

Stick to divvies

By **JAMIE MYERS**
of PATERSONS

THE RBA's benchmark interest rate was left unchanged at 2.75 per cent at its July board meeting.

The accompanying rates decision commentary was again quite short, but left no doubt that our central bank retains an easing bias.

From a global perspective, the RBA was still not deviating from the consensus view that worldwide GDP growth would be "a bit below average" in 2013.

An environment of falling commodity prices remained in place, although oil has emerged as a key exception in recent weeks. The RBA commentary alluded to very accommodative financial

conditions in major overseas economies. It had little to say on the recent efforts by the Fed to prepare investors for a gradual tapering of its QE program, which has led to a material steepening in the US Treasuries curve (and with it, a ratchet up in US 30-year fixed rate mortgage rates).

The recent uplift in global bond yields have also caused some widening of credit spreads.

The July RBA rates decision commentary noted that the March 2013 quarter GDP data had pointed to a domestic economy expanding a bit below trend over the early part of 2013, and that there was no reason to think growth would perk up over coming months.

This as Australia adjusts to lower levels of mining investment.

The RBA believed our jobs market had softened a little in recent months and labour costs had moderated.

From a household spending perspective, the bank held to the view that the run of rate cuts implemented since late 2011 had already lent support to interest rate-sensitive spending and asset values and would continue to do so over the months ahead.

Looking at trends in the banking sector, the RBA conceded the pace of borrowing has remained relatively subdued, although it also saw signs of increased demand for finance by Australian households.

For all this, the RBA retained the

view that inflation levels should remain consistent with its medium-term target over the next one to two years, despite the falling dollar.

Since mid-2009 post the GFC we have advised superannuation clients to set up a diversified dividend compounding strategy to drive returns in a market that would likely range sideways.

At this stage we see nothing in the global macro to change our dividend compounding strategy.

With China slowing down and possibly some slowing in the US in late 2013, the primary concern with this strategy is yield sustainability, and we suggest this risk be in part mitigated by maintaining a high level of yield diversity.

Pleasant Surprise gathers interest



STOCK SNIPER

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Central Petroleum (CTP) — \$0.08

Central Petroleum (CTP) has got a research and development tax incentive refund from the Government which provides enough money to develop the Surprise West field.

Surprise West is an oil field with up to 6 million barrels of 2C contingent oil resources including 1.1 million barrels of 2P reserves.

The development cost of Surprise West is about \$5 million.

The amount of the refund has not been disclosed but is estimated to be up to \$3 million given CTP can fund 40 per cent of the Surprise development by borrowing \$2 million.

The Surprise West field is estimated to take three months to complete and to be paid back in nine months.

CTP is targeting a production licence approval by Q3 2013 with first production end 2013/early 2014.

CTP is still looking to farm down a portion of its interest in Surprise to a large-cap oil and gas company so as to provide additional funding for a wider exploration program on the Surprise acreage, targeting concluding a farmout by Q3 2013.

SPEC BUY.

Logicamms Limited (LCM) — \$1.33

We expect LCM to report its full-year result around August 21.

We forecast full-year net profit after tax of \$10 million, which reflects a softening in second-half growth, following the robust run rate in the first half of 2013.

However, in 2014 diversification into hydrocarbons will offset mining weakness and LCM's specialised engineering services will continue to drive sector-leading margins and growth.

We see value on offer; we reiterate our BUY rating with new \$1.65 target.

Stock picking is a tough game even amid best of times

By **ROGER MONTGOMERY**

HERE'S a question for you: what percentage of the time should you expect a highly skilled stock picker to be right in their investment decisions?

Clearly, if they are any good they should get more right than they get wrong, but how many do the really good stock pickers get right?

The answer may come as a surprise to some.

A stock picker who gets 55 right out of 100 is doing an excellent job, and ought to achieve very good returns over the long run.

Every now and then the market throws you an easy ball, one that you can confidently take a big swing at. But these opportunities are rare.

Most of the time the calls are much more difficult.

There are many investments that are easy to say "no" to, but not many that are easy to say "yes" to.

There are a couple of things that flow from this.

The first is: when you hear a hot stock tip, be aware that the prospects of a good outcome are far from certain. Unless they are well researched, these types of tips may give you no better than even odds.



The other one is the need for consistency and discipline — having an investment process, following it, and making sure you maintain a diversified portfolio are all central to a good outcome in the long run.

ANZ BANK — \$28.64
Over long periods of time the Big Four Australian banks have provided some good returns to investors. Capital growth hasn't always been spectacular but with dividends the total returns have generally been fairly good. It pays to be discerning, however.

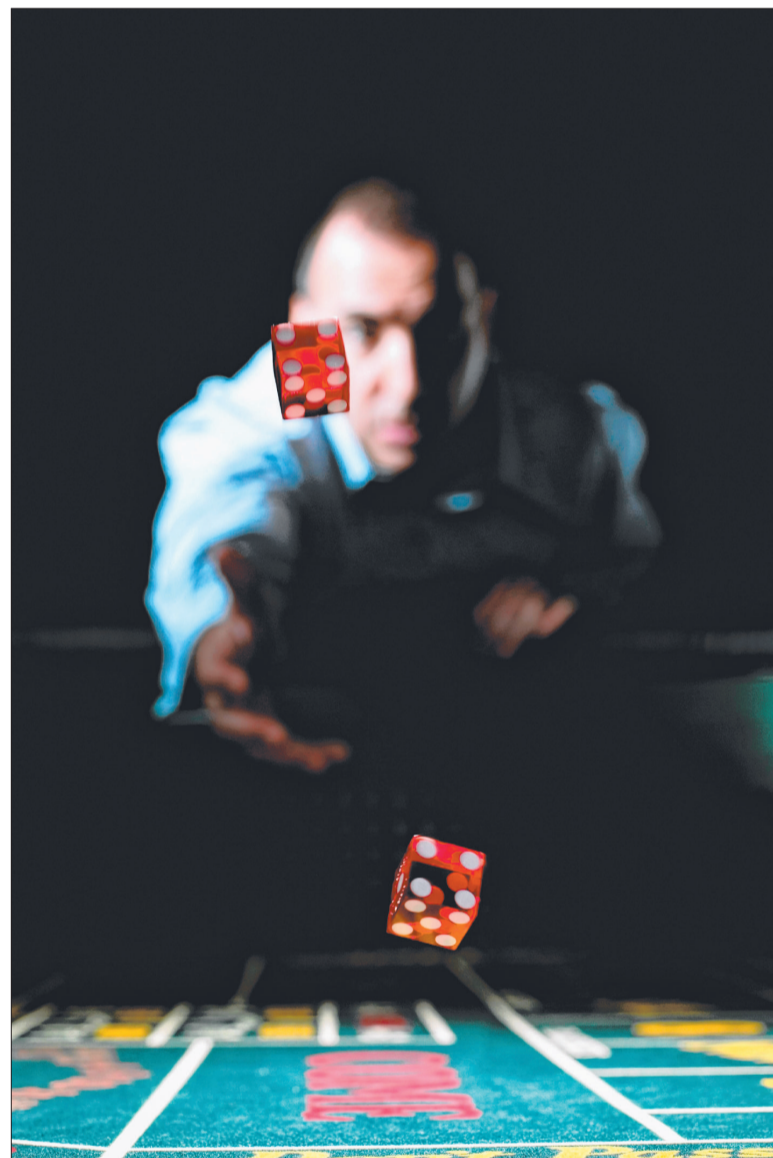
While the share prices are highly correlated in the short term, long-term performances have been very different. One that has caught our attention recently is ANZ.

Traditionally not as strong as CBA, ANZ has been growing earnings and value in recent years.

If it enjoys success with its Asian expansion, there is scope for an extended period of further growth.

Roger Montgomery is the Chief Investment Officer of Montgomery Investment Management.

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Stock pickers are excellent if they can beat chance 55 per cent of the time

NORTHERN EXPOSURE

Your guide to ASX-listed companies operating in the Northern Territory

* Latest prices were correct at the time of going to press

ASX Code	Company name	Last price	Change	ASX Code	Company name	Last price	Change	ASX Code	Company name	Last price	Change	ASX Code	Company name	Last price	Change
AAR	Anglo Australian	0.003	-0.011	EME	Energy Metals Ltd	0.19	-0.17	MNM	Mantle Mining Corp.	0.035	-0.058	SEG	Segue Resources	0.002	-0.027
ADN	Adelaide Resources	0.087	-0.013	ERA	Energy Resources	1.375	-2.175	MTH	Mithril Resources	0.017	-0.063	SFR	Sandfire Resources	5.51	-1.81
ADY	Admiralty Resources	0.019	-0.032	ERM	Emmerson Resources	0.04	-0.07	MTN	Marathon Resources	0.025	-0.125	STO	Santos Ltd	13.93	2.03
AIW	Ausamerican Min Corp	0.016	-0.008	ERO	ERO Mining Limited	0.004	-0.02	MZI	MZI Res Ltd	0.015	-0.004	SXM	Sa Metals Limited	0	0
AIX	Australian Infr Ltd	0.011	-1.779	EXG	Excelsior Gold Ltd	0.092	0.035	MED	Merlin Diamonds Ltd	0.125	-0.165	TAM	Tanami Gold NL	0.056	-0.924
AJL	AJ Lucas Group	1.23	-0.12	EXM	Excalibur Mining	0.027	0.025	NMI	Northern Mining	0.006	-0.032	TND	Top End Minerals Ltd	0.02	-0.048
AJM	Altura Mining Ltd	0.145	-0.02	FCR	Ferrum Crescent Ltd	0.014	-0.151	NRU	Newera Resources Ltd	0.006	-0.049	THR	Thor Mining PLC	0.007	-0.018
AMM	Amcom Telecomm.	2.02	1.685	FSE	Firestone Energy Ltd	0.006	-0.008	ERU	Equator Resources	0.024	-0.111	THX	Thundelarra Ltd	0.03	-0.26
AQC	Auspaccoal Ltd	0.013	-0.034	GBA	Grandbridge Limited	0.033	-0.043	NTU	Northern Min Ltd	0.13	-0.46	TNG	TNG Limited	0.046	-0.045
ARO	Astro Resources NL	0.001	-0.002	GLM	Gulf Mines Limited	0.006	-0.009	CEN	Central Aus Phos Ltd	0.019	-0.008	TOE	Toro Energy Limited	0.082	0.007
ARU	Arafura Resource Ltd	0.083	-0.497	GSE	Goldsearch Limited	0.007	-0.024	NXS	Nexus Energy Limited	0.078	-0.167	TPT	Tangiers Petroleum	0.21	-0.04
ATR	Astron Corp Ltd	0.75	-2.05	GTP	Great Southern Ltd	0	0	OKU	Oklo Resources Ltd	0.004	-0.026	TRM	Truscott Mining Corp	0.022	-0.153
BMY	Brumby Resources	0.008	-0.127	NTL	New Talisman Gold	0.01	-0.008	OMH	OM Holdings Limited	0.345	-0.435	TTY	Territory Resources	0	-0.48
BND	Bandanna Energy	0.12	-1.155	IDO	Indo Mines Limited	0.056	-0.529	ORD	ORD River Resources	0.006	-0.064	TUC	TUC Resources Ltd	0.03	-0.13
BNT	Bounty Mining Ltd	0.025	0	IGO	Independence Group	2.6	-2.84	PDY	Padbury Mining Ltd	0.002	-0.014	UEQ	Uranium Equities	0.026	-0.05
WTR	World Titanium Res	0.195	0.125	IRC	Intermin Resources	0.059	-0.071	PGS	Planet Gas Ltd	0.022	-0.018	EYM	Elysium Resources	0.013	-0.011
CMR	Compass Resources	0.15	0	IVR	Investigator Res Ltd	0.15	0.092	POZ	Phosphate Aus Ltd	0.011	-0.076	IzM	Intercept Minerals	0.003	-0.087
CRE	Crescent Gold	0	-0.06	JMS	Jupiter Mines	0.081	-0.329	PRW	Proto Resource & Inv	0.001	-0.037	AYE	Avocet Res Ltd	0.04	-0.046
CSV	CSG Limited	0.985	0.05	KGL	Kentor Gold Limited	0.23	0.136	PSP	Prosperity Resources	0.01	-0.032	UUL	United Uranium	0.06	-0.03
CTM	Centaurus Metals Ltd	0.115	0.031	KOR	Korab Resources	0.04	-0.14	QTM	Quantum Energy	0.008	-0.017	UXA	UXA Resources Ltd	0.002	-0.018
CTP	Central Petroleum	0.078	0.008	LAS	Lasseters Corp.	0.01	0	RAW	Rawson Resources	0.07	-0.01	WDR	Western Desert Res.	0.7	0.445
CUX	Crossland Metals Ltd	0.026	-0.074	LMG	Latrobe Magnesium	0.005	-0.026	RCP	Redbank Copper Ltd	0.003	-0.006	WGR	Westgold Resources	0	-0.215
CXU	Cauldron Energy Ltd	0.11	-0.03	MAH	Macmahon Holdings	0.145	-0.33	RDJ	Red Metal Limited	0.09	-0.09	WPL	Woodside Petroleum	36.75	0.42
DLS	Drillsearch Energy	1.27	0.765	MAK	Minemakers Limited	0.115	-0.22	RIO	Rio Tinto Limited	52.39	-19.96	YRR	Yellow Rock	0.006	-0.015
DMA	Dynasty Metals	0.04	-0.12	MEI	Meteoritic Resources	0.017	-0.04	RUM	RUM Jungle Res	0.15	-0.075				
DYL	Deep Yellow Limited	0.044	-0.111	MEO	MEO Australia Ltd	0.06	-0.095	RWD	Reward Minerals Ltd	0.24	-0.79				
EAF	East Africa Res Ltd	0.008	-0.112	MMR	Mec Resources	0.037	-0.103	RXL	Rox Resources	0.035	0.003				