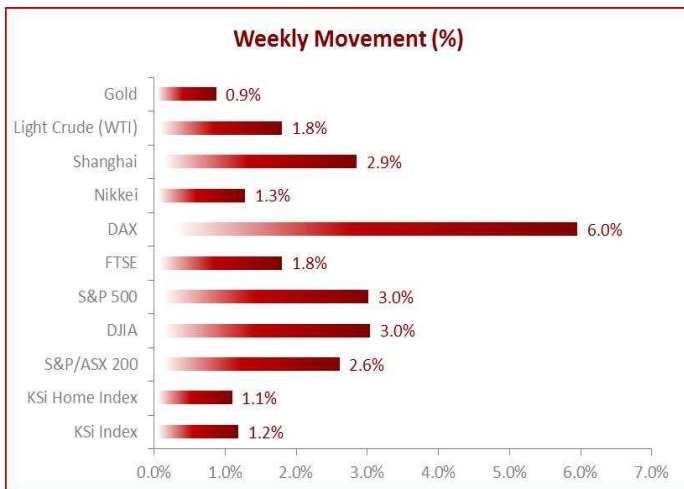


| Prices as at POM Close on Friday                | 01-Jul-16 | % change for the: |        |        |        |
|---|-----------|-------------------|--------|--------|--------|
|   |           | Week              | Month  | YTD    |        |
| <b>Domestic</b>                                 |           |                   |        |        |        |
| KSi Index                                       | 4,627.05  | 1.2%              | 3.6%   | 35.4%  |        |
| KSi Home Index                                  | 9,668.44  | 1.1%              | 3.5%   | 0.7%   |        |
| <b>POMSox shares (K/share) Arbitrage POMSox</b> |           |                   |        |        |        |
| Bank South Pacific                              | 8.10      | 1.3%              | 4.5%   | 8.0%   |        |
| Credit Corporation                              | 1.68      | 0.6%              | 0.6%   | -25.3% |        |
| City Pharmacy                                   | 1.18      | 0.0%              | -8.5%  | -11.3% |        |
| Kina Asset Management Limited                   | 0.97      | 0.0%              | 0.0%   | 14.1%  |        |
| Kina Securities Limited                         | 2.34      | 2.41              | 0.4%   | 7.1%   | -9.1%  |
| Oil Search Limited                              | 16.20     | 17.00             | 0.0%   | 3.0%   | 20.9%  |
| Highlands Pacific Limited                       | 0.13      | 0.15              | 0.0%   | -25.0% | -25.0% |
| Newcrest Mining Limited                         | 56.67     | 44.00             | 2.3%   | 4.8%   | 69.2%  |
| <b>Australia</b>                                |           |                   |        |        |        |
| S&P/ASX 200                                     | 5,246.61  | 2.6%              | -1.4%  | -0.9%  |        |
| S&P/ASX 50                                      | 5,200.60  | 2.7%              | -1.6%  | -2.8%  |        |
| <b>USA*</b>                                     |           |                   |        |        |        |
| DJIA  | 17,929.99 | 3.0%              | 0.7%   | 1.9%   |        |
| S&P 500   | 2,098.86  | 3.0%              | 0.0%   | 1.7%   |        |
| NASDAQ  | 4,842.67  | 2.9%              | -2.0%  | -4.4%  |        |
| <b>Europe*</b>                                  |           |                   |        |        |        |
| FTSE  | 6,504.33  | 6.0%              | 4.7%   | 3.7%   |        |
| DAX   | 9,680.09  | 1.3%              | -4.2%  | -9.9%  |        |
| CAC 40  | 4,237.48  | 3.2%              | -4.2%  | -9.4%  |        |
| <b>Asia*</b>                                    |           |                   |        |        |        |
| Nikkei  | 15,682.48 | 4.9%              | -5.8%  | -17.6% |        |
| Hang Seng                                       | 20,794.37 | 2.6%              | -0.7%  | -5.1%  |        |
| Shanghai  | 2,935.70  | 2.9%              | -0.1%  | -17.3% |        |
| <b>Commodities*</b>                             |           |                   |        |        |        |
| Light Crude (WTI)                               | 48.50     | 1.8%              | -0.2%  | 32.3%  |        |
| Brent Crude                                     | 49.94     | 3.2%              | 0.6%   | 36.5%  |        |
| Gold  | 1,334.00  | 0.9%              | 7.3%   | 25.7%  |        |
| <b>Currencies*</b>                              |           |                   |        |        |        |
| PGK/USD   | 0.3160    | 0.0%              | 0.0%   | -5.0%  |        |
| PGK/AUD   | 0.4235    | 0.3%              | -2.9%  | -7.0%  |        |
| AUD/USD   | 0.7462    | -0.1%             | 3.0%   | 2.2%   |        |
| USD/JPY   | 102.730   | 0.5%              | -5.5%  | -14.7% |        |
| EUR/USD   | 1.1088    | -0.3%             | -0.5%  | 1.4%   |        |
| GBP/USD   | 1.3301    | -2.8%             | -7.7%  | -10.3% |        |
| <b>Ten year Government Bond yields*</b>         |           |                   |        |        |        |
| United States                                   | 1.42%     | -0.14%            | -0.28% | -0.87% |        |
| Australia                                       | 1.95%     | -0.05%            | -0.28% | -0.93% |        |
| Japan   | -0.25%    | -0.08%            | -0.16% | -0.52% |        |
| PNG   | 12.08%    | 0.00%             | 0.04%  | 0.92%  |        |

\* Reported as at POM close Friday; Hence North American and European markets Thursday night close.

**Disclaimer:**  
This report was prepared as a private communication to clients and was not intended for public circulation or publication or for the use of any third party, without the approval of Kina Funds Management Ltd ("KFM"). While this report is based on information from sources, which KFM consider reliable, its accuracy and completeness cannot be guaranteed. KFM, its directors and employees do not accept any liability for the result of any actions taken on the basis of or without consideration of any specific client's investment objectives, financial situation or needs. Those acting upon such information without first consulting KFM do so at their own risk. It is recommended that any persons who wish to act upon this report consult with KFM before doing so.



## Domestic

- The National Executive Council has approved plans to sell down 4.3% of national government equity in the PNG LNG Project to a beneficiary group that includes five provincial governments and landowners. The NEC decision, based on a submission signed by PM, Treasurer and Finance Minister would enable representatives appointed by the Beneficiary Group to commence due diligence work to determine an appropriate purchase price for LNG equity
- The PNG Chamber of Mines and Petroleum has welcomed the recent lodgement and registration of a Special Mining Lease application for the Frieda River copper-gold project. Executive Director Greg Anderson in a statement noted the importance of the SML application and said the project represented the next generation of mining operations in the country. And if developed, it has the potential to make a strong contribution to national economy through development of major shared-use infrastructure
- Commenting on the decision by Great Britain (UK) to leave the European Union (Brexit), British High Commissioner to PNG, Simon David Tonge said Brexit will not have immediate implications on the two-way trade between PNG given the fact that UK will still remain a full member of the European Union for up to 2 years
- New Guinea Energy Limited has officially ceased trading on Port Moresby Stock Exchange (POMSoX) as at 22 June 2016. This was announced by the Company Secretary, Justin Mouchacca in April as a result of minimal trading on POMSoX which did not warrant administrative cost incurred by the company
- Kina Asset Management Limited (KAML) chairman Sir Rabbie Namaliu announced at its annual general meeting that the company generated an investment gain of 9.0% and an NPAT of K4.7m. He further announced that as part of KAML's continued commitment to providing regular returns to shareholders, the company will be paying a dividend of K0.03 toea per share for the 2015 financial year
- City Pharmacy Limited's (CPL) Stop N Shop yesterday opened its new outlet at Harbour City in Port Moresby. CEO Mr Ravi Singh said K18.5m was invested in establishing the outlet – with K10.0m paid by the East New Britain Government and K8.5m by CPL. The East New Britain Corporation Group of Companies is the business arm of the provincial government
- InterOil Corporation (IOC) has advised Oil Search Limited (OSH) that it has received an unsolicited, conditional non-binding proposal from another party. OSH presumes that the proposal is subject to due diligence and documentation. Further, the IOC board of directors continues to unanimously recommend the OSH transaction to its shareholders. OSH notes that proposed completion of the OSH/IOC transaction's schedule remains unchanged and related Notice of Meeting and Management Information Circular have now been dispatched to IOC shareholders
- Air Niugini has successfully met all regulatory safety standards and requirements after undergoing audit in order to have its aircraft operating certificate (AOC) renewed. The AOC, which is valid for another 5 years, was presented to Air Niugini this week by the Civil Aviation Safety Authority of PNG (CASA-PNG) to Air Niugini Chairman, Sir Frederick Reiher who said that the AOC was reflective of the regulators confidence in the airline
- Rio Tinto released an announcement on the Australia Security Exchange (ASX) that it was relinquishing ownership of the Panguna Mine on Bougainville. Port Moresby based, BCL company secretary Mark Hitchcock said Rio Tinto's shares in BCL will be transferred to an independent trustee. He further said that board of directors are presently taking appropriate advice regarding the matter as consequences of this action may affect the company. As a result of the RIO Tinto announcement, BCL shares have surged 40.0% on the ASX
- This week's BPNG auctions in Central Banks Bills were offered for 28 day and 63 day maturities with an over-subscription of K477.0m out of a total of K275.0m on offer. The weighted average yield was 1.1% and 2.4%, respectively
- Auctions in Treasury Bills were under-subscribed by K103.5m from a total offer amount of K234.3m. Weighted average yields were 2.6% for 91 days, 4.7% for 182 days, 7.7% for 364 days over the same period
- The KSi closed the week 1.2% higher at 4,627.1 points on the back of an 2.3% increase in Newcrest Mining (NCM) followed by a 0.4% increase in Kina Securities (KSL), the KSHi was also up 1.1% to end at 9,668.4 points supported by a 1.3% gain in local banking stock BSP and 0.6% gain in CCP on the POMSoX

## International

- European shares rose for a third straight session on Thursday, with expectations of central bank stimulus helping ease jitters over Britain's vote last week to exit the European Union. The European Central Bank (ECB) said it may need to expand the scope of its bond purchasing program in order to provide extra stimulus within the Eurozone. European stocks gained 6.8%, making the best recovery since 2011
- US markets followed suit in light of the Bank of England (BOE) Governor, Mark Carney's statement echoing the possibility of Central Bank's need to pump more stimulus into Britain's economy in wake of the Brexit shock. The Dow Jones, S&P 500 and Nasdaq ended Thursday's session higher up 1.3%, 1.4% and 1.3%, respectively
- Asian stocks rose after tracking global stocks' third day of recovery from the post-Brexit sell-off despite a slew of downbeat data from China and Japan. The Nikkei was up 4.9%, the biggest weekly gain since mid-April

Sources: Asian Development Bank, Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald

## KINA FUNDS MANAGEMENT LIMITED TEAM

### General Manager

**Victor Shubin** victor.shubin@kina.com.pg

### Team Leader, Investment Analysis & Research (TBA)

### Team Leader, Portfolio Administration & Compliance

**Mary Tamarua** mary.tamarua@kina.com.pg

### Quantitative Financial Analyst

**Noelyne Togs** noelyne.togs@kina.com.pg

### Risk Management

**Michael Van Dorssen** michael.vandorssen@kina.com.pg  
**Tangaloa Kema** tangaloa.kema@kina.com.pg

### Investment Analysis & Research

**Charles Wama** charles.wama@kina.com.pg  
**Lawrence M. Kote** lawrence.kote@kina.com.pg  
**Mark Kanawi** mark.kanawi@kina.com.pg  
**Meagan Namaliu** meagan.namaliu@kina.com.pg

### Portfolio Administration & Compliance

**Dagu Hebore** dagu.hebore@kina.com.pg  
**Daisy Yinanguie** daisy.yinanguie@kina.com.pg  
**Edward Misiliu** edward.misiliu@kina.com.pg  
**Stefan Nonggorr** stefan.nonggorr@kina.com.pg  
**Mago Vele** mago.vele@kina.com.pg

### Administration Support

**Kamate Rapilla** kamate.rapilla@kina.com.pg

## DISCLAIMER

### General Disclosure

This report is for our clients only. All information contained herein is obtained by Kina Funds Management Limited (KFM) and/or Kina Group of Companies (Kina Group) from sources believed by it to be accurate and reliable. Whilst every care has been taken in the compilation of this Report and all information is believed to be accurate, No liability is accepted by KFM and/or Kina Group or its subsidiaries, or any of their officers, employees or agents for any errors or omissions in this Report. All information is provided "as is" without warranty of any kind and KFM and/or Kina Group, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any such information. Opinions and recommendations are subject to change without notice and cannot be relied on without independent confirmation. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.

This document is confidential and intended only for authorised clients of KFM and/or Kina Group.

### Conflict Disclosures

KFM and/or Kina Group, its Directors, officers, employees or agents may own shares in the Companies stated in this Report, but under no circumstances shall KFM and/or Kina Group have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstances or contingency within or outside the control of KFM and/or Kina Group or any of its Directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory, or incidental damages whatsoever (including without limitation, lost profits), even if KFM and/or Kina Group is advised in advance of the possibility of such damages, resulting from the use of or inability to use any such information. Past performance of Companies reviewed herein are not, and should not be held as indicators of the of the entities future performance. The information contained herein is, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities.

KFM and/or Kina Group seek to do business with companies mentioned in research reports. Accordingly, KFM and/or Kina Group employees and/or directors may have a conflict of interest. Investors should be aware of this potential for conflicts of interest, and should consider KFM and/or Kina Group research reports as just one aspect of their investment decisions.