



# HOT STOCKS

These share tips are considered opinions and readers should seek personal financial advice before investing

**Buy**

**QBE Insurance Group (QBE)**

QBE is one of the best-managed insurance groups in the global general insurance and re-insurance industry. An enviable track record of strong earnings, with a minor blemish following the events of September 11, 2001, is testament to a first-class business model and conservatism. Extensive risk management is in place to protect all stakeholders. A growth strategy based on the combination of organic growth and insightful acquisitions has delivered well above-average growth in earnings and dividends.

**Speculative Buy Extract Resources (EXT)**

Extract Resources has released results from its Garnet Valley and Rossing South prospects in its 100 per cent-owned Husab project in Namibia. High-grade intersections from Garnet Valley and initial intercepts



**Paul Adams**

D.J. Carmichael

from Rossing South continue to impress with additional potential for both prospects.

**Speculative Buy Cortona Resources Limited (CRC)**

CRC has released the results of its first deep RC hole into the Exeter Farm project in southeastern New South Wales. Exeter Farm was the first anomaly identified after conducting analysis of the data at nearby Dargues Reef, which CRC is drilling to add to existing resources of 310,000 ounces of gold. The first hole at Exeter Farm intersected 19m at 5.6g/t gold from 47m, with geology very similar to that at Dargues Reef. An auspicious start to a very exciting gold play.

**Buy**

**CSL Ltd (CSL)**

As one of the largest blood-plasma global producers, CSL is well positioned because demand exceeds supply for its products. Its Gardasil vaccine for cervical cancer also gives CSL ongoing royalty revenue. CSL is launching another product, Privigen, on the US market in March. It is expected to generate substantial sales and estimated figures may be conservative.

**Buy**

**Mirvac Group (MGR)**

MGR said Dubai-based property developer, Nakheel, had lifted its stake in the company to about 12 per cent. The placement of \$300 million was at a price of \$5.20. As a result, MGR has reduced its debt level from 35 per cent to 30 per cent, putting it in a strong position to make opportunistic purchases during the current volatile markets. The Nakheel



**Heather Zampatti**  
Bell Potter Securities

stake shows its confidence in the Australian market and its desire to access MGR's developmental skill set and IP.

**Buy**

**Woolworths Ltd (WOW)**

WOW's second-quarter sales for its Food and Liquor divisions posted a 6 per cent gain, which was seen as reasonable, but below consensus estimates of 7 per cent. Sales growth for Big W and Dick Smith were also below expectations. Full-year guidance was finetuned to 8-10 per cent, from 7-10 per cent. More clarity will come with the profit results in late February, which is expected to be a high-quality, strong result. WOW is well positioned to ride out any economic slowdown.



**Buy**  
**Macmahon Holdings (MAH)**

MAH is poised to benefit from increased construction activity fuelled by resource and government infrastructure spending. This is leading to more work on solid commercial terms. Leighton Holdings has agreed to promote MAH as a "partner of choice" to joint venture on large infrastructure and resource-related projects. Having Leighton as a partner should accelerate MAH's east coast expansion plans.

**Sell**  
**Fortescue Metals Group Ltd (FMG)**

FMG's imminent entry into the now highly lucrative iron ore industry has driven its strong share price over the past 12 months. However, we are concerned about the value investors are attributing to FMG's proposed expansion at current trading levels, in spite of



**Ian Clarke**  
Macquarie Private Wealth

significant risks associated with ability to deliver on plans. In the short term, an iron ore price settlement exceeding consensus poses a risk to our thesis.

**Buy**  
**Hastie Group Ltd (HST)**

HST is the largest installer of commercial heating, ventilation and airconditioning systems in Australasia, and a market leader in the manufacture and installation of supermarket refrigeration equipment in Australasia. It also has a strong position in maintenance of air-conditioning and refrigeration. The outlook is strong for offices and shops, which are the most important segments for HST, with solid growth expected.

Each of the companies and analysts depicted may have long or short positions on these stocks