

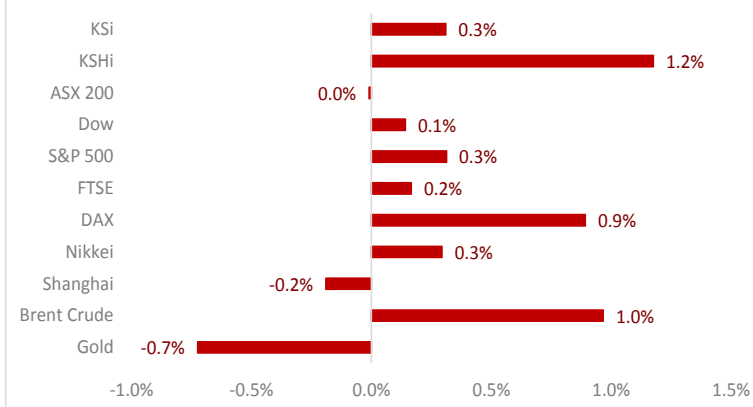
Prices as at POM Close on Friday	29-Sep-17	% change for the:			
		Week	Month	YTD	
Domestic					
KSi Index	5,221.42	0.3%	4.7%	8.5%	
KSi Home Index	11,135.20	1.2%	0.3%	4.8%	
<i>POMSox shares (K/share) Arbitrage POMSox</i>					
Bank South Pacific	9.60	1.1%	0.0%	6.7%	
Credit Corporation	1.78	0.0%	0.0%	-5.3%	
City Pharmacy	0.98	0.0%	0.0%	-2.0%	
Kina Asset Management Limited	0.94	-1.1%	-1.1%	-3.1%	
Kina Securities Limited	2.12	2.60	0.0%	0.0%	-3.7%
Oil Search Limited	17.56	17.16	0.6%	0.9%	-1.9%
Highlands Pacific Limited	0.16	0.16	0.0%	0.0%	-15.8%
Newcrest Mining Limited	52.72	54.00	0.0%	8.0%	17.4%
Australia					
S&P/ASX 200	5,681.60	0.0%	-0.8%	0.3%	
S&P/ASX 50	5,620.80	-0.1%	-0.9%	-0.7%	
USA*					
DJIA	22,381.20	0.1%	1.8%	13.3%	
S&P 500	2,510.06	0.3%	1.4%	12.1%	
NASDAQ	6,453.45	0.4%	0.3%	19.9%	
Europe*					
FTSE	7,322.82	0.2%	-1.6%	2.5%	
DAX	12,704.65	0.9%	4.6%	10.7%	
CAC 40	5,293.77	0.2%	3.3%	8.9%	
Asia*					
Nikkei	20,356.28	0.3%	3.4%	6.5%	
Hang Seng	27,518.83	-1.3%	-1.6%	25.1%	
Shanghai	3,346.17	-0.2%	-0.6%	7.8%	
Commodities*					
Light Crude (WTI)	51.43	1.5%	8.8%	-4.3%	
Brent Crude	57.41	1.0%	8.8%	1.0%	
Gold	1,288.10	-0.7%	-3.2%	11.8%	
Currencies*					
PGK/USD	0.3125	0.0%	-0.3%	-0.8%	
PGK/AUD	0.3987	1.2%	0.9%	-8.4%	
AUD/USD	0.7839	-1.2%	-1.2%	8.3%	
USD/JPY	112.6900	0.7%	2.3%	-3.4%	
EUR/USD	1.1774	-1.6%	-1.0%	11.7%	
GBP/USD	1.3410	-1.3%	3.8%	9.1%	
Ten year Government Bond yields*					
United States	2.32%	0.07%	0.15%	-0.13%	
Australia	2.84%	0.04%	0.18%	0.07%	
Japan	0.07%	0.03%	0.07%	0.02%	
PNG	10.53%	0.00%	0.00%	0.27%	

* 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 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.

Weekly Movement (%)



Sources: Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald, Loop PNG, POMSoX Release

Domestic

- The National government handed down a mini budget of K800.1m and was approved by Parliament during the week. Deputy Prime Minister and Treasury Minister Charles Abel said the government is taking bold steps in its 100-day, 25-point plan to maintain budget deficit at 2.5% of GDP and debt to GDP ratio leveled at 32.1%, a drop from 32.4% from comparative period. He explained that expected revenue was reduced from K11.5m to K11.0m and expenditure and net lending was reduced to K12.9m from K13.3m in order to keep up the fiscal deficit position of the 2017 budget
- In the meantime, the parliament also sanctioned the amendments in the Fiscal Responsibility Act which now increases the GDP Ceiling range from 30 to 35% in order to assist the government in managing fiscal and financing policies through economic downturns
- Prime Minister Peter O'Neil revealed that the State has fully repaid the UBS loan with all accrued interest and made K120.0m from the sale proceeds of OSH shares. PM O'Neil also confirmed that K200.0m was held in a trust account with Central Bank and will be paid to the landowners after the completion of clan vetting process
- The PNG Tourism Promotion Authority announced plans to assist Air Niugini to resume flights between Port Moresby and Shanghai in China by next year. Director Marketing and Research Alice Kuaningi said China is becoming a major tourism market for PNG. She added that engagement was already made with China's trade and investment sector in trainings and workshops to assist local operators to meet Chinese demands for tourism products in the country
- Oil Search MD Peter Botten said that the extractive sector can solve the problem of foreign exchange (FX) shortage in the country while doubling the production of natural gas by 2023 through commitment towards nation building. He said the sector has the capability to invest K60.0b for the next five years to grow businesses and fix the FX issue with the potential to continue production for more than 50 years
- The China Railway Construction Engineering Group (PNG) through its subsidiary Real Estate Company are embarking on to develop a new 23 stories office complex that will be erected in Port Moresby's central business district. General manager Shengwei Li said the firm will inject K118.0m (USD37.0m) into the project which will comprise of 11 floors of offices and 7 floors of car park including a sky garden and cafeteria. He added that the project is set to be completed in August 2019 and structural to be completed before the APEC summit in 2018
- This week's BPNG auctions in Central Bank Bills were offered for 28 days only with an under-subscription of K23.0m out of total amount of K372.5m on offer. The weighted average yield for 28 days remained unchanged at 1.37% from the previous week
- This week's BPNG auctions in Treasury Bills were over-subscribed by K4.0m out of a total amount of K308.1m on offer. Weighted average yields for 91 days, 182 days, 273 days and 364 days were 2.48%, 4.73%, 6.73% and 8.00% respectively
- The KSi Index ended the week positively with a gain of 0.3% to close at 5,221.42 buoyed by the rise in share price of Bank South Pacific and Oil Search which ended at K9.60 and K17.16 respectively. The KSi Home Index was also up by 1.2% to close at 11,135.20 points

International

- US stocks closed with slight gains but the advance was enough to record all-time highs for the Dow. The DJIA rose 40.49 points or 0.14% to close at 22,381.20 points
- European stocks headed by banks gained for a 10 week high as President Donald Trump's plan to fix tax sent hopes for a bet on rising rates, inflation and securities prices in United States. The FTSE, DAX and CAC 40 all rose for the week by 0.2%, 0.9% and .2% respectively
- Japan's Nikkei share average was up by 3.4% in September as a result of weaker yen contributing 1.4% for the quarter to a total of 6.2% gain in 2017. The Nikkei share average remained solid during the week but was down by 0.3% at 20,305.04 points on Friday due to month end impact
- The ASX concluded the week on a quiet note with the S&P/ASX 200 index ending flat, at 5,681.60 points. For the month it dropped by 0.8 per cent compared to the previous month. Similarly, the S&P/ASX 50 index finished at 5,628.7 points, down by 0.1 per cent for the week and 0.9% for the month
- PGK/USD remained unchanged for the week to close at 0.3125 while PGK/AUD appreciated by 1.2% to end at 0.3987
- AUD/USD declined by 1.2% to end the week at 0.7839 following proposed changes to both private and corporate tax systems by US president Donald Trump. The suggested tax amendments, if passed, would result in the biggest shift in US taxation for 30 years

KINA FUNDS MANAGEMENT LIMITED TEAM

Executive General Manager- Wealth

Deepak Gupta deepak.gupta@kina.com.pg

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

Investment Analysis & Research

Charles Wama charles.wama@kina.com.pg
Lawrence M. Kote lawrence.kote@kina.com.pg
Gareth Rus gareth.rus@kina.com.pg

Portfolio Administration & Compliance

Mareta Moang mareta.moang@kina.com.pg
Dagu Hebore dagu.hebore@kina.com.pg
Daisy Yinanguie daisy.yinanguie@kina.com.pg
Teddy Aipeta teddy.aipeta@kina.com.pg
Gaius Muruket gaius.muruket@kina.com.pg
Serah Kokun serah.kokun@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.