

Value and Momentum Monitor

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TITANIUM
P L A N N E R S

Value and Momentum Monitor

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Favoured stocks are those that are both undervalued, and where the relative share price momentum is trending upwards, suggesting that the market is starting to recognise that value, with the reverse applicable to recommended short positions. We assess the ASX200 in our weekly review. For a detailed written explanation of our valuation methodology, email the author or your TFS representative.

The Long Portfolio

Changes:

Add

NONE

Remove

BNB

As At	Expect'd 12 mth return inc.	PRICE	Project'd Price 1 Yr.	Curr't PER	P/E in 1 year	EPS GR. Two Year CAGR	Div. POR Ratio	EST.D COE/ DISC. RATE	Relative Price Momentum.	Recomm.	Mkt. Cap	Avg. Daily Trading Value
23-May-08	div.	A\$	A\$	X	X	%	%	%			\$mn	\$'000
CURRENT INDEX:	5,768											
MARKET AVERAGE	18							14.5				
MT GIBSON IRON	67	3.31	5.49	27.1	13.6	117	37%	16.7	+	Buy Now	2,625	16,265
TISHMAN SPEYER OFFICE	66	1.55	2.40	13.5	12.1	28	110%	21.0	+	Buy Now	532	2,390
WOODSIDE PETROLEUM	62	67.45	107.17	23.0	32.1	3	61%	9.9	+	Buy Now	46,428	115,490
VALAD PROPERTY GRP	57	0.98	1.41	9.5	12.9	6	116%	21.2	+0	Add	1,421	5,973
GOODMAN FIELDER	56	1.77	2.62	11.4	15.9	10	85%	15.0	-0	Watch	2,339	7,444
WESFARMERS	49	39.85	57.54	21.5	22.5	15	93%	10.0	0	Watch	25,249	93,760
MACQUARIE OFF. TRUST	46	1.01	1.37	7.4	12.2	(10)	91%	19.6	+0	Add	2,050	7,532
DUET GROUP	47	3.25	4.50	16.6	21.9	9	139%	14.5	-0	Watch	9,529	3,781
TRANSFIELD SERV. INFRA.	43	1.46	1.92	17.6	19.0	151	197%	17.5	-0	Watch	389	487
TELSTRA	37	4.80	6.29	16.1	19.3	10	90%	9.2	0	Watch	59,727	177,120
NATIONAL AUS.BANK	36	32.49	42.37	11.4	13.6	9	69%	13.6	+0	Add	51,739	220,403
EMECO HOLDINGS	34	1.02	1.32	9.4	11.6	10	41%	18.3	+	Buy Now	644	1,403
MACQUARIE BANK	29	58.40	71.64	9.7	10.6	1	56%	16.9	0	Watch	16,035	141,821
CENTENNIAL COAL	27	5.30	6.61	5.8	14.2	(16)	23%	16.8	+	Buy Now	1,653	9,538
MACARTHUR COAL	26	19.85	24.92	60.9	13.8	181	49%	18.8	+	Buy Now	3,719	13,349
COMMONWEALTH BK.	26	42.30	50.50	11.7	13.3	5	75%	14.4	0	Watch	55,369	185,440
METCASH LTD.	23	4.30	5.10	16.8	17.8	10	78%	13.6	0	Neutral	3,283	9,820
BHP BILLITON	21	47.49	56.92	16.0	12.5	22	21%	10.1	+	Hold	265,511	519,145
PAN AUST. RESOURCES	1	1.17	1.19	14.0	8.2	41	0%	16.3	+	Overpriced	1,677	5,494

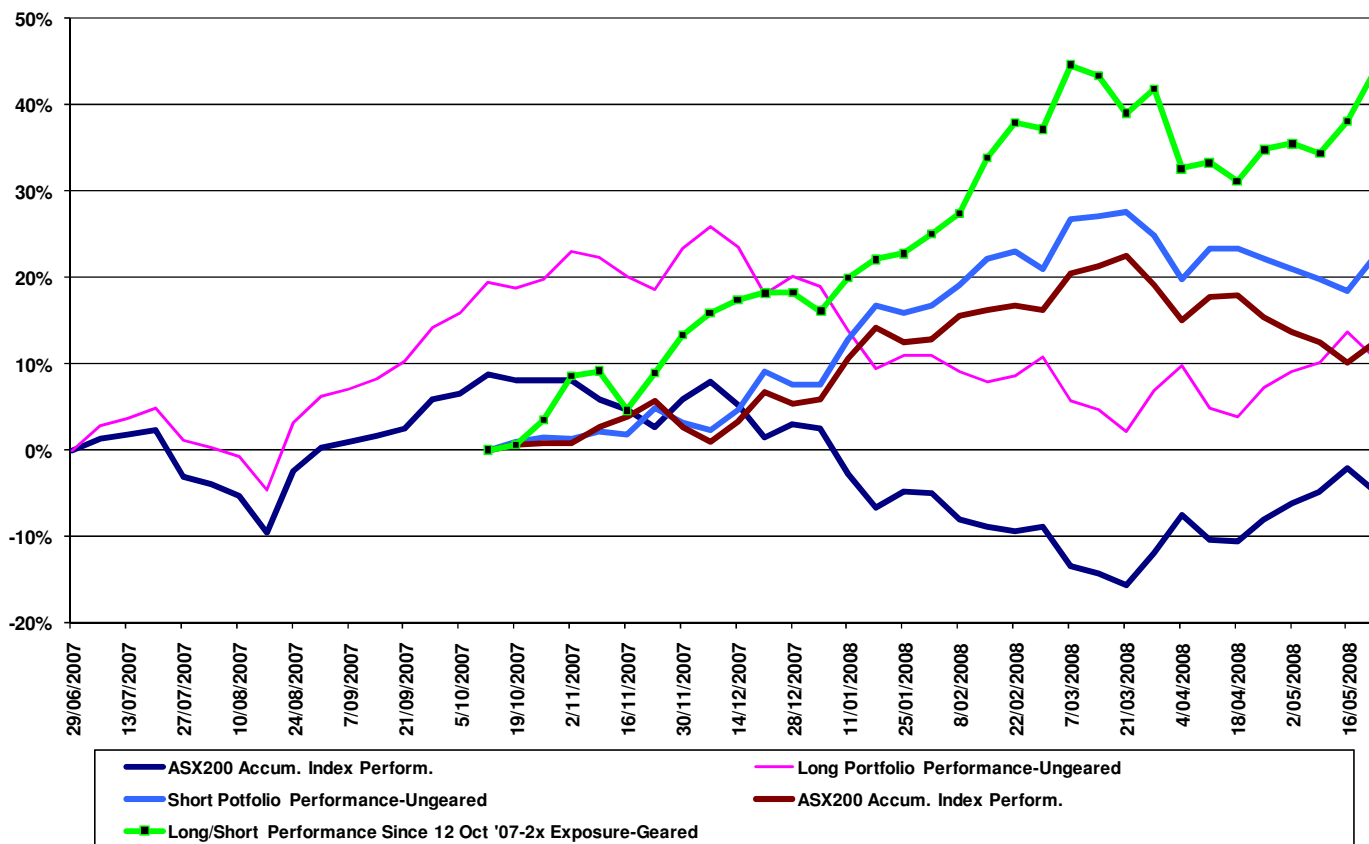
The Short Portfolio

Changes:

NONE

As At	Expect'd 12 mth return inc.	PRICE	Project'd Price 1 Yr.	Curr't PER	P/E in 1 year	EPS GR. Two Year CAGR	Div. POR Ratio	EST.D COE/ DISC. RATE	Relative Price Momentum.	Recomm.	Mkt. Cap	Avg. Daily Trading Value
23-May-08	div.	A\$	A\$	X	X	%	%	%			\$mn	\$'000
CURRENT INDEX:	5,768											
MARKET AVERAGE	18							14.5				
RESMED	(53)	4.14	1.94	24.5	9.5	16	0%	15.1	-	Sell	2,496	6,035
CONNECTEAST GROUP	(53)	1.28	0.52	-167.6	-9.6	81	-309%	18.4	-	Sell	1,661	4,251
NEWCREST MINING	(52)	34.06	16.30	92.3	16.5	87	10%	11.9	-	Sell	15,441	68,481
ILUKA RESOURCES	(50)	3.86	1.91	63.3	15.3	78	0%	19.1	-0	Sell	935	5,466
AUSTAR UNITED COMM.	(34)	1.27	0.84	31.8	13.6	45	0%	14.5	-	Sell	1,608	2,141
MACQUARIE INFRAST.	(18)	3.12	2.35	6.9	12.0	(37)	62%	16.1	+0	Overpriced	7,536	32,808
ANSSELL	(15)	11.25	9.29	15.9	11.6	12	36%	16.5	-	Sell	1,556	7,429
ENERGY DEVELOPMENTS	(10)	2.40	2.10	13.4	10.7	11	42%	20.0	-	Sell	356	1,377
SEVEN NETWORK	(8)	8.82	7.78	12.6	11.5	4	49%	17.8	-	Sell	2,004	7,181
JB HI-FI	(5)	9.84	9.10	17.3	13.6	18	41%	16.2	0	Overpriced	1,041	6,271
TELECOM NZ	(4)	3.15	2.76	9.9	10.5	(13)	89%	15.4	-	Sell	5,918	17,150
AMP	(3)	7.47	6.77	16.9	13.2	11	97%	17.5	-	Sell	14,005	52,603
AXA ASIA PACIFIC	(2)	5.35	5.02	16.1	12.0	18	68%	17.4	-	Sell	9,073	17,384
SEEK	0	5.56	5.40	20.5	16.8	17	72%	13.5	-	Sell	1,592	7,435
COCHLEAR	1	55.01	54.00	26.1	21.6	16	70%	12.1	-	Sell	3,004	14,337
AUST.PIPELINE TRUST	2	3.27	3.06	20.7	19.0	12	189%	17.6	+0	Overpriced	1,499	2,606
TOLL HOLDINGS	3	7.40	7.37	10.6	12.6	1	44%	16.2	-	Sell	4,772	32,586
ENVESTRA	8	0.79	0.75	4.0	35.0	(61)	87%	16.7	-	Sell	685	607
ASCIANO GROUP	11	4.40	4.41	-22.0	42.9	#NUM!	-944%	17.5	0	Overpriced	2,889	17,072
SIGMA PHARMS.	17	1.12	1.24	11.4	11.1	10	74%	19.1	-	Neutral	966	2,402
B&B POWER	35	1.18	1.35	9.4	31.8	(43)	287%	21.9	-	L.T. Buy	837	8,193

PERFORMANCE TO DATE: Long and Short Portfolio versus ASX200 Accumulation Index



Performance Commentary

It was a big week for both portfolios, but a poor one for the market. Interestingly, the pull-back was in-line with what our market valuations were suggesting (Page 5). The ASX200 AI fell by 3.2% from last Friday's close, **while our Long Portfolio out-performed that by 0.5% (-2.7%)**. **The Short Portfolio had a very strong week, falling by 5.1% to give out-performance of 1.8%. The Long Portfolio now has cumulative out-performance of 15.3% since the 1st July 2007 (+10.5% v -4.8%), while the Short Portfolio has fallen by 22.5% since 12th October 2007 against a corresponding fall of 12.5% (10% out-performance).**

The strength of the Short Portfolio versus the Long Portfolio since the beginning of 2008 is somewhat unusual based on past market behaviour (trends of out-performance tend to be more consistent than under-performance under "normal" market conditions). Since the beginning of April, the Short Portfolio has out-performed by 4.2% (or 5% on a reverse like-for-like basis), while the Long Portfolio has actually under-performed by 3.1% as market sentiment has shifted dramatically on a shorter term basis than is usual, despite the portfolio being over-weight resources and under-weight financials for most of that time. We expect that this will normalise as a consensus on the economic outlook develops, but that is still uncertain and is likely to remain so for up to a further 6 months.

Long Portfolio

Best performers this week were the coal stocks, with **CEY** (+12.1%) and **MCC** (+11.8%) contributing to performance significantly. Not surprisingly, **WPL** also performed well (+6.7%) after the oil price broke above US\$135 per barrel. Others that performed well were **MTS** (+1.4%), **TLS** (+1.1%), **WES** (-0.4%) and **PNA** (-0.8%).

The under-performers were less in number, but more dramatic. **BNB** fell by 18.3% after fears returned of its financing just as it was building momentum and recognition of value. **MQG** (-11.9%) disappointed the market with the cautious outlook by new-CEO Nick Moore at its FY08 full year results, but they have always believed in "under-promising and over-delivering". The property plays also saw some short-term profit taking, with **VPG** down by 11%, **TSO** and **MOF** both down 6.9%. **TSI** also fell by 6.4%.

Short Portfolio

It was **BBP** (-41.6%) that sparked the fall in **BNB** (above), making it our best performing short by some way, but it is now looking cheap if the current forecasts stay. This is likely to change over the next week or so, however, as numbers adjust to reflect the prospect of more shares in issue. Others that did well were **JBH** (-14.4%), **AIO** (-10.8%), **SIP** (-10.4%), **TOL** (-9.9%) and **AXA** (-9.5%). **AIO** and **SIP**, along with **BBP**, have performed so well as shorts that it is becoming difficult to continue holding them in the portfolio based purely on valuation, but we will continue to monitor their price momentum closely for signs of trend reversal.

Main under-performers were **APA** (+4.1%), **ILU** (+1.3%), **ANN** (+1.1%), **MIG** (+1.0%) and **SEV** (+0.5%).

VALUE AND MOMENTUM MONITOR

AVERAGE SECTOR EXPECTED RETURNS AND VALUE-BASED RECOMMENDED WEIGHTINGS

The following represent the weighted average expected returns across each major sector of the ASX200, and recommended weightings. These weightings and recommendations are based **purely** on the weighted average of the expected return of **all** stocks in that sector. They make no allowance for momentum indications of the stocks in the sector; nor do they make any allowance for the overall relative performance of the sector; neither do they reflect the weightings in either of the model portfolios, which reflect the valuation attractiveness and momentum of individual stocks rather than on the sector as a whole. **The sole purpose of this analysis is to indicate only the weighted average expected returns relative to current prices of all stocks in the sector.**

	Std Weight	W'ghted Expected Return	W'ghted 2YR EPS Growth	W'ghted P/E	W'ghted POR	W'ghted Yield	Recomm.
	%	%	%	X	%	%	%
Basic Materials	37.4%	4%	28%	16.2	29.7%	1.8%	Underweight
Consumer Goods	1.9%	30%	8%	14.1	79.2%	5.6%	Overweight
Consumer Services	10.8%	23%	12%	13.9	56.0%	4.0%	Overweight
Financials Ex Property & Ins.	15.6%	29%	11%	11.2	73.0%	6.5%	Overweight
Insurance	4.2%	5%	2%	15.0	93.6%	6.2%	Underweight
Property	5.3%	46%	-15%	12.2	95.9%	7.9%	Overweight
Healthcare	2.5%	-10%	24%	24.8	57.7%	2.3%	Underweight
Industrials	6.0%	6%	-1%	17.9	90.5%	5.1%	Underweight
Oil & Gas	6.3%	-18%	2%	21.7	51.4%	2.4%	Underweight
Technology	0.5%	6%	36%	19.1	54.1%	2.8%	Underweight
Telecomms.	7.2%	16%	-7%	16.4	77.4%	4.7%	Overweight
Utilities	2.3%	15%	-21%	14.4	127.0%	8.8%	Overweight

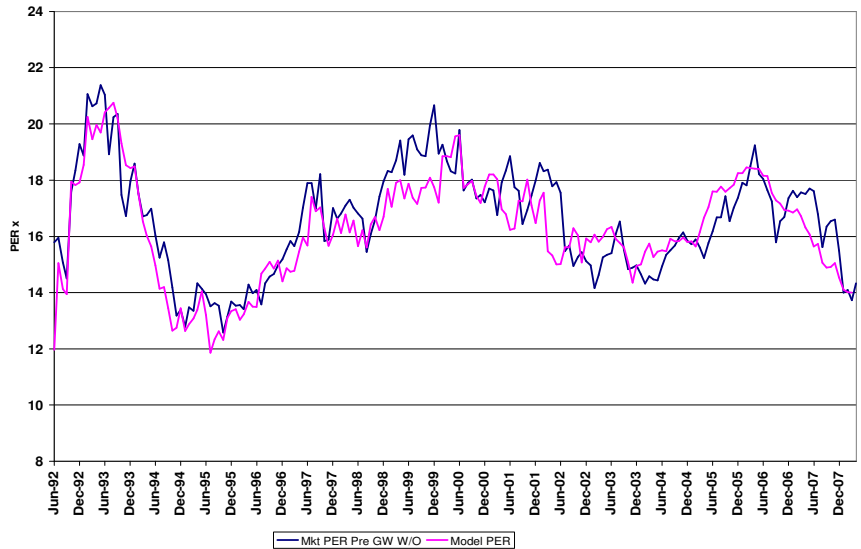
STOCKS TO WATCH

As At	Expect'd 12 mth return inc.	PRICE	Project'd Price 1 Yr.	Curr't PER	P/E in 1 year	EPS GR. Two Year CAGR	Div. POR Ratio	EST.D COE/DISC. RATE	Relative Price Moment.	Recomm.	Mkt. Cap \$mn	Avg. Daily Trading Value \$'000
23-May-08		A\$	A\$	X	X	%	%	%				
CURRENT INDEX:	5,768											
MARKET AVERAGE	18							14.5				
FKP PROPERTY GROUP	113	3.35	6.79	5.4	9.7	11	53%	21.3	0	Watch	881	3,824
MACQUARIE C'TRY.TRUST	71	1.25	1.98	8.3	12.9	2	98%	18.2	0	Watch	1,662	8,246
WOOLWORTHS	56	28.79	44.02	21.5	29.2	14	68%	8.4	-0	Watch	34,856	90,724
BILLABONG INT'L	51	11.83	17.33	14.0	18.5	14	66%	13.6	-0	Watch	2,454	11,753
OXIANA	50	3.33	4.93	17.4	10.0	57	26%	11.6	-0	Watch	5,146	44,858
ING INDL.FUND	43	2.05	2.75	11.5	15.0	2	100%	16.2	-0	Watch	2,290	6,184
JUST GROUP	43	3.89	5.34	11.6	14.8	8	65%	14.4	-0	Watch	783	2,701
SP AUSNET	40	1.23	1.60	14.5	18.5	(5)	141%	16.1	-0	Watch	2,574	2,450
CENTRO RETAIL GP.	35	0.37	0.50	2.8	2.8	5	40%	24.6	-0	Watch	426	2,102
ERA	35	22.49	30.01	49.1	29.1	103	55%	13.8	0	Watch	4,290	10,811
PAPERLINX	31	2.32	2.98	21.1	14.2	58	61%	20.7	-0	Watch	1,046	5,791
WESTPAC BANKING	31	22.51	28.00	10.6	13.2	6	69%	13.7	-0	Watch	41,983	177,483

ASX200 VALUATIONS: VALIDATING CRUCIAL VALUATION INPUTS

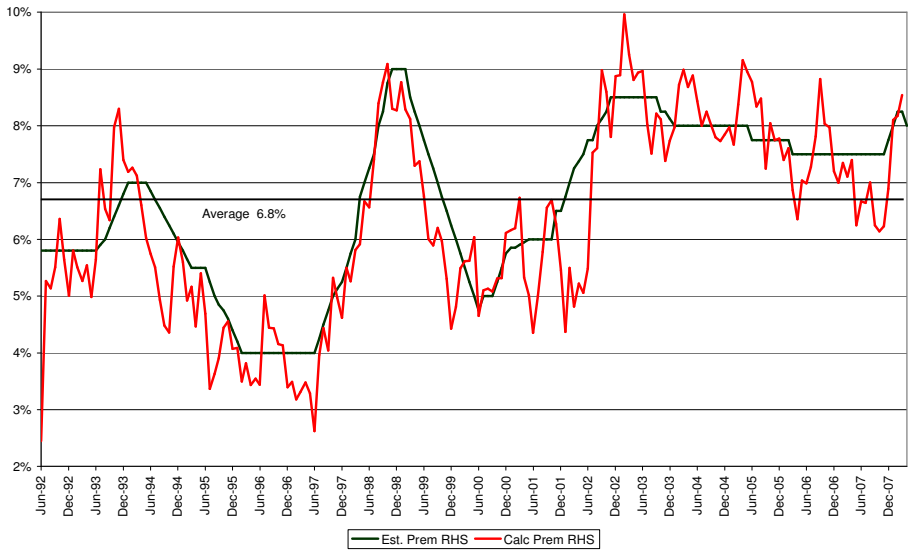
ASX200 Portfolio Valuations

- The ultimate test of our valuation process is the **ability to explain the valuation of the overall market portfolio**. This process **explains both absolute levels for the Index, plus 85% of movement in the pricing of the market over the past 15+ years**. Explaining both is crucial.
- Valuation of the market = sum of the valuations of the component stocks of the ASX200. The close link to the actual market pricing **validates critical macro inputs such as the risk premium and, interest rates**. EPS and DPS growth averages are bottom-up averages, while market relative risk is factors are stock-specific.



ASX200 Risk Premium Estimates Based On Valuation Model

- The most controversial aspect of this work is the estimate of the market equity risk premium.
- This ASX200 P/E suggests that the **ERP is, in fact, over 8% at present**, based on this process.
- This is well above what many estimates suggest, but it is **consistent with the long term average excess return estimate for the Australian market of 6.5%**.
- This approach **allows for a current estimate**, rather than simply applying a long term average.



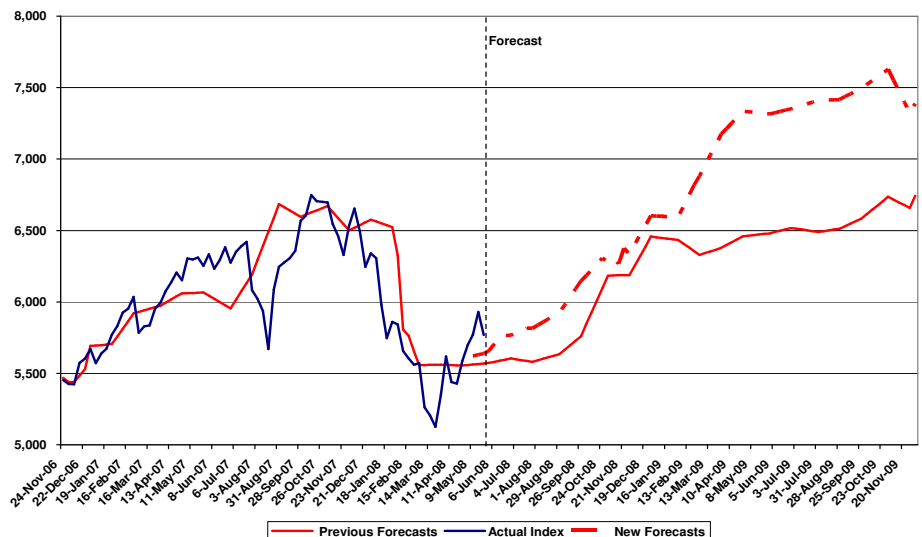
Index Forecast

- The estimates are based on the following new assumptions:

	FY08	FY09	FY10
	%	%	%
EPS Growth#	3	13	11
DPS Growth#	0	9	12
Div. POR#	62	58	56
10 yr bond yld	6.5	6.1	6
ERP	8	7.5	7.5

= Based on Reuters Consensus Data.

Changes are detailed in a separate BBY research report. See the BBY Research website.



Explanation of Momentum Indicator

Momentum is measured using the share price performance relative to the ASX200 Index. Charts show the stock closing price, divided by the closing ASX200 Index on that day. The **major trend indicator** is the 13 week moving average of the ASX200-relative.

- ▶ If the slope of that trend line is $>0.75\%$ per month, and the 3 week moving average of the relative is >13 week moving average, momentum is positive (+).
- ▶ If the slope is $<0.75\%$ per month, and $>-0.75\%$ per month, the trend is neutral (0). However, if the 3 week moving average is >13 week moving average, the trend is shown as (+0). If it is <13 week moving average, it is (-0).
- ▶ If the slope of that trend line is $<-0.75\%$ per month, and the 3 week moving average of the relative is <13 week moving average, momentum is negative (-).

ASX200 Valuations

The following tables show our valuations for all of the ASX200 stocks, based on an **equity-valuation approach** (as against a corporate valuation approach), and as such, **seem to explain more accurately and consistently, the performance of stocks in the ASX200**. Therefore, we believe that these valuations give a far better indicator of medium term (3-12 month) share price performance than valuation methodologies generally used in the market. Key aspects of the valuation process are:

- ▶ A fundamentally-based estimate of the cost of equity (COE) used in the valuation of each stock, rather than a weighted average cost of capital (WACC) as is conventionally used;
- ▶ An assumption that total expected return used by the market to set prices, is based on eps plus dps growth (due to the tendency for stocks to retrace dividends quickly after going ex-div.), rather than the assumption that total expected return is a function of cash flow (as per DCF).

A detailed explanation of the process, including supporting empirical evidence on the ASX200 Index and other major markets, is available on request either directly from the author by email, or from a TFS representative.

VALUE AND MOMENTUM MONITOR

ASX200 Stock Valuations

As At	Expect'd 12 mth return inc. div.	PRICE	Project'd Price 1 Yr.	Curr't PER	P/E in 1 year	EPS GR. Two Year CAGR	Div. POR Ratio	EST.D COE/ DISC. RATE	Relative Price Moment.	Recomm.	Mkt. Cap	Avg. Daily Trading Value
23-May-08	%	A\$	A\$	X	X	%	%	%		\$mn	\$'000	
CURRENT INDEX:	5,768											
MARKET AVERAGE	18							14.5				
Basic Materials												
PERILYA	91	0.86	1.62	8.1	10.0	63	22%	20.9	-	L.T. Buy	167	1,826
MT GIBSON IRON	67	3.31	5.49	27.1	13.6	117	37%	16.7	+	Buy Now	2,625	16,265
OXIANA	50	3.33	4.93	17.4	10.0	57	26%	11.6	-0	Watch	5,146	44,858
EQUINOX MINERALS	50	5.13	7.68	14.8	7.3	82	9%	18.6	-	L.T. Buy	3,039	8,144
ST BARBARA LTD	40	0.71	0.99	-71.0	12.4	#NUM!	0%	17.1	-	L.T. Buy	705	2,907
ERA	35	22.49	30.01	49.1	29.1	103	55%	13.8	0	Watch	4,290	10,811
PAPERLINX	31	2.32	2.98	21.1	14.2	58	61%	20.7	-0	Watch	1,046	5,791
CENTENNIAL COAL	27	5.30	6.61	5.8	14.2	(16)	23%	16.8	+	Buy Now	1,653	9,538
MACARTHUR COAL	26	19.85	24.92	60.9	13.8	181	49%	18.8	+	Buy Now	3,719	13,349
KAGARA ZINC	25	5.10	6.27	12.9	11.1	36	29%	16.6	+	Buy Now	1,101	5,266
ONESTEEL	22	6.95	8.32	20.9	15.1	46	54%	14.2	0	Neutral	6,092	26,065
BHP BILLITON	21	47.49	56.92	16.0	12.5	22	21%	10.1	+	Hold	265,511	519,145
TIMBERCORP	18	1.04	1.16	5.1	7.7	(9)	37%	21.8	-0	Neutral	358	792
BLUESCOPE STEEL	14	11.84	12.95	14.8	14.6	9	58%	14.1	+0	Neutral	8,790	32,697
MINCOR RESOURCES	6	3.38	3.47	8.3	7.7	(5)	31%	15.2	+	Overpriced	667	3,494
ALUMINA	4	6.15	6.13	19.5	14.8	15	66%	13.0	+	Overpriced	6,944	38,300
ORICA	3	30.43	30.43	19.4	16.4	19	62%	12.7	0	Overpriced	9,588	29,011
RIO TINTO	3	149.52	152.27	12.9	10.8	10	16%	10.4	+	Overpriced	191,834	179,551
PAN AUST. RESOURCES	1	1.17	1.19	14.0	8.2	41	0%	16.3	+	Overpriced	1,677	5,494
STRAITS RESOURCES	(2)	7.85	7.58	24.7	7.5	87	17%	17.0	+0	Overpriced	1,801	10,854
FELIX RESOURCES	(10)	20.10	18.01	21.7	10.9	32	18%	16.6	+	Overpriced	3,945	6,337
MINARA RESOURCES	(11)	5.61	4.68	10.6	9.0	(10)	56%	14.5	-0	Sell	2,609	8,718
SALLY MALAY	(13)	5.05	4.24	12.2	5.5	39	34%	15.2	0	Overpriced	957	4,344
FORTESCUE METALS	(17)	9.56	7.92	-27.9	18.0	#NUM!	0%	12.6	+	Overpriced	24,243	43,987
INCITEC PIVOT	(19)	176.50	134.95	15.3	10.2	(1)	63%	13.6	+	Overpriced	8,900	69,461
GREAT STHN.PLANTATIONS	(21)	1.49	1.11	18.3	10.1	33	63%	21.2	-	Sell	471	1,420
NUFARM	(29)	17.05	11.70	23.5	11.0	29	41%	16.4	-0	Sell	3,150	11,254
MURCHISON METALS	(40)	4.04	2.43	-103.6	90.2	#NUM!	0%	20.9	-0	Sell	1,644	4,466
INDEPENDENCE GROUP	(41)	6.83	3.92	12.7	7.6	(1)	22%	16.0	-	Sell	783	2,868
SINO GOLD MINING	(41)	5.32	3.14	35.2	11.4	76	0%	19.2	-	Sell	1,284	6,589
ZINIFEX	(42)	10.28	5.37	3.5	8.5	(51)	32%	18.0	-0	Sell	5,005	39,654
PALADIN RESOURCES	(44)	5.87	3.31	-180.1	32.1	#NUM!	0%	11.8	+0	Overpriced	3,598	18,730
WESTERN AREAS NL	(46)	11.02	6.01	-114.8	16.9	#NUM!	66%	19.4	+	Overpriced	1,836	6,658
ILUKA RESOURCES	(50)	3.86	1.91	63.3	15.3	78	0%	19.1	-0	Sell	935	5,466
NEWCREST MINING	(52)	34.06	16.30	92.3	16.5	87	10%	11.9	-	Sell	15,441	68,481
LIHIR GOLD	(56)	3.35	1.47	33.1	10.5	22	0%	14.2	-	Sell	6,921	57,306
Consumer Goods												
GOODMAN FIELDER	56	1.77	2.62	11.4	15.9	10	85%	15.0	-0	Watch	2,339	7,444
BILLABONG INT'L	51	11.83	17.33	14.0	18.5	14	66%	13.6	-0	Watch	2,454	11,753
FOSTERS GROUP	44	5.26	7.31	14.1	18.7	6	69%	11.8	-	L.T. Buy	10,107	33,231
ALESCO	43	7.85	10.53	10.7	13.3	11	96%	19.9	-	L.T. Buy	704	2,068
GUD HOLDINGS	35	8.70	11.07	14.0	14.4	14	99%	16.4	-	L.T. Buy	521	1,950
COCA-COLA AMATIL	31	8.08	10.17	15.0	17.2	10	73%	13.5	-	L.T. Buy	5,926	21,138
PACIFIC BRANDS	29	2.12	2.56	9.1	10.3	7	76%	21.3	0	Watch	1,065	6,541
LION NATHAN	10	8.87	9.37	17.3	16.3	11	80%	14.4	-	Sell	4,725	10,624
FUTURIS	(15)	1.86	1.49	14.9	10.7	11	73%	18.8	-	Sell	1,409	5,575
AWB	(36)	2.96	1.82	16.4	8.4	14	45%	23.3	+	Overpriced	1,025	3,672
Consumer Services												
MACQUARIE MEDIA	107	3.53	6.79	11.1	16.5	26	148%	19.4	-	L.T. Buy	740	1,540
ARISTOCRAT LEISURE	75	7.76	12.96	15.1	20.1	19	104%	13.8	-	L.T. Buy	3,603	20,236
QANTAS AIRWAYS	60	3.35	5.02	6.4	12.4	(8)	73%	14.5	-	L.T. Buy	6,650	50,687
JOHN FAIRFAX	57	3.47	5.21	13.1	17.6	11	79%	14.0	-	L.T. Buy	5,252	23,830
ABC LEARNING CENTRES	57	1.43	2.15	7.3	9.7	22	41%	18.6	-	L.T. Buy	677	6,870
WOOLWORTHS	56	28.79	44.02	21.5	29.2	14	68%	8.4	-0	Watch	34,856	90,724
WESFARMERS	49	39.85	57.54	21.5	22.5	15	93%	10.0	0	Watch	25,249	93,760
JUST GROUP	43	3.89	5.34	11.6	14.8	8	65%	14.4	-0	Watch	783	2,701
DAVID JONES	41	3.63	4.85	12.2	16.6	4	87%	15.6	-	L.T. Buy	1,743	8,289
WEST AUST.NEWSPAPER HDQ	30	9.86	12.27	18.6	17.7	18	99%	15.1	-	L.T. Buy	2,024	4,510
APN NEWS & MEDIA	26	3.96	4.67	11.3	13.5	2	89%	17.1	-	L.T. Buy	1,937	1,895
CROWN LIMITED	24	10.65	12.72	19.4	21.7	15	98%	15.1	-	Neutral	7,345	11,521
METCASH LTD.	23	4.30	5.10	16.8	17.8	10	78%	13.6	0	Neutral	3,283	9,820
CABCHARGE AUSTRALIA	23	8.81	10.49	16.8	17.2	14	67%	13.8	-	Neutral	1,049	2,543
TABCORP HOLDINGS	23	11.03	12.58	11.2	11.9	6	96%	15.5	-	Neutral	5,790	28,602
FLIGHT CENTRES INTL.	22	18.98	22.35	12.8	12.7	15	60%	15.9	-	Neutral	1,890	4,697
HARVEY NORMAN HOLDINGS	19	3.68	4.24	10.6	13.1	1	43%	16.1	-	Neutral	3,909	19,160
TATTERSALL'S	14	2.74	2.93	13.3	12.6	13	94%	15.9	-	Neutral	3,467	13,196
JB HI-FI	(5)	9.84	9.10	17.3	13.6	18	41%	16.2	0	Overpriced	1,041	6,271
CONSOLIDATED MEDIA	(6)	3.63	3.24	21.1	16.4	15	103%	16.1	-	Sell	2,504	10,310
SEVEN NETWORK	(8)	8.82	7.78	12.6	11.5	4	49%	17.8	-	Sell	2,004	7,181
TEN NETWORK	(9)	2.17	1.84	16.2	13.5	6	100%	16.9	-	Sell	2,013	2,654
INVOCARE	(10)	6.77	5.83	22.6	17.7	10	80%	13.3	-0	Sell	679	1,195
NEWS CORP.	(13)	20.22	17.42	10.9	11.9	(6)	8%	11.3	-	Sell	52,916	38,586
AUSTAR UNITED COMM.	(34)	1.27	0.84	31.8	13.6	45	0%	14.5	-	Sell	1,608	2,141

VALUE AND MOMENTUM MONITOR

As At	Expect'd 12 mth return inc. div. %	PRICE	Project'd Price 1 Yr.	Curr't PER	P/E in 1 year	EPS GR. Two Year CAGR	Div. POR Ratio	EST.D COE/ DISC. RATE	Relative Price Moment.	Recomm.	Mkt. Cap	Avge. Daily Trading Value
23-May-08		A\$	A\$	X	X	%	%	%			\$mn	\$'000
CURRENT INDEX:	5,768											
MARKET AVERAGE	18							14.5				
Financials ex Property												
ALLCO FINANCE GROUP	82	0.48	0.87	2.0	2.7	24	28%	26.7	-	L.T. Buy	177	2,486
BABCOCK & BROWN	70	12.72	20.98	6.3	9.9	10	31%	17.7	-	L.T. Buy	3,741	54,697
CHALLENGER FINL.SVS.	66	2.04	3.27	7.0	9.0	18	37%	21.2	-	L.T. Buy	1,186	8,611
PERPETUAL	41	53.10	71.44	15.4	20.7	(1)	103%	13.7	-	L.T. Buy	2,204	5,062
NATIONAL AUS.BANK	36	32.49	42.37	11.4	13.6	9	69%	13.6	+0	Add	51,739	220,403
WESTPAC BANKING	31	22.51	28.00	10.6	13.2	6	69%	13.7	-0	Watch	41,983	177,483
ANZ BANKING GP.	29	21.00	25.83	10.4	11.8	(1)	67%	14.5	-	L.T. Buy	40,349	225,330
MACQUARIE BANK	29	58.40	71.64	9.7	10.6	1	56%	16.9	0	Watch	16,035	141,821
COMMONWEALTH BK.	26	42.30	50.50	11.7	13.3	5	75%	14.4	0	Watch	55,369	185,440
PLATINUM ASSET MGMT.	22	4.13	4.80	14.4	19.1	#NUM!	83%	13.4	-	Neutral	2,317	1,550
BENDIGO BANK	20	13.00	14.99	13.9	14.1	12	69%	15.5	+	Hold	3,417	9,825
AUSTRALIAN INFR.FUND	17	2.94	3.27	5.2	10.4	(5)	39%	16.3	+	Hold	1,102	1,912
AUSTRALIAN STOCK EX.	15	34.40	37.67	16.1	16.6	10	90%	16.0	-	Neutral	5,883	45,356
ST GEORGE BANK	4	32.32	31.90	15.0	13.0	5	81%	15.3	+	Overpriced	18,123	75,820
AUST. WEALTH MGMT.	(3)	1.89	1.72	15.4	13.3	13	85%	20.2	0	Overpriced	1,068	2,802
BANK OF QLND.	(12)	15.91	13.21	16.4	12.6	7	77%	17.8	-0	Sell	2,326	7,500
IOOF HOLDINGS	(20)	5.42	4.02	23.9	13.9	27	128%	22.7	-	Sell	373	715
TOWER AUSTRALIA	(34)	2.84	1.81	15.6	9.1	11	30%	19.3	+	Overpriced	665	1,914
B&B CAPITAL LIMITED	(48)	4.20	2.19	8.6	9.6	(14)	0%	17.9	-0	Sell	840	2,030
Insurance												
SUNCORP-METWAY	18	14.58	16.10	16.0	12.9	23	102%	18.5	+0	Neutral	13,575	49,810
QBE INSURANCE GROUP	17	25.48	28.61	11.7	12.6	3	60%	16.1	+0	Neutral	22,442	104,706
INSURANCE AUS.GROUP	7	3.98	3.96	27.7	13.2	50	130%	18.2	0	Overpriced	7,375	34,908
AXA ASIA PACIFIC	(2)	5.35	5.02	16.1	12.0	18	68%	17.4	-	Sell	9,073	17,384
AMP	(3)	7.47	6.77	16.9	13.2	11	97%	17.5	-	Sell	14,005	52,603
Property												
FKP PROPERTY GROUP	113	3.35	6.79	5.4	9.7	11	53%	21.3	0	Watch	881	3,824
ABACUS PROP. GROUP	83	1.34	2.32	7.3	12.2	4	74%	17.4	-	L.T. Buy	728	1,723
MACQUARIE C'TRY.TRUST	70	1.25	1.97	8.3	12.9	2	98%	18.2	0	Watch	1,662	8,246
MACQUARIE DDR TRUST	68	0.56	0.84	5.6	9.2	(7)	91%	21.5	-	L.T. Buy	516	3,090
SUNLAND GROUP	67	2.68	4.34	8.9	12.3	31	46%	20.6	-	L.T. Buy	862	1,907
TISHMAN SPEYER OFFICE	66	1.55	2.40	13.5	12.1	28	110%	21.0	+	Buy Now	532	2,390
MIRVAC GROUP	63	3.36	5.15	10.6	15.5	8	101%	17.9	-	L.T. Buy	3,668	18,964
B&B JAPAN PROP. TRUST	62	1.13	1.70	5.7	11.0	(11)	77%	20.0	-	L.T. Buy	591	1,752
AUSTRALAND PR.GP.	58	1.56	2.28	8.7	12.4	4	94%	17.8	-	L.T. Buy	1,442	1,880
VALAD PROPERTY GRP	57	0.98	1.41	9.5	12.9	6	116%	21.2	+0	Add	1,421	5,973
WESTFIELD GROUP	56	17.40	26.16	16.5	23.2	9	98%	10.3	-	L.T. Buy	33,794	135,483
GOODMAN GROUP	51	4.10	5.87	12.1	15.9	7	99%	16.0	-	L.T. Buy	6,866	23,936
MACQUARIE OFF. TRUST	46	1.01	1.37	7.4	12.2	(10)	91%	19.6	+0	Add	2,050	7,532
BUNNINGS WAREHOUSE	43	1.93	2.63	8.0	10.6	3	55%	18.4	-	L.T. Buy	582	1,028
ING INDL.FUND	43	2.05	2.75	11.5	15.0	2	100%	16.2	-0	Watch	2,290	6,184
STOCKLAND	38	6.16	8.05	13.3	16.5	6	100%	15.7	-	L.T. Buy	8,967	34,090
CENTRO RETAIL GP.	35	0.37	0.50	2.8	2.8	5	40%	24.6	-0	Watch	426	2,102
GPT GROUP	31	2.96	3.58	11.0	13.3	1	107%	17.4	-	L.T. Buy	6,215	32,020
ING OFFICE FUND	24	1.30	1.50	11.2	13.4	(0)	95%	17.7	0	Neutral	1,636	4,437
DEXUS PROPERTY GROUP	24	1.59	1.85	13.3	15.1	2	100%	16.3	-0	Neutral	1,300	13,855
COMMONWEALTH PR.OFF.	10	1.35	1.40	14.3	15.0	(0)	99%	16.6	-0	Sell	2,167	7,467
CFS RETAIL PR.TST.	9	2.18	2.26	12.4	18.3	(14)	82%	15.2	-0	Sell	4,930	18,378
HENDERSON GROUP CDI.	5	2.62	2.61	10.3	10.4	4	52%	19.3	+	Overpriced	1,972	5,098
Health Care												
SIGMA PHARMS.	17	1.12	1.24	11.4	11.1	10	74%	19.1	-	Neutral	966	2,402
SONIC HEALTHCARE	12	14.11	15.26	19.3	18.0	16	68%	12.9	-	Neutral	4,702	14,081
HEALTHSCOPE	11	4.57	4.87	14.5	13.4	14	60%	17.0	-	Sell	1,086	3,647
COCHLEAR	1	55.01	54.00	26.1	21.6	16	70%	12.1	-	Sell	3,004	14,337
PRIMARY HEALTHCARE	0	6.23	5.97	22.0	16.7	32	90%	17.3	-	Sell	2,304	6,880
RAMSAY HEALTH CARE	(9)	11.00	9.67	20.0	13.8	23	56%	17.0	-0	Sell	1,911	3,864
CSL	(14)	40.35	34.05	31.7	21.2	25	37%	10.6	+	Overpriced	22,205	54,208
ANSELL	(15)	11.25	9.29	15.9	11.6	12	36%	16.5	-	Sell	1,556	7,429
RESMED	(53)	4.14	1.94	24.5	9.5	16	0%	15.1	-	Sell	2,496	6,035
Industrials												
LEND LEASE	48	12.24	17.32	11.0	14.2	10	73%	16.3	-	L.T. Buy	4,539	18,955
GWA INTERNATIONAL	48	2.76	3.86	13.3	15.7	14	104%	17.6	-	L.T. Buy	773	1,343
AMCOR	41	6.06	8.23	15.3	16.6	20	79%	14.8	-	L.T. Buy	5,352	23,118
PMP	35	1.04	1.37	5.3	8.8	(5)	20%	20.4	-	L.T. Buy	351	1,308
EMECO HOLDINGS	34	1.02	1.32	9.4	11.6	10	41%	18.3	+	Buy Now	644	1,403
SPOTLESS GROUP	32	3.24	4.06	14.4	13.8	20	85%	17.5	-	L.T. Buy	704	2,038
CORPORATE EXPRESS	32	5.45	6.90	13.4	15.0	10	66%	13.8	-	L.T. Buy	914	748

VALUE AND MOMENTUM MONITOR

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23-May-08		A\$	A\$	X	X	%	%	%			\$mn	
CURRENT INDEX:	5,768											
MARKET AVERAGE	18							14.5				
Industrials												
BORAL	32	6.12	7.71	15.5	18.9	16	85%	14.9	-	L.T. Buy	3,688	16,106
JAMES HARDIE INDS.CDI.	31	5.55	7.01	25.2	23.3	35	104%	15.2	-	L.T. Buy	2,411	13,392
BRAMBLES INDUSTRIES	30	8.21	10.39	16.8	20.1	9	67%	10.8	-	L.T. Buy	11,611	55,801
MACQUARIE AIRPORTS	20	3.19	3.56	17.9	17.7	12	145%	16.8	-	Neutral	5,483	19,924
GUNNS	16	3.02	3.37	14.0	13.6	12	60%	17.0	-	Neutral	1,215	4,222
MONDELPHOUS GRP.	16	12.95	14.42	17.2	17.7	10	89%	14.4	-0	Neutral	1,076	2,613
LEIGHTON HOLDINGS	12	53.86	59.01	24.9	23.0	22	66%	10.8	+0	Neutral	14,978	37,310
CSR	9	2.93	3.03	14.4	11.3	21	66%	17.1	-	Sell	2,879	18,500
CRANE GROUP	8	14.03	14.38	14.0	12.8	9	72%	16.8	-	Sell	851	2,158
TRANSPACIFIC INDS.GP.	7	7.74	8.11	12.6	11.0	17	31%	17.2	-0	Sell	2,202	7,181
SIMS GROUP	5	35.00	35.50	15.9	14.9	1	55%	13.6	+	Overpriced	4,428	27,116
TOLL HOLDINGS	3	7.40	7.37	10.6	12.6	1	44%	16.2	-	Sell	4,772	32,586
SEEK	0	5.56	5.40	20.5	16.8	17	72%	13.5	-	Sell	1,592	7,435
BOART LONGYEAR	0	1.98	1.93	14.2	12.0	11	33%	13.9	0	Overpriced	2,968	12,105
UNITED GROUP	(1)	13.43	12.68	16.4	13.5	13	69%	16.3	0	Overpriced	2,190	11,608
TRANSFIELD SERVICES	(4)	9.30	8.54	21.0	14.9	24	74%	16.4	-0	Sell	1,842	5,928
BRADKEN	(5)	8.82	8.03	16.9	13.2	16	67%	17.2	+	Overpriced	936	4,270
DOWNER EDI	(8)	7.31	6.45	14.7	11.9	9	47%	16.4	+	Overpriced	2,365	12,601
TRANSURBAN GROUP	(9)	6.10	5.01	-217.9	-52.7	95	-935%	12.1	-0	Sell	6,608	25,730
McMAHON HOLDINGS	(13)	1.75	1.47	20.8	13.6	24	53%	16.4	+	Overpriced	928	2,481
ADEL.BRIGHTON	(15)	3.57	2.87	15.6	11.0	12	74%	14.3	-0	Sell	2,066	2,897
HILLS INDS.	(17)	3.50	2.62	12.7	8.9	6	101%	18.6	-	Sell	654	769
AUSENCO LIMITED	(26)	16.20	11.56	23.1	13.5	14	60%	16.4	+	Overpriced	1,448	3,541
DYNO NOBEL	(43)	3.19	1.74	22.7	10.3	14	43%	17.5	+	Overpriced	1,944	21,857
CONNECTEAST GROUP	(53)	1.28	0.52	-167.6	-9.6	81	-309%	18.4	-	Sell	1,661	4,251
Oil & Gas												
WOODSIDE PETROLEUM	62	67.45	107.17	23.0	32.1	3	61%	9.9	+	Buy Now	46,428	115,490
CALTEX AUSTRALIA	36	13.49	17.73	10.2	12.8	8	53%	16.4	-	L.T. Buy	3,642	14,398
AED	21	3.31	4.00	2.9	5.4	(0)	0%	17.2	+	Hold	510	1,259
BEACH PETROLEUM	17	1.52	1.76	14.2	14.9	12	17%	15.1	+0	Neutral	1,352	6,535
NEXUS ENERGY	(5)	1.89	1.79	35.3	-20.1	37	0%	16.7	+	Overpriced	1,048	2,390
WORLEYPARSONS	(16)	37.98	31.18	27.3	18.6	20	61%	12.9	+	Overpriced	9,182	31,641
SANTOS	(21)	19.25	14.84	22.4	18.4	(6)	48%	10.0	+	Overpriced	11,277	56,762
OIL SEARCH	(23)	6.18	4.66	27.2	21.5	(4)	37%	10.0	+	Overpriced	6,921	31,122
ORIGIN ENERGY	(38)	14.65	8.83	23.5	15.7	1	43%	13.2	+	Overpriced	12,826	41,222
AUST.WORLDWIDE EXP.	(53)	4.55	2.16	7.8	4.3	(19)	0%	13.7	+	Overpriced	2,040	9,856
ROC OIL COMPANY	(83)	2.59	0.43	20.7	3.2	(19)	0%	17.7	+	Overpriced	774	2,772
QUEENSLAND GAS	(92)	5.68	0.48	134.3	8.9	30	0%	18.1	+	Overpriced	4,663	9,064
Technology												
IRESS MARKET TECH.	16	6.16	6.81	21.6	19.9	19	107%	14.4	-	Neutral	731	1,970
WOTIF	14	4.05	4.48	23.4	19.9	25	86%	14.9	-	Neutral	824	1,064
COMPUTERSHARE	0	9.99	9.84	18.4	17.2	8	37%	10.9	0	Overpriced	5,903	13,692
Telecommunications												
TELSTRA	37	4.80	6.29	16.1	19.3	10	90%	9.2	0	Watch	59,727	177,120
SING TELECOM	4	2.79	2.82	18.2	17.0	10	50%	10.3	-	Sell	49,734	7,722
TELECOM NZ	(4)	3.15	2.76	9.9	10.5	(13)	89%	15.4	-	Sell	5,918	17,150
Utilities												
DUET GROUP	47	3.25	4.50	16.6	21.9	9	139%	14.5	-0	Watch	9,529	3,781
TRANSFIELD SERV. INFRA.	43	1.46	1.92	17.6	19.0	151	197%	17.5	-0	Watch	389	487
SP AUSNET	40	1.23	1.60	14.5	18.5	(5)	141%	16.1	-0	Watch	2,574	2,450
B&B INFRASTRUCTURE	37	1.06	1.30	18.6	35.3	(0)	330%	17.5	-	L.T. Buy	2,361	10,673
B&B POWER	35	1.18	1.35	9.4	31.8	(43)	287%	21.9	-	L.T. Buy	837	8,193
MACQUARIE COMM. INFR.	35	3.67	4.49	34.0	27.0	7	354%	18.9	-	L.T. Buy	1,883	6,993
AUST.GAS LIGHT	16	13.35	14.91	17.3	17.7	9	67%	12.8	+	Hold	5,788	20,643
ASCIANO GROUP	11	4.40	4.41	-22.0	42.9	#NUM!	-944%	17.5	0	Overpriced	2,889	17,072
ENVESTRA	8	0.79	0.75	4.0	35.0	(61)	87%	16.7	-	Sell	685	607
AUST.PIPELINE TRUST	2	3.27	3.06	20.7	19.0	12	189%	17.6	+0	Overpriced	1,499	2,606
ENERGY DEVELOPMENTS	(10)	2.40	2.10	13.4	10.7	11	42%	20.0	-	Sell	356	1,377
MACQUARIE INFRAS.	(18)	3.12	2.35	6.9	12.0	(37)	62%	16.1	+0	Overpriced	7,536	32,808
B&B WIND PARTNERS	(50)	1.58	0.65	-54.3	-11.6	40	-353%	17.7	0	Overpriced	1,060	5,188

VALUE AND MOMENTUM MONITOR

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