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STOCKS TO WATCH with Tom Ellison

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■ AMP Limited (AMP) sell

HERE'S THIS week's prediction – write it down somewhere safe. Within a decade, AMP, once a life insurance colossus, will be a minor subsidiary of National Australia Bank. Former union heavyweight and now Assistant Treasurer Bill Shorten has virtually guaranteed AMP's demise by declaring the sort of practices which have made the financial planning industry fat and lazy will be banned. In the future, financial planners will have to act in the best interests of their clients. That's a paradigm completely opposite to the traditional life insurance business, where the agent flogs products to consumers in an attempt to make their employer rich. One could argue the proposed reforms don't go far enough – there are compelling reasons to pull the pin on the whole commission-based structure of the insurance industry. But although I question

his motives (the biggest winners from this are union-backed super funds), I commend Bill Shorten for at least making a start.

■ Equinox Minerals Limited (EQN) hold

AFTER Chinese outfit Minmetals' opportunistic \$7 cash bid for copper miner Equinox was met by a less than enthusiastic reception, gold company Barrick has won the day with a higher bid. Equinox' Board has recommended shareholders accept the \$7.7 billion offer. There's a problem for local investors though – the \$8.15 pitch is in Canadian dollars, resulting in a not-so-good deal when converted into local currency. Yes, Equinox is trading at around \$7.80, a nice premium on a month ago. But it could be argued Equinox, to Australian investors at least, is potentially worth far more when the local currency returns to a sane level. I'm not a seller at this stage, preferring to wait until any

chance of a higher bid disappears.

■ Altona Mining Limited (AOH) speculative buy

FOUR YEARS ago, I suggested the Australian Mint would have to cease production of 20 cent coins as the embedded value of the nickel was approaching the face value. Nickel is passé now – gold and copper are where the action is. So for those still hoarding vast quantities of old copper coins, by my calculations, each Australian 2c coin now contains nearly 5c worth of copper. Anyway, assuming Equinox disappears to offshore ownership, there isn't a lot of choice left for a pure copper play. Altona, which owns reserves in both Australia and Finland, is worthy of a look. Production won't start (in Finland) until next calendar year and there's a lot of risk here, but I believe the share price doesn't reflect the true worth of the company.

