22 January 2014

December Quarter 2013

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LISTED INVESTMENT COMPANIES.

BELL POTTER

Clash of the Titans

Listed Investment Companies with an international mandate offer investors exposure to a depreciating AUD and the prospect of attractive risk-adjusted returns outside of Australia. Platinum Capital (PMC) and Magellan Flagship Fund (MFF) are both well-established high quality international mandated LICs that have performed extremely well, particularly over the past 1, 3 and 5 year time frames. However, a third force has now come to the fore in PM Capital Global Opportunities Fund (PGF), which listed on 12 December 2013 raising $173m with a 1-for-1 free option attached (continued page 3).

Investment Highlights

During the Quarter, our key picks across pre-tax NTA and share price performance, distribution yield (based on the previous 12 months and including Special Dividends) and valuation were as follows. Please note that historical performance is no guarantee of future performance.

Table 1: Quarter Highlights

Pre-Tax NTA Performance

31-Dec-13	Large	Lrg/Medium	Med/Small	Absolute	Intl
(%)	AFI	CIN	MIR	CDM	MFF
5 years	13.7	16.0	16.5	22.0	14.3
7 years	5.7	7.4	6.1	8.0	6.9
10 years	10.3	11.1	11.4	n/a	n/a

Share Price Performance

31-Dec-13	Large	Lrg/Medium	Med/Small	Absolute	Intl
(%)	AFI	AMH	WAM	ALF	MFF
5 years	14.5	18.8	26.5	33.6	24.0
7 years	7.3	9.9	8.2	15.6	9.9
10 years	11.1	n/a	11.3	n/a	n/a

Distribution

31-Dec-13	Large	Lrg/Medium	Med/Small	Absolute	Intl
(%)	DJW	AMH	WAA	CDM	HHV
Net Yield	5.4	8.7	7.8	7.3	4.3
Franking	100	100	100	100	100
Gross Yield	7.8	12.4	11.1	10.5	6.1

Valuation

31-Dec-13	Large	Lrg/Medium	Med/Small	Absolute	Intl
(%)	AUI	CIN	CTN	CDM	HHV
Current Disc/Prem	-6.8	-12.8	-13.5	2.7	-16.5
3 year avg	-9.4	-19.1	-18.8	-4.6	-18.1
5 year avg	-6.9	-18.1	-24.5	-14.5	-19.5
10 year avg	-5.6	-14.8	n/a	n/a	-18.6

Source: Company data, Iress and Bell Potter

It is important that clients are aware that the share price of a LIC is impacted by the oscillation of the discount or premium to NTA, which should be taken into consideration when investing in LICs. We therefore advise clients to view this report in conjunction with the Bell Potter Weekly Indicative NTA. For further information speak to your Bell Potter Adviser.

Inside this edition

- Opinion piece
- Market update
- Coverage of 28 securities

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Clash of the Titans

Listed Investment Companies with an international mandate offer investors exposure to a depreciating AUD and the prospect of attractive risk-adjusted returns outside of Australia. Platinum Capital (PMC) and Magellan Flagship Fund (MFF) are both well-established high quality international mandated LICs that have performed extremely well, particularly over the past 1, 3 and 5 year time frames. However, a third force has now come to the fore in PM Capital Global Opportunities Fund (PGF), which listed on 12 December 2013 raising $173m with a 1-for-1 free option attached.

All three LICs use a bottom-up stock selection methodology and focus on absolute returns. Investments are in global equities (including Australia) perceived by the Manager as being mispriced. The investment philosophies are heavily influenced by the Manager's hypothesis regarding social, political and economic change. The Managers then invest in companies assessed to have attractive business characteristics that are at a discount to their intrinsic values. Despite the common investment philosophies between all three LICs, defining features between them can be identified.

Platinum Capital (PMC.ASX)
Platinum Capital has a more broadly diversified Portfolio, holding 156 securities at 30 June 2013. PMC's Top 15 Holdings equated to just 30% of the Total Portfolio Value and its Top Holding (Ericsson) was just 2.6% of the Total Portfolio Value as at 30 September 2013. PMC actively manages currencies and uses derivatives. The maximum total invested position may not exceed 150% of the Portfolio value. As at 31 December 2013, 10% of PMC's Total Portfolio Value was in short sales. Platinum Capital's other defining feature is its direct investments in Asian securities, with 42% of its Portfolio exposed to Asia (including Japan) as at 31 December 2013. PMC's Company Profile is on Page 43 of this Report.

Magellan Flagship Fund (MFF.ASX)
Magellan holds a far more concentrated high conviction portfolio. MFF's Top 14 Holdings equated to 90% of its Total Portfolio Value and its Top Holding (Wells Fargo) was 11.9% of the Total Portfolio Value as at 31 December 2013. MFF limits the use of short selling, permitting its use only in relation to implementing hedges; MFF didn't use derivatives or undertake any short selling during FY13. MFF emphasises a conservative capital preservation 'value' focused investment style.

MFF has five major investment themes that it plays through its investments:
1) Emerging Markets (Yum! Brands, McDonald's)
2) Cashless Society (Visa, MasterCard)
3) Technology (Microsoft, Apple)
4) US housing (Lowe's, Home Depot, Wells Fargo, US Bancorp)
5) Financial Services (Wells Fargo, Bank of America, US Bancorp, BNYM, State Street, Treasury Group, Lloyds).

MFF is also extremely transparent as it releases weekly unaudited NTA figures. MFF's Company Profile is on Page 41 of this Report.

PM Capital Global Opportunities Fund (PGF.ASX)
PM Capital Global Opportunities Fund's investment objective is to provide long-term capital growth through investment in a concentrated portfolio of global (including Australian) securities that the Manager considers to be undervalued. The Manager's investment process is a research-intensive bottom-up approach that results in the Portfolio holding high conviction positions in companies that are assessed to be trading below their long term intrinsic value.

The Manager's preferred industries include:
- Technology
- Global brewing
- Offshore retail banks
- US housing and property

As PGF has just recently listed on the ASX, it's performance and holdings cannot be comparatively analysed in any detail yet. However, a full introductory profile on PGF is on Pages 5 & 6 of this Report. PGF held 100% cash as at 31 December 2013.

Clash of the Titans (cont.)

If PGF were to trade at around the same premium/discount levels as MFF and PMC have over the past year, its share price at a 1.5% discount to pre-tax NTA is very attractive. MFF has traded substantially higher than its 1-year average premium of 2%, while PMC has fluctuated between slight discount to slight premium. MFF and PMC have both performed phenomenally well, especially over the past 1 and 3 years as the AUD has depreciated significantly, which has magnified their returns considerably. In addition to this, PMC has distributed a solid 6% gross dividend yield over the past 12 months, while MFF has stated that they are continuing to look to lift their dividend yield.

Table 2: Comparison

ASX Code	Company Name	Share Price	Pre-tax NTA^	Prem/Disc^	Average Premium/Discount* 1 year	3 years	5 years	10 years
MFF	Magellan Flagship Fund"	$ 1.60	$ 1.52	5.3%	2.0%	-6.4%	-10.5%	n/a
PMC	Platinum Capital	$ 1.67	$ 1.68	-0.8%	-1.1%	-4.1%	2.2%	11.9%
PGF	PM Capital Global Opp"	$ 0.96	$ 0.98	-1.5%	-	-	-	-

" Indicates that there will be additional dilution associated with the excercise of options. * Average premium/discounts as at end of the previous month.

ASX Code	Company Name	Share Price	Forecast Dividend*	Franking	Franking Credits	Gross Dividend	Net Yield	Gross Yield
MFF	Magellan Flagship Fund"	$ 1.60	$ 0.02	0%	$ -	$ 0.02	1.3%	1.3%
PMC	Platinum Capital	$ 1.67	$ 0.07	100%	$ 0.03	$ 0.10	4.2%	6.0%

*Forecast Dividend is the total dividends paid over the past 12 months, excluding Special Dividends

ASX Code	Company Name	Performance Data (pre-tax NTA) 1 year	3 years	5 years	7 years	10 years
MFF	Magellan Flagship Fund"	56.5%	27.0%	14.3%	6.9%	n/a
PMC	Platinum Capital	47.9%	14.5%	11.9%	6.1%	7.4%

*Performance data has been calculated on a pre-tax NTA accumulation basis, and annualised over the relevant time period. Performance data is up until the last monthly reported pre-tax NTA.

Source: ASX, IRESS, Bell Potter
Share price & NTA as at 31 Dec 2013

MFF had 109.8m options outstanding as at 20 December 2013. These Options (MFFO) have a strike price of $1.05 and expire on 31 October 2017. Assuming all of these Options were exercised, MFF was trading at a fully diluted premium of 13% as at the 31 December 2013 closing share price.

PGF had 173.7m options outstanding as at 31 December 2013. These Options (PGFO) have a strike price of $1.00 and expire on 30 June 2015. Assuming all of these Options were exercised, PGF was trading at a fully diluted discount of 3% as at the 31 December 2013 closing share price.

PMC successfully raised $38.8m from Sophisticated and Professional investors through a Placement of 25m New Shares on 11 November 2013. The Placement was completed at PMC's reported 31 October 2013 pre-tax NTA of $1.55 per share and was strongly supported and closed over-subscribed. PMC also successfully raised $59.5m through a 1-for-5 Rights Offer and subsequent Shortfall Facility, issuing a total of 38.4m New Shares. The Rights Offer and Shortfall Facility were also offered at PMC's reported 31 October 2013 pre-tax NTA of $1.55 per share. The primary purpose of the Placement and Rights Offer was to provide PMC with additional capital to add to its existing investment portfolio. This will enable PMC to take advantage of a number of global investment opportunities. The Directors believe that a larger corpus will enhance the Company's standing with a broader shareholder base and improve trading liquidity.

PM Capital Global Opportunities Fund (PGF)

Mandate	Capital Growth, Intl Equities, Long/Short	**Benchmark**	MSCI World Index (AUD)
Manager	PM Capital	**Management Fee**	1%
Listed	12-Dec-13	**Performance Fee**	15% over MSCI World (AUD)

Share Price & NTA

NTA	$170.2m
Shares On Issue	173.7m
NTA per share	$0.98
Share Price	$0.96
Premium/Discount	-1.5%

*as at close 31 December 2013

Options

Exercise Price	$1.00
Ratio	1-for-1
Expiry	30 June 2015
Options	173.7m

Chief Investment Officer

Paul Moore

Directors

Andrew McGill (Chairman)
Tim Gunning
Tom Millner
Chris Donohoe

Holdings

Cash	93.6%
Debt/Hybrids	6.4%

*as at 31 December 2013

Additional Disclosure: Bell Potter Securities was a Joint Lead Manager of the PM Capital Global Opportunities Fund IPO and received a fee for the service.

PM Capital Global Opportunities Fund (PGF) provides investors with exposure to global equities via an Australia Securities Exchange (ASX) Listed Investment Company. PGF aims to provide long-term capital growth by investing in a concentrated portfolio of global (including Australian) equities and other investment securities.

Key Information

- Concentrated portfolio of approximately 40 globally listed equities
- Individual long equity positions limited to 10% of the Portfolio's net market value and individual direct short positions limited to 3% of the Portfolio's net market value; total shorts will not exceed 30%
- May hold up to 100% of the Portfolio's value in cash
- The maximum total net invested position is 130% of the Portfolio's net market value; debt exposures are allowed up to 30%
- Total unlisted securities may represent up to 10% of the Portfolio's net market value
- Active currency management
- Long-term capital growth is the Company's primary focus
- Performance fee is subject to a High Watermark

Investment Strategy

"The Manager believes there is greater breadth of opportunity offshore and superior risk-reward potential that is supported by the Australian Dollar currently trading at historically elevated levels. The Manager's observation on the Australian equity market is that only limited opportunities remain. The materials and financial sectors combined represent a large portion of the Australian equity index. With the moderation in China's demand for commodities and Australian banks trading at historically elevated levels, and at a significant premium to global peers, the Manager believes it is difficult to find value in the Australian market."[1]

"The Manager believes that a reallocation to global equities will allow investors to strengthen their portfolios with greater diversification and exposure to industries not well represented on the ASX."[2]

The Manager's preferred industries, primarily offshore, include:

- Technology companies with an entrenched market leadership
- Specific service providers that have a controlling or monopolistic market share
- Global brewing companies as the Industry continues to consolidate
- Offshore retail banks that, in many cases, are increasing payout ratios
- US housing and property

1. Company Prospectus
2. Company Prospectus

The Manager

PM Capital is a leading investment firm that has been managing global (including Australian) equities for private clients, institutional investors and clients of financial advisers for over 15 years. The Manager has over $1.4bn in funds under management (as at 31 October 2013) and manages a total of four Unlisted Unit Trusts.

Investment Mandate

The Company's investment objective is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of global (including Australian) equities and other investment securities that the Manager considers to be undervalued. The Manager's investment process is a research-intensive, bottom-up approach that results in the portfolio holding high conviction positions in companies that are assessed to be trading below their long term intrinsic value.

The Company's proposed investment mandate has been based on the guidelines of the PM CAPITAL Absolute Performance Fund (APF—Unlisted Unit Trust), which has achieved a total return of 196.8% since inception in October 1998. This return compares favourably against the MSCI World Index (Net Dividends Reinvested, AUD) total return of 32.6% (as at 30 September 2013).

APF has demonstrated strong net performance historically illustrated below (figures to 31 October 2013):

	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)	Total Return since inception
PM Capital Absolute Performance Fund (AUD)	54.5%	17.0%	12.0%	7.5%	196.8%
MSCI World Index (Net Dividends Reinvested, AUD)	37.7%	13.2%	5.4%	1.9%	32.6%
Outperformance	16.8%	3.8%	6.6%	5.6%	164.2%

Source: Company Prospectus

The information in the above table should not be relied upon and is not an indication of the future performance of PGF. The actual return of PGF could differ materially from the historical returns of APF detailed above.

Risks

There are a broad range of risks involved in any investment. The Company faces a number risks that many other LICs do not face to the same extent, including:

- Currency Risk: Investments in international assets, which have currency exposure, face the risk that adverse movements in exchange rates will reduce the value in Australian Dollar terms.
- Leverage Risk: The loss of capital and income through the use of borrowing if there are adverse market movements.
- Short Selling Risk: The risk of potential loss when the Market Price of the Asset sold short rises.
- Derivatives Risk: The risk of a negative impact due to an adverse move in the Underlying Asset. The use of derivatives also potentially exposes the Company to counterparty, legal and documentation risks.
- Concentration Risk: The potential for NTA volatility due to the lack of diversity within the Portfolio.
- Manager Risk: The success and profitability of the Company will depend, in part, upon the ability of the Manager to make investments that increase in value over time and the retention of the Manager as manager of the Portfolio (together with the retention of Key Personnel).
- Regulatory Risk: The risk of changes in government regulation and laws having a negative effect on the Company, its investments or returns to Shareholders.

Please refer to the Company Prospectus for further details.

Market Update

The Australian LIC industry raised $1.37bn during CY13, the vast majority of which was raised in the second half of the year. This was most likely attributed to buoyant market conditions and the new Future of Financial Advice reforms increasing the attractiveness of LICs. Just under $300m was raised in IPOs, the largest being PM Capital Global Opportunities (PGF), which raised $173m in December 2013. The depreciating AUD and prospects of higher risk-adjusted returns offshore saw demand for LICs with an international mandate increase significantly. International LICs raised $280m in CY13, which was 20% of the total funds raised during the year, despite only representing 7% of the entire Australian LIC industry.

INITIAL PUBLIC OFFERINGS

PM Capital Global Opportunities (PGF.ASX)

The investment objective of the PM Capital Global Opportunities Fund is to provide long-term capital growth through investment in a concentrated portfolio of global (including Australian) securities that the Manager considers to be undervalued. The Manager's investment process is a research-intensive bottom-up approach that results in the Portfolio holding high conviction positions in companies that are assessed to be trading below their long term intrinsic value. The Manager's preferred industries include: technology, global brewing, offshore retail banks, and US housing and property.

Sandon Capital (SNC.ASX)

Sandon Capital is an Activist fund that invests in opportunities considered to be trading below their intrinsic value, while offering the potential of being positively influenced. Such influence may be in the form of taking an active role in proposing changes in the areas of corporate governance, capital management, strategic and operational issues, management arrangements and other related activities. A full introductory profile on SNC is on Pages 10 & 11 of this Report.

Watermark Market Neutral (WMK.ASX)

The Watermark Market Neutral Fund seeks to profit from a mispricing of securities without the theoretical impact of broader market fluctuations. As such, the Fund should be able to deliver positive returns in both rising and falling market conditions. The Company's investment capital is retained in cash earning interest. The Manager invests in a 'long' portfolio of securities that it believes are undervalued, which is funded by the proceeds of selling 'short' the securities of entities that it believes are overvalued. The 'long' and 'short' segments of the portfolio are of approximately equal value with the net market exposure less than 10% of capital, minimising the exposure to general market movements. Hence, the gross performance of the portfolio will be the interest on cash at bank, plus the difference between the performance of the long and short portfolios.

NAOS Emerging Opportunities (NCC.ASX)

The NAOS Emerging Opportunities Company invests in Emerging Companies that are outside of the S&P/ASX 100 Index, as well as unlisted Emerging Companies. NCC seeks to outperform its benchmark (S&P/ASX Small Ords Accumulation Index) over the medium to long term and to pay a minimum dividend yield of 4% per annum franked to the maximum extent possible. The Manager (NAOS Asset Management) will carefully select investment opportunities through the use of its 5 step investment process. The Portfolio will hold a concentrated number of positions, which on average will be 0-15 positions when fully invested. This seeks to maximise shareholder exposure to companies assessed by the Manager to be of high quality but undervalued. Many of these Emerging Companies are often overlooked and therefore potentially inefficiently priced by the Market. NCC is able to hold 100% cash at any one time to maintain its ability to protect investors' capital in times of high market volatility.

Table 3: IPOs in 2013

	Shares Issued	Price	Raised
PGF	173,672,201	$ 1.00	$ 173,672,201
SNC	35,029,468	$ 1.00	$ 35,029,468
WMK	70,518,626	$ 1.00	$ 70,518,626
NCC	17,313,439	$ 1.00	$ 17,313,439
			$ 296,533,734

Source: Company data, Iress and Bell Potter

Market Update (cont.)

CAPITAL RAISINGS

A total of $508m was raised for LICs in the second half of 2013 through Dividend Reinvestment Plans (DRPs), DRP Shortfall Placements, Placements, Rights Issues and Entitlement Offerings. BKI Investments (BKI) and Platinum Capital (PMC) stand out, having both raised around $100m each.

Table 4: 2H CY13 DRP Shortfall Placements, Placements, Rights Issues and Entitlements

	Shares Issued	Price	Raised
ALF	20,000,000	$ 1.69	$ 33,800,000
AMH	11,905,975	$ 0.85	$ 10,120,079
BKI	39,900,000	$ 1.48	$ 59,052,000
BKI	32,468,378	$ 1.48	$ 48,053,199
CDM	3,305,292	$ 1.36	$ 4,479,299
CDM	37,767,430	$ 1.43	$ 54,007,425
MLT	3,324,432	$ 19.12	$ 63,563,140
NCC	11,598,761	$ 1.13	$ 13,106,600
PMC	25,044,182	$ 1.55	$ 38,818,482
PMC	38,401,081	$ 1.55	$ 59,521,676
WAM	13,834,494	$ 1.79	$ 24,694,572
WAX	14,385,886	$ 1.15	$ 16,543,769
			$ 425,760,240

Source: Company data, Iress and Bell Potter

Table 5: 2H CY13 DRPs

	Shares Issued	Price	Raised
ABW	29,892	$ 1.06	$ 31,650
AFI	5,209,788	$ 5.64	$ 29,383,204
ALF	980,814	$ 1.67	$ 1,638,548
AMH	7,082,783	$ 0.87	$ 6,162,021
ARG	2,480,493	$ 6.63	$ 16,445,669
AUI	982,877	$ 7.57	$ 7,440,969
BKI	1,615,225	$ 1.56	$ 2,519,751
CAM	137,059	$ 1.05	$ 143,600
CDM	1,182,280	$ 1.35	$ 1,592,519
CTN	1,043,709	$ 0.98	$ 1,022,835
DUI	980,904	$ 3.23	$ 3,167,731
FSI	172,502	$ 1.38	$ 238,053
MFF	414,228	$ 1.40	$ 578,014
MIR	1,143,853	$ 2.26	$ 2,585,108
PMC	1,082,010	$ 1.50	$ 1,623,015
TGG	547,144	$ 1.16	$ 632,334
WAA	1,286,678	$ 1.15	$ 1,478,136
WAM	2,663,881	$ 1.78	$ 4,732,385
WAX	911,714	$ 1.14	$ 1,038,989
			$ 82,454,530

Source: Company data, Iress and Bell Potter

Market Update (cont.)

OPTIONS

The exercise of LIC options raised $337m during CY13, dominated by WAM raising $230m, which lifted its capital base by 78%, and ALF raising $88m. The three of Wilson Asset Management's LICs (WAM, WAX and WAA) combined raised $244m through the exercise of its options, representing 72% of all options exercised during CY13.

Table 6: CY13 Options Exercised

	Exercise Price		Exercised		Raised	Expiry
ALFO	$	1.37	64,557,387	$	88,443,620	30-Sep-14
CTNO	$	1.20	2,538	$	3,046	28-Feb-14
LSXO	$	0.80	2,134	$	1,707	12-Dec-14
MFFO	$	1.05	4,729,982	$	4,966,481	31-Oct-17
NCCO	$	1.00	133,200	$	133,200	1-Feb-15
WAAO	$	1.08	12,138,088	$	13,109,135	12-Dec-13
WAMO	$	1.60	144,186,789	$	230,698,862	31-Jul-13
WAXO	$	1.20	58,812	$	70,574	17-Jun-15
WMKO	$	1.00	22,500	$	22,500	31-Dec-14
				$	337,449,126	

Source: Company data, Iress and Bell Potter

The popularity of option issues for raising capital for LICs has never been so prevalent. The four most recent LIC IPOs issued 1-for-1 free options attached to their ordinary shares, WAX recently issued a 1-for-2 bonus option to all shareholders and CDM issued a 1-for-1 bonus option earlier this month. Table 7 highlights the potential capital to be raised from the remaining outstanding LIC options. However, CTN and LSX are unlikely to reach their strike price in order for their options (CTNO and LSXO) to be exercised, so the potential for $860m to be raised from these options should more conservatively be estimated at around $790m.

Table 7: Outstanding Options

	Exercise Price		Outstanding Options	Potential Raise		Expiry
ALFO	$	1.37	48,889,375	$	66,978,444	30-Sep-14
CDMO	$	1.43	159,505,830	$	228,093,337	31-Aug-15
CTNO	$	1.20	49,755,321	$	59,706,385	28-Feb-14
LSXO	$	0.80	14,655,479	$	11,724,383	12-Dec-14
MFFO	$	1.05	109,777,816	$	115,266,707	31-Oct-17
NCCO	$	1.00	17,180,239	$	17,180,239	1-Feb-15
PGFO	$	1.00	173,672,201	$	173,672,201	30-Jun-15
SNCO	$	1.00	35,009,000	$	35,009,000	24-Jul-15
WAXO	$	1.20	68,904,997	$	82,685,996	17-Jun-15
WMKO	$	1.00	70,496,125	$	70,496,125	31-Dec-14
				$	860,812,817	

Source: Company data, Iress and Bell Potter

WATERMARK FUNDS MANAGEMENT

Watermark Funds Management raised $260m during CY13 in their two LICs, Australian Leaders Fund (ALF) and Watermark Market Neutral (WMK), which represented 19% of the Total Funds raised in the LIC industry in CY13. The amount raised for the two Justin Braitling run LICs are a testament to ALF's outstanding historical risk-adjusted performance.

Table 8: CY13 Watermark Funds Management

Raising Type		Exercise Price		Shares Issued		Raised
Options	ALFO	$	1.37	64,557,387	$	88,443,620
1H DRP	ALF	$	1.41	6,649,588	$	9,367,940
2H DRP	ALF	$	1.67	980,814	$	1,638,548
Placement	ALF	$	1.37	13,804,836	$	18,955,420
Placement	ALF	$	1.37	27,609,675	$	37,910,845
Placement	ALF	$	1.69	20,000,000	$	33,800,000
IPO	WMK	$	1.00	70,518,626	$	70,518,626
Options	WMKO	$	1.00	22,500	$	22,500
					$	260,657,499

Source: Company data, Iress and Bell Potter

Sandon Capital Investments (SNC)

Mandate	Activist Absolute Return Value	**Benchmark**	Cash (1 Month BBSW)
Manager	Sandon Capital	**Management Fee**	1.25%
Listed	23-Dec-13	**Performance Fee**	20% over benchmark

Share Price & NTA

NTA	$33.8m
Shares On Issue	35.03m
NTA per share	$0.965
Share Price	$0.965
Premium/Discount	0%

*as at close 31 December 2013

Options

Exercise Price	$1.00
Ratio	1-for-1
Expiry	24 July 2015
Options	35.03m

Chief Investment Officer

Gabriel Radzyminski

Directors

Gabriel Radzyminski (Chairman)
Paul Jensen
Matthew Kidman

Holdings

Term Deposits	87%
Cash	7%
Securities	6%

*as at 31 December 2013

Sandon Capital Investments is a Listed Investment Company that applies investment techniques commonly known as 'activist investing'.

Key Information

- Concentrated portfolio of approximately 20-25 securities
- Variable but significant amount of cash; may hold up to 100% cash
- May short sell in limited circumstances
- May use debt
- Sum of short sales and debt will not exceed 50% of gross Portfolio value
- May invest in securities outside of Australia, so may employ currency hedging
- Target Small to Medium sized entities
- Medium to Long term (3-5 years) investment horizon
- Target to pay 6.0 cents p.a. in dividends, franked to the fullest extent possible

Investment Strategy

The Company views activism as a critical, and often missing, tool of value investing. As an Activist LIC, the Company will invest in securities the Manager considers to be undervalued and where the Manager considers there to be opportunity to encourage change to unlock what the Manager has identified as intrinsic value. Strategies the Manager may advocate include changes to capital structures or dividend policies, changes in corporate strategy, changes to board and management personnel, and changes through corporate activities, such as takeovers or divestures. The Manager will also consider investing in entities that are already the subject of activist strategies initiated by other parties.[1]

1. Company Prospectus

The Manager

Sandon Capital is an activist investment management and advisory firm that was established in 2008 servicing wholesale clients. The Manager has approximately $13m of funds under management between two Unlisted Unit Trusts: Sandon Capital Activist Fund, and Sandon Capital Activist Institutional Fund (long only).

Investment Mandate

The Company's investment objective is to provide investors with access to an activist investment strategy that is focused on delivering an absolute positive return over the medium to long term, preserving capital, and providing growth. The Company also aims to provide an income stream in the form of regular and growing dividend payments, franked to the fullest extent possible. Activism does not involve exercising day to day control over the entities that form part of the Portfolio. Activism describes the exercise of the rights afforded to shareholders, including convening meetings of members, voting at meetings and otherwise seeking to influence change.

The Company's investment mandate has been based on the guidelines of the Sandon Capital Activist Fund (SCAF—Unlisted Unit Trust), which has achieved an annualised return of 15.5% (as at 31 October 2013) since inception in September 2009.

SCAF has demonstrated strong net performance historically as illustrated below:

	1 Year	Since Inception (p.a.)	Total Return since inception	Standard Deviation (p.a.)
SCAF	29.2%	15.5%	82.0%	8.2%
Small Ords Accumulation	2.8%	1.8%	7.5%	17.0%
Cash (1 Month BBSW)	3.0%	4.1%	18.2%	2.5%

Source: Company Prospectus

The information in the above table should not be relied upon and is not an indication of the future performance of SNC. The actual return of SNC could differ materially from the historical returns of SCAF detailed above.

Risks

There are a broad range of risks involved in any investment. The Company faces a number risks that many other LICs do not face to the same extent, including:

- Key Man Risk: Gabriel Radzyminski is the MD of the Manager and the Chairman of the Company. The Company is exposed to the risk that Mr Radzyminski will cease to be involved with the Manager and/or the Company.
- Legal Risk: The Company will pursue an active strategy of engaging with investees and other stakeholders to improve value. There is a possibility that this action may lead to litigation or other enforcement action.
- Leverage Risk: The loss of capital and income through the use of borrowing if there are adverse market movements.
- Short Selling Risk: The risk of potential loss when the Market Price of the Asset sold short rises.
- Derivatives Risk: The risk of a negative impact due to an adverse move in the Underlying Asset. The use of derivatives also potentially exposes the Company to counterparty, legal and documentation risks.
- Concentration Risk: The potential for volatility due to the lack of diversity within the Portfolio.

Please refer to the Company Prospectus for further details.

Universe Summary

On a Weighted Average basis, the LICs within the Bell Potter universe are trading at an average premium to pre-tax NTA of 2.6% as at 31 December 2013, significantly up on the prior Quarter. On an Arithmetic basis, the discount tightened to -1.6% from -4.0% in the prior Quarter. Domestic LICs went from a weighted average discount in the prior Quarter to a 3.1% premium, while International LICs were broadly unchanged.

Table 9: Current Share Price Premium/Discount to NTA and Yield

ASX Code	Company name	Investment Mandate	Market Cap ($m)	Price ($)	Pre-tax NTA ($)	Prem/ (Disc) to pre-tax NTA (%)	Post-tax NTA ($)	Prem/ (Disc) to post-tax NTA (%)	12 Mth Dividend Per Share ($)*	Net Dividend Yield (%)*	Franking (%)	Gross Dividend Yield (%)*	Indirect Cost Ratio (%)
Domestic Equity													
AFI	AFIC	Large	6,486	6.22	5.78	7.6	4.88	27.5	0.220	3.5	100	5.1	0.18
ARG	Argo Investments	Large	4,718	7.31	7.31	0.0	6.41	14.0	0.265	3.6	100	5.2	0.18
DJW	Djerriwarrh Investments	Large	1,045	4.78	3.76	27.1	3.64	31.3	0.260	5.4	100	7.8	0.39
AUI	Australian United	Large	860	7.95	8.53	-6.8	7.32	8.6	0.295	3.7	100	5.3	0.13
CYA	Century Australia	Large	69	0.87	0.93	-6.5	0.93	-6.8	0.029	3.3	100	4.7	1.10
MLT	Milton Corporation	Large/Medium	2,654	4.23	4.32	-2.1	3.84	10.2	0.169	4.0	100	5.7	0.14
BKI	BKI Investment	Large/Medium	819	1.58	1.64	-4.0	1.51	4.3	0.072	4.5	100	6.5	0.19
CIN	Carlton Investments	Large/Medium	665	25.01	28.69	-12.8	24.46	2.2	0.920	3.7	100	5.3	0.10
DUI	Diversified United	Large/Medium	601	3.53	3.74	-5.6	3.23	9.3	0.135	3.8	100	5.5	0.17
WHF	Whitefield	Large/Medium	304	4.00	4.26	-6.1	4.06	-1.5	0.170	4.3	100	6.1	0.36
AMH	AMCIL	Large/Medium	210	0.92	0.91	1.1	0.85	8.2	0.080	8.7	100	12.4	0.77
CAM	Clime Capital	Large/Medium	76	1.08	1.10	-1.8	1.06	1.9	0.040	3.7	100	5.3	1.78
FSI	Flagship Investments	Large/Medium	36	1.49	1.70	-12.4	1.56	-4.2	0.065	4.4	100	6.2	4.97
MIR	Mirrabooka	Medium/Small	395	2.84	2.34	21.4	2.09	35.9	0.150	5.3	100	7.5	0.70
WAM	WAM Capital	Medium/Small	658	1.96	1.82	7.9	1.76	11.3	0.120	6.1	100	8.7	1.55
WIC	WestOz Investment Co.	Medium/Small	158	1.23	1.34	-8.4	1.32	-6.7	0.090	7.3	100	10.5	1.21
WAX	WAM Research	Medium/Small	155	1.13	1.08	4.2	1.08	4.4	0.070	6.2	100	8.9	2.68
WAA	WAM Active	Medium/Small	41	1.22	1.10	10.7	1.07	13.7	0.095	7.8	100	11.1	4.31
CTN	Contango Microcap	Small	165	1.06	1.22	-13.5	1.15	-8.6	0.078	7.4	35	8.3	2.72
CDM	Cadence Capital	Absolute Return	239	1.50	1.46	2.7	1.44	4.4	0.110	7.3	100	10.5	1.36
ALF	Australian Leaders Fund	Absolute Return	345	1.68	1.53	9.8	1.47	14.3	0.120	7.1	100	10.2	7.05
International Equity													
MFF	Magellan Flagship Fund	Global	562	1.60	1.52	5.3	1.37	16.9	0.020	1.3	0	1.3	1.47
HHV	Hunter Hall Global Value	Global	184	0.98	1.17	-16.5	1.17	-16.5	0.042	4.3	100	6.1	1.76
PMC	Platinum Capital	Global	385	1.67	1.68	-0.8	1.56	6.9	0.070	4.2	100	6.0	2.00
TGG	Templeton Global Growth	Global	204	1.42	1.42	0.0	1.39	2.2	0.025	1.8	100	2.5	1.61
AGF	AMP Capital China Growth	China	302	0.83	0.98	-15.8	0.98	-15.8	0.025	3.0	0	3.0	1.86
Specialist													
HHY	Hastings High Yield	Fixed income	35	0.34	0.47	-28.7	0.47	-28.7	0.592	7.0	0	7.0	1.12
ABW	Aurora Absolute	Income	18	1.07	1.06	0.5	1.06	0.5	0.065	6.1	57	6.7	2.17
Arithmetic Average (All)						**-1.6**		**5.0**		**5.0**		**6.8**	**1.57**
Weighted Average (All)						**2.6**		**15.8**		**4.0**		**5.7**	**0.54**
Weighted Average (Domestic Market Cap - Over $500m)						4.2		19.8		3.8		5.4	0.18
Weighted Average (Domestic Market Cap - Under $500m)						-0.5		7.7		5.3		7.5	1.27
Weighted Average (Domestic All)						3.1		16.9		4.1		5.9	0.44
Weighted Average (International Equity)						**-3.1**		**2.9**		**2.7**		**3.4**	**1.72**
Weighted Average (Specialist)						**-18.8**		**-18.8**		**6.7**		**6.9**	**1.48**

*12 month historical dividends including Special Dividends

*ICR with performance fee

Source: Company data, Iress and Bell Potter

Investment Performance

In the Table below, we have evaluated our LICs using the performance of both the pre-tax NTA and share price. The pre-tax NTA data seeks to measure the performance of the underlying investments of the Fund. Whereas, the share price data measures the performance of the security as it trades on the ASX. However, some of this terminology is a little misleading as the pre-tax NTA actually reflects tax associated with realised capital gains (tax applicable on positions that have been exited) but not unrealised capital gains (tax applicable on positions that have not been exited).

The measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, but does not incorporate franking. LIC returns will consequently be understated relative to the Index return given that the Benchmarks do not factor in operating costs or taxation. The performance of Unlisted Unit Trusts are not measured on an after tax basis and are therefore, generally, not a valid comparison.

Table 10: Pre-tax NTA and Share Price Performance

			Pre-tax NTA										Share price									
ASX	ASX Listed	Investment	Performance (%)					Value-add+ (%)					Performance (%)					Value-add+ (%)				
Code	Investment Companies	Mandate	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10
Domestic Equity																						
AFI	AFIC	Large	22.1	10.7	13.7	5.7	10.3	1.9	1.8	1.2	2.0	0.7	28.3	12.9	14.5	7.3	11.1	8.6	4.9	1.8	3.7	1.7
ARG	Argo Investments	Large	21.4	9.8	12.9	4.2	9.3	1.7	1.8	0.2	0.6	-0.1	23.6	9.7	11.3	3.3	8.3	3.9	1.7	-1.4	-0.3	-1.1
DJW	Djerriw arrh Investments	Large	17.1	8.4	11.6	3.8	8.8	-3.1	-0.5	-0.9	0.1	-0.8	24.3	11.4	13.4	6.5	10.0	4.6	3.4	0.7	2.9	0.6
AUI	Australian United	Large	23.8	9.1	13.6	4.2	10.3	4.1	0.6	1.3	0.7	0.8	25.7	10.3	13.1	4.0	10.4	6.0	2.3	0.4	0.4	1.0
CYA	Century Australia	Large	15.8	3.9	8.2	1.1	n/a	-3.9	-4.6	-4.1	-2.4	n/a	24.5	6.8	12.9	1.8	n/a	4.8	-1.2	0.2	-1.8	n/a
MLT	Milton Corporation	Large/Medium	22.1	11.5	13.4	4.8	9.5	2.4	3.5	0.7	1.2	0.1	24.8	13.8	13.1	4.2	8.9	5.1	5.8	0.4	0.6	-0.5
BKI	BKI Investment	Large/Medium	18.7	10.2	13.2	5.4	9.4	-1.0	1.7	0.9	1.9	-0.1	20.4	13.9	16.6	5.6	9.8	0.7	5.9	3.9	2.0	0.4
CIN	Carlton Investments	Large/Medium	27.1	13.5	16.0	7.4	11.1	6.9	4.6	3.5	3.7	1.5	31.9	16.8	16.7	7.7	11.2	12.2	8.8	4.0	4.1	1.8
DUI	Diversified United	Large/Medium	24.6	10.0	13.2	4.3	11.0	4.9	1.5	0.9	0.8	1.5	29.2	11.9	12.7	4.4	11.6	9.5	3.9	0.0	0.8	2.2
WHF	Whitefield	Large/Medium	30.7	14.6	14.0	2.4	7.4	3.9	-1.5	-1.4	-1.8	-2.3	35.4	17.8	14.7	4.2	7.7	8.6	1.7	-0.7	0.0	-2.0
AMH	AMCIL	Large/Medium	18.7	10.8	15.7	6.9	n/a	-1.5	1.9	3.2	3.2	n/a	25.6	17.9	18.8	9.9	n/a	5.9	9.9	6.1	6.3	n/a
CAM	Clime Capital	Large/Medium	4.8	4.4	12.8	5.5	n/a	-14.9	-3.6	0.1	1.9	n/a	12.9	14.9	18.6	8.1	n/a	-6.8	6.9	5.9	4.5	n/a
FSI	Flagship Investments	Large/Medium	24.0	10.2	12.2	3.2	9.6	4.3	2.2	-0.5	-0.4	0.2	25.1	8.4	10.7	1.6	9.4	5.4	0.4	-2.0	-2.0	0.0
MIR	Mirrabooka	Medium/Small	23.9	12.9	16.5	6.1	11.4	15.3	14.0	7.7	7.5	4.6	40.0	23.6	23.4	10.4	14.5	20.3	15.6	10.7	6.8	5.1
WAM	WAM Capital	Medium/Small	11.2	9.1	14.1	5.7	10.0	-8.5	1.1	1.4	2.1	0.6	25.4	18.6	26.5	8.2	11.3	5.7	10.6	13.8	4.6	1.9
WIC	WestOz Investment Co.	Medium/Small	0.3	-0.9	0.6	7.7	n/a	-19.4	-8.9	-12.1	-5.0	n/a	23.1	11.3	n/a	n/a	n/a	3.4	3.3	n/a	n/a	n/a
WAX	WAM Research	Medium/Small	19.7	12.2	11.9	3.2	n/a	0.0	4.2	-0.8	-0.4	n/a	31.7	25.4	25.7	8.0	n/a	9.1	16.4	13.2	4.1	n/a
WAA	WAM Active	Medium/Small	8.5	5.2	10.7	n/a	n/a	-11.2	-2.8	-2.0	n/a	n/a	17.9	15.1	18.9	n/a	n/a	-1.8	7.1	6.2	n/a	n/a
CTN	Contango Microcap	Small	11.0	-4.1	9.3	1.0	n/a	-8.7	-12.1	-3.4	-2.6	n/a	13.9	1.7	18.0	0.8	n/a	-5.8	-6.3	5.3	-2.8	n/a
CDM	Cadence Capital	Absolute Return	17.0	13.2	22.0	8.0	n/a	-2.7	5.2	9.3	4.4	n/a	11.9	27.9	27.1	10.4	n/a	-7.8	19.9	14.4	6.8	n/a
ALF	Australian Leaders Fund	Absolute Return	26.3	13.8	20.9	10.0	n/a	6.6	5.8	8.2	6.4	n/a	41.6	26.2	33.6	15.6	n/a	21.9	18.2	20.9	12.0	n/a
International Equity																						
MFF	Magellan Flagship Fund	Global	56.5	27.0	14.3	6.9	n/a	12.2	12.9	7.0	7.1	n/a	68.4	31.3	24.0	9.9	n/a	24.1	17.2	16.7	10.1	n/a
HHV	Hunter Hall Global Value	Global	25.4	5.2	13.0	0.2	2.5	-21.9	-11.5	3.3	-1.8	-1.0	25.1	7.5	14.8	2.3	3.4	-22.2	-9.2	5.1	0.3	-1.5
PMC	Platinum Capital	Global	47.9	14.5	11.9	6.1	7.4	5.1	-0.3	2.3	4.2	2.1	65.3	8.4	12.4	0.5	3.2	22.5	-6.4	7.1	-1.4	-2.1
TGG	Templeton Global Grow th	Global	50.9	18.3	9.1	0.7	4.7	3.3	1.6	-0.6	-1.3	-0.5	83.6	23.1	14.3	0.5	0.4	36.0	6.4	4.6	-1.5	-0.8
AGF	AMP Capital China Grow th	China	18.2	2.6	2.9	n/a	n/a	2.1	2.7	-1.9	n/a	n/a	27.8	4.1	3.9	n/a	n/a	11.7	4.2	-0.9	n/a	n/a
Specialist																						
HHY	Hastings High Yield	Fixed income	2.6	1.6	2.1	n/a	n/a	-7.4	-8.4	-7.9	n/a	n/a	14.7	10.4	17.3	n/a	n/a	-10.4	-3.8	4.7	n/a	n/a
ABW	Aurora Absolute	Income	5.8	4.3	48.8	n/a	n/a	-13.9	-3.7	36.1	n/a	n/a	5.6	n/a	n/a	n/a	n/a	-14.1	n/a	n/a	n/a	n/a

CDM: In May 2011 CDM received $0.22 per CDM share of franking credits when RHG returned the majority of its assets in the form of a fully franked dividend. At the time CDM shares were trading at $1.25. These franking credits were worth 17.6% of the CDM share price at the time and are not reflected in our performance calculations as the calculations are based on pre-tax NTA and not post-tax NTA.

Source: Company data, Iress and Bell Potter

In order to assess a LIC's performance, NTA and share price need to be evaluated with respect to the relative mandate and/or benchmark, given varying outcomes from different styles of investment. Hence, for the Domestic LICs we have categorised the LIC's Mandate into those with a Large, Large to Medium, Medium to Small, and Small Market Capitalisation investment focus, Absolute Return, International, and Specialist investment focuses following an analysis of the LIC's Top 20 Holdings.

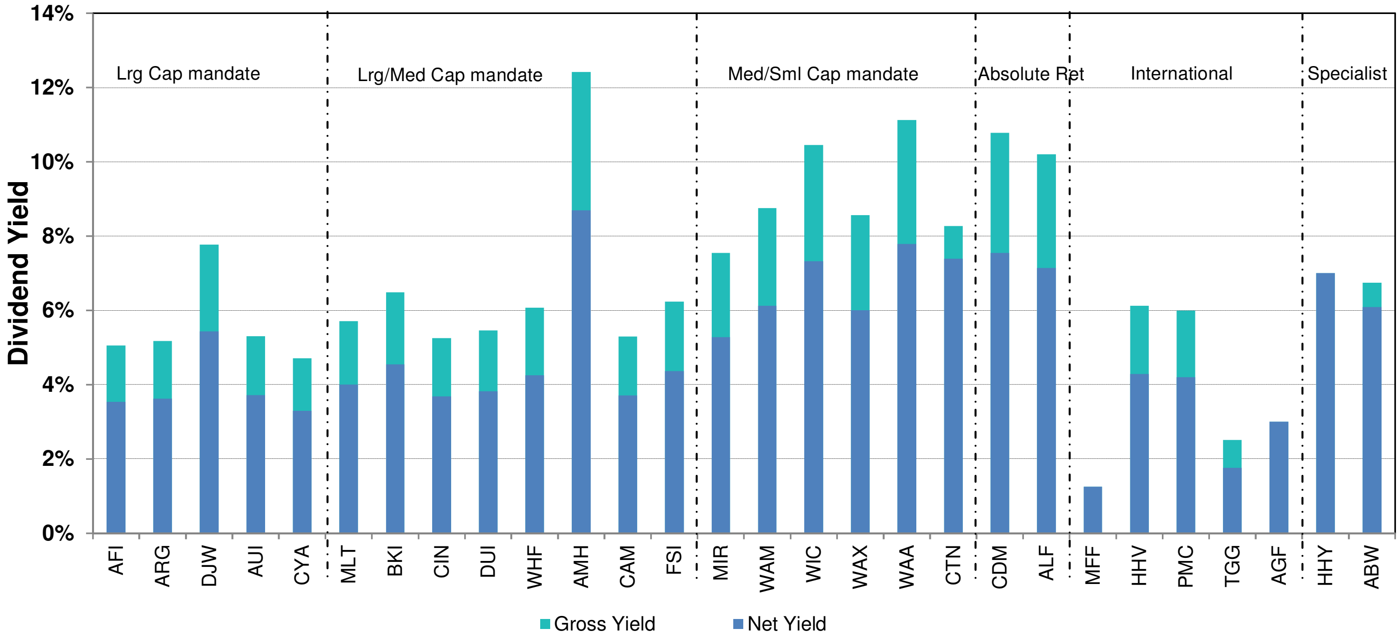
In general, the NTA has been benchmarked against the relative indices preferred by the Manager and these should be most reflective of its Mandate. The share price of each LIC, apart from International and Specialist LICs, has been benchmarked against the All Ordinaries Accumulation Index, given this is the broadest index on the ASX and the exchange in which each LIC trades. This is arguably a less relevant benchmark.

Our value-add columns seek to quantify the value generated by the Manager. It is the difference between the performance of the share price and pre-tax NTA against the relevant benchmark. A positive value indicates outperformance against the Benchmark and a negative value indicates an underperformance. We view the pre-tax NTA value-add as the most relevant measure of management performance.

Historical Gross Dividend Yield

Dividends are an important aspect of any investment decision. In the Graph below, we have included historical Net Dividend Yield and Gross Dividend Yield for the LICs in our universe. Nonetheless, investors must realise that although historical yield is clearly a key consideration when selecting a LIC, it is no guarantee of future yield.

Graph 1: Historical Dividend Yield (Net and Gross)



Source: Company data, Iress and Bell Potter

Includes Special Dividends

Premium/Discount to NTA

We have categorised our universe of LICs according to the percentage premium or discount the share price trades at relative to the pre-tax NTA. We have defined "substantial" to be a ≥ 10% premium or discount.

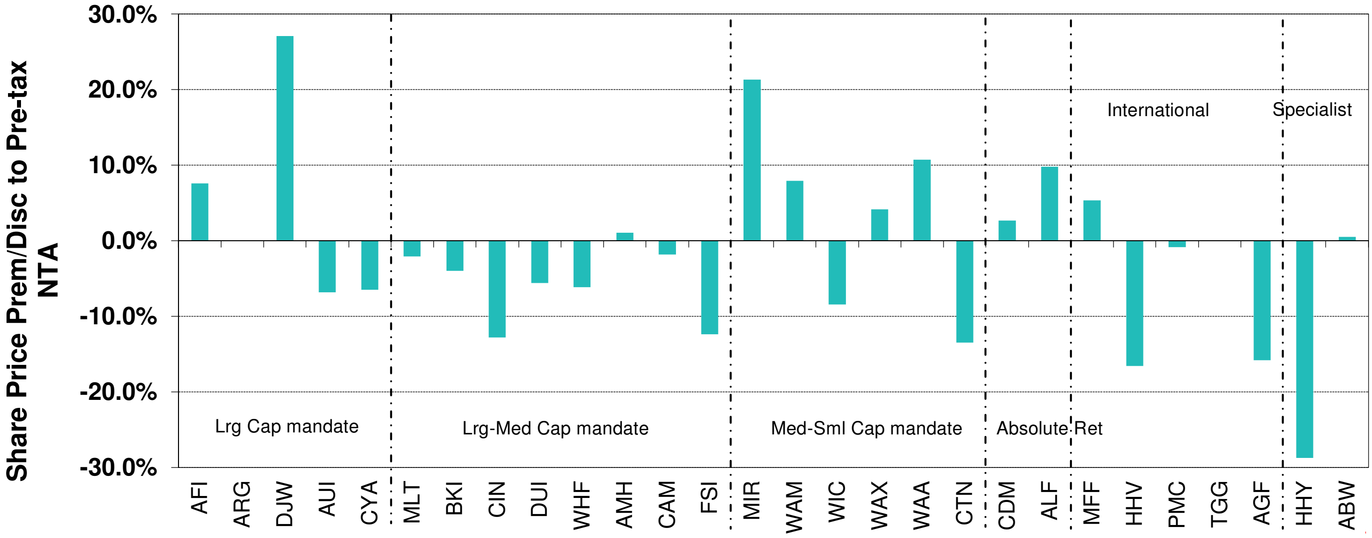
Table 11: Share Price Premium/Discount versus Pre-Tax NTA

Substantial premium		%	Approximately in line		%	Substantial discount		%
DJW	Djerriwarrh Investments	27.1	ALF	Australian Leaders Fund	9.8	FSI	Flagship Investments	-12.4
WAA	WAM Active	21.4	WAM	WAM Capital	7.9	CIN	Carlton Investments	-12.8
MIR	Mirrabooka	10.7	AFI	AFIC	7.6	CTN	Contango Microcap	-13.5
			MFF	Magellan Flagship Fund	5.3	AGF	AMP Capital China Growth	-15.8
			WAX	WAM Research	4.2	HHV	Hunter Hall Global Value	-16.5
			AMH	AMCIL	1.1	HHY	Hastings High Yield	-28.7
			ABW	Aurora Absolute	0.5			
			ARG	Argo Investments	0.0			
			ARG	Argo Investments	0.0			
			CDM	Cadence Capital	-0.2			
			PMC	Platinum Capital	-0.8			
			CAM	Clime Capital	-1.8			
			MLT	Milton Corporation	-2.1			
			BKI	BKI Investment	-4.0			
			DUI	Diversified United	-5.6			
			WHF	Whitefield	-6.1			
			CYA	Century Australia	-6.5			
			AUI	Australian United	-6.8			
			WIC	WestOz Investment Co.	-8.4			

Source: Company data, Iress and Bell Potter

LICs often trade at a consistent premium or discount to NTA, with the standard deviation providing a measure of the range in which a LIC's premium/discount normally falls. By determining each LIC's average premium/discount we can look for anomalies between average premiums/discounts to NTA and current premiums/discounts to NTA. We have calculated each LIC's 5-year average (please note WIC listed on the ASX in Sept 2009, WAA in Jan 2008 and ABW in Mar 2011) share price premium/ discount to reported pre-tax NTA as well as its standard deviation from that average, which we portray in the below Graph. Here, we are trying to convey whether or not a LIC is cheap or expensive compared to its historical average.

Graph 2: Share Price Premium/Discount to Pre-Tax NTA Relative to 5-year Average



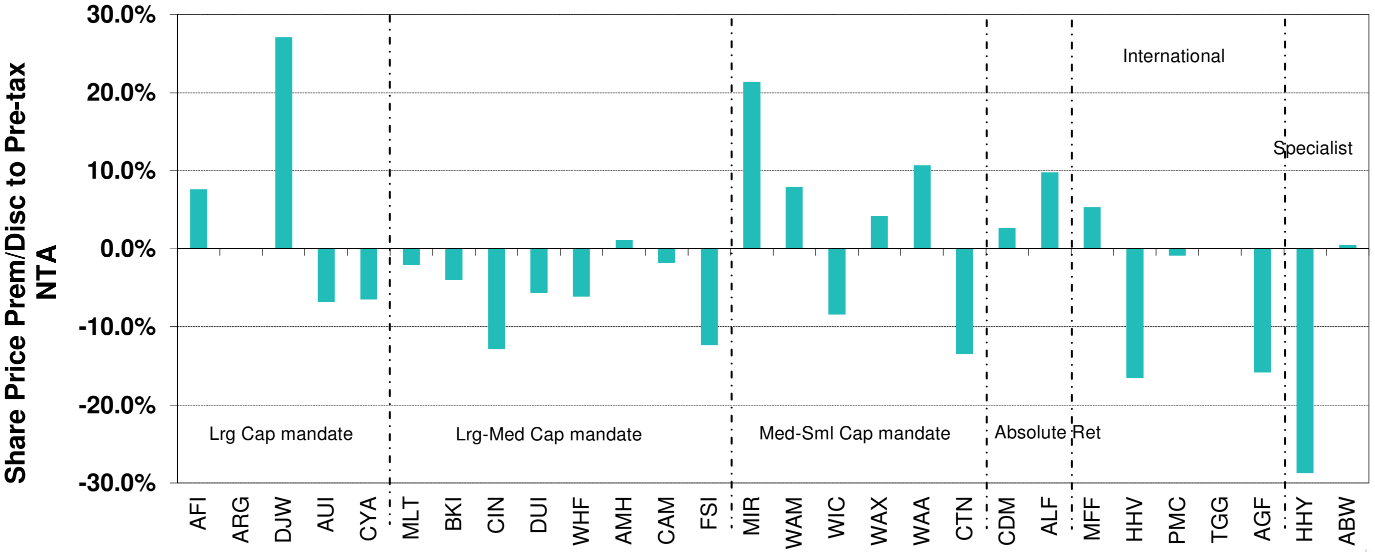
Source: Company data, Iress and Bell Potter

The average share price discount to pre-tax NTA lifted to 1.2x standard deviations for the Quarter. In the Large Market Capitalisation investment focus **ARG** and **AUI** look reasonably valued. LICs with Large to Medium Capitalisation investment mandates are at substantial premiums, apart from **FSI,** which continues to trade significantly below its historical average discount. Medium to Small and Absolute Return Mandates all continue to look expensive, but **PMC** looks extremely attractive relative to its historic average premium.

Premium/Discount to NTA (continued)

In Graph 3 we have provided some context to the share price premium or discount to pre-tax NTA. Pre-tax NTA reflects realised capital gains (tax applicable on positions that have been exited) but not unrealised capital gains (tax applicable on positions that have not been exited).

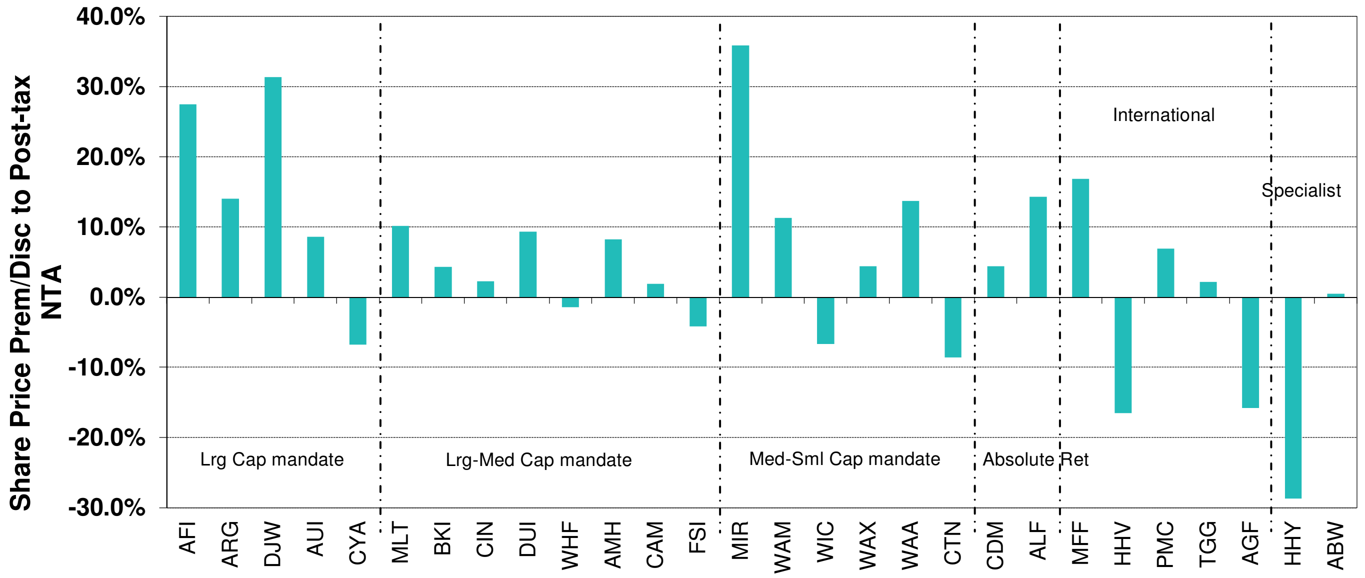
Graph 3: Share Price Premium/Discount versus Pre-Tax NTA



Source: Company data, Iress and Bell Potter

Graph 4 shows the share price premium/discount against post-tax NTA. Post-tax NTA reflects realised (tax applicable on positions that have been exited) and unrealised capital gains (tax applicable on positions that have not been exited). While this measure is arguably less relevant, it does provide additional comparison, particularly when viewed with Graph 3. Post-tax NTA is most useful in a wind-up scenario.

Graph 4: Share Price Premium/Discount versus Post-Tax NTA

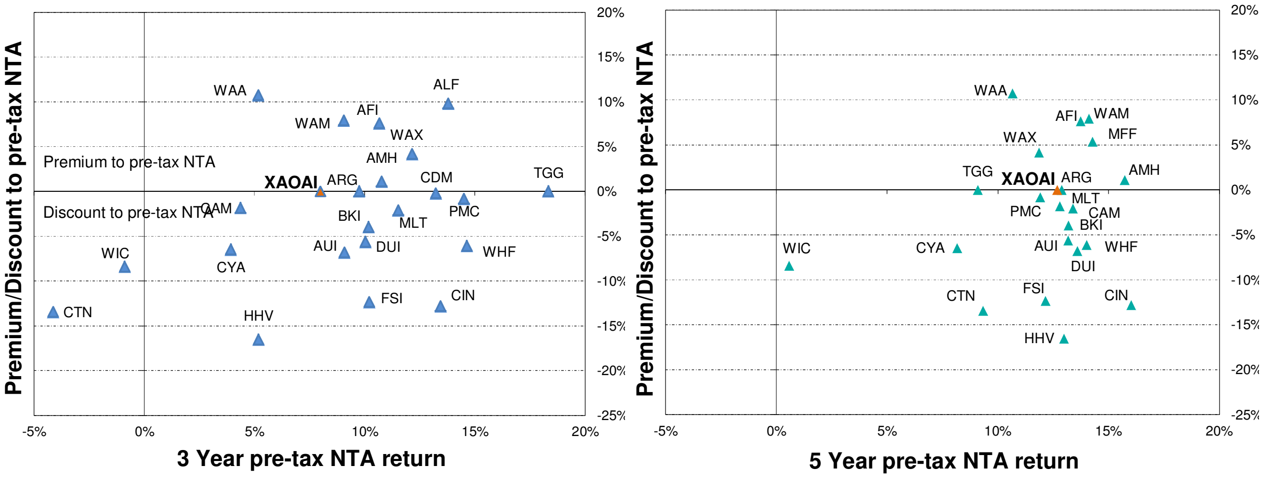


Source: Company data, Iress and Bell Potter

Premium/Discount to NTA (continued)

Graphs 5 & 6 show the pre-tax NTA performance of each LIC, assuming dividends are reinvested, over the past 3 and 5 years. This is reflected by its position along the horizontal axis, with LICs further to the right having achieved higher returns. The Graphs also highlight the share price premium or discount to pre-tax NTA at which each LIC was trading at Quarter End. This is reflected by each LIC's position along the vertical axis.

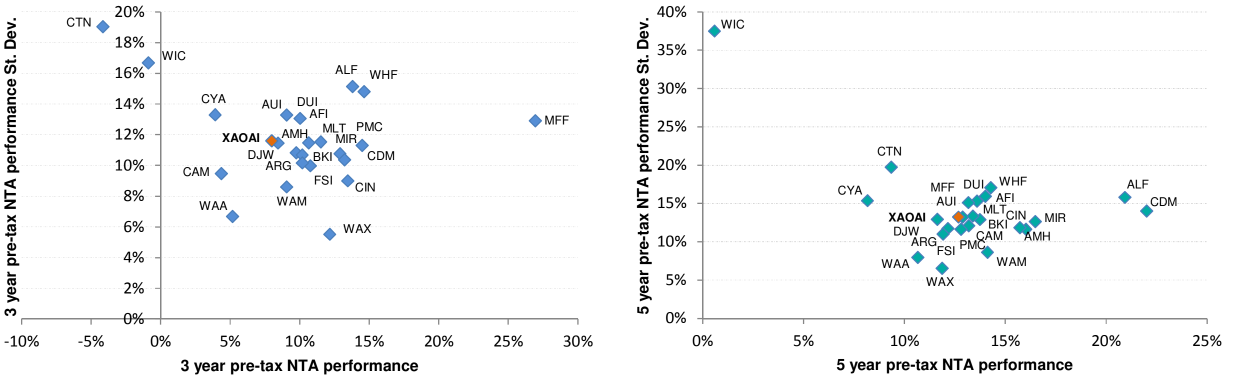
Graphs 5 & 6: Share Price Premium/Discount vs Pre-Tax NTA Performance



Source: Company data, Iress and Bell Potter

Pre-tax NTA performance is one way of reflecting the performance of a LIC's Management and the standard deviation of the pre-tax NTA performance can be used as a measure of risk by reflecting the movement or dispersion from the average return. The below Graphs can therefore give an indication of a LIC's risk-return over the time periods.

Graphs 7 & 8: Pre-Tax NTA Performance Standard Deviation vs Pre-Tax NTA Performance



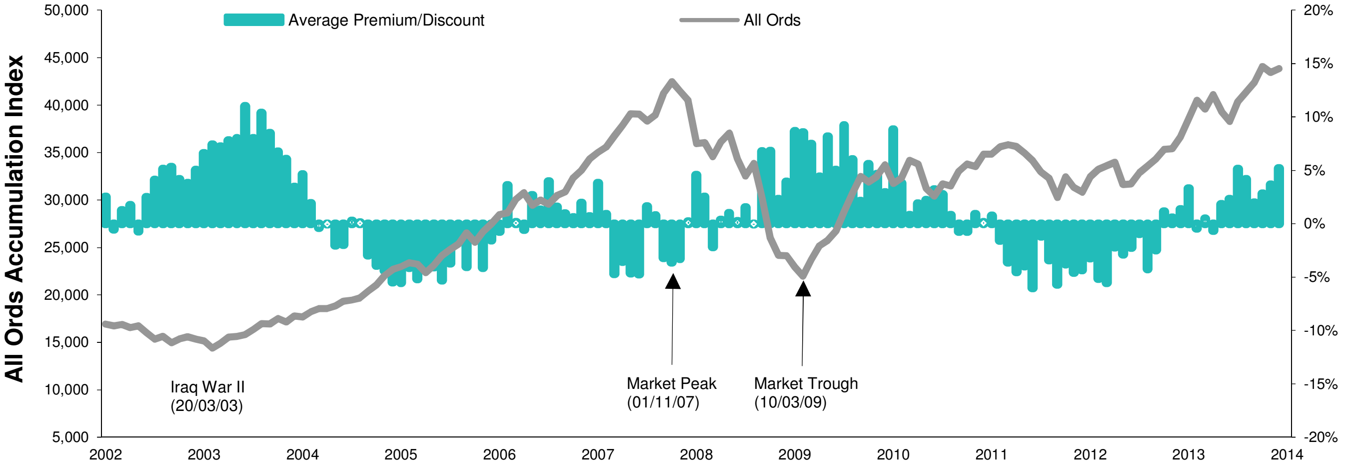
Source: Company data, Iress and Bell Potter

Premium/Discount to NTA (continued)

LICs by their very nature can trade at either a premium or discount to pre-tax NTA. However, from a quantitative perspective, we have noted a tendency for LICs to revert to their mean premium or discount through the Cycle. As such, investors need to be cognisant of how a LIC trades through the Economic Cycle to ensure an investment is timed appropriately.

As noted in our reinitiation of coverage in March 2009, Large LICs (Market Cap > $500m) appear to behave differently from Small LICs (Market Cap < $500m) through the Economic Cycle. Large LICs tend to trade at a substantial premium to pre-tax NTA in perceivably difficult market conditions and a lower premium to pre-tax NTA in perceivably improving market conditions. One could argue that during difficult market conditions investors prefer the safety of Large LICs with an established track record and hence push them up into substantial premiums. Whereas, in more favourable market conditions, investors have a tendency to view large traditional LICs as a lower return investment alternative and instead favour smaller and more exotic LICs, hence driving large LICs' premiums lower.

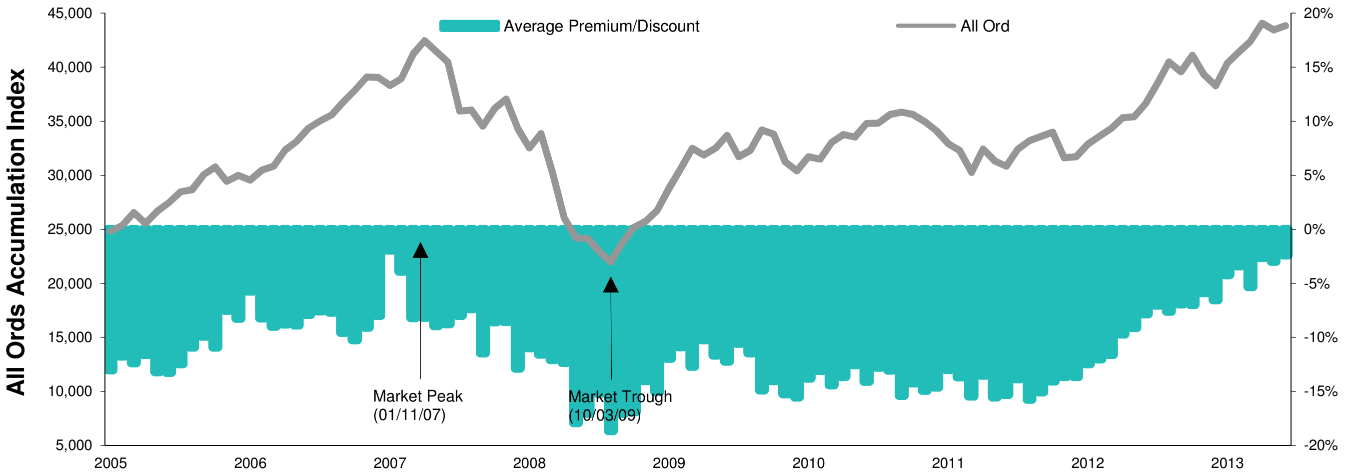
Graph 9: Large Cap Focused LICs Average Share Price Premium/Discount to Pre-tax NTA



Source: Company data, Iress and Bell Potter

Small LICs tend to operate in almost an opposing fashion. In general, Small LICs trade at a larger discount to pre-tax NTA, averaging an 11% discount over the last 8 years, which compares to the Large LICs 0.8% premium over the same period. Broadly speaking, as market confidence rises, Small LICs tend to trade at a smaller discount as investors' confidence rises. However, as market conditions turn, these small discounts tend to turn into deep discounts.

Graph 10: Small Cap Focused LICs Average Share Price Premium/Discount to Pre-tax NTA



Source: Company data, Iress and Bell Potter

LIC Indicative NTA

LICs are only obligated to disclose their NTA at the end of each month and have 14 days to disclose this information to the Market. This means that an investor is only able to retrospectively gauge the value of the underlying NTA and for the remainder of the month be ignorant to the underlying value of the NTA.

Bell Potter has sought to address this gap by providing an Indicative Live NTA. We calculate the Indicative NTA by tracking the underlying NTA each week. This is achieved by monitoring the percentage movements of the Disclosed Holdings and using an appropriate proxy to track the movement of the remaining positions. We also adjust the NTA when the security goes ex-dividend.

The Indicative NTA works best with LICs that have a high percentage of investments concentrated in its Top 20 Holdings, regular disclosure of its holdings and cash position, lower turnover of its investments, and the absence of a performance fee.

Table 12: Indicative Premium/Discount to Pre-Tax NTA

ASX Code	Company Name	Investment Mandate	Share Price	Indicative NTA^	Indicative Prem/Disc^	Average Premium/Discount* 1 year	3 years	5 years	10 years	Recent Declared Dividend Amount	Ex-Date	Pay-Date
AFI	AFIC"	Large	$ 6.21	$ 5.71	8.8%	4.0%	-1.3%	1.6%	-0.6%	n/a	n/a	n/a
ARG	Argo Investments	Large	$ 7.41	$ 7.23	2.5%	-1.3%	-4.3%	-0.8%	0.5%	n/a	n/a	n/a
DJW	Djerriwarrh Investments	Large	$ 4.86	$ 3.72	30.8%	20.5%	16.0%	15.3%	8.5%	n/a	n/a	n/a
AUI	Australian United Investments	Large	$ 8.07	$ 8.41	-4.0%	-7.4%	-9.4%	-6.9%	-5.6%	n/a	n/a	n/a
CYA	Century Australia	Large	$ 0.87	$ 0.91	-4.5%	-9.8%	-17.8%	-16.2%	n/a	n/a	n/a	n/a
MLT	Milton Corporation	Large/Medium	$ 4.34	$ 4.23	2.5%	-3.5%	-6.3%	-4.3%	-1.6%	n/a	n/a	n/a
BKI	BKI Investment	Large/Medium	$ 1.59	$ 1.63	-2.5%	-4.5%	-9.1%	-10.1%	n/a	n/a	n/a	n/a
CIN	Carlton Investments	Large/Medium	$ 26.50	$ 28.32	-6.4%	-14.2%	-19.1%	-18.1%	-14.8%	n/a	n/a	n/a
DUI	Diversified United Investments	Large/Medium	$ 3.53	$ 3.69	-4.5%	-7.6%	-10.0%	-7.6%	-6.9%	n/a	n/a	n/a
WHF	Whitefield	Large/Medium	$ 3.93	$ 4.17	-5.8%	-6.7%	-10.2%	-9.6%	-10.2%	n/a	n/a	n/a
AMH	AMCIL	Large/Medium	$ 0.92	$ 0.90	2.1%	0.1%	-7.1%	-8.4%	-9.6%	n/a	n/a	n/a
CAM	Clime Capital	Large/Medium	$ 1.05	$ 1.12	-6.4%	-6.0%	-13.9%	-19.2%	n/a	$ 0.01	02-Jan-14	23-Jan-14
FSI	Flagship Investments	Large/Medium	$ 1.51	$ 1.70	-11.2%#	-14.0%	-7.7%	-6.9%	-6.1%	n/a	n/a	n/a
MIR	Mirrabooka Investments	Medium/Small	$ 2.67	$ 2.31	15.8%	12.1%	2.6%	1.8%	-2.9%	$ 0.035	21-Jan-14	11-Feb-14
WAM	WAM Capital	Medium/Small	$ 1.97	$ 1.81	8.5%	-1.6%	-4.3%	-11.8%	-8.4%	n/a	n/a	n/a
WIC	WestOz Investment Co.	Medium/Small	$ 1.25	$ 1.32	-5.4%#	-30.0%	-30.6%	n/a	n/a	n/a	n/a	n/a
WAX	WAM Research"	Medium/Small	$ 1.12	$ 1.11	0.7%	2.0%	-11.2%	-17.0%	-16.6%	n/a	n/a	n/a
WAA	WAM Active	Medium/Small	$ 1.27	$ 1.14	11.3%	5.9%	-1.5%	-8.0%	n/a	n/a	n/a	n/a
CTN	Contango Microcap"	Small	$ 1.07	$ 1.24	-13.9%	-11.4%	-18.8%	-24.5%	n/a	n/a	n/a	n/a
ALF	Australian Leaders Fund"	Absolute Return	$ 1.66	$ 1.53	8.5%#	6.2%	-4.2%	-11.1%	-14.2%	n/a	n/a	n/a
CDM	Cadence Capital"	Absolute Return	$ 1.47	$ 1.46	0.6%#	1.4%	-4.6%	-14.5%	n/a	n/a	n/a	n/a
SNC	Sandon Capital"	Activist	$ 0.96	$ 0.96	-0.5%#	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WMK	Watermark Market Neutral"	Market Neutral	$ 1.00	$ 1.03	-2.9%#	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MFF	Magellan Flagship Fund"	International	$ 1.65	$ 1.53	8.0%#	2.0%	-6.4%	-10.5%	n/a	n/a	n/a	n/a
PGF	PM Capital Global Opp"	International	$ 0.99	$ 0.98	0.5%#	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PMC	Platinum Capital	International	$ 1.79	$ 1.68	6.0%#	-1.1%	-4.1%	2.2%	11.9%	n/a	n/a	n/a

^ The Indicative NTA has been adjusted for dividends once the security goes ex-date and until the receipt of the new ex-dividend NTA . " Indicates that there will be additional dilution associated with the excercise of options. # The Indicative NTA is the actual reported weekly or monthly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. +We are unable to calculate FSI's Indicative NTA due to inadequate disclosure of holdings. * Average premium/discounts as at end of the previous month.

Source: Company data, Iress and Bell Potter

Closing share price 20 January 2014

Using the Bell Potter Indicative NTA, we calculate the effective impact on the share price if the premium or discount were to normalise to the 1, 3, 5 and 10 year average. We have also calculated this figure on an annualised basis.

The Indicative NTA is not without error and clearly susceptible to higher turnover, tax realisation, receipt and payment of dividends and accrued performance fees. As such, variations will occur across LICs and different market conditions. We have included the Average Error (average of the monthly NTA less Indicative NTA), Average Absolute Error (average of the monthly NTA less Indicative NTA on an absolute basis), and the range of Minimum and Maximum Errors over the previous 12-month period.

Table 13: Premium/Discount Normalisation and Error Tracking

	Investment		Share Price Impact if Premium/Discount normalises*				Share Price Impact if Premium/Discount normalises is annualised+						Range	
ASX Code	Company Name	Mandate	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years	Avg Error	Avg Absolute Error	Min Error	Max Error
AFI	AFIC"	Large	-4.8%	-10.1%	-7.2%	-9.4%	-4.8%	-3.5%	-1.5%	-1.0%	-0.5%	0.6%	-2.8%	0.5%
ARG	Argo Investments	Large	-3.8%	-6.8%	-3.3%	-2.0%	-3.8%	-2.3%	-0.7%	-0.2%	-0.3%	0.6%	-1.0%	0.9%
DJW	Djerriwarrh Investments	Large	-10.2%	-14.8%	-15.4%	-22.3%	-10.2%	-5.2%	-3.3%	-2.5%	0.2%	0.8%	-1.4%	1.4%
AUI	Australian United Investments	Large	-3.4%	-5.3%	-2.9%	-1.6%	-3.4%	-1.8%	-0.6%	-0.2%	-0.2%	0.6%	-1.3%	0.7%
CYA	Century Australia	Large	-5.3%	-13.3%	-11.6%	n/a	-5.3%	-4.6%	-2.4%	n/a	-0.2%	0.9%	-1.5%	1.7%
MLT	Milton Corporation	Large/Medium	-6.0%	-8.8%	-6.8%	-4.1%	-6.0%	-3.0%	-1.4%	-0.4%	-0.3%	0.5%	-1.0%	0.5%
BKI	BKI Investment	Large/Medium	-2.0%	-6.6%	-7.6%	n/a	-2.0%	-2.3%	-1.6%	n/a	-0.2%	0.5%	-1.1%	0.7%
CIN	Carlton Investments	Large/Medium	-7.8%	-12.7%	-11.7%	-8.4%	-7.8%	-4.4%	-2.5%	-0.9%	-0.4%	0.4%	-0.8%	0.1%
DUI	Diversified United Investments	Large/Medium	-3.1%	-5.6%	-3.1%	-2.4%	-3.1%	-1.9%	-0.6%	-0.2%	-0.1%	0.6%	-1.5%	2.3%
WHF	Whitefield	Large/Medium	-0.9%	-4.4%	-3.7%	-4.3%	-0.9%	-1.5%	-0.8%	-0.4%	-0.1%	0.9%	-1.7%	1.3%
AMH	AMCIL	Large/Medium	-2.0%	-9.2%	-10.5%	n/a	-2.0%	-3.2%	-2.2%	n/a	0.7%	1.5%	-1.5%	5.6%
CAM	Clime Capital	Large/Medium	0.4%	-7.5%	-12.8%	n/a	0.4%	-2.6%	-2.7%	n/a	1.3%	2.2%	-4.2%	4.5%
FSI	Flagship Investments	Large/Medium	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
MIR	Mirrabooka Investments	Medium/Small	-3.7%	-13.2%	-14.0%	-18.7%	-3.7%	-4.6%	-3.0%	-2.0%	-0.5%	1.1%	-2.3%	1.4%
WAM	WAM Capital	Medium/Small	-10.1%	-12.8%	-20.3%	-17.0%	-10.1%	-4.5%	-4.4%	-1.8%	-1.0%	1.6%	-4.0%	1.8%
WIC	WestOz Investment Co.	Medium/Small	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
WAX	WAM Research"	Medium/Small	1.3%	-11.9%	-17.7%	-17.3%	1.3%	-4.1%	-3.8%	-1.9%	0.6%	1.0%	-2.2%	2.0%
WAA	WAM Active	Medium/Small	-5.4%	-12.8%	-19.3%	n/a	-5.4%	-4.5%	-4.2%	n/a	1.3%	1.5%	-0.7%	3.9%
CTN	Contango Microcap"	Small	2.4%	-4.9%	-10.6%	n/a	2.4%	-1.7%	-2.2%	n/a	-1.6%	2.3%	-3.9%	3.5%
ALF	Australian Leaders Fund"	Absolute Return	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
CDM	Cadence Capital"	Absolute Return	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
SNC	Sandon Capital"	Activist	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
WMK	Watermark Market Neutral"	Market Neutral	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
MFF	Magellan Flagship Fund"	International	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
PGF	PM Capital Global Opp"	International	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a
PMC	Platinum Capital	International	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a+	n/a	n/a	n/a	n/a

* Refers to the current share price divided by the indicative pre-tax NTA as compared to the average 1, 3, 5 and 10 year Discount/Premium share price to pre-tax NTA as at end of the previous month, over the relevant time period of 1, 3, 5 and 10 years. * Refers to the current share price divided by the indicative pre-tax NTA as compared to the average 1, 3, 5 and 10 year Discount/Premium share price to pre-tax NTA as at end of the previous month, annualised over the relevant time period of 1, 3, 5 and 10 years.

Source: Company data, Iress and Bell Potter

A number of LICs under our coverage currently have options outstanding. Options dilute the NTA when exercised and therefore have an impact on the Premium or Discount.

Table 14: Dilution Effect of Outstanding Options on Indicative NTA

						Share		Indicative	NTA after % Excercised			Eff. Prem/Disc after % Exc.		
ASX Code	Company Name	Code	SOI	Options	Strike	Price	Expiry	NTA^	100%	70%	50%	100%	70%	50%
AFI	AFIC	AFIG	1,042,757,713	43,773,809	$ 5.09	$ 6.21	28-Feb-17	$ 5.71	$ 5.68	$ 5.69	$ 5.69	9.3%	9.2%	9.1%
ARG	Argo Investments	n/a	645,430,813	n/a	n/a	$ 7.41	n/a	$ 7.23						
DJW	Djerriwarrh Investments	n/a	218,589,718	n/a	n/a	$ 4.86	n/a	$ 3.72						
AUI	Australian United Investments	n/a	108,229,443	n/a	n/a	$ 8.07	n/a	$ 8.41						
CYA	Century Australia	n/a	79,689,496	n/a	n/a	$ 0.87	n/a	$ 0.91						
MLT	Milton Corporation	n/a	627,357,755	n/a	n/a	$ 4.34	n/a	$ 4.23						
BKI	BKI Investment	n/a	520,123,242	n/a	n/a	$ 1.59	n/a	$ 1.63						
CIN	Carlton Investments	n/a	26,474,675	n/a	n/a	$ 26.50	n/a	$ 28.32						
DUI	Diversified United Investments	n/a	170,263,884	n/a	n/a	$ 3.53	n/a	$ 3.69						
WHF	Whitefield	n/a	76,196,891	n/a	n/a	$ 3.93	n/a	$ 4.17						
AMH	AMCIL	n/a	228,077,116	n/a	n/a	$ 0.92	n/a	$ 0.90						
CAM	Clime Capital	n/a	77,763,810	n/a	n/a	$ 1.05	n/a	$ 1.12						
FSI	Flagship Investments	n/a	79,110,855	n/a	n/a	$ 1.51	n/a	$ 1.70						
MIR	Mirrabooka Investments	n/a	139,008,896	n/a	n/a	$ 2.67	n/a	$ 2.31						
WAM	WAM Capital	n/a	335,818,987	n/a	n/a	$ 1.97	n/a	$ 1.81						
WIC	WestOz Investment Co.	n/a	128,143,569	n/a	n/a	$ 1.25	n/a	$ 1.32						
WAX	WAM Research	WAXO	137,940,729	68,904,997	$ 1.20	$ 1.12	17-Jun-15	$ 1.11	$ 1.14	$ 1.13	$ 1.13	-1.9%	-1.3%	-0.8%
WAA	WAM Active	n/a	34,021,523	n/a	n/a	$ 1.27	n/a	$ 1.14						
CTN	Contango Microcap	CTNO	156,456,000	49,755,321	$ 1.20	$ 1.07	28-Feb-14	$ 1.24	$ 1.23	$ 1.23	$ 1.23	-13.2%	-13.4%	-13.5%
ALF	Australian Leaders Fund	ALFO	205,515,817	48,899,875	$ 1.37	$ 1.66	30-Sep-14	$ 1.53	$ 1.50	$ 1.51	$ 1.51	10.7%#	10.1%#	9.7%#
CDM	Cadence Capital	CDMO	159,505,830	159,505,830	$ 1.43	$ 1.47	31-Aug-15	$ 1.46	$ 1.45	$ 1.45	$ 1.45	1.7%#	1.5%#	1.3%#
SNC	Sandon Capital	SNCO	35,029,000	35,009,000	$ 1.00	$ 0.96	24-Jul-15	$ 0.96	$ 0.98	$ 0.98	$ 0.98	-2.3%#	-2.0%#	-1.7%#
WMK	Watermark Market Neutral	WMKO	70,541,126	70,496,125	$ 1.00	$ 1.00	31-Dec-14	$ 1.03	$ 1.02	$ 1.02	$ 1.02	-1.5%#	-1.7%#	-2.0%#
MFF	Magellan Flagship Fund	MFFO	351,004,443	109,777,816	$ 1.05	$ 1.65	31-Oct-17	$ 1.53	$ 1.41	$ 1.44	$ 1.46	16.7%#	14.4%#	12.8%#
PGF	PM Capital Global Opp	PGFO	173,672,201	173,672,201	$ 1.00	$ 0.99	30-Jun-15	$ 0.98	$ 0.99	$ 0.99	$ 0.99	-0.5%#	-0.3%#	-0.2%#
PMC	Platinum Capital	n/a	166,961,223	n/a	n/a	$ 1.79	n/a	$ 1.68						

^ The Indicative NTA has been adjusted for dividends once the security goes ex-date and until the receipt of the new ex-dividend NTA . # The Indicative NTA is the actual reported weekly or monthly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. * Average premium/discounts as at end of the previous month.

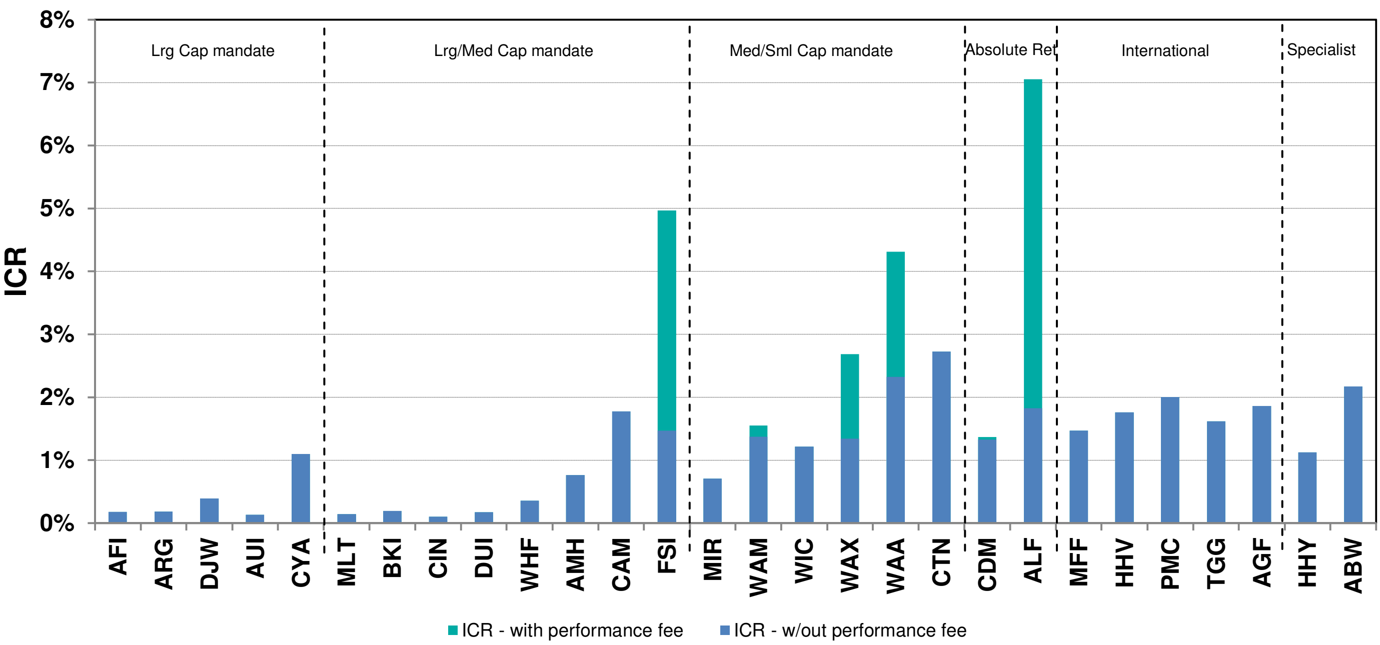
Source: Company data, Iress and Bell Potter

Indirect Cost Ratio: Fees and Expenses

In the Graph below, we have provided the Indirect Cost Ratio (ICR) for LICs in our coverage for the full year ending 30 June 2013. The ICR has been calculated both with and without performance fees. We are using this method of calculation to standardise the cost ratios across our LIC universe given many different interpretations of the Management Expense Ratio, which is a frequently used expense calculation. ICR is generally accepted as the principal expense ratio calculation for the Managed Funds industry.

Some Investment Mandates by their very nature are more cost intensive. For instance, funds focused on Small or Emerging Companies where research is limited may incur higher costs given a necessity to bridge the information gap by thorough in-house research.

Graph 11: Indirect Cost Ratio



AUSTRALIAN FOUNDATION INVESTMENT CO (AFI)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 200 Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.18%
Listed:	1936	**Indirect cost ratio** w/out perf. fee:	0.18%

Investment Strategy

AFI takes a medium to longer term view of value which means that the aim is to buy and hold individual stocks for the long term based on selection criteria which, in summary, include: formulation and execution of the business strategy and its underlying business value; key financial indicators, including cash flow, prospective price earnings relative to projected growth, sustainability of earnings and dividend yield; and corporate governance practices.

Personnel

Investment Personnel: Ross Barker (MD) and Mark Freeman (CIO). Directors: Terrence Campbell (Chairman), Ross Barker, Jacqueline Hey, John Paterson, David Peever, Fergus Ryan, Catherine Walter, Peter Williams and Graeme Liebelt.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/**Derivatives**, **Cash**

Style: **Large**/Medium/Small Cap, Balanced/**Value**/Growth, Passive/**Active**, **Long**/Short

Derivatives: Options used to generate additional income in its short-term trading portfolio.

Cash/Debt: $160m cash, $320m debt/hybrid (31 Dec 2013)

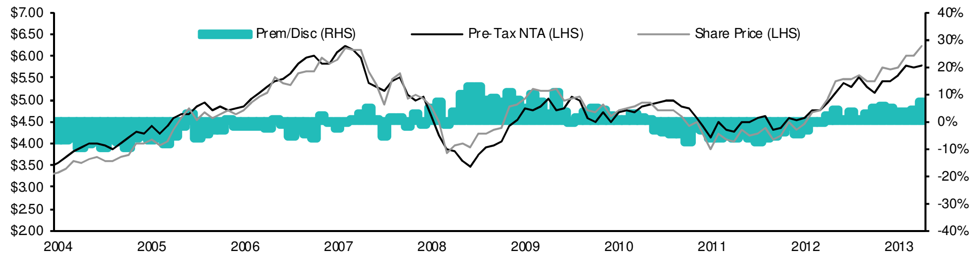
Dividend reinvestment plan: Yes, 2.5% discount to 5 day average price post ex-date

Other: Affiliated with AMCIL (AMH), Djerriwarrh (DJW) and Mirrabooka (MIR).

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	8.4%	17.2%	28.3%	12.9%	14.5%	11.1%
Index	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	5.0%	2.6%	8.6%	4.9%	1.8%	1.7%
NTA+						
Performance	4.3%	14.5%	22.1%	10.7%	13.7%	10.3%
Benchmark	3.4%	14.0%	20.2%	8.9%	12.5%	9.6%
Active return	0.9%	0.5%	1.9%	1.8%	1.2%	0.7%

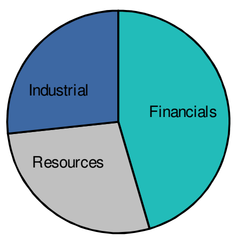
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.29	2.68	9.1%	6.7%
Year 3	0.68	0.67	13.2%	7.2%
Year 5	0.19	0.79	12.6%	9.7%
NTA+				
Year 1	2.36	1.64	11.1%	0.8%
Year 3	1.31	0.58	11.5%	1.3%
Year 5	0.69	0.71	12.9%	1.8%

Exposure (top 20)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$6.22
Pre-tax NTA	$5.78
Post-tax NTA	$4.88

Premium/(Discount) share price to:	
Pre-tax NTA	7.6%
Post-tax NTA	27.5%

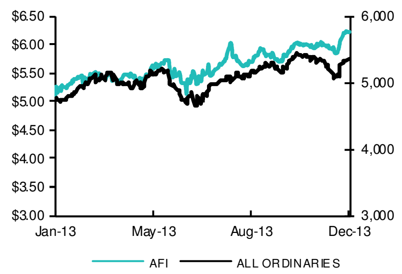
Historic Dividend (12-months)

Dividends (net)	$0.22
Yield	3.5%
Franking	100%
Grossed up yield	5.1%

Capital Structure

Ordinary shares	1042.8m
Options/other	43.7m
Fully diluted	1086.5m
Market capitalisation	6486.0m

AFI share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13	
Commonwealth Bank	10.7%
Westpac Banking Corp	9.5%
BHP	9.2%
National Australia Bank	5.4%
Wesfarmers	5.4%
Telstra	4.6%
ANZ	4.4%
Rio Tinto	4.1%
Woolworths	3.4%
Oil Search	2.2%
Amcor	2.2%
Woodside Petroleum	2.1%
Santos	1.9%
Transurban	1.8%
Brambles	1.7%
Origin	1.6%
Computershare	1.5%
AMP	1.5%
QBE	1.4%
AGL Energy	1.2%
% of Total	**75.8%**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

ARGO INVESTMENTS (ARG)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.18%
Listed:	1946	**Indirect cost ratio** w/out perf. fee:	0.18%

Investment Strategy

ARG's objective is to maximise long-term returns to shareholers through a balance of capital and dividend grow th. The Group seeks to invest in quality companies that display sound management and a capability to grow profitaility to fund increasing dividend payments. ARG is a value orientated, bottom-up stock picker w hose objective is to buy on price w eakness and hold for the long-term. ARG characterises itself as moderately benchmark aw are, value driven and fundamentally based.

Personnel

Investment Personnel: Jason Beddow (CEO), Christopher Hall, Brydie Lloyd-Roberts, Andy Forster, Daniel Cuthbertson and Colin Whitehead. Directors: Ian Martin (Chairman), Robert Rich (Deputy Chairman), Russell Higgins, Anne Brennan, Robert Patterson, Joycelyn Morton and Roger Davis.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/**Derivatives**, **Cash**

Style: **Large**/Medium/Small Cap, Balanced/**Value**/Grow th, Passive/**Active**, **Long**/Short

Derivatives: Options used to generate additional income in its short-term trading portfolio.

Cash/Debt: $135.9m cash, $0m Debt (30 June 2013)

Dividend reinvestment plan: Yes, pricing period is 4 days up to and including record date

Share Price and NTA Summary

as at 31-Dec-13

Share price	$7.31
Pre-tax NTA	$7.31
Post-tax NTA	$6.41

Premium/(Discount) share price to:

Pre-tax NTA	0.0%
Post-tax NTA	14.0%

Historic Dividend (12-months)

Dividends (net)	$0.265
Yield	3.6%
Franking	100%
Grossed up yield	5.2%

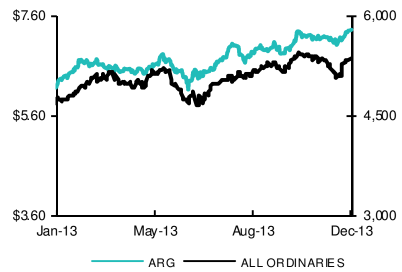
Capital Structure

Ordinary shares	645.4m
Options/other	0.0m
Fully diluted	645.4m
Market capitalisation	4718.1m

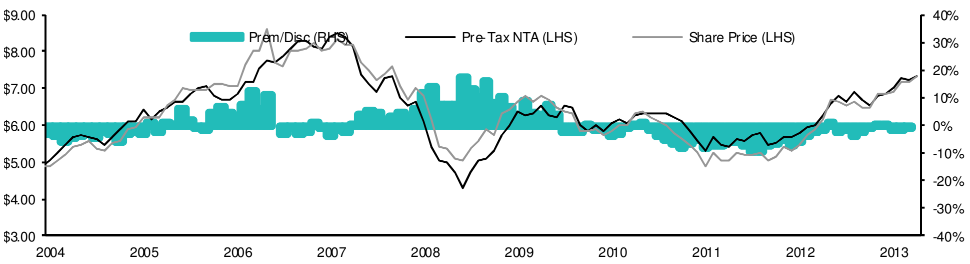
Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	5.8%	15.4%	23.6%	9.7%	11.3%	8.3%
Index	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	2.4%	0.8%	3.9%	1.7%	-1.4%	-1.1%
NTA+						
Performance	3.8%	14.3%	21.4%	9.8%	12.9%	9.3%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	0.4%	-0.3%	1.7%	1.8%	0.2%	-0.1%

ARG share price v ASX All Ords



Share Price and NTA



Top 20 Holdings %

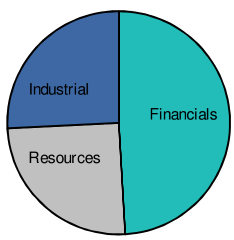
as at 31-Dec-13

Westpac Banking Corp	6.9
BHP Billiton	6.5
ANZ	6.2
Wesfarmers	5.1
Telstra Corp	4.3
Commonw ealth Bank	4.2
National Australia Bank	4.1
Rio Tinto	3.6
Milton Corporation	3.5
Woolw orths	2.9
Australian United	2.8
Macquarie Group	2.7
Origin Energy	2.0
CSL	1.6
Santos	1.5
Woodside Petroleum	1.4
Tw enty-First Century Fox	1.4
Ramsay Health Care	1.3
Orica	1.2
Computershare	1.2
% of Total	**64.4**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.56	1.97	10.1%	7.1%
Year 3	0.28	0.49	11.7%	6.2%
Year 5	-0.16	0.55	12.3%	8.8%
NTA+				
Year 1	1.16	1.69	10.4%	1.5%
Year 3	0.86	0.53	10.8%	2.0%
Year 5	0.08	0.63	13.2%	2.6%

Exposure (top 20)



* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

*+Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns ,however, are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

DJERRIWARRH INVESTMENTS (DJW)

Domestic Focussed

Mandate: Australian listed equities		**Benchmark:**	S&P/ASX 200 Accumulation
Manager: Internal		**Indirect cost ratio** with perf. fee:	0.39%
Listed: 1995		**Indirect cost ratio** w/out perf. fee:	0.39%

Investment Strategy

DJW invests in Australian equities with a focus on stocks where there is an active options market and/or sustainable dividend yield. The company aims to provide shareholders with attractive investment returns through an enhanced level of dividends and attractive total returns over the medium to long term. It takes a medium to longer term view of value which means that the aim is to buy and hold individual stocks for the long term based on selection criteria which, in summary, include: formulation and execution of the business strategy and its underlying business value; and key financial indicators, including prospective price earnings relative to projected growth, sustainability of earnings and dividend yield (including franking) and balance sheet position including gearing, interest cover and cash flow.

Personnel

Investment personnel: Ross Barker (MD) and Mark Freeman (CIO). Directors: John Paterson (Chariman), Ross Barker, Peter Barnett, Graham Kraehe, Andrew Guy, Alice Williams, Graham Goldsmith, Bruce Teele

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/**Derivatives**, **Cash**

Style: **Large**/Medium/Small Cap, Balanced/**Value**/Growth, Passive/**Active**, **Long**/Short

Derivatives: Options typically written on between 20-50% of the portfolio.

Cash/Debt: $42.2m cash, $75m debt (31 Dec 2013)

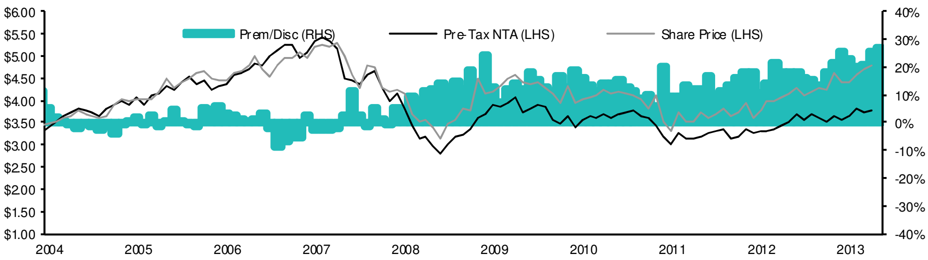
Dividend reinvestment plan: Suspended

Other: Affiliated with AMCIL (AMH), AFIC (AFI) and Mirrabooka (MIR).

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	8.4%	16.6%	24.3%	11.4%	13.4%	10.0%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	5.0%	2.0%	4.6%	3.4%	0.7%	0.6%
NTA+						
Performance	2.7%	12.2%	17.1%	8.4%	11.6%	8.8%
Benchmark	3.4%	14.0%	20.2%	8.9%	12.5%	9.6%
Active return	-0.7%	-1.8%	-3.1%	-0.5%	-0.9%	-0.8%

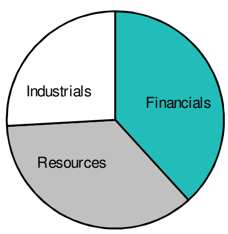
Share Price and NTA



Risk/Return Indicators

	Informatior	Sharpe	Standard	Tracking
Share pric	**Ratio**	**Ratio**	**Deviation**	**Error**
Year 1	0.05	1.66	0.11	0.10
Year 3	0.13	0.33	0.17	0.13
Year 5	0.31	0.11	0.18	0.15
NTA+				
Year 1	-0.80	1.62	0.10	0.05
Year 3	-0.16	0.33	0.12	0.03
Year 5	0.16	-0.08	0.15	0.03

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-13	
Share price	$4.78
Pre-tax NTA	$3.76
Post-tax NTA	$3.64

Premium/(Discount) share price to:	
Pre-tax NTA	27.1%
Post-tax NTA	31.3%

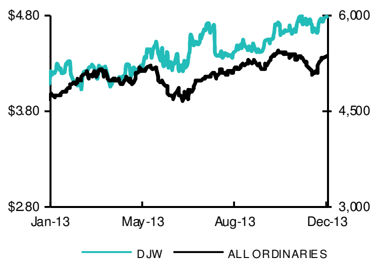
Historic Dividend (prior 12-mths)

Dividends (net)	$0.26
Yield	5.4%
Franking	100%
Grossed up yield	7.8%

Capital Structure

Ordinary shares	218.6m
Options/other	0.0m
Fully diluted	218.6m
Market capitalisation	1044.9m

DJW share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13	
BHP	10.9%
Telstra Corp	6.6%
Westpac	6.3%
National Australia Bank	6.2%
ANZ	5.8%
Commonwealth Bank	5.8%
Oil Search	4.7%
Woodside Petroleum	4.5%
Wesfarmers	3.5%
Rio Tinto	3.5%
Santos	2.7%
Brambles	2.6%
AMP	2.4%
Woolworths	2.1%
Origin Energy	2.0%
APA Group	2.0%
Transurban	1.9%
QBE	1.8%
Suncorp Group	1.8%
Coca-Cola Amatil	1.7%
% of Total	**79%**

* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 50 Accumulation.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

AUSTRALIAN UNITED INVESTMENT CO (AUI)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 300 Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.13%
Listed:	1953	**Indirect cost ratio** w/out perf. fee:	0.13%

Share Price and NTA Summary

as at 31-Dec-13

Share price	$7.95
Pre-tax NTA	$8.53
Post-tax NTA	$7.32

Premium/(Discount) share price to:

Pre-tax NTA	-6.8%
Post-tax NTA	8.6%

Investment Strategy

AUI is an investment company w hich seeks, through careful portfolio management, to reduce risk and improve income from dividends and interest so as to maintain and grow dividend distributions to shareholders over the long term. AUI w as founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation Ltd is today the Company's largest single shareholder.

Historic Dividend (prior 12-mths)

Dividends (net)	$0.295
Yield	3.7%
Franking	100%
Grossed up yield	5.3%

Personnel

Investment Personnel/Directors: Charles Goode AC (Chairman), Dr P John Rose AO, Peter Wetherall and Jim Craig .

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/Medium/Small Cap, **Balanced**/Value/Grow th, **Passive**/Active, **Long**/Short

Derivatives: n/a

Cash/Debt: $30m cash, $99.1m Debt (30 June 2013)

Dividend reinvestment plan: 5 day average price post ex-date.

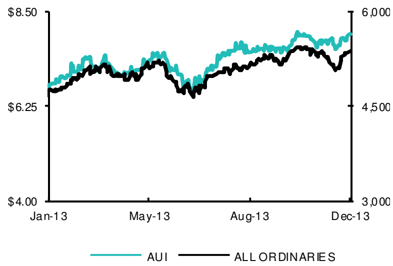
Other: Affiliated w ith DUI

Ordinary shares	108.2m
Options/other	0.0m
Fully diluted	108.2m
Market capitalisation	860.4m

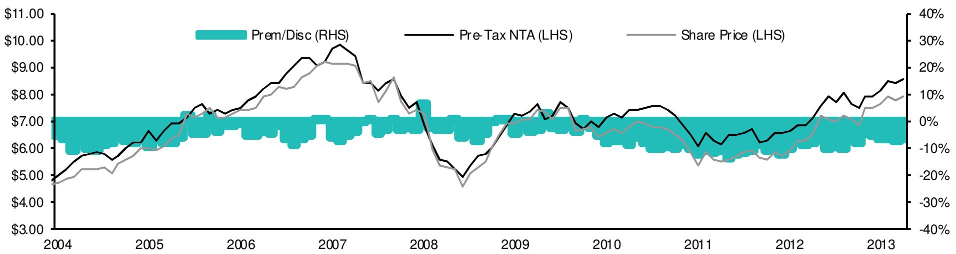
Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	4.6%	18.5%	25.7%	10.3%	13.1%	10.4%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	1.2%	3.9%	6.0%	2.3%	0.4%	1.0%
NTA+						
Performance	4.8%	16.2%	23.8%	9.1%	13.6%	10.3%
Benchmark	3.4%	14.0%	19.7%	8.5%	12.3%	9.5%
Active return	1.4%	2.2%	4.1%	0.6%	1.3%	0.8%

AUI share price v ASX All Ords



Share Price and NTA



Top 20 Holdings %

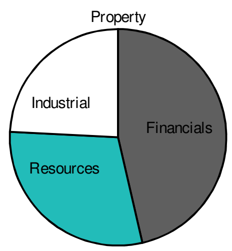
as at 31-Dec-13

ANZ	8.7%
BHP Billiton	7.6%
Commonw ealth Bank	7.6%
Westpac Banking Corp	7.4%
National Australia Bank	7.2%
Wesfarmers	6.2%
Rio Tinto	5.4%
Woodside Petroleum	4.7%
Diversified United	4.1%
Woolw orths	4.0%
Orica	2.3%
Origin Energy	2.1%
CSL	2.0%
Brambles	1.9%
Transurban Group	1.9%
Oil Search	1.6%
Santos	1.6%
Telstra Corp	1.5%
AMP	1.5%
Mystate	1.2%
% of Total	**80.5%**

Risk/Return Indicators

Share price	**Information Ratio**	**Sharpe Ratio**	**Standard Deviation**	**Tracking Error**
Year 1	0.74	1.57	14.0%	8.3%
Year 3	0.32	0.43	14.5%	7.1%
Year 5	0.05	0.51	16.6%	9.2%
NTA+				
Year 1	1.92	1.54	13.0%	2.1%
Year 3	0.26	0.38	13.3%	2.4%
Year 5	0.41	0.59	15.3%	3.1%

Exposure (top 20)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation Index.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

CENTURY AUSTRALIA INVESTMENTS (CYA)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 300 Accumulation
Manager:	Perennial Value Management	**Indirect cost ratio with performan**	1.10%
Listed:	2004	**Indirect cost ratio w/out performa**	1.10%

Investment Strategy

CYA aims to provide long-term capital growth and income by investing in quality, undervalued Australian companies. Companies must display financial strength, proven management and an established and sustainable business model based on a strong 'bottom-up' approach.

Personnel

Investment Personnel: Perennial Value Management. Directors: Robert Turner (Chairman), Stephen Menzies, Ross Finley and Russell Hooper.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/**Derivatives**, **Cash**

Style: **Large**/Medium/Small Cap, Balanced/**Value**/Growth, Passive/**Active**, **Long**/Short

Derivatives: Yes.

Cash/Debt: $1.8m cash, $0 debt (30 June 2013)

Dividend reinvestment plan: Yes.

Other: No.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$0.865
Pre-tax NTA	$0.925
Post-tax NTA	$0.928
Premium/(Discount) share price to:	
Pre-tax NTA	-6.5%
Post-tax NTA	-6.8%

Historic Dividend (prior 12-mths)

Dividends (net)	$0.029
Yield	3.3%
Franking	100%
Grossed up yield	4.7%

Capital Structure

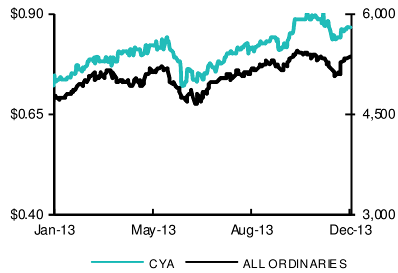
Ordinary shares	79.7m
Options/other	0.0m
Fully diluted	79.7m
Market capitalisation	68.9m

Performance

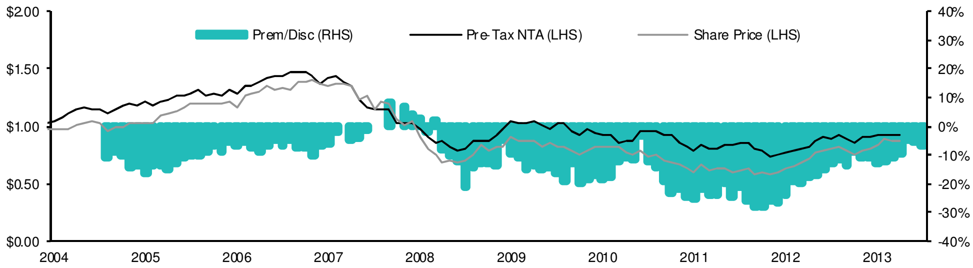
	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	3.0%	17.4%	24.5%	6.8%	12.9%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-0.4%	2.8%	4.8%	-1.2%	0.2%	n/a
NTA+						
Performance	-0.6%	9.1%	15.8%	3.9%	8.2%	n/a
Benchmark	3.4%	14.0%	19.7%	8.5%	12.3%	n/a
Active return	-4.0%	-4.9%	-3.9%	-4.6%	-4.1%	n/a

Returns have been calculated on the share price on an accumulation basis

CYA share price v ASX All Ords



Share Price and NTA



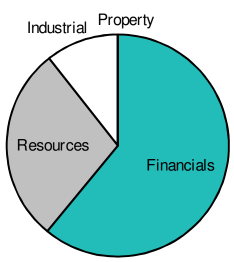
Top 10 Holdings %

as at 31-Dec-13	
BHP Billiton	10.2
ANZ Banking Group	7.4
Commonwealth Bank	7.3
Westpac	7.3
National Australia Bank	6.9
Telstra	6.0
Rio Tinto	3.0
Macquarie Group	3.0
Woodside Petroleum	2.9
QBE	2.6
% of Total	**56.6**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.65	1.64	12.7%	7.5%
Year 3	-0.12	0.17	16.0%	10.3%
Year 5	0.02	0.52	16.0%	11.6%
NTA+				
Year 1	-0.85	1.10	11.0%	4.5%
Year 3	-0.56	-0.01	13.3%	8.1%
Year 5	-0.49	0.23	15.3%	8.4%

Exposure (top 10)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation.

Measurements of a listed investment company's performance based on pre-tax asset backing or share price represent after tax measures, and are after the payment of company tax on capital gains and unfranked income. Index returns however are entirely before tax measures. Listed investment company returns will consequently be understated relative to the Index return.

MILTON CORPORATION (MLT)

Domestic Focussed

Mandate: Australian listed equities
Manager: Internal
Listed: 1958

Benchmark: All Ordinaries Accumulation
Indirect cost ratio with perf. fee: 0.14%
Indirect cost ratio w/out perf. fee: 0.14%

Investment Strategy

MLT is a long-term investor in companies, trusts, stapled securities and property. MLT seeks to invest in w ell-managed companies and trusts w ith a profitable history and w ith the expectation of sound dividend grow th. MLT is not a speculative investor and does not sell its assets to increase profit for distribution to shareholders. Capital profits are reinvested by the Company for the benefit of shareholders.

Personnel

Investment Personnel: Frank Gooch (MD), Sharon Johnson, Michael Borg and Michelle Wigglesw orth. Investment Commitee: Rob Millner, Kevin Eley, John Church and Frank Gooch. Directors: Robert Millner (Chairman), Kevin Eley, Ian Pollard, Frank Gooch, John Church and Graeme Crampton

Key Information

Exposure: International/**Domestic**, **Equities**/**Fixed Income**/Derivatives, **Cash**
Style: **Large**/**Medium**/Small Cap, Balanced/**Value**/Grow th, Passive/**Active**, **Long**/Short
Derivatives:
Cash/Debt: $148.1m Cash (31 Dec 2013)
Dividend reinvestment plan: No.

Share Price and NTA Summary

as at 31-Dec-13

Share price	$4.23
Pre-tax NTA	$4.32
Post-tax NTA	$3.84
price to:	
Pre-tax NTA	-2.1%
Post-tax NTA	10.2%

Historic Dividend (prior 12-mths)

Dividends (net)	$0.169
Yield	4.0%
Franking	100%
Grossed up yield	5.7%

*included a 0.5 cent special dividend

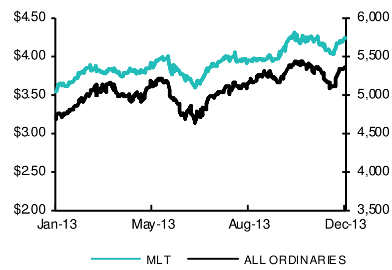
Capital Structure

Ordinary shares	627.4m
Options/other	0.0m
Fully diluted	627.4m
Market capitalisation	2653.7m

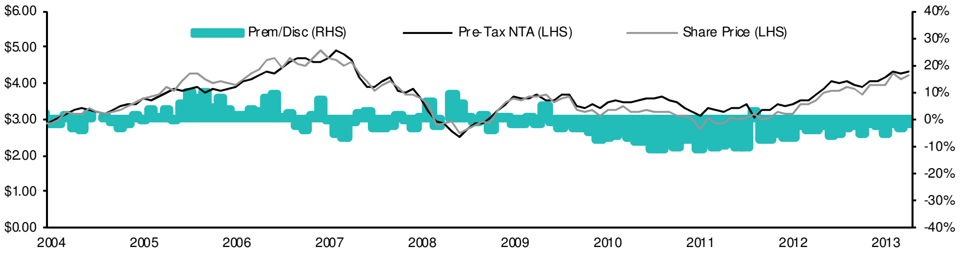
Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	7.6%	17.5%	24.8%	13.8%	13.1%	8.9%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	4.2%	2.9%	5.1%	5.8%	0.4%	-0.5%
NTA+						
Performance	3.5%	13.4%	22.1%	11.5%	13.4%	9.5%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	0.1%	-1.2%	2.4%	3.5%	0.7%	0.1%

MLT share price v ASX All Ords



Share Price and NTA



Top 20 Holdings

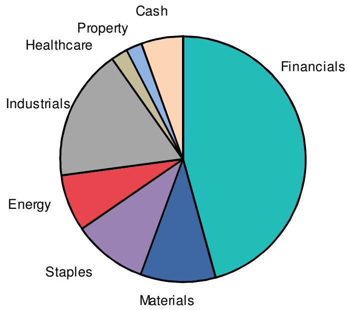
as at 31-Dec-13

	%
Westpac Banking Corp	12.5
Commonw ealth Bank	8.7
National Australia Bank	5.6
W H Soul Pattinson	4.9
BHP Billiton	4.6
Wesfarmers	4.6
ALS	3.7
ANZ	3.5
Woolw orths	3.4
Bank of Queensland	2.9
Telstra Corp	2.6
Bendigo and Adelaide Bank	2.5
Perpetual	2.4
Brickw orks	1.7
CSL	1.5
Suncorp Group	1.4
Rio Tinto	1.4
AGL Energy	1.3
Woodside Petroleum	1.2
QBE Insurance	1.1
% of Total	**71.5**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.63	1.50	14.0%	8.0%
Year 3	0.82	0.69	14.2%	7.1%
Year 5	0.05	0.58	14.9%	10.0%
NTA+				
Year 1	0.58	1.92	9.6%	4.2%
Year 3	0.34	0.65	11.5%	10.4%
Year 5	0.09	0.66	13.3%	8.5%

Exposure



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

*+ Measurement of a listed investment company's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, however, does not incorporate franking. Index returns however are entirely before tax measures. Listed investment company returns will consequently be understated relative to the Index return.

BKI INVESTMENT CO (BKI)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 300 Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.19%
Listed:	2003	**Indirect cost ratio** w/out perf. fee:	0.19%

Share Price and NTA Summary

as at 31-Dec-13

Share price	$1.58
Pre-tax NTA	$1.64
Post-tax NTA	$1.51

Premium/(Discount) share price to:

Pre-tax NTA	-4.0%
Post-tax NTA	4.3%

Investment Strategy

BKI invests w ith a long-term horizon in companies, trust and interest bearing securities, w ith a focus on w ell-managed businesses w ith a profitable history and sound dividend or distribution grow th prospects. The portfolio had been built over 15 years, prior to being acquired by BKI and listed in 2003.

Historic Dividend (prior 12-mths)

Dividends (net)	$0.072
Yield	4.5%
Franking	100%
Grossed up yield	6.5%

*included a 0.5 cent special dividend

Personnel

Investment Personnel: Tom Millner (CEO), Robert Millner, Alexander Payne and Ian Huntley Directors: Robert Millner (Chairman), Alexander Payne, David Hall, Ian Huntley

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/Small Cap, **Balanced**/Value/Grow th, **Passive**/Active, **Long**/Short

Derivatives: n/a

Cash/Debt: $36.2m cash, $0 debt (30 June 2013)

Dividend reinvestment plan: 0% discount to 5 day average price post ex-date.

Other: n/a

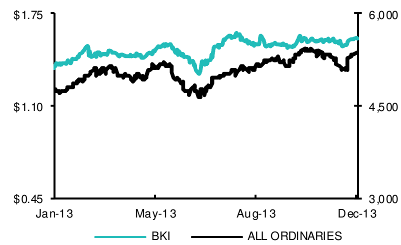
Capital Structure

Ordinary shares	520.1m
Options/other	0.0m
Fully diluted	520.1m
Market capitalisation	819.2m

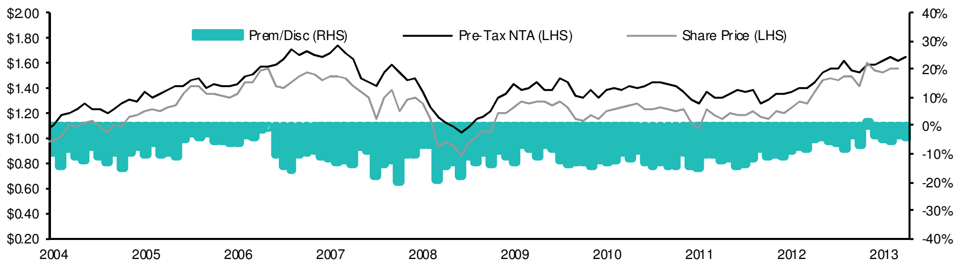
Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	2.9%	13.7%	20.4%	13.9%	16.6%	9.8%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	-0.5%	-0.9%	0.7%	5.9%	3.9%	0.4%
NTA+						
Performance	1.9%	10.6%	18.7%	10.2%	13.2%	9.4%
Benchmark	3.4%	14.0%	19.7%	8.5%	12.3%	9.5%
Active return	-1.5%	-3.4%	-1.0%	1.7%	0.9%	-0.1%

BKI share price v ASX All Ords



Share Price and NTA



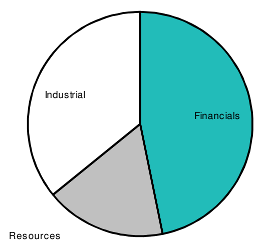
Top 20 Holdings

as at 31-Dec-13	%
National Australia Bank	9.5
Commonw ealth Bank	9.2
Westpac Banking Corp	7.7
BHP Billiton	6.1
New Hope Corporation	5.7
Telstra Corp	5.0
ANZ Bank	4.7
Wesfarmers	4.3
Woolw orths	3.5
TPG Telecom	2.8
AGL Energy	2.2
ALS	2.0
APA Group	2.0
Woodside Petroleum	2.0
Insurance Australia Group	1.7
InvoCare	1.3
Coca Cola Amatil	1.2
Bendigo Bank	1.2
Bank of Queensland	1.2
ARB Corporation	1.2
% of Total	**74.5**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.07	1.15	14.5%	10.6%
Year 3	0.62	0.67	14.6%	9.4%
Year 5	0.38	0.78	15.3%	10.4%
NTA+				
Year 1	-0.33	1.45	10.3%	3.0%
Year 3	0.46	0.58	10.7%	3.8%
Year 5	0.21	0.72	12.1%	4.1%

Exposure (top 20)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation.

*+ Measurement of a listed investment company's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, however, does not incorporate franking. Index returns however are entirely before tax measures. Listed investment company returns will consequently be understated relative to the Index return.

CARLTON INVESTMENTS (CIN)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 200 Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.10%
Listed:	1970	**Indirect cost ratio** w/out perf. fee:	0.10%

Investment Strategy

CIN's investment strategy is to invest in established listed blue chip stocks that provide high levels of sustainable income through fully franked dividends. It is the mandate of the LIC to only dispose of investments through takeovers, mergers or other exceptional circumstances that may arise from time to time.

Personnel

Directors: Mr Alan Rydge (Chairman), Mr Anthony Clark and Mr Graeme Herring.

Key Information

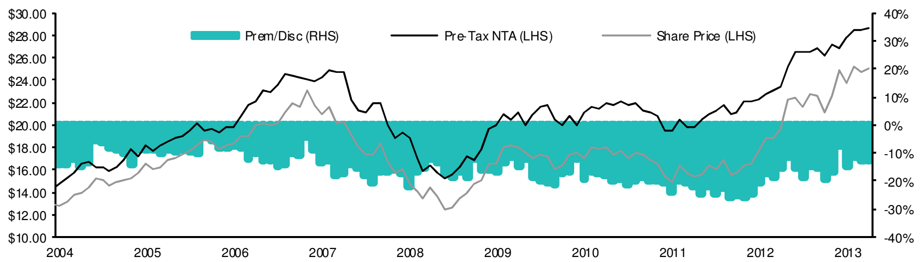
Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**
Style: **Large**/**Medium**/Small Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/Short
Derivatives: n/a
Cash/Debt: $30.5m cash, $0 Debt (30 June 2013).
Dividend reinvestment plan: No.
Other: Share buy-back currently in place.

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	5.1%	21.3%	31.9%	16.8%	16.7%	11.2%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	1.7%	6.7%	12.2%	8.8%	4.0%	1.8%
NTA+						
Performance	2.8%	11.7%	27.1%	13.5%	16.0%	11.1%
Benchmark	3.4%	14.0%	20.2%	8.9%	12.5%	9.6%
Active return	-0.6%	-2.3%	6.9%	4.6%	3.5%	1.5%

Returns have been calculated on the share price on an accumulation basis

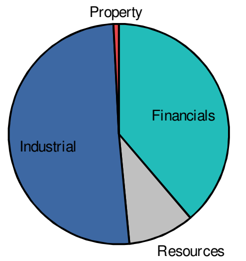
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.69	2.11	17.3%	11.3%
Year 3	0.53	0.60	15.7%	10.9%
Year 5	0.55	0.30	16.5%	13.3%
NTA+				
Year 1	0.72	2.68	9.5%	8.3%
Year 3	0.70	0.97	9.5%	7.1%
Year 5	0.66	0.35	13.4%	9.8%

Exposure (top 20)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$25.01
Pre-tax NTA	$28.69
Post-tax NTA	$24.46
Premium/(Discount) share price to:	
Pre-tax NTA	-12.8%
Post-tax NTA	2.2%

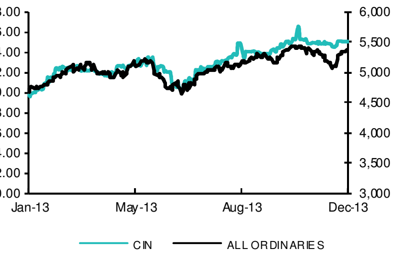
Historic Dividend (prior 12-mths)

Dividends (net)	$0.92
Yield	3.7%
Franking	100%
Grossed up yield	5.3%

Capital Structure

Ordinary shares	26.5m
Options/other	0.1m
Fully diluted	26.6m
Market capitalisation	664.6m

CIN share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13	
Amalgamated Holdings	33.1
National Australia Bank	9.1
Westpac Bank*	7.5
Commonwealth Bank	5.6
ANZ Bank	4.0
Wesfarmers	3.6
BHP Billiton	3.5
Telstra	2.8
AGL	2.7
Perpetual	2.6
Bank of Queensland	2.0
Bendigo & Adelaide Bank	1.7
Orica	1.7
Gowing Bros	1.5
Origin Energy	1.3
Amcor	1.2
Santos	1.2
James Hardie	1.1
Rio Tinto	0.8
Lend Lease	0.7
% of Total	**87.7**

*+ Measurement of a listed investment company's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, however, does not incorporate franking. Index returns however are entirely before tax measures. Listed investment company returns will consequently be understated relative to the Index return.

DIVERSIFIED UNITED INVESTMENT (DUI)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 300 Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.17%
Listed:	1991	**Indirect cost ratio** w/out perf. fee:	0.17%

Investment Strategy

DUI seeks a mixture of current income and longer term capital gains within acceptable levels of risk. It takes a medium to longer term view, investing in a diversified portfolio of Australian equities, listed property trusts and short term deposits.

Personnel

Directors: Charles Goode AC (Chairman), Stephen Hiscock (Non-Executive Director), Pierre Prentice (Non-Executive Director) and Anthony Burgess (Non-Executive Director).

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/Small Cap, **Balanced**/Value/Growth, **Passive**/Active, **Long**/Short

Derivatives: n/a

Cash/Debt: $10.7m cash, $64.7m Debt (30 June 2013)

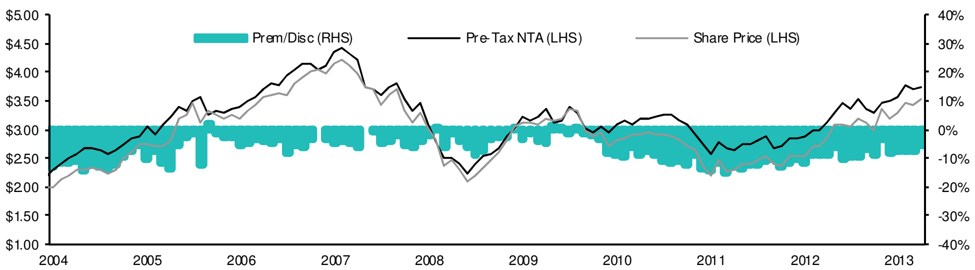
Dividend reinvestment plan: Yes.

Other: Affiliated with AUI

Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	7.0%	20.4%	29.2%	11.9%	12.7%	11.6%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	3.6%	5.8%	9.5%	3.9%	0.0%	2.2%
NTA+						
Performance	4.5%	16.5%	24.6%	10.0%	13.2%	11.0%
Benchmark	3.4%	14.0%	19.7%	8.5%	12.3%	9.5%
Active return	1.1%	2.5%	4.9%	1.5%	0.9%	1.5%

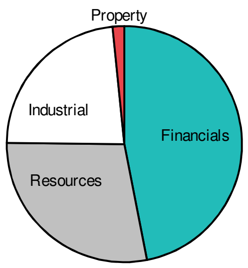
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.97	1.59	16.0%	9.8%
Year 3	0.43	0.47	16.7%	8.9%
Year 5	0.00	0.48	17.0%	8.7%
NTA+				
Year 1	3.03	1.63	12.8%	1.6%
Year 3	0.67	0.46	13.1%	2.4%
Year 5	0.26	0.57	15.1%	3.2%

Exposure (top 20)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$3.53
Pre-tax NTA	$3.74
Post-tax NTA	$3.23

Premium/(Discount) share price to:	
Pre-tax NTA	-5.6%
Post-tax NTA	9.3%

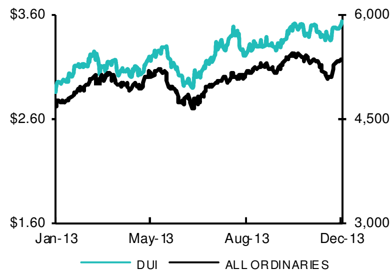
Historic Dividend (prior 12-mths

Dividends (net)	$0.135
Yield	3.8%
Franking	100%
Grossed up yield	5.5%

Capital Structure

Ordinary shares	170.3m
Options/other	0.0m
Fully diluted	170.3m
Market capitalisation	601.0m

DUI share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13	
Commonwealth Bank	8.9
ANZ Banking Group	8.7
BHP Billiton	8.7
Westpac Banking Corp	8.3
National Australia Bank	6.0
Woodside Petroleum	5.8
CSL	5.6
Rio Tinto	5.3
Woolworths	3.4
Transurban Group	2.9
Wesfarmers	2.8
Origin Energy	2.3
Washington H Soul Pat	2.1
Mystate	1.8
QBE Insurance Group	1.7
Asciano	1.6
BT Investment	1.6
Oil Search	1.6
AMP	1.6
Westfield Group	1.4
% of Total	**82.1**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

WHITEFIELD (WHF)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 200 Ind Accumulation
Manager:	White Funds Management Pty Ltd	**Indirect cost ratio** with perf. fee:	0.36%
Listed:	1923	**Indirect cost ratio** w/out perf. fee:	0.36%

Investment Strategy

WHF's investment strategy looks closely at valuation and likely future earnings in a manner that may be categorised as "growth-at-a-reasonable-price". The company invests solely in securities listed on the Australian Securities Exchange. The company aims to obtain a quantitative and qualitative portrait of the short term, medium term and long term earnings which are realistically achievable for each stock as well as the risk or certainty associated with those earnings. Analysis is undertaken both of specific companies and the greater macro environment in which those companies operate.

Personnel

Investment Personnel: Angus Gluskie (Chief Executive Officer). Directors: David Iliffe (Chairman), Angus Gluskie, Martin Fowler and Graeme Gillmore.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/Medium/Small Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/Short

Derivatives: n/a

Cash/Debt: $4.9m Cash, $0.0m Debt, $30.0m Hybrid (31 March 2013).

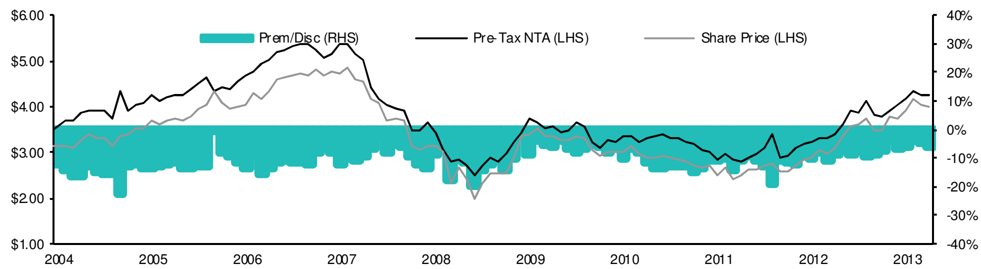
Dividend reinvestment plan: Yes. 0-5% discount to average price post ex-date.

Other: On market Buy-Back

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	4.4%	17.0%	35.4%	17.8%	14.7%	7.7%
Benchmark	3.8%	12.6%	26.8%	16.1%	15.4%	9.7%
Active return	0.6%	4.4%	8.6%	1.7%	-0.7%	-2.0%
NTA+						
Performance	4.7%	15.3%	30.7%	14.6%	14.0%	7.4%
Benchmark	3.8%	12.6%	26.8%	16.1%	15.4%	9.7%
Active return	0.9%	2.7%	3.9%	-1.5%	-1.4%	-2.3%

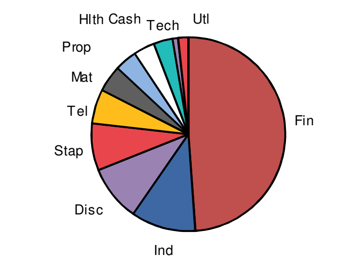
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.29	2.33	13.6%	6.6%
Year 3	0.23	1.04	13.2%	7.2%
Year 5	-0.06	0.52	19.3%	12.0%
NTA+				
Year 1	2.49	2.09	12.9%	1.5%
Year 3	-0.20	0.72	14.8%	7.3%
Year 5	-0.21	0.59	15.9%	6.4%

Exposure (Portfolio)



* The share price benchmark has been compared against the S&P/ASX 200 Industrials Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Industrials Accumulation.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$4.00
Pre-tax NTA	$4.26
Post-tax NTA	$4.06
Premium/(Discount) share price to:	
Pre-tax NTA	-6.1%
Post-tax NTA	-1.5%

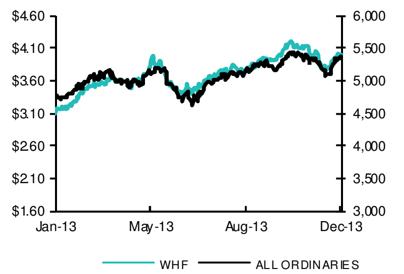
Historic Dividend (prior 12-mths)

Dividends (net)	$0.17
Yield	4.3%
Franking	100%
Grossed up yield	6.1%

Capital Structure

Ordinary shares	76.2m
Options/other	0.0m
Fully diluted	76.2m
Market capitalisation	304.8m

WHF share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13	
Commonwealth Bank	11.0
Westpac	8.9
ANZ Bank	7.8
National Australia Bank	7.2
Telstra	5.7
Macquarie Group	5.0
Wesfarmers	3.9
Woolworths	3.7
Computershare	2.9
Brambles	2.7
Crown	2.6
CSL	2.2
QBE	2.0
Twenty-First Century Fox	1.8
Seven Group	1.7
AMP	1.7
Amcor	1.6
Invocare	1.6
Suncorp	1.5
Asciano	1.3
% of Total	**76.7**

*+Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

AMCIL (AMH)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	S&P/ASX 200 Accumulation
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.77%
Listed:	2000	**Indirect cost ratio** w/out perf. fee:	0.77%

Investment Strategy

AMCIL's concentrated portfolio covers both large and small companies. The number of companies in the portfolio w ill usually comprise 30 to 40 stocks depending on market conditions and thematic investment opportunities. The selection of stocks in the portfolio is based on attractive valuations as w ell as the outlook for grow th and the competitive structure of the industry.

Personnel

Investment Personnel: Ross Barker (Managing Director) and Mark Freeman (Chief Investment Officer). Directors: Bruce Teele (Chairman), Ross Barker, Peter Barnett, Rupert Myer and Bob Santamaria.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/Small Cap, Balanced/**Value**/Grow th, Passive/**Active**, **Long**/Short

Derivatives: Options occasionally used to generate additional income.

Cash/Debt: $19.4m cash, $0m Debt (30 June 2013)

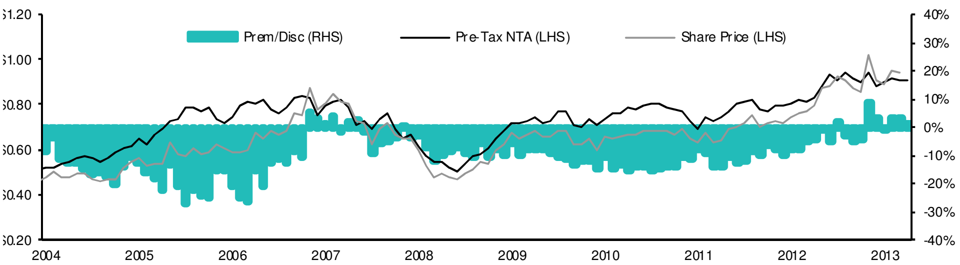
Dividend reinvestment plan: 5% discount to 5 day average price post ex-date

Other: Affiliated w ith AFIC (AFI), Djerriw arrh (DJW) and Mirrabooka (MIR).

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	3.4%	16.1%	25.6%	17.9%	18.8%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	0.0%	1.5%	5.9%	9.9%	6.1%	n/a
NTA+						
Performance	1.1%	9.8%	18.7%	10.8%	15.7%	n/a
Benchmark	3.4%	14.0%	20.2%	8.9%	12.5%	n/a
Active return	-2.3%	-4.2%	-1.5%	1.9%	3.2%	n/a

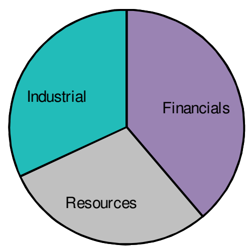
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.31	0.98	22.3%	19.0%
Year 3	0.78	0.87	15.9%	12.6%
Year 5	0.52	0.87	16.4%	11.8%
NTA+				
Year 1	-0.42	1.52	9.8%	3.6%
Year 3	0.38	0.68	10.0%	4.8%
Year 5	0.72	0.95	11.8%	4.6%

Exposure (top 20)



* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$0.92
Pre-tax NTA	$0.91
Post-tax NTA	$0.85
price to:	
Pre-tax NTA	1.1%
Post-tax NTA	8.2%

Historic Dividend (prior 12-mths)

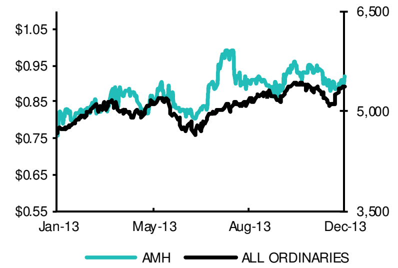
Dividends (net)	$0.08
Yield	8.7%
Franking	100%
Grossed up yield	12.4%

*included a 5c special

Capital Structure

Ordinary shares	228.1m
Options/other	0.0m
Fully diluted	228.1m
Market capitalisation	209.8m

AMH share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13	
Oil Search	7.2%
BHP	6.3%
National Australia Bank	5.3%
Santos	4.8%
Commonw ealth Bank	4.6%
ANZ	3.9%
Westpac Banking Corp	3.8%
Brambles	3.7%
Telstra Corp	3.7%
Tox Free Solutions	3.4%
Transurban	3.2%
QBE	2.9%
AMP	2.9%
Coca-Cola Amatil	2.5%
Rio Tinto	2.3%
Equity Trustees	2.2%
Amcor	2.2%
Tassal Group	2.1%
Computershare	1.6%
Ansell	1.6%
% of Total	**70%**

*+Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

CLIME CAPITAL (CAM)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Clime Asset Management	**Indirect cost ratio** with perf. fee:	1.78%
Listed:	Apr-04	**Indirect cost ratio** w/out perf. fee:	1.78%

Investment Strategy

CAM offers investors the opportunity to invest in a value focused closed end Investment Company managed by a top performing Australian Value Equity Manager Clime Asset Management. CAM applies a four tier investment strategy: Acquire securities in attractive companies w hen the market price on offer trades at a discount to their assessed value; reduce or close positions w hen the market price is w ell above the assessment of value; ensure each investment meets a realistic required return to ensure the risk and return of the portfolio is properly balanced to achieve returns w ithout risking capital; seek investments w ith an enhanced yield; and maintain a high cash position w hen prices are expensive and value is not readily available in the market.

Personnel

Investment Personnel: John Abernethy (Chief Investment Officer), George Whitehouse (Portfolio Manager). Directors: John Abernethy (Chairman), Geoff Wilson, Julian Gosse and Brett Spork

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/**Small** Cap, Balanced/**Value**/Grow th, Passive/**Active**, Long/**Short**

Derivatives: The manager has the ability to use derivatives to manage excessive risk concentrations.

Cash (Fixed Income)/Debt: Cash $35.6m, Debt $0.0m (30 Sep 2013)

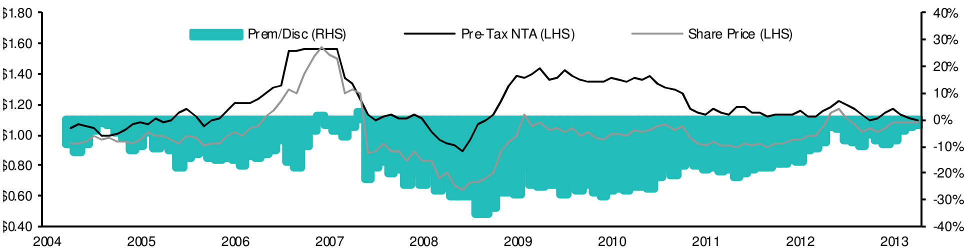
Dividend reinvestment plan: Yes. 1% discount to 3 day w eighted average market price.

Other:

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	7 yr p.a.
Share price*						
Performance	0.9%	9.0%	12.9%	14.9%	18.6%	8.1%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	3.6%
Active return	-2.5%	-5.6%	-6.8%	6.9%	5.9%	4.5%
NTA+						
Performance	-5.2%	4.9%	4.8%	4.4%	12.8%	5.5%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	3.6%
Active return	-8.6%	-9.7%	-14.9%	-3.6%	0.1%	1.9%

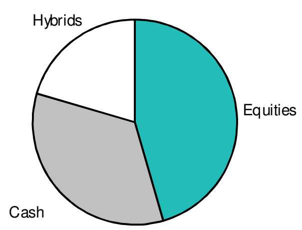
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-0.50	0.64	14.2%	13.7%
Year 3	0.60	0.89	12.2%	11.5%
Year 5	0.38	0.82	17.0%	15.3%
NTA+				
Year 1	-1.44	0.11	9.6%	10.3%
Year 3	-0.38	0.04	9.5%	9.4%
Year 5	0.01	0.76	11.6%	9.1%

Exposure (net)



Share Price and NTA Summary

as at 31-Dec-13

Share price	$1.08
Pre-tax NTA	$1.10
Post-tax NTA	$1.06

Premium/(Discount) share price to:

Pre-tax NTA	-1.8%
Post-tax NTA	1.9%

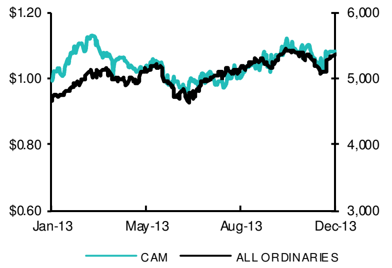
Historic Dividend (prior 12-mths)

Dividends (net)*	$0.04
Yield*	3.7%
Franking*	100%
Grossed up yield*	5.3%

Capital Structure

Ordinary shares	70.1m
Options/other	7.6m
Fully diluted	77.7m
Market capitalisation	75.7m

CAM share price v All Ords



Top 15 Holdings

as at 31-Dec-13	%
BHP Billiton Limited	9.1
ANZ Banking Group	5.1
Brickw orks Limited	4.5
Multiplex Convertible Note	4.2
Westpac Banking Corp	3.9
Telstra Corp	3.7
Woolw orths	3.6
McMillan Shakespeare	3.2
SMS Management & Tech	3.2
NAB Notes	3.0
Mineral Resources	2.7
Macquarie Group Capital No	2.4
The Reject Shop	2.3
Ausdrill	2.2
Spark Infrastructure Group	2.1
Cash & Cash Equivalents	34.0
% of Total	**89.0**

*+ The investment performance calculation has been impacted by the initial uplift associated with the 1 for 4 Renounceable Rights issue (CAM PA) issued in April 2007. However, this is offset by the ongoing cost of the issue which has an effective 7.5%fully franked coupon. CAM PA converts into ordinary equity in April 2017.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

FLAGSHIP INVESTMENTS (FSI)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	EC Pohl & Co Pty Ltd	**Indirect cost ratio** with perf. fee:	4.97%
Listed:	2000	**Indirect cost ratio** w/out perf. fee:	1.47%

Investment Strategy

FSI provides investors w ith access to a diversified Australian investment portfolio. It aims to maintain 90% of available funds in equity investments w ith the balance in cash and equivalent. FSI is best suited to investors w ith a medium to long-term time horizon. FSI's central investment strategy is to invest in high quality business franchises that have the ability to grow sales and earnings at rates above GDP, producing superior investment returns over the long-term. The company adopts an active investment strategy comprising a broad spectrum of w ell managed companies.

Personnel

Investment Personnel: Emmanuel Pohl (Managing Director). Directors: Henry Smerdon AM (Chairman), Emmanuel Pohl, Dominic McGann, Patrick Corrigan AM and Sophie Mitchell

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/**Small Cap**, Balanced/Value/**Grow th**, Passive/**Active**, **Long**/Short

Derivatives: n/a

Cash/Debt: $2.5m Cash, $0.0m Debt (30 June 2013)

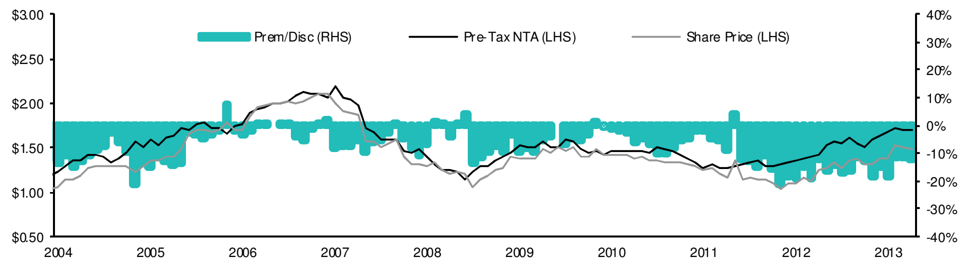
Dividend reinvestment plan: Yes.

Other: On market buyback

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	8.8%	16.2%	25.1%	8.4%	10.7%	9.4%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	5.4%	1.6%	5.4%	0.4%	-2.0%	0.0%
NTA+						
Performance	1.4%	15.2%	24.0%	10.2%	12.2%	9.6%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	-2.0%	0.6%	4.3%	2.2%	-0.5%	0.2%

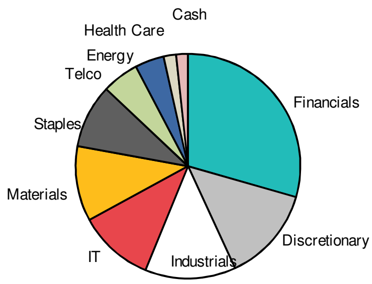
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.41	1.41	15.1%	13.3%
Year 3	0.02	0.23	18.9%	17.6%
Year 5	-0.11	0.34	18.1%	17.8%
NTA+				
Year 1	0.86	1.76	11.5%	5.0%
Year 3	0.40	0.61	10.2%	5.5%
Year 5	-0.09	0.65	11.7%	5.7%

Exposure (portfolio)



Share Price and NTA Summary

as at 31-Dec-13

Share price	$1.49
Pre-tax NTA	$1.70
Post-tax NTA	$1.56

Premium/(Discount) share price to:

Pre-tax NTA	-12.4%
Post-tax NTA	-4.2%

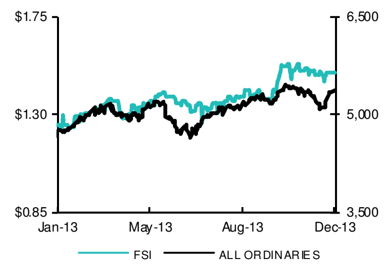
Historic Dividend (prior 12-mths)

Dividends (net)	$0.065
Yield	4.4%
Franking	100%
Grossed up yield	6.2%

Capital Structure

Ordinary shares	24.1m
Options/other	0.0m
Fully diluted	24.1m
Market capitalisation	35.9m

FSI share price v ASX All Ords



Top 5 Holdings

Top 5 Holdings	%
as at 30-Sep-13	
SEEK	9.1
Telstra Corporation	8.2
Commonw ealth Bank	8.1
Carsales.com	7.2
Rio Tinto	5.4
% of Total	**38.0**

* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

MIRRABOOKA INVESTMENTS (MIR)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:** S&P Midcap (50%); Small Acc (50%)	
Manager:	Internal	**Indirect cost ratio** with perf. fee:	0.70%
Listed:	2001	**Indirect cost ratio** w/out perf. fee:	0.70%

Investment Strategy

MIR objectives are to provide attractive investment returns over the medium to long term through holding core investments in selected small and medium sized companies and to provide attractive dividend returns. MIR focuses on attractive valuations, prospects for strong grow th and the potential to benefit from takeover activity.

Personnel

Investment Personnel: Ross Barker (Managing Director) and Mark Freeman (Chief Investment Officer). Directors: Terrence Campbell (Chairman), Ian Campbell, David Meiklejohn, Graeme Sinclair, Ross Barker

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: Large/**Medium**/**Small** Cap, Balanced/**Value**/Grow th, Passive/**Active**, **Long**/Short

Derivatives: Options occasionally used to generate additional income.

Cash/Debt: $25.4m cash and $0m debt (31 Dec 2013)

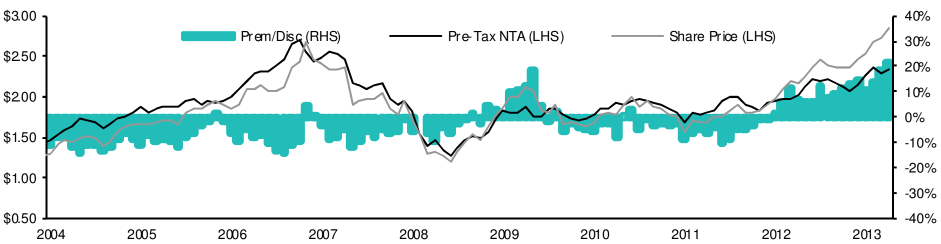
Dividend reinvestment plan: 2.5% discount to 5 day average price post ex-date

Other: Affiliated w ith AMCIL (AMH), AFIC (AFI) and Djerriw arrh (DJW).

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	12.7%	26.7%	40.0%	23.6%	23.4%	14.5%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	9.3%	12.1%	20.3%	15.6%	10.7%	5.1%
NTA+						
Performance	3.1%	16.7%	23.9%	12.9%	16.5%	11.4%
Benchmark	2.0%	14.4%	8.6%	-1.1%	8.8%	6.8%
Active return	1.1%	2.3%	15.3%	14.0%	7.7%	4.6%

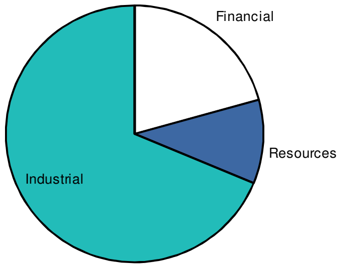
Share Price and NTA



Risk/Return Indicators

Share pric	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.95	3.73	9.7%	10.4%
Year 3	1.37	1.29	15.2%	11.4%
Year 5	0.72	1.02	18.5%	14.9%
NTA+				
Year 1	2.95	1.91	10.6%	5.2%
Year 3	2.34	0.82	10.8%	6.0%
Year 5	1.08	0.95	12.6%	7.1%

Exposure (Top 20)



* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/Mid-cap (50%) and S&P/Small-cap (50%)

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$2.84
Pre-tax NTA	$2.34
Post-tax NTA	$2.09

Premium/(Discount) share price to:	
Pre-tax NTA	21.4%
Post-tax NTA	35.9%

Historic Dividend (12-mths)

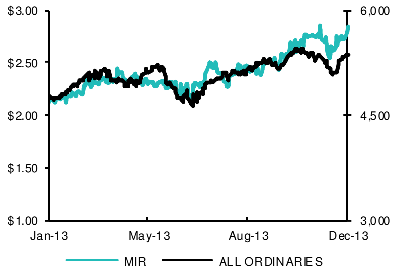
Dividends (net)	$0.15
Yield	5.3%
Franking	100%
Grossed up yield	7.5%

*included a 5 cent special dividend

Capital Structure

Ordinary shares	139.0m
Options/other	0.0m
Fully diluted	139.0m
Market capitalisation	394.8m

MIR share price v ASX All Ords



Top 20 Holdings

as at 31-Dec-13	%
James Hardie	4.5
Oil Search	3.8
Tox Free Solutions	3.8
ALS	3.7
Ansell	3.3
Tassal Group	2.9
IRESS	2.8
Invocare	2.8
Perpetual	2.8
Equity Trustees	2.7
Austbrokers	2.7
Bega Cheese & Butter	2.5
Ramsay Health Care	2.2
Coca-Cola Amatil	2.2
Toll Holdings	1.8
Alumina	1.8
Fletcher Building	1.8
SEEK	1.7
BigAir Group	1.7
Ingenia Communications	1.7
% of Total	**53.1**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

WAM CAPITAL (WAM)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Wilson Asset Management	**Indirect cost ratio with perf. fee:**	1.55%
Listed:	1999	**Indirect cost ratio w/out perf. fee:**	1.37%

Investment Strategy

WAM Capital Limited (WAM) provides investors exposure to a listed investment company w ith an actively managed diversified portfolio of undervalued grow th companies. These are primarily found in the small to mid cap industrial sector. WAM also provides exposure to relative value arbitrage and market mispricing opportunities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital grow th and to preserve capital. WAM has a tw o fold investment strategy. Research Driven: extensive research, focusing on free cash flow , then rating the company's management, earnings grow th potential, valuation, industry position and catalyst for share price grow th. Market Driven: aims to take advantage of short-term relative arbitrage opportunities and mispricing in the market.

Personnel

Investment Personnel: Geoffrey Wilson, Chris Stott, Martin Hickson, Matt Haupt and Mark Tobin.
Directors: Geoffrey Wilson, Matthew Kidman, James Chirnside, Paul Jensen and Lindsay Mann.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: Large/**Medium**/**Small** Cap, **Balanced**/Value/Grow th, Passive/**Active**, **Long/Short**

Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.

Cash (Fixed Income)/Debt: Cash $244.4m (31 Dec 2013)

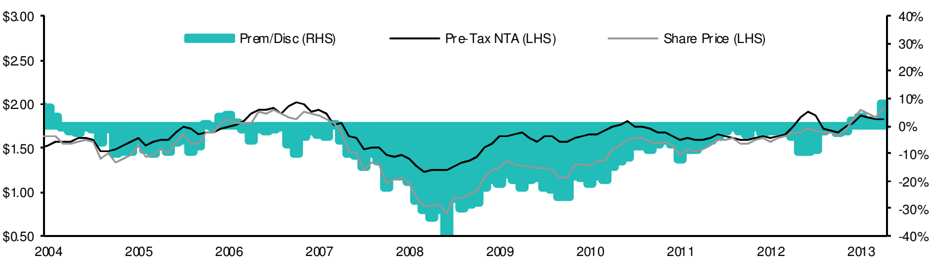
Dividend reinvestment plan: Yes.

Other: Affiliated w ith WAM Research (ASX code: WAX) and WAM Active (ASX code: WAA).

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	5.1%	23.3%	25.4%	18.6%	26.5%	11.3%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	1.7%	8.7%	5.7%	10.6%	13.8%	1.9%
NTA+						
Performance	0.7%	11.4%	11.2%	9.1%	14.1%	10.0%
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	9.4%
Active return	-2.7%	-3.2%	-8.5%	1.1%	1.4%	0.6%

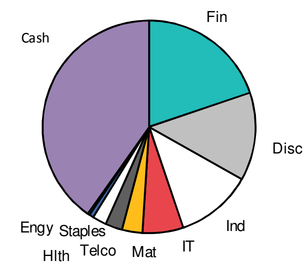
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.50	2.01	10.8%	11.5%
Year 3	1.16	1.41	10.3%	9.2%
Year 5	0.98	1.25	17.5%	14.1%
NTA+				
Year 1	-0.82	0.72	10.4%	10.2%
Year 3	0.11	0.58	8.6%	9.9%
Year 5	0.15	1.11	8.6%	9.6%

Exposure (Long portfolio)



* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.960
Pre-tax NTA	$1.816
Post-tax NTA	$1.761

Premium/(Discount) share price to:

Pre-tax NTA	7.9%
Post-tax NTA	11.3%

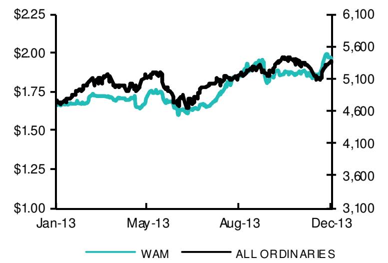
Historic Dividend (prior 12-mths)

Dividends (net)	$0.12
Yield	6.1%
Franking	100%
Grossed up yield	8.7%

Capital Structure

Ordinary shares	335.8m
Options/other	0.0m
Fully diluted	335.8m
Market capitalisation	658.2m

WAM share price v ASX All Ords



Top 20 Holdings

as at 31-Dec-13	%
Aveo Group	3.4
Century Australia	2.1
Slater & Gordon	1.9
Westoz Investment	1.8
Automotive Holdings	1.6
Macquarie Group	1.6
Nearmap	1.4
ING Private Equity Access	1.4
Hills Holdings	1.4
Emerging Leaders	1.3
Brickw orks	1.3
NEXTDC	1.2
STW Com	1.2
CSR	1.2
Coventry Group	1.1
GWA Group	1.1
JB Hi-Fi	1.1
Macquarie Atlas	1.1
David Jones	1.1
CSG	1.1
% of Total	**29.4**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

WESTOZ INVESTMENT COMPANY LIMITED (WIC)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Westoz Funds Management Pty Ltd	**Indirect cost ratio** with perf. fee:	1.21%
Listed:	2009	**Indirect cost ratio** w/out perf. fee:	1.21%

Investment Strategy

WIC invests in small to medium sized companies, generally w ith some connection to Western Australia. Its investment objective is to generate consistent positive returns over the medium term, thereby providing a reliable stream of dividends and capital grow th for investors. A concentrated portfolio (generally 10 to 20 stocks) is held and given the focus on Western Australia, above average exposure to the resources sector is a feature. If suitable equity investments are not available, large cash positions may be held from time to time.

Personnel

Key Personnel: Philip Rees (Executive Director), Dermot Woods, Peter Diamond (Chairman Euroz), Jay Hughes. Directors: Philip Rees, Peter Diamond (Chairman), Jay Hughes, Terry Budge .

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: Large/**Medium**/**Small** Cap, **Balanced**/Value/Grow th, Passive/**Active**, **Long**/Short

Derivatives: No (allow ed but not used).

Cash/Debt: $85.4m Cash, $0.0m Debt (30 June 2013)

Dividend reinvestment plan: No.

Other: Payout minimum of 50% of realised profits by w ay of dividend

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.230
Pre-tax NTA	$1.343
Post-tax NTA	$1.318

Premium/(Discount) share price to:	
Pre-tax NTA	-8%
Post-tax NTA	-7%

Historic Dividend (12-months)

Dividends (net)	$0.09
Yield	7.3%
Franking	100%
Grossed up yield	10.5%

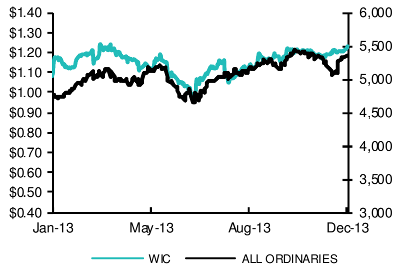
Capital Structure

Ordinary shares	128.1m
Options/other	0.0m
Fully diluted	128.1m
Market capitalisation	157.6m

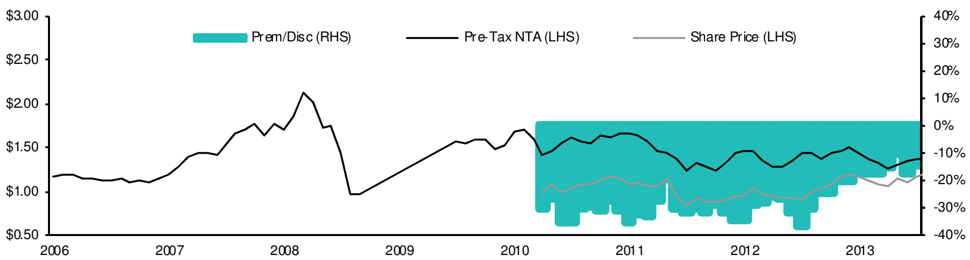
Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	5.1%	21.7%	23.1%	11.3%	n/a	n/a
Index	3.4%	14.6%	19.7%	8.0%	n/a	n/a
Active return	1.7%	7.1%	3.4%	3.3%	n/a	n/a
NTA+						
Performance	-2.2%	11.8%	0.3%	-0.9%	0.6%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-5.6%	-2.8%	-19.4%	-8.9%	-12.1%	n/a

WIC share price v ASX All Ords



Share Price and NTA



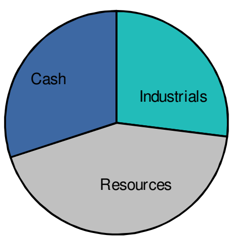
Top Holdings

as at 31-Dec-13	%
Aquila Resources	8.0
Aurora Oil & Gas	8.0
Automotive Holdings	8.0
Finbar Group	8.0
Medusa Mining	7.0
Cedar Woods Properties	7.0
Regis Resources	4.0
Mount Gibson Iron	3.0
Atlas Iron	3.0
Other	13.0
% of Total	**69.0**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.28	1.20	16.1%	12.5%
Year 3	0.21	0.37	19.5%	15.5%
Year 5	0.00	-0.24	18.7%	14.6%
NTA+				
Year 1	-1.77	-0.25	13.8%	11.0%
Year 3	-0.80	-0.29	16.7%	11.1%
Year 5	-0.33	-0.11	37.5%	37.2%

Exposure



* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

WAM RESEARCH (WAX)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Wilson Asset Management	**Indirect cost ratio with perf. fee:**	2.68%
Listed:	2003	**Indirect cost ratio w/out perf. fee:**	1.34%

Investment Strategy

WAX is a LIC primarily investing in small to medium industrial companies listed on the ASX. The investment objectives are to provide a grow ing stream of fully franked dividends and to achieve a high real rate of return, comprising both income and capital grow th w ithin risk parameters acceptable to the Directors. WAX has a tw ofold investment strategy. Research Driven: extensive research, focusing on free cash flow , then rating the company's management, earnings grow th potential, valuation, industry position and catalyst for share price grow th. Investment Driven: seeks to identify companies that have a sustainable business model, track record of dividends, history of profits and positive free cash flow , acceptable financial strength and attractive return on equity.

Personnel

Investment Personnel: Geoffrey Wilson, Chris Stott, Martin Hickson, Matt Haupt and Mark Tobin.
Directors: Geoffrey Wilson, Matthew Kidman, Julian Gosse and John Abernethy.

Key Information

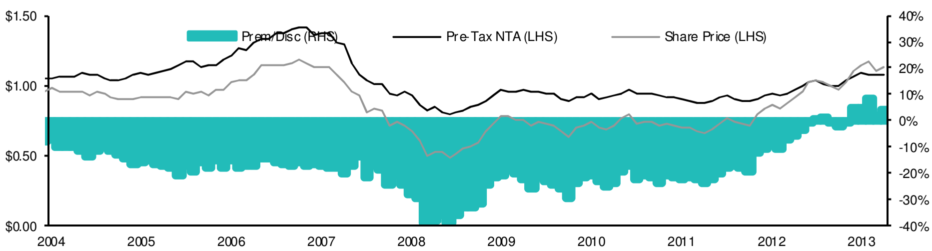
Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**
Style: Large/**Medium**/**Small Cap**, **Balanced**/Value/Grow th, Passive/**Active**, **Long**/Short
Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.
Cash (Fixed Income)/Debt: Cash $75.5m (31 Dec 2013)
Dividend reinvestment plan: Yes.
Other: Affiliated w ith WAM Capital (ASX code: WAM) and WAM Active (ASX code: WAA)

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	0.7%	19.4%	31.7%	25.4%	25.7%	n/a
Benchmark	4.9%	10.5%	22.6%	9.0%	12.5%	n/a
Active return	-4.2%	8.9%	9.1%	16.4%	13.2%	n/a
NTA+						
Performance	2.1%	12.5%	19.7%	12.2%	11.9%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-1.3%	-2.1%	0.0%	4.2%	-0.8%	n/a

Returns have been calculated on the share price on an accumulation basis

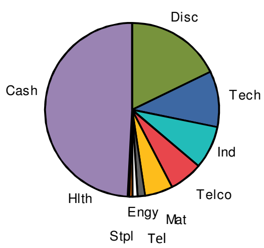
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.51	1.90	14.7%	17.7%
Year 3	1.02	1.58	13.5%	16.2%
Year 5	0.72	1.30	16.2%	18.5%
NTA+				
Year 1	0.01	2.63	6.1%	6.9%
Year 3	0.54	1.47	5.5%	7.7%
Year 5	-0.10	1.12	6.5%	8.3%

Exposure (Long portfolio)



* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

Share Price and NTA Summary

as at 31-Dec-13

Share price	$1.125
Pre-tax NTA	$1.080
Post-tax NTA	$1.078

Premium/(Discount) share price to:

Pre-tax NTA	4.2%
Post-tax NTA	4.4%

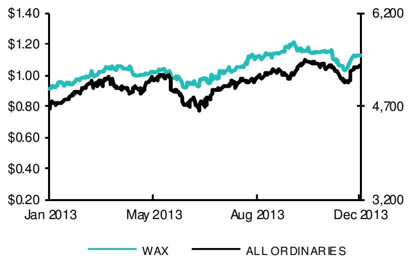
Historic Dividend (prior 12-mths)

Dividends (net)	$0.07
Yield	6.2%
Franking	100%
Grossed up yield	8.9%

Capital Structure

Ordinary shares	137.9m
Options/other	68.9m
Fully diluted	206.8m
Market capitalisation	155.2m

WAX share price v ASX All Ords



Top 20 Holdings %

as at 31-Dec-13

Slater & Gordon	3.8
Automotive Holdings	3.1
Nearmap	2.8
NEXTDC	2.4
STW Com	2.3
GWA Group	2.2
Vocus Com	2.1
Ardent Leisure	2.1
Technology One	2.0
CSG	2.0
Webjet	2.0
RCR Tomlinson	2.0
Donaco International	1.9
Clime Investment	1.8
iProperty Group	1.8
SFG Australia	1.7
Royal Wolf Holdings	1.7
Pact Group Holdings	1.3
Ozforex Group	1.1
Ten Netw ork Holdings	1.0
% of Total	**41.1**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

WAM ACTIVE (WAA)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Wilson Asset Management	**Indirect cost ratio** with perf. fee:	4.31%
Listed:	2008	**Indirect cost ratio** w/out perf. fee:	2.32%

Investment Strategy

WAM Active offers investors exposure to an active trading style w ith the aim of achieving a sound return w ith a low correlation to traditional markets. The investment objectives are to deliver investors a grow ing income stream in the form of fully franked dividends and to preserve capital in both the short term and long term. WAA uses a Market Driven approach to investing - it aims to take advantage of short-term relative arbitrage and mispricing in the market. The manager participates in IPO's, rights issues, placements, schemes of arrangement and looks for arbitrage opportunities and discount to asset plays, along w ith other market events view ed as favourably priced.

Personnel

Investment Personnel: Geoffrey Wilson, Chris Stott, Martin Hickson, Matt Haupt and Mark Tobin.
Directors: Geoffrey Wilson, Matthew Kidman and John Abernethy.

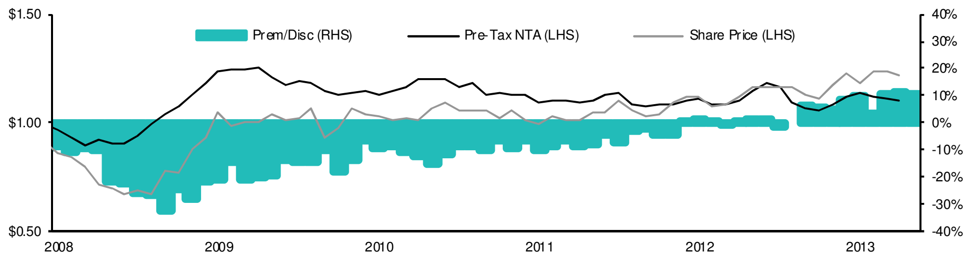
Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**
Style: Large/**Medium**/**Small** Cap, **Balanced**/Value/Grow th, Passive/**Active**, **Long**/**Short**
Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.
Cash (Fixed Income)/Debt: Cash $13.9m (31 Dec 2013)
Dividend reinvestment plan: Yes.
Other: Affiliated w ith WAM Research (ASX code: WAX) and WAM Capital (ASX code: WAM).

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	3.0%	14.3%	17.9%	15.1%	18.9%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-0.4%	-0.3%	-1.8%	7.1%	6.2%	n/a
NTA+						
Performance	-3.5%	8.5%	8.5%	5.2%	10.7%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-6.9%	-6.1%	-11.2%	-2.8%	-2.0%	n/a

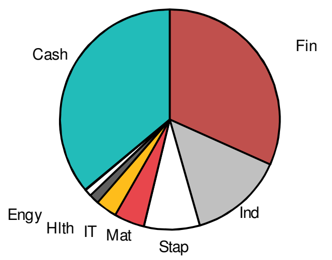
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-0.23	1.47	9.7%	7.6%
Year 3	0.76	1.19	9.3%	9.5%
Year 5	0.44	0.90	16.0%	14.3%
NTA+				
Year 1	-1.11	0.49	9.7%	10.1%
Year 3	-0.28	0.17	6.7%	10.1%
Year 5	-0.21	0.77	7.9%	9.6%

Exposure (Long portfolio)



* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.220
Pre-tax NTA	$1.102
Post-tax NTA	$1.073

Premium/(Discount) share price to:	
Pre-tax NTA	10.7%
Post-tax NTA	13.7%

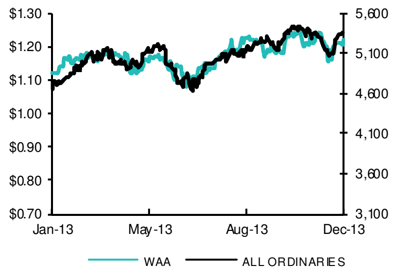
Historic Dividend (prior 12-mths)

Dividends (net)	$0.095
Yield	7.8%
Franking	100%
Grossed up yield	11.1%

Capital Structure

Ordinary shares	34.0m
Options/other	0.0m
Fully diluted	34.0m
Market capitalisation	$41.5m

WAA share price v ASX All Ords



Top 20 Holdings

as at 31-Dec-13	%
Aveo Group (formerly FKP)	6.4
Century Australia	3.9
Westoz Investment	3.3
Macquarie Group	2.9
ING Private Equity Access	2.6
Hills Holdings	2.5
Emerging Leaders	2.4
Brickw orks	2.4
CSR	2.2
Coventry Group	2.1
Macquarie Atlas	2.1
JB Hi-Fi	2.1
David Jones	2.0
Transpacific Industries	2.0
Myer Holdings	2.0
McAleese	1.7
Ironbark Capital	1.6
Warrnambool Cheese	1.6
Sunland Group	1.5
Hunter Hall Global Value	1.4
% of Total	**48.7**

*+Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

CONTANGO MICROCAP (CTN)

Domestic Focussed

Mandate:	Australian listed equities	**Benchmark:**	All Ordinaries Accumulation
Manager:	Contango Asset Management Ltd	**Indirect cost ratio** with perf. fee:	2.72%
Listed:	2004	**Indirect cost ratio** w/out perf. fee:	2.72%

Investment Strategy

CTN invests in small and microcap ($10m - $350m at the time of acquisition) companies. Its objective is to outperform its benchmark over the medium to long-term while providing for the payment of regular franked dividends. The Manager uses the 'business cycle' approach to identify themes that will be important drivers of performance for particular sectors and industries. The top down research is combined with rigorous company analysis to identify stocks that are likely to deliver strong results and out perform. The portfolio typically holds around 60 - 100 stocks.

Personnel

Key Personnel: David Stevens (MD & CIO), Carol Austin, Bill Laister, Andrew Mouchacca, Paul Davoren and Craig Allen. Directors: Mark Kerr (Chairman), David Stevens, Ian Ferres and Glenn Fowles.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: Large/Medium/**Small** Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/Short

Derivatives: Portfolio can buy or sell futures to manage market exposure

Cash: $4.8m Debt: $0m (31 March 2013)

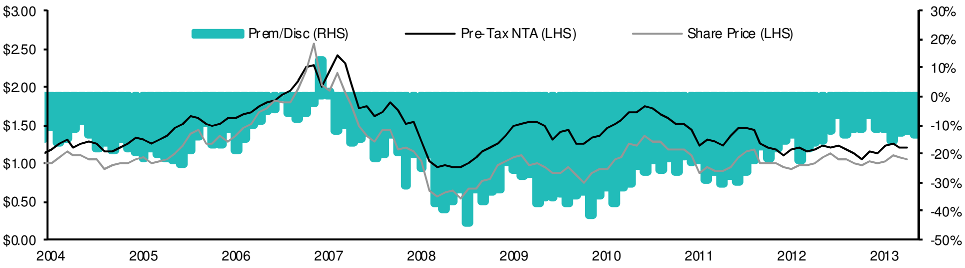
Dividend reinvestment plan: Yes. 3% discount to 5 day volume weighted average.

Other: Committed to paying a 6% pa yield, based on the NTA at the beginning of the financial year.

Performance

Performance	3-mth	6-mth	1 yr	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	2.4%	11.9%	13.9%	1.7%	18.0%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-1.0%	-2.7%	-5.8%	-6.3%	5.3%	n/a
NTA+						
Performance	-0.1%	20.6%	11.0%	-4.1%	9.3%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-3.5%	6.0%	-8.7%	-12.1%	-3.4%	n/a

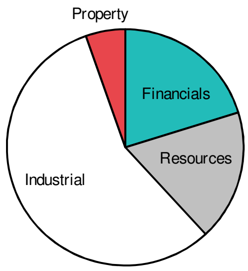
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-0.54	0.57	17.7%	10.6%
Year 3	-0.38	-0.10	24.2%	16.6%
Year 5	0.22	0.43	31.1%	24.1%
NTA+				
Year 1	-0.68	0.43	17.0%	12.7%
Year 3	-0.93	-0.43	19.0%	13.0%
Year 5	-0.25	0.24	19.7%	13.5%

Exposure (Top 20)



* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.06
Pre-tax NTA	$1.219
Post-tax NTA	$1.154

Premium/(Discount) share price to:	
Pre-tax NTA	-13.5%
Post-tax NTA	-8.6%

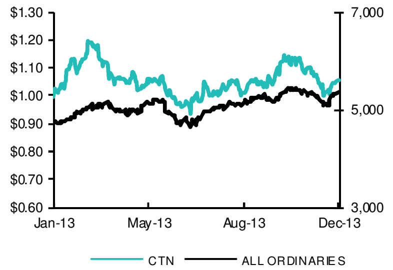
Historic Dividend (prior 12-mths)

Dividends (net)	$0.078
Yield	7.4%
Franking	35%
Grossed up yield	8.5%

Capital Structure

Ordinary shares	156.5m
Options/other	49.7m
Fully diluted	206.2m
Market capitalisation	165.1m

CTN share price v ASX All Ords



Top 20 Holdings %

as at 31-December-13	
Iproperty Group	3.6%
Slater & Gordon	3.5%
Tiger Resources	3.3%
BT Investment	3.2%
G8 Education	3.2%
Mayne Pharma Group	3.1%
Austbrokers Holdings	3.1%
Cedar Woods Properties	2.8%
Village Roadshow	2.6%
Ingenia Communities	2.4%
Automotive Holdings	2.4%
Prime Media Group	2.3%
Villa World	2.2%
SFG Australia	2.2%
GBST Holdings	2.1%
Mineral Deposits	2.1%
NIB Holdings	2.0%
Beadell Resources	2.0%
MACA	1.9%
Orocobre	1.9%
% of Total	**51.9%**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

CADENCE CAPITAL (CDM)

Domestic Focussed

Mandate:	Australian listed equities, Long/Short	**Benchmark:**	All Ordinaries Accumulation
Manager:	Cadence Asset Management	**Indirect cost ratio** with perf. fee:	1.36%
Listed:	Dec-06	**Indirect cost ratio** w/out perf. fee:	1.33%

Investment Strategy

CDM is a long-short Australian equities fund, with a long bias, that invests in equities listed on the ASX. The manager uses both fundamental and technical analysis in making investing decisions, employing bottom up research and a disciplined 'Entry and Exit' strategy. Both strategies seek to exploit the inefficient flow of information through the market, individual equity momentum and the cyclical nature of markets.

Personnel

Investment Personnel: Karl Siegling, Wayne Davies, Christopher Garrard, Simon Bonouvrie. Directors: Karl Siegling (Chairman), Wayne Davies, James Chirnside, Ronald Hancock.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/**Small** Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/**Short**

Derivatives: The manager has the ability to short-sell securities.

Cash (Fixed Income)/Debt: Cash $66.3m, Debt $0.0m (30 June 2013)

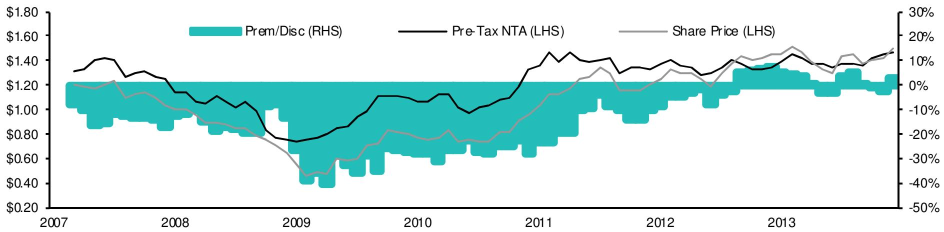
Dividend reinvestment plan: Yes. 3% discount to 3-day vwap

Other:

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	9.5%	19.6%	11.9%	27.9%	27.1%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	6.1%	5.0%	-7.8%	19.9%	14.4%	n/a
NTA+						
Performance	7.6%	12.5%	17.0%	13.2%	22.0%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	4.2%	-2.1%	-2.7%	5.2%	9.3%	n/a

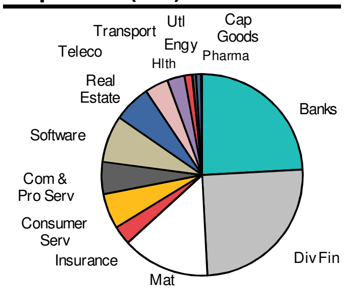
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-0.71	0.60	13.6%	10.9%
Year 3	1.41	1.68	14.2%	14.1%
Year 5	0.65	0.94	23.9%	22.2%
NTA+				
Year 1	-0.32	1.70	7.8%	8.3%
Year 3	0.51	0.89	10.4%	10.2%
Year 5	0.82	1.29	14.0%	11.4%

Exposure (net)



*+In May 2011 CDM received $0.22 per CDM share of franking credits when RHG returned the majority of its assets in the form of a fully franked dividend. At the time CDM shares were trading at $1.25. These franking credits were worth 17.6% of the CDM share price at the time and are not reflected in our performance calculations as the calculations are based on pre-tax NTA and not post-tax NTA. * The share price benchmark and NTA have been compared against the S&P/ASX All Ordinaries Accumulation Index.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.500
Pre-tax NTA	$1.461
Post-tax NTA	$1.437
Premium/(Discount) share price to:	
Pre-tax NTA	2.7%
Post-tax NTA	4.4%

Historic Dividend (prior 12-mths)

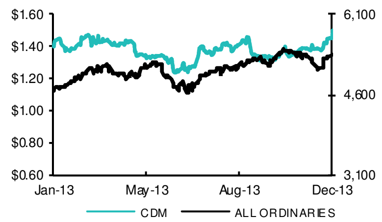
Dividends (net)*	$0.11
Yield*	7.3%
Franking*	100%
Grossed up yield*	10.5%

* Includes 1.0 cent special dividend

Capital Structure

Ordinary shares	159.5m
Options/other	159.5m
Fully diluted	319.0m
Market capitalisation	239.3m

CDM share price v All Ords



Top Holdings

as at 31-Dec-13	%
RHG	7.7
Macquarie Group	7.2
Henderson Group	7.1
National Australia Bank	4.5
Arrium	3.7
Melbourne IT	3.6
ANZ	3.6
Retail Food Group	3.1
Amcor	3.0
Iinet	2.8
Bluescope Steel	2.7
McMillan Shakespeare	2.6
Flexigroup	2.6
Abacus Property	2.0
Rio Tinto	1.6
Top 15	**57.8**

Gross Portfolio Structure

Listed Securities (long)	76%
Listed Securities (short)	1.1%
Net exposure	**75%**
Cash	25%
Gross Assets	**100%**

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

AUSTRALIAN LEADERS FUND (ALF)

Domestic Focussed

Mandate:	Australian listed equities, Long/Short	**Benchmark:**	All Ordinaries Accumulation
Manager:	Watermark Funds Management	**Indirect cost ratio** with perf. fee:	7.05%
Listed:	Feb-04	**Indirect cost ratio** w/out perf. fee:	1.83%

Investment Strategy

ALF looks to invest in leading Australian companies, w ith strong business fundamentals on attractive terms. The group has a long/short mandate that allow s the company to take advantage of both undervalued and overvalued securities. The proceeds raised from short selling securities provides an additional source of funding for the group. These funds are either retained in cash or re-invested into the investment portfolio of shares w e expect to outperform.

Personnel

Investment Personnel: Justin Braitling (Chief Investment Officer), Tom Richardson (Senior Analyst), Joshua Ross (Analyst), Omkar Joshi (Analyst). Directors: Justin Braitling (Chairman), Julian Gosse, John Abernethy and Geoff Wilson.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/**Medium**/**Small** Cap, **Balanced**/Value/Grow th, Passive/**Active**, **Long**/**Short**

Derivatives: The manager has the ability to short-sell securities.

Cash/Fixed Income: $86.8m, Debt: $0.0m (30 June 2013)

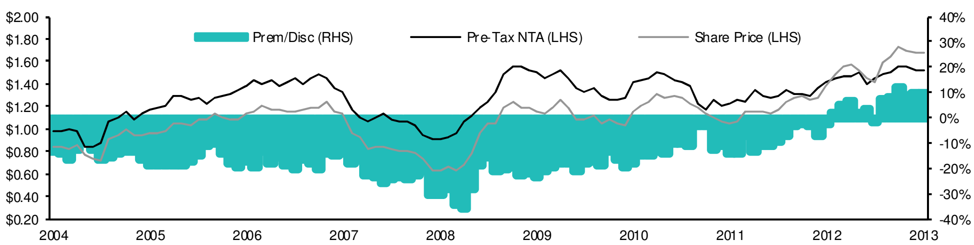
Dividend reinvestment plan:

Other: affiliated w ith Watermark Market Neutral Fund (WMK)

Performance

Performance	**3-mth**	**6-mth**	**1 year**	**3 yr p.a.**	**5 yr p.a.**	**10 yr p.a.**
Share price*						
Performance	0.3%	22.5%	41.6%	26.2%	33.6%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-3.1%	7.9%	21.9%	18.2%	20.9%	n/a
NTA+						
Performance	2.5%	9.6%	26.3%	13.8%	20.9%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-0.9%	-5.0%	6.6%	5.8%	8.2%	n/a

Share Price and NTA



Risk/Return Indicators

Share price	**Information Ratio**	**Sharpe Ratio**	**Standard Deviation**	**Tracking Error**
Year 1	2.54	2.73	13.9%	8.6%
Year 3	2.04	1.74	12.7%	8.9%
Year 5	1.44	1.57	18.5%	14.5%
NTA+				
Year 1	0.62	2.15	10.5%	10.6%
Year 3	0.46	0.65	15.1%	12.5%
Year 5	0.64	1.07	15.7%	12.9%

Exposure

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.68
Pre-tax NTA	$1.53
Post-tax NTA	$1.47
Premium/(Discount) share price to:	
Pre-tax NTA	9.8%
Post-tax NTA	14.3%

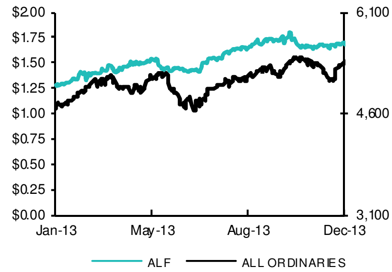
Historic Dividend (prior 12-mths)

Dividends (net)*	$0.12
Yield*	7.1%
Franking*	100%
Grossed up yield*	10.2%

Capital Structure

Ordinary shares	205.5m
Options/other	48.9m
Fully diluted	254.4m
Market capitalisation	345.2m

ALF share price v All Ords



Top Holdings

as at 30-Sep-13	**%**
ANZ Bank	8.1
Mayne Pharma	6.8
Wesfarmers	6.4
BHP Billiton	5.4
Worleyparsons	4.7
Westpac Banking Corp	4.5
Transurban	4.3
NAB	4.1
Brambles	4.0
Aurizon	3.5
% of Total	**34.4**

Gross Portfolio Structure

as at 31-Dec-13	
Listed Securities (long)	159%
Listed Securities (short)	-100%
Net exposure	**59%**
Hybrids/Bonds (long)	0%
Fixed Interest in Cash	41%
Gross Assets	**100%**

* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

MAGELLAN FLAGSHIP FUND (MFF)

International Focussed

Mandate:	International Equities (US focus)	**Benchmark:**	MSCI World Index (AUD)
Manager:	Magellan Asset Management	**Indirect cost ratio** with perf. fee:	1.47%
Listed:	2006	**Indirect cost ratio** w/out perf. fee:	1.47%

Investment Strategy

The primary focus of the portfolio is to invest in large listed international companies assessed to have attractive business characteristics at a discount to their assessed intrinsic values. The Directors believe that this w ill generate superior risk adjusted returns over the medium to long term, w hile minimising the risk of permanent capital loss.

Personnel

Investment Personnel: Chris Mackay (MD & Portfolio Manager), Gerald Stack, Dom Giuliano and Nikki Thomas. Directors: Dick Warburton (Chairman), John Ballard, Andy Hogendijk, Chris Mackay

Key Information

Exposure: **International**/Domestic, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/Medium/Small Cap, Balanced/**Value**/Grow th, Passive/**Active**, **Long**/Short

Derivatives: n/a

Cash/Debt: $4.9m cash and $0.0m debt (30 June 2013)

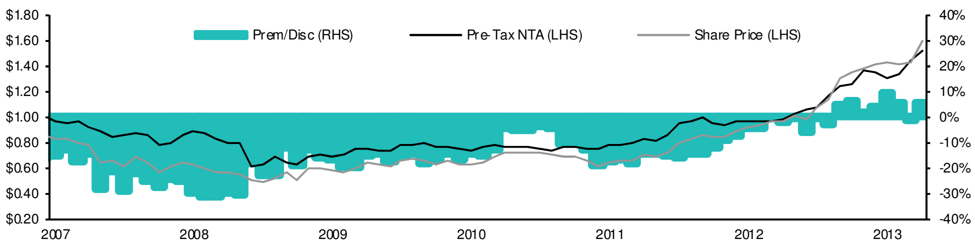
Dividend reinvestment plan: No.

Other: On-market Buy-back.

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	13.1%	19.8%	68.4%	31.3%	24.0%	n/a
Benchmark	12.5%	18.4%	44.3%	14.1%	7.3%	n/a
Active return	0.6%	1.4%	24.1%	17.2%	16.7%	n/a
NTA+						
Performance	17.1%	21.2%	56.5%	27.0%	14.3%	n/a
Benchmark	12.5%	18.4%	44.3%	14.1%	7.3%	n/a
Active return	4.6%	2.8%	12.2%	12.9%	7.0%	n/a

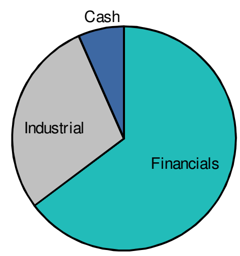
5 year return and premium/discount to Pre-Tax NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.53	3.84	16.8%	15.7%
Year 3	1.33	1.74	15.7%	13.0%
Year 5	1.23	1.08	18.1%	13.5%
NTA+				
Year 1	1.50	4.20	12.6%	8.1%
Year 3	1.26	1.78	12.9%	10.2%
Year 5	0.63	0.57	17.0%	11.1%

Exposure (Top 16)



Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.60
Pre-tax NTA	$1.52
Post-tax NTA	$1.37

Premium/(Discount) share price to:

Pre-tax NTA	5.3%
Post-tax NTA	16.9%

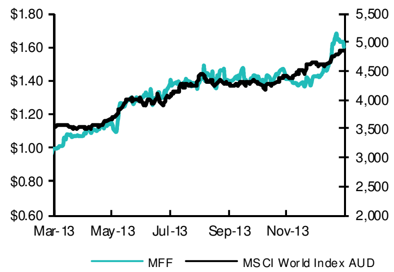
Historic Dividend (prior 12-mths)

Dividends (net)	$0.02
Yield	1.3%
Franking	0%
Grossed up yield	1.3%

Capital Structure

Ordinary shares	351.0m
Options/other	110.0m
Fully diluted	461.0m
Market capitalisation	561.6m

MFF v MSCI World Index (AUD)



Top 15 Holdings

as at 31-Dec-13	%
Wells Fargo	11.9
Visa	10.4
Bank of America	8.6
Low e's	7.5
Apple	7.2
Home Depot	6.3
HCA Holdings	6.1
MasterCard	5.7
US Bancorp	5.5
Lloyds Banking Group	5.5
Bank of New York Mellon	4.7
Wal-Mart	4.3
State Street	4.3
Sainsbury J	2.4
Cash	6.4
% of Total	**96.8**

* The shareprice benchmark has been compared against the MSCI World price index in AUD. +The NTA has been compared against the MSCI World price index in AUD.

*+Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

HUNTER HALL GLOBAL VALUE (HHV)

International Focussed

Mandate:	International Equities	**Benchmark:**	MSCI World Return Net Div Reinvested AUD
Manager:	Hunter Hall Investment Management	**Indirect cost ratio with perf. fee:**	1.76%
Listed:	2004	**Indirect cost ratio w/out perf. fee:**	1.76%

Investment Strategy

To outperform the MSCI in AUD by 5% pa on a rolling 5-year basis, w hile seeking to avoid significant risk to principal. HHV is managed using a value investment philosophy based on fundamental analysis. It primarily invests in companies listed on international stock exchanges, w ith a focus on under-researched and undiscovered businesses. HHV has a concentrated portfolio of generally no more than 100 stocks. It can invest up to 100% in international stocks and up to 100% of the foreign currency exposure may be hedged primarily through short-term forw ard contracts.

Personnel

Investment Personnel: Peter Hall AM, James McDonald, Dr. Roland Winn, Steven Glass, Jonathan Rabinovitz. Directors: Philip Clark (Chairman), Julian Constable, Alex Koroknay, Adam Blackman

Key Information

Exposure: **International/Domestic, Equities**/Fixed Income/Derivatives, **Cash**

Style: Large/**Medium**/**Small** Cap, Balanced/**Value**/Grow th, Passive/**Active**, **Long**/Short

Derivatives: Only used to hedge against foreign currency exposure.

Cash/Debt: $12.7m cash, $0m debt (30 June 2013)

Dividend reinvestment plan: No.

Other: Specialist fund investing in International Equities. On market Buyback in place.

Share Price and NTA Summary

as at 31-Dec-13

Share price	$0.980
Pre-tax NTA	$1.174
Post-tax NTA	$1.174

Premium/(Discount) share price to:

Pre-tax NTA	-16.5%
Post-tax NTA	-16.5%

Historic Dividend (prior 12-mths)

Dividends (net)	$0.042
Yield	4.3%
Franking	100%
Grossed up yield	6.1%

Capital Structure

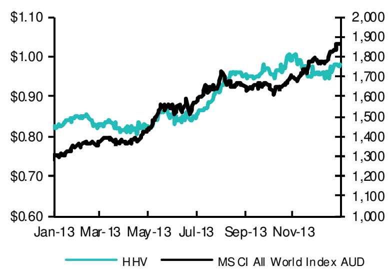
Ordinary shares	187.7m
Options/other	0.0m
Fully diluted	187.7m
Market capitalisation	184.0m

Performance

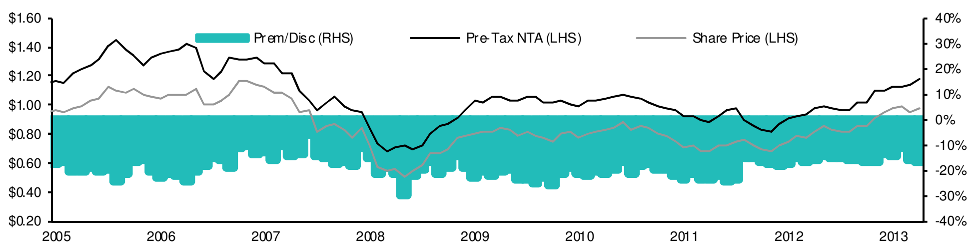
Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	3.6%	18.2%	25.1%	7.5%	14.8%	n/a
Benchmark	13.0%	19.4%	47.3%	16.7%	9.7%	n/a
Active return	-9.4%	-1.2%	-22.2%	-9.2%	5.1%	n/a
NTA+						
Performance	6.1%	17.9%	25.4%	5.2%	13.0%	n/a
Benchmark	13.0%	19.4%	47.3%	16.7%	9.7%	n/a
Active return	-6.9%	-1.5%	-21.9%	-11.5%	3.3%	n/a

Returns have been calculated on the share price on an accumulation basis

HHV v MSCI World Index AUD



5 year return and premium/discount to Pre-Tax NTA



Top 10 Holdings

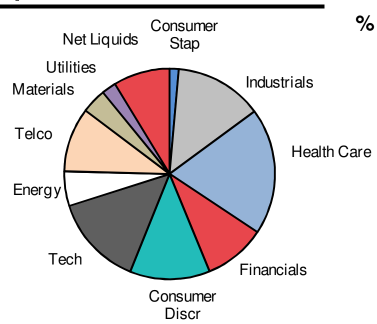
as at 31-Dec-13

	%
Sirtex Medical	14.1
M2 Telecommunications	5.1
Sberbank	3.9
Afren	3.6
Expedia	3.2
Danieli	3.0
Maca Limited	2.6
Bank of New York Mellon	2.4
Samsung Electronics	2.4
JDS Uniphase	2.1
% of Total	**42.4**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-1.71	1.97	10.8%	13.0%
Year 3	-0.74	0.26	13.7%	12.3%
Year 5	0.32	0.66	15.4%	15.7%
NTA+				
Year 1	-2.89	2.74	7.9%	7.6%
Year 3	-1.28	0.10	11.3%	9.0%
Year 5	0.31	0.70	12.0%	10.5%

Exposure *(portfolio)*



* The shareprice benchmark has been compared against the MSCI World Acc Net Return ($A). + The NTA has been compared against the MSCI World Acc Net Return ($A).

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

PLATINUM CAPITAL (PMC)

International Focussed

Mandate:	Absolute Return	**Benchmark:**	MSCI All Country World Net Index
Manager:	Platinum Asset Management	**Indirect cost ratio** with perf. fee:	2.00%
Listed:	1994	**Indirect cost ratio** w/out perf. fee:	2.00%

Investment Strategy

PMC utilises a bottom-up, stock selection methodology and is focused on absolute returns over returns relative to any index. Investments may be in global equities (including Australia), perceived by the Manager as being inappropriately valued by the market. This is combined w ith screening softw are that allow s the Company to select stocks for further evaluation based on a specific criteria. The Criteria is determined by the Manager's hypothesis regarding social, political or economic change. These factors are intended to bring together a portfolio of stocks w ith a below average risk.

Personnel

Directors: Bruce Phillips (Chairman), Kerr Neilson (MD), Andrew Clifford, Bruce Coleman, Richard Morath and Philip How ard.

Key Information

Exposure: **International**/Domestic, **Equities**/Fixed Income/**Derivatives**, **Cash**

Style: **Large**/**Medium**/**Small Cap**, Balanced/Value/Grow th, Passive/**Active**, **Long**/**Short**

Derivatives: Yes

Cash/Debt: $19.2m cash, $0.0m debt (30 June 2013)

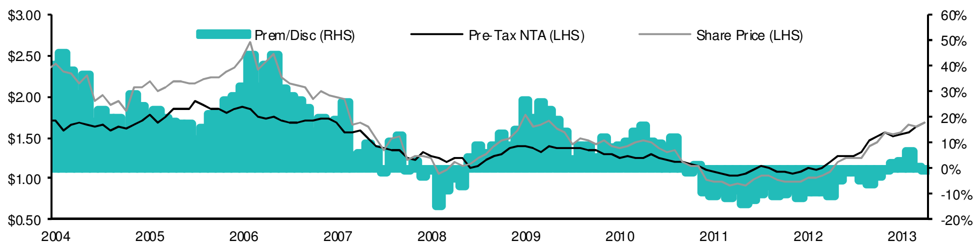
Dividend reinvestment plan:Yes, 2.5% discount to 5 day average price post ex-date.

Other:

Performance

	3-mth	6-mth	1 year	3 Yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	7.7%	20.0%	65.3%	8.4%	12.4%	3.2%
Benchmark	12.2%	18.3%	42.8%	14.8%	5.3%	5.3%
Active return	-4.5%	1.7%	22.5%	-6.4%	7.1%	-2.1%
NTA+						
Performance	11.3%	16.6%	47.9%	14.5%	11.9%	7.4%
Benchmark	12.2%	18.3%	42.8%	14.8%	9.6%	5.3%
Active return	-0.9%	-1.7%	5.1%	-0.3%	2.3%	2.1%

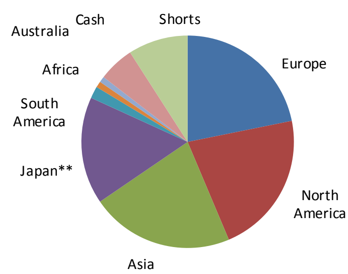
10yr return (share price & Pre-Tax NTA) and premium/discount to Pre-Tax NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.92	4.52	13.6%	11.7%
Year 3	-0.49	0.25	17.3%	13.2%
Year 5	0.43	0.46	16.8%	16.2%
NTA+				
Year 1	1.03	4.15	10.6%	5.0%
Year 3	-0.06	0.93	11.3%	5.2%
Year 5	0.31	0.67	11.0%	7.4%

Regional Exposure (31 Dec '13)



Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.670
Pre-tax NTA	$1.684
Post-tax NTA	$1.563
Premium/(Discount) share price to:	
Pre-tax NTA	-0.8%
Post-tax NTA	6.9%

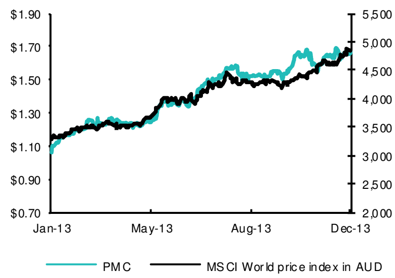
Historic Dividend (prior 12-mths)

Dividends (net)	$0.07
Yield	4.2%
Franking	100%
Grossed up yield	6.0%

Capital Structure

Ordinary shares	230.4m
Options/other	0.0m
Fully diluted	230.4m
Market capitalisation	384.8m

PMC v MSCI World Index



Top 15 Holdings %

as at 31-Oct-13	
Ericsson LM-B	2.6%
Intesa Sanpaolo SpA	2.4%
Google Inc	2.4%
eBay Inc	2.1%
Samsung Electronics	2.1%
Intel Corp	2.1%
Bank of America	2.0%
Micron Technology	2.0%
Sina Corp	1.9%
Baker Hughes Inc	1.9%
Casino Guichard Perrachon	1.9%
Carnival Group	1.9%
Bangkok Bank	1.8%
Foster Wheeler	1.7%
Jacobs Engineering	1.7%
% of Total	**30.5%**

* The share price benchmark has been compared against the MSCI All Country World Net Index. + The NTA has been compared against the MSCI All Country World Net Index.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

TEMPLETON GLOBAL GROWTH FUND (TGG)

International Focussed

Mandate: Absolute return
Manager: Templeton Global Equity Group
Listed: 1987

Benchmark: MSCI All Country World index ($A)
Indirect cost ratio with perf. fee: 1.61%
Indirect cost ratio w/out perf. fee: 1.61%

Investment Strategy

TGG's investment process endeavours to identify undervalued equity securities through fundamental company analysis, using a global industry focus and a long-term investment horizon. The investment approach can be characterised by three underlying tenets: Value, Patience and Bottom-Up Analysis. The portfolio of investments is unhedged.

Personnel

Directors: Tony Killen (chairman), Gregory McGowan, Jennifer Johnson, Michael Bartlett and Joanne Dawson.

Exposure: **International**/Domestic, **Equities**/Fixed Income/Derivatives, **Cash**
Style: **Large**/Medium/Small Cap, Balanced/**Value**/Growth, Passive/**Active**, **Long**/Short
Derivatives: none.
Cash/Debt: $4.3m cash, $0.0 debt (30 June 2013)
Dividend reinvestment plan: Yes. 2.5% discount to the 5 day volume weighted average share price.
Other: On-market Buy-back.

Share Price and NTA Summary

as at 31-Dec-13	
Share price	$1.42
Pre-tax NTA	$1.42
Post-tax NTA	$1.39
Premium/(Discount) share price to:	
Pre-tax NTA	0.0%
Post-tax NTA	2.2%

Historic Dividend (prior 12-mths)

Dividends (net)	$0.025
Yield	1.8%
Franking	100%
Grossed up yield	2.5%

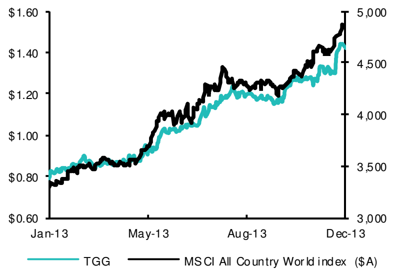
Capital Structure

Ordinary shares	143.8m
Options/other	0.0m
Fully diluted	143.8m
Market capitalisation	204.3m

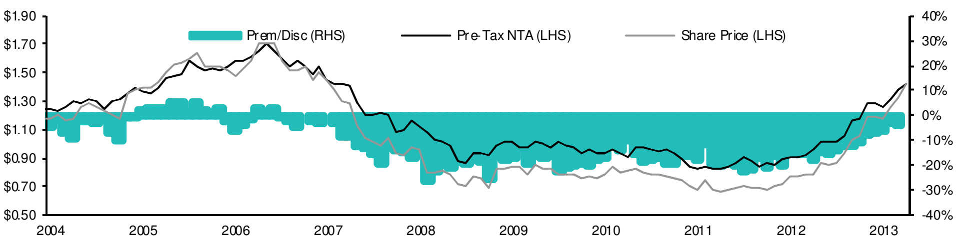
Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	20.3%	38.1%	83.6%	23.1%	14.3%	0.4%
Benchmark	12.9%	19.7%	47.6%	16.7%	9.7%	1.2%
Active return	7.4%	18.4%	36.0%	6.4%	4.6%	-0.8%
NTA+						
Performance	12.7%	22.7%	50.9%	18.3%	9.1%	4.7%
Benchmark	12.9%	19.7%	47.6%	16.7%	9.7%	5.2%
Active return	-0.2%	3.0%	3.3%	1.6%	-0.6%	-0.5%

TGG v MSCI World Index



5 year return and premium/discount to Pre-Tax NTA



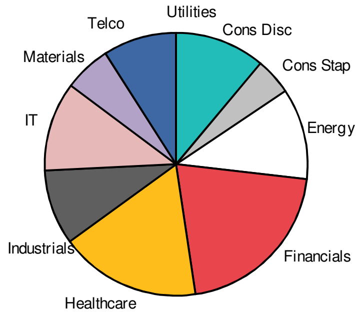
Top 15 Holdings

Top 15 Holdings	%
as at 30-Jun-13	
Microsoft	2.2
Sanofi-Aventis	2.1
GlaxoSmithKline	2.0
Pfizer	2.0
Cisco Systems	1.9
Roche	1.9
Amgen	1.8
Samsung Electronics	1.7
Medtronic	1.7
Vodafone	1.7
Time Warner Cable	1.6
Bank of New York Mellon	1.6
Reed Elsevier	1.6
Morgan Stanley	1.6
Citigroup	1.5
% of Total	**26.9**

Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	4.25	5.47	14.6%	8.5%
Year 3	0.53	1.18	16.4%	12.2%
Year 5	0.31	0.56	19.0%	14.8%
NTA+				
Year 1	0.80	3.85	12.2%	4.1%
Year 3	0.40	1.13	12.7%	4.1%
Year 5	-0.13	0.34	13.2%	4.5%

Exposure (Portfolio 30 Sep '13)



* The shareprice benchmark has been compared against the MSCI All Country World Net Index. + The NTA has been compared against the MSCI All Country World Net Index.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

AMP CAPITAL CHINA GROWTH FUND (AGF)

International Focussed

Mandate:	China A shares	**Benchmark:**	S&P/CITIC 300 Total Return ($A)	
Manager:	AMP Capital Investors	**Indirect cost ratio** with perf. fee:		1.86%
Listed:	2006	**Indirect cost ratio** w/out perf. fee:		1.86%

Investment Strategy

AGF provides investors with access to China A shares, which are shares in companies listed on the Shanghai or Shenzhen stock exchanges. AGF's investment objectives are to achieve long term capital growth and to outperform the S&P/CITIC 300 Total Return Index. The fund's manager utilises expert investment managers and Chinese brokers to identify suitable investment opportunities. NB: 'China A' shares are restricted to domestic Chinese investors, qualified foreign institutional investors who have been granted a Qualified Foreign Institutional Investors (QFII) Licence and approved foreign investors.

Personnel

Investment Personnel: Patrick Ho (Head of Great China Equities) Directors: Stephen Dunne (chairman), Peter Sipek, Jim Dawson and Sharon Davis.

Key Information

Exposure: **International**/Domestic, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/Medium/Small Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/Short

Derivatives: May invest in futures contracts.

Cash/Debt: Cash $13.7m, Debt $0.0m (31 December 2012)

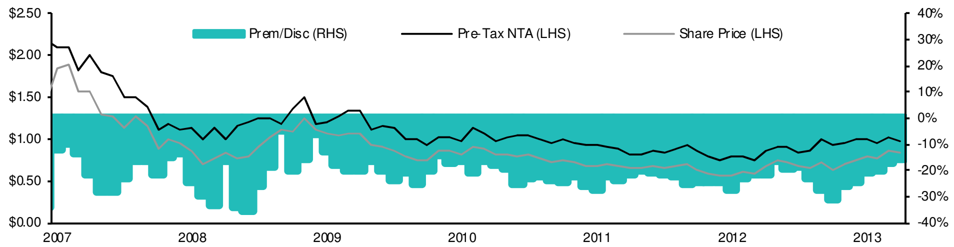
Dividend Reinvestment Plan: 5% discount to 10 day average price post record date

Other: Specialist fund investing in China A shares.

Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	8.3%	33.8%	27.8%	4.1%	3.9%	n/a
Benchmark	2.4%	12.2%	16.1%	-0.1%	4.8%	n/a
Active return	5.9%	21.6%	11.7%	4.2%	-0.9%	n/a
NTA+						
Performance	1.5%	9.2%	18.2%	2.6%	2.9%	n/a
Benchmark	2.4%	12.2%	16.1%	-0.1%	4.8%	n/a
Active return	-0.9%	-3.0%	2.1%	2.7%	-1.9%	n/a

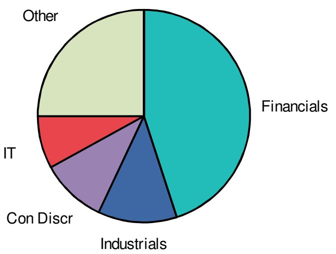
5 yr return (share price & Pre-Tax NTA) and premium/discount to Pre-Tax NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.85	0.88	27.2%	13.7%
Year 3	0.32	0.00	22.7%	13.0%
Year 5	-0.04	-0.03	26.0%	22.2%
NTA+				
Year 1	0.49	0.62	23.2%	4.3%
Year 3	0.67	-0.07	20.7%	4.0%
Year 5	-0.25	-0.04	26.0%	7.5%

Exposure (portfolio)



Share Price and NTA Summary

as at 31-Dec-13	
Share price	$0.83
Pre-tax NTA	$0.98
Post-tax NTA	$0.98
Premium/(Discount) share price to:	
Pre-tax NTA	-15.8%
Post-tax NTA	-15.8%

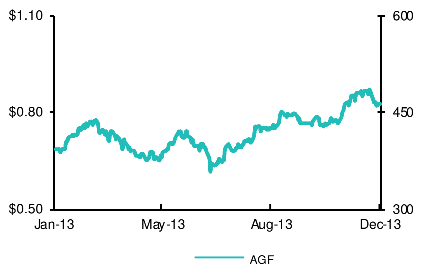
Historic Distribution (prior 12-mths)

Distributions (net)	$0.025
Yield	3.0%
Franking	0%
Grossed up yield	3.0%

Capital Structure

Ordinary shares	366.1m
Options/other	0.0m
Fully diluted	366.1m
Market capitalisation	302.0m

AGF share price



Top 10 Holdings

as at 30-Nov-13	%
CITIC Securities	5.7
China Merchants Bank	5.1
China Minsheng Banking	4.9
Ping An Insurance Group	4.6
Shanghai Pudong Bank	4.0
China Vanke	3.7
Industrial Bank	2.6
Ping An Bank	2.6
Kweichow Moutai	2.5
Poly Real Estate	2.5
% of Total	**38.2**

* The shareprice benchmark has been compared against the S&P/CITIC 300 Total Return Index ($A) + The NTA benchmark has been compared against S&P/CITIC 300 Total Return Index ($A)

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

HASTINGS HIGH YIELD FUND (HHY)

International Focussed

Mandate:	Absolute return	**Benchmark:**	10% absolute return per annum
Manager:	Hastings Funds Management	**Indirect cost ratio** with perf fee:	1.12%
Listed:	2005	**Indirect cost ratio** w/out perf fee:	1.12%

Investment Strategy

Historically HHY has provided investors with exposure to high yield securities in the infrastructure and essential services sectors. The investment strategy had been to target investments in unrated and non-investment grade high yield securities in businesses with significant barriers to entry, strong financial ratios and a proven track record. Going forward, the fund will no longer consider further investment, and will return surplus cash to investors as assets are redeemed as part of an orderly run-off and wind up of the fund.

Personnel

Key Personnel: Ross Pritchard (Chief Operating Officer) Directors: Alan Cameron (Chairman), Andrew Day, Jim Evans, Liam Forde, Steve Gibbs, Jim McDonald and Victoria Poole

Key Information

Exposure: International/Domestic, Equities/**Fixed Income**/Derivatives, Cash

Style: **Large**/Medium/Small Cap, Balanced/**Value**/Growth, Passive/**Active**, **Long**/Short

Derivatives: Cross-currency swaps used for hedging purposes.

Cash/Debt: $32.1m"" cash, $0.0m"" Debt (30 June 2013)

Dividend reinvestment plan: Suspended

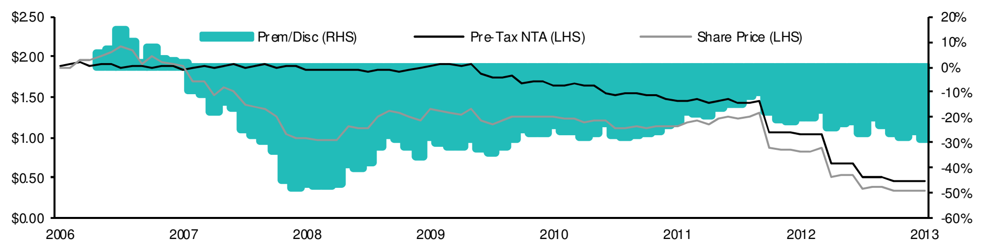
Other: Specialist fund investing in fixed income securities.

Performance

Performance	**3-mth**	**6-mth**	**1 year**	**3 yr p.a.**	**5 yr p.a.**	**10 yr p.a.**
Share price*						
Performance	-2.9%	0.0%	14.7%	10.4%	17.3%	n/a
Benchmark	8.2%	8.2%	25.1%	14.2%	12.6%	n/a
Active return	-11.1%	-8.2%	-10.4%	-3.8%	4.7%	n/a
NTA+						
Performance	0.0%	1.2%	2.6%	1.6%	2.1%	n/a
Benchmark	2.4%	4.9%	10.0%	10.0%	10.0%	n/a
Active return	-2.4%	-3.7%	-7.4%	-8.4%	-7.9%	n/a

Returns have been calculated on the share price on an accumulation basis

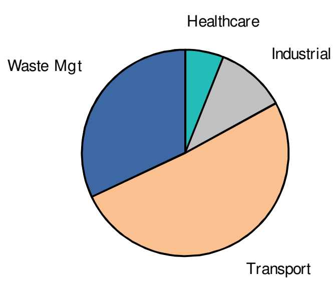
Share Price and NTA



Risk/Return Indicators

Share price	**Information Ratio**	**Sharpe Ratio**	**Standard Deviation**	**Tracking Error**
Year 1	-0.83	1.31	8.2%	10.1%
Year 3	0.60	1.41	8.4%	14.2%
Year 5	0.00	0.38	17.3%	21.7%
NTA+				
Year 1	-3.15	-0.50	2.3%	2.3%
Year 3	-2.03	-0.59	4.1%	4.1%
Year 5	-1.62	-0.40	4.9%	4.9%

Exposure



Share Price and NTA Summary

as at 31-Dec-13

Share price	$0.34
Pre-tax NTA	$0.47
Post-tax NTA	$0.47

Premium/(Discount) share price to:

Pre-tax NTA	-28.7%
Post-tax NTA	-28.7%

Historic Dividend (prior 12-mths)

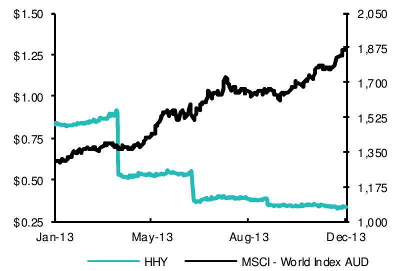
Dividends (net)"	$0.592
Yield	176.7%
Franking	0%
Grossed up yield	176.7%

"Dividend is underpinned by capital returns as assets mature.

Capital Structure

Ordinary shares	103.1m
Options/other	0.0m
Fully diluted	103.1m
Market capitalisation	34.5m

HHY v MSCI World Index AUD



Top Investments %

as at 30-Sep-13

Debt Securities	
Cory Environmental	25.3%
Maher Terminals	44.2%
Equity Securities	
Hyne & Son	8.2%
Cash	22.3%
	100.0%

* The share price benchmark has been compared against the MSCI Index (AUD). + The NTA has been compared against HHY stated absolute return for the performance calculation and the MSCI Accumulation Index (AUD) for the Risk/Return calculations.

Measurements of a listed investment company's performance based on pre-tax asset backing or share price represent after tax measures, and are after the payment of company tax on capital gains and unfranked income. Index returns however are entirely before tax measures. Listed investment company returns will consequently be understated relative to the Index return.

AURORA ABSOLUTE RETURN FUND (ABW)

Domestic Focussed

Mandate:	Absolute Return	**Benchmark:**	Cash Rate
Manager:	Fortitude Capital	**Indirect cost ratio** with perf. fee:	2.17%
Listed:	Mar-11	**Indirect cost ratio** w/out perf. fee:	2.17%

Share Price and NTA Summary

as at 31-Dec-13

Share price	$1.065
Pre-tax NTA	$1.060
Post-tax NTA	$1.060

Premium/(Discount) share price to:

Pre-tax NTA	0.5%
Post-tax NTA	0.5%

Investment Strategy

ABW has a long track record (unlisted) of providing consistent uncorrelated low volatility returns from investing in Australian equities. The strategy focuses on capital preservation and generating income from short term mispricing and arbitrage opportunities within Australian equities. The strategy achieves absolute returns by applying a mix of different investment strategies that have very little correlation to equity indices. These investment strategies include M&A, Yield, Long/Short and Convergence which tend to provide consistent annuity like returns through normal market conditions. The manager has a strong belief that markets can be more volatile and random than expected and hence combines these annuity like strategies with a long volatility options overlay. The long volatility overlay provides returns when markets move strongly either up or down. The managers team varies the fund's exposure to these strategies in response to market opportunities and risk.

Historic Dividend (prior 12-mths)

Dividends (net)*	$0.064
Yield*	6.0%
Franking*	56.9%
Grossed up yield*	6.7%

Personnel

Investment Personnel: John Corr (CIO), Steuart Roe, Sheriden Hure, Binh Le, Andrew Ward, Evan Tepper, Tom Gillespie. Directors: Steuart Roe (Chairman), Alastair Davidson, John Corr, Simon Lindsay.

Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/**Derivatives**, **Cash**

Style: **Large**/**Medium**/**Small** Cap, **Balanced**/Value/Growth, Passive/**Active**, Long/Short

Derivatives: The manager has the ability to short-sell securities.

Cash (Fixed Income)/Debt: Cash $0.5m, Debt $0.0m (30 June 2013)

Dividend reinvestment plan: Yes.

Other:

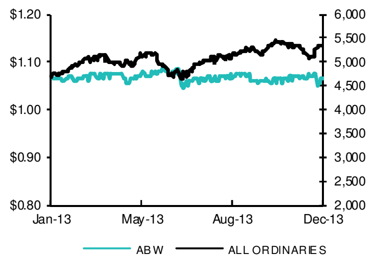
Capital Structure

Ordinary shares	16.6m
Options/other	
Fully diluted	16.6m
Market capitalisation	17.7m

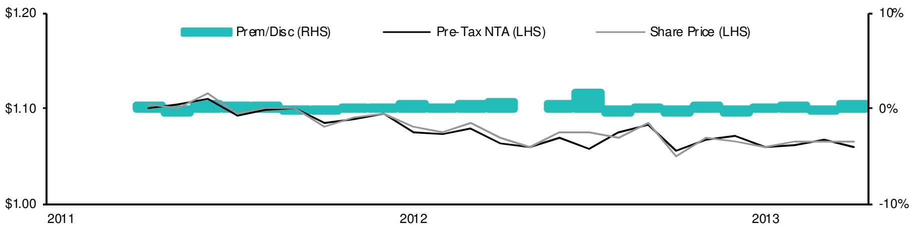
Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	2.0%	4.5%	5.6%	n/a	n/a	n/a
Benchmark	3.4%	14.6%	19.7%	n/a	n/a	n/a
Active return	-1.4%	-10.1%	-14.1%	n/a	n/a	n/a
NTA+						
Performance	1.6%	3.4%	5.8%	4.3%	48.8%	n/a
Benchmark	3.4%	14.6%	19.7%	8.0%	12.7%	n/a
Active return	-1.8%	-11.2%	-13.9%	-3.7%	36.1%	n/a

ABW share price v All Ords



Share Price and NTA



Strategy %

as at 30-Sep-13

Mergers and Acquisition	26
Yield	29
Long/Short	6
Convergence	12
Options	27
% of Total	**100**

Risk/Return Indicators

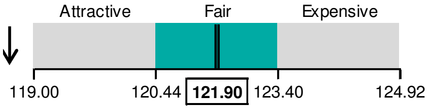
Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-1.18	0.48	3.9%	11.8%
Year 3	-0.34	0.01	3.9%	11.5%
Year 5	-0.28	0.30	12.7%	15.4%
NTA+				
Year 1	-1.26	0.92	2.3%	10.9%
Year 3	-0.33	0.07	3.4%	11.3%
Year 5	0.15	0.18	249.2%	249.0%

* The shareprice benchmark has been compared against the RBA Cash rate. + The NTA has been compared against the RBA Cash rate.

*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

AFIC Notes (AFIG)

Price:
$118.05
Recommendation:
Buy
Risk Rating:
Low



Investment Data	
Securities on issue	2.22m
Market capitalisation	$262.2m
Face value	$100.00
Issue terms	6.25% fixed
52 week low/high	$111.70/$120.58
Gross running yield	5.29%
Gross yield to maturity	1.11%
Swap rate (3 years)	3.21%
Trading margin (YTM-swap)	-2.10%
Fair valuation margin	0.85%

Issuer Details	
Issuer	AFIC
ASX code	AFI
Franking balance (Jun 2013)	$89m
Gearing (Dec 2013)	5%

Dividend Details	
Cum/ex dividend	Cum div
Ex dividend date	14 Feb 14
Dividend payable	28 Feb 14
Dividend amount (net)	$3.0993
Franking	0%
Dividend frequency	Half Yearly
Cumulative/non cumulative	Mandatory
Accrued income	$2.16

Redemption	
Maturity date	28 Feb 17
Redemption value	$100.00
Parent share price	$6.22
Conversion price (optional)	$5.0864
Conversion shares value	$122.29
Estimated option value	$15.00
Step-up margin	n/a

Fixed Rate Debt

Security view

AFIG is a redeemable convertible note issued by Australia's largest listed investment company (LIC). This investment is suitable for conservative investors seeking equity exposure with a conversion option that provides the potential for investors to participate in market upside if the AFI share price increases above the $5.0864 conversion price (i.e. 25% premium to the AFI share price at the Dec 2011 issue date). If the AFI share price tracks the performance of the All Ords, a compound annual return of 4.6% is required for the option to be in the money by Feb 2017. The rally in the AFI share price to $6.22 has increased our option value to $15, offsetting the low yield to maturity of 1.11%. Downside risk is limited by the 6.25% fixed unfranked distribution with redemption in Feb 2017. As gearing is only 5% post the $222m AFIG raising, AFIG redemption risk is extremely low.

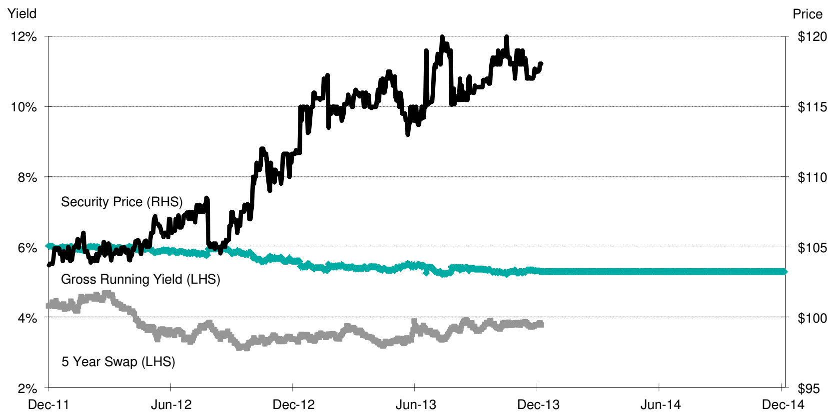
Redemption details

Unless redeemed or converted earlier, AFIG will be redeemed for $100 on 28 February 2017. In addition, holders have a conversion option into AFI shares at $5.0864 at each half yearly interest payment date.

Parent view

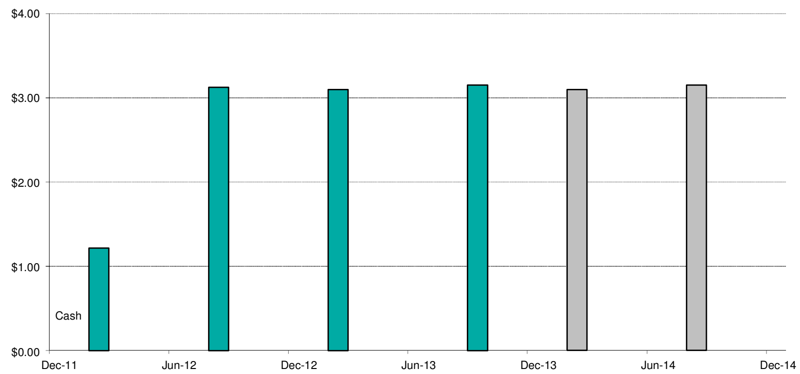
With a history dating back to 1928, AFI is Australia's largest LIC with a $6.2bn portfolio spread over 75 ASX200 companies. AFI is an active manager with an investment philosophy built on taking a medium to longer term view of the quality of a business. AFIC also operates a trading portfolio of short term opportunities of up to 10% of total assets where it seeks to enhance returns by selling call and put options. The scale of the portfolio and management style results in AFI having one of the lowest annual management expense ratios of any LIC of 0.17% of AUM. AFI's investment performance has also been solid, outperforming the S&P/ ASX200 Accumulation on a 3, 5 and 10 year basis.

Security price and running yield



SOURCE: IRESS, BELL POTTER

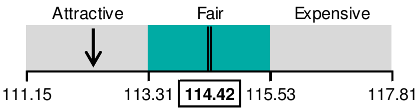
Fixed distributions



SOURCE: IRESS, BELL POTTER

Whitefield Convertible Resettable Preference Shares (WHFPB)

Price:
$112.50
Recommendation:
Buy
Risk Rating:
Low



Investment Data	
Securities on issue	0.40m
Market capitalisation	$45.3m
Face value	$100.00
Issue terms	7.0% fully franked
52 week low/high	$110.50/$118.20
Gross running yield	8.89%
Gross yield to maturity	7.11%
Swap rate (4.8 years)	3.78%
Trading margin	3.34%
Fair valuation margin	3.05%

Issuer Details	
Issuer	Whitefield
ASX code	WHF
Franking balance (Mar 2013)	$18m
Gearing (ND+Pref/E) (Sep 2013)	13%

Dividend Details	
Cum/ex dividend	Cum div
Ex dividend date	20 May 14
Dividend payable	12 Jun 14
Dividend amount (net)	$3.50
Franking	100%
Dividend frequency	Half Yearly
Cumulative/non cumulative	Non
Accrued income	$0.48

Conversion	
Exchange / reset	30 Nov 18
Conversion discount	up to 3.5%
Parent share price	$4.00
Conversion shares value	$103.63
Step-up margin	n/a

Fixed Rate Reset Preference Share

Security view

In an environment of falling interest rates, the 7.00% fully franked coupon fixed until Nov 2018 looks highly compelling. In a low interest rate environment, the investment metrics remain attractive at $112.50 with a gross running yield of 8.89% and a gross yield to maturity of 7.11%. The operational risk of WHF is low with its conservative investment portfolio typically exposed to the top 100 ASX listed industrial companies, one third of which is weighted to the 4 major banks. With no debt, the $40m WHFPB issue represents 13% of WHF's $304m of net assets at 30 September 2013. This places WHF in a very strong position to pay preference dividends and fund conversion / redemption.

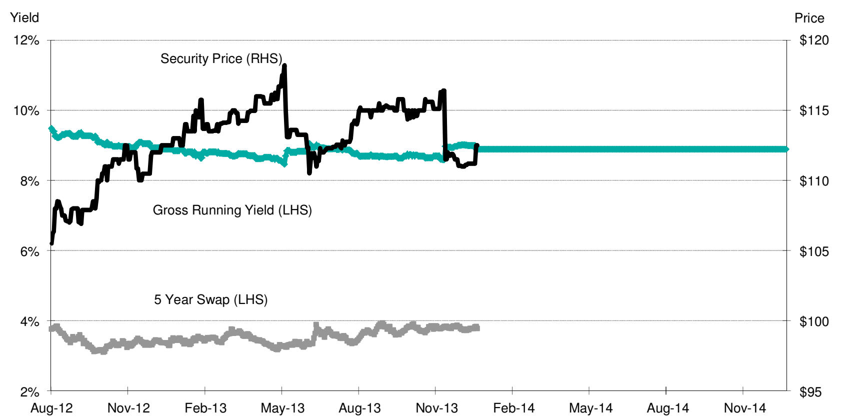
Conversion details

At the first reset date (30 Nov 2018), if WHF wishes to amend WHFPB terms, it needs to provide holders with details of the new terms at least 50 business days prior to the reset date. WHF may also elect to convert or redeem WHFPB at the reset date. The reset date also provides WHFPB holders the option to elect for Holder Exchange, where WHF has the option to convert WHFPB into shares, or redeem for cash. All future reset dates post 2018 will occur at 3 year intervals. Non payment of scheduled WHFPB dividends provides investors with the right to request Holder Exchange. Investors may also request Holder Exchange under a Holder Trigger Event if WHF's gearing (net debt + prefs / equity) exceeds 35%. WHF also has a conversion right under a Gearing Event if gearing exceeds 25%.

Parent view

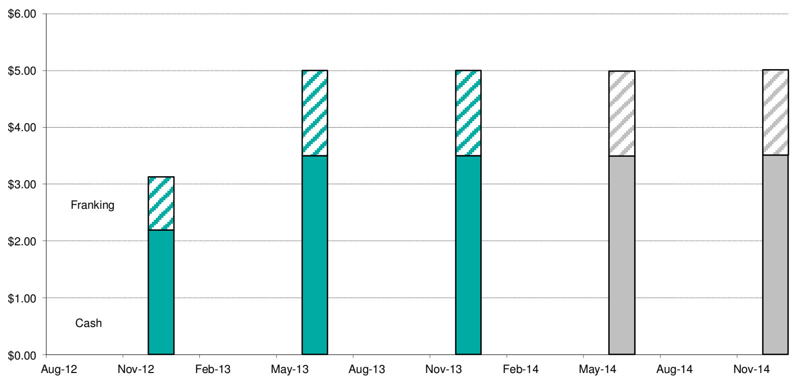
With a history dating back to 1923, WHF is one of Australia's oldest listed investment companies. WHF's investment portfolio at 30 Sep 2013 comprised $4m of cash and $350m of ASX listed securities across 63 industrial companies.

Security price and running yield



SOURCE: IRESS, BELL POTTER

Fixed distributions



SOURCE: IRESS, BELL POTTER

Appendix A: Glossary of terms

Annualised Compound Total Returns: The Annualised Compound Total Return calculates the constant yearly return that would result in the initial value of an investment reaching its present value.

Active Management: Investing with the goal of outperforming a benchmark index.

Balanced Investing: Investing in securities with neither a preference for Growth or Value investing.

Beta: In the context of this report, a Beta is a representation of the tendency of a company's share price to respond to swings in the Market. A Beta of 1 indicates that a company's share price will move in line with the Market. A Beta of greater than 1 indicates that a share's price will be more volatile than the Market. Our Market Proxy is the All Ordinaries Accumulation Index.

Dilutive Security: When a company issues additional shares in itself at a price below the current value of existing shares this will have a dilutive effect.

Estimated Fully Diluted NTA: Some LICs have additional securities that have the ability to convert to, or create, new ordinary securities in the Company. If a security can be converted to ordinary securities at a price lower than the LIC's NTA, this will dilute its NTA on a per share basis.

Excess Return to Risk Ratio: This ratio, also known as the Sharpe Ratio (see Sharpe Ratio for definition), provides a measure of the return of each portfolio relative to the risk taken by the Investment Manager in achieving that return. A high return is only desirable if it does not come with too much additional risk (volatility of returns - see Standard Deviation).

Grossed Up Dividend Yield: Dividends paid plus any franking credits passed on to shareholders. We have focused on this measure to enable valid comparison between LICs whose dividends are franked and those that are not.

Growth Investing: Investing in securities with a bias towards higher projected Earnings Per Share growth rates and Return On Equity.

Indirect Cost Ratio: The ICR, as defined in the Corporations Act 2001, is the ratio of the Fund's management costs to average net assets. In layman's terms, it covers all expenditure, excluding transaction and finance costs, in the management of the Fund. This includes management fees, performance fees, marketing, audit, legal, rent, etc.

We are using this method of calculation to standardise the cost ratios across our LIC universe, given many different interpretations of the MER calculations by LICs and the inability to confirm the calculation. ICR is generally accepted as the principal expense ratio calculation for the Managed Funds industry.

Net Tangible Assets (NTA): Total assets of the Company minus any intangible assets such as goodwill and trademarks, less all liabilities of the Company. This is calculated before any theoretical tax is payable if the entire portfolio was sold. The largest liability of most LICs is the Management Fee, while some LICs also provide for performance fees, should the LIC's portfolio achieve certain benchmarks. Management fees are generally a reflection of how actively a portfolio is managed as well as its size.

Option Adjusted Portfolio Return: A LIC's calculated portfolio return over a period may be negatively impacted if there are new securities issued during a period. This is because the Manager will not have been able to generate returns off the new funds over the entire period, which will detract from the performance of the overall portfolio. Accordingly, where new securities have been issued in a LIC we will remove the impact of those securities creating an Option Adjusted Portfolio Return.

Passive Management: Investing in an attempt to track the return of the underlying benchmark index. Typically a passively managed portfolio has good diversification, low turnover (good for keeping down internal transaction costs), and lower management fees.

Premium/Discount to Pre-Tax NTA: While share prices of LICs are generally based around their NTA, the vagaries of supply and demand, as well as the market perception of a company's outlook, mean that a LIC's share price may move substantially below (discount) or above (premium) its NTA.

Appendix A: Glossary of terms (continued)

Renounceable Rights Issue: This is an offer by the LIC to shareholders to purchase more shares in the Company. Given these rights are normally issued at a discount they have an inherent value that can be traded on the ASX.

Stapled Options: These are options that cannot be traded individually. They are attached to a share or similar security and this combined security must be traded in a 'bundle'.

Total Shareholder Return (TSR): Highlights total increase in the value of $100 invested in a LIC over a given period by a shareholder on the assumption that dividends are reinvested. TSR takes into account grossed up dividends paid as well as share price appreciation and may differ from share price performance in this regard.

Value Investing: Investing in securities that appear to be undervalued taking in to consideration certain valuation metrics.

Appendix B: Legend to Performance Measures

The following provides an explanation of each item contained within 'our performance measures'.

Figure 1 - Historical Performance of Pre-Tax NTA and Security Price versus the Benchmark

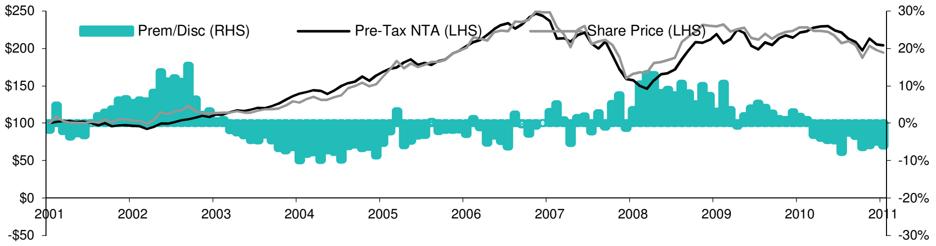
Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	3.9%	-6.0%	-14.7%	5.4%	-0.6%	6.9%
Index	1.9%	-9.6%	-11.4%	8.5%	-2.1%	6.3%
Active return	2.0%	3.6%	-3.3%	-3.1%	1.5%	0.6%
NTA+						
Performance	3.4%	-7.8%	-7.8%	9.0%	0.1%	7.4%
Benchmark	2.1%	-9.7%	-10.5%	7.6%	-2.3%	6.2%
Active return	1.3%	1.9%	2.7%	1.4%	2.4%	1.2%

Performance - The Annualised Compound Total Return calculates the compound yearly return over a period, inclusive of dividends. Dividends are reinvested from the payment date using the most recent historical pre-tax NTA for the NTA performance calculation and the closing price of the security on the prepayment date for the security calculation. Where a LIC has been listed for less than three years each return has been adjusted to reflect the annualised return since its listing.

Benchmark - The relevant benchmark has been selected by the Manager. In some instances, the exact Index as selected by a LIC will not be readily available. In such cases, we have determined the most appropriate surrogate index to provide readers with a reasonable guide as to the performance and volatility of that LIC's benchmark.

Active-return - Active Return is the difference between the pre-tax NTA or security price and the underlying benchmark. A positive difference indicates an outperformance versus the benchmark and a negative difference indicates an underperformance relative to the benchmark.

Figure 2 - Return and Premium/Discount to pre-tax NTA



Share Price - The light grey line highlights the total increase in the value of $100 invested by that Investment Manager over the time period (assumes dividends reinvested) on a pre-tax basis. Portfolio performance is measured in dollars on the left-hand axis of the Graph.

Pre-Tax NTA - The black line provides a total increase in the value of $100 if the investor were able to liquidate the investment at the underlying Pre-Tax NTA over the time period (assumes dividends reinvested). Performance is also referenced to the left-hand axis of the Graph.

Premium/Discount to Pre-Tax NTA - The light green columns represent the share price premium/discount relative to month-end pre-tax NTA and is measured as a percentage on the right-hand axis.

Appendix B: Legend to Performance Measures (continued)

Figure 3 - Risk Return Indicators

Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.18	-0.02	16.4%	15.0%
Year 3	-0.40	-0.62	33.2%	30.2%
Year 5	0.16	-0.18	32.1%	30.5%
NTA+				
Year 1	2.21	0.99	11.4%	3.1%
Year 3	-0.60	-0.56	29.2%	7.2%
Year 5	-0.65	-0.33	25.8%	10.1%

Information Ratio - This Ratio is a measure of the risk adjusted return of the LIC. It is defined as the Active Return divided by the Tracking Error. Active Return is the difference between the return of the security and the return of a selected benchmark index. The Tracking Error is the standard deviation of the Active Return.

Sharpe Ratio - This Ratio provides a measure of the return of each LIC's portfolio relative to the risk taken by the Investment Manager in achieving that return. A high return is only desirable if it does not come with too much additional risk (volatility of returns - see Standard Deviation). A Sharpe Ratio is calculated by subtracting a selected *Risk Free Rate (Aust. Govt 10-year Bond yield)* from a return, and dividing that by the Standard Deviation of that return.

Standard Deviation: This is a measure of the dispersion of a portfolio's returns around its average return. A data set that has many monthly returns a long way from the average return will have a greater standard deviation than a set of monthly returns that are close to the average. In the context of this report, we calculate the average monthly return of each LIC, as represented by changes in its NTA, and from this we can calculate a standard deviation from its average. Theoretically, a LIC that achieves the exact same return every month would have a standard deviation of zero.

Tracking Error: This measures how much the return of a portfolio deviates from the return of its benchmark index. A data set that has a low Tracking Error means that its returns are closely tracking the Portfolio's benchmark. Tracking Error is the standard deviation of the differences between the return of the portfolio and the return of the benchmark.

Appendix C: Disclosures

- WAM Research (WAX): WAX announced an Equity Raising on 28 October 2013. WAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided. Bell Potter Securities and its Advisers shared in this Fee.
- Australian Leaders Fund (ALF): ALF announced an Equity Raising on 24 October 2013. ALF paid a stamping fee equal to 1.25% (excluding GST) of the Application Monies provided. Bell Potter Securities and its Advisers shared in this Fee.
- WAM Capital (WAM): WAM announced an Equity Raising on 14 October 2013. WAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided. Bell Potter Securities and its Advisers shared in this Fee.
- Watermark Market Neutral Fund (WMK): WMK listed on 18 July 2013. WMK paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Clime Capital (CAM): CAM announced a Renounceable Right Issue on 13 February 2013. CAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Cadence Capital (CDM): CDM announced an Equity Raising on 14 January 2013. CDM paid a stamping fee equal to 2.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Australian Leaders Fund (ALF): ALF announced an Equity Raising on 19 December 2012. ALF paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Cadence Capital (CDM): CDM announced an Equity Raising on 20 September 2012. CDM paid a stamping fee equal to 2.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- WAM Capital (WAM): WAM announced an Equity Raising on 23 July 2012. WAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- PM Capital Global Opportunities (PGF): Bell Potter Securities was a Joint Lead Manager of the PM Capital Global Opportunities Fund IPO and received a fee for the service.
- Platinum Capital (PMC): Bell Potter Securities was a Co-Manager of the Platinum Capital Placement in November 2013 and received a fee for the service.