Federal Court of Australia
District Registry: Victoria
Division: General
No: VID1153 of 2018

VICTORIA REGISTRY
FEDERAL COURT OF AUSTRALIA

Australian Securities and Investment Commission Plaintiff, v. Australia and New Zealand Banking Group Limited Defendant	No. VID 1153/2018

CONFIDENTIAL

JOINT EXPERT REPORT OF
JOHN HOLZWARTH AND GRAHAME PRATT

7 March 2023

Mr John Holzwarth

Mr Grahame Pratt

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION V AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

EXPERT CONFERRAL — ISSUES LIST

Plaintiff's Expert: Mr Grahame Pratt

Defendant's Expert: Mr John Holzwarth

The Experts should prepare a joint-report in which they identify the issues in respect of which they agree, partly agree or disagree. In particular, the Experts should address the issues set out below as part of the expert conferral and in their joint-report. The joint-report should be clear, plain and concise and should summarise the views of the experts on the identified issues, including a succinct explanation for any differences of opinion.

Please note that defined terms "Underwriter Acquisition Information" and "Significant Proportion Information" have the meaning given to them in the Holzwarth report dated 26 November 2022 and the Pratt reply report dated 20 December 2022. To the extent the questions include unclear or undefined terminology, please explain in your response how you have understood that terminology.

In this Report, the Pratt Report refers to the Expert Report of Grahame Pratt, dated 19 September 2022. The Pratt Reply Report refers to Supplementary Expert Report of Grahame Pratt, dated 20 December 2022. The Holzwarth Report refers to Expert Report of John W. Holzwarth dated 26 November 2022. The Holzwarth Response Report refers to Expert Report oof John W. Holzwarth – Responding to the Expert Report of Grahame Pratt, dated 25 November 2022.

Issue 1	To what extent were market participants aware by the commencement of trading on 7 August 2015 that the JLMs were to acquire: (a) a significant proportion of the placement shares; or (b) between approximately $754 million and $790 million of placement shares, and, if so, when and how would this awareness (if any) have arisen?
Areas in respect of which the Mr Pratt and Mr Holzwarth agree	Mr Holzwarth and Mr Pratt are unable to agree to what extent market participants were aware by the commencement of trading on 7 August 2015 that the JLMs were to acquire UAI or SPI, nor when or how this awareness would have arisen.

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<td>Mr Pratt comments</td>
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Summary of response

1. The Pratt Report pp10-12 states market participants were not aware, to any meaningful extent, of either the UAI or the SPI before the commencement of trading on 7 August 2015.

2. In Pratt's experience, on the morning of 7 August 2015, only hours after the book build was completed, each market participant would have had very limited awareness of the overall picture regarding the underwriting, restricted to their own direct involvement in the placement and anecdotal reports from various media outlets (see Pratt Report pp8-9).

3. Further, in Pratt's opinion there would not have been sufficient time for a more complete awareness to have been acquired before the commencement of trading on 7 August 2015; there were few, if any, available sources of information from which to gain that awareness and few, if any, opportunities to do so.

Reasoning

4. The term "market participants" must necessarily span a wide variety of people and institutions active in the equity market.

5. Looking at the category of institutions alone, these might vary in size of funds under management, investment styles, geographic location, mandate restrictions, trading patterns amongst many other idiosyncrasies.

6. The same might be said of private investors, who might possess a similarly broad and disparate array of characteristics e.g., incorporated, or unincorporated, superannuation or private funds, large or small amounts of funds invested, long or short-term investment horizons, or something as simple as time spent looking at the market.

7. In Pratt's opinion, there is no evidence to suggest that before trading on 7 August 2015 any market participant received any hard information other than their allocation and the announcement by the ANZ that the placement had been completed. Whilst Pratt accepts that it is relatively uncommon to receive a 100% allocation in a placement, as many institutions and private clients did, it is difficult to see how market participants could extrapolate from this solitary data point an awareness that the JLMs were to either acquire a significant proportion of the placement shares or between approximately $754 million and $790 million of them. Indeed, Pratt has seen no evidence that information to that effect was made available to market participants by the JLMs or ANZ.
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	8. A recipient of a 100% allocation might have made any number of conclusions at odds with the Underwriter Acquisition Information or the Significant Proportion Information. They might have suspected or deduced there had been limited demand, but that the underwriters were left holding a significant proportion of the placement is not the only logical conclusion. Many other explanations were possible. eg a smaller participant might suspect that larger participants were scaled back, and vice versa; a retail client might be told institutional investors were scaled back or vice versa; domestic clients might deduce overseas clients were scaled back and vice versa. 9. Further, it is highly unlikely those institutional investors who did receive an allocation of 100% of their bid knew how many other bidders received the same. Allocations are regarded as commercially sensitive information and would have remained confidential within the Equity Capital Markets (ECM) departments of the JLMs. 10. As detailed in Pratt report p11, the allocation process of matching demand for shares against supply in primary transactions such as this is a commercially sensitive one at the best of times, in this case highly so. Competing interests can make it a fractious process requiring patient negotiations between the JLMs. At all times the final allocation list of which institution got how many shares, is retained by the ECM department behind the Chinese Wall and not disclosed, even to their own institutional sales desks. 11. Further, Pratt has never heard of dealers or fund managers at institutions discussing their allocations directly with their competitors at other institutions. This includes his time at AMP, when he was personally involved in these types of transactions. Allocations are confidential to each institution and are regarded as commercially sensitive. 12. In any event, there was very little time (probably less than two hours) between participants receiving their allocations and trading starting on the 7th of August 2015 for any such discussions to take place, however unlikely. That part of the day that is invariably very busy as participants need to absorb overseas information, news, fresh research reports and market movements as they plan their own activity in the market. 13. The ANZ trade was, in a real sense, yesterday's story and, in the absence of any hard information regarding the JLMs purchasing shares, market participants probably moved promptly on with their daily activities and the next concern (in this case the real possibility of a CBA raising the following week). 14. In addition, as stated in Pratt Report p10, in Pratt's opinion the announcement by ANZ that "it had raised 2.5 billion in new equity capital through the placement of approximately 80.8 million ordinary shares at the price of $30.95 per share"[1] would have been taken

[1] ZIG.1039.0001.0241.

by the market, given its pro forma wording, at face value. Including the implication that, as per usual, the shares had been bought by investors and there was no shortfall.

15. In addition, Pratt would make the following ancillary points:

i). Not all bidders into the book received a 100% allocation.

ii). Not all institutions or retail clients bid into the book. See Pratt Report p8.

iii). Those participants who did not bid into the book would have had no visibility of the allocations at all.

These groups of market participants would therefore have had even less informed knowledge than those who participated in the placement and received a 100% allocation, and consequently be even less likely to be aware of either the UAI and/or the SPI at the start of trade on 7 August 2015.

14. As has been pointed out in both the Pratt and Holzwarth reports, (Pratt Reply Report pp9-10 and Holzwarth Report pp75-87 for citations) numerous subsequent analyst and media reports discussed every aspect of the placement and accompanying profit guidance by ANZ including:

- bad debts – the source and size,
- the confused messaging by the CEO and his absence from the market briefing,
- the small size of the transaction versus ongoing provisioning requirements,
- the disappointing earnings guidance,
- the pace of asset sales in Asia,
- how the net interest margin was holding up,
- the size of issue versus a rights issue alternative,
- the small discount to the existing share price,
- the allocation between institutional and retail shareholders,
- the impact on the return of on equity for the bank,
- the impact on the capital adequacy requirements for the bank, and
- the likelihood of dividend reinvestment plans in future.

15. Yet in all the media and analysts reports there was only one speculative comment on 7 August 2015 by Chanticleer in the AFR as to the possibility of the JLMs having purchased any shares viz “it would not surprise Chanticleer if there was short selling of the other banks by the underwriters of the ANZ issue to hedge their positions”.

16. Notably absent from the comment was any supporting facts as to the number of shares the JLMs might be selling, suggesting a lack of knowledge rather than an actual awareness of the UAI and/or the SPI.

17.Tellingly, nor was this speculation followed up in any subsequent media or analyst reports.

18. Also, if market participants, many of whom were quoted in the media reports cited above, were aware of either the UAI and/or the SPI at the start of trade on 7 August 2015, it is hard to conceive how comment on them would not have featured prominently in the multitudinous analyst and media reports subsequently published.

19. Particularly so, given the rarity of a shortfall of this extraordinary size occurring from a placement of such a prominent and well capitalised stock as ANZ. (Pratt Report p11).

20. Pratt cannot therefore concur with the opinion in the Holzwarth Report p83, that the “media reporting of the capital raising would have led market participants to conclude that the underwriters had been unable to place all of the placement shares with existing long term domestic shareholders of ANZ shares.”, nor the conclusion reached that the “SPI was widely known amongst market participants on 7 August 2015 such that this information was fully reflected in the price of ANZ shares at the opening of trading on 7 August 2015.” (Holzwarth Report p9).

Conclusion

21. Consequently, it is Pratt’s opinion that, given:

i) the vast array of participants in the market with varying levels of involvement in the transaction,

ii) the level of discretion involved in the allocation process and the highly restricted access to the list of allocations,

iii) the pro forma statement by the ANZ on 7 August 2015 regarding the completion of the placement,

iv) the limited time involved between the allocations being communicated and the start of trading on 7 August 2015, and it being a particularly busy time of day, and

	v) in the almost complete absence of any subsequent media or analyst comment, market participants were therefore not aware to any meaningful extent at the commencement of trading on 7 August 2015 that either a significant proportion of the placement shares or between approximately $754m and $790m of the placement shares were to be acquired by the JLMs.

Mr Holzwarth comments	• In Section 11 of the Holzwarth Report, Holzwarth describes why the available information at the opening of trading on 7 August 2015 does not support a conclusion that the Underwriters had successfully placed all of the Placement Shares with long-term existing domestic shareholders. Rather, the available information describes how many large fund managers “shunned”[2] the Capital Raising due to the “skinny”[3] 5% discount and a poor ANZ Q3 Trading Update. This conclusion could be reached based on information in the media alone. Further information flow from the Bookbuild or analyst reports would reinforce this conclusion.”[4]
	    o As a consequence, market participants would be expected to have concluded that the Underwriters had either: (a) placed shares with offshore shareholders who may not be in for the “long-term”; or (b) retained a portion of the Placement Shares.
	    o In Section 9.1 of the Holzwarth, Holzwarth describes why the known incentives of underwriters supports a conclusion that market participants would have expected the Underwriters to retain the Retained Placement Shares rather than place shares with investors not in for the long-term.[5] As also discussed in Section 9 of the Holzwarth Report,[6] and in Topic 3 below, market participants would expect that the Underwriters would act to protect their reputation by attempting to stabilize the price of ANZ shares rather than “promptly dispose” of the shares and place “downward pressure” on the price of ANZ shares.
	• Sections 10 and 11 of the Holzwarth Report describe two different but related flows of information that would have established market expectations by the commencement of trading on 7 August 2015: (1) publicly observable information flow documented in media reports and analyst reports; and (2) information flow during the bookbuild process.

[2] Holzwarth Report, ¶213.
[3] Holzwarth Report, ¶213; see also Holzwarth Report, ¶234.
[4] Holzwarth Response Report, ¶6. Section 11 of the Holzwarth Report.
[5] Holzwarth Report, ¶¶147-154.
[6] Holzwarth Response Report, ¶6. Holzwarth Report, Section 9.2.

		o One, publicly available information observable in analyst reporting and media reports would have informed market participants that the Underwriters had not successfully placed all shares with existing domestic long-term shareholders. ▪ First, analyst reports describe why many market participants would have been unlikely to participate in the placement. Examples include: • CLSA noted that "[w]ith the other banks down ~2%, our forward ANZ EPS cut by ~4.5% and ANZ still carrying above peer risk we would not be inclined to participate in the capital raising."[7] • Macquarie stated that "[a]t a 5% discount, we don't think this capital raising is a particularly compelling proposition."[8] • CBA commented that "ANZ's capital raising should have removed one of its key stock valuation overhangs. However, weak performance in 3Q15 combined with a deteriorating credit quality outlook we believe rightfully left the market concerned."[9] • Additional analyst commentary can be found in Section 11.1.2 where Holzwarth discusses additional concerns over ANZ's poor 3Q15 results, including increased BDD, optimistic revenue projections, and the likelihood of further capital raises by ABZ and other banks in the near term. • It is important to note that the analyst reports were published on 6 August 2015 while the Bookbuild would have been in process.[10] ▪ Second, media reports also describe the following examples: • "AFR [6 August 2015, first published at 12:55am, updated at 11:14pm]: "Small investors watched the price of all their other bank stocks fall sharply as the big funds unloaded shares to pay for the ANZ share issue. It would not surprise Chanticleer if there was short selling of the other banks by the underwriters of the ANZ issue to hedge their positions."[11] o The AFR discussion reflects two important points that are discussed further in Section 11.1.3 of the Holzwarth Report. One, media discussion reflects market participants anticipating that the Underwriters would retain some portion of the Placement Shares. Otherwise, there would be no need to "hedge" the shares as investors would have purchased the shares at the $30.95 or greater price. In this way, there would be no position to "hedge". Two, market

[7] Holzwarth Report, ¶203.
[8] Holzwarth Report, ¶203.
[9] Holzwarth Report, ¶205.
[10] Holzwarth Report, ¶203.
[11] Holzwarth Report, ¶159 citing AFR, "Small investors lose out in fast moving markets", 6 August 2015 (HOL.002.001.1047).

	participants would have been aware that trading techniques of this type could be employed to reduce the equity exposure of the Retained Placement Shares rather than simply selling the shares.[12] • "AFR [7 August 2015, first published at 9:17am and updated at 6:10pm]: "Local fund managers appeared to side-step the share purchase plan and pointed to the skinny 5 per cent discount the shares were offered at, given the earnings report and how diluted they might be as a result of the deal. It all meant Deutsche Bank, Citi and JPMorgan had to turn to offshore investors to get the deal away, which raised concerns about whether they are long-term players or not. The deal has also sent a strong message to hedge funds around the world that short-selling local bank stocks is a low-risk trade. Sell now and buy back in when they raise the money."[13] • "Australian [7 August 2015, 12:00am]: "UBS, which underwrote Westpac's recent $2bn DRP, is in the frame for the mooted rights issue as are Goldman Sachs and Credit Suisse. The structure of the raising is likely to play far better with CBA's investor base than the $2.5bn institutional placement mounted by ANZ, which closed yesterday at a floor price of $30.95... ANZ, on the other hand, faced some resistance from its domestic institutional investor base with JPMorgan, Deutsche and Citi unable to extract higher bids than the set floor price. Much of the concern stemmed from the bank's third quarter earnings update, which missed analysts' numbers…"[14] o Two, Section 10 of the Holzwarth Report describes how the Draft Allocation List [list from JLM's on 7 August 2015 to ANZ] reflected that: (a) the majority of the top 100 shareholders had chosen not to participate in the Capital Raising;[15] (b) non shareholders in ANZ securities received full allocation of requested shares;[16] (c) small investors received full allocation of requested shares[17]; and (d) some potential investors reduced their requested number of shares.[18] Overall, the Bookbuild provided several ways for market participants to become aware that the Bookbuild had not successfully placed all of the Placement Shares with long-term domestic shareholders.[19]

[12] Holzwarth Report, ¶160.
[13] Holzwarth Report, ¶213, citing AFR, "ANZ's Mike Smith may make retail shareholders pay a hefty price", 7 August 2015 (HOL.002.001.1062).
[14] Holzwarth Report, ¶213, citing Australian, "ANZ puts heat on CBA to lift capital buffers", 7 August 2015 (HOL.002.001.1067).
[15] Holzwarth Report, ¶182 and Holzwarth Report, Exhibit 9.
[16] Holzwarth Report, ¶184 and Holzwarth Report, Exhibit 11.
[17] Holzwarth Report, ¶183 and Holzwarth Report, Exhibit 10.
[18] Holzwarth Report, ¶185 and Holzwarth Report, Exhibit 12.
[19] Holzwarth Report, ¶187.

	• Section 12 of the Holzwarth Report describes an ex-post analysis which supports a conclusion that market participants did have sufficient time to "piece together" information as at the open of trading on 7 August 2015. o Section 12 describes an event study or ex-post analysis to assess this issue. On 12 August 2015, when the Clime Disclosure is made, there is not a significant negative return in the price of ANZ shares.[20] Holzwarth's analysis shows that at no time during this period does the price of ANZ shares decline to the Pratt Report's combined "slowly grown" awareness and a consequent decline of "2-4%" opinions.[21] o The ex-post analysis of price movements in ANZ shares is consistent with the conclusion that the level of information leakage prior to the open of trading on 7 August 2015 was well beyond ANZ and the Underwriters, to the extent that the allegedly omitted information would not have been material.[22] • Before commenting on opinions expressed in the Pratt Reply Report, Holzwarth notes that there are two exhibits appended to the Joint Report. One, **Holzwarth Exhibit 1** plots the daily return of ANZ from the close on 7 August 2015 relative to the daily return of an equal-weighted portfolio of the other three big banks. Two, **Holzwarth Exhibit 2** identifies all of the analyst reports and media articles briefed for the Holzwarth Reports published between 7 August 2015 and 31 October 2015. Holzwarth refers to the Pratt Report and the Pratt Reply Report collectively as the "Pratt Reports". • Holzwarth has two comments regarding the opinions expressed in the Pratt Reply Report regarding this issue: o One, Holzwarth disagrees with the opinions of the Pratt Reports that an absence of specific media reporting regarding the JLMs' acquisition of the Retained Shares "precludes any conclusion" that this information was widely known amongst market participants for ANZ shares.[23] Holzwarth refers to this criteria described in the Pratt Reports as the "Precludes Opinion". In Holzwarth's opinion, the Precludes Opinion's criteria for determining awareness is contradicted by other aspects of the Pratt Reports and lacks a sufficient economic basis. This contradiction is evident when the Preclude Opinion is considered with the Pratt Reports' opinions that (a) awareness of the JLMs purchase of ANZ shares would have "slowly grown";[24] and (b) (incorrectly) argues that the relative decline in the price of ANZ shares versus its "peers" between 5 August 2015 and 31 October 2015 lends "credence" to this position.[25]

[20] Holzwarth Response Report ¶13-14; see also Holzwarth Report, Section 12.3.
[21] Holzwarth Response Report ¶13-14.
[22] Holzwarth Response Report, ¶49.
[23] Pratt Reply Report, p. 10.
[24] Pratt Report, p. 8.
[25] Pratt Reply Report, p. 13.

- **Holzwarth Exhibit 2** identifies all of the analyst reports and media articles provided to Holzwarth published between 7 August 2015 and 31 October 2015. Despite this "longer term" for market participants to become aware of this information and the Pratt Reply Report's opinion that the relative decline in the price of ANZ shares lends "credence" to a view that the information became more widely known over this period, there is not a single mention in the media coverage consistent with the Preclude Opinion's prediction that wider awareness amongst market participants would cause the media to be "full of stories, probing the transaction from every angle."[26]
- In this way, the Pratt Reports' opinion that awareness amongst market participants had grown to such an extent to cause a decline in the price of ANZ shares over this period did not cause any media reporting about this awareness or information. This analysis demonstrates that the Precludes Opinion criteria is not a reliable indicator of whether information was widely known amongst market participants or not.

o Two, the Pratt Reply Report does not grapple with the implications of the Clime Disclosure in determining the extent of awareness amongst market participants.

- The Pratt Reply Report opines that it was "unlikely"[27] that Clime would have been contacted by the Underwriters as part of the Share Placement. Assuming this is correct, then Clime would have been at an informational disadvantage versus many other market participants in that Clime would not have been connected to the flow of information from the Underwriters' sales desks.
- Based on the documents provided to Holzwarth regarding the bookbuild process, at least 136 market participants were contacted during the bookbuild.[28] These other market participants would have been part of the "neural network" of information flow between institutional investors and the JLMs' sales desks. Despite this informational disadvantage, Clime was able to deduce and publicly disclose information consistent with the Significant Proportion Information by 12 August 2015.
- As seen in **Holzwarth Exhibit 1**, there is no economic evidence that the spread of information between 7 August 2015 and the Clime Disclosure led to a "2-4%" decline in the price of ANZ shares between 7 August 2015 and 12 August 2015. **Holzwarth Exhibit** 1 also shows that this "2-4%" decline did not occur over the Pratt Reply Report's "longer term". This supports the Holzwarth Report's compatible conclusion that either:

[26] Pratt Reply Report, p. 10.
[27] Pratt Reply Report, p. 3.
[28] Holzwarth Report Exhibit 12 identifies 145 investor names from the Book Build documents, however Holzwarth's review shows that several names may refer to the same entity, thus as a conservative measure, the number of entities has been reduced to take this into account. These entities are: BT Financial Group, Morgans, Pengana Capital, Vanguard, Tyndall and two instances of J.P. Morgan and Macquarie.

	(a) the Significant Proportion Information was already widely known amongst market participants; and/or (b) was not material to the price of ANZ shares as at 7 August 2015. ▪ The Clime Disclosure's timing is clearly tied to CBA's disclosure of a Capital Raising on 12 August 2015. However, there is no economic evidence that indicates that Clime's statements regarding the Capital Raising are the product of information only available after 7 August 2015. Rather, the Clime Disclosure reflects deductions based on information available at the commencement of trading on 7 August 2015. ▪ In Holzwarth's opinion, it would be incorrect to assume that the Clime Disclosure reflects information possessed by relatively few market participants. Rather, as Clime was purportedly an "outsider" to the transaction, this information would logically reflect deductions available to many market participants. Similarly, Clime does not treat the information described in the Clime Disclosure as price sensitive information regarding ANZ shares. If Clime did regard the information as price sensitive information, then one would have expected Clime to protect this sensitive information and attempt to trade on and profit from the information before disclosing it. In this way, the actual actions of Clime are not consistent with the information in the Clime Disclosure being regarded as price sensitive information about ANZ shares and not widely known.
Issue 2	Was either the Underwriter Acquisition Information or the Significant Proportion Information information that on 7 August 2015 would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to acquire or dispose of ANZ shares?
Areas in respect of which the Mr Pratt and Mr Holzwarth agree	Mr Holzwarth and Mr Pratt are unable to agree if the UAI or the SPI was information which would, or would be likely to, influence persons who commonly invest in shares in deciding whether or not to acquire or dispose of ANZ shares.
Mr Pratt comments	**Summary of response** 1. Yes, in Pratt's opinion both the UAI and the SPI was information that would undoubtedly have had a significant impact on the minds and actions of any person who commonly invested in ANZ securities and would have directly influenced them as whether to acquire or dispose of ANZ shares on 7 August 2015 (see Pratt Report p12).

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	Reasoning 2. A person who commonly invests in shares would normally and reasonably expect that when any placement is conducted, the JLMs to the transaction will find sufficient buyers in the market to successfully place all the shares. 3. The Pratt Report p13, explains how Investment Banks, when engaging in underwritten placements, whilst accepting the risk of being left with a shortfall, do not actually expect to encounter a shortfall. 4. Thus, as stated above, nor do persons who commonly invest in shares expect JLMs to encounter a shortfall. 5. Persons who commonly invest in shares hearing either the UAI or the SPI, would therefore perceive the JLMs as "weak" or not natural holders of the large parcel of shares they had been obliged to purchase. 6. Further, a successfully completed placement demonstrates to the market that, at that price, there were sufficient buyers prepared to purchase at least that number of placement shares or, usually, many more. 7. If a person who commonly invests in shares had heard on 7th August 2015 either the UAI or the SPI, it would have revealed to them the JLMs could not source sufficient buyers from the marketplace for that number of shares, at that price. 8. The Pratt report pp12-13, describes how a "failed" underwritten capital raising creates what is perceived as an overhang of unsold shares in the market. Similarly, as described by John Durie, in The Australian 6 August 2015: "…in reality no one wants a truckload of stock left with the underwriters because it leaves a stain on the stock".[29] 9. Nor, in the absence of a statement by the JLMs, would a person who commonly invests in shares have had any clear indication of the JLMs' intentions regarding the shares they had been obliged to purchase. 10. Nor would a person who commonly invests in shares have had any information as to what lower price would induce sufficient buyers from the market to purchase that number of shares. 11. Nor would a person who commonly invests in shares have had any insight as to what other market participants were thinking regarding the news of the UAI or the SPI.

[29] ZIG.003.001.0255

12. That uncertainty, or information vacuum, had the UAI or SPI information been released, would thus undoubtedly have influenced persons who commonly invest in securities in deciding whether or not to acquire or dispose of ANZ shares on 7 August 2015.

13. The Pratt Report p12, details specific examples of how participants would likely have initially reacted by varying any existing orders for ANZ shares in the market had they received information regarding either the UAI or the SPI, demonstrating the influence on the minds of investors either would have had.

14. Reactions which would have been even more likely in this case, given the rarity of a shortfall of this extraordinary size occurring in the placement of such a prominent, well capitalised and liquid stock as ANZ (see Pratt Report p11).

15. Further, the demonstrated dearth of buyers, as portrayed by the UAI and the SPI, would also have induced all persons who commonly invest in shares to review the other information released on the day by ANZ, re-examine their conclusions from it and determine if the new scenario represented an opportunity (e.g. to buy at lower prices) or threat (e.g. if already holding ANZ shares), depending on their circumstances.

16. Also, invariably, some purchasers of placement shares had only bought them as a short-term trading opportunity. Upon hearing either the UAI or the SPI, a natural conclusion for a person who commonly invests in securities to make would be that there was a dearth of buyers at the placement price. The possibility of any trading profit having thus evaporated, it would thus induce those who had taken an allocation purely as an opportunity for a trading profit to sell immediately, as close to the placement price as possible to minimise their loss.

17. On the other hand, in Pratt's experience it is difficult to imagine how the UAI and the SPI would induce persons who commonly invest in securities to acquire any shares unless accompanied by a material downward share price movement.

Conclusion

18. In Pratt's opinion:

i) given the reasonable expectations of persons who commonly invest in securities that, in the absence of any contrary information, the JLMs had successfully sourced adequate demand to complete the placement,

ii) that the common perception is that failed underwritings create an "overhang" of unsold shares,

iii) given the extremely large size of the shortfall purchased by the JLMs ie between $750m -$794m,

	iv) that the failure of a placement in a top 20 stock such as ANZ was an extraordinary occurrence, and v) in the absence of any clarifying statement by the JLMs as to their intentions, both the UAI and the SPI were information that would be likely to influence persons who commonly invest in shares in deciding whether or not to acquire ANZ shares on 7 August 2015.
Mr Holzwarth comments	• In Holzwarth's opinion, the Significant Proportion Information was not information that on 7 August 2015 would be likely to influence persons who commonly invest in securities in deciding whether or not to acquire or dispose of ANZ shares. Holzwarth bases this opinion on the following points. These opinions are based on an ex ante analysis of the information. o Neither the Underwriter Acquisition Information nor the Significant Proportion Information are value-relevant information. In Section 8 of the Holzwarth Report, Holzwarth discusses how all three valuation factors identified by Holthausen and Zmijewski: (1) magnitude, (2) timing, and (3) risk of cash flows associated with ANZ shares, are all independent of the Underwriter Acquisition Information or the Significant Proportion Information. A valuation analyst would not need to adjust any of these types of inputs in a valuation in order to complete the analysis. As such, neither the Underwriter Acquisition Information nor the Significant Proportion Information are value-relevant information.[30] o Sections 5.3.2 and 8 of the Holzwarth Report describe why, in finance and economics, information is considered to be material if it causes a statistically significant movement in a company's share price, after controlling for broad movements in the market. In an efficient market, share prices are affected by information if and only if the information is: (a) new; (b) of a type that relates to expected future cash flows of the stock, the riskiness of those flows, or both; and (c) of a magnitude that would materially change the market's expected future cash flows or risks for the stock. It is my opinion that in order for any information to be material information, it must satisfy *all three* of these criteria.[31] o As described above in response to Topic 1, market participants would have concluded that the Underwriters had either: (a) place shares with new investors who were not perceived to be long-term shareholders; or (b) retained some of the Placement Shares by the commencement of trading on 7 August 2015. o As described below in response to Topic 3, the known incentives of the Underwriters would have been to act to stabilize the price of ANZ shares in dealing with the Retained Shares. As a consequence, unaware market participants would have concluded, based on a disclosure of the Underwriter Acquisition Information and the

[30] Holzwarth Report, ¶141.
[31] Holzwarth Report, ¶100.

Significant Proportion Information, that the price of ANZ shares would be more stable relative to the alternative conclusion that the shares had been placed with shareholders not in for the "long-term".

- The analysis presented in Section 12 of the Holzwarth Report supports this opinion with an ex post analysis based on an event study of the Clime Disclosure.
- The Holzwarth Response Report's Sections 5.2 and 5.3 describe why the Pratt Report's opinions regarding this topic lacks a reliable economic basis because they do not assess the materiality of information within the context of available information as at 7 August 2015.
  - Section 5.3 of the Holzwarth Response Report discusses the Pratt Report 7 August 2015 Context assumption (contrary to my views) that: (a) market participants were aware that there had been "across the market an appreciation that there had been a significant lack of demand for the placement"[32] amongst existing long-term investors; but it was (b) "extremely unlikely that the information that a 'significant proportion of the shares the subject of the Placement were to be acquired by the Underwriters' was held by anyone other than ANZ or the Underwriters".[33]
  - Section 5.3 discusses, under this assumed context, how market participants would have then concluded that the Underwriters had therefore placed shares with "offshore investors who were not perceived to be long-term holders.".[34]
  - Within this context, Section 5.3 of the Holzwarth Response Report discusses why market participants would have already considered shorting ANZ shares, questioned the "true value" of ANZ shares, or considered selling ANZ shares with the perception of buying them back later at a lower price. Section 5.3 of the Holzwarth Response Report shows that media discussion as at 7 August 2015 already discusses these issues. In this way, the Pratt Report's opinion do not demonstrate that there would have been a change of behavior consistent with the Underwriter Acquisition Information and/or the Significant Proportion Information influencing market participants in this manner.
  - Further, Section 9 of the Holzwarth Report describes why the incentives of the Underwriters would have been to stabilize the price of ANZ shares.
- See also the discussion under Topic 5 regarding whether the Underwriter Acquisition Information and/or the Significant Proportion Information were material to the price of ANZ shares.

[32] Pratt Report, p. 8.
[33] Pratt Report, p. 11.
[34] Holzwarth Response Report, ¶29.

Issue 3	In or around August 2015: (a) what would have been the incentives of the JLMs in connection with their dealings with the ANZ placement shares which they acquired from the share placement; (b) what (if anything) would persons who commonly invested in securities have expected JLMs holding ANZ placement shares, in the amount referred to in the Underwriter Acquisition Information or the Significant Proportion Information, to do with them, why and over what timeframe? In what way (if any) would persons who commonly invested in securities expect JLMs to act differently from institutional investors for example hedge fund investors or long term holders?
Areas in respect of which the Mr Pratt and Mr Holzwarth agree	Pratt and Holzwarth agree that the JLM's would have had incentives to: • minimize the "price impact"[35] of selling the Retained Placement Shares by relying on computer algorithm trading procedures. • reduce their financial exposure to the movement in the ANZ share price. This could have been achieved through a variety of ways, including selling ANZ shares, employing hedging strategies, or both.[36] Pratt and Holzwarth agree that an example of a hedging strategy would be short selling other stocks with a high correlation to the ANZ share price, or short selling the SPI futures.[37] Pratt and Holzwarth agree that persons who commonly invest in securities would expect the JLMs to take active steps to hedge their financial risk and attempt to minimize the "impact" of selling ANZ shares.[38]
Mr Pratt comments	**Summary of response** 1.Regarding 3. a) In Pratt's opinion the main incentive of the JLMs in connection with their dealings with the ANZ placement shares would be to limit their financial risk by reducing their exposure to the ANZ share price either by i) selling the placement shares as soon as practicable, balancing the speed of sale against any negative share price movement incurred, or ii) by selling other correlated securities as a hedging strategy or both.

[35] Pratt Response to Issue 3, ¶10; see also Holzwarth Report, Section 9.1.
[36] Pratt Response to Issue 3, ¶1; see also Holzwarth Report, ¶165.
[37] Pratt Response to Issue 3, ¶23; see also Holzwarth Report, ¶¶155-165.
[38] Pratt Response to Issue 3, ¶¶10 & 11; see also Holzwarth Report, Section 9.1.

	2. Regarding 3. b) In Pratt's opinion, persons who commonly invested in securities would have expected the JLMs holding ANZ placement shares, in the amount referred to in the UAI or the SPI, to be sellers of those shares to reduce their financial exposure in the short term to medium term, depending on the types and success of any hedging strategies employed. 3. In Pratt's opinion persons who commonly invest in securities would have expected the JLMs to be relatively short-term holders of the placement shares compared to most other institutional investors and as such act more like hedge funds in dealing with the placement shares than long term holders. **Reasoning** 4. Regarding 3. a) The Pratt Report p13, details, based on Pratt's experiences of nearly 30 years in the market, why JLMs when engaging in underwriting transactions, accept the risk of being left with a shortfall but do not on any given trade actually expect to encounter a shortfall. 5. In compensation for taking on this risk they are paid an underwriting fee which, given the preponderance of successful transactions, constitutes a profitable business activity over time. 6. In this case, as ever, the JLMs would not have expected, when entering into the underwriting agreement, to purchase between $750m and $794m in ANZ shares. 7. In Pratt's experience of managing teams of 10 or more traders, holdings of this size are well beyond single stock trading limits at investment banks in Australia. Whilst the balance sheets of the JLMs (being large international banks) were able to accommodate such a purchase, the ANZ share price, like all share prices, is subject to unpredictable, external market forces which would have exposed the JLMs to considerable potential financial loss. The holding thus represented a material, unplanned, and unwanted financial risk to the JLMs. 8. Thus, due to this unexpected, outsized purchase, the main incentive of the JLMs in or around August 2015 would have been to reduce their financial exposure to the movement in the ANZ share price i.e. to minimise their financial risk. 9. The most straightforward way would be to sell the ANZ shares as quickly as practicably possible without forcing down the share price and thereby incurring financial loss, a process at odds with itself given the extremely large holding. 10. However, various trading strategies could have been employed to minimise the price impact eg VWAP, where computers use algorithms to sell small amounts of shares constantly over the day, matching the average volume weighted price achieved in the market.

	11. It would also have been an incentive of the JLMs to keep persons who commonly invest in securities as uninformed as possible about the UAI or the SPI to assist the JLMs achieve their goal of selling as many of the placement shares as quickly as possible without unduly impacting the price. 12. The JLM's would also have had their underwriting fee (in Pratt's experience 1-2% of the total amount raised in the placement, in this case $25-50m) as a buffer against any loss on sale of the placement shares. 13. The knowledge of the UAI or the SPI, as explained in the response to Issue 2 above, would have caused persons who commonly invest in securities to amend any orders they had in the market at the time to reflect the uncertainty created by new circumstances thereby resulting in downward pressure on the ANZ share price. 14. In addition, there would also be a strong incentive for the JLMs to conduct their selling in a coordinated fashion to avoid competing against each other in the market. 15. Pratt cannot concur with the conclusion in Holzwarth Report p60 that the main incentive for the JLM's would be to "protect their reputation" by "stabilising the share price". The implication that the JLMs were incentivised to buy <u>additional</u> ANZ shares having just purchased $750m-$794m of them is, in Pratt's experience, an extremely unlikely proposition. **Conclusion** 16. In Pratt's opinion, the main incentive for the JLMs in or around August 2015 would have been to reduce their financial exposure to the movement in the ANZ share price i.e., to minimise their financial risk, by selling the placement shares or by employing hedging strategies, or both. 17. Consequently it would also have been an incentive for the JLMs to keep the UAI and the SPI from becoming public knowledge, and 18. Incidentally, it would have been an incentive for the JLMs to act in a coordinated fashion if/when selling ANZ shares. 19. **Regarding 3. b)** As outlined earlier, a person who commonly invests in shares would normally and reasonably expect that when any placement is conducted, the JLMs to the transaction will find sufficient buyers in the market to buy all the placement shares. 20. The UAI and or the SPI would have revealed to persons who commonly invest in shares that in this case the JLMs could not source sufficient buyers from the marketplace to purchase that number of shares, at that price.

21. Persons who commonly invest in shares hearing either the UAI or the SPI, would therefore perceive the JLM's to be uncomfortable with the large financial risk they had assumed with the ANZ share purchase, at a price which insufficient numbers of other participants in the market were prepared to pay.

22. Persons who commonly invest in securities would therefore have expected the JLM's, in the very short term, to be taking active steps to reduce their financial exposure to the ANZ share price.

23. Persons who commonly invest in securities would expect them to mitigate that risk by either:

i) selling the ANZ placement shares below the placement price particularly if sufficient demand could be found to materially reduce the size of the JLM’s holding and/or

ii) by employing hedging strategies, such as short selling other stocks with a high correlation to the ANZ share price, or short selling the SPI futures or combinations thereof.

24. Persons who commonly invest in securities would be aware that if hedging strategies had been employed, the financial risk for the JLMs would have been reduced but not eliminated, and therefore at some stage the JLMs would still have to sell the ANZ placement shares and unwind the hedges in the short to medium term.

Conclusion

25. Thus persons who commonly invest in securities would expect the JLMs to be sellers of the ANZ shares, in the amount referred to in the UAI or the SPI, either in the short or medium term at a price ultimately dictated by the interplay of the forces of supply and demand and the JLM’s tolerance for the risk of financial loss.

26. Finally, in assessing how persons who commonly invest in securities would expect the JLMs to act differently from institutional investors, it should be noted this nomenclature for an “investor“ is a broad and indistinct one, covering a multitude of different organisations which might vary in many material characteristics.

27. For example, “institutional investors” vary by size of funds under management, by investment styles, geographic location, mandate restrictions, trading patterns and by size of teams amongst many other idiosyncrasies.

28. An appreciation of any or all these dissimilarities by persons who commonly invest in securities may affect their expectations regarding how the JLMs might act differently to any given “institutional investor”.

	29. However, in Pratt's experience a fundamental characteristic common to all "institutional investors" in this context is that their mandates are centred on owning a portfolio of shares, in the expectation of a commercial return being achieved on the funds deployed i.e. they are essentially fund managers. 30. Within that category of institutional investors, hedge funds are perceived by persons who commonly invest in securities to be more short term focused in investment style and more of a trader of shares compared to a long term investor who may be described as having a buy and hold mentality. 31. On the other hand, Investment Banks, such as the JLMs, are not at their core fund managers, but stockbrokers. The fundamental heart of their business is to induce their clients to buy and sell shares, either on the stock market or, as in this case, from primary issuances such as placements. Whilst within their operations they may, as an ancillary operation, purchase and hold shares on their own account, this is subject to strict exposure limits and secondary to the principal business of seeking orders to execute on behalf of their clients. 32. In Pratt's experience, this distinction is well known and understood by persons who commonly invest in securities. 33. As such, persons who commonly invest in securities would expect JLMs to act differently to some institutional investors and similarly to others, having purchased, against their expectations, $750m-$794m of ANZ shares. 34. Whilst it is difficult to say exactly how any particular institutional investor, be they hedge fund or long-term investors, would act in any given scenario, persons who commonly invest in securities would perceive hedge funds to be quicker to respond to commercial stimuli from changing circumstances than long term holders. **Conclusion** 33. In this situation, it is Pratt's opinion that persons who commonly invest in securities would expect the JLMs to act more like hedge funds than long-term holders, in that they would expect the JLMs to take, in the short term, active steps to hedge their financial risk by either selling the placement shares or by employing hedging strategies as described in paragraph 20 above, as distinct from long term holders who would be slower to react.
Mr Holzwarth comments	• As discussed in Section 9 of the Holzwarth Report, the Underwriters had competing incentives to: (a) "promptly dispose" of their positions in the Retained Placement Shares according to the FASoC; and (b) protect their reputations by "stabilizing" the

	price of ANZ shares according to the literature. Per Holzwarth's instructions, the Draft Allocation List recorded "coverage" of 103% of the Placement Shares at the Floor Price of $30.95. The Underwriters' decision to scale back certain bids and take up approximately 31.6% of the Placement Shares reveals a preference to protect their reputation over "promptly disposing" of the Placement Shares. By allocating all the Placement Shares to investors, the Underwriters could have avoided any risk associated with a position in ANZ shares (thus avoiding any purported need to "promptly dispose" of shares) and avoided having capital tied up in the Retained Placement Shares. The Underwriters' decision to retain shares is consistent with Holzwarth's opinion, reached independently of his instruction, that Underwriters' incentives to protect their reputation by stabilizing the price of ANZ shares outweighed other concerns. • To formulate expectations about how another trader will behave, it is important to understand the motivations of the trader. Section 9.1 of the Holzwarth Report discusses the "motivation" of a trade and its implications for analysing the expected actions of the Underwriters. The motivation of the Underwriters would have been consistent with a trader seeking cash-flow to "decrease equity exposure, independent or even ignorant of the prospects" of the investment. In these circumstances, the Underwriters would not have been expected to pay for liquidity to profit from an informational advantage. Rather, they would have been expected to sell as liquidity was available.[39] o Traders motivated to change their exposure to a position are not motivated by either information or value. Index fund managers, for instance, are "indifferent or even ignorant" of the value of a security. Their actions will be driven by maintaining a specific weight for a security within a portfolio.[40] o In Holzwarth's opinion, the motivations of the Underwriters are not consistent with either information traders or value traders. Rather, they would be expected to act in a manner consistent with cash flow traders seeking to change their exposure to a security. As discussed in Section 11 of the Holzwarth Report, the Underwriters did not possess an informational advantage regarding ANZ shares. ANZ had just disclosed preliminary operating results to the ASX and information regarding the poor reception of the Capital Raising was widely known amongst market participants. As such, market participants would not expect the Underwriters to trade on information. Without an information advantage, there would be no reason to expect that the price of ANZ shares would move in one direction or another after the opening of trading on 7 August 2015 based on information.[41] o As such, market participants would expect that the Underwriters would act to minimize the cost of trading in reducing their exposure to the position.[42]

[39] Holzwarth Report, ¶143.
[40] Holzwarth Report, ¶151.
[41] Holzwarth Report, ¶152.
[42] Holzwarth Report, ¶153.

	o As described in Section 9.1 of the Holzwarth Report, market participants would expect that the Underwriters would follow a strategy to wait "for natural liquidity to appear at an acceptable price" in order to "minimize direct price impact". This is done by following "the best strategy for filling routine trades in a liquid name" by using an "algorithm that divides the block into small pieces, feeding them out in a controlled sequence to avoiding upsetting supply/demand balance." In this way, the expected actions of the Underwriters would be to trade in a manner "avoiding upsetting supply/demand balance" rather than place "downward pressure" on the price of ANZ shares. To the extent that the Underwriters' preference was to reduce their equity risk exposure related to the Retained Placement Shares, cross hedges could have been employed. In this way, the Underwriters could both slowly reduce their position in the Retained Placement Shares and also reduce their equity risk exposure more quickly without placing downward pressure on the price of ANZ shares.[43] • Section 9.2 of the Holzwarth Report describes how academic research has shown that underwriters will intervene in secondary markets after an issuance based on an analysis of proprietary data to support the price. While several theories have been posited for the decision by underwriters to buy shares after an issuance, academic research is consistent with a view that underwriters act in part to support their reputations. In this way, the academic evidence is consistent with underwriters having incentives to protect their reputation.[44] This academic literature contradicts the assertions in Mr. Pratt's comments in ¶15 above regarding whether the Underwriters may purchase ANZ shares to stabilize its price in the secondary market. Hedge fund investors, in contrast, would not have a similar incentive to stabilize the price of ANZ shares. o Underwriter market share has been used as a proxy for its reputation. Lewellen utilizes this data convention in her analysis to assess the extent that reputation may explain the actions of underwriters. Her data definition is "IPOs underwritten by top-20 investment banks". Lewellen's analysis indicates that "the underwriter's size emerges as the strongest determinant of price support."[45] o Lewellen further stated that "We find that underwriters support IPO prices shortly after listing, particularly in cold markets and when demand is weak. We also show that stabilized IPOs are more common amongst reputable underwriters. This finding suggests that stabilization may be used as a mechanism to protect the underwriter's reputation."[46]

[43] Holzwarth Report, ¶165.
[44] Holzwarth Report, ¶144.
[45] Holzwarth Report, ¶169.
[46] Holzwarth Report, ¶170, citing Mazouz, Khelifa, Sam Agyei-Ampomah, Brahim Saadouni and Shuxing Yin, "Stabilization and the aftermarket prices of initial public Offerings", Review of Quantitative Finance and Accounting, Vol. 41 (2013), p. 417 (HOL.002.001.0564).

	• Overall, the expected behaviour of the Underwriters would have been to act to "stabilize" the price of ANZ shares, both to minimize the "price impact" of any trading of ANZ shares and to protect their reputation.[47] • Market participants would expect the Underwriters to behave differently than other shareholders of ANZ shares because of the Underwriters' competing incentives between protecting their reputation and their preference for liquidity. In contrast, other shareholders of ANZ shares would not have a preference to protect their reputation by maintaining the stability of the price of ANZ shares. In this way, the Underwriter Acquisition Information and the Significant Proportion Information would signal to unaware market participants greater stability in the price of ANZ shares. • Holzwarth disagrees with the assertions in ¶23(c)(ii) of the FASoC regarding the alleged "expectation of both sophisticated and unsophisticated investors" that the Underwriters would "promptly dispose" of shares and "place downward pressure upon the ANZ share price" (despite this information not being value relevant) as they are contradicted by an analysis of the motivations of traders, generally, and the incentives of the underwriters of a SEO generally. As noted above, the incentives of the Underwriters would be (a) minimize the price impact of trading; and (b) to stabilize the price of ANZ shares to protect their reputation rather than to "promptly dispose" of shares and placing "downward pressure upon the ANZ share price". Market participants would have been aware of these incentives.[48]
Issue 4	If the Underwriter Acquisition Information or the Significant Proportion Information had been disclosed by ANZ to the market on 7 August 2015 prior to the resumption of trading, to what extent would that information have differed from the then prevailing market expectations?
Areas in respect of which the Mr Pratt and Mr Holzwarth agree	Pratt and Holzwarth disagree about the extent that a counterfactual disclosure of the Underwriter Acquisition Information and/or the Significant Proportion Information would have changed the then market expectations. This disagreement is, in part, a function of differing views about actual market expectations at the commencement of trading on 7 August 2015.
Mr Pratt comments	**Summary of response** 1. As explained and detailed in the response to Issue 1 above, Pratt's opinion is that prior to the resumption of trading on 7 August 2015 market participants were not aware of the UAI or the SPI.

[47] Holzwarth Report, ¶145.
[48] Holzwarth Response Report ¶6.

	2. Market expectations would have been primarily determined by the pro forma announcement by ANZ at 730am on 7 August 2015 stating the placement had been successfully completed and coincident media reports describing the bookbuild as "covered" and that the JLMs had managed to "get the deal away", both being colloquial terms referring to the successful completion of the bookbuild. 3. As such, the prevailing market expectations would have been that the JLMs had successfully placed the shares to institutions. 4. Had the UAI and the SPI been disclosed by ANZ to the market on 7 Aug 2015 prior to the resumption of trading, market expectations would have altered dramatically as market participants realised that a very different scenario was unfolding. **Reasoning** 5. As previously explained in the responses to Issues 2 and 3 above, market participants would normally and reasonably expect that when any placement is conducted, the JLMs to the transaction will find sufficient buyers in the market to successfully place all the shares. 6. In this case, the pro forma statement by ANZ, released to the market at 730am[49] 7 August 2015, "ANZ today announced it had raised $2.5 billion in new equity capital through the placement of approximately 80.8 million ANZ ordinary shares at the price of $30.95 per share" [50], describes a successful transaction and in the absence of any qualification, the implication that the JLMs to the transaction had found sufficient buyers to successfully place all the shares. 7. Coincident media reports on the morning of 7 August 2015 reinforced that interpretation: 8. "The talk in the market suggested that at close of business the banks were struggling to offload the stock but managed to cover the book just by nightfall" [51]; 9. "ANZ priced the $2.5 billion placement…….at $30.95 when the domestic book closed on Thursday. Its brokers, said to have been called in on Wednesday, we're seeking to attract offshore bids late into the night. But the deal already covered and the price fixed, it's hard to see how they would have been too motivated to beat the drum" [52];

[49] Source IRESS.
[50] ZIG.1039.0001.0241.
[51] ZIG.0003.0001.0231.
[52] ZIG.003.001.0276.

	10. "Despite mixed demand, ANZ confirmed it had raised $2.5 billion through the underwritten institutional placement at $30.95 per share the bottom of its range and a small 5% discount to the stock's prior last trading price" [53]. 11. As also detailed in the response to Issue 1 above, each market participants' insight into the success or otherwise of the placement would have been limited to their own involvement or allocation. **Conclusion** 12. As such, in Pratt's opinion the UAI and SPI differed materially from the prevailing expectations which were that the placement had been successfully completed and that the JLMs had been able to find sufficient buyers for that number of shares in ANZ at that price.
Mr Holzwarth comments	• Based on Holzwarth's review of available information, market participants were aware of the Significant Proportion Information based on the flow of information during the trading halt. That set of information was incorporated into the price of ANZ shares (to the extent, contrary to my view, that it was price sensitive information) at the opening of trading on 7 August 2015. In Holzwarth's opinion, there is not any incremental information described by the Underwriter Acquisition Information relative to the Significant Proportion Information from an economic perspective. The specific number of shares retained by the Underwriters would not have changed the interpretation of the information by market participants. In contrast to information related to earnings or other value-relevant information where a specific value would become an input to a valuation calculation, the Underwriter Acquisition Information's specific number of Retained Placement Shares would not have led to a change in valuation of ANZ shares. As such, Holzwarth's opinions regarding materiality therefore apply equally to the Underwriter Acquisition Information.[54] • See Holzwarth's response to Topic 1 for specific quotes describing awareness of market participants (consistent with the Significant Portion Information).

[53] ZIG.003.001.0270.
[54] Holzwarth Report, ¶220.

	• In addition, Holzwarth notes the discussion regarding the incentives of the Underwriters for Topic 3. Holzwarth notes that this discussion supports an opinion that, if anything, a disclosure of the Underwriter Acquisition Information and/or the Significant Proportion Information would be expected to cause market participants to expect price stability for ANZ shares rather than "downward pressure" on the price of ANZ shares due to ownership by shareholders not in for the long term.
Issue 5	If the Underwriter Acquisition Information or the Significant Proportion Information had been disclosed by ANZ to the market on 7 August 2015 prior to the resumption of trading, what would have been the likely effect on ANZ's share price?
Areas in respect of which the Mr Pratt and Mr Holzwarth agree	Mr Holzwarth and Mr Pratt are unable to agree what the likely effect would have been on the ANZ share price if the UAI or the SPI had been disclosed by ANZ to the market on 7 August 2015 prior to the resumption of trading.
Mr Pratt comments	**Summary of response** 1. The Pratt Report, p 14-15, provided the response that had the UAI or SPI been disclosed by ANZ to the market on 7 August 2015 prior to the resumption of trading, Pratt's estimation is that the likely impact on the share price of ANZ would have been a further fall of 2-4%. **Reasoning.** 2. It is extremely difficult, if not impossible, to provide a precise estimation of the effect on the share price of ANZ with any accuracy, as it necessarily involves the consideration of many counterfactuals, including the contents of any statements by ANZ or the JLMs regarding their intentions regarding the failed placement. 3. However, fundamentally the shortfall meant that, at that price, the JLMs were unable to find sufficient buyers for that number of shares in the market 4. Also, given the size of the shortfall was a significant percentage of the placement, it represented a decided rejection of the transaction by many market participants and inherently in the placement price as being a price they were prepared to pay for ANZ shares.

	5. In Pratt's opinion, the announcement of a rejection of that magnitude (ie the UAI and/or the SPI) would have caused uncertainty to have grown in the minds of not only those who had purchased shares in the placement, but with market participants generally, as to what was a fair price for ANZ shares, particularly given the accompanying poorly received Quarterly Trading Update[55] by ANZ. 6. On 7 August 2015 the ANZ share price fell 7.49% below its previous close. In doing so, it had, as described in the Factual Background, "performed broadly in line with the sector". ie CBA -6.49%; NAB – 4.43%; WBC – 6.2%. 7. As stated at p15 of the Pratt Report, the announcement of the placement was accompanied by a Quarterly Trading Update[56] by ANZ which was viewed negatively by the market being widely viewed as a) containing a profit downgrade, b) the withdrawal of a previous return on equity target, c) news of a deteriorating bad debt outlook, d) a question mark over the need for more capital and e) delays in asset sales in Asia. 8. As many of the poorly received aspects in the Quarterly Trading Update noted above also applied in varying degrees to the other banks, their share prices suffered too. 9. Also as is usually the case given the size of the placement shares in the other banks were being sold down by investors in order to generate funds to pay for their purchase of the placement shares. 10. However, the uncertainty created by the disclosure of the rejection by the market described above, inherent within the UAI or SPI announcements, would have been information specific to ANZ and would in my opinion have led to a marked underperformance in the ANZ share price relative to its peers. 11. Pratt agrees with the conclusion of the Holzwarth Report p98 that "the Clime disclosure did not change the mix of information for ANZ shares" and "there was no significant excess return associated" with the Clime blog, ie its issuance had no material effect on the ANZ share price. 12. However, in the Pratt Reply Report p5-8 Pratt describes the boutique nature of the Clime funds management group and the lack of reach the publication likely had. 13. Pratt therefore rejects the conclusion in the Holzwarth Report p96 that the fact the ANZ share price didn't react to the Clime publication meant that "the SPI was already widely known prior to 12 August 2015" (being the date of its publication).

[55] ZIG.1039.0001.0238-40.
[56] ZIG.1039.0001.0238-40.

	14. Conversely, in Pratt's opinion, there was "no significant excess return associated" with the Clime blog because market participants were, for all intents and purposes, oblivious to its publication. **Conclusion** 15. Within the constraints noted above, Pratt confirms his estimation that had the UAI or SPI being disclosed by ANZ to the market on 7 August 2015 prior to the resumption of trading, the likely effect on the ANZ share price would have been to place it under additional downward pressure, resulting in a further fall of 2 to 4% on the day.
Mr Holzwarth comments	• In Holzwarth's opinion, the economic evidence indicates that a counterfactual disclosure of the Underwriter Acquisition Information and/or the Significant Proportion Information would not have caused a material change in the price of ANZ shares at the commencement of trading on 7 August 2015. Holzwarth notes the following to support this opinion as described in Section 12 of the Holzwarth Report. o At 2:29 pm on 12 August 2015, Clime published on its website blog a post titled, "Who was clever in the ANZ Capital Raising?" In it, Clime noted that ANZ had raised $3 billion, of which $2.5 billion was underwritten by three investment banks – Deutsche Bank, Citi and JPMorgan – and that "if investors didn't buy all the shares on offer, those three banks would be left holding what was left over." Clime called the raising a "rushed book build" by the underwriters as "they chose not to lure shareholders with a discounted rights issue but rather chose a placement without much of a discount to the existing ANZ price." Clime stated that "[b]ig institutional investors were offered the stock at $30.95 a share – that was a 5 per cent discount to the closing price last Wednesday" but "that 5 per cent discount was extremely slim. NAB's discount on its raising was a much more attractive 15 per cent…. Ultimately, Clime stated that the Underwriters "clearly didn't get the full raising away and they have been left holding the can to some extent."[57] o In response to this disclosure, the price of ANZ shares increased slightly during the remainder of trading on 12 August 2015 and during 13 August 2015, but there was not a significant positive (or negative) excess return associated with the disclosure. As a consequence, the economic evidence supports a conclusion that the Significant Proportion Information did not change the existing set of information and/or was not material to the price of ANZ shares.[58]

[57] Holzwarth Report ¶231.
[58] Holzwarth Report ¶221.

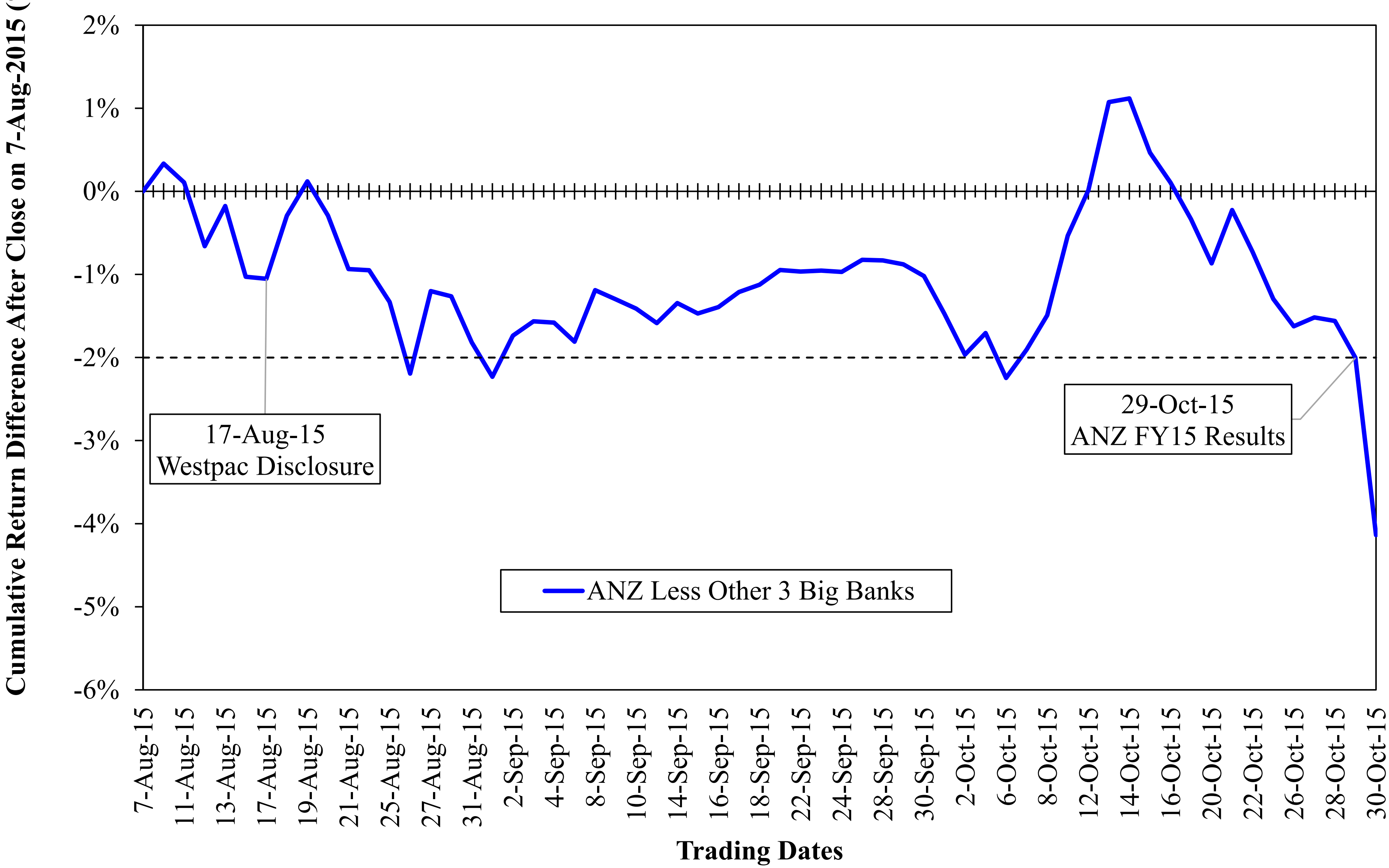
	o Analysis of the price of ANZ shares in the period between 7 August 2015 and 12 August 12 shows that at no time during this period does the price of ANZ shares decline to the Pratt Report's combined "slowly grown" awareness and a consequent decline of "2-4%" opinions.[59] o Overall, the ex post analysis of the Clime disclosure is consistent with the two compatible conclusions that either: (a) market participants were aware of information consistent with the Underwriter Acquisition Information and the Significant Proportion Information prior to the Clime Disclosure; and/or (b) this information was not material to the price of ANZ shares in any event. This analysis also contradicts the Pratt Report's assertion that a disclosure of the Underwriter Acquisition Information and the Significant Proportion Information "may well" have led to "another 2-4%" decline in the price of ANZ shares on 7 August 2015.[60] • As described in Section 5.4 of the Holzwarth Response Report, the Pratt Report opines that the price of ANZ shares "may well have" declined a further "2-4%" if there had been a counterfactual disclosure of the Underwriter Acquisition Information or the Significant Proportion Information on 7 August 2015. The Pratt Report provides no economic analysis to support this assertion and instead states that "it is extremely difficult, if not impossible" to provide an estimate. As described in Section 12 of the Holzwarth Report, Holzwarth conducted an event study or ex-post analysis to assess this issue. On 12 August 2015, when the Clime Disclosure is made, there is not a negative return in the price of ANZ shares.[61] • Holzwarth disagrees with the Pratt Reply Report's assertion that analysis of the price of ANZ shares relative to the price of peer banks' shares over a "longer term"[62] gives "credence"[63] to the Pratt Report's opinion that a "realisation the Underwriters had purchased some of the shares would have slowly grown."[64] The economic evidence contradicts this assertion. **Holzwarth Exhibit 1** plots the change of ANZ shares relative to the average of the three peer banks between the close of trading on 7 August 2015 and 31 October 2015. In Holzwarth's opinion, a properly constructed analysis would require assessing relative price changes from the close of 7 August 2015 in order to control for the "interplay"[65] of the Trading Update disclosed on 6 August 2015. This is in contrast to the table's presented in the Pratt Reply Report, which calculate performance relative to closing prices on 5 August 2015. The Pratt Reply Report's analysis is therefore unable to distinguish between changes in relative price related to changes in information and relative changes related to disclosures made by ANZ on 6 August 2015 because it does not adjust for this confounding information.

[59] Holzwarth Response Report ¶15.
[60] Holzwarth Response Report ¶28.
[61] Holzwarth Response Report ¶13. See Section 5.4 of Holzwarth Response Report; Figure 6.
[62] Pratt Reply Report, p. 13.
[63] Pratt Reply Report, p. 13.
[64] Pratt Reply Report, p. 13; Pratt Report, p. 8.
[65] Pratt Reply Report, p. 14.

	• **Holzwarth Exhibit 1** shows that the price of ANZ shares underperforms its peers in relation to two disclosure events. One, the relative price starts to deviate around the time of Westpac's disclosure on 17 August 2015 when CBA also exits its trading halt. This indicates that positive changes in information for peer banks, rather than information leakage by the Retained Placement Shares, was the likely cause of this change in relative price. The price of ANZ shares had then declined by approximately 1% relative to the three peer banks post 7 August 2015. This relative decline remained relatively constant with market price volatility of approximately 1% until 29 October 2015. This level of volatility is consistent with normal market noise as measured by the market model analysis in the Holzwarth Report. Over this period, the price of ANZ does not decline relative to its peers by 2-4% in any persistent manner consistent with a change in information. Two, the majority of the price deviation occurs at the time of ANZ's disclosure of its FY15 Results on 29 October 2015. This disclosure would represent value relevant information regarding ANZ's operational performance rather information leakage about the Retained Placement Shares. It is only after this disclosure event that ANZ's price persistently declines by more than 2% relative to its peers over this period. Neither of these disclosure events would have provided information to market participants regarding the Retained Placement Shares. As a consequence, the economic evidence indicates that to the extent that a "realisation" of the Underwriters purchase of the Retained Placement Shares had "slowly grown" (contrary to the economic evidence described in the Holzwarth Report), it did not lead to a decline in the price of ANZ shares consistent with the Pratt Report's "2-4%"[66] opinion. So while "experience" may lead one to "believe" that a material decline in the price should have occurred as awareness had purportedly "slowly grown", the empirical research contradicts this belief. Instead, Holzwarth's analysis of this "longer term" continues to support the Holzwarth Report's compatible conclusions that either (a) the Significant Proportion Information was already widely known amongst market participants; and/or (b) was not material to the price of ANZ shares as at 7 August 2015.

[66] Pratt Reply Report, p. 15.

Holzwarth Exhibit 1



Source: Bloomberg. Calculated as the cumulative return for ANZ less the cumulative return for the Other 3 Big Banks (equal-weighted) from 7-Aug-2015.

Holzwarth Exhibit 2
Analyst Reports & Media Articles (7 August 2015 - 31 October 2015)

Document Type	Bates (if available)	Date	Analyst/Outlet	Title
Analyst Report	ANZ.553.018.0189	07-Aug-2015	UBS	3bn equity raising Have Bad Debts
Analyst Report	ANZ.553.002.2630	07-Aug-2015	Macquarie	AU Banks Pre-Reporting Form Guide
Analyst Report	ANZ.553.002.2520	07-Aug-2015	Deutsche Bank	Australian Banking Sector: The Bank Vault Deposit Spreads
Analyst Report	ANZ.553.002.1981	07-Aug-2015	BAML	Investor finance starting to turn
Analyst Report	ANZ.553.002.2304	07-Aug-2015	CBA	Money talks
Analyst Report	ANZ.553.018.0156	07-Aug-2015	Morgan Stanley	Testing Times Stay Underweight
Analyst Report	ZIG.1042.0001.0004	07-Aug-2015	J.P. Morgan	ANZ Banking Group Suspending rating
Analyst Report	ZIG.1046.0001.0012	07-Aug-2015	Morgan Stanley	ANZ Bank Research Tactical Idea
Analyst Report	ZIG.1048.0001.0004	07-Aug-2015	CIMB	ANZ Banking Group: Addressing Capital
Analyst Report	HOL.002.001.0662	12-Aug-2015	BAML	2H15 in line; balance sheet materially strengthened
Analyst Report	HOL.002.001.0650	12-Aug-2015	Bell Potter	CBA Cleared for take-off
Analyst Report	HOL.002.001.0720	12-Aug-2015	J.P. Morgan	CBA FY15 Result First Glance
Analyst Report	HOL.002.001.0676	12-Aug-2015	Credit Suisse	Clean result, right sized raising
Analyst Report	HOL.002.001.0698	12-Aug-2015	Deutsche Bank	Raising the bar on capital
Analyst Report	HOL.002.001.0727	12-Aug-2015	Macquarie	Taking one's Medicine
Analyst Report	ZIG.0003.0002.0001	12-Aug-2015	Clime	Who was clever in the ANZ Capital Raising
Analyst Report		12-Aug-2015	Credit Suisse	Clean, low surprise result and the
Analyst Report		12-Aug-2015	Morgan Stanley	1st Take In Line Result and and the capital raising task
Analyst Report		12-Aug-2015	Morningstar	Australia's lowest-risk wide moat rated major bank stock
Analyst Report		12-Aug-2015	Morningstar	CBAs Profit up 5 AUD 5
Analyst Report		13-Aug-2015	J.P. Morgan	FY15 Result A5bn Rights Issue Crystalizes
Analyst Report		13-Aug-2015	Morningstar	CBA Updated Star Rating from 13
Analyst Report		13-Aug-2015	Morningstar	ANZ Bank Raises Capital to Satisfy Higher Regulatory Requirements
Analyst Report	ANZ.553.002.2693	13-Aug-2015	Morgan Stanley	CBA FY16E Margins Jaws Loan Losses
Analyst Report	HOL.002.001.0739	13-Aug-2015	CIMB	Have they raised enough
Analyst Report	ZIG.1040.0001.0250	13-Aug-2015	Citi	Changes to Citi Focus List Australia/NZ
Analyst Report	ANZ.553.002.2533	14-Aug-2015	Deutsche Bank	Australian Banking Sector The Bank Vault
Analyst Report	ZIG.1047.0001.0034	17-Aug-2015	CLSA	Westpac 3Q15 Capital & Asset Quality
Analyst Report		18-Aug-2015	Morningstar	ANZ Banks Asian growth aspirations
Analyst Report	ANZ.553.018.0139	18-Aug-2015	Macquarie	Backtracking from impairment
Analyst Report	ANZ.553.002.2706	18-Aug-2015	Morgan Stanley	CBA Two Steps Forward Two Steps
Analyst Report	ANZ.553.018.0036	18-Aug-2015	CLSA	Discounted PE warranted but relative value emerging
Analyst Report		18-Aug-2015	Morningstar	Modestly Softer Outlook
Analyst Report	ANZ.553.018.0065	18-Aug-2015	Credit Suisse	Now for the details
Analyst Report	ANZ.553.018.0091	18-Aug-2015	Deutsche Bank	Steep valuation discount exaggerates risks
Analyst Report	ANZ.553.018.0177	18-Aug-2015	UBS	ANZ 3Q15 Trading Update Take 2
Analyst Report		18-Aug-2015	ValuEngine	ValuEngine Rating and Forecast Report
Analyst Report	ANZ.553.018.0126	18-Aug-2015	J.P. Morgan	Well positioned on capital
Analyst Report	ZIG.1048.0001.0029	18-Aug-2015	CIMB	The Daily Fix
Analyst Report	ANZ.553.002.2549	21-Aug-2015	Deutsche Bank	Australian Banking Sector The Bank Vault
Analyst Report	ANZ.553.002.2318	21-Aug-2015	Citi	Bank Stocks and Falling FX
Analyst Report	ANZ.553.002.2878	24-Aug-2015	UBS	AU Banks Asset quality
Analyst Report	ANZ.553.002.2683	24-Aug-2015	Morgan Stanley	Australia Banks Whats in our Bear
Analyst Report	ANZ.553.002.2854	24-Aug-2015	UBS	CBA Upgrade to Buy
Analyst Report	ANZ.553.002.2416	24-Aug-2015	Credit Suisse	Commonwealth Bank The FY15 result
Analyst Report	ANZ.553.002.2649	25-Aug-2015	Morgan Stanley	Asia Banks Assessing Margin of Safety
Analyst Report	ANZ.553.002.2640	25-Aug-2015	Morgan Stanley	AU Banks Chart of the Week
Analyst Report	ANZ.553.002.2622	25-Aug-2015	J.P. Morgan	AU Banks June 2015 APRA Property
Analyst Report	ANZ.553.002.2518	25-Aug-2015	Deutsche Bank	Australian Banking Sector APRA Quarterly property
Analyst Report	ANZ.553.002.2488	25-Aug-2015	Credit Suisse	Commercial Banks Reporting Season Wrap
Analyst Report	ZIG.1040.0001.0169	25-Aug-2015	Citi	Quick post: ANZ.AX: Set to launch A$1bn Sale of Panin Bank
Analyst Report	ZIG.1040.0001.0170	25-Aug-2015	Citi	Australian Banks Entering a new phase
Analyst Report	ZIG.1048.0002.0006	25-Aug-2015	Morgans	Australian banks - current valuations closer to fair value
Analyst Report	ANZ.553.002.2519	26-Aug-2015	Deutsche Bank	Australian Banking Sector Highlights from Wayne
Analyst Report	ANZ.553.002.2573	26-Aug-2015	Goldman Sachs	Pepper Group Strong earnings profile and supportive valuation
Analyst Report	ANZ.553.002.1964	27-Aug-2015	BAML	Bank performance post a volatility spike
Analyst Report	ANZ.553.002.1973	27-Aug-2015	BAML	Bendigo re-prices investor loans
Analyst Report	ZIG.1048.0001.0011	27-Aug-2015	CIMB	The Daily Fix
Analyst Report	ZIG.1048.0001.0020	27-Aug-2015	CIMB	The Daily Fix (Update)
Analyst Report	ANZ.553.002.2360	28-Aug-2015	Citi	Postcard from Hong Kong
Analyst Report	ZIG.1045.0001.0068	28-Aug-2015	Deutsche Bank	Australian Banking Sector The Bank Vault Wholesale
Analyst Report	ZIG.1045.0001.0079	28-Aug-2015	Deutsche Bank	Banks appear to be tightening up
Analyst Report	ZIG.1042.0001.0011	29-Aug-2015	J.P. Morgan	Australian Banking Sector Provisions are Skinny

Holzwarth Exhibit 2
Analyst Reports & Media Articles (7 August 2015 - 31 October 2015)

Document Type	Bates (if available)	Date	Analyst/Outlet	Title
Analyst Report		29-Aug-2015	Wright	Comprehensive Report for Australia
Analyst Report	ZIG.1041.0001.0090	31-Aug-2015	Credit Suisse	RBA System Credit Growth July 2015
Analyst Report	ZIG.1043.0001.0027	31-Aug-2015	Macquarie	Australian Banks Thinking Outside the Branch
Analyst Report	ZIG.1045.0001.0104	31-Aug-2015	Deutsche Bank	Are changes to housing approval
Analyst Report	ANZ.553.002.2968	01-Sep-2015	CLSA	Australian Banks No deposit tax
Analyst Report	ANZ.553.002.3071	01-Sep-2015	Morgan Stanley	Westpac Talking about a Revolution
Analyst Report	ANZ.553.002.2920	07-Sep-2015	CBA	Money talks
Analyst Report	ANZ.553.002.3063	16-Sep-2015	Morgan Stanley	AU Banks Chart of the Week
Analyst Report	ANZ.553.002.2934	18-Sep-2015	Citi	Australian Banks Living on Borrowed Time
Analyst Report	ANZ.553.001.1713	22-Sep-2015	CLSA	ANZ Bank NZ
Analyst Report	ANZ.553.002.3090	22-Sep-2015	UBS	AU Banks APRA reignites the bank
Analyst Report	ANZ.553.002.2974	22-Sep-2015	CLSA	Australian Banks Beware Capital Complacency
Analyst Report	ANZ.553.002.2999	25-Sep-2015	CLSA	Standard Chartered Rocking and Roiling
Analyst Report	ANZ.553.002.2997	29-Sep-2015	CLSA	Looming Liquidity Trigger
Analyst Report	ANZ.553.002.2294	29-Sep-2015	CBA	The magic of mean-reversion
Analyst Report	ANZ.553.002.4160	30-Sep-2015	UBS	AU Banks Credit growth
Analyst Report	ANZ.553.002.3046	30-Sep-2015	Macquarie	Dividend dynamics: The dividend run-up effect
Analyst Report	ANZ.553.002.2909	30-Sep-2015	APP	Major Banks 10 Pct common equity
Analyst Report	ANZ.553.002.3021	30-Sep-2015	Credit Suisse	RBA System Credit Growth August 2015
Analyst Report	ANZ.553.002.3394	01-Oct-2015	Citi	ANZ Alert ANZ Appoints New CEO
Analyst Report	ANZ.553.002.3729	01-Oct-2015	Morgan Stanley	AU Banks Valuation Chart Pack September
Analyst Report	ANZ.553.002.3634	02-Oct-2015	Deutsche Bank	AU Banks The Bank Vault Deposit
Analyst Report		08-Oct-2015	Morgan Stanley	Asia Insight; Sunset in Paradise
Analyst Report		08-Oct-2015	Macquarie	Dealing away Esanda
Analyst Report		08-Oct-2015	CLSA	Esanda sale - sensible
Analyst Report		08-Oct-2015	APP	Macquarie Magic
Analyst Report		08-Oct-2015	Citi	When Everything Falls into Place
Analyst Report		12-Oct-2015	CLSA	New CEO to-do list
Analyst Report		14-Oct-2015	CLSA	Discounted PE Justified
Analyst Report		14-Oct-2015	Credit Suisse	Getting ahead of the curve
Analyst Report		14-Oct-2015	CLSA	Raising, Result & Repricing
Analyst Report		14-Oct-2015	J.P. Morgan	Regulatory Capital Drag Mitigated
Analyst Report		14-Oct-2015	Goldman Sachs	Repricing morgages to offset capital and margin headwinds
Analyst Report		15-Oct-2015	CLSA	Housing loan repricing
Analyst Report		15-Oct-2015	CLSA	Life Potential Sale
Analyst Report		20-Oct-2015	Credit Suisse	AU Commercial Banks Financial System Inquiry
Analyst Report		20-Oct-2015	Deutsche Bank	Federal government adopts key FSI recommendations
Analyst Report		20-Oct-2015	CLSA	FSI - Capital Up, DPR Down
Analyst Report		21-Oct-2015	J.P. Morgan	How Do You Build Capital Without Dilution; Re-price
Analyst Report		22-Oct-2015	CLSA	APRA Wayne Byres Speech takeaways
Analyst Report		22-Oct-2015	BAML	2H15 bank results; credit quality the focus
Analyst Report		22-Oct-2015	CLSA	CBA Pass on Recap Pain
Analyst Report		22-Oct-2015	CLSA	CBA Risk of premium PE Derating
Analyst Report		23-Oct-2015	Deutsche Bank	Major banks FY15 result preview
Analyst Report		23-Oct-2015	CLSA	Monty Python housing repricing
Analyst Report		23-Oct-2015	J.P. Morgan	Oligopoly Delivers On Intention To Maintain Returns
Analyst Report		23-Oct-2015	Morgan Stanley	Oligopoly preprices
Analyst Report		26-Oct-2015	UBS	2H15 Results - Volume growth vs BDD & Dilution
Analyst Report		26-Oct-2015	Morgan Stanley	Chart of the Week; Preview of CBA 1Q16 Trading Update
Analyst Report		26-Oct-2015	J.P. Morgan	Reporting Season Preview
Analyst Report		26-Oct-2015	Macquarie	Repricing Recap
Analyst Report		27-Oct-2015	CLSA	Nippon Life to buy Aus Life
Analyst Report		28-Oct-2015	Morgan Stanley	Core Challenges
Analyst Report		28-Oct-2015	Deutsche Bank	Core franchise headwinds likely to remain for some time
Analyst Report		28-Oct-2015	CLSA	FY15 - Messier than my desk
Analyst Report		28-Oct-2015	UBS	FY15 Result - Business Banking NIM Hurts
Analyst Report		28-Oct-2015	Goldman Sachs	FY15 Result; Restructure fully priced, Business Bank now key focus
Analyst Report		28-Oct-2015	Macquarie	Getting Down to Business
Analyst Report		28-Oct-2015	Credit Suisse	Margin and cost headwinds
Analyst Report		28-Oct-2015	Citi	Snatching Defeat from the Jaws of Victory
Analyst Report		29-Oct-2015	Macquarie	A Volatile Proposition
Analyst Report		29-Oct-2015	Citi	An Emerging Transormation Story at an Attractive Price
Analyst Report		29-Oct-2015	Credit Suisse	Asset quality firm but Asia under pressure

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Analyst Report		29-Oct-2015	BAML	FY15 delivers on restructuring, but what's next
Analyst Report		29-Oct-2015	UBS	FY15 result - A reality check
Analyst Report		29-Oct-2015	Goldman Sachs	FY15 result - Improving margin trajectory; maintain CL-Buy
Analyst Report		29-Oct-2015	Credit Suisse	FY15 result; marginal miss
Analyst Report		29-Oct-2015	J.P. Morgan	FY15 Result; Emphasis on Returns Will Take Time To Be Delivered
Analyst Report		29-Oct-2015	Morgan Stanley	Going Gets Tougher
Analyst Report		29-Oct-2015	BAML	FY15 misses; lowered expectations; credit quality concerns rising
Analyst Report		29-Oct-2015	Deutsche Bank	IIB the drag yet again but growth prospects and valuation appeal
Analyst Report		29-Oct-2015	CLSA	Low-quality FY15 miss
Media Article	ANZ.553.015.8433	07-Aug-2015	AFR	ANZ 3b fund raising hits all bank shares
Media Article	ANZ.553.015.8418	07-Aug-2015	AFR	ANZ Banking Group and the 3b
Media Article	ANZ.553.015.8412	07-Aug-2015	AFR	ANZ to raise 3b to avoid
Media Article	ANZ.553.015.8438	07-Aug-2015	Sydney Morning Herald	ANZ to tap market for 3b checkmate
Media Article	ANZ.553.015.8383	07-Aug-2015	Australian	ANZ's 3bn dash for capital
Media Article	HOL.002.001.1062	07-Aug-2015	AFR	ANZ's Mike Smith may make retail shareholders pay a hefty price
Media Article	ANZ.553.015.8428	07-Aug-2015	AFR	Banks drag ASX lower as ANZ
Media Article	ANZ.553.015.8448	07-Aug-2015	Sydney Morning Herald	Banks unsure of Timbercorp scheme losses
Media Article	ANZ.553.015.8377	07-Aug-2015	Australian	DATAROOM
Media Article	ANZ.553.015.8391	07-Aug-2015	Australian	Drums beating on Smiths early exit
Media Article	ANZ.553.015.8406	07-Aug-2015	Australian	Lenders no longer a sure bet
Media Article	ANZ.553.015.8399	07-Aug-2015	Australian	SMITH PUTS ANZ IN A BIND
Media Article	ANZ.553.015.8371	07-Aug-2015	Australian	ANZ puts heat on CBA
Media Article	ZIG.0003.0001.0246	07-Aug-2015	Australian	Watch me pull a profit out of my hat
Media Article	ZIG.0003.0001.0258	07-Aug-2015	Australian	Banks stocks drive bourse down
Media Article	ZIG.0003.0001.0262	07-Aug-2015	Australian	Change for regional lenders as APRA lifts majors' risk weights
Media Article	ZIG.0003.0001.0270	07-Aug-2015	Australian	Updated; ANZ shares slashed after raising
Media Article	ZIG.0003.0001.0271	07-Aug-2015	Australian	Top Stories
Media Article	ZIG.0003.0001.0272	07-Aug-2015	Australian	Banks pull ASX down as ANZ seeks $3b in response to rules
Media Article	ZIG.0003.0001.0273	07-Aug-2015	Australian	Small investors are big losers
Media Article	ZIG.0003.0001.0280	07-Aug-2015	Australian	Fed set to move, but RBA is done
Media Article	ZIG.0003.0001.0287	07-Aug-2015	Australian	CBD
Media Article	ANZ.553.015.8361	08-Aug-2015	Sydney Morning Herald	ASX loses 37b in worst day
Media Article	ANZ.553.015.8348	08-Aug-2015	AFR	Bank fears wipe 37b off ASX
Media Article	ANZ.553.015.8351	08-Aug-2015	Sydney Morning Herald	Banks lose 27b as market plunges
Media Article	ANZ.553.015.8334	08-Aug-2015	Australian	Fears of bank raisings create 37bn
Media Article	ANZ.553.015.8326	08-Aug-2015	Australian	Shares savaged as ANZ drags lenders
Media Article	ANZ.553.015.8341	08-Aug-2015	AFR	Smiths ploy means shareholders pay
Media Article	ZIG.0003.0001.0294	08-Aug-2015	AFR	Double whammy off the plan
Media Article	ZIG.0003.0001.0296	08-Aug-2015	AFR	Time's up for pizza boy-cum-property baron
Media Article	ZIG.0003.0001.0302	08-Aug-2015	Australian	Mixed scorecard: earnings waver amid higher risks in credit
Media Article	ZIG.0003.0001.0310	08-Aug-2015	Australian	Stocks in free fall as financials, miners hit
Media Article	ANZ.553.015.8298	10-Aug-2015	Australian	ANZ in race to sell Asia
Media Article	ANZ.553.015.8308	10-Aug-2015	Australian	DATAROOM
Media Article	ANZ.553.015.8317	10-Aug-2015	AFR	Investment bankers have seduced ANZ
Media Article	ANZ.553.015.8263	11-Aug-2015	Australian	ANZ gets a foothold in exchange
Media Article	ANZ.553.015.8292	11-Aug-2015	Sydney Morning Herald	ANZ plays catch up on tech
Media Article	ANZ.553.015.8277	11-Aug-2015	AFR	ANZ tech panels focus on digital
Media Article	ANZ.553.015.8285	11-Aug-2015	Sydney Morning Herald	ASX bounces back as investors renew
Media Article	ANZ.553.015.8260	11-Aug-2015	Australian	NAB braces for more UK compo pain
Media Article	ANZ.553.015.8281	11-Aug-2015	AFR	No news is good news for NAB
Media Article	ANZ.553.015.8246	12-Aug-2015	AFR	Findex recruits ex
Media Article	ANZ.553.015.8240	12-Aug-2015	Australian	Focus on CBA as ANZ gets the nod
Media Article	ANZ.553.015.8254	12-Aug-2015	AFR	Solar power could be answer to PNG electricity crunch
Media Article	ANZ.553.015.8217	13-Aug-2015	AFR	ANZ caught off guard by raising
Media Article	ANZ.553.015.8205	13-Aug-2015	Australian	ANZ head defends equity raising
Media Article	ANZ.553.015.8225	13-Aug-2015	AFR	ANZ underwhelms
Media Article	ANZ.553.015.8233	13-Aug-2015	Sydney Morning Herald	Bank profit result flawed but issue OK
Media Article	ANZ.553.015.8212	13-Aug-2015	AFR	CBA rejects last resort victims fund
Media Article	ANZ.553.015.8197	14-Aug-2015	AFR	Bank chief and PM see resources
Media Article	ANZ.553.015.8187	14-Aug-2015	AFR	Bank raisings satisfy capital requirements
Media Article	ANZ.553.015.8181	15-Aug-2015	Sydney Morning Herald	ANZ warns first first-home hurdle higher Banking
Media Article	ANZ.553.015.8179	15-Aug-2015	AFR	ASIC keen to recover investigation costs
Media Article	ANZ.553.015.8169	15-Aug-2015	AFR	Great big bank capital build

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Media Article	ANZ.553.015.8161	17-Aug-2015	Sydney Morning Herald	Banks cool on financial advice compo
Media Article	ANZ.553.015.8156	17-Aug-2015	AFR	QBE ANZ Wesfarmers dominate results week
Media Article	ANZ.553.015.8143	18-Aug-2015	AFR	Analysts back NAB share lift
Media Article	ANZ.553.015.8133	19-Aug-2015	Sydney Morning Herald	ANZs Smith cautious on loans in property hotspots
Media Article	ANZ.553.015.8106	19-Aug-2015	AFR	ANZs Smith says caution being applied
Media Article	ANZ.553.015.8116	19-Aug-2015	AFR	Asciano on upgrade track banks tumble
Media Article	ANZ.553.015.8137	19-Aug-2015	Sydney Morning Herald	Asciano soars after takeover deal but banks send ASX down Equities
Media Article	ANZ.553.015.8123	19-Aug-2015	AFR	Dividend imputation bias is holding Australia
Media Article	ANZ.553.015.8096	19-Aug-2015	Australian	Smith declares ANZ loan book 'in very good shape'
Media Article	ANZ.553.015.8104	19-Aug-2015	Australian	Villa World pursues growth
Media Article	ANZ.553.015.8089	22-Aug-2015	Sydney Morning Herald	Negative reception to ANZ private placement
Media Article	ANZ.553.015.8077	24-Aug-2015	Sydney Morning Herald	Big four banks given mauling in bear market
Media Article	ANZ.553.015.8063	24-Aug-2015	AFR	Big four banks mauled in bear market
Media Article	ANZ.553.015.8075	24-Aug-2015	AFR	Pepper Group weighs late entry into Esanda sale
Media Article	ANZ.553.015.8037	26-Aug-2015	Australian	Bad debt fears rise as banks lift exposure
Media Article	ANZ.553.015.8044	26-Aug-2015	Australian	Big four banks raising strategy a capital idea for investors
Media Article	ANZ.553.015.8052	26-Aug-2015	Sydney Morning Herald	China worries overblown business leaders declare Economy
Media Article	ANZ.553.015.8061	26-Aug-2015	Sydney Morning Herald	Travel money card decision a win
Media Article	ANZ.553.015.8032	27-Aug-2015	Australian	High-frequency trading a volatile problem bank
Media Article	ANZ.553.015.8026	27-Aug-2015	Australian	Pepper Group plays down Esanda interest
Media Article	ANZ.553.015.8019	29-Aug-2015	Sydney Morning Herald	Westpac to ditch staff sales targets
Media Article	ANZ.553.015.8007	01-Sep-2015	AFR	ANZ signs 450 million deal with IBM
Media Article	ANZ.553.015.7993	02-Sep-2015	AFR	IT firms boost Martin Place to prime spot again
Media Article	ANZ.553.015.8002	02-Sep-2015	Sydney Morning Herald	NSW powers ahead in economic race
Media Article	ANZ.553.015.7990	04-Sep-2015	AFR	Banks margins on credit cards feeling
Media Article	ANZ.553.015.7970	07-Sep-2015	AFR	ANZ confident it has raised enough Capital
Media Article	ANZ.553.015.7984	07-Sep-2015	AFR	Banks sign up with Matchi
Media Article	ANZ.553.015.7965	07-Sep-2015	Australian	Investor loan rate hike 'has little impact'
Media Article	ANZ.553.015.7957	08-Sep-2015	Australian	ANZ vows to take fight to fintech start-ups
Media Article	ANZ.553.015.7944	10-Sep-2015	Australian	Finance Sector Union warfare breaks out
Media Article	ANZ.553.015.7952	10-Sep-2015	Australian	Financial union infighting threatens delicate workplace
Media Article	ANZ.553.015.7928	11-Sep-2015	Australian	ANZ share purchase plan garners 720m
Media Article	ANZ.553.015.7937	11-Sep-2015	Sydney Morning Herald	Broker Hassan admits 110 million loan
Media Article	ANZ.553.015.7922	11-Sep-2015	Australian	FSU ready to bring secretary to heel
Media Article	ANZ.553.015.7917	12-Sep-2015	Australian	Commonwealth and ANZ mess up raisings
Media Article	ANZ.553.015.7895	15-Sep-2015	Australian	ANZ chief unfazed by China exposure
Media Article	ANZ.553.015.7908	15-Sep-2015	Australian	Market changes its tune after panning 'unfair' capital raising
Media Article	ANZ.553.015.7865	16-Sep-2015	AFR	ANZ boss calls time on rough and tumble
Media Article	ANZ.553.015.7885	16-Sep-2015	Sydney Morning Herald	ANZ chief hopes for stability in the 'rough game' of politics
Media Article	ANZ.553.015.7880	16-Sep-2015	AFR	Banks tipped to polish up again
Media Article	ANZ.553.015.7860	16-Sep-2015	Australian	Jury still out on ANZ chiefs
Media Article	ANZ.553.015.7876	16-Sep-2015	AFR	Smith to leave within a year
Media Article	ANZ.553.015.7849	17-Sep-2015	AFR	ANZ shares wear most pain
Media Article	ANZ.553.015.7846	18-Sep-2015	Australian	Macquarie gets nod from ACCC for Esanda buyout
Media Article	ANZ.553.015.7835	21-Sep-2015	AFR	ABN AMRO champions sustainability push
Media Article	ANZ.553.015.7833	21-Sep-2015	Australian	Westpac to hit up investors for 5bn
Media Article	ANZ.553.015.7826	22-Sep-2015	Sydney Morning Herald	CBD
Media Article	ANZ.553.015.7814	22-Sep-2015	AFR	Foot off the pedal in Esanda
Media Article	ANZ.553.015.7809	23-Sep-2015	AFR	Miners of iron ore have a little breathing room
Media Article	ANZ.553.015.7797	24-Sep-2015	Australian	Kingmaker guides ANZ insiders
Media Article	ANZ.553.015.7790	25-Sep-2015	Sydney Morning Herald	ANZ joins small group predicting interest
Media Article	ANZ.553.015.7761	25-Sep-2015	Australian	ANZ tips rate cuts next year
Media Article	ANZ.553.015.7786	25-Sep-2015	Sydney Morning Herald	ASX makes tentative recovery rises above 500 points
Media Article	ANZ.553.015.7770	25-Sep-2015	AFR	ASX recovers from low to close
Media Article	ANZ.553.015.7782	25-Sep-2015	AFR	RBA needs to cut official interest
Media Article	ANZ.553.015.7755	28-Sep-2015	AFR	Bank strength more than capital
Media Article	ANZ.553.015.7747	28-Sep-2015	Australian	DATAROOM
Media Article		02-Oct-2015	Sydney Morning Herald	ANZ chief executive exits with $27m stock pot
Media Article		02-Oct-2015	Australian	ANZ's Elliott keeps Asia focus
Media Article		02-Oct-2015	Australian	Continuity is king as strategy persists
Media Article		02-Oct-2015	Australian	Elliott determined to finish job his boss started
Media Article		02-Oct-2015	AFR	Into Asia for better or worse
Media Article		02-Oct-2015	AFR	New ANZ chief's focus on Asian returns

Holzwarth Exhibit 2
Analyst Reports & Media Articles (7 August 2015 - 31 October 2015)

Document Type	Bates (if available)	Date	Analyst/Outlet	Title
Media Article		02-Oct-2015	Sydney Morning Herald	New ball game for ANZ's Elliott
Media Article		02-Oct-2015	Sydney Morning Herald	Returns focus for ANZ boss
Media Article		02-Oct-2015	AFR	Smith's ANZ legacy will be decided by outcome of bank's Asia plan
Media Article		03-Oct-2015	AFR	ANZ's Elliott urges calm on China loans
Media Article		03-Oct-2015	Sydney Morning Herald	ANZ's new chief executive calls for calm on lending in China
Media Article		03-Oct-2015	AFR	Big banks brace for digital disruption
Media Article		03-Oct-2015	Australian	Elliott in digital catch-up with rivals
Media Article		06-Oct-2015	AFR	ANZ limits lending to clean coal
Media Article		06-Oct-2015	Sydney Morning Herald	ANZ pings 1700 staff for conduct breaches
Media Article		06-Oct-2015	AFR	More than 1700 ANZ staff in breach of code
Media Article		07-Oct-2015	AFR	ANZ calls for joint super accounts
Media Article		07-Oct-2015	Sydney Morning Herald	ANZ issues call for joint super
Media Article		07-Oct-2015	AFR	Banks urged to match ANZ on coal
Media Article		07-Oct-2015	Australian	Elliott's first challenge is to fill his own shoes
Media Article		09-Oct-2015	AFR	ANZ joins rivals in waving bye to Esanda
Media Article		09-Oct-2015	Australian	ANZ reaches pay deal with union
Media Article		09-Oct-2015	Australian	BoQ sets tone for banks
Media Article		09-Oct-2015	Australian	Macquarie wins race for $8bn Esanda
Media Article		10-Oct-2015	Australian	Esanda sale clears decks at ANZ
Media Article		10-Oct-2015	AFR	Is ANZ's Elliott up to the job
Media Article		10-Oct-2015	AFR	More local ANZ divestments unlikely
Media Article		12-Oct-2015	AFR	ANZ signals push into NSW home lending
Media Article		12-Oct-2015	Sydney Morning Herald	ANZ to step up home lending
Media Article		12-Oct-2015	Australian	CBA leads way for digital-savvy customers
Media Article		13-Oct-2015	AFR	ANZ takes notes from IT crowd
Media Article		14-Oct-2015	AFR	ANZ to extend China business
Media Article		16-Oct-2015	Australian	ANZ sells NZ health insurer
Media Article		17-Oct-2015	Australian	ANZ's Elliott exits AMMB seat
Media Article		17-Oct-2015	AFR	Big banks vie to sound most virtuous on credit card debt
Media Article		17-Oct-2015	Australian	Westpac strengthens its bonds by making a bold move
Media Article		21-Oct-2015	Sydney Morning Herald	ANZ brushes off capital talk as a 'fairytale'
Media Article		22-Oct-2015	Australian	China deal is 'no panacea'
Media Article		23-Oct-2015	Australian	Banks likely to follow CBA
Media Article		24-Oct-2015	AFR	Bank investors should expect lower returns
Media Article		24-Oct-2015	Australian	HWT in talks on office shift
Media Article		24-Oct-2015	AFR	Hybrid retail products in ASIC's sights
Media Article		24-Oct-2015	Australian	No RBA rate rescue for homeowners
Media Article		24-Oct-2015	Australian	Stocks surge on hopes of stimulus moves
Media Article		27-Oct-2015	AFR	Banks need to take care in fragile economy
Media Article		27-Oct-2015	Australian	Private banking report puts Sydney-based majors on top
Media Article		28-Oct-2015	AFR	Esanda pays out 70 borrowers
Media Article		28-Oct-2015	Australian	Macquarie suffers Esanda loan blow
Media Article		30-Oct-2015	Sydney Morning Herald	ANZ calms market on dividends defends mortgage rate hike
Media Article		30-Oct-2015	Australian	ANZ faces tough calls in life after Smith
Media Article		30-Oct-2015	Australian	CEO ends as he began dividing opinion

NOTICE OF FILING

Details of Filing

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Sia Lagos

Registrar

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