable service market for Siemens is forecasted to continue to grow by 4.6% CAGR over 2020-2030E;
    3. Underestimated market opportunity for gas turbines; and
    4. Group's comprehensive offering in power generation and transmission solutions with an interesting hydrogen option. Hydrogen could yield a further €1.2bn / €2 per share value to Siemens Energy (from 2019 c€200mn of sales).

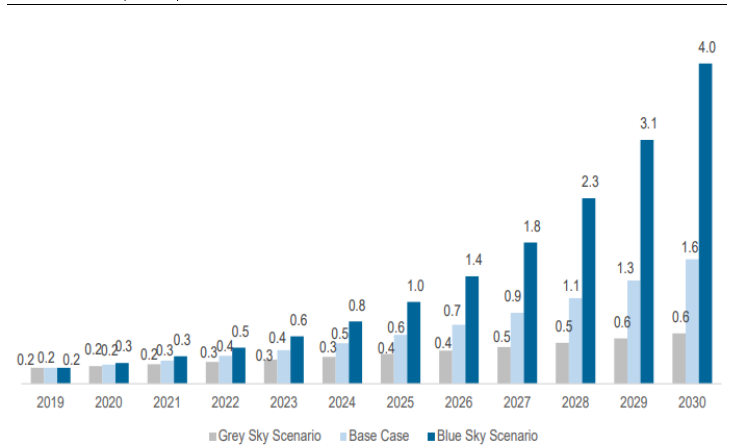
    - **CS ESG view**: We flagged Siemens Energy as being positively exposed to the energy transition and grid investments in our recent report, Global ESG Equity Strategy - Beyond the Pandemic: The Green-Shaped Recovery. In this report, we estimate that 'green' recovery stimulus could almost double to US$3.2tn in eventual stimulus. We believe the market may be underestimating the scale of such funding, with stimulus accelerating growth in themes already benefiting from a long runway of structural tailwinds.

Figure 14: CS 2050 Siemens Gas Turbine Service model – Service base (in MW) to growth by 1.6% pa over 2020-30E



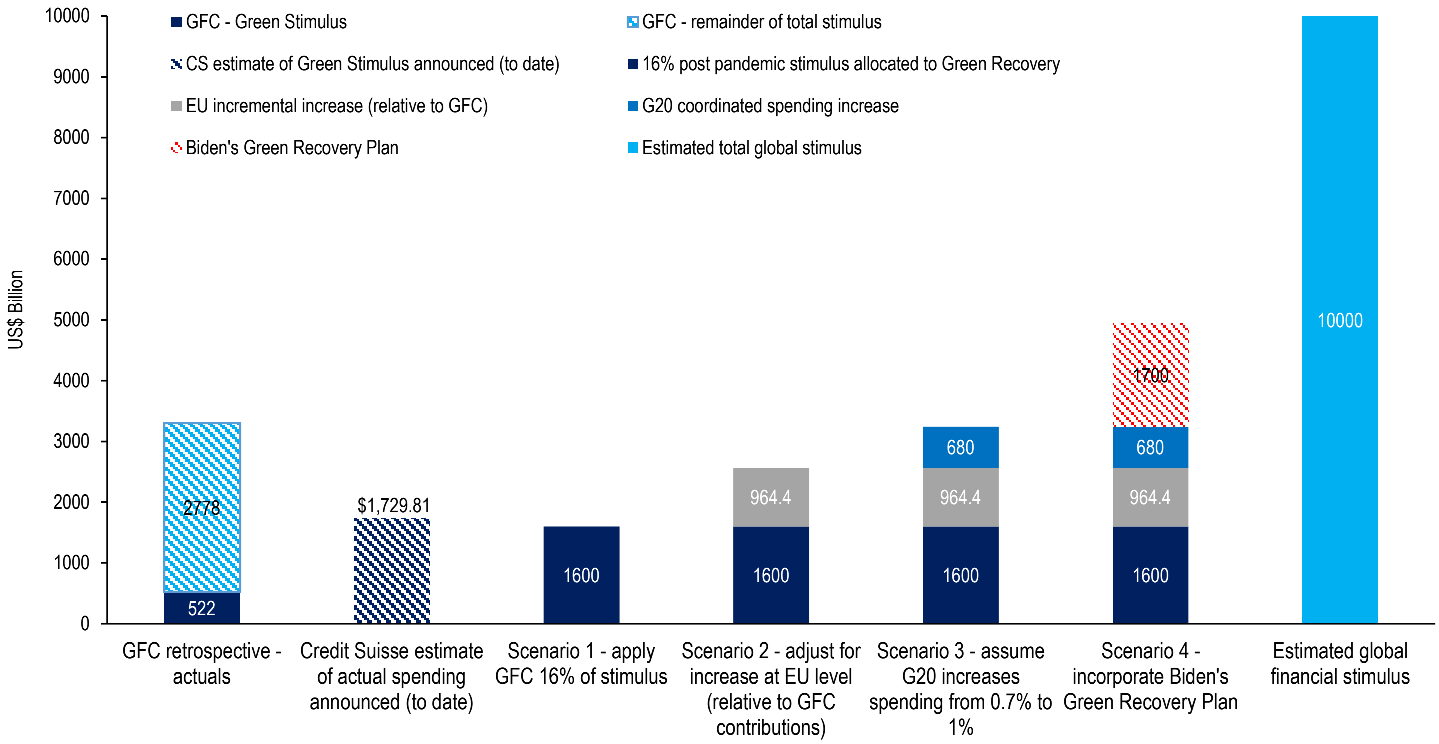
Source: CS 2050 Siemens Gas Turbine Service model, McCoy's

Figure 15: Siemens Energy's hydrogen business projected revenues (€'bn)



Source: Credit Suisse estimates

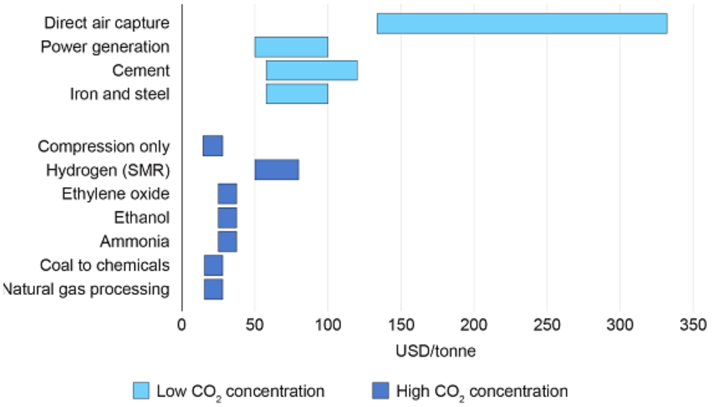
Figure 16: Credit Suisse estimates of announced Green Stimulus (to date) and scenarios of eventual total expenditures



Source: Company data, Credit Suisse estimates

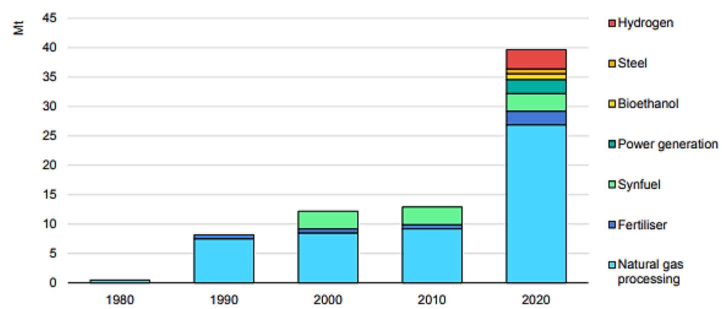
- Renewable targets: Germany is planning stricter controls to ensure it reaches targets in its expansion of renewable energy sources, according to the most recent draft discussed by the government on Wednesday (30 September). The latest version of the law, which is still subject to change, includes annual quotas for solar, biomass and onshore and offshore wind. Those quotas are to be regularly checked in each of Germany's 16 federal states. It includes ambitious targets such as the continent's largest installed renewable power generation capacity, at 118 GW.
- Carbon capture: IEA says carbon capture is vital but needs significant investment. IEA chief Fatih Birol argues without carbon capture and storage, energy and climate goals will become virtually impossible to reach. He said CCS is the only technology that can cut emissions in industrial sectors. US$27bn of CCS projects is due to be sanctioned in the next 12 months, but US$160bn more investment is needed by 2030. CCS projects tend to be delayed due to high costs. STO is targeting the US$155mn 1.7MTPA Moomba CCS by end-2020, and CEO Gallagher claims it is one of the world's cheapest at A$30/tonne.

Figure 17: Levelised cost of CO2 capture by sector and initial CO2 concentration, 2019



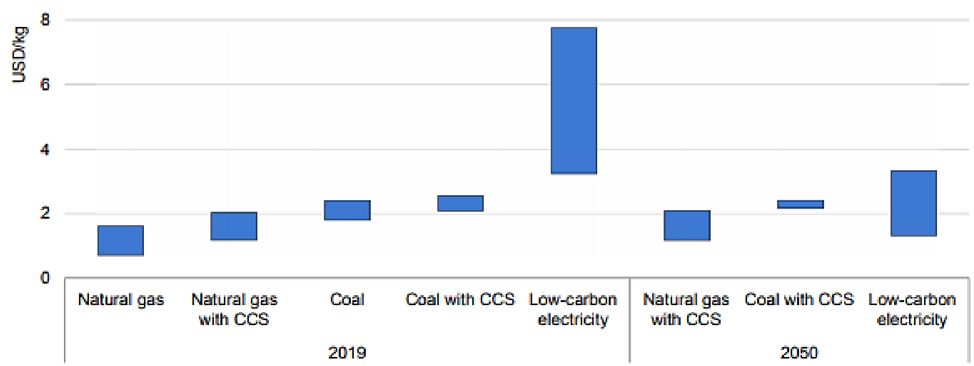
Source: IEA

Figure 18: Global CO2 capture capacity at large-scale facilities by source



Source: IEA analysis based on GCCSI (2020), Facilities Database, https://co2re.co/FacilityData

Figure 19: Global average levelised cost of hydrogen production by energy source and technology

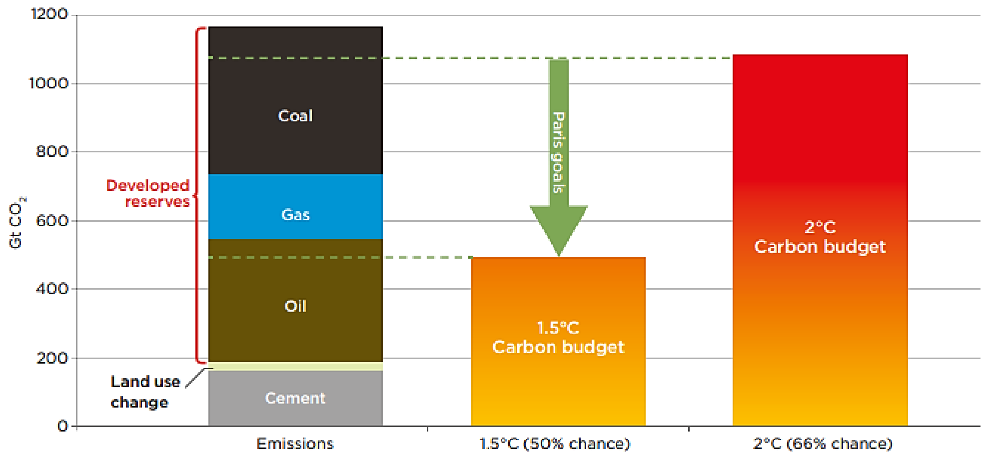


Source: IEA

- Hydrogen: Saudi Arabia sends blue ammonia to Japan in world-first shipment, where it will be used for power generation. Blue hydrogen is made from fossil fuels while green hydrogen is made from renewable energy.
- Energy transition on oil: Russia's national oil company Rosneft believes BP and Shell are creating an 'existential crisis' for oil supplies that will lead to higher prices, in response to their shift to renewables. Rosneft argues that national oil companies would take a greater share of the market if energy majors cut investments as supply shortages could be almost inevitable should demand return to pre-pandemic levels.
- Hydrogen: WPL has been quietly working on its H2 portfolio for almost three years, according to the company's Executive VP for Sustainability, Shaun Gregory. He has described a hydrogen future envisaged by WPL – all power and fuel needs would be met by renewable energy generated at home or business without storage and reliability limitations, and that means hydrogen, which is clean, versatile, can store energy at much higher densities than batteries, and has only water as the by-product when consumed. A lack of infrastructure and currently high production costs are challenges for H2 to become mainstream, and the pathway could start with blue hydrogen (produced from natural gas) and transition to green hydrogen (produced from renewables).

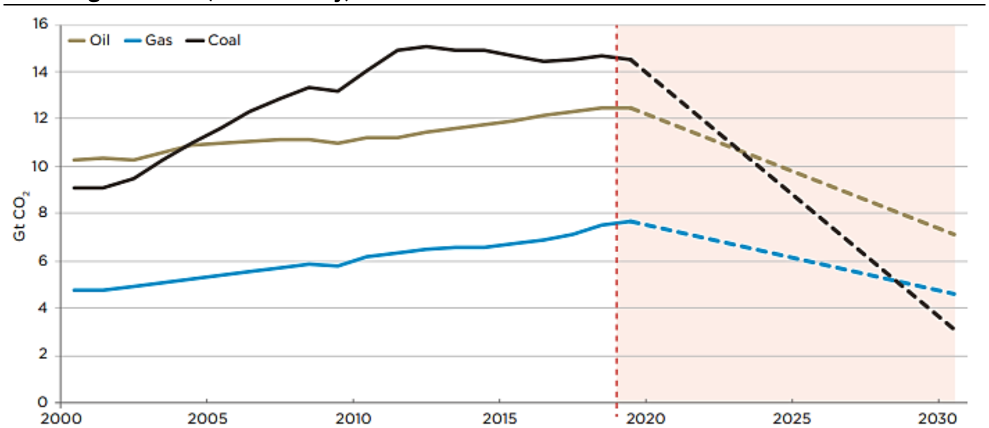
■ Misalignment with Paris goals: A discussion paper analyses the current climate commitments of eight of the largest integrated oil and fossil gas companies – BP, Chevron, Eni, Equinor, ExxonMobil, Repsol, Shell, and Total – in light of the ambition and integrity required to achieve a 1.5 degrees Celsius (°C) aligned managed decline of oil and fossil gas. None of the evaluated oil majors' climate strategies, plans, and pledges come close to alignment with the Paris Agreement.

Figure 20: CO2 emissions from developed global fossil fuel reserves, compared to carbon budgets within range of the Paris goals



Source: Oil Change International analysis based on data from Rystad Energy, IEA, World Energy Council, and IPCC and Global Carbon Project.13 Remaining carbon budgets shown are as of 1 January 2020.

Figure 21: Projected decline of oil, gas, and coal emissions this decade to limit warming to 1.5°c (P1 Pathway)



Source: Carbon Brief analysis of data from IPCC SR15 and Global Carbon Project18

■ Retraining for renewables: UK environmentalists' survey suggests 80% of offshore oil & gas workers are considering leaving the industry. The survey covers ~1,400 offshore oil & gas workers, representing 4.5% of that workforce in the UK. It shows job security is these workers' top concern. 43% of offshore oil & gas workers have lost jobs since March 2020, and 82% of them said they would consider moving to a job outside oil & gas. In a separate survey by Scottish Renewables last month, >75% surveyed offshore workers have considered retraining to find jobs in the renewables, and 80% of Scottish oil & gas workers think their careers could be impacted by actions to tackle climate change.

■ Coal seam gas: NSW's Independent Planning Commission has given "phased approval" for Santos's proposed $3.6 billion Narrabri coal seam gas field, removing the last major hurdle for the controversial project to proceed. Environment groups say the Independent Planning

Commission inappropriately excluded last-minute information about Santos' proposed $3.6 billion Narrabri gasfield. Among the key conditions are those relating to groundwater, greenhouse gas emissions and the need to dispose of as much as 840,000 tonnes of crystallised salt during the project's life.

- Renewables in Spain: Total has entered into an agreement with renewables developer Ignis to develop 3.3GW of solar projects across Spain. This includes five projects with capacity ranging from 0.2GW to 1.15GW, to be developed across 2022-25. We note the rapid entry into Spanish renewables demonstrates the company's ability to quickly execute their Energy Transition strategy in specific regions. We note that Total has presence in other markets such as offshore wind (via their stake in Seagreen 1 as well as partnerships to develop several floating wind projects globally), and further expansion into key markets may be expected given CEO Pouyanne's previous comments on the attractiveness of offshore wind as a portfolio fit for Total.

- Renewables and biofuel: Our European Oil & Gas sector analysts provide a summary of Total's Strategy Update. The message was loud and clear: (1) growing energy production (from ~3mbd to ~4mbd in 2030) driven by LNG and Renewables, (2) committed to reduce (by ~30%) absolute scope 3 emissions in Europe by 2030 (achieved with product sales shift), and (3) dividend supported at $40/bbl.

- By 2030, the energy output mix will move to 15% electrons (2019: 5%), 50% gas (2019: 40%), 30% oil products (2019: 55%) and 5% biofuels (2019: ~0%). Within oil, this does not mean upstream oil production goes into decline; its aim is to focus on low cost oil and sustain the business in the 2020s. Refineries are sold or converted, and it is turning more assertive on biofuels (as are its European Super Major peers and US Independent refiners) with plans to have 2-3mtpa of renewable diesel capacity (Neste today at 3.2mtpa) by 2025 and 5mtpa by 2030. LNG remains a growth driver for Total, which could almost double by 2030 (from 2019 levels). It has increased its (renewable generation) target to 35GW gross capacity by 2025 (from 25GW) with an aim to generate >10% IRR (from previously >15% IRR).

Leisure

- Fine over deaths: A judge has fined Ardent Leisure A$3.6 million after the operator of the Dreamworld theme park pleaded guilty to three charges stemming from the 2016 deaths of four people on the park's now demolished Thunder River Rapids ride.

Metals & Mining

- Thermal coal power: Thermal coal mined by BHP will no longer be burned to make electricity in Australia, after the miner ended the decades long connection between its NSW mine and the nearby power stations of AGL Energy. BHP has started dismantling the 10 kilometre conveyor belt that fed coal from its Mt Arthur mine to AGL's Bayswater and Liddell power stations, and the miner confirmed that it had stopped selling coal to the power stations altogether during fiscal 2020.

- Circular economy: With lithium supply chain risks having been identified in a recent report, a new study has highlighted similar concerns related to the supply of cobalt, another staple ingredient in the batteries currently used to power electric vehicles. The authors of the cobalt report advise circular economy strategies must be incentivised by policy makers and adopted by businesses to avoid supply of the commodity running dry as EV demand rises.

- Lobby groups: A UK-based climate think tank has named the Minerals Council of Australia, the Australian Chamber of Commerce and Industry and the NSW Minerals Council as the three organisations most responsible for undermining climate policy in Australia. BHP, Santos, Rio Tinto and Glencore were found to have the most concentrated network of links to industry associations that "continue to work against Paris-aligned policy for Australia".

- Social licence: The traditional owners of Juukan Gorge say they do not believe Rio Tinto exhausted all options to save the culturally significant site, and limits on mine expansions and a "wholesale amendment" of contractual agreements are required if the two parties are to work together in future. The Puutu Kunti Kurrama and Pinikura (PKKP) people accused Rio of not being "open and honest" about the sequence of events, in the group's submission to a parliamentary inquiry.

- Coal phase out in Poland: Poland authorities and mining unions said an agreement on a plan to restructure the country's unprofitable and polluting coal industry is imminent, as hundreds of workers protesting the government's intention to shut mines refuse to return to surface. Poland is more dependent on coal than any other state in the European Union. The fossil fuel provides nearly 80% of its energy needs, with 8% of that electricity coming from a single coal mine, Turów.

- Hydropower: Andrew Forrest (FMG) has signed a deal on hydropower with the Democratic Republic of Congo (DRC), as he tours to seek investment and philanthropic opportunities. Fortescue Future Industries, a wholly owned Fortescue subsidiary, signed a Deed of Agreement with the DRC after pitching potential hydropower and resources investments to President Felix Tshisekedi.

- Batteries: Giyani Metals Corporation (CATPF.PK) says it is encouraged by the endorsement of high-purity manganese as a critical component of cathode chemistries, as discussed during the Tesla Battery Day event on September 22. Tesla announced that the cathode chemistry for its intermediate range vehicles and non-industrial stationary storage units will contain one-third, or 33%, manganese. The Botswana-focused manganese miner says this was the first time Tesla referred to the manganese content in its battery chemistries.

- Water contamination: Coca-Cola Amatil is concerned its secret bottled water source in the NSW Southern Highlands is under threat from a major sand mine proposed for neighbouring land. CCL is worried the quarry may pollute its pristine water source and stress water supplies in the area. In a submission to the NSW Department of Planning, Coca-Cola Amatil expressed concern that more than nine million cubic metres of fill would need to be sourced from "thousands of sites" across NSW to fill the void left by the quarry at Sutton Forest.

- Pressure to close coal mine: BHP's Colombian thermal coal mine is under renewed pressure to close, this time from an arm of the United Nations. UN Special Rapporteur for Human Rights and the Environment David Boyd said the Cerrejon mine in Colombia (jointly owned by BHP, Glencore and Anglo American) should be closed because of its impact on the air and water quality in nearby communities.

- Safety: Investors have accused US miner Peabody Energy of making materially false and misleading statements about gas levels in a Queensland mine before downplaying the severity of a subsequent underground fire that has halted coal production for the past two years. A class action over the North Goonyella mine fire scandal was launched against Peabody in the US on Tuesday (29 September).

- Steel producer – emissions target: ArcelorMittal on Wednesday (30 September) announced a group-wide commitment to carbon neutrality by 2050, building on the commitment made in 2019 for its European business to reduce emissions by 30% by 2030, and be carbon neutral by 2050.

Packaging

- Designing for a circular economy: An article has examined how manufacturers can make better caps on PET bottles that are made from one plastic rather than two; better labels on all bottles with adhesives that peel away with the label; plastics with suitable levels of stabilisers that will help prevent cross-linking; and chain scission during subsequent recycling stages and the issues around the use of coloured plastics. Simple steps that will often save on costs can boost recycling rates due to the larger markets available for higher quality products. Working out good design principles for recycling requires brand-owners to step up and voluntarily take responsibility for every facet of their packaging, a better solution than governments imposing penalties.

Petrochemicals

- Recycled plastic: LyondellBasell (NYSE: LYB), one of the largest plastics, chemicals and refining companies in the world, released its annual Sustainability Report and announced one of the most ambitious goals of the industry: to produce and market two million metric tons of recycled and renewable-based polymers annually by 2030.

Retail

- Workplace harassment: Women working at JB Hi-Fi (JBH) stores have complained of regular sexual harassment and even assault from customers and a "boys club" work environment that does little to support them.

- Remuneration: Retailer Harvey Norman (HVN) could be facing another challenging annual general meeting after failing to significantly modify its executive pay despite ongoing shareholder concerns. In the company's annual report released on Wednesday (30 September), Harvey Norman revealed its remuneration package for the 2020 financial year that featured minimal changes from the year prior.

- Modern slavery: Following publication of the Alison Levitt QC report, our European Internet and Retail sector analysts believe there is considerable risk that Boohoo's plans to adopt its recommendations and its shortfalls on a wide range of ESG issues may impact execution, sales growth and margins. With the shares back near all-time highs, we don't believe these risks are discounted in valuations, which assume industry-high margins can be maintained in perpetuity. Following the strong 1H results, we increased current year EBITDA from £132m to £166m and our 12-month forward TP to 320p but downgraded to Underperform.

- The Levitt report detailed widespread evidence of non-compliance and illegal activity by factories in Boohoo's supply chain and follows a considerable number of government, press and NGO reports highlighting that these issues are widespread in Leicester's garment industry. Although Boohoo believes it can rectify its supply chain itself, we would expect some government intervention in the sector, rather than allowing the industry to effectively self-regulate.

Figure 22: Relative to peers, Boohoo has very little involvement with NGOs on social and environmental issues

Organization	Adidas	Asos	Boohoo	H&M	Inditex	M&S	Next	Primark	Puma	Zalando
ACCORD on Fire and Building Safety in Bangladesh	✓	✓		✓	✓	✓	✓	✓	✓	
ACT (Action, Collaboration, Transformation)		✓		✓	✓		✓	✓		✓
Amfori					✓				✓	
Apparel & Footwear Intnl RSL Mgt Group (AFIRM)	✓			✓					✓	
Better Cotton Initiative (BCI)	✓	✓		✓	✓	✓	✓		✓	✓
Better Work (ILO)		✓		✓	✓	✓		✓	✓	✓
Business for Social Responsibility (BSR)					✓	✓		✓	✓	
Ethical Trading Initiative (ETI)		✓		✓	✓	✓	✓	✓		
European Clothing Action Plan (ECAP)		✓						✓		✓
Fair Factories Clearinghouse (FFC)	✓								✓	
Fair Labour Association (FLA)	✓								✓	
Fur Free Retailer		✓		✓			✓			✓
Intnl Chemical Secretariat (ChemSec) Business Group	✓			✓						
Leather Working Group	✓	✓			✓	✓	✓	✓	✓	✓
Make Fashion Circular	✓	✓		✓	✓	✓		✓		
Partnership for Sustainable Textiles	✓			✓				✓	✓	
Sustainable Apparel Coalition (SAC)		✓	✓	✓	✓	✓		✓	✓	✓
Textile Exchange	✓	✓		✓	✓	✓	✓	✓		✓
The Microfibre Consortium (TMC)	✓		✓		✓	✓	✓	✓	✓	
Win-Win	✓							✓	✓	
WRAP Sustainable Clothing Action Plan 2020 Commitment		✓	✓			✓	✓	✓		
UN Global Compact (UNGC)		✓		✓	✓	✓			✓	
Verité		✓						✓		
Zero Discharge of Hazardous Chemicals (ZDHC)	✓	✓		✓	✓	✓	✓	✓	✓	
Total	**13**	**15**	**3**	**14**	**14**	**13**	**10**	**16**	**14**	**8**

Source: Company data, Credit Suisse estimates

Technology

- Sustainable sourcing: Google Cloud and Unilever have announced that they will advance sustainable business practices together using technology to expand the use of data for eco-friendly decision making. As an initial step in this partnership, the two companies are collaborating on the first commercial application of Google Cloud and Google Earth Engine for sustainable commodity sourcing. By combining the power of cloud computing with satellite imagery and AI, the two companies are building a more holistic view of the forests, water cycles, and biodiversity that intersect Unilever's supply chain—raising sustainable sourcing standards for suppliers and bringing Unilever closer to its goal of ending deforestation and regenerating nature.

- Media code: Google Australia boss Melanie Silva says the proposed arbitration process between it and the media companies on payments made for use of their articles is unworkable, given the unrealistic numbers put on the table. The draft news media bargaining code, announced by the Australian Competition and Consumer Commission in July, gives media companies three months to strike a deal about payment for use of their articles. If there is no agreement, a final arbitration process is put in place to decide between the most appropriate of the two final payment offers. Ms Silva said the size of the payments proposed by the media companies so far was unreasonable.

Transport

- Hydrogen: Airbus has unveiled plans for what it hailed as the first commercial zero-emission aircraft. The company said its hydrogen-fuelled passenger planes could be in service by 2035. Airbus chief executive Guillaume Faury said the three ZEROe concept designs marked "a historic moment for the commercial aviation sector".

- "Flight to nowhere": SIA has scrapped its plan for a "flight to nowhere" following a review of factors including environmental implications and financial viability.

Waste and recycling

- Culture and conduct: Our Waste and Recycling sector analyst has published a report on the recent CWY developments regarding CEO, Vik Bansal. They believe that the shares are mostly down on fears that the CEO resigns or that the Board is pressured to demand his resignation. The Board has withdrawn resolutions from the upcoming AGM (14 October) for granting the CEO ~1 mn of performance rights.

- Culture and conduct: A long-serving senior executive at CWY last year warned Chairman Mark Chellew of corporate bullying led by Vik Bansal in a series of letters sent to Mr Chellew's external directorships at Caltex, Virgin Australia and Infigen Energy out of fear an internal message would be "filtered" out by Cleanaway staff. The formal complaint made in August last year is the third formal complaint alleging bullying conduct sent to Cleanaway board members to been revealed this month.

- Remuneration and leave: CWY overhauled its technology systems in March to allow employees to be pushed into negative accrued annual leave and pressured workers to use up their entitlements to save cash as the company clawed back 5 per cent of truck driver revenue, according to media reports. The company's negative leave strategy, which has the potential to breach the Fair Work Act 2009, was revealed in a secret recording of a meeting held by Cleanaway regional manager Queensland Neil McHugh in mid-April.

- Resource recovery: The Queensland Government is investing nearly A$27 million into recycling projects through the Resource Recovery Industry Development Program. According to State Treasurer, the funding will see more than 957,000 tonnes of waste diverted from landfill each year, and result in A$126 million in additional capital investment from industry.

- Green recovery – clean energy and recycling: The Morrison government has settled on six priority areas it believes represent the future of Australian manufacturing and will spend an initial $1.5 billion encouraging their development as part its post-recession plans. These areas include resources and minerals, food and beverages, medical products, recycling and clean energy, defence and space as the manufacturing.

Utilities

- Cybersecurity is at the top of utilities' agendas, and is now a growing concern for the power industry. This trend will continue, as many power utilities have to deal with increasing regulation, attack frequency, and the threat of state-sponsored cyber-attacks on crucial infrastructure. The need to connect a growing range of market participants to core utility systems, and the growth of private consumer data coming into utilities' systems through smart metering and smart home initiatives also builds up additional risks and regulatory responsibilities.

Previous ESG research

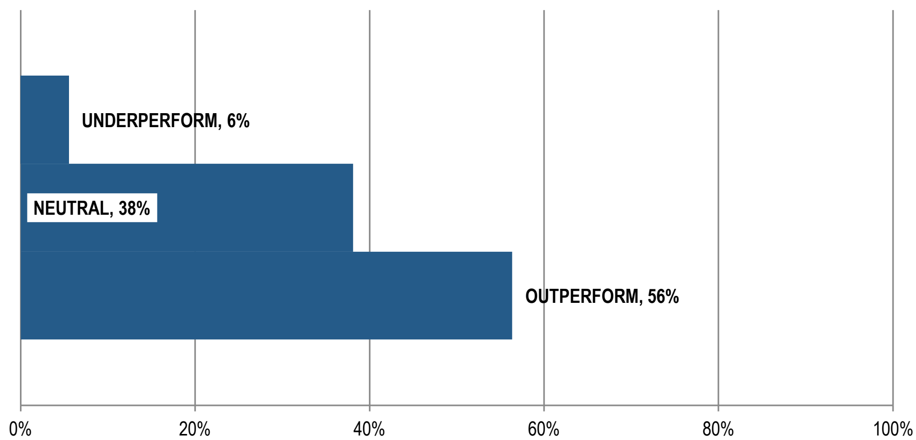
Report name	Published
The long and the short of it	
ESG Weekly: EVs, Supply Chain Finance, Plasma, Conduct, Net-Zero Targets	25-Sep-20
GLOBAL: ESG – the weekly rundown: Key ESG research and developments	18-Sep-20
ESG Weekly: Green Recovery, Conduct, Peak Oil, Climate Reporting	18-Sep-20
ESG weekly: energy transition, green recovery, hydrogen, BNPL, plastic overcapacity	11-Sep-20
GLOBAL: ESG – the weekly rundown: Key ESG research and developments	11-Sep-20
ESG weekly: Green-Shaped Recovery; Family 1000; Circular Economy; Banking Conduct	04-Sep-20
GLOBAL: ESG – the weekly rundown: Key ESG research and developments	04-Sep-20
ESG investment strategy	
Global ESG Equity Strategy - Green-Shaped Recovery: Les Bleus go Green	08-Sep-20
Global ESG Equity Strategy - Beyond the Pandemic: The Green-Shaped Recovery	01-Sep-20
The data trifecta – security, privacy and ownership: Notes from recent calls with data privacy experts	06-Aug-20
Mining and social risk—RIO: Juukan not believe it	08-Jul-20
Key takeaways: APAC positioned for the next wave of AuM growth, underpinned by fund performance and client demand	01-Jul-20
101 Primer: PFAS: A pervasive chemical with wide-ranging risk exposures	04-May-20
Global ESG Research: Thoughts on Themes for a post COVID world	27-Apr-20
CSL: The moral maze in the race for liquid gold	17-Apr-20
101 Primer: Modern Slavery Act: Supply chain resilience as a competitive advantage in a time of COVID-19	06-Apr-20
Global ESG Research: Water Scarcity: Key challenges and investment ideas	27-Jan-20
Findings from the farm: Ag tour to the Murray	10-Dec-19
Water scarcity: Costa: Caveat Emptor Aqua	19-Nov-19
The ABCs of ESG	07- Nov-19
Sustainable Investment Strategies	07-Nov-19
Themes Monitor: The Age of Plastic: foundations of new value chain emerging	23-Sep-19
Water scarcity: Agriculture- Counting the Costa water	05-Sep-19
Water scarcity: Newcrest, Does Cadia remain a safe haven?	31-Jul-19
Themes Monitor: The Age of Plastic: R-PET at an inflection?	22-May-19
The Age of Plastic 2.0: APAC value chain	20-Mar-19
Franchising Inquiry: A sign of things to come?	05-Mar-19
Water access risks increasing: All rivers lead to a Federal Royal Commission	28-Feb-19
ALP to accelerate structural reform, bringing long-term risks into near term focus	13-Feb-19
The age of plastic: key developments in the transition to a circular economy	20-Dec-18
A wasted opportunity: National Waste Report & Policy	13-Dec-18
The circular economy: In discussion with Mike Ritchie	14-Nov-18
The age of plastic: at a tipping point	16-Oct-18
Not such a casual cost	23-Aug-18
Reading between the lines	05-Jul-18
Disenfranchised: Heads I win, tails you lose	14-Jun-18

Credit Suisse Ratings – Australia

As of Friday, 02 October 2020

RATINGS

Figure 1: Credit Suisse stock ratings – distribution



See Figure 3 for ratings on each stock covered by Credit Suisse, ranked by expected total return.
Source: Credit Suisse estimates

Research Analysts

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Stock ratings

Individual stock ratings are determined by the projected total return on a stock relative to absolute return benchmarks.

Analysts project a 12-month target share price for each stock. The capital gain or loss implied by the 12-month target share price, along with the analyst's projected prospective dividend yield, generates the analyst's projected total return for a given stock.

The absolute return required to achieve an Outperform rating is greater than or equal to 7.5%, and to achieve an Underperform rating is less than or equal to 5.0%. A Neutral rating requires a projected total return within the range of -5.0% and +15.0%. Thus, there is an overlapping range for the Neutral rating band (see Figure 2). The overlapping rating range allows analysts to assign a rating that puts their projected total return in the context of associated risks

Figure 2: Rating system parameters

	ETR Range
Outperform	>= 7.5%
Neutral *(overlaps with Outperform and Underperform)*	-5% - 15.0%
Underperform	=< 5.0%

Source: Credit Suisse Research, Australia

Given the dynamic nature of share prices an analyst's rating can become out of sync with the projected total return as the share price moves. The rating must only be viewed as valid with respect to projected total return at the time of rating or target price changes.

Figure 3: Ranking by projected total return

Code	Share Price	Target Price	Total Return**	Rating^
NCZ.AX	$0.14	$0.45	237%	OUTPERFORM
FAR.AX	$0.01	$0.03	127%	OUTPERFORM
OGC.AX	$2.10	$4.20	101%	OUTPERFORM
CIM.AX	$18.41	$34.00	92%	OUTPERFORM
WHC.AX	$1.05	$1.95	87%	OUTPERFORM
CRN.AX	$0.92	$1.60	75%	OUTPERFORM
IFL.AX	$3.05	$5.00	70%	OUTPERFORM
IPL.AX	$1.99	$3.27	68%	OUTPERFORM
SYR.AX	$0.43	$0.70	65%	OUTPERFORM
IFM.AX	$1.57	$2.50	63%	OUTPERFORM
BPT.AX	$1.25	$1.96	58%	OUTPERFORM
ANZ.AX	$17.08	$26.20	58%	OUTPERFORM
AWC.AX	$1.35	$2.00	55%	OUTPERFORM
WPL.AX	$16.80	$25.20	54%	OUTPERFORM
SBM.AX	$3.03	$4.40	47%	OUTPERFORM
TLS.AX	$2.77	$3.85	45%	OUTPERFORM
TWE.AX	$8.77	$12.30	44%	OUTPERFORM
STO.AX	$4.67	$6.63	44%	OUTPERFORM
SFR.AX	$3.97	$5.40	40%	OUTPERFORM
NEC.AX	$1.73	$2.35	39%	OUTPERFORM
LNK.AX	$3.74	$5.10	39%	OUTPERFORM
FXL.AX	$1.01	$1.36	39%	NEUTRAL
AMP.AX	$1.33	$1.78	38%	OUTPERFORM
ING.AX	$2.99	$3.95	38%	OUTPERFORM
PGH.AX	$2.23	$2.95	37%	OUTPERFORM
AZJ.AX	$4.16	$5.40	36%	OUTPERFORM
GNC.AX	$3.72	$4.85	36%	OUTPERFORM
MTS.AX	$2.71	$3.55	35%	OUTPERFORM
SXY.AX	$0.31	$0.42	35%	OUTPERFORM
NUF.AX	$3.77	$5.07	35%	OUTPERFORM
ALX.AX	$6.05	$7.90	34%	OUTPERFORM
MMS.AX	$8.40	$10.60	34%	OUTPERFORM
SIQ.AX	$5.54	$7.05	34%	OUTPERFORM
SKI.AX	$2.07	$2.65	33%	OUTPERFORM
RRL.AX	$5.04	$6.45	31%	OUTPERFORM
TAH.AX	$3.36	$4.30	31%	OUTPERFORM
NWS.AX	$19.39	$25.00	30%	OUTPERFORM
TGR.AX	$3.45	$4.30	30%	OUTPERFORM
OSH.AX	$2.52	$3.23	30%	NEUTRAL
WOR.AX	$9.45	$11.70	29%	OUTPERFORM
CAJ.AX	$0.24	$0.30	29%	OUTPERFORM
ORG.AX	$4.26	$5.30	29%	NEUTRAL
S32.AX	$2.05	$2.60	29%	OUTPERFORM
AHY.AX	$1.03	$1.28	29%	OUTPERFORM
SCG.AX	$2.21	$2.73	29%	OUTPERFORM
WBC.AX	$16.57	$20.60	29%	OUTPERFORM
CWN.AX	$8.77	$11.10	28%	OUTPERFORM
QUB.AX	$2.56	$3.20	27%	OUTPERFORM
SIG.AX	$0.57	$0.70	27%	OUTPERFORM
LLC.AX	$10.86	$13.31	26%	OUTPERFORM
NAB.AX	$17.49	$21.30	26%	OUTPERFORM
PLS.AX	$0.32	$0.40	25%	OUTPERFORM
SVW.AX	$17.82	$21.90	25%	OUTPERFORM
HUO.AX	$2.75	$3.35	25%	NEUTRAL
BAP.AX	$6.87	$8.40	25%	OUTPERFORM
NST.AX	$13.80	$16.85	24%	OUTPERFORM
WSA.AX	$2.04	$2.50	24%	OUTPERFORM
SDF.AX	$3.16	$3.80	23%	OUTPERFORM
BXB.AX	$10.21	$12.25	23%	OUTPERFORM
VCX.AX	$1.39	$1.61	22%	OUTPERFORM
MPL.AX	$2.57	$3.00	21%	OUTPERFORM
NCM.AX	$31.29	$37.70	21%	OUTPERFORM
IRE.AX	$9.44	$11.00	21%	NEUTRAL
COL.AX	$17.06	$19.97	21%	NEUTRAL
RMD.AX	$23.35	$28.00	21%	NEUTRAL
CWY.AX	$2.07	$2.45	21%	OUTPERFORM
BEN.AX	$6.00	$7.00	21%	NEUTRAL
AOZ.AX	$3.44	$4.05	20%	OUTPERFORM
WES.AX	$44.58	$51.59	20%	OUTPERFORM
CBA.AX	$63.72	$74.80	20%	NEUTRAL
CCL.AX	$9.51	$10.95	19%	OUTPERFORM
SWM.AX	$0.11	$0.13	19%	NEUTRAL
MFG.AX	$56.70	$65.00	19%	OUTPERFORM
ANN.AX	$36.95	$43.00	19%	OUTPERFORM
360.AX	$4.05	$4.80	19%	OUTPERFORM
CSL.AX	$284.67	$333.00	18%	OUTPERFORM
SGR.AX	$3.08	$3.60	18%	OUTPERFORM
HVN.AX	$4.53	$5.06	18%	OUTPERFORM
PRU.AX	$1.36	$1.60	18%	OUTPERFORM
RWC.AX	$4.12	$4.75	18%	OUTPERFORM
CGF.AX	$3.78	$4.25	18%	OUTPERFORM
CPU.AX	$12.22	$13.90	17%	NEUTRAL
NHF.AX	$4.16	$4.70	17%	NEUTRAL
STX.AX	$0.27	$0.31	17%	OUTPERFORM
HT1.AX	$1.41	$1.60	17%	OUTPERFORM
SHL.AX	$33.12	$37.50	17%	OUTPERFORM
EVN.AX	$5.83	$6.55	16%	OUTPERFORM
API.AX	$1.01	$1.10	16%	NEUTRAL
ORE.AX	$2.47	$2.85	15%	NEUTRAL
BHP.AX	$35.12	$39.00	15%	OUTPERFORM
PPT.AX	$27.96	$31.00	15%	NEUTRAL

Source: ASX, CS estimates. Correct as of 9PM AET on 02 October 2020.
**Projected capital gain or loss plus gross dividend yield.

Figure 3: Ranking by projected total return *(continued)*

Code	Share Price	Target Price	Total Return**	Rating^
ALD.AX	$22.89	$25.51	15%	NEUTRAL
COF.AX	$2.01	$2.14	15%	OUTPERFORM
ILU.AX	$8.92	$10.00	15%	OUTPERFORM
DOW.AX	$4.28	$4.70	15%	OUTPERFORM
DXS.AX	$9.12	$9.92	14%	OUTPERFORM
IDX.AX	$4.03	$4.50	14%	OUTPERFORM
SUL.AX	$10.53	$11.52	14%	OUTPERFORM
WOW.AX	$36.49	$40.31	13%	NEUTRAL
FMG.AX	$16.08	$16.50	13%	NEUTRAL
PDL.AX	$5.48	$5.80	13%	NEUTRAL
JBH.AX	$46.21	$50.21	13%	NEUTRAL
GPT.AX	$4.03	$4.29	12%	OUTPERFORM
MGR.AX	$2.24	$2.41	12%	OUTPERFORM
PTM.AX	$3.16	$3.30	11%	NEUTRAL
SCP.AX	$2.20	$2.31	11%	NEUTRAL
ORI.AX	$15.55	$16.59	11%	NEUTRAL
NHC.AX	$1.27	$1.40	11%	NEUTRAL
CGC.AX	$3.36	$3.60	10%	OUTPERFORM
IGO.AX	$4.07	$4.35	10%	NEUTRAL
COH.AX	$197.25	$215.00	10%	NEUTRAL
SGM.AX	$7.60	$8.25	9%	NEUTRAL
WTC.AX	$25.83	$28.00	9%	NEUTRAL
APA.AX	$10.32	$10.70	9%	NEUTRAL
DHG.AX	$3.74	$4.00	9%	OUTPERFORM
ALQ.AX	$9.22	$9.75	9%	OUTPERFORM
SEK.AX	$21.37	$23.10	8%	OUTPERFORM
RIO.AX	$93.60	$95.00	8%	NEUTRAL
KGN.AX	$20.02	$21.33	8%	NEUTRAL
BKL.AX	$61.20	$65.00	8%	UNDERPERFORM
SGP.AX	$3.88	$3.96	8%	NEUTRAL
RIC.AX	$0.81	$0.85	8%	NEUTRAL
VEA.AX	$1.57	$1.67	8%	NEUTRAL
GUD.AX	$11.32	$11.80	8%	NEUTRAL
MND.AX	$10.02	$10.30	8%	NEUTRAL
CIP.AX	$3.10	$3.17	8%	NEUTRAL
BSL.AX	$12.78	$13.60	8%	OUTPERFORM
AMC.AX	$15.17	$15.50	7%	NEUTRAL
CQR.AX	$3.48	$3.48	7%	OUTPERFORM
ABP.AX	$2.90	$2.90	6%	OUTPERFORM
GOZ.AX	$3.40	$3.41	6%	OUTPERFORM
RHC.AX	$66.89	$70.00	6%	OUTPERFORM
BRG.AX	$25.73	$26.79	6%	NEUTRAL
JHX.AX	$33.52	$34.90	5%	OUTPERFORM
GWA.AX	$2.83	$2.85	5%	OUTPERFORM
AST.AX	$1.91	$1.90	4%	NEUTRAL
ORA.AX	$2.40	$2.40	4%	NEUTRAL
HLS.AX	$3.47	$3.52	4%	OUTPERFORM
TPG.AX	$7.30	$7.40	3%	NEUTRAL
ALL.AX	$29.82	$30.00	3%	OUTPERFORM
PBH.AX	$10.21	$10.50	3%	NEUTRAL
OML.AX	$1.23	$1.25	2%	OUTPERFORM
COE.AX	$0.33	$0.33	2%	NEUTRAL
UMG.AX	$4.09	$4.02	1%	NEUTRAL
MYX.AX	$0.38	$0.38	1%	NEUTRAL
AUB.AX	$16.40	$16.00	1%	OUTPERFORM
HMC.AX	$3.35	$3.21	0%	NEUTRAL
AGL.AX	$13.50	$12.60	0%	UNDERPERFORM
FLT.AX	$13.98	$14.01	0%	OUTPERFORM
PMV.AX	$21.26	$20.39	0%	NEUTRAL
BIN.AX	$2.43	$2.40	0%	NEUTRAL
BOQ.AX	$5.62	$5.50	0%	NEUTRAL
APE.AX	$9.45	$9.40	-1%	NEUTRAL
CHC.AX	$12.88	$12.21	-2%	NEUTRAL
ARF.AX	$2.64	$2.43	-2%	NEUTRAL
REA.AX	$113.16	$109.00	-2%	NEUTRAL
GMG.AX	$18.12	$17.34	-3%	NEUTRAL
NWL.AX	$15.41	$14.75	-3%	NEUTRAL
NXT.AX	$12.12	$11.70	-3%	NEUTRAL
CSR.AX	$4.32	$4.10	-4%	NEUTRAL
VOC.AX	$3.56	$3.40	-4%	NEUTRAL
AD8.AX	$5.61	$5.30	-6%	NEUTRAL
ASX.AX	$80.42	$73.00	-6%	UNDERPERFORM
WEB.AX	$3.97	$3.70	-7%	NEUTRAL
CAR.AX	$20.99	$18.80	-8%	NEUTRAL
HUB.AX	$17.84	$16.30	-8%	UNDERPERFORM
MQG.AX	$119.10	$107.50	-8%	NEUTRAL
TCL.AX	$14.10	$12.60	-8%	UNDERPERFORM
BLD.AX	$4.58	$4.15	-9%	NEUTRAL
APX.AX	$33.71	$30.00	-11%	NEUTRAL
WGN.AX	$1.28	$1.10	-14%	NEUTRAL
XRO.AX	$103.20	$88.00	-15%	OUTPERFORM
OZL.AX	$13.38	$11.15	-15%	UNDERPERFORM
ARB.AX	$28.65	$23.60	-16%	NEUTRAL
CTD.AX	$17.04	$13.60	-20%	NEUTRAL
ECX.AX	$1.61	$1.25	-20%	OUTPERFORM
SYD.AX	$5.84	$4.50	-22%	UNDERPERFORM
DMP.AX	$80.60	$60.21	-24%	UNDERPERFORM
GXY.AX	$1.12	$0.84	-25%	NEUTRAL
QAN.AX	$4.11	$3.00	-27%	UNDERPERFORM
ABC.AX	$2.86	$1.90	-30%	UNDERPERFORM

Source: ASX, CS estimates. Correct as of 9PM AET on 02 October 2020.
**Projected capital gain or loss plus gross dividend yield.

Top 100 Earnings & Dividends

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As at 02 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Energy																													
Ampol Limited	ALD	31-Dec	NTRL	22.89	25.51	5,716	205.1	355.2	413.6	82.2	142.3	165.6	27.9	16.1	13.8	146.3	98.2	84.6	48.8	85.7	99.4	2.1	3.7	4.3	8.9	6.9	6.3	100	Grant Saligari
Beach Energy	BPT	30-Jun	OPFM	1.25	1.96	2,852	461.0	376.8	441.7	20.2	16.5	19.3	6.2	7.6	6.5	32.5	46.2	39.6	2.0	2.0	2.0	1.6	1.6	1.6	2.5	2.6	2.3	100	Saul Kavonic
Origin Energy	ORG	30-Jun	NTRL	4.26	5.30	7,503	1,023.0	392.1	497.6	58.0	22.2	28.2	7.3	19.2	15.1	38.6	116.9	92.4	25.0	20.0	20.0	5.9	4.7	4.7	4.0	5.5	4.8	30	Peter Wilson
Oil Search	OSH	31-Dec	NTRL	2.52	3.23	3,748	79.7	338.1	426.0	4.4	16.0	20.1	41.2	11.3	9.0	216.3	68.9	54.9	0.0	3.8	9.1	0.0	2.1	5.0	8.8	5.6	4.5	0	Saul Kavonic
Santos Ltd	STO	31-Dec	OPFM	4.67	6.63	6,963	360.6	521.0	817.7	17.2	24.8	39.0	19.4	13.5	8.6	102.1	82.1	52.5	3.3	6.1	11.9	1.0	1.8	3.6	5.6	5.1	4.4	100	Saul Kavonic
Worley Parsons	WOR	30-Jun	OPFM	9.45	11.70	4,918	348.0	368.9	399.7	66.8	70.1	76.0	14.1	13.5	12.4	74.3	82.2	76.1	50.0	52.6	53.2	5.3	5.6	5.6	6.7	6.6	5.8	0	Paul Butler
Woodside Petroleum	WPL	31-Dec	OPFM	16.80	25.20	11,571	456.9	614.9	875.7	48.8	65.7	93.5	24.6	18.3	12.9	129.4	111.7	78.7	39.0	52.6	74.8	3.2	4.4	6.2	5.2	4.4	4.3	100	Saul Kavonic
Sector Aggregate													15.4	14.7	11.0							2.9	3.6	4.9	5.2	4.9	4.4		
Materials - Chemicals																													
Incitec Pivot	IPL	30-Sep	OPFM	1.99	3.27	3,865	218.7	303.4	391.5	12.5	15.5	20.1	15.9	12.8	9.9	83.3	78.1	60.8	3.7	8.1	10.4	1.9	4.1	5.2	6.9	5.9	4.9	50	Grant Saligari
Orica	ORI	30-Sep	NTRL	15.55	16.59	6,311	329.0	399.0	445.0	82.8	97.9	109.2	18.8	15.9	14.2	98.6	96.9	87.2	44.6	64.0	71.3	2.9	4.1	4.6	8.3	7.0	6.6	30	Grant Saligari
Sector Aggregate													17.6	14.6	12.2							2.5	4.1	4.8	7.7	6.5	5.9		
Materials - Construction Materials																													
Boral	BLD	30-Jun	NTRL	4.58	4.15	5,613	228.0	186.2	272.2	19.0	15.6	22.8	24.1	29.4	20.1	126.5	179.3	123.1	9.5	0.0	11.5	2.1	0.0	2.5	10.0	9.9	8.7	50	Peter Wilson
James Hardie Industries plc	JHX	31-Mar	OPFM	33.52	34.90	10,652	352.8	393.2	432.9	79.4	88.7	97.7	30.2	27.0	24.6	158.6	165.0	150.4	10.0	0.0	49.0	0.4	0.0	2.0	19.1	17.1	15.5	0	Peter Wilson
Sector Aggregate													28.8	27.6	23.1							0.9	0.0	2.2	15.6	14.2	12.7		
Materials - Containers & Packaging																													
Amcor	AMC	30-Jun	NTRL	15.17	15.50	17,616	1,028.5	1,111.8	1,198.8	64.2	70.5	76.6	16.9	15.4	14.2	88.8	93.9	86.8	46.0	51.0	56.0	4.2	4.7	5.2	12.2	11.3	10.8	0	Larry Gandler
Orora	ORA	30-Jun	NTRL	2.40	2.40	2,317	127.7	125.6	132.1	13.2	13.5	15.1	18.2	17.8	15.9	95.8	108.6	97.4	49.3	10.0	10.9	20.5	4.2	4.5	7.5	8.5	7.8	30	Larry Gandler
Materials - Metals & Mining																													
Alumina Limited	AWC	31-Dec	OPFM	1.35	2.00	2,804	192.4	212.5	277.8	6.7	7.4	9.6	14.5	13.1	10.0	76.0	79.9	61.4	5.8	7.4	9.1	6.0	7.7	9.5	14.6	13.3	10.2	100	Sam Webb
BHP Group Limited	BHP	30-Jun	OPFM	35.12	39.00	118,815	9,060.0	11,370.4	9,322.0	178.7	224.3	183.9	14.1	11.2	13.7	73.9	68.4	83.7	120.0	112.4	92.2	4.8	4.5	3.7	6.0	5.0	5.7	100	Sam Webb
BlueScope Steel	BSL	30-Jun	OPFM	12.78	13.60	6,438	353.1	255.7	537.3	69.0	50.4	108.5	18.5	25.3	11.8	97.2	154.6	72.1	14.0	14.0	14.0	1.1	1.1	1.1	5.8	6.7	4.6	0	Nick Herbert
Evolution Mining Limited	EVN	30-Jun	OPFM	5.83	6.55	9,961	405.4	680.0	772.7	23.7	39.7	45.2	24.6	14.7	12.9	129.2	89.5	79.1	16.0	19.2	22.3	2.7	3.3	3.8	9.9	7.0	6.2	100	Nick Herbert
Fortescue Metals Group Ltd	FMG	30-Jun	NTRL	16.08	16.50	35,439	4,746.0	6,416.6	4,265.7	153.6	208.4	138.5	7.5	5.5	8.3	39.4	33.7	50.9	117.8	135.4	89.8	10.2	11.8	7.8	4.3	3.4	4.7	100	Sam Webb
Iluka Resources	ILU	31-Dec	OPFM	8.92	10.00	3,771	171.0	348.5	352.9	40.5	82.4	83.5	22.1	10.8	10.7	115.8	66.0	65.4	0.0	29.0	27.0	0.0	3.3	3.0	9.3	5.3	5.1	100	Sam Webb
Newcrest Mining	NCM	30-Jun	OPFM	31.29	37.70	18,289	735.0	1,600.1	1,554.6	94.4	196.0	190.5	23.7	11.4	11.8	124.6	69.7	72.0	25.0	17.0	15.0	1.1	0.8	0.7	10.4	5.9	5.9	0	Nick Herbert
Northern Star Resources Ltd	NST	30-Jun	OPFM	13.80	16.85	10,225	291.0	793.6	1,024.4	41.9	106.8	137.8	33.0	12.9	10.0	173.1	78.8	61.3	17.0	22.9	26.1	1.2	1.7	1.9	13.0	6.2	4.7	0	Nick Herbert
OZ Minerals	OZL	31-Dec	UPFM	13.38	11.15	4,344	172.2	292.1	223.5	55.1	93.5	71.5	24.3	14.3	18.7	127.5	87.3	114.5	23.0	23.0	23.0	1.7	1.7	1.7	8.3	6.2	7.8	100	Nick Herbert
Rio Tinto	RIO	31-Dec	NTRL	93.60	95.00	99,503	11,246.4	11,936.3	8,248.4	689.3	732.3	506.1	9.7	9.1	13.2	51.0	55.8	81.1	435.8	476.8	298.5	6.5	7.1	4.5	4.5	4.1	5.2	100	Sam Webb
South 32	S32	30-Jun	OPFM	2.05	2.60	7,111	193.0	411.1	331.6	3.9	8.5	6.8	37.2	17.3	21.4	195.3	105.5	131.3	3.2	3.4	2.7	2.2	2.3	1.9	5.8	4.5	4.9	100	Sam Webb
Sector Aggregate													11.4	9.5	12.2							5.6	5.8	4.1	5.2	4.5	5.3		
Industrials - Capital Goods																													
Reliance Worldwide	RWC	30-Jun	OPFM	4.12	4.75	3,255	130.3	187.7	172.0	16.6	23.4	21.5	24.9	17.6	19.2	130.6	107.2	117.4	7.0	9.5	9.5	1.7	2.3	2.3	14.2	11.0	11.0	100	Peter Wilson
Sector Aggregate													24.9	17.6	19.2							1.7	2.3	2.3	14.2	11.0	11.0		
Industrials - Commercial & Professional Services																													
ALS Ltd	ALQ	31-Mar	OPFM	9.22	9.75	4,448	188.8	183.9	223.5	38.9	37.8	45.9	23.7	24.4	20.1	124.4	149.0	123.0	17.6	22.9	27.8	1.9	2.5	3.0	14.4	14.3	12.5	30	Paul Butler
Brambles	BXB	30-Jun	OPFM	10.21	12.25	11,003	504.0	525.2	586.6	31.6	34.7	40.9	23.2	21.1	17.9	121.6	128.5	109.5	26.1	27.9	32.6	2.5	2.7	3.2	7.7	7.7	7.5	30	Paul Butler
Cleanaway Waste Management	CWY	30-Jun	OPFM	2.07	2.45	4,257	150.3	166.2	205.3	7.3	8.1	10.0	28.2	25.6	20.7	148.3	156.0	126.8	4.1	4.5	5.5	2.0	2.2	2.7	10.2	9.2	7.9	100	Paul Butler
Downer EDI	DOW	30-Jun	OPFM	4.28	4.70	3,002	163.2	194.5	262.5	27.4	30.0	37.4	15.6	14.3	11.4	81.9	87.0	70.0	14.0	19.4	22.8	3.3	4.5	5.3	6.1	5.2	4.6	50	Paul Butler
Sector Aggregate													21.9	21.0	17.5							2.4	2.8	3.3	8.1	8.1	7.5		
Industrials - Transportation																													
Atlas Arteria	ALX	31-Dec	OPFM	6.05	7.90	5,802	-99.6	271.2	331.7	-10.8	28.3	34.6	n.m	21.4	17.5	n.m	130.5	107.1	11.0	26.4	41.0	1.8	4.4	6.8	106.9	16.8	14.6	0	Paul Butler
Aurizon	AZJ	30-Jun	OPFM	4.16	5.40	7,965	531.4	497.6	551.5	27.2	26.4	30.5	15.3	15.7	13.6	80.3	96.0	83.4	27.4	26.4	30.5	6.6	6.3	7.3	7.9	8.3	8.0	70	Paul Butler
Qantas	QAN	30-Jun	UPFM	4.11	3.00	7,752	-1,964.0	-926.0	534.0	-129.4	-49.7	28.6	n.m	n.m	14.3	n.m	n.m	87.9	0.0	0.0	0.0	0.0	0.0	0.0	5.2	11.6	3.9	100	Paul Butler
Qube Holdings Limited	QUB	30-Jun	OPFM	2.56	3.20	4,826	104.2	132.3	170.3	6.2	7.0	9.0	41.3	36.5	28.3	216.7	222.6	173.6	5.8	5.8	5.8	2.3	2.3	2.3	20.9	19.0	16.3	100	Paul Butler
Sydney Airport	SYD	31-Dec	UPFM	5.84	4.50	15,760	-253.2	-62.9	165.4	-9.4	-2.3	6.1	n.m	n.m	95.2	n.m	n.m	583.2	0.0	11.0	20.5	0.0	1.9	3.5	59.5	37.5	24.9	50	Paul Butler
Transurban	TCL	30-Jun	UPFM	14.10	12.60	38,581	-153.0	-247.1	99.8	-5.6	-9.1	3.7	n.m	n.m	n.m	n.m	n.m	n.m	47.0	31.4	40.1	3.3	2.2	2.8	31.1	30.6	25.8	22	Paul Butler
Sector Aggregate													n.m	n.m	42.6							2.5	2.5	3.4	18.7	20.6	13.9		

Source: Company data, Refinitiv, Credit Suisse estimates

Top 100 Earnings & Dividends (continued)

As at 02 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Consumer Discretionary - Consumer Durables & Apparel																													
Consumer Discretionary - Consumer Services																													
Aristocrat Leisure	ALL	30-Sep	OPFM	29.82	30.00	19,041	473.9	744.4	1,042.7	74.2	116.6	163.3	40.2	25.6	18.3	210.9	156.1	111.8	0.0	72.0	73.0	0.0	2.4	2.4	19.8	14.8	11.4	75	Larry Gandler
Crown	CWN	30-Jun	OPFM	8.77	11.10	5,939	160.0	- 58.8	192.2	23.6	-8.7	28.4	37.1	n.m	30.9	194.9	n.m	189.2	30.0	0.0	60.0	3.4	0.0	6.8	13.7	26.7	10.2	0	Larry Gandler
Domino's Pizza Enterprises	DMP	30-Jun	UPFM	80.60	60.21	6,974	145.6	170.8	185.9	169.1	197.9	215.4	47.7	40.7	37.4	250.4	248.5	229.1	119.3	138.6	150.9	1.5	1.7	1.9	23.1	20.3	19.0	50	Grant Saligari
Flight Centre	FLT	30-Jun	OPFM	13.98	14.01	2,782	- 384.9	- 62.1	136.8	-320.9	-31.2	68.8	n.m	n.m	20.3	n.m	n.m	124.5	0.0	0.0	0.0	0.0	0.0	0.0	n.m	25.9	6.3	100	Grant Saligari
Star Entertainment Group	SGR	30-Jun	OPFM	3.08	3.60	2,825	120.8	100.0	150.7	13.2	10.7	16.0	23.3	28.8	19.2	122.6	175.5	117.8	10.5	0.0	11.0	3.4	0.0	3.6	9.9	9.7	8.1	100	Larry Gandler
Tabcorp Holdings	TAH	30-Jun	OPFM	3.36	4.30	7,450	271.0	325.0	384.2	13.3	14.8	17.3	25.2	22.7	19.5	132.2	138.3	119.1	11.0	7.0	15.0	3.3	2.1	4.5	10.9	9.2	8.4	100	Larry Gandler
Sector Aggregate													**80.6**	**36.8**	**21.6**							**1.4**	**1.6**	**3.2**	**19.7**	**14.7**	**10.5**		
Consumer Discretionary - Retailing																													
JB Hi-Fi	JBH	30-Jun	NTRL	46.21	50.21	5,309	326.3	362.8	297.0	281.3	312.8	256.1	16.4	14.8	18.0	86.3	90.1	110.5	189.0	205.3	168.1	4.1	4.4	3.6	8.1	8.0	8.9	100	Grant Saligari
Wesfarmers	WES	30-Jun	OPFM	44.58	51.59	50,547	2,083.0	2,145.5	2,132.0	184.0	189.1	187.9	24.2	23.6	23.7	127.2	143.9	145.3	152.0	181.4	169.2	3.4	4.1	3.8	12.8	12.4	12.3	100	Grant Saligari
Sector Aggregate													**23.2**	**22.3**	**23.0**							**3.5**	**4.1**	**3.8**	**12.1**	**11.8**	**11.9**		
Consumer Staples - Food & Drug Retailing																													
Coles Group Limited	COL	30-Jun	NTRL	17.06	19.97	22,757	935.0	1,049.9	1,086.0	70.1	78.7	81.4	24.3	21.7	21.0	127.8	132.2	128.3	57.5	64.8	67.2	3.4	3.8	3.9	9.9	9.2	9.0	100	Grant Saligari
Woolworths	WOW	30-Jun	NTRL	36.49	40.31	46,090	1,602.0	1,862.3	1,928.1	127.4	147.5	152.6	28.7	24.7	23.9	150.5	150.9	146.4	94.0	107.0	111.7	2.6	2.9	3.1	11.0	10.3	10.1	100	Grant Saligari
Sector Aggregate													**27.1**	**23.6**	**22.8**							**2.8**	**3.2**	**3.4**	**10.6**	**9.9**	**9.7**		
Consumer Staples - Food Beverage & Tobacco																													
Coca-Cola Amatil	CCL	31-Dec	OPFM	9.51	10.95	6,885	314.5	364.4	403.5	43.4	50.3	55.7	21.9	18.9	17.1	115.0	115.3	104.5	31.0	41.0	45.0	3.3	4.3	4.7	9.5	8.6	8.1	50	Larry Gandler
Treasury Wine	TWE	30-Jun	OPFM	8.77	12.30	6,324	315.9	331.1	416.2	43.8	45.8	57.5	20.0	19.1	15.3	105.2	116.8	93.4	27.0	30.0	37.0	3.1	3.4	4.2	10.2	9.8	8.2	88	Larry Gandler
Sector Aggregate													**21.0**	**19.0**	**16.1**							**3.2**	**3.9**	**4.5**	**9.8**	**9.2**	**8.1**		
Health Care																													
Ansell Limited	ANN	30-Jun	OPFM	36.95	43.00	3,399	158.7	170.6	183.9	120.0	130.2	139.3	22.0	20.3	19.0	115.8	123.9	116.2	50.0	57.0	62.0	1.9	2.2	2.3	12.9	11.8	11.1	0	Gretel Janu
Cochlear	COH	30-Jun	NTRL	197.25	215.00	12,966	153.8	168.8	276.9	257.6	256.8	421.0	76.6	76.8	46.8	402.2	468.7	286.9	160.0	58.0	233.0	0.8	0.3	1.2	45.3	40.3	27.3	100	Gretel Janu
CSL Ltd	CSL	30-Jun	OPFM	284.67	333.00	92,706	2,102.5	2,260.5	2,534.2	461.5	494.7	555.4	44.2	41.2	36.7	231.9	251.3	224.7	202.0	210.0	243.0	1.0	1.0	1.2	31.1	28.5	25.7	0	Gretel Janu
Ramsay Health Care	RHC	30-Jun	OPFM	66.89	70.00	15,310	336.9	465.4	655.1	155.9	198.0	280.5	42.9	33.8	23.8	225.4	206.1	146.0	62.5	78.0	156.0	0.9	1.2	2.3	12.8	11.4	9.9	100	Gretel Janu
ResMed Inc.	RMD	30-Jun	NTRL	23.35	28.00	30,498	630.3	659.9	776.6	43.4	45.2	52.6	38.5	37.0	31.8	202.3	225.6	194.5	15.6	15.8	16.6	0.9	0.9	1.0	32.4	29.6	25.9	0	Gretel Janu
Sonic Healthcare	SHL	30-Jun	OPFM	33.12	37.50	15,812	538.1	765.0	744.2	112.8	159.2	153.6	29.4	20.8	21.6	154.3	126.9	132.0	85.0	114.0	112.0	2.6	3.4	3.4	12.5	9.5	9.3	30	Gretel Janu
Sector Aggregate													**42.1**	**37.3**	**32.5**							**1.1**	**1.2**	**1.4**	**26.2**	**22.7**	**20.3**		
Financials - Banks																													
ANZ Banking Group	ANZ	30-Sep	OPFM	17.08	26.20	48,442	3,705.4	4,760.9	5,463.2	121.9	154.0	175.0	14.0	11.1	9.8	73.6	67.7	59.8	65.4	83.7	124.4	3.8	4.9	7.3	n.m	n.m	n.m	70	Jarrod Martin
Bendigo and Adelaide Bank	BEN	30-Jun	NTRL	6.00	7.00	3,180	301.7	252.0	287.4	53.0	41.7	45.5	11.3	14.4	13.2	59.5	87.9	80.8	31.0	23.7	35.0	5.2	4.0	5.8	n.m	n.m	n.m	100	Jarrod Martin
Bank of Queensland	BOQ	31-Aug	NTRL	5.62	5.50	2,553	208.4	222.5	286.6	44.4	45.9	57.9	12.7	12.2	9.7	66.5	74.6	59.4	0.0	24.5	40.8	0.0	4.4	7.3	n.m	n.m	n.m	100	Jarrod Martin
Commonwealth Bank Australia	CBA	30-Jun	NTRL	63.72	74.80	112,800	7,449.0	6,934.5	7,634.3	406.0	378.7	414.4	15.7	16.8	15.4	82.4	102.6	94.2	298.0	195.8	279.4	4.7	3.1	4.4	n.m	n.m	n.m	100	Jarrod Martin
National Australia Bank	NAB	30-Sep	OPFM	17.49	21.30	57,544	3,595.7	4,719.0	5,402.9	112.7	136.0	152.9	15.5	12.9	11.4	81.5	78.5	70.1	64.7	72.4	106.3	3.7	4.1	6.1	n.m	n.m	n.m	100	Jarrod Martin
Westpac	WBC	30-Sep	OPFM	16.57	20.60	59,846	3,617.8	5,370.9	6,656.5	100.3	145.0	175.3	16.5	11.4	9.5	86.8	69.7	57.9	36.1	72.5	113.9	2.2	4.4	6.9	n.m	n.m	n.m	100	Jarrod Martin
Sector Aggregate													**15.4**	**13.4**	**11.8**							**3.8**	**3.9**	**5.8**	**n.m**	**n.m**	**n.m**		

Source: Company data, Refinitiv, Credit Suisse estimates

Top 100 Earnings & Dividends (continued)

As at 02 October 2020	Ticker	Year to	Rating	Share Price	12M Tgt	Mkt Cap	NPAT			EPS			PE			Relative PE			Dividend			Dividend Yield			EBITDA Multiple			F'kg	Analyst Name
							2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	
				$	$	$m	$m	$m	$m	¢	¢	¢	x	x	x	%	%	%	¢	¢	¢	%	%	%	x	x	x	%	
Financials - Diversified Financials																													
AMP Limited	AMP	31-Dec	OPFM	1.33	1.78	4,553	433.1	371.4	449.9	12.7	11.1	13.6	10.4	11.9	9.7	54.7	72.6	59.6	9.3	4.2	5.1	7.1	3.2	3.9	74.5	63.4	54.5	90	James Cordukes
ASX	ASX	30-Jun	UPFM	80.42	73.00	15,569	513.8	484.2	480.4	265.4	250.1	248.2	30.3	32.2	32.4	159.1	196.2	198.5	238.9	225.2	223.4	3.0	2.8	2.8	20.9	21.2	21.1	100	James Cordukes
Challenger Limited	CGF	30-Jun	OPFM	3.78	4.25	2,554	343.7	282.8	316.5	46.9	37.0	40.9	8.1	10.2	9.2	42.3	62.3	56.6	17.5	19.0	21.0	4.6	5.0	5.6	4.7	5.3	4.3	100	James Cordukes
Magellan Financial Group	MFG	30-Jun	OPFM	56.70	65.00	10,403	438.3	449.2	529.7	241.4	245.2	288.7	23.5	23.1	19.6	123.4	141.1	120.3	214.9	219.9	255.4	3.8	3.9	4.5	17.3	17.0	14.3	75	James Cordukes
Macquarie Group	MQG	31-Mar	NTRL	119.10	107.50	43,055	2,731.0	2,355.1	2,836.3	775.6	631.9	733.2	15.4	18.8	16.2	80.6	115.0	99.5	430.0	359.1	535.7	3.6	3.0	4.5	11.4	13.0	11.0	40	Jarrod Martin
Sector Aggregate													16.9	19.8	17.3							3.7	3.2	4.1	13.3	14.6	12.5		
Financials - Insurance																													
Medibank Private Limited	MPL	30-Jun	OPFM	2.57	3.00	7,078	366.7	382.6	404.4	13.3	13.9	14.7	19.3	18.5	17.5	101.4	112.9	107.2	12.0	11.5	12.2	4.7	4.5	4.7	9.5	9.1	8.6	100	James Cordukes
NIB Holdings Limited	NHF	30-Jun	NTRL	4.16	4.70	1,900	110.8	119.9	139.7	24.3	26.2	30.6	17.1	15.9	13.6	89.9	96.7	83.3	14.0	15.8	19.8	3.4	3.8	4.8	12.5	10.9	9.0	100	James Cordukes
Sector Aggregate													18.8	17.9	16.5							4.4	4.3	4.7	10.0	9.4	8.7		
Financials - Real Estate																													
Charter Hall Group	CHC	30-Jun	NTRL	12.88	12.21	5,999	322.8	238.0	259.1	69.3	51.1	55.6	18.6	25.2	23.2	97.6	153.8	141.8	35.7	37.9	40.1	2.8	2.9	3.1	14.4	20.4	18.7	0	Peter Zuk
Dexus	DXS	30-Jun	OPFM	9.12	9.92	9,952	602.7	616.6	612.9	55.0	56.5	56.2	16.6	16.1	16.2	87.0	98.5	99.4	50.3	50.4	50.4	5.5	5.5	5.5	19.2	18.1	18.0	0	Peter Zuk
Goodman Group	GMG	30-Jun	NTRL	18.12	17.34	33,475	1,060.2	1,170.4	1,272.0	57.5	63.0	67.9	31.5	28.8	26.7	165.5	175.6	163.5	30.0	30.0	30.0	1.7	1.7	1.7	28.4	25.9	23.9	0	Peter Zuk
GPT Group	GPT	31-Dec	OPFM	4.03	4.29	7,850	460.5	538.1	565.1	23.6	27.6	29.0	17.0	14.6	13.9	89.5	89.0	85.1	20.3	23.7	25.0	5.0	5.9	6.2	21.1	18.1	17.4	0	Peter Zuk
Lend Lease	LLC	30-Jun	OPFM	10.86	13.31	7,475	- 310.0	542.5	605.9	-51.4	78.8	88.1	n.m	13.8	12.3	n.m	84.0	75.5	33.3	39.4	44.0	3.1	3.6	4.1	n.m	9.0	8.1	0	Peter Zuk
Mirvac Group	MGR	30-Jun	OPFM	2.24	2.41	8,820	519.0	477.0	527.1	13.2	12.1	13.4	17.0	18.5	16.7	89.1	112.7	102.3	9.1	9.5	9.8	4.1	4.3	4.4	17.9	19.5	17.4	0	Peter Zuk
Scentre Group	SCG	31-Dec	OPFM	2.21	2.73	11,471	739.8	923.0	975.5	14.3	17.8	18.8	15.5	12.4	11.7	81.4	75.7	71.9	9.4	12.4	13.2	4.2	5.6	6.0	18.9	15.7	15.4	0	Peter Zuk
Stockland Group	SGP	30-Jun	NTRL	3.88	3.96	9,254	692.0	657.4	713.8	29.1	27.6	29.9	13.3	14.1	13.0	70.0	85.9	79.4	24.1	23.5	25.0	6.2	6.0	6.5	14.4	15.3	14.5	0	Peter Zuk
Vicinity Centres	VCX	30-Jun	OPFM	1.39	1.61	6,328	471.3	496.0	527.3	12.4	10.9	11.6	11.2	12.8	12.0	59.0	77.8	73.5	7.7	8.8	9.4	5.5	6.3	6.7	15.5	15.6	14.7	0	Peter Zuk
Sector Aggregate													21.8	17.8	16.7							3.6	4.0	4.2	22.1	18.0	16.8		
Information Technology																													
Appen	APX	31-Dec	NTRL	33.71	30.00	4,101	76.9	99.7	123.0	62.1	80.3	99.1	54.3	42.0	34.0	285.2	256.2	208.3	11.7	13.9	17.2	0.3	0.4	0.5	31.7	24.6	20.1	100	Quinn Pierson
Computershare	CPU	30-Jun	NTRL	12.22	13.90	4,731	303.8	269.4	291.4	56.1	49.8	53.9	15.6	17.6	16.2	81.9	107.1	99.4	46.0	39.0	41.0	3.6	3.3	3.5	9.8	10.4	9.5	30	James Cordukes
Link Administration Holdings Limited	LNK	30-Jun	OPFM	3.74	5.10	1,987	141.9	129.3	170.3	26.5	24.2	31.9	14.1	15.5	11.7	74.1	94.3	71.9	10.0	10.0	14.7	2.7	2.7	3.9	9.3	9.3	7.6	50	James Cordukes
NEXTDC	NXT	30-Jun	NTRL	12.12	11.70	5,524	- 10.7	3.3	20.2	-3.0	0.7	4.4	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	52.6	44.7	35.5	0	Entcho Raykovski
Sector Aggregate													57.0	56.2	44.4							0.8	0.7	0.8	29.1	27.6	22.9		
Media & Entertainment																													
carsales.com.au	CAR	30-Jun	NTRL	20.99	18.80	5,166	118.8	140.7	159.1	48.5	57.2	64.5	43.3	36.7	32.5	227.4	224.0	199.2	47.0	51.8	55.8	2.2	2.5	2.7	27.1	23.0	20.8	100	Entcho Raykovski
Nine Entertainment	NEC	30-Jun	OPFM	1.73	2.35	2,950	140.8	137.9	159.0	8.3	8.1	9.3	20.9	21.4	18.6	109.9	130.5	113.6	7.0	6.0	7.0	4.0	3.5	4.0	8.5	7.5	6.3	100	Entcho Raykovski
REA Group	REA	30-Jun	NTRL	113.16	109.00	14,905	268.7	311.2	404.6	204.0	236.3	307.2	55.5	47.9	36.8	291.3	292.2	225.6	110.0	130.0	169.0	1.0	1.1	1.5	30.5	26.9	21.8	100	Entcho Raykovski
Seek	SEK	30-Jun	OPFM	21.37	23.10	7,544	90.3	48.9	102.8	25.6	13.9	29.2	83.3	n.m	73.1	437.6	938.7	447.9	13.0	0.0	33.0	0.6	0.0	1.5	21.4	23.9	16.9	100	Entcho Raykovski
Seek	SEK	30-Jun	OPFM	21.37	23.10	7,544	90.3	48.9	102.8	25.6	13.9	29.2	83.3	n.m	73.1	437.6	938.7	447.9	13.0	0.0	33.0	0.6	0.0	1.5	21.4	23.9	16.9	100	Entcho Raykovski
Seek	SEK	30-Jun	OPFM	21.37	23.10	7,544	90.3	48.9	102.8	25.6	13.9	29.2	83.3	n.m	73.1	437.6	938.7	447.9	13.0	0.0	33.0	0.6	0.0	1.5	21.4	23.9	16.9	100	Entcho Raykovski
Sector Aggregate													49.3	47.8	37.0							1.4	1.3	1.9	22.1	20.6	16.5		
Communications Services																													
Telstra Corporation	TLS	30-Jun	OPFM	2.77	3.85	32,944	1,819.0	1,698.9	1,774.0	15.3	14.3	14.9	18.1	19.4	18.6	95.1	118.3	113.7	16.0	16.0	16.0	5.8	5.8	5.8	5.7	6.2	6.3	100	Entcho Raykovski
TPG Telecom	TPG	31-Dec	NTRL	7.30	7.40	13,573	245.6	458.4	671.0	13.2	24.7	36.1	55.3	29.6	20.2	290.2	180.7	123.9	4.0	18.0	29.0	0.5	2.5	4.0	10.0	8.9	7.8	100	Entcho Raykovski
Sector Aggregate													22.5	21.6	19.0							4.3	4.8	5.2	6.5	6.8	6.7		
Utilities																													
AGL Energy	AGL	30-Jun	UPFM	13.50	12.60	8,411	816.0	643.2	416.4	127.2	103.1	66.7	10.6	13.1	20.2	55.7	79.9	123.9	98.0	103.0	67.0	7.3	7.6	5.0	5.5	5.7	6.7	0	Peter Wilson
APA Group	APA	30-Jun	NTRL	10.32	10.70	12,177	317.1	307.0	372.4	26.9	26.0	31.6	38.4	39.7	32.7	201.7	242.0	200.2	50.0	50.0	53.4	4.8	4.8	5.2	13.4	13.3	12.6	15	Peter Wilson
AusNet Services	AST	31-Mar	NTRL	1.91	1.90	7,168	290.7	278.8	309.5	7.9	7.4	8.1	24.2	25.7	23.5	127.2	156.9	143.9	10.2	9.0	9.3	5.3	4.7	4.9	13.6	13.9	13.6	45	Peter Wilson
Spark Infrastructure Group	SKI	31-Dec	OPFM	2.07	2.65	3,598	69.8	42.2	40.9	4.1	2.4	2.3	51.0	86.4	90.6	267.9	527.1	554.9	14.0	10.0	10.0	6.8	4.8	4.8	13.9	16.9	16.7	30	Peter Wilson
Sector Aggregate													21.2	24.7	27.7							5.8	5.6	5.0	9.7	10.1	10.6		
Report Average													19.0	16.4	16.3							3.6	3.7	3.9	n.m	20.0	15.3		

Source: Company data, Refinitiv, Credit Suisse estimates

Emerging Companies Earnings & Dividends

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As at 02 October 2020	Ticker	Year to	Rating	Share Price	12M Tgt	Mkt Cap	NPAT			EPS			PE			Relative PE			Dividend			Dividend Yield			EBITDA Multiple			F'kg	Analyst Name
							2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	
				$	$	$m	$m	$m	$m	¢	¢	¢	x	x	x	%	%	%	¢	¢	¢	%	%	%	x	x	x	%	
Energy																													
Cooper Energy	COE	30-Jun	NTRL	0.33	0.33	529	- 6.6	13.0	48.1	-0.4	0.8	2.8	n.m	42.3	11.4	n.m	220.6	73.8	0.0	0.0	0.0	0.0	0.0	0.0	23.6	7.6	3.0	0	Saul Kavonic
FAR Limited	FAR	31-Dec	OPFM	0.01	0.03	79	- 5.4	- 19.9	- 39.2	-0.1	-0.2	-0.4	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	0.4	n.m	n.m	0	Sam Webb
New Hope Corporation	NHC	31-Jul	NTRL	1.27	1.40	1,053	83.9	1.3	53.3	10.1	0.2	6.4	12.5	n.m	19.8	54.0	n.m	127.6	6.0	0.0	0.0	4.7	0.0	0.0	4.9	9.8	6.6	100	Sam Webb
Strike Energy	STX	30-Jun	OPFM	0.27	0.31	456	- 6.1	- 0.0	- 1.7	-0.3	0.0	-0.1	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	0	Saul Kavonic
Senex Energy Limited	SXY	30-Jun	OPFM	0.31	0.42	453	3.8	11.6	38.7	0.3	0.8	2.6	n.m	39.1	11.7	516.8	203.8	75.5	0.0	0.0	0.0	0.0	0.0	0.0	9.3	6.4	4.3	100	Peter Liu
Viva Energy	VEA	31-Dec	NTRL	1.57	1.67	3,037	39.9	116.5	175.1	2.1	6.1	9.2	76.5	25.8	17.1	329.2	134.5	110.7	1.0	3.0	4.6	0.6	1.9	2.9	9.2	7.1	6.3	100	Grant Saligari
Whitehaven Coal	WHC	30-Jun	OPFM	1.05	1.95	1,072	30.0	- 66.6	25.6	3.0	-6.6	2.6	34.9	n.m	40.9	150.2	n.m	263.9	1.5	0.0	0.0	1.4	0.0	0.0	6.5	11.2	6.1	100	Sam Webb
Sector Aggregate													49.8	n.m	24.6							1.3	0.9	1.3	8.3	11.4	6.1		
Materials - Chemicals																													
Nufarm	NUF	31-Jul	OPFM	3.77	5.07	1,431	- 94.2	28.3	76.8	-24.7	7.4	20.1	n.m	51.0	18.8	n.m	265.9	121.3	0.0	2.0	6.0	0.0	0.5	1.6	8.0	5.0	4.0	0	Grant Saligari
Materials - Construction Materials																													
Adelaide Brighton	ABC	31-Dec	UPFM	2.86	1.90	1,865	109.4	94.7	79.5	16.8	14.5	12.2	17.1	19.7	23.5	73.5	102.8	151.5	11.0	9.5	8.0	3.8	3.3	2.8	9.2	9.8	10.7	100	Peter Wilson
CSR	CSR	31-Mar	NTRL	4.32	4.10	2,097	134.8	145.0	96.4	27.3	29.8	19.8	15.8	14.5	21.8	68.2	75.5	140.5	10.0	0.0	12.0	2.3	0.0	2.8	7.0	6.3	8.0	100	Peter Wilson
Wagners Holding Company Ltd	WGN	30-Jun	NTRL	1.28	1.10	240	1.0	3.9	3.3	0.6	2.1	1.8	n.m	61.3	71.5	930.6	319.6	461.7	0.0	0.0	1.1	0.0	0.0	0.9	14.6	12.0	12.1	100	Peter Wilson
Materials - Containers & Packaging																													
Pact Group Holdings	PGH	30-Jun	OPFM	2.23	2.95	767	73.2	67.4	74.5	21.2	19.5	21.6	10.5	11.4	10.3	45.3	59.6	66.7	3.0	8.0	16.0	1.3	3.6	7.2	4.6	4.6	4.1	65	Larry Gandler
Materials - Metals & Mining																													
Coronado Global Resources Inc	CRN	31-Dec	OPFM	0.92	1.60	906	- 91.1	21.2	48.5	-7.8	1.5	3.5	n.m	42.7	18.7	n.m	222.6	120.5	0.0	0.0	2.0	0.0	0.0	3.0	11.8	4.8	3.8	50	Sam Webb
Galaxy Resources Ltd	GXY	31-Dec	NTRL	1.12	0.84	328	- 21.7	- 26.5	- 25.7	-5.3	-6.5	-6.3	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	140.6	30.0	0	Nick Herbert
IGO Limited	IGO	30-Jun	NTRL	4.07	4.35	2,405	155.1	99.6	135.0	26.1	16.8	22.7	15.6	24.3	17.9	67.1	126.5	115.5	11.0	12.0	12.0	2.7	2.9	2.9	4.3	4.6	3.3	0	Nick Herbert
New Century Resources	NCZ	30-Jun	OPFM	0.14	0.45	137	- 13.3	35.5	67.2	-1.4	3.2	6.1	n.m	4.3	2.3	n.m	22.5	14.7	0.0	1.8	3.4	0.0	12.9	24.5	n.m	2.5	1.3	100	Nick Herbert
OceanaGold Corporation	OGC	31-Dec	OPFM	2.10	4.20	106	- 4.4	270.4	382.0	-0.7	43.5	61.4	n.m	3.5	2.4	n.m	18.0	15.8	0.0	1.5	2.0	0.0	1.0	1.3	1.4	0.1	n.m	0	Nick Herbert
Orocobre Ltd	ORE	30-Jun	NTRL	2.47	2.85	578	- 6.8	- 27.0	- 15.0	-2.6	-8.8	-4.4	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	77.5	0	Nick Herbert
Pilbara Minerals Ltd	PLS	30-Jun	OPFM	0.32	0.40	713	- 99.3	- 16.3	27.6	-4.7	-0.7	1.2	n.m	n.m	26.1	n.m	n.m	168.4	0.0	0.0	0.6	0.0	0.0	1.9	n.m	n.m	15.5	0	Nick Herbert
Perseus Mining	PRU	30-Jun	OPFM	1.36	1.60	1,667	94.4	93.4	261.8	7.9	7.8	21.9	17.3	17.5	6.2	74.3	91.3	40.1	0.0	0.0	0.0	0.0	0.0	0.0	6.3	5.4	2.0	0	Nick Herbert
Regis Resources Limited	RRL	30-Jun	OPFM	5.04	6.45	2,571	199.5	333.6	432.3	39.2	65.5	84.9	12.9	7.7	5.9	55.4	40.1	38.3	16.0	16.0	16.0	3.2	3.2	3.2	6.1	3.7	2.8	0	Nick Herbert
St Barbara Mining	SBM	30-Jun	OPFM	3.03	4.40	2,137	108.5	289.6	388.7	15.4	41.1	54.9	19.6	7.4	5.5	84.5	38.5	35.6	8.0	4.0	7.0	2.6	1.3	2.3	6.1	3.5	2.7	0	Nick Herbert
Sandfire Resources Limited	SFR	30-Jun	OPFM	3.97	5.40	708	74.1	97.1	126.4	42.9	54.5	70.9	9.3	7.3	5.6	39.9	38.0	36.1	19.0	13.4	17.7	4.8	3.4	4.5	1.4	0.9	0.8	100	Nick Herbert
Sims Metal Management	SGM	30-Jun	NTRL	7.60	8.25	1,530	- 58.1	48.1	93.6	-28.7	23.8	46.2	n.m	32.0	16.5	n.m	166.9	106.2	6.0	6.2	7.6	0.8	0.8	1.0	12.3	6.1	4.8	100	Nick Herbert
Syrah Resources	SYR	31-Dec	OPFM	0.43	0.70	126	- 34.5	- 25.0	21.5	-8.3	-6.0	5.2	n.m	n.m	5.9	n.m	n.m	37.8	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	5.5	0	Nick Herbert
Western Areas	WSA	30-Jun	OPFM	2.04	2.50	561	31.8	24.3	20.1	11.5	8.7	7.2	17.8	23.3	28.3	76.6	121.7	182.6	2.0	2.6	2.2	1.0	1.3	1.1	3.5	4.3	5.3	100	Nick Herbert
Sector Aggregate													64.0	15.9	9.3							1.7	1.6	2.2	6.2	2.9	3.2		
Materials - Paper & Forest Products																													
Sector Aggregate													n.m	n.m	n.m														
Industrials - Capital Goods																													
CIMIC Group Limited	CIM	31-Dec	OPFM	18.41	34.00	5,827	697.9	744.8	754.3	219.6	234.3	237.3	8.4	7.9	7.8	36.1	41.0	50.1	78.0	152.3	154.3	4.2	8.3	8.4	3.3	2.9	2.6	100	Paul Butler
GWA Group Limited	GWA	30-Jun	OPFM	2.83	2.85	747	44.9	40.0	44.7	16.9	15.1	16.9	16.7	18.7	16.8	71.9	97.7	108.1	11.0	10.5	12.5	3.9	3.7	4.4	10.5	11.3	10.5	100	Peter Wilson
Monadelphous	MND	30-Jun	NTRL	10.02	10.30	948	51.1	61.2	67.2	54.1	64.6	71.0	18.5	15.5	14.1	79.7	80.8	91.1	35.0	48.2	53.1	3.5	4.8	5.3	7.7	6.9	6.2	100	Matthew Nicholas
Seven Group Holdings	SVW	30-Jun	OPFM	17.82	21.90	6,047	492.6	435.6	520.8	145.1	128.4	153.4	12.3	13.9	11.6	52.9	72.4	75.0	42.0	42.0	42.0	2.4	2.4	2.4	9.4	9.2	8.0	0	Matthew Nicholas
Sector Aggregate													10.6	10.6	9.8							3.3	5.1	5.3	5.2	4.7	4.2		

Source: Company data, Refinitiv, Credit Suisse estimates

Emerging Companies Earnings & Dividends (continued)

As at 02 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Industrials - Commercial & Professional Services																													
Bingo Industries	BIN	30-Jun	NTRL	2.43	2.40	1,589	53.5	43.7	71.4	8.2	6.7	10.9	29.7	36.4	22.2	128.1	189.7	143.6	3.7	2.7	4.4	1.5	1.1	1.8	12.5	13.5	9.8	100	Paul Butler
McMillan Shakespeare	MMS	30-Jun	OPFM	8.40	10.60	650	69.0	74.2	86.0	86.5	93.9	108.9	9.7	8.9	7.7	41.8	46.7	49.8	34.0	61.5	74.3	4.0	7.3	8.9	6.9	6.2	5.0	100	Paul Buys
SmartGroup Corporation Ltd	SIQ	31-Dec	OPFM	5.54	7.05	736	62.6	70.1	77.2	46.6	52.1	57.5	11.9	10.6	9.6	51.2	55.4	62.2	33.6	36.3	40.2	6.1	6.6	7.3	8.0	6.9	6.3	100	Paul Buys
Sector Aggregate													16.3	16.0	12.8							3.2	3.8	4.7	9.5	9.0	7.3		
Industrials - Transportation																													
Alliance Aviation	AQZ	30-Jun	OPFM	3.44	4.05	552	27.4	29.1	35.7	21.4	18.4	22.5	16.1	18.7	15.3	69.1	97.7	98.7	7.3	9.0	11.5	2.1	2.6	3.3	6.4	7.2	5.7	100	Matthew Nicholas
Sector Aggregate													16.1	18.7	15.3							2.1	2.6	3.3	6.4	7.2	5.7		
Consumer Discretionary - Automobiles & Components																													
ARB Corp	ARB	30-Jun	NTRL	28.65	23.60	2,287	57.3	61.0	66.2	71.9	76.5	82.9	39.9	37.5	34.6	171.6	195.4	223.1	39.5	42.0	46.0	1.4	1.5	1.6	22.1	20.9	19.4	100	Matthew Nicholas
G.U.D. Holdings	GUD	30-Jun	NTRL	11.32	11.80	984	50.9	55.5	61.5	58.3	63.2	70.1	19.4	17.9	16.1	83.7	93.4	104.2	37.0	40.0	44.0	3.3	3.5	3.9	13.3	12.1	10.8	100	Matthew Nicholas
Consumer Discretionary - Consumer Durables & Apparel																													
Breville Group	BRG	30-Jun	NTRL	25.73	26.79	3,524	82.8	88.5	95.9	63.2	64.8	70.2	40.7	39.7	36.7	175.3	207.1	236.5	41.0	46.3	50.3	1.6	1.8	2.0	22.8	22.9	21.0	60	Annabelle Diamond
Sector Aggregate													40.7	39.7	36.7							1.6	1.8	2.0	22.8	22.9	21.0		
Consumer Discretionary - Consumer Services																													
Corporate Travel Management	CTD	30-Jun	NTRL	17.04	13.60	2,319	32.0	21.0	78.1	28.5	18.7	69.6	59.8	91.0	24.5	257.3	474.6	158.1	0.0	0.0	0.0	0.0	0.0	0.0	34.2	49.5	20.2	100	Quinn Pierson
Pointsbet	PBH	30-Jun	NTRL	10.21	10.50	1,768	- 39.7	- 80.2	- 52.1	-24.9	-27.5	-17.0	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	0	Alice Li
Sector Aggregate													n.m	n.m	62.6							0.0	0.0	0.0	151.3	n.m	58.1		
Consumer Discretionary - Retailing																													
AP Eagers Limited	APE	31-Dec	NTRL	9.45	9.40	2,428	73.3	111.2	134.6	28.5	43.3	52.4	33.1	21.8	18.0	142.5	113.9	116.4	6.0	26.0	38.0	0.6	2.8	4.0	24.4	16.0	14.1	100	Paul Buys
Bapcor	BAP	30-Jun	OPFM	6.87	8.40	2,332	88.7	105.9	118.4	30.1	31.2	34.9	22.8	22.0	19.7	98.4	114.8	127.1	17.5	16.5	18.0	2.5	2.4	2.6	15.4	13.5	12.0	100	Matthew Nicholas
Harvey Norman	HVN	30-Jun	OPFM	4.53	5.06	5,644	456.1	560.7	423.2	37.2	45.3	34.1	12.2	10.0	13.3	52.5	52.1	85.8	24.0	28.8	21.8	5.3	6.3	4.8	7.6	6.8	8.1	100	Grant Saligari
Kogan.com	KGN	30-Jun	NTRL	20.02	21.33	2,115	27.3	48.6	50.2	27.4	47.0	48.5	73.0	42.6	41.3	314.4	222.3	266.6	21.0	35.2	36.3	1.0	1.8	1.8	40.1	24.7	23.7	100	Annabelle Diamond
Premier Investments	PMV	25-Jul	NTRL	21.26	20.39	3,374	141.2	178.0	186.1	88.8	112.1	117.2	24.0	19.0	18.1	103.1	98.9	117.0	70.0	86.9	95.4	3.3	4.1	4.5	8.2	8.2	8.0	100	Annabelle Diamond
Super Retail Group	SUL	30-Jun	OPFM	10.53	11.52	2,378	148.2	177.7	186.4	74.4	80.3	84.2	14.2	13.1	12.5	61.0	68.4	80.7	19.5	47.8	50.5	1.9	4.5	4.8	6.2	5.9	5.7	100	Grant Saligari
Webjet	WEB	30-Jun	NTRL	3.97	3.70	1,346	- 17.7	- 36.4	35.7	-10.1	-10.7	10.5	n.m	n.m	37.7	n.m	n.m	243.0	9.0	0.0	0.0	2.3	0.0	0.0	50.3	n.m	14.3	100	Quinn Pierson
Sector Aggregate													20.8	17.0	17.2							3.0	3.9	3.7	10.5	9.6	9.4		

Source: Company data, Refinitiv, Credit Suisse estimates

Emerging Companies Earnings & Dividends (continued)

As at 02 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Consumer Staples - Food & Drug Retailing																													
Graincorp	GNC	30-Sep	OPFM	3.72	4.85	851	3.8	78.8	61.3	1.6	34.4	26.8	n.m	10.8	13.9	972.4	56.3	89.6	2.0	19.7	14.6	0.5	5.3	3.9	8.2	4.1	4.4	100	Grant Saligari
Metcash	MTS	30-Apr	OPFM	2.71	3.55	2,771	198.8	212.4	207.3	21.8	20.9	20.4	12.4	13.0	13.3	53.4	67.7	85.8	12.5	12.3	12.0	4.6	4.5	4.4	7.3	6.7	6.6	100	Grant Saligari
Sector Aggregate													15.9	12.4	13.4							3.7	4.7	4.3	7.5	5.8	5.9		
Consumer Staples - Food Beverage & Tobacco																													
Costa Group Hldg	CGC	31-Dec	OPFM	3.36	3.60	1,347	44.1	66.3	68.3	11.0	16.4	16.8	30.6	20.5	20.0	131.8	107.0	129.2	7.2	9.8	10.1	2.1	2.9	3.0	9.9	8.3	7.8	100	Larry Gandler
Huon Aquaculture Group Limited	HUO	30-Jun	NTRL	2.75	3.35	302	5.5	16.3	39.4	6.3	15.3	35.7	43.6	18.0	7.7	187.8	93.8	49.7	0.0	7.0	11.5	0.0	2.5	4.2	11.5	6.5	4.0	0	Paul Buys
Inghams Group Limited	ING	30-Jun	OPFM	2.99	3.95	1,111	78.8	86.3	103.0	21.2	23.2	27.7	14.1	12.9	10.8	60.7	67.2	69.6	14.0	15.9	20.5	4.7	5.3	6.9	7.9	7.4	6.6	100	Paul Buys
Ridley Corporation Limited	RIC	30-Jun	NTRL	0.81	0.85	257	21.9	21.2	23.5	7.0	6.7	7.4	11.6	12.2	11.0	49.8	63.5	71.0	2.8	1.8	4.8	3.4	2.2	5.9	7.4	6.6	6.1	100	Paul Buys
Tassal Group Limited	TGR	30-Jun	OPFM	3.45	4.30	722	64.2	72.4	82.2	31.5	34.5	39.2	11.0	10.0	8.8	47.1	52.1	56.8	18.0	19.5	20.5	5.2	5.7	5.9	7.3	6.6	5.9	49	Paul Buys
United Malt Grp	UMG	30-Sep	NTRL	4.09	4.02	1,224	48.9	63.1	72.0	17.2	21.1	24.1	23.7	19.4	17.0	102.2	101.1	109.7	2.9	12.7	14.4	0.7	3.1	3.5	11.0	9.8	8.7	100	Grant Saligari
Sector Aggregate													18.4	15.3	12.8							2.7	3.8	4.7	9.1	7.9	6.9		
Consumer Staples - Household & Personal Products																													
Asaleo Care Limited	AHY	31-Dec	OPFM	1.03	1.28	559	40.5	40.2	42.6	7.5	7.4	7.8	13.8	13.9	13.1	59.5	72.6	84.7	3.0	5.5	5.9	2.9	5.3	5.7	7.0	7.0	6.7	32	Larry Gandler
Blackmores Ltd	BKL	30-Jun	UPFM	61.20	65.00	1,184	15.2	32.7	41.0	86.6	175.3	219.3	70.7	34.9	27.9	304.2	182.1	180.1	0.0	120.0	155.0	0.0	2.0	2.5	24.7	15.9	13.6	100	Larry Gandler
Sector Aggregate													30.5	23.5	20.5							0.9	3.0	3.6	13.6	11.3	10.2		
Health Care																													
Australian Pharmaceutical Ind	API	31-Aug	NTRL	1.01	1.10	495	20.3	49.9	47.7	4.1	10.1	9.6	24.5	10.0	10.4	105.6	51.9	67.3	0.0	6.2	6.9	0.0	6.2	6.9	4.6	3.4	3.5	100	Gretel Janu
Capitol Health Limited	CAJ	30-Jun	OPFM	0.24	0.30	246	10.0	11.7	14.5	1.2	1.1	1.4	20.3	20.9	17.0	87.6	109.2	109.4	1.0	1.0	1.3	4.2	4.3	5.3	9.2	8.7	7.7	100	Matthew Nicholas
Healius	HLS	30-Jun	OPFM	3.47	3.52	2,162	46.2	141.1	111.6	7.4	22.6	17.9	46.8	15.3	19.4	201.5	79.9	125.0	2.6	8.5	6.9	0.7	2.4	2.0	8.4	4.7	5.1	100	Gretel Janu
Integral Diagnostics Limited	IDX	30-Jun	OPFM	4.03	4.50	800	31.2	39.4	41.5	16.0	20.0	21.0	25.1	20.1	19.2	108.2	105.0	123.8	9.5	8.8	14.1	2.4	2.2	3.5	14.4	11.7	10.9	100	Matthew Nicholas
Mayne Pharma	MYX	30-Jun	NTRL	0.38	0.38	630	-13.3	-7.7	49.6	-0.9	-0.5	3.2	n.m	n.m	11.6	n.m	n.m	74.8	0.0	0.0	0.0	0.0	0.0	0.0	9.3	7.9	4.4	0	Gretel Janu
Sigma Healthcare	SIG	31-Jan	OPFM	0.57	0.70	604	12.5	27.3	43.7	1.3	2.7	4.4	45.4	20.8	13.0	195.3	108.3	83.8	1.0	0.0	3.7	1.8	0.0	6.5	13.4	9.0	7.2	100	Gretel Janu
Sector Aggregate													45.3	18.8	15.6							1.1	2.3	3.2	8.8	5.8	5.5		
Financials - Diversified Financials																													
Eclipx Group	ECX	30-Sep	OPFM	1.61	1.25	513	34.9	35.0	45.5	10.9	10.9	14.1	14.7	14.7	11.3	63.3	76.7	73.2	0.0	2.7	7.0	0.0	1.7	4.4	28.2	27.2	23.7	100	Paul Buys
FlexiGroup Limited	FXL	30-Jun	NTRL	1.01	1.36	500	29.2	63.0	71.4	7.4	12.7	13.8	13.6	8.0	7.3	58.7	41.6	47.2	3.7	4.6	5.4	3.7	4.6	5.3	18.6	15.2	15.7	100	Paul Buys
HUB24 Limited	HUB	30-Jun	UPFM	17.84	16.30	1,122	10.1	16.1	22.8	15.8	24.8	34.7	n.m	71.9	51.4	485.3	375.0	331.4	7.0	10.6	14.8	0.4	0.6	0.8	55.5	37.9	27.5	100	James Cordukes
IOOF Holdings	IFL	30-Jun	OPFM	3.05	5.00	1,980	128.8	147.3	249.8	36.7	25.0	38.5	8.3	12.2	7.9	35.8	63.7	51.2	27.5	15.0	23.0	9.0	4.9	7.5	10.2	9.8	6.7	100	James Cordukes
Netwealth Group Limited	NWL	30-Jun	NTRL	15.41	14.75	3,663	43.8	51.0	63.1	17.9	20.9	25.9	86.1	73.8	59.6	370.6	384.9	384.6	14.7	16.7	20.7	1.0	1.1	1.3	55.2	47.6	38.3	100	James Cordukes
Pendal Group Limited	PDL	30-Sep	NTRL	5.48	5.80	1,769	155.3	145.6	159.1	48.1	45.1	49.3	11.4	12.1	11.1	49.0	63.4	71.8	36.0	39.0	41.0	6.6	7.1	7.5	8.8	9.1	8.1	10	James Cordukes
Perpetual Limited	PPT	30-Jun	NTRL	27.96	31.00	1,580	93.5	108.6	138.0	197.0	195.7	244.8	14.2	14.3	11.4	61.1	74.5	73.7	155.0	110.0	135.0	5.5	3.9	4.8	7.8	8.7	6.8	85	James Cordukes
Platinum Asset Management	PTM	30-Jun	NTRL	3.16	3.30	1,854	155.6	130.2	129.1	26.8	22.4	22.3	11.8	14.1	14.2	50.8	73.4	91.6	24.0	22.0	22.0	7.6	7.0	7.0	7.9	9.5	9.5	100	James Cordukes
Sector Aggregate													16.5	18.2	14.8							4.5	3.8	4.6	13.5	13.9	11.5		
Financials - Insurance																													
AUB Group Limited	AUB	30-Jun	OPFM	16.40	16.00	1,218	46.9	53.8	56.3	63.5	71.9	74.9	25.8	22.8	21.9	111.1	118.9	141.4	50.0	51.0	52.0	3.0	3.1	3.2	13.4	12.0	11.4	100	Matthew Nicholas
Steadfast Group Ltd	SDF	30-Jun	OPFM	3.16	3.80	2,744	138.9	144.7	151.7	16.2	16.7	17.5	19.5	18.9	18.0	83.8	98.5	116.3	9.6	9.9	10.5	3.0	3.1	3.3	14.8	14.1	13.4	100	Matthew Nicholas
Sector Aggregate													21.1	19.9	19.1							3.0	3.1	3.3	14.4	13.4	12.7		
Financials - Real Estate																													
Abacus Prop Grp	ABP	30-Jun	OPFM	2.90	2.90	1,895	124.9	120.9	125.9	19.4	18.5	19.3	14.9	15.7	15.0	64.3	81.7	97.1	18.5	18.2	18.5	6.4	6.3	6.4	16.4	17.4	17.8	0	Peter Zuk
Arena REIT	ARF	30-Jun	NTRL	2.64	2.43	900	43.8	50.5	53.5	14.5	14.9	15.8	18.2	17.7	16.7	78.3	92.3	107.9	14.0	14.5	15.2	5.3	5.5	5.7	21.0	19.7	18.9	0	Peter Zuk
Centuria Industrial REIT	CIP	30-Jun	NTRL	3.10	3.17	1,578	59.7	79.5	84.4	17.8	16.0	16.6	17.4	19.4	18.7	75.0	101.2	120.5	18.7	17.0	17.1	6.0	5.5	5.5	25.7	21.8	20.7	0	Peter Zuk
Centuria Office REIT	COF	30-Jun	OPFM	2.01	2.14	1,034	78.3	88.1	86.5	17.1	17.1	16.8	11.8	11.7	11.9	50.7	61.3	77.1	17.8	16.5	16.5	8.9	8.2	8.2	18.4	16.8	17.0	0	Peter Zuk
Charter Hall Retail REIT	CQR	30-Jun	OPFM	3.48	3.48	1,987	133.5	148.7	154.3	28.6	26.0	27.0	12.2	13.4	12.9	52.4	69.7	83.1	24.5	23.4	24.7	7.0	6.7	7.1	17.3	16.4	15.9	0	Peter Zuk
Growthpoint Properties	GOZ	30-Jun	OPFM	3.40	3.41	2,624	176.4	168.4	179.0	22.9	21.8	23.2	14.9	15.6	14.7	64.0	81.3	94.6	21.8	20.0	20.7	6.4	5.9	6.1	17.7	18.5	17.5	0	Peter Zuk
Home Consortium	HMC	30-Jun	NTRL	3.35	3.21	862	7.4	27.2	37.4	3.7	10.7	14.5	89.6	31.4	23.1	385.7	163.7	148.8	12.0	14.5	17.9	3.6	4.3	5.4	44.7	26.4	20.7	0	Peter Zuk
SCA Property Group	SCP	30-Jun	NTRL	2.20	2.31	2,368	132.7	150.1	156.4	13.8	14.0	14.6	15.9	15.7	15.1	68.6	81.9	97.3	12.5	13.2	13.9	5.7	6.0	6.3	20.2	17.7	17.4	0	Peter Zuk
Sector Aggregate													15.5	15.8	15.1							6.3	6.1	6.3	19.6	18.5	17.8		
Information Technology																													
Life360 Inc	360	31-Dec	OPFM	4.05	4.80	431	-20.5	-14.8	-4.0	-13.9	-9.9	-2.6	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	100	Quinn Pierson
Audinate Group	AD8	30-Jun	NTRL	5.61	5.30	427	-4.6	-3.2	1.0	-6.9	-4.2	1.3	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	195.6	n.m	54.5	100	Quinn Pierson
Infomedia	IFM	30-Jun	OPFM	1.57	2.50	586	18.1	21.4	27.4	5.5	5.7	7.1	28.2	27.7	22.0	121.5	144.3	141.7	4.3	4.3	5.4	2.7	2.7	3.4	10.5	9.4	7.8	35	Quinn Pierson
IRESS	IRE	31-Dec	NTRL	9.44	11.00	1,824	73.5	80.2	90.5	40.1	41.6	46.2	23.6	22.7	20.4	101.4	118.3	131.9	41.0	42.0	47.0	4.3	4.4	5.0	15.6	14.3	12.9	40	Quinn Pierson
Sector Aggregate													54.6	44.0	30.8							2.8	2.8	3.2	24.3	20.4	15.6		
Media & Entertainment																													
Domain Holdings Australia	DHG	30-Jun	OPFM	3.74	4.00	2,185	21.6	37.7	60.0	3.7	6.5	10.2	n.m	58.0	36.5	436.0	302.4	235.6	2.0	5.2	8.2	0.5	1.4	2.2	27.2	20.0	15.5	100	Entcho Raykovski
Here There & Everywhere	HT1	31-Dec	OPFM	1.41	1.60	395	13.7	22.5	27.3	4.9	8.0	9.8	28.9	17.6	14.5	124.5	91.6	93.3	0.0	6.4	7.8	0.0	4.6	5.5	8.9	6.4	5.1	100	Entcho Raykovski
News Corporation	NWS	30-Jun	OPFM	19.39	25.00	8,988	129.0	187.1	321.3	21.9	32.0	55.5	63.3	43.3	25.0	272.4	226.0	161.3	16.0	20.0	24.0	1.2	1.4	1.7	8.6	8.5	6.8	0	Entcho Raykovski
oOh!media Limited	OML	31-Dec	OPFM	1.23	1.25	728	-5.3	16.9	27.9	-1.0	2.8	4.7	n.m	43.2	26.1	n.m	225.3	168.3	0.0	0.0	0.0	0.0	0.0	0.0	17.8	11.3	9.0	0	Matthew Nicholas
Seven West Media	SWM	30-Jun	NTRL	0.11	0.13	161	40.8	48.9	47.9	2.7	3.2	3.1	4.0	3.3	3.4	17.0	17.2	21.8	0.0	0.0	0.0	0.0	0.0	0.0	4.4	4.1	4.2	0	Entcho Raykovski
Sector Aggregate													56.9	38.7	24.3							1.0	1.4	1.8	9.1	9.2	7.4		
Telecommunication Services																													
Vocus Communications	VOC	30-Jun	NTRL	3.56	3.40	2,212	101.1	99.9	113.7	16.0	15.9	18.0	22.2	22.5	19.7	95.5	117.1	127.3	0.0	0.0	9.2	0.0	0.0	2.6	8.8	7.8	7.4	100	Entcho Raykovski
Sector Aggregate													22.2	22.5	19.7							0.0	0.0	2.6	8.8	7.8	7.4		
Utilities																													
Sector Aggregate													n.m	n.m	n.m										n.m	n.m	n.m		
Report Average													21.9	18.2	14.9							2.8	3.2	3.7	9.6	7.5	7.0		

Source: Company data, Refinitiv, Credit Suisse estimates

Sector Aggregates

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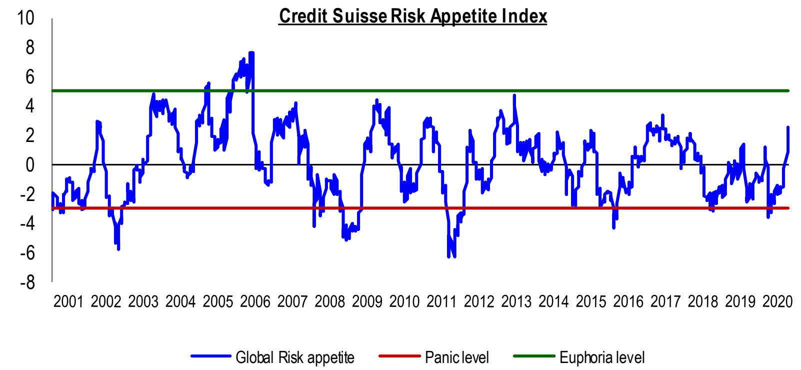
As at 02 October 2020	PE [1]			Median PE [1][3]			PE Rel vs ASX 200[1]			EPS Growth % [1]			Div Yield % [1]			EBIT Multiple [1]			EBITDA Multiple [1]			Sector Weight	
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	Top 200	Top 300
Energy (2)	**16.5**	**15.7**	**11.4**	**21.1**	**14.8**	**12.6**	**0.9**	**1.0**	**0.7**	**-44.2**	**5.3**	**37.5**	**2.7**	**3.4**	**4.6**	**12.8**	**11.0**	**8.7**	**5.4**	**5.1**	**4.5**	**2.84%**	**2.73%**
Materials (2)	**12.1**	**10.2**	**12.5**	**17.3**	**14.7**	**13.4**	**0.6**	**0.6**	**0.8**	**8**	**19**	**-18**	**5.3**	**5.3**	**4.1**	**7.6**	**6.3**	**7.6**	**5.5**	**4.8**	**5.5**	**25.20%**	**24.23%**
Chemicals (2)	23.9	16.0	12.8	15.9	15.9	14.2	1.3	1.0	0.8	-26	50	25	2.2	3.7	4.4	14.3	10.8	9.1	7.8	6.3	5.5	0.58%	0.56%
Construction Materials (2)	24.7	24.8	23.5	20.6	23.3	22.6	1.3	1.5	1.4	-18	-1	6	1.3	0.3	2.2	20.5	18.8	18.3	13.1	12.4	12.1	1.22%	1.18%
Containers & Packaging (2)	17.1	15.6	14.3	18.2	16.6	15.1	0.9	0.9	0.9	0	10	9	5.6	4.7	5.1	17.2	15.6	14.6	11.6	11.0	10.4	0.97%	0.93%
Metals & Mining (2)	11.5	9.6	12.1	17.5	13.1	11.9	0.6	0.6	0.7	9	20	-21	5.6	5.7	4.1	7.0	5.8	7.1	5.2	4.5	5.2	22.05%	21.20%
Paper & Forest Products (2)	23.9	16.0	12.8	15.9	15.9	14.2	1.3	1.0	0.8	-26	50	25	2.2	3.7	4.4	14.3	10.8	9.1	7.8	6.3	5.5	0.58%	0.56%
Industrials (2)	**>100**	**50.2**	**24.7**	**15.6**	**15.7**	**17.5**	**14.6**	**3.0**	**1.5**	**-92**	**456**	**103**	**2.6**	**2.9**	**3.5**	**24.7**	**23.8**	**16.7**	**11.8**	**11.9**	**9.6**	**6.36%**	**6.11%**
Capital Goods (2)	11.9	11.5	10.8	16.7	15.5	14.1	0.6	0.7	0.7	-7	3	6	3.0	4.6	4.7	9.1	8.0	7.2	5.9	5.3	4.7	0.84%	0.81%
Commercial Services & Supplies (2)	21.7	20.9	17.3	22.7	22.7	19.0	1.1	1.3	1.1	-6	4	21	2.5	2.8	3.3	15.7	15.3	13.4	8.2	8.2	7.6	1.47%	1.42%
Transportation (2)	-34.9	-238.5	42.6	-29.5	3.7	22.9	-1.8	-14.5	2.6	-192	85	660	2.5	2.5	3.4	57.1	61.2	26.3	18.7	20.6	13.9	4.04%	3.89%
Consumer Discretionary (2)	**31.0**	**25.2**	**21.5**	**24.1**	**21.9**	**19.6**	**1.6**	**1.5**	**1.3**	**-33**	**23**	**17**	**2.6**	**3.0**	**3.4**	**23.8**	**19.6**	**16.7**	**14.0**	**12.5**	**11.1**	**6.38%**	**6.14%**
Automobiles & Components (2)	30.3	28.2	25.7	29.6	27.7	25.4	1.6	1.7	1.6	-9	7	10	1.9	2.1	2.3	21.6	19.9	18.0	18.5	17.1	15.7	0.16%	0.16%
Consumer Durables & Apparel (2)	40.7	39.7	36.7	40.7	39.7	36.7	2.1	2.4	2.3	22	3	8	1.6	1.8	2.0	27.5	27.9	25.6	22.8	22.9	21.0	0.18%	0.17%
Hotels Restaurants & Leisure (2)	79.2	38.0	21.7	37.1	25.6	20.3	4.1	2.3	1.3	-78	109	75	1.4	1.6	3.0	55.8	28.6	16.7	20.1	15.2	10.7	2.37%	2.28%
Media (2)	53.1	47.0	32.8	57.4	45.8	34.5	2.8	2.9	2.0	-33	13	43	1.3	1.3	1.9	27.8	26.1	18.5	15.0	14.8	11.9	2.27%	2.18%
Retailing (2)	22.1	20.3	20.9	19.6	16.9	18.1	1.2	1.2	1.3	1	9	-3	3.4	4.1	3.8	17.4	16.1	16.4	11.4	10.9	11.0	3.67%	3.53%
Consumer Staples (2)	**24.9**	**21.6**	**20.4**	**23.7**	**19.1**	**17.0**	**1.3**	**1.3**	**1.3**	**-8**	**15**	**6**	**2.9**	**3.4**	**3.6**	**17.8**	**15.7**	**14.9**	**10.3**	**9.5**	**9.1**	**4.57%**	**4.39%**
Food & Drug Retailing (2)	26.2	22.6	22.1	26.5	17.3	17.4	1.4	1.4	1.4	-2	16	2	2.9	3.3	3.4	18.6	16.4	16.1	10.4	9.6	9.4	3.63%	3.49%
Food Beverage & Tobacco (2)	20.2	17.9	15.4	21.0	19.0	16.1	1.1	1.1	1.0	-20	13	16	3.1	3.9	4.5	14.6	13.1	11.3	9.6	8.9	7.9	0.88%	0.85%
Health Care (2)	**39.5**	**37.1**	**32.7**	**41.4**	**33.8**	**23.8**	**2.1**	**2.3**	**2.0**	**6**	**6**	**13**	**1.1**	**1.2**	**1.4**	**32.0**	**28.8**	**25.5**	**24.2**	**22.1**	**20.0**	**11.17%**	**10.74%**
Financials (2)	**15.8**	**14.6**	**12.8**	**15.4**	**14.3**	**13.4**	**0.8**	**0.9**	**0.8**	**-30**	**8**	**14**	**3.8**	**3.8**	**5.4**	**-2.8**	**-7.3**	**-12.9**	**-1.7**	**-4.9**	**-8.4**	**19.25%**	**18.50%**
Banks (2)	15.4	13.4	11.8	14.8	12.5	10.6	0.8	0.8	0.7	-34	15	14	3.8	3.9	5.8	-2.0	-4.8	-7.6	-1.2	-3.3	-5.2	14.24%	13.69%
Diversified Financials (2)	16.7	19.5	16.9	13.0	14.2	12.8	0.9	1.2	1.0	-8	-15	16	3.9	3.3	4.2	14.1	15.6	13.2	13.1	14.4	12.2	4.36%	4.19%
Insurance (2)	19.4	18.5	17.2	19.4	18.7	17.8	1.0	1.1	1.1	-15	5	7	4.0	4.0	4.3	13.0	12.2	11.2	11.1	10.3	9.6	0.65%	0.62%
Real Estate (2)	20.9	17.6	16.5	15.7	15.6	14.9	1.1	1.1	1.0	-26	19	7	3.9	4.2	4.4	22.8	18.4	17.3	21.7	18.0	16.9	5.56%	5.35%
Information Technology (2)	**53.8**	**52.9**	**42.3**	**23.6**	**42.0**	**34.0**	**2.8**	**3.2**	**2.6**	**-14**	**2**	**25**	**0.9**	**0.9**	**1.0**	**41.6**	**40.2**	**32.0**	**28.1**	**26.6**	**22.1**	**2.16%**	**2.08%**
Telecommunication Services (2)	**22.5**	**21.6**	**19.1**	**22.2**	**22.5**	**19.7**	**1.2**	**1.3**	**1.2**	**-16**	**4**	**13**	**4.1**	**4.6**	**5.1**	**16.6**	**17.3**	**16.1**	**6.6**	**6.8**	**6.7**	**2.44%**	**2.35%**
Utilities (2)	**21.2**	**24.7**	**27.7**	**31.3**	**32.7**	**28.1**	**1.1**	**1.5**	**1.7**	**-9**	**-14**	**-11**	**5.8**	**5.6**	**5.0**	**14.9**	**16.5**	**18.3**	**9.7**	**10.1**	**10.6**	**1.57%**	**1.51%**
20 Leaders	17.0	15.2	15.8	17.3	17.6	15.8	0.9	0.9	0.97	-13	11	-4	3.8	3.8	4.0	-13.3	65.8	37.1	-7.4	59.7	26.5	na	na
50 Leaders	17.7	15.3	15.7	17.6	16.5	15.8	0.9	0.9	1.0	-16	16	-3	3.9	4.0	4.1	-25.9	30.2	24.4	-13.5	23.2	17.1	na	na
ASX 100	**19.0**	**16.4**	**16.3**	**20.0**	**17.9**	**17.5**	**1.0**	**1.0**	**1.0**	**-17**	**16**	**0**	**3.6**	**3.7**	**3.9**	**-41.4**	**27.3**	**22.0**	**-20.5**	**20.0**	**15.3**	**na**	**na**
MidCap 50	30.4	25.4	20.4	23.3	21.4	19.2	1.6	1.5	1.3	-23	20	24	2.2	2.1	2.8	22.5	18.7	15.0	13.8	12.2	10.3	na	na
S&P/ASX 200 - Industrials	24.9	21.9	18.8	19.0	18.9	18.6	1.3	1.3	1.2	-28	14	17	2.9	3.0	3.8	-13.0	-134.9	65.7	-7.9	-129.9	44.1	na	na
S&P/ASX 200 - Resources	11.9	10.0	12.0	18.1	13.5	12.2	0.6	0.6	0.7	1	19	-16	5.2	5.5	4.2	7.4	6.2	7.3	5.2	4.6	5.1	na	na
S&P/ASX 200 - Ind excl BIP	34.1	29.4	24.3	23.3	20.8	19.7	1.8	1.8	1.5	-25.9	16.1	21.0	2.4	2.5	2.9	23.0	21.3	18.3	13.7	13.1	11.8	na	na
S&P/ASX 200	**19.1**	**16.5**	**16.2**	**18.6**	**17.9**	**17.3**	**1.0**	**1.0**	**1.0**	**-18**	**16**	**2**	**3.5**	**3.7**	**3.9**	**-55.4**	**25.3**	**20.3**	**-26.4**	**18.1**	**14.1**	**na**	**na**
S&P/ASX 300 - Industrials	25.0	21.9	18.8	18.5	18.7	18.1	1.3	1.3	1.2	-28	14	17	2.9	3.0	3.8	-13.2	-145.7	63.8	-8.1	-146.3	42.8	na	na
S&P/ASX 300 - Resources	12.0	10.1	12.1	16.4	13.3	11.9	0.6	0.6	0.7	1	19	-16	5.2	5.4	4.1	7.5	6.2	7.3	5.2	4.6	5.1	na	na
S&P/ASX 300 - Ind excl BIP	34.2	29.4	24.2	22.5	20.3	19.4	1.8	1.8	1.5	-26.3	16.4	21.3	2.4	2.5	2.9	23.1	21.3	18.3	13.7	13.1	11.8	na	na
S&P/ASX 300	**19.2**	**16.6**	**16.3**	**18.2**	**17.6**	**16.8**	**1.0**	**1.0**	**1.0**	**-18**	**16**	**2**	**3.5**	**3.7**	**3.9**	**-56.8**	**25.4**	**20.3**	**-27.1**	**18.1**	**14.0**	**na**	**na**
Small Companies (4)	21.9	19.0	15.6	15.9	15.7	16.3	1.1	1.2	1.0	- 28	15	22	2.8	3.1	3.5	16.0	13.7	10.6	9.3	8.3	6.9	na	na
Small Industrials	20.7	18.7	16.6	16.9	15.7	16.7	1.1	1.1	1.0	-19	11	13	2.9	3.4	3.8	16.0	14.2	12.4	10.1	9.2	8.3	na	na
Small Resources	32.9	21.2	11.6	12.7	12.6	11.6	1.7	1.3	0.7	-64	55	83	1.7	1.4	1.8	16.1	11.3	5.7	6.3	5.2	3.4	na	na

(1) Includes all companies covered by Credit Suisse analysts
(2) All sectors are based on S&P/ASX200. Companies on restricted list are not included in aggregates
(3) No weighting applicable
(4) Emerging companies are all companies covered by Credit Suisse excluding top 100 stocks.
Source: Company data, Refinitiv, Credit Suisse estimates

Commodities		Current	2020Q4	2021Q1	2021Q2	2021Q3
Aluminium	$/lb	0.76	0.77	0.77	0.77	0.77
Copper	$/lb	2.85	2.80	2.80	2.80	2.80
Lead	$/lb	0.80	0.84	0.85	0.85	0.85
Nickel	$/lb	6.39	6.10	6.20	6.20	6.20
Zinc	$/lb	1.03	1.00	1.00	1.00	1.00
Iron Ore Fines (CFR)	$/t	79.70	85.00	85.00	85.00	80.00
Hard Coking Coal	$/t		115.00	140.00	140.00	120.00
LV PCI	$/t		80.00	96.00	96.00	84.00
Thermal Coal	$/t	61.80	53.00	55.00	55.00	55.00
Oil (brent)	$/bbl	40.93	43.00	50.00	50.00	50.00
Oil (WTI)	$/bbl	40.22	41.00	45.00	45.00	45.00
US Natural Gas	$/mmbtu	2.53	2.50	2.75	2.75	2.75
Uranium	$/lb		40.00	40.80	40.80	40.80
Gold	$/oz	1,905	2,100	2,400	2,600	2,500
Silver	$/oz	23.9	18.0	18.0	18.0	18.0



Source: Refinitiv, Credit Suisse estimates

Weekly Market Calendar

Research Analyst
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Monday, 05 October 2020

Ex Div (div¢@fkg% pay date)

NCC		3.5	100	21-Oct-20
NCK	(0.0366)	22.5	100	27-Oct-20
VEA	(0.1662)	5.94	0	13-Oct-20

Tuesday, 06 October 2020

AGM
Saracen Mineral Holdings
WEBCAST 10:00

Ex Div (div¢@fkg% pay date)

REH	(0.4593)	6	100	28-Oct-20

Wednesday, 07 October 2020

Credit Suisse Events
Yojee
Please register via your sales rep

AGM
AGL Energy WEBCAST 10:30

Ex Div (div¢@fkg% pay date)

ICS	4.5	0	6-Nov-20
SXE	3	100	22-Oct-20

Thursday, 08 October 2020

AGM
Brambles WEBCAST 16:00
Transurban Group WEBCAST 11:00

Results
Transurban SepQ traffic results

Ex Div (div¢@fkg% pay date)

ARB	(0.1208)	39.5	100	23-Oct-20
CAM		1.125	100	30-Oct-20
GNG		4	0	21-Oct-20
PIA		2.5	100	23-Oct-20

Friday, 09 October 2020

Results
CIMIC 3Q result

Ex Div (div¢@fkg% pay date)

DGH		2.25	0	23-Oct-20
HVN	(0.3026)	18	100	2-Nov-20
MFF		3	100	6-Nov-20
TRA		3.642	85	22-Oct-20

Credit Suisse rating changes over the past week
Fortescue Metals from Underperform to Neutral
Cleanaway Waste Management from Neutral to Outperform
Platinum Asset Management from Underperform to Neutral
HUB24 from NEUTRAL to Underperform
BHP Group from Neutral to Outperform
Rio Tinto from Underperform To Neutral

ASX code changes over the past week
(SAM) Siv Asset Management to (RAS) Ragusa Minerals
(RE1) Resa Group to (TI1) Tombador Iron
(ZIP) Ziptel to (DOU) Douugh

Market estimates are preliminary and subject to change. Information correct as at 01 October 2020.
Source: ASX, the BLOOMBERG PROFESSIONAL™ service, IRESS, Refinitiv and Credit Suisse estimates

Please see over the page for the week's economic data releases

Monday, 05 October 2020

Economics
AUSTRALIA
Labour Day public holiday
ACT, NSW, SA
CBA Australia PMI Services (Sep F) (Prev 50)
CBA Australia PMI Composite (Sep F) (Prev 50.5)
Melbourne Institute Inflation MoM (Sep) (Prev 0.10%)
Melbourne Institute Inflation YoY (Sep) (Prev 1.30%)
UNITED STATES
Markit US Services PMI (Sep F) (Mkt 54.6, Prev 54.6)
Markit US Composite PMI (Sep F) (Prev 54.4)
ISM Services Index (Sep) (Mkt 56.3, Prev 56.9)
NEW ZEALAND
ANZ Commodity Price (Sep) (Prev -0.90%)

Tuesday, 06 October 2020

Economics
AUSTRALIA
Federal Budget Release
AiG Perf of Construction Index (Sep) (Prev 37.9)
ANZ Roy Morgan Weekly Consumer Confidence Index (Oct-04) (Prev 95)
ANZ Job Advertisements MoM (Sep) (Prev 1.60%)
Trade Balance (Aug) (Prev A$4607m)
Exports MoM (Aug) (Prev -4%)
Imports MoM (Aug) (Prev 7%)
RBA Cash Rate Target (Oct-06) (Mkt 0.25%, Prev 0.25%)
RBA 3-Yr Yield Target (Oct-06) (Mkt 0.25%, Prev 0.25%)
UNITED STATES
Trade Balance (Aug) (Mkt -$65.0b, Prev -$63.6b)
JOLTS Job Openings (Aug) (Mkt 6500, Prev 6618)
Fed’s Harker Discusses Machine Learning
Fed Chair Powell Addresses NABE Conference in Chicago
Fed’s Kaplan Takes Part in Talk with Bank of Mexico’s Diaz
NEW ZEALAND
NZIER Business Confidence QoQ (3Q) (Prev -63%)

Wednesday, 07 October 2020

Economics
AUSTRALIA
AiG Perf of Services Index (Sep) (Prev 42.5)
Weekly Payroll Jobs and Wages in Australia (for Sept. 19)
UNITED STATES
Fed's Rosengren, Bostic, Kashkari Host Even on Racism and Econ
FOMC Meeting Minutes (wk end 16-Sep)
Fed's Williams Moderates Henry Kissinger Discussion
Fed's Kashkari, Bostic, Rosengren to Speak on Racism
Consumer Credit (Aug) (Mkt $15.000b, Prev $12.250b)
Fed's Williams Speaks on Flexible Average Inflation Targeting
NEW ZEALAND
GDT Price Index (Prev 3.6%)
CHINA
Foreign Reserves (Sep) (Prev $3164.61b)

Thursday, 08 October 2020

Economics
AUSTRALIA
Foreign Reserves (Sep) (Prev A$59.7b)
UNITED STATES
Initial Jobless Claims (wk end 3-Oct) (Prev 837k)
Continuing Claims (wk end 26-Sep)
NEW ZEALAND
ANZ Business Confidence (Oct P) (Prev -28.5)
ANZ Activity Outlook (Oct P) (Prev -5.4)
CHINA
Caixin China PMI Composite (Sep) (Prev 55.1)
Caixin China PMI Services (Sep) (Mkt 54.2, Prev 54)

Friday, 09 October 2020

Economics
AUSTRALIA
Home Loans Value MoM (Aug) (Prev 8.90%)
Owner-Occupier Loan Value MoM (Aug) (Prev 10.70%)
Investor Loan Value MoM (Aug) (Prev 3.50%)
UNITED STATES
Wholesale Inventories MoM (Aug F) (Prev 0.5%)
NEW ZEALAND
ANZ Truckometer Heavy MoM (Sep) (Prev -6.50%)

Market estimates are preliminary and subject to change. Information correct as at 01 October 2020.
Source: ASX, the BLOOMBERG PROFESSIONAL™ service, IRESS, Refinitiv and Credit Suisse estimates

Companies Mentioned *(Price as of 02-Oct-2020)*

Affiliated Managers Group (AMG.N, $68.38)
Airbus SE (AIR.PA, €64.9)
Alcoa Corporation (AA.N, $11.39)
AllianceBernstein (AB.N, $27.04)
Alphabet (GOOGL.OQ, $1487.9)
Aluminum Corporation Of China Ltd. (2600.HK, HK$1.58)
Aluminum Corporation Of China Ltd. (601600.SS, Rmb2.91)
Amundi (AMUN.PA, €60.2)
Anglo American Plc (AAL.L, 1879.8p)
Apple Inc (AAPL.OQ, $116.79)
ArcelorMittal (MT.N, $13.62)
Artisan Partners (APAM.N, $38.99)
Ashmore Group (ASHM.L, 358.2p)
Audi (NSUG.F, €1580.0)
Azimut (AZMT.MI, €15.42)
BHP Group Limited (BHPB.L, 1645.6p)
BlackRock (BLK.N, $563.55)
BMW (BMWG.F, €62.57)
Boohoo Group (BOOH.L, 358.7p)
BP (BP.L, 218.2p)
Chevron Corporation (CVX.N, $70.42)
Eaton Vance (EV.N, $38.15)
En+ Group (ENPLq.L, $8.9)
ENI (ENI.MI, €6.462)
Equinor ASA (EQNR.OL, Nkr129.5)
ExxonMobil Corporation (XOM.N, $33.13)
Franklin Resources (BEN.N, $20.35)
Glencore (GLEN.L, 159.38p)
Granges (GRANG.ST, Skr82.35)
Hindalco Industries Ltd (HALC.BO, Rs174.15)
Invesco (IVZ.N, $11.41)
Janus Henderson Group (JHG.N, $21.72)
Jupiter Fund Management (JUP.L, 224.0p)
KB Financial Group (105560.KS, W37,550)
Legg Mason (LM.N^H20)
Lyondell (LYB.N, $68.14)
Natixis (CNAT.PA, €1.8905)
Neste (NESTE.HE, €46.65)
Nestle India (NEST.BO, Rs15998.45)
Norsk Hydro (NHY.OL, Nkr25.5)
Peabody Energy (BTU.N, $2.2)
PepsiCo (PEP.OQ, $140.8)
Polar Capital (POLR.L, 470.0p)
Repsol (REP.MC, €5.512)
Rio Tinto (RIO.L, 4648.5p)
Rosneft Oil (ROSNq.L, $4.941)
Rusal (0486.HK, HK$3.01)
Schroders (SDR.L, 2695.0p)
Shell Midstream Partners LP (SHLX.N, $9.22)
Siam Cement (SCC.BK, Bt337.0)
Siemens Energy (ENR1n.DE, €22.61)
Standard Life Aberdeen (SLA.L, 226.0p)
Stern Groep (ARTN.AS, €12.2)
T. Rowe Price Group (TROW.OQ, $128.22)
Tesla Inc (TSLA.OQ, $448.16)
The Coca-Cola Company (KO.N, $49.18)
Total (TOTF.PA, €28.49)
Unilever (UNA.AS, €51.72)
WisdomTree Investments (WETF.OQ, $3.2)
XPeng Inc (XPEV.N, $18.67)

For details of Australian companies covered by Credit Suisse refer to the Top 100 and Emerging Companies earnings & dividends sheets.

Disclosure Appendix

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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.
Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.
Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

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Rating	Versus universe (%)	Of which banking clients (%)
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Underperform/Sell*	12%	(19% banking clients)
Restricted	1%	

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See the Companies Mentioned section for full company names

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