Finance
A handy way to buy the big miners

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823 words
6 May 2011
The Australian
AUSTLN
1 - All-round Country
25
English

Global Mining Investments (GMI) $1.26

ONE view of Swiss resources house Glencore's $US11 billion ($10.3bn) raising and IPO is that it rings the bell on the **mining** boom.

British analysts were quick to decry the indicative pricing for the raising, which will value Glencore at $US55bn, as ``well up the hill'' and ``way out of line''.

It doesn't help that Glencore chief and 18 per cent holder Ivan Glasenberg becomes a billionaire 10 times over.

GMI, a listed **mining** investment company, is in the fortunate position of having an existing exposure to by way of convertible bonds issued in 2009.

These notes account for 6.5 per cent of GMI's $320 million portfolio, the fund's fourth-biggest exposure behind BHP Billiton, Rio Tinto and Vale.

GMI's John Robinson says the $15m swag of bonds, convertible on a one-for-one basis, were recently revalued at $22.3m.

They are convertible at GMI's behest ahead of the IPO, while Glencore can call them in within 18 months after listing.

``We would expect the convertible bonds will move in price to reflect the valuation of the IPO,'' Robinson says.

As is usual for listed investment companies, GMI shares are trading well below after-tax net asset backing of $1.46 a share.

GMI offers one-stop exposure to the big miners, many of which aren't locally accessible -- such as Vale, Freeport McMoran, Teck Resources and Xstrata (of which Glencore owns 34 per cent).

Robinson doesn't agree Glencore is overvalued, citing a stampede by investors accounting for 30 per cent of the stock (including GMI's manager, BlackRock)

He says while there's ``froth and bubble'' in commodities because of derivatives and exchange traded fund activities, the longer-term demand picture is robust. Buy.

National Australia Bank (NAB) $27.01

THE biggest of the big four in the 1990s is now the baby, which says volumes about its performance.

But the big four take turns in the doghouse and investors view NAB's interim result as clearly superior to ANZ's and Westpac's.

NAB's cash earnings of $2.668bn, up 21 per cent, beat consensus expectations of $2.55bn.

NAB posted decent revenue growth and maintained overall loan margins while making nice with customers and growing the home loan book by 11 per cent.

The bank has also minimised its loan margin compression: not so much ``more give, less take'', as a bit of give and a bit of keep.

NAB's performance is all the more noteworthy because of its presence in moribund Britain, where its underlying earnings rose 2 per cent despite flat lending and a shrinking real estate book.

And NAB chief executive Cameron Clyne is also far more upbeat about the local economy -- including a pending business-lending recovery -- than ANZ gloomster Mike Smith or Westpac's carbon worrier Gail Kelly.

We had NAB as a long-term buy at $25.99 on February 10 and maintain the call. Arguably, there's more downside than upside with the British arm as the economy there, inspired by young regal love, bursts back to life.

oOh! Media (OOH) 22.5c

IS there an ownership reshuffle looming in the outdoor ad sector?

The pure-play oOh has attracted the unwanted attention of Kuala Lumpur-based Qatar Media Services -- and has marched off to the takeovers umpire.

On April 21, QMS revealed a 19.9 per cent OOH stake, acquired by converting a swag of call options and a subsequent off-market transfer from William Shaw, a mob who took up shares in last December's $20m raising at 20.2c apiece.

OOH in part has complained that QMS and counterparty PFG failed to disclose their call option deed, leading to an ``inefficient, uncompetitive and uninformed market''. OOH also says QMS failed to obtain ``expeditious'' shareholder approval for its call option deed with William Shaw.

This is the abridged version and we'll leave the rest to the Takeover Panel's legal scholars. The pertinent point for OOH holders is that QMS was willing to exercise the shares at 30c, at a time when the shares were in the low 20c band (where they remain).

QMS, Arabic TV network al-Jazeera's representative in the region, is known to be on the hunt for signage acquisitions.

We last had OOH as a speculative buy at 22c in November last year and maintain the call.

Even if we're over-hyping the corporate intrigue, the outdoor ad sector is outperforming the TV and print sectors.

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