

## Blue Chip Financials – Another One Bites the Dust?

The slaughtering dished out to the share price of one-time darling Babcock and Brown (BNB) sent ripples through the stock market during recent weeks. As BNB's shares halved within the space of a week to below \$5, many investors were left worrying whether the company frequently dubbed the 'mini Macquarie Bank' could suffer the same fate as recent disaster stories such as Centro Properties, MFS and Allco Finance.

Before BNB's dive shocked the market, wise-owl.com members were very familiar with the stock, as it has generated some handsome returns following our previous 'buy' recommendations, as illustrated in the table below. Our last 'buy' recommendation was made on 19 August 2007 during the initial US Sub Prime induced market rout. Members went on to make potential gains of 38.35% before we took profits and sold at \$26 last November. We have avoided the stock ever since.

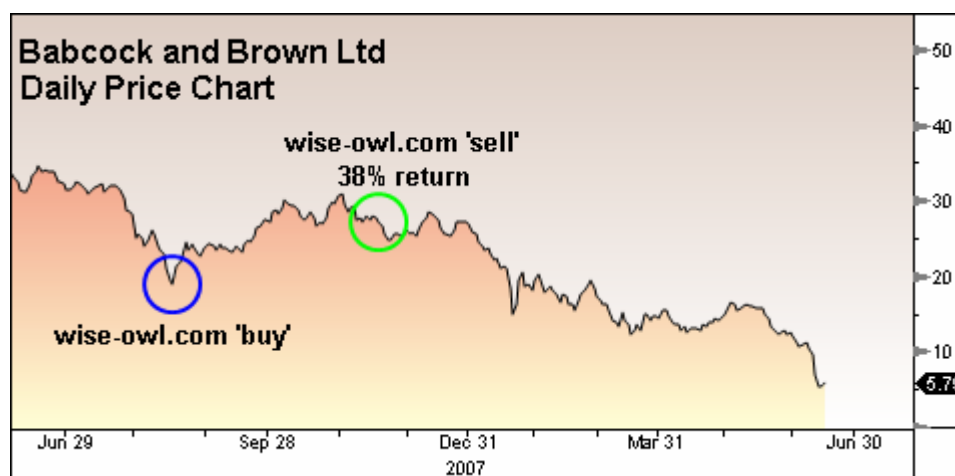
### Wise-owl.com BNB Recommendations - Summary

Buy Date	Stock	Buy Price	Sell Price	% Return	Sell Date
14/05/2006	* BNB	\$20.100	\$25.200	+25.42%	28/02/2007
11/06/2006	* BNB	\$20.000	\$25.200	+26.05%	28/02/2007
22/10/2006	* BNB	\$22.120	\$25.200	+13.97%	28/02/2007
19/08/2007	BNB	\$18.800	\$26.000	+38.35%	21/11/2007

*Past wise-owl.com returns from 'buy' and 'add' recommendations on BNB.*

*Source: wise-owl.com*

In contrast, most other institutional analysts that cover the stock rated it as either a 'buy' or a 'hold' just last week – before the share price meltdown. It seems that wise-owl.com members were amongst the few investors that were advised to sell the stock when it was near its recent peak.



*Wise-owl.com members were advised to sell BNB when it was near its peak last year.*

*Source: wise-owl.com, Bloomberg*



However, fast moving share prices require dynamic but clear investment views, and when a stock such as BNB experiences such a sudden fall from grace, it can be hard to know if it is time to join the 'herd' and sell, or whether an outstanding buying opportunity has presented itself.

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