Switzer Super Report

Issue 259, 6 February 2014

Fortune favours the brave

For all those scaredy cats out there, consider this: if the US Fed really was worried about a market crash, do you think it would be tapering like it is?

If you want to know what I really think, register for our webinar now and you can ask me in person tomorrow. But be quick, there are only a few places left.

For me, QE tapering is the strongest indication that this is, just like Charlie calls it below, a textbook trading correction. Charlie, like myself and other *Switzer Super Report* experts, is using this volatility to find opportunities and banks are still his favourite picks.

Also in the *Switzer Super Report* today, we have Roger Montgomery on REA Group and our *Fundie's favourite* is George Boubouras from Equity Trustees on Macquarie.

Sincerely,

Peter Switzer

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Bank on it!

by Charlie Aitken

It's been a very rocky start to the year in global and domestic equity markets, which brings out every doomsayer who never predicted the rally of the last three years.

I think it's prudent to ignore extremist views. Most have some ulterior motive (selling a product). More often than not, a common sense approach is the right approach.

Straight from the book

In my opinion, what we have seen in developed equity markets is no more than a textbook trading correction. Trading corrections are a necessary part of bull markets that flush out weak-handed/geared money and allow for further market regeneration. They generally bottom out at a minus10% move from the top.

Trading corrections happen with regularity, but in a bull market they are characterised by each trading correction being to a higher low. That is exactly what is happening in developed markets now, and I suspect the vast bulk of this trading correction has already occurred.

No doubt as the FED withdraws QE stimulus this year from the bond markets, we will be in for a more volatile ride than last year, which was one way traffic up. However, the FED is reducing QE stimulus because the US economy is growing (3.2%) and unemployment is falling. This is a good fundamental development.

In the very short term, and one of the triggers for the trading correction, is some US economic data for January has come in weaker than expected. I think this data is an aberration driven by the disruption of the 'Polar Vortex' and extremely cold weather in the US. I think this data is best ignored. What interests me more is the momentum the broader US economy ended with in Q4 in terms of GDP growth, employment growth and consumer spending growth.

All in all, despite the trading correction, I continue to view what is occurring as a buying opportunity in the right developed market equities. Quite simply, earnings and dividend forecasts haven't changed, yet PEs and share prices have fallen. You are simply buying the same forecast earnings and dividend streams at lower prices, which seems a good deal to me.

The local scenario

What you also need to remember in an Australian context is our market will move on from being absolutely dominated by global macro sentiment, to focusing on the company-reporting season. The focus will swing back domestically to earnings and dividends, and I think that will be positive for the Australian equity market, or at worst at least stop the current trading rot.

In my opinion, in this world of continuous disclosure, the bad earnings news always comes out first. The big earnings misses (profit warnings) have already occurred, and while they get headlines because the stock in question falls 30% plus, in my experience these profit warnings are NOT a guide to what will be delivered in the overall reporting season. Note very well there has NOT been a profit warning from an ASX TOP 20 company.

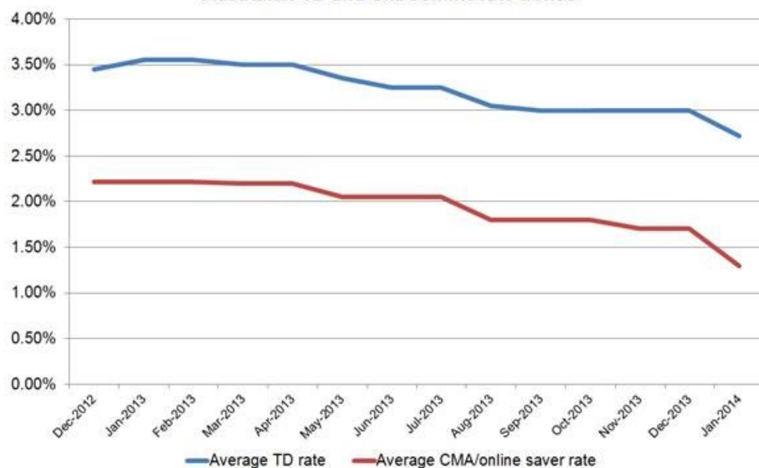
The fact most leading Australian share prices have pulled back by minus 10%, actually means expectations for the earnings and dividend season, in terms of share prices, are quite low. There is now the clear opportunity for a POSITIVE share price reaction to solid earnings and dividend news. I particularly think this is the case for any company that delivers

Buy banks baby

In the last few days I have had numerous questions about the banks from investors. There seems to be a growing consensus trading view that it's "all over" for Australian bank shares. I don't share that view and believe this is just another buying opportunity for Australian banks. Let me explain why.

Firstly, Australian cash rates are at record lows and will remain there for an extended period as the economy adjusts. But more importantly, major banks are REDUCING the price they pay for term deposits (TDs) and cash management accounts (CMAs), due to the fact they are now holding more capital than they need and loan growth remains subdued.

This is an important point as savers are going to get a nasty shock when they attempt to roll their TDs in the next few months. The chart below confirms the falling average bank term deposit and CMA rates.



Source: Bell Direct

You would have to be extremely bearish on all other asset classes to invest in Australian cash products. At best, you will receive a 0% real rate (CPI 2.7%) and at worst, a negative after tax real rate.

Similarly, if you rely on income to live, you are going to have an increasing problem in terms of bank interest rates. I believe this will lead to continued support for bank shares for two reasons. Firstly, the attraction of high fully-franked income streams for those seeking income, and secondly, earnings and dividend upside on net interest margin expansion as banks pay less for deposits, and roll more and more of their clients on to those new lower rates.

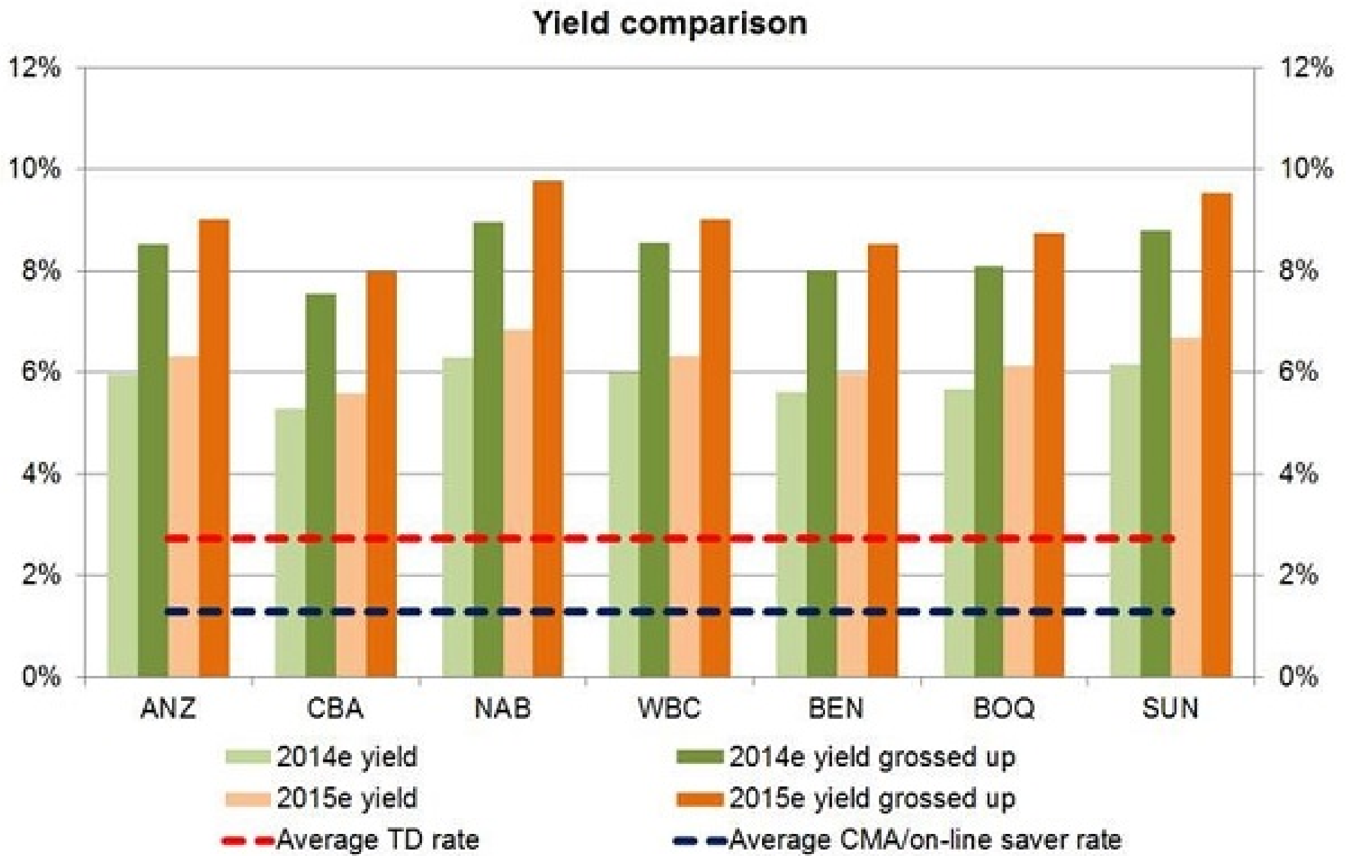
I think this will all be evident on February 12, when Australia's best bank, the Commonwealth Bank of Australia (CBA), reports record interim earnings and declares a record interim dividend. When that happens, people will refocus on Australian oligopoly bank fundamentals, which remain extremely strong, generating record profits and record dividends, and wonder what all the fuss was about.

Better off in shares than deposits

I believe you are now being paid what I call a very high "equity income risk premium" over unfranked cash to own Australian bank shares. In the table below, I have illustrated our FY14 and FY15 dividend yield forecasts for the big four banks and regionals, alongside the grossed-up value of those dividend forecasts.

	2014e		2015e	
	Yield	Grossed up	Yield	Grossed up
ANZ	6.0%	8.5%	6.3%	9.0%
CBA	5.3%	7.6%	5.6%	8.0%
NAB	6.3%	9.0%	6.8%	9.8%
WBC	6.0%	8.6%	6.3%	9.0%
BEN	5.6%	8.0%	6.0%	8.5%
BOQ	5.7%	8.1%	6.1%	8.7%
SUN	6.2%	8.8%	6.7%	9.5%

Source: Bell Direct



Source: Bell Direct

Yes, equities are more volatile than cash, but do you think a bank share should yield nearly four times more than a bank deposit at the same bank (pre-tax) to compensate you for that equity volatility? That seems excessive to me, and I want to make sure I use this pullback in Australian bank shares to increase exposure before CBA confirms the strength of the sector on February 12.

I remain very strongly of the view, as I have for the last three years, that you are far better off in bank equities than bank deposits.

So while others are giving up, I am still banking on it.

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Macquarie (MQG) – well placed to benefit

by Fundie's Favourite

George Boubouras

How long have you held the stock?

Since mid-2011, when the stock traded towards $20. The global macro shocks coming out from Europe and the global banking sector at the time, created some excessive market volatility that, while not as bad as the GFC, was, never the less, a volatile time for the global and domestic banking sector.

What do you like about it?

Macquarie is a very well run, diversified financial institution that has proven itself through different economic cycles. It has reinvented itself successfully since the GFC, due to a global change in the price of funding. Ultimately, it is a good diversified financial exposure with leverage to improving global conditions, particularly Asia and the US. It is well placed to benefit in the years ahead with a more normalised IPO pipeline. The equity cash business (and research) is a stand out, it has a wonderful global commodities business and its funds management capability is world best practice that continues to benefit from positive fund inflows across all asset classes. It has contained costs very well, following an aggressive adjustment to staff levels but is now well placed to expand their earnings in the year ahead. Its private wealth management capabilities may be lagging others globally but it has proven in the past that it can deliver and execute a growth strategy. Further, its funding costs have fallen significantly and the strong management capability is crucial.

How is it better than its competitors?

It is the only true global diversified financial in the ASX200. Good strong domestic presence and the ability to expand global earnings. The Equity Capital Markets/ Debt Capital Markets team is very competitive. Senior management is well regarded in executing strategies.

Source: Yahoo Finance

What do you like about its management?

Senior management has changed the model post the GFC but has still created a business that can return good EPS growth going forward with cost controls. Those in senior management are adaptive, but understand the long game and changes required in global markets.

Is it a liquid stock?

Yes. Liquid for both large global and domestic investors.

What is your target price on Macquarie?

Around AUD $65 by mid 2015.

At what point would you sell it?

That would be a global slowdown scenario when central banks need to tighten monetary policy to slow down capital market activity. We are a long way from that.

How much has it added to your overall portfolio over the last 12 months?

It has been a significant contributor to the Equity Trustee Core Flagship Equity Fund. It has been our largest diversified financial overweight. The stock has rallied from mid $30 levels to current $53 levels over the past year.

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REA Group offers some upside

by Roger Montgomery

REA Group delivered another very impressive half year of growth with revenue up 30%, EBITDA up 38% and both NPAT and EPS rose 37%. Keep in mind those impressive numbers aren't being produced by a tiny microcap company either.

The result was driven by extremely good performance in Australia. REA's Australian business now accounts for 78% of all minutes spent online on Australian property portal sites, absolutely dominating the market. Its position in the market has allowed it to push through price increases, even as it grows share, and a resurgent property market has certainly provided tailwinds.

The international business, however, was less rosy. Italy, Luxembourg and HK delivered ordinary results, and continue to remain very small parts of the overall business.

While the company has completely blown away all claims that it is a mature business, one does need to answer two questions:

- How much room is there for further growth in Australia?
- Can they replicate the Australian success in international markets?

Investing in REA at the current market price demands a positive answer to at least one of these. We start with Australia.

Growth in Australia

Given its dominance in its space, the opportunity for REA to grow share/volume in Australia now seems limited. Incremental growth from here requires increasing prices and/or extension of its business into other parts of the "property transaction market".

The scope for ongoing price increases is difficult to gauge but given its monopoly position, one must believe that it can continue to push price increases through and surprise even the most optimistic analysts. Moreover, REA argues that the value it delivers is well in excess of what it charges, which indicates considerable scope. One initiative being progressed is to charge on the basis of transaction value, rather than a fixed fee. In the same way that a real estate agent charges a percentage of property value, REA feels it should also be able to charge a percentage of property value.

While I see the wonderful economics of this revenue model, I am not aware of any precedent for an advertiser being able to charge this way. While it is easy to be sceptical about how readily acceptable such a move would be by its real estate agent customers, you would also have to argue that there aren't many reliable alternative options available.

Over the longer run, however, if REA were to charge a property value-based price for (essentially) the same advertising, it would open an opportunity for cherry picking by new entrants targeting the high end of the market. I could easily see the emergence of some disaggregation in the space as niche competitors emerge. Accordingly, the extent of this opportunity should probably be considered uncertain.

Extension of REA's business into other parts of the property transaction market seems logical. For example, generating leads for mortgage providers, movers etc., and facilitating connection of (e.g.) Foxtel etc.

REA believes that the total scale of the property transaction market is very large, and expects to be able to capture a percentage of it. Again, however, this opportunity is difficult to quantify with any precision.

REA Group Ltd (REA.AX) - ASX
44.75 ↑0.97 (2.22%) 5 Feb 16:10

Source: Yahoo Finance

International growth

REA has the number one position in the Italian market, with an average monthly unique audience that is 1.4 times that of the nearest competitor. While not the sort of dominance it enjoys in Australia, it may become so over time. The low risk chance of this occurring, however, involves the Australian team and management replicating what they have done in Oz.

The Italian market is large. With a population of 70 million, the potential is greater than Australia, however, the market is some years behind in terms of internet adoption and penetration. In addition, care needs to be taken in extrapolating the Australian experience due to critical structural differences. In particular, the Australian market is unusual in that vendors pay for advertising. In international markets (including Italy), it is common for the agent to pay for advertising and include this cost in the fees charged to their clients. This results in a more concentrated customer base with considerably more bargaining power.

Notwithstanding this, over time it seems likely that the opportunity in Italy will be large. The structural differences may mean slow progress, and there is the risk of losing market dominance to an innovative competitor, however, on balance, the opportunity appears to represent a meaningful possible upside.

Luxembourg and Hong Kong

The opportunities in Luxembourg and Hong Kong add to the attractions of REA Group. As with Italy, these businesses make minimal contribution currently, but hold the number one position in their markets. There is meaningful potential upside and little downside.

In the case of the Hong Kong market, it should be noted that residential property values currently are extreme, and Hong Kong has a policy objective of reducing prices by 30%, which will take some momentum out of this market.

Risks

Leaving the discussion at this point, you'd be tempted to rush out and buy REA even at today's rather lofty levels. Let's consider however the identifiable risks:

- The Australian residential property market is expensive. A downturn – something I am in no position to accurately forecast – would have significant impact to REA.
- The market is evolving, and the possibility of losing dominance exists. It is worth noting that Move.com in the US lost its leadership position to Zillow and Trulia by not recognising and responding to changing trends in the US market.
- Importantly, the company could be very loosely described as being without a CFO or CEO. CEO Greg Ellis is departing and a replacement is yet to be named. Given the evolving nature of the market, good strategic leadership would, I think, be important to the continued success of the business.
- The final risk relates to valuation, and with the share price at 40 times FY14 estimated earnings, there is no doubt the company is being priced as though nothing could ever go wrong. Generally speaking, you want to be excited when others are fearful and fearful when others are excited.

If we assume continued return on equity of 40%, a cost of equity of 8.5% and a reinvested capital rate of 21%, we end up with a valuation of just $26.50.

The company has thus far been able to reinvest about 50% of its profits and while it's tempting to adopt the assumption that this will continue indefinitely (producing an estimated value of $40), the reality is that as the company retains more and more cash, there will be a larger proportion of the asset base earning just 3%, and the residual operating assets will have to dramatically increase their profitability even above already extraordinary rates.

Buy, Sell, Hold – what the brokers say

by Staff Reporter

As brokers head into the blackout period for the February reporting season, activity was light on the ground. But of the actions that did occur, most were positive as analysts continued to find value. Early reporters – like JB Hi-Fi – were also rewarded with upgrades.

In the good books

BA Merrill-Lynch upgraded Challenger (CGF) to Neutral from Underperform.

The broker believes Challenger offers a unique value proposition in a market that could grow significantly in coming years, controlling 55% of annuities and attracting almost all new flows. Given CGF's structure, margin improvement and solid funds management performance, the broker can no longer justify an Underperform rating.

Macquarie upgraded Carsales.com (CRZ) to Outperform from Neutral after reviewing the investment thesis on carsales.com and finding the stock worthy of an upgrade, following the recent sell off. The broker expects top-line growth momentum will slow in the months ahead, but the company remains in a good position. Macquarie has reduced assumptions for dealer revenue in FY14 to growth of 11% from growth of 16%. Display revenue growth expectations have also been ratcheted down.

JB Hi-Fi was upgraded to Neutral from Underperform by BA-Merrill Lynch and to Overweight from Neutral by JP Morgan following a solid result.

JB Home is performing ahead of BA-Merrill Lynch's expectations and with a more favourable outlook than peers, JBH deserves better than the broker's conservative earnings forecasts. BA-Merrill Lynch still has concerns around a retail slowdown throughout 2014 and the potential impact of a lower dollar, which means the stock stays at Neutral, rather than being moved up a further notch to Buy.

JP Morgan is becoming more confident in the sales outlook for the second half. JB Hi-Fi had preannounced its result so the positive surprise lay in the full year guidance, up 8-11% on the range. Earnings margins are proving resilient with JB Home a source of growth and JBH is better positioned than other small cap peers, who will suffer more later in the year from a lower Australian dollar, according to JP Morgan.

BA-Merrill Lynch upgraded Macquarie (MQG) to Buy from Neutral (see Fundie's Favourite). Merrills believes Macquarie's day has finally come after years of wallowing in capital market inactivity. With developed economies expected to cycle upward and the Australian dollar on the slide, the broker notes MQG is set to benefit, while financial strength provides room for accretive acquisitions and/or capital management. MQG may have seen solid PE expansion of late but has posted the earnings to back this up.

In the not-so-good books

Credit Suisse downgraded Myer (MYR) to Neutral from Outperform. Were Myer to merge with David Jones (DJS), Myer shareholders would be the losers and DJs' shareholders the winners, according to Credit Suisse, which described MYR's synergy suggestion as "sleight of hand". Even if the two could increase scale as one, the time and cost required to bed down the merger would be an offset anyway. Better just to get their acts together individually.

JP Morgan downgraded Lynas Corporation (LYC) to Neutral from Overweight following a quarterly report for the three months to December that failed to impress. There are still issues with the Lynas

Advanced Materials Plant (LAMP), which have delayed the achievement of phase 1 capacity. JP Morgan is disappointed and believes the catalysts for an upgrade are also delayed. It may be one of the cheapest stocks under coverage but, until the company can demonstrate the plant is operating at capacity, JP Morgan thinks the market will not be positive on the stock.

The above was compiled from reports on the FNArena database, which tabulates the views of eight major Australian and international stock brokers: BA-Merrill Lynch, CIMB, Citi, Credit Suisse, Deutsche Bank, JP Morgan, Macquarie and UBS.

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Short 'n' Sweet

by Penny Pryor

It's been a rough start to the year, no bones about it. Regular readers know that Peter Switzer and our team of experts do not believe it is the beginning of the end, rather, as Charlie Aitken says today, it is a "textbook trading correction".

The data in the US is still pointing to recovery, and here at the Switzer Super Report, we think it's just a bit of spook, as the actuality of the tapering of QE hits in.

But we can't deny it was a tough month. As the S&P/ASX 200 slipped back 3%, our *Switzer Super Report* portfolios managed to outperform the index just slightly but as they were still negative, it's not something we like to crow about too much.

Health care opportunities

But what was interesting in January, was the outperformance of the health care sector, which was up by 0.3%. For the 12 months to Feb 5, health care's annual return is 16.74%, compared to 3.84% for the ASX 200.

One stock that has got quite a lot of interest at the *Switzer Super Report* is Sirtex. Roger Montgomery at Montgomery Invest likes it. He first wrote about it for us in November when he compared it to that other Australian medical success story – Cochlear.

"Relatively few Aussie inventions have ever improved the quality of lives of patients all over the world. Cochlear's hearing devices are one example of a product that has. Seeing current Sirtex management in action gives us confidence that, in time, SIR-Spheres will be recognised as another."

If you'd bought in then, you would have been very pleased, as in January this year when Montgomery revisited it, the share price had rallied 25% after it announced second quarter growth in dosage sales.

Platypus Asset Management is another fundie that likes the company. They wrote about it back in July, even before Roger got on the bandwagon.

"If the company reports successful clinical trial results, it will grow its addressable market by over 15 times, from approximately 30,000 salvage patients treated to date, to 480,000 liver cancer patients," Platypus analyst, Jelena Stevanovic, said then.

Source: Yahoo Finance

New opportunities

One big healthcare opportunity that could make its way on to the market this year is Medibank Private.

Speaking at a briefing on Tuesday, Platypus Asset Management chief investment officer, Don Williams, said of the health insurer: "The government has a commitment to privatise and I wouldn't be surprised if it happened this year."

Healthscope is another one. It is expected to consider a valuation close to that of Ramsay Healthcare – although it is by no means a Ramsay.

"If the correction continues for another month or two,

they may have to revise their valuation," Williams said.

But overall, after a rush of IPOs late in 2013 as many look to take profits, listings could be slower and lighter this year, particularly in the small cap space, according to HLB Mann Judd partner, Simon James.

"It's very hard for the smaller caps to get listed now," he said.

"It astounds me how many businesses are not sale ready. They don't even have their affairs in order."

The HLB Mann Judd IPO Watch pointed out that the 2014 IPO pipeline only had five planned listings early in January, compared to 14 at the same time last year and 26 in 2012.

"Despite the low number of listings, the target subscriptions sought are nevertheless in excess of recent years. In 2013, the planned listings were seeking to raise a total of $85.2 million and, in 2012, the 26 applications were seeking to raise $122.2 million," the report said.

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A new product that focuses on income

by Tony Negline

The constant and noisy focus on share market indices has always left me cold.

There are plenty of people who make money from trading stocks and other investments based on prevailing market values. I'm not one of these people and find this approach stressful.

There's a larger cohort of people who make good money predicting where they think the markets and specific investments will head over the following months and years. I've often wondered if these people are as accurate as the seven-day weather forecast.

I prefer to purchase quality assets that have a proven history of paying good income that increases with inflation. As I'm many years from retirement, I reinvest any investments earnings into the same or similar investments to earn more of the same.

I'll admit it's a boring way to invest but it works for me.

It's logical to assume that as investment income from a particular asset increases, then at some stage, someone will want to pay me more for that asset than I originally paid for it. The problem is that you can never predict when you'll be offered the "right price".

There are several practical problems with my simple approach. When the market value of investments is falling, it takes quite a deal of fortitude to look the other way. Secondly, when you begin investing as I've described, and you eliminate the need to follow the up or down movement of various financial markets, then investing can seem rather dull because not much happens for most of the year. The only occasional activity involves the payment of investment income and a decision of where that income and new monies should be invested.

Another problem is that you can only follow my investment approach if you make a deliberate decision to eliminate many years of indoctrination that has planted itself into your brain by financial market gurus, such as share brokers, investment managers and fund managers.

The upsides to this approach for me are that it works, it also allows me to get on with all the other aspects of my life and it's cheap to implement. I also reckon it's simple.

This chase for income is real and is being noticed be various commentators.

Credit Suisse Australia Report

Recently Credit Suisse Australia published a report about SMSFs titled "Rise of Selfies".

The report paints a picture of small investors almost "terrorising" large company directors into paying out more profit as dividends than would otherwise be ideal. (I digress, but nowhere in this report is the issue of companies wasting their shareholders retained profits on poor investments discussed, or even acknowledged.)

Credit Suisse says SMSFs have a preference for the banks and Telstra because they're household names and have a tendency to increase dividends from year to year. Based on my review of Telstra's dividend history, I'm not sure you could argue that its dividend payments have kept pace with inflation over the last 12 years.

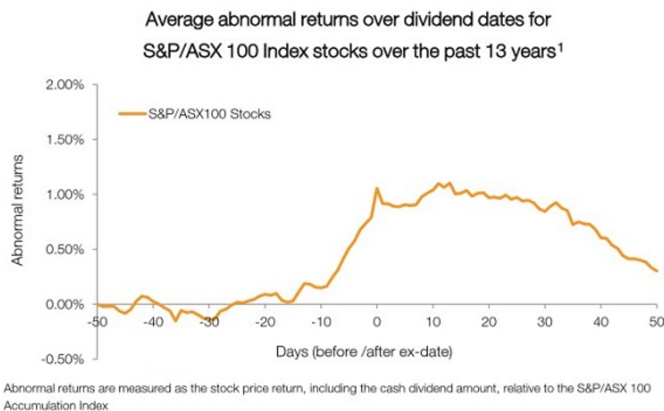
The dividend run-up phenomenon

As if to offer another twist to the chase for yield, it's often been noted that some stocks show an unusual share price increase (compared to the rest of the

market) between leading up to an announcement of their earnings, the dividend announcement and then becoming ex-dividend.

Obviously, this phenomenon doesn't happen all the time and often only with large listed Australian equities.

Macquarie Bank has launched a product to take into account this occurrence – called the Dividend Run-Up Fund – and, as part of their marketing, produced this interesting graph to show what can sometimes happen with some stocks:



Source: Macquarie, Bloomberg

Their strategy in this new product is to invest in S&P ASX100 All Ordinary Stocks where a price trend can be identified. Typically, this is liquid, high-dividend yielding stocks.

The return from the investment comes from the payment of the dividend as well as franking credits and potential capital gains on the increase in the market price of the share. Macquarie overlays a hedging strategy with the fund's investments to reduce "the fund's exposure to stock price falls and stock price increases". This "downside" protection obviously comes at a cost.

The fund has an unusual before-fee benchmark:

- 30% of the S&P/ASX100 Accumulation index.
- 70% of the UBS Australian Bank Bill index.

The portfolio is rebalanced every month and typically holds a small number of stocks and cash.

Macquarie charges a fee of 1.335% per annum as well as buy and sell spreads of 0.3% each. The rules of the fund allow a variable buy spread to be charged.

This new product was released to the market in mid September 2013. You can find out more about the Macquarie product here and to see a Private Binding Ruling from the ATO on this product click here.

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Bank fear and when to buy ETFs

by Questions of the Week

Question: *I think that I can put up with some significant fluctuation in capital values of my bank stocks over the years in my pension fund. My sensitive points would be reduced dividends and bankruptcy. With those thoughts in mind, I tend to think that even a regional like BOQ is still a fair bet for the next few years. Do you agree?*

Answer (By Peter Switzer): It's exactly what I am doing for my super fund. Of course I do have 20 stocks in my fund and so I do limit my exposure to a bankruptcy.

On dividends, sure, you can see a fall in dividends, but looking at CBA's returns, it only lasted a year and bounced back better than before.

We are all taking risks with shares over term deposits but that's the price we pay for wanting better returns.

Have a look at Charlie Aitken's story today.

Question 2: *I am keen to buy exchange traded funds (ETFs) but am unsure how to determine when a price is a "buy", when it is a "sell", and also when it is overpriced. Is there some guideline to help me make these decisions and from where do I get this information?*

Answer 2 (By Paul Rickard): Most ETFs are based off an 'index' (such as the S&P/ASX 200 or US S&P 500) and attempt to fully replicate the underlying components of the index. Accordingly, they have almost negligible tracking error.

Because they replicate in full and track the index so closely, the issuers of the ETF can appoint or arrange for "market makers" (brokers) to make an active two-way market on the stock exchange in the ETF. As the value of the underlying index changes during the day, the bid/offer prices on the ETF change. This process effectively becomes automated – so when you trade an ETF on the stock exchange, you are pretty well guaranteed that you are trading the ETF at a price that is within a fraction of a per cent of its underlying value.

The ASX tracks this (effectively, the spread between the bid and the offer price) and publishes it in its funds report (the most recent report, December 2013 is available here).

So, it is not really a question about the price of the ETF – it is a question about whether it is the right time to invest in that market or not.

If, on the other hand, you are considering LICs (Listed Investment Companies), this becomes a valid question because the price that the LIC is trading at in the secondary market can be "overpriced" or "underpriced" relative to its underlying value. Known as the "premium" or "discount" to Net Asset Value, these amounts can be material in percentage terms – often as high as 15%. These premiums or discounts arise due to supply/demand pressures and the fact that that the LIC is effectively a close-ended structure with a finite number of shares on issue. While not always the case, discounts tend to occur more in "bear" markets, and premiums in "bull" markets.

LICs are required by the ASX to report and publish their NTA at the end of every month. The ASX report noted above also covers LICs, and reports on the premium/discount using end of month market prices.

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