

# LISTED INVESTMENT COMPANIES.

## BELL POTTER

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### LICs: Quantifying Outperformance

*'The average outperformance of LICs with a large and large-to-medium investment focus over similar managed funds for 5 and 10 year data was 1.6% and 0.3% per annum respectively'.*

In our last quarterly opinion piece we commented on our belief that certain key structural differences give LIC investors a greater edge over unlisted managed funds. In particular we suggested that the LICs investment performance is supported by the closed end investment structure and generally materially lower fee offering that we believe is conducive to superior performance. In this issue we have quantified this outperformance (continued page 2).

#### Investment Performance

On an active return basis (excess NTA return over the benchmark) and based on the vehicles mandate and in consideration of its Top 20 investment focus, the key standouts were:

- Large Capitalisation: **AFI**;
- Large to Medium Capitalisation: **MLT** and **CIN**;
- Medium to Small Capitalisation: **MIR** and **WAM**; and
- International: **MFF**.

We view pre-tax NTA performance as the most effective guide to the portfolio managers investment ability. This analysis has a particular emphasis on 5 to 10 year performance.

#### Preferred LICs

From a purely quantitative basis as at 30 June 2012 based on the vehicles mandate and in consideration of the LICs Top 20 investment focus, our preferred securities are:

- Large Capitalisation: **AFI** (net div: 5.0%, gross div: 7.2%);
- Large to Medium Capitalisation: **MLT** (net div: 5.1%, gross div: 7.2%), **CIN\*** (net div: 5.1%, gross div: 7.2%) and **AMH** (net div: 4.9%, gross div: 6.9%);
- Medium to Small Capitalisation: **MIR** (net div: 4.9%, gross div: 6.9%); and
- International: **MFF\*** (net div: 0.0%, gross div: 0.0%).

Please note that this analysis takes into consideration historical pre-tax NTA performance, with a particular emphasis on 5 to 10 year performance (where applicable) and also the current premium or discount to pre-tax NTA in a historical context.

*This is a purely quantitative analysis and it must be noted that historical performance is no guarantee of future performance*

\* **CIN** has a large position (35.8% of total investments and cash) in Amalgamated Holdings Limited, and at the half year **MFF** stated that they would consider declaring a partially franked dividend of 1 cps after the ATO finalises its position in relation to the draft taxation ruling (TR2011/D8).

### Inside this edition

- Opinion piece
- Whitefield launches new issue
- Coverage of 26 securities

### Index

Opinion Piece: Discount to NTA	2
New Issue: Whitefield Pref. Share	5
Universe Summary	6
Premium/Discount to NTA	7
Indirect Cost Ratio	9
Investment Performance	10
Historical yield and Performance	11
Domestic Equity Investment Focus	
Large Cap. Invest. Focus	12
Large to Medium Cap. Invest. Focus	17
Medium and Small Cap. Invest. Focus	24
Small Cap. Invest. Focus	29
International Equity Investment Focus	30
Specialist Investment Focus	35
Appendix A: Glossary of terms	38
Appendix B: Legend to Performance Measures	40
Appendix C: Disclosures	42

## LICs: Quantifying Outperformance

***'The average outperformance of LICs with a large and large-to-medium investment focus over similar managed funds for 5 and 10 year data was 1.6% and 0.3% per annum respectively'.***

In our last quarterly opinion piece we commented on our belief that certain key structural differences give LIC investors a greater edge over unlisted managed funds. In particular we suggested that the LICs investment performance is supported by the closed end investment structure and generally materially lower fee offering that we believe is conducive to superior performance.

However, we neglected to quantify this outcome due to an inability to compare 'like-for-like' investment performance figures due to the differing tax treatment of LICs and unit trusts. In effect an LIC incurs corporate tax on realised investment positions and income, whereas unit trusts generally do not incur tax within the structure.

While we are of the view that comparing a tax paying vehicle to a non tax paying vehicle, unfairly penalises the LICs in a positive performance environment, we have decided to undertake this exercise given the merits of a peer group comparison.

Essentially we have compared the LICs performance to unlisted unit trusts. The unit trust universe has been broken into peer groups that focus on large and medium-to-small cap exposures using Morningstar data. We have provided an additional category for the Bell Potter peer group, namely large-to-mid cap, given our view that this proffers a different performance outcome.

Please note that all the peer indices calculated, be it for the LICs funds or unit trusts, are equally weighted, and that we have only done this analysis on Australian equity funds due to the disparate style of international offerings and limited range of products of LICs on the ASX rendering a comparison ineffectual. Further, we would point out that the LICs in our coverage generally have market capitalisations in excess of \$100m, and are the 'more' liquid products, particularly in the Bell Potter network, that may create a bias.

The results are extremely favourable for LICs when analysing Pre-Tax NTA (net tangible assets) performance against unit trust NAVs (net asset value). Most notably on the metrics we analysed LICs outperformed their counterparts Peer Averages 14 out of the 16 data points measured using 1, 3, 5 and 10 year data. The average outperformance of LICs with a large and large-to-medium investment focus over similar managed funds for 5 and 10 year data was 1.6% and 0.3% per annum respectively.

**Figure 1 - LIC Pre-Tax NTA performance versus managed funds NAV**

Peer Averages (LICs versus Managed Funds)	Performance			
	Yr 1	Yr 3	Yr 5	Yr 10
Australia Large LIC Average *	-7.5%	5.7%	-3.1%	7.2%
Outperformance/(underperformance) vs Lrg MF (Grow th/Value/Blend) Average	-0.3%	1.0%	1.0%	0.7%
Australia Large/Medium LIC Average *	-1.3%	7.6%	-2.0%	6.5%
Outperformance/(underperformance) vs Lrg MF (Grow th/Value/Blend) Average	5.9%	2.9%	2.1%	0.0%
Australia Large and Large/Medium LIC Average *	-3.9%	6.8%	-2.5%	6.8%
Outperformance/(underperformance) vs Lrg MF (Grow th/Value/Blend) Average	3.3%	2.1%	1.6%	0.3%
Large Managed Fund Data (Grow th/Value/Blend) Average	-7.2%	4.7%	-4.1%	6.5%
All Ordinaries Accumulation Index	-7.0%	5.9%	-4.1%	7.1%
Australia Medium/Small LIC Average	-1.4%	7.6%	-1.6%	11.0%
Outperformance/(underperformance) vs Med to Sml MF (Grow th/Value/Blend) Average	6.0%	-3.8%	1.7%	1.0%
Medium to Small Managed Fund Data (Grow th/Value/Blend) Average	-7.4%	11.5%	-3.4%	10.0%
Small Ordinaries Accumulation Index	-7.0%	5.9%	-4.1%	7.1%

Source: Company data, Morningstar, Iress and Bell Potter

\* Please refer to page 4 for the underlying data for the LIC peer group averages

## LICs: Quantifying Outperformance

Breaking this down into more granular investment mandates:

- Large LIC exposures as compared to their unlisted counterparts offered per annum outperformance of 1.0% and 0.7% over 5 and 10 years; and
- Large-to-medium exposures offered out performance of 2.1% over 5 years and performed in line with the peer group 0.0% respectively.
- Medium-to-small LICs offered 1.7% and 1.0% outperformance over 5 and 10 years.

Please note that the measurement of a LIC's performance is calculated after all operating expenses (similar to the managed fund data), provision and payment of both income and capital gains tax and the reinvestment of dividends, and does not incorporate franking. LIC returns will consequently be understated relative to the Index return, given the benchmarks do not factor in operating costs or taxation.

In our opinion, this supports our view that the LICs structure supports a superior investment outcome as compared to their unlisted counterparts. Further, given LICs are tax paying vehicles, have an inherent focus on offering fully franked income, which is not taken in to account in this analysis and would also favour LIC performance.

The results are also favourable when comparing share price performance against unit trust NAVs, with LICs beating managed funds 13 of the 16 data point averages analysed. We believe this is an extraordinary outcome given the deep discounts that LICs currently trade.

**Figure 2 - LIC Share Price performance versus Managed Funds NAV**

Peer Averages (LICs versus Managed Funds)	Performance			
	Yr 1	Yr 3	Yr 5	Yr 10
Australia Large LIC Average *	-4.0%	2.3%	-3.3%	6.5%
Outperformance/(underperformance) vs Lrg MF (Grow th/Value/Blend) Average	3.2%	-2.4%	0.8%	0.0%
Australia Large/Medium LIC Average *	-0.2%	6.7%	-2.9%	5.6%
Outperformance/(underperformance) vs Lrg MF (Grow th/Value/Blend) Average	7.0%	2.0%	1.2%	-0.9%
Australia Large and Large/Medium LIC Average *	-1.8%	4.9%	-3.1%	6.0%
Outperformance/(underperformance) vs Lrg MF (Grow th/Value/Blend) Average	5.4%	0.2%	1.0%	-0.5%
Large Managed Fund Data (Grow th/Value/Blend) Average	-7.2%	4.7%	-4.1%	6.5%
All Ordinaries Accumulation Index	-7.0%	5.9%	-4.1%	7.1%
Australia Medium/Small LIC Average	3.3%	17.2%	-1.8%	10.8%
Outperformance/(underperformance) vs Med to SmI MF (Grow th/Value/Blend) Average	10.6%	5.8%	1.6%	0.8%
Medium to Small Managed Fund Data (Grow th/Value/Blend) Average	-7.4%	11.5%	-3.4%	10.0%
Small Ordinaries Accumulation Index	-7.0%	5.9%	-4.1%	7.1%

Source: Company data, Morningstar, Iress and Bell Potter

\* Please refer to page 4 for the underlying data for the LIC peer group averages

Nonetheless, it would be remiss of us not to comment on the results for the large capitalisation, and large-to-medium capitalisation investment focus over the 10 year time horizon, given areas of comparable or underperformance, particularly when viewed in the context of sterling results of the pre-tax NTA.

What we would point out is the 9 LICs (4 Large, 5 Large to Medium) that have 10 year performance figures that make up the peer group, is the large expansion in the discounts when comparing the initial and ending data point comparison when calculating the performance figures.

## LICs: Quantifying Outperformance

The four large LICs were trading at an average premium of 3.2% as at 30 June 2002, where as in 30 June 2012 they are trading at a discount of 1.0%. Similarly the Large to Medium LICs offered a discount of 5.0% as at 30 June 2002, however, have a discount of 12.8% as at 30 June 2012. The expansion of the discounts has in effect impeded the share price performance of the Large LIC peer group by 0.4% per annum and the Large to Medium 0.8% per annum.

In our opinion this is not overtly concerning and represents an opportunity. Also it again reinforces our belief that discounts are part and parcel of LIC investment and an area that needs to be managed as part of the investment process. Our view is that managed appropriately, the discounts and premiums that LICs trade, can be used to deliver a net positive outcome to the investor through the investment horizon. Further, we believe that our quantitative analysis supports our belief that LICs are a viable and perhaps superior alternative to managed funds.

**Figure 3 - LIC performance data and peer group averages**

ASX Listed Investment Companies	Pre-tax NTA (post realised tax)				Share price			
	Performance				Performance			
	Yr 1	Yr 3	Yr 5	Yr 10	Yr 1	Yr 3	Yr 5	Yr 10
<b>Large Capitalisation Investment Focus</b>								
AFIC	-4.8%	7.1%	-2.0%	7.7%	-1.1%	2.9%	-1.7%	7.2%
Argo Investments	-5.7%	5.6%	-3.7%	7.0%	-3.6%	0.6%	-4.5%	5.9%
Djerriwarrh Investments	-4.4%	5.8%	-3.0%	6.6%	5.4%	6.3%	0.7%	6.8%
Australian United	-9.8%	5.2%	-4.2%	7.4%	-10.4%	1.5%	-5.3%	6.2%
Century Australia	-12.7%	5.1%	-2.7%	n/a	-10.5%	0.0%	-5.8%	n/a
<b>Australia Large LIC Average</b>	<b>-7.5%</b>	<b>5.7%</b>	<b>-3.1%</b>	<b>7.2%</b>	<b>-4.0%</b>	<b>2.3%</b>	<b>-3.3%</b>	<b>6.5%</b>
<b>Large to Medium Investment Focus</b>								
Milton Corporation	-0.6%	7.4%	-2.4%	7.5%	3.0%	6.5%	-3.0%	6.7%
BKI Investment	-3.5%	7.1%	-0.7%	n/a	1.5%	8.9%	-0.3%	n/a
Carlton Investments	3.8%	11.8%	0.6%	9.0%	-2.0%	6.9%	-2.0%	7.7%
Diversified United	-7.5%	5.0%	-4.3%	7.0%	-7.7%	1.6%	-5.9%	6.2%
Whitefield	-2.3%	5.0%	-6.2%	3.0%	3.0%	6.9%	-6.4%	2.7%
Amcil	4.1%	12.3%	2.8%	n/a	14.1%	14.5%	4.0%	n/a
Hyperion	-3.2%	4.4%	-3.9%	5.8%	-13.0%	1.7%	-6.5%	4.5%
<b>Australia Large/Medium LIC Average</b>	<b>-1.3%</b>	<b>7.6%</b>	<b>-2.0%</b>	<b>6.5%</b>	<b>-0.2%</b>	<b>6.7%</b>	<b>-2.9%</b>	<b>5.6%</b>
<b>Australia Large and Large/Medium LIC Average</b>	<b>-3.9%</b>	<b>6.8%</b>	<b>-2.5%</b>	<b>6.8%</b>	<b>-1.8%</b>	<b>4.9%</b>	<b>-3.1%</b>	<b>6.0%</b>
<b>Medium to Small Investment Focus</b>								
Mirrabooka	3.6%	13.9%	-1.8%	10.4%	2.9%	13.5%	-0.5%	11.3%
Contango Microcap	-15.0%	4.4%	-5.7%	n/a	-9.9%	13.7%	-7.7%	n/a
WAM Capital	4.2%	11.2%	0.9%	11.6%	9.0%	23.6%	3.0%	10.3%
WestOz Investment Co.	-6.5%	0.8%	1.4%	n/a	-2.3%	n/a	n/a	n/a
WAM Research	2.6%	8.4%	-3.0%	n/a	10.4%	16.6%	-2.1%	n/a
WAM Active	2.9%	7.1%	n/a	n/a	9.5%	18.7%	n/a	n/a
<b>Australia Medium/Small LIC Average</b>	<b>-1.4%</b>	<b>7.6%</b>	<b>-1.6%</b>	<b>11.0%</b>	<b>3.3%</b>	<b>17.2%</b>	<b>-1.8%</b>	<b>10.8%</b>

Source: Company data, Iress and Bell Potter

## Whitefield Resettable Preference Share (WHFPB)

During the June quarter, Whitefield (ASX code: WHF) launched a resettable preference share. Trading under the ASX code WHFPB, the note has a face value of \$100, accompanied with a 7.0% fully franked yield (expected gross yield of 10.0%). WHFPB investors also have the right to convert via the issue of a Holder Exchange Notice at each reset date and on trigger events such as Whitefield's gearing (net debt + prefs / equity) exceeding 35%. The issue has been structured to favour current holders of Whitefield equity with a shareholder priority offer of up to 50% to existing shareholders registered at 14 June 2012.

### Key Terms of the Whitefield Preference Share:

- **7.00% fully franked yield (expected 10.00% gross):** Fixed until 30 November 2018 reset date.
- **Low risk business model:** Whitefield operates as a conservative investment company with no debt and a portfolio typically exposed to the top 100 ASX listed industrial companies, one third of which is weighted to the four major banks.
- **Low gearing:** The maximum WHFPB issue size of \$30m only represents 12.1% of Whitefield's \$247m of net assets at 31 March 2012. This places Whitefield in a strong financial position to pay pref dividends and fund conversion / redemption.
- **Conversion certainty at a set future date:** WHFPB investors have the right to convert via the issue of a Holder Exchange Notice at each reset date and on trigger events such as Whitefield's gearing (net debt + preference / equity) exceeding 35%.

WHFPB compares favourably with recent fixed rate issues. Seek was unsuccessful with its recent 6.02% fully franked step-up preference offer, noting it was inferior to WHFPB on all four measures above. The 10.0% grossed up yield also compares favourably with stepped-up perpetual preference shares such as Transpacific (TPAPA) and Seven TELY4 (SVWPA), especially given the security price volatility associated with perpetual securities, the high debt levels and cyclical nature of the issuer's earnings.

**Figure 4 - WHFPB versus other fixed rate and perpetual step-up securities**

Yield	Security	Coupons	Maturity
12.0%	12.00%: Transpacific step-up pref (8.40% fully franked)	Perpetual step-up pref	Discretionary, non-cumulative
10.0%	10.50%: SVWPA (7.35% fully franked)	As above	As above
	<b>10.00%: Whitefield reset pref (7.00% fully franked)</b>	<b>Reset pref</b>	<b>Discretionary, non-cumulative</b>
8.0%	8.60%: SEEK Notes (6.02% fully franked)	Step-up pref (perpetual)	Discretionary non-cumulative
	7.25%: Heritage 5 year bond	Senior bond	Mandatory
6.0%	6.25%: AFIC Notes	Convertible note with call option	Mandatory
4.0%	5.20%: WBC 5 year term deposit	Term deposit	Mandatory
	5.10%: NAB Feb 2017 (OTC)	Senior debt	Mandatory
2.0%	2.65%: 5yr Australian Govt bond	Govt bond	Mandatory

NOTE: ALL SECURITIES ARE FIXED RATE EXCEPT FOR TRANSPACIFIC AND SVWPA WHICH ARE FLOATING RATE  
SOURCE: COMPANY DATA, YIELDBROKER, IRESS, BELL POTTER

Source: Company data, Iress and Bell Potter

### Application

We view WHFPB as another extremely interesting issue, following on from the successful launch of the AFIC Note (AFIG), back in the December Quarter. We believe it is a highly compelling offer, with a high grossed up yield with the asset backing of a blue chip portfolio of industrial securities that are listed on the ASX. We believe the issue is suitable for conservative investors seeking a fixed income return, who can utilise the franking credits. Please refer to the Bell Potter Research note for a more in depth discussion.

## Universe Summary

On an arithmetic basis, the discount at which the LICs within the Bell Potter universe are trading has contracted from 15.2% at March 2012 to 11.8% at 30 June 2012.

Over the past quarter the domestic LICs discount contracted from 9.1 to 6.0% and over the same period the International LICs discount contracted from 19.6% to 15.2%. Geographic LICs discount increased from 19.0% to 17.0% and Specialist LICs discount materially contracted from 21.7% to 9.3% in the prior quarter.

**Table 1: Current share price premium/discount to NTA and Yield**

ASX Code	Company name	Investment Exposure Focus (market cap)	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 2012 (%)
Domestic Focus - Equity													
AFI	AFIC	Large	4,275	4.16	4.35	-4.4	3.84	8.3	0.210	5.0	100	7.21	0.17
ARG	Argo Investments	Large	3,224	5.15	5.50	-6.4	5.12	0.6	0.260	5.0	100	7.21	0.19
DJW	Djerriwarrah Investments	Large	814	3.75	3.17	18.3	3.18	17.9	0.260	6.9	100	9.90	0.43
AUI	Australian United	Large	584	5.55	6.26	-11.3	5.69	-2.5	0.275	5.0	100	7.08	0.12
CYA	Century Australia	Large	48	0.60	0.68	-11.8	0.83	-27.4	0.013	2.2	100	3.10	1.10
MLT	Milton Corporation	Large/Medium	1,850	15.21	16.42	-7.4	15.46	-1.6	0.770	5.1	100	7.23	0.17
BKI	BKI Investment	Large/Medium	494	1.16	1.30	-11.2	1.26	-8.3	0.072	6.2	100	8.91	0.18
CIN	Carlton Investments	Large/Medium	420	15.80	21.12	-25.2	18.62	-15.1	0.800	5.1	100	7.23	0.12
DUI	Diversified United	Large/Medium	397	2.37	2.72	-12.9	2.51	-5.6	0.130	5.5	100	7.84	0.17
WHF	Whitefield	Large/Medium	197	2.60	2.93	-11.3	3.15	-17.5	0.170	6.5	100	9.34	0.33
AMH	AMCIL	Large/Medium	151	0.72	0.77	-6.5	0.74	-2.7	0.035	4.9	100	6.94	0.80
HIP	Hyperion Flagship	Large/Medium	27	1.10	1.30	-15.5	1.20	-8.6	0.073	6.6	93	9.22	1.12
MIR	Mirrabeeka	Medium/Small	248	1.81	1.87	-3.2	1.72	5.2	0.100	5.5	100	7.89	0.79
WAM	WAM Capital	Medium/Small	164	1.54	1.59	-3.3	1.56	-1.3	0.105	6.8	100	9.74	2.10
WIC	WestOz Investment Co.	Medium/Small	139	0.94	1.27	-26.2	1.25	-24.7	0.090	9.6	100	13.68	2.05
WAX	WAM Research	Medium/Small	86	0.72	0.89	-19.4	0.89	-19.4	0.063	8.7	100	12.40	1.35
WAA	WAM Active	Medium/Small	17	1.04	1.08	-4.2	1.06	-2.8	0.085	8.2	100	11.73	4.59
CTN	Contango Microcap	Small	147	0.99	1.21	-17.9	1.19	-17.0	0.078	7.9	51	9.61	3.47
International Focus - Equity													
MFF	Magellan Flagship Fund	Global	290	0.84	0.95	-11.9	0.95	-11.9	0.000	0.0	0	0.00	1.42
AGF	AMP Capital China Growth	China	228	0.64	0.85	-24.7	0.85	-24.7	0.021	3.2	0	3.21	1.88
HHV	Hunter Hall Global Value	Global	163	0.69	0.83	-17.1	0.83	-17.1	0.000	0.0	100	0.00	1.71
PMC	Platinum Capital	Global	160	0.97	1.07	-10.2	1.07	-10.2	0.019	2.0	100	2.81	2.04
TGG	Templeton Global Growth	Global	99	0.68	0.86	-20.9	0.86	-20.9	0.020	2.9	100	4.20	1.49
Specialist Focus													
GMI	Global Mining Investments	Resources	174	0.96	1.01	-5.4	1.01	-5.4	0.040	4.2	100	5.98	3.08
HHY	Hastings High Yield	Fixed income	127	1.23	1.44	-14.6	1.44	-14.6	0.150	12.2	0	12.21	0.80
PRV	Premium Investors	Multi Manager	65	0.64	0.78	-23.6	0.84	-23.6	0.035	5.5	100	7.81	1.58
Arithmetic Average (All)						-11.8		-9.7		5.4		7.4	1.3
Weighted Average (All)						-6.8		0.2		5.2		7.3	0.4
Weighted Average (Domestic All)						-6.0		1.7		5.4		7.7	0.3
Weighted Average (International - Geographic)						-17.0		-17.0		1.7		2.1	1.7
Weighted Average (International - Specialist)						-9.3		-9.3		7.6		8.6	2.1
Weighted Average (International All)						-15.2		-15.2		3.0		3.6	1.8

\* based on historical dividends

Source: Company data, Iress and Bell Potter

## Premium/Discount to NTA

We have categorised the universe of LICs reviewed by Bell Potter according to the percentage premium or discount the share price trades at relative to the pre-tax Net Tangible Assets. We have defined “substantial” to be a  $\geq 10\%$  premium or discount.

Over the quarter, **MLT** (from -10.5% to -7.4%), **AMH** (from -12.2% to -6.5%) and **GMI** (from -23.8% to -5.4%) moved back into approximately in-line, while **PMC** (from -10.0% to -10.2%) dipped back into substantial discount territory, most notably with GMI's stellar contraction driven by its proposal to effectively delist the vehicle.

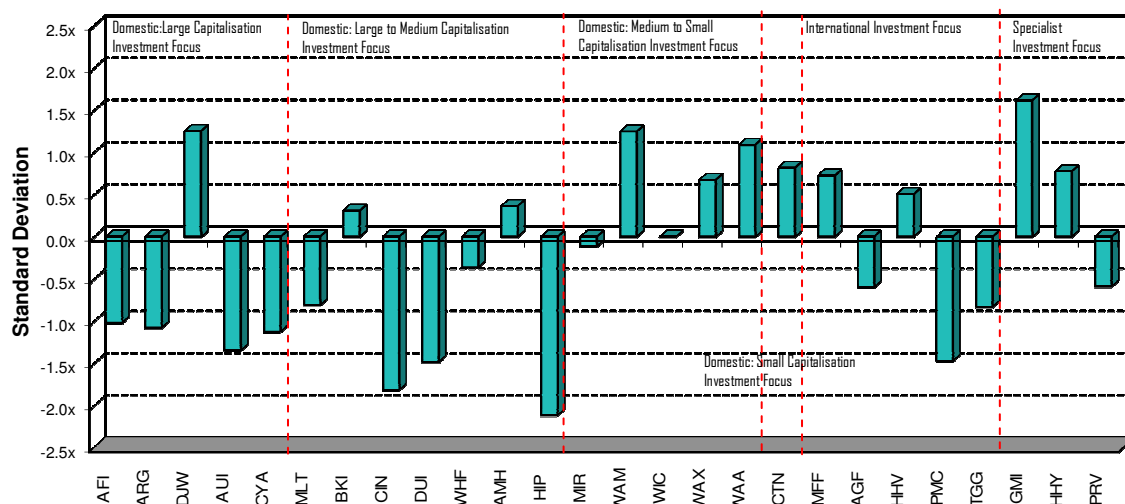
**Table 2: Current share price premium/discount versus pre-tax NTA**

Substantial premium		%	Approximately in line		%	Substantial discount		%
DJW	Djerriwarrh Investments	18.3	MIR	Mirrabooka	-3.2	PMC	Platinum Capital	-10.2
			WAM	WAM Capital	-3.3	BKI	BKI Investment	-11.2
			WAA	WAM Active	-4.2	WHF	Whitefield	-11.3
			AFI	AFIC	-4.4	AUI	Australian United	-11.3
			GMI	Global Mining Investments	-5.4	MFF	Magellan Flagship Fund	-11.9
			ARG	Argo Investments	-6.4	DUI	Diversified United	-12.9
			AMH	AMCIL	-6.5	HHY	Hastings High Yield	-14.6
			MLT	Milton Corporation	-7.4	HIP	Hyperion Flagship	-15.5
						HHV	Hunter Hall Global Value	-17.1
						CTN	Contango Microcap	-17.9
						WAX	WAM Research	-19.4
						TGG	Templeton Global Growth	-20.9
						PRV	Premium Investors	-23.6
						CYA	Century Australia	-24.1
						AGF	AMP Capital China Growth	-24.7
						CIN	Carlton Investments	-25.2
						WIC	WestOz Investment Co.	-26.2

Source: Company data, Iress and Bell Potter

LICs often trade at a consistent premium or discount to NTA, with standard deviation providing a measure of the range in which an LICs premium normally falls. By determining each LICs average premium we can look for anomalies between average premiums to NTA and current premiums to NTA. We have calculated each LICs five year average (please note WIC listed on the ASX Sept 2009 and WAA on Jan 2008) share price premium to reported pre-tax NTA as well as its standard deviation from that average, which we portray below in Figure 2. What we are trying to convey is whether or not a LIC is cheap or expensive compared to its historical average.

**Graph 1: Current share price premium to pre-tax NTA relative to 5-year average**



Source: Company data, Iress and Bell Potter

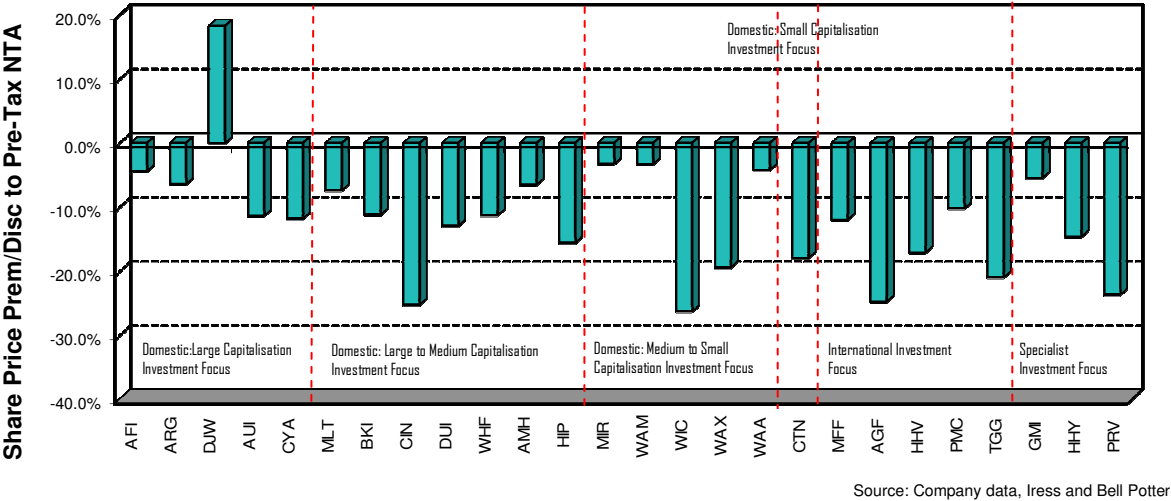
The average discount of the share price to pre-tax NTA dramatically contracted to 0.2x standard deviations in the current quarter. The large market capitalisation investment focus look historically inexpensive in aggregate, albeit **DJW** looks exceedingly expensive, along with Large to Medium capitalisation. At the medium to small and small capitalization investment focus are looking historically expensive as a group with the exception of **MIR** and **WIC**. From an international perspective, **PMC** indicates reasonable value along with **AGF** and **TGG**, while **GMI** and **HHY** both look historically expensive.



Premium/Discount to NTA (continued)

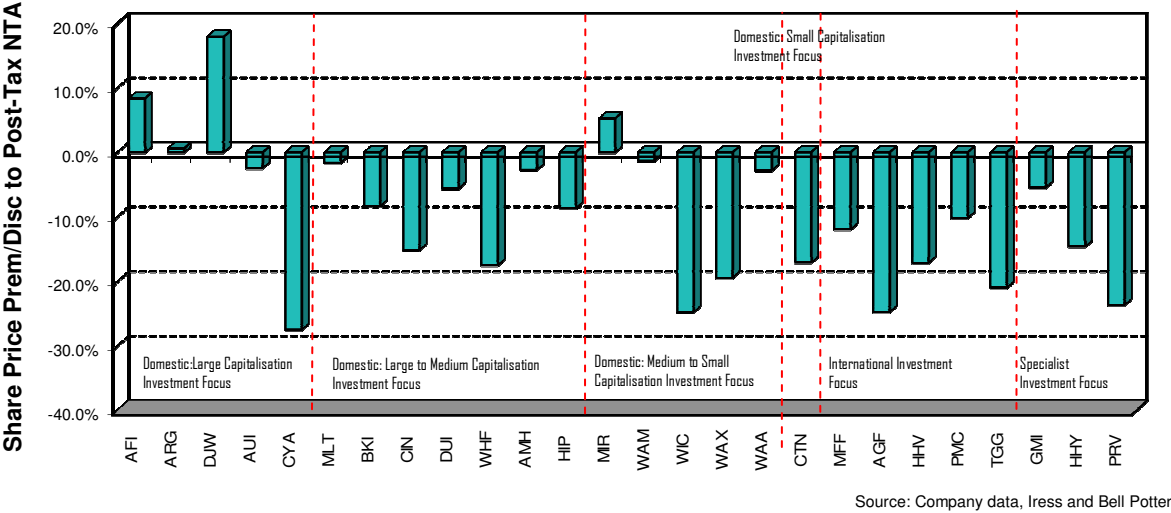
In Figure 3 we have provided some context to this premium or discount to NTA, in current terms. While we are of the view that this measure is arguably less relevant given the lack of historical context, it does provide additional comparison among the group, particularly when viewed with Figure 2.

Graph 2: Current share price premium/discount versus pre-tax NTA



In Figure 4 we have provided this in the context of post-tax NTA, in current terms. Post-tax NTA reflects realised and unrealised capital gains. We don't view this measure as particularly useful given the low turnover of some of these vehicles essentially means that it would take decades to realize some of these unrealized capital positions. In a wind up scenario these values are clearly more relevant.

Graph 3: Current share price premium/discount versus post-tax NTA



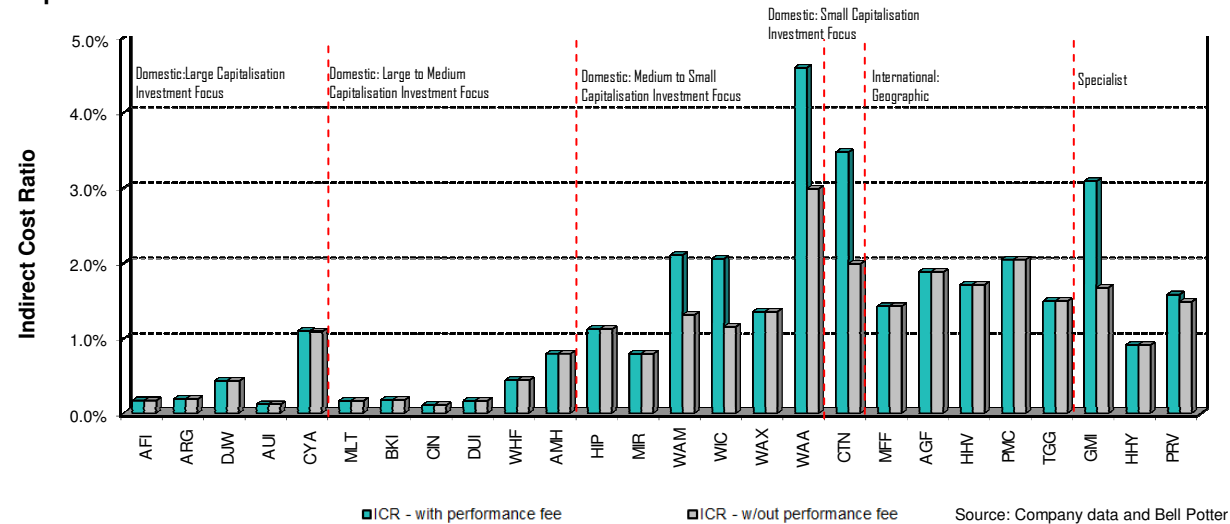


Indirect Cost Ratio: Fees and Expenses

In Figure 5 we have provided the indirect cost ratio (ICR) for LICs in our coverage for the full year ending 30 June 2012. 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.

Please note, 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 4: Indirect Cost Ratio



## Investment Performance

In the table below, we have evaluated our LICs using the performance of both the pre-tax NTA and the listed share price. The 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.

Please note that the 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 does not incorporate franking. LIC returns will consequently be understated relative to the Index return, given the benchmarks do not factor in operating costs or taxation. Please also note that unit trusts generally do not disclose after tax performance and are therefore are not a valid comparison.

**Table 3: Pre-tax NTA and Share Price and Performance - 30 June 2012**

ASX Listed Investment Companies	ASX Code	Pre-tax NTA								Share price							
		Performance				Value-add+				Performance				Value-add+			
		Yr 1	Yr 3	Yr 5	Yr 10	Yr 1	Yr 3	Yr 5	Yr 10	Yr 1	Yr 3	Yr 5	Yr 10	Yr 1	Yr 3	Yr 5	Yr 10
<b>Domestic Equity Investment Focus</b>																	
<b>Large Capitalisation Investment Focus</b>																	
AFIC	AFI	-4.8	7.1	-2.0	7.7	1.9	1.4	2.0	0.7	-1.1	2.9	-1.7	7.2	5.9	-3.0	2.4	0.1
Argo Investments	ARG	-5.7	5.6	-3.7	7.0	1.3	-0.3	0.4	-0.1	-3.6	0.6	-4.5	5.9	3.4	-5.3	-0.4	-1.2
Djerriw arrh Investments	DJW	-4.4	5.8	-3.0	6.6	2.3	0.1	1.0	-0.4	5.4	6.3	0.7	6.8	12.4	0.4	4.8	-0.3
Australian United	AUI	-9.8	5.2	-4.2	7.4	-2.8	-0.4	0.0	0.5	-10.4	1.5	-5.3	6.2	-3.4	-4.4	-1.2	-0.9
Century Australia	CYA	-12.7	5.1	-2.7	n/a	-5.7	-0.5	1.5	n/a	-10.5	0.0	-5.8	n/a	-3.5	-5.9	-1.7	n/a
<b>Large to Medium Capitalisation Investment Focus</b>																	
Milton Corporation	MLT	-0.6	7.4	-2.4	7.5	6.4	1.5	1.7	0.4	3.0	6.5	-3.0	6.7	10.0	0.6	1.1	-0.4
BKI Investment	BKI	-3.5	7.1	-0.7	n/a	3.5	1.5	3.5	n/a	1.5	8.9	-0.3	n/a	8.5	3.0	3.8	n/a
Carlton Investments	CIN	3.8	11.8	0.6	9.0	10.5	6.1	4.6	2.0	-2.0	6.9	-2.0	7.7	5.0	1.0	2.1	0.6
Diversified United	DUI	-7.5	5.0	-4.3	7.0	-0.5	-0.6	-0.1	0.1	-7.7	1.6	-5.9	6.2	-0.7	-4.3	-1.8	-0.9
Whitefield	WHF	-2.3	5.0	-6.2	3.0	-5.9	-4.1	-2.3	-2.9	3.0	6.9	-6.4	2.7	-0.6	-2.2	-2.5	-3.2
AMCIL	AMH	4.1	12.3	2.8	n/a	10.8	6.6	6.8	n/a	14.1	14.5	4.0	n/a	21.1	8.6	8.1	n/a
Hyperion Flagship	HIP	-3.2	4.4	-3.9	5.8	3.8	-1.5	0.2	-1.3	-13.0	1.7	-6.5	4.5	-6.0	-4.2	-2.4	-2.6
<b>Medium to Small Capitalisation Investment Focus</b>																	
Mirrrobooka	MIR	3.6	13.9	-1.8	10.4	17.2	10.4	6.5	3.3	2.9	13.5	-0.5	11.3	9.9	7.6	3.6	4.2
WAM Capital	WAM	4.2	11.2	0.9	11.6	11.2	5.3	5.0	4.5	9.0	23.6	3.0	10.3	16.0	17.7	7.1	3.2
WestOz Investment Co.	WIC	-6.5	0.8	1.4	n/a	0.5	-0.6	5.5	n/a	-2.3	n/a	n/a	n/a	4.7	n/a	n/a	n/a
WAM Research	WAX	2.6	8.4	-3.0	n/a	9.6	2.5	1.1	n/a	10.4	16.6	-2.1	n/a	17.4	10.7	2.0	n/a
WAM Active	WAA	2.9	7.1	n/a	n/a	9.9	1.2	n/a	n/a	9.5	18.7	n/a	n/a	16.5	12.8	n/a	n/a
<b>Small Capitalisation Investment Focus</b>																	
Contango Microcap	CTN	-15.0	4.4	-5.7	n/a	-8.0	-1.5	-1.6	n/a	-9.9	13.7	-7.7	n/a	-2.9	7.8	-3.6	n/a
<b>International Equity Investment Focus</b>																	
Magellan Flagship Fund	MFF	25.2	14.8	0.1	n/a	28.1	14.4	8.6	n/a	23.5	18.1	-2.1	n/a	26.4	17.7	6.4	n/a
AMP Capital China Grow th	AGF	-12.0	-11.2	-7.0	n/a	0.7	0.2	-0.5	n/a	-11.9	-12.1	-7.6	n/a	0.8	-0.7	-1.1	n/a
Hunter Hall Global Value	HHV	-9.3	4.0	-6.3	n/a	-8.5	1.5	0.3	n/a	-13.2	2.0	-7.0	n/a	-12.4	-0.5	-0.4	n/a
Platinum Capital	PMC	-7.8	-1.0	-1.0	4.5	-5.5	-3.4	5.3	5.0	-15.2	-8.6	-7.3	-1.6	-1.8	-11.0	-1.0	-1.1
Templeton Global Grow th	TGG	-6.3	0.1	-9.0	-1.1	-5.7	-2.4	-2.5	-0.2	-7.9	2.4	-13.0	-4.5	-7.3	-0.1	-6.5	-3.6
<b>Specialisation Investment Focus</b>																	
Global Mining Investments	GMI	-29.4	0.5	-10.5	n/a	0.0	2.9	-2.8	n/a	-12.3	1.8	-9.3	n/a	-11.7	-0.7	-2.8	n/a
Hastings High Yield	HHY	4.2	1.4	4.7	n/a	-5.8	-8.6	-5.3	n/a	25.8	16.4	2.1	n/a	13.5	9.2	-1.7	n/a
Premium Investors	PRV	-4.6	4.6	-3.4	n/a	2.4	-1.3	0.7	n/a	-9.8	3.2	-5.9	n/a	-2.8	-2.7	-1.8	n/a

Source: Company data, Iress and Bell Potter

In order to assess a LICs 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 LICs mandates into Large Capitalisation, Large to Medium, Medium to Small and Small capitalisation following our analysis of the LICs Top 20 holdings.

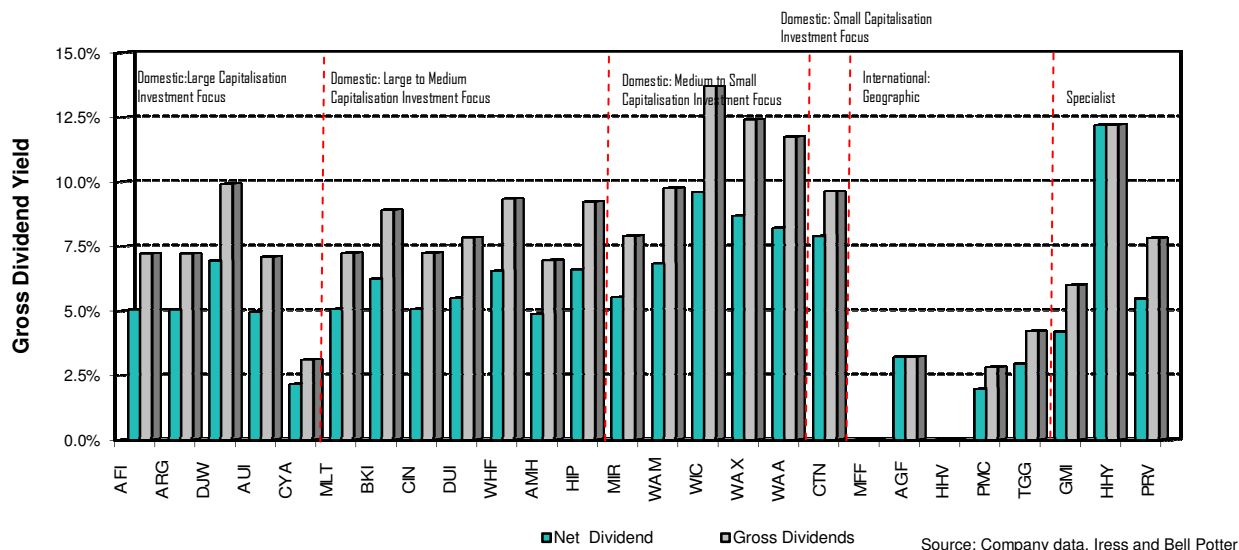
In general, the NTA has been benchmarked against the relative indices preferred by the manager and these should be most reflective of its mandate. The share price of each LIC has been benchmarked against the All Ordinaries index, given this is the broadest index on the ASX and the exchange in which each 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 its 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 value-add as the most relevant measure of management performance.

## Historical Gross Dividend Yield

Dividends are an important aspect of any investment decision. In Figure 6 below, we have included historical net dividend yield and gross dividend yield graph, 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 5: Historical Dividend Yield (Net and Gross)**

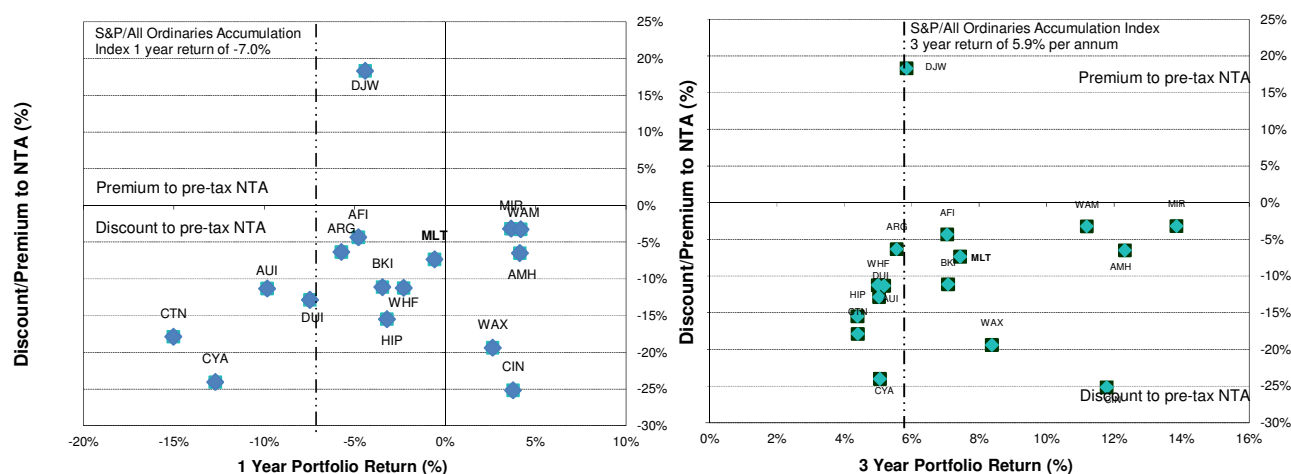


## Performance relative to NTA premium or discount

Figure 7 shows graphically the pre-tax NTA performance of each LIC, assuming dividends are reinvested, over the past 1 year and 3 years. This is noted by its position along the horizontal axis, with LICs further to the right having achieved better returns.

The graph also highlights the share price premium or discount to pre-tax NTA at which each LIC was trading as at 30 June 2012. This can be read by noting each LICs position along the vertical axis. A LIC sitting below 0% on the vertical axis is trading at a discount to its NTA at quarter end.

**Graph 6: Share price premium/discount v portfolio performance**



Please note that the 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 does not incorporate franking. LIC returns will consequently be understated relative to the Index return, given the benchmarks do not factor in operating costs or taxation. Please also note that unit trusts generally do not disclose after tax performance and are therefore are not a valid comparison.

# AUSTRALIAN FOUNDATION INVESTMENT CO (AFI)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 200 Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.17% <sup>1</sup>
<b>Listed:</b>	1936	<b>Indirect cost ratio w/out perf. fee:</b>	0.17% <sup>1</sup>

## 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. AFI is able to invest up to 10% of the total portfolio in a short-term trading portfolio, although the total is usually much less than this.

## Personnel

Investment Personnel: Ross Barker (Managing Director) and Mark Freeman (Chief Investment Officer). Directors: Bruce Teele (Chairman), Terrence Campbell (Deputy Chairman), Ross Barker, John Paterson, Fergus Ryan, Catherine Walter, Donald Argus, 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.

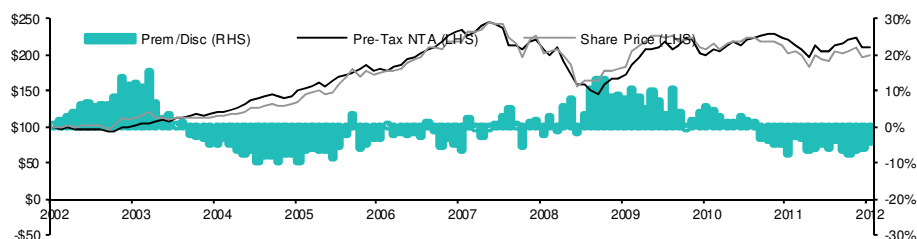
Cash/Debt: \$251.5m cash, \$318.5m debt/hybrid (31 December 2011).

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

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

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.4%	5.2%	-1.1%	2.9%	-1.7%	7.2%
Index	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	4.2%	2.3%	5.9%	-3.0%	2.4%	0.1%
<b>NTA+</b>						
Performance	-4.8%	3.3%	-4.8%	7.1%	-2.0%	7.7%
Benchmark	-4.7%	3.3%	-6.7%	5.7%	-4.0%	7.0%
Active return	-0.1%	0.0%	1.9%	1.4%	2.0%	0.7%

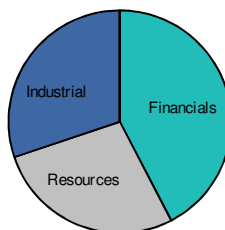
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.87	-0.32	0.16
Year 3	-0.30	-0.16	0.13
Year 5	0.19	-0.42	0.17
<b>NTA+</b>			
Year 1	1.26	-0.63	0.14
Year 3	0.84	0.15	0.14
Year 5	0.70	-0.48	0.15

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$4.16
Pre-tax NTA	\$4.35
Post-tax NTA	\$3.84

Premium/(Discount) share price to:

Pre-tax NTA	-4%
Post-tax NTA	8%

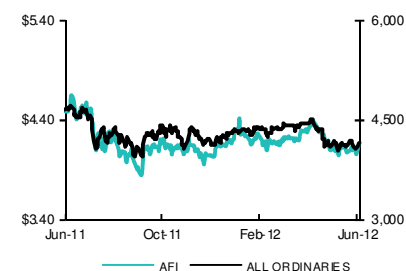
## Historic Dividend (12-months)

Dividends (net)	\$0.21
Yield	5.0%
Franking	100%
Grossed up yield	7.2%

## Capital Structure

Ordinary shares	1027.7m
Options/other	0.0m
Fully diluted	1027.7m
Market capitalisation	4275.4m

## AFI share price v ASX All Ords



## Top 20 Shareholding: %

as at 30-Jun-12

Commonwealth Bank	9.9
BHP Billiton	9.9
Westpac Banking	8.5
National Australia Bank	5.2
Wesfarmers (a)	5.1
Rio Tinto	4.5
Telstra Corporation	4.3
ANZ Bank	4.3
Woolworths	3.6
Oil Search	2.2
Woodside Petroleum	2.1
Transurban Group	2.1
Ancor	2.0
Origin Energy	1.9
Australian Infrastructure	1.9
QBE Insurance Group	1.9
Santos	1.8
AMP	1.7
AGL Energy	1.6
Orica	1.6
<b>% of Total</b>	<b>76.1</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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.

+ 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.19% <sup>1</sup>
<b>Listed:</b>	1946	<b>Indirect cost ratio w/out perf. fee:</b>	0.19% <sup>1</sup>

## Investment Strategy

ARG's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth. The group seeks to invest in quality companies that display sound management and a capability to grow profitability to fund increasing dividend payments. ARG is a value-orientated, bottom-up stock picker whose objective is to buy on price weakness and hold for the long-term. ARG characterises itself as moderately benchmark aware, value driven and fundamentally based.

## Personnel

Investment Personnel: Jason Beddow (Chief Executive Officer), Christopher Hall (Senior Investment Officer), Brydie Lloyd-Roberts (Investment Analyst), Andy Forster (Investment Analyst), Daniel Cuthbertson (Investment Analyst) and Colin Whitehead (Investment Analyst). 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/Growth, Passive/Active, Long/Short

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

Cash/Debt: \$139.8m cash, \$0m Debt (31 December 2011).

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

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$5.15
Pre-tax NTA	\$5.50
Post-tax NTA	\$5.12

Premium/(Discount) share price to:

Pre-tax NTA	-6%
Post-tax NTA	1%

## Historic Dividend (12-months)

Dividends (net)	\$0.26
Yield	5.0%
Franking	100%
Grossed up yield	7.2%

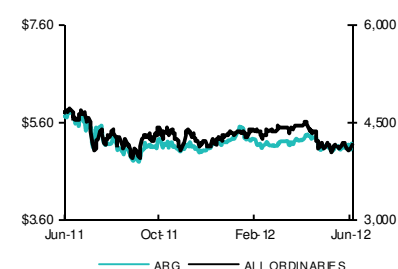
## Capital Structure

Ordinary shares	625.9m
Options/other	0.0m
Fully diluted	625.9m
Market capitalisation	3223.6m

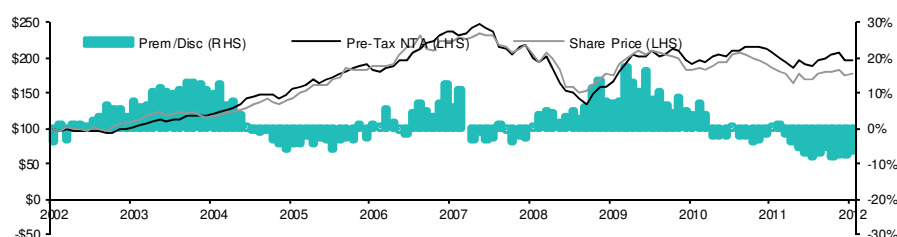
## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-0.8%	4.3%	-3.6%	0.6%	-4.5%	5.9%
Index	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	4.8%	1.4%	3.4%	-5.3%	-0.4%	-1.2%
<b>NTA+</b>						
Performance	-3.8%	4.2%	-5.7%	5.6%	-3.7%	7.0%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	1.8%	1.3%	1.3%	-0.3%	0.4%	-0.1%

## AFI share price v ASX All Ords



## 10 year return and premium/discount to Pre-Tax NTA



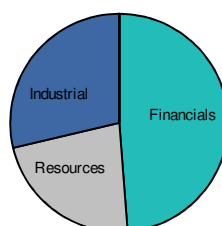
## Top 20 Shareholding:

	%
as at 30-Jun-12	
BHP Billiton Ltd.	7.6
Westpac Bank	5.9
ANZ Bank	5.1
Wesfarmers Ltd.	4.5
Commonwealth Bank	4.5
Rio Tinto Ltd.	4.2
Telstra Corporation	3.9
Milton Corporation	3.8
National Australia Bank	3.7
Woolworths Ltd.	3.3
Australian United	3.3
Macquarie Group Ltd.	2.5
Origin Energy Ltd.	2.5
Orica Ltd.	1.7
QBE Insurance Group	1.6
Woodside Petroleum	1.6
AMP Ltd.	1.4
AGL Energy Ltd.	1.4
CSL Ltd.	1.4
Santos Ltd.	1.3
<b>% of Total</b>	<b>65.2</b>

## Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>				
Year 1	-0.94	-1.81	11.9%	5.1%
Year 3	-0.59	-0.19	13.4%	9.8%
Year 5	-0.21	-0.68	15.0%	11.4%
<b>NTA+</b>				
Year 1	0.59	-1.43	10.8%	2.1%
Year 3	-0.32	0.15	15.0%	2.8%
Year 5	0.03	-0.49	15.5%	3.8%

## Exposure (top 20)



<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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.

## DJERRIWARRH INVESTMENTS (DJW)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.38% <sup>1</sup>
<b>Listed:</b> 1995	<b>Indirect cost ratio w/out perf. fee:</b> 0.38% <sup>1</sup>

## 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 (Managing Director) and Mark Freeman (Chief Investment Officer). Directors: Bruce Teele (Chairman), Ross Barker, John Paterson (Deputy Chairman), Terrence Campbell, Graham Kraehe, Andrew Guy, Peter Barnett and Alice Williams.

## 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.

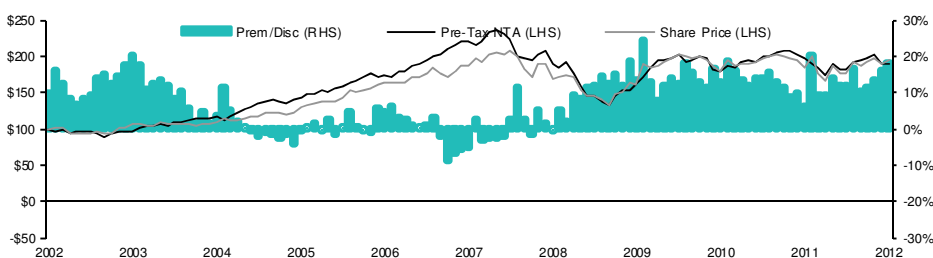
Cash/Debt: \$44.9m cash, \$100m debt (31 December 2011).

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

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

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.6%	9.4%	5.4%	6.3%	0.7%	6.8%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	7.2%	6.5%	12.4%	0.4%	4.8%	-0.3%
<b>NTA+</b>						
Performance	-4.2%	3.8%	-4.4%	5.8%	-3.0%	6.6%
Benchmark	-4.7%	3.3%	-6.7%	5.7%	-4.0%	7.0%
Active return	0.5%	0.5%	2.3%	0.1%	1.0%	-0.4%

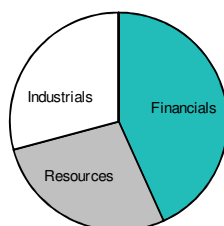
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.71	0.06	0.17
Year 3	0.03	0.07	0.16
Year 5	0.30	-0.24	0.16
<b>NTA+</b>			
Year 1	1.01	-0.56	0.02
Year 3	0.07	0.06	0.03
Year 5	0.33	-0.52	0.03

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$3.75
Pre-tax NTA	\$3.17
Post-tax NTA	\$3.18

Premium/(Discount) share price to:

Pre-tax NTA	18%
Post-tax NTA	18%

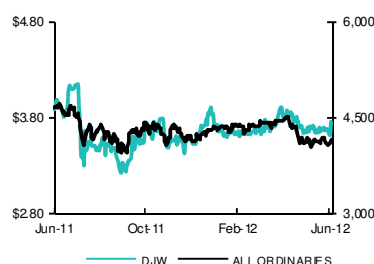
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.26
Yield	6.9%
Franking	100%
Grossed up yield	9.9%

## Capital Structure

Ordinary shares	217.1m
Options/other	0.0m
Fully diluted	217.1m
Market capitalisation	814.1m

## DJW share price v ASX All Ords



## Top 20 Shareholding

	%
as at 30-Jun-12	
BHP Billiton	10.3
Westpac Banking	9.3
Commonwealth Bank	8.9
Australia & New Zealand	7.0
National Australia Bank	6.8
Telstra Corporation	6.7
Oil Search	4.5
Woodside Petroleum	4.0
Hastings Diversified	3.6
AMP	3.1
Wesfarmers (a)	3.0
Transurban Group	2.9
Rio Tinto	2.8
QBE Insurance Group	2.8
Santos	2.6
Brambles	2.3
Origin Energy	2.0
Woolworths	1.9
Ancor	1.7
Australian Infrastructure	1.5
<b>% of Total</b>	<b>87.6</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 300 Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.12% <sup>1</sup>
<b>Listed:</b>	1953	<b>Indirect cost ratio w/out perf. fee:</b>	0.12% <sup>1</sup>

## Investment Strategy

AUI is an investment company which 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 was founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation Ltd is today the Company's largest single shareholder.

## Personnel

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

## 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

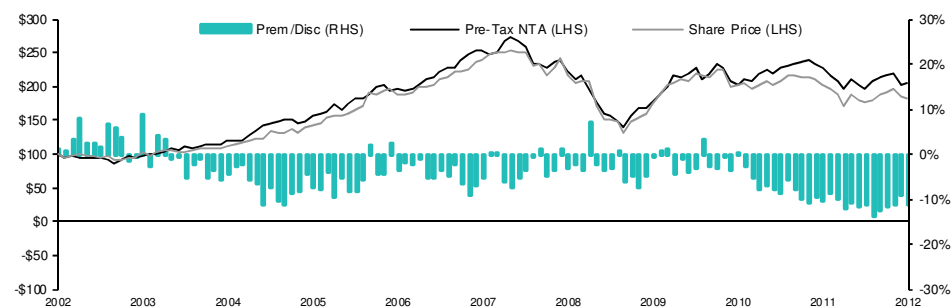
Cash/Debt: \$7.7m cash, \$98.7m Debt (31 December 2011).

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

Other: Affiliated with DUI

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-4.8%	3.8%	-10.4%	1.5%	-5.3%	6.2%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	0.8%	0.9%	-3.4%	-4.4%	-1.2%	-0.9%
<b>NTA+</b>						
Performance	-5.2%	3.5%	-9.8%	5.2%	-4.2%	7.4%
Benchmark	-5.0%	3.1%	-7.0%	5.6%	-4.2%	6.9%
Active return	-0.2%	0.4%	-2.8%	-0.4%	0.0%	0.5%

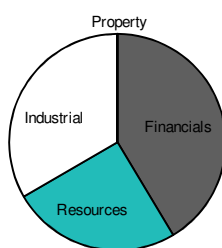
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

	Information	Sharpe	Standard	Tracking
Share price	Ratio	Ratio	Deviation	Error
Year 1	-0.53	-0.85	16.8%	6.2%
Year 3	-0.56	-0.24	15.0%	7.9%
Year 5	-0.11	-0.54	19.5%	11.1%
NTA+				
Year 1	-0.99	-0.86	16.2%	2.9%
Year 3	-0.13	0.01	15.5%	3.0%
Year 5	-0.02	-0.54	17.7%	3.9%

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$5.55
Pre-tax NTA	\$6.26
Post-tax NTA	\$5.69

Premium/(Discount) share price to:

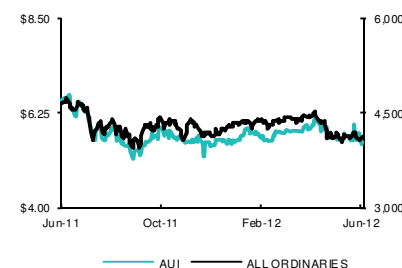
Pre-tax NTA	-11%
Post-tax NTA	-2%

## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.275
Yield	5.0%
Franking	100%
Grossed up yield	7.1%

Ordinary shares	105.2m
Options/other	0.0m
Fully diluted	105.2m
Market capitalisation	584.0m

## AUI share price v ASX All Ords



## Top 20 Shareholding:

	%
as at 30-Jun-12	
BHP Billiton Ltd	8.7
ANZ Banking Group Ltd	7.7
Commonwealth Bank Ltd	7.0
Rio Tinto Ltd	6.8
National Australia Bank Ltd	6.2
Westpac Banking	6.1
Wesfarmers (PPS & Ord)	5.7
Woodside Petroleum Ltd	5.1
Woolworths Ltd	4.2
Diversified United	3.8
Orica Ltd	3.3
QBE Insurance	2.6
AGL Energy Ltd	2.3
Origin Energy Ltd	1.9
Brambles Ltd	1.7
SP AusNet	1.6
AMP Ltd	1.6
Transurban Group Ltd	1.6
CSL Ltd	1.6
Telstra Corporation Ltd	1.5
<b>% of Total</b>	<b>81.0</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 300 Accumulation
<b>Manager:</b>	Perennial Value Management	<b>Indirect cost ratio with performan</b>	1.10% <sup>1</sup>
<b>Listed:</b>	2004	<b>Indirect cost ratio w/out performa</b>	1.09% <sup>1</sup>

## 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: \$2.5m cash, \$0 debt (31 December 2011).

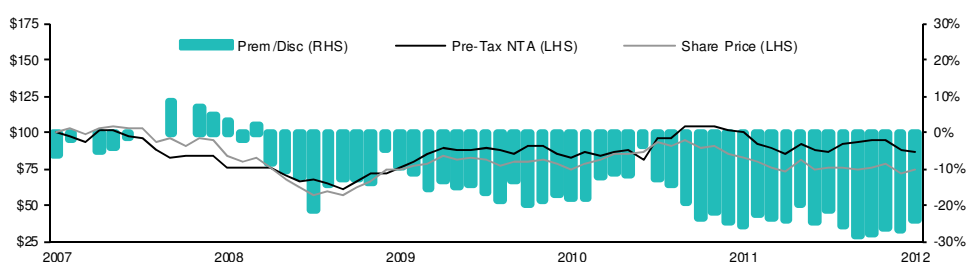
Dividend reinvestment plan: Yes.

Other: No.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-2.4%	-2.7%	-10.5%	0.0%	-5.8%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	3.2%	-5.6%	-3.5%	-5.9%	-1.7%	n/a
<b>NTA+</b>						
Performance	-7.4%	0.0%	-12.7%	5.1%	-2.7%	n/a
Benchmark	-5.0%	3.1%	-7.0%	5.6%	-4.2%	n/a
Active return	-2.4%	-3.1%	-5.7%	-0.5%	1.5%	n/a

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

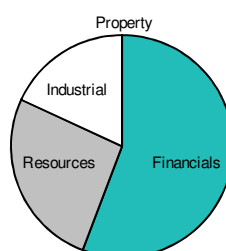
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	-0.54	19.4%	12.6%
Year 3	0.12	18.3%	13.2%
Year 5	-0.13	18.7%	12.2%
<b>NTA+</b>			
Year 1	-0.62	14.4%	15.5%
Year 3	-0.27	19.4%	13.8%
Year 5	-0.11	17.7%	13.5%

## Exposure (top 10)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.600
Pre-tax NTA	\$0.680
Post-tax NTA	\$0.827

Premium/(Discount) share price to:

Pre-tax NTA	-12%
Post-tax NTA	-27%

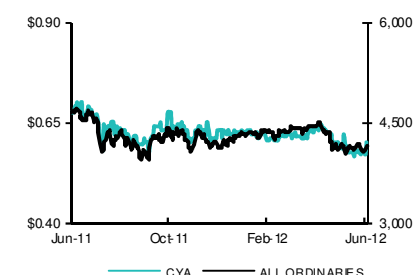
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.013
Yield	2.2%
Franking	100%
Grossed up yield	3.1%

## Capital Structure

Ordinary shares	79.4m
Options/other	0.0m
Fully diluted	79.4m
Market capitalisation	47.7m

## CYA share price v ASX All Ords



## Top 10 Shareholding:

	%
as at 30-Jun-12	
ANZ Banking Group	8.3
Commonwealth Bank	7.8
National Australia Bank	7.4
Telstra	7.3
BHP Billiton	7.2
Westpac	5.1
Rio Tinto	4.1
Woodside Petroleum	3.4
Brambles	2.9
Macquarie Group	2.8
<b>% of Total</b>	<b>56.3</b>

<sup>1</sup>As at 30 Jun 2011 \* 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 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:** 0.17%

**Indirect cost ratio w/out perf. fee:** 0.17%

## Investment Strategy

MLT is a long-term investor in companies, trusts, stapled securities and property. MLT seeks to invest in well-managed companies and trusts with a profitable history and with the expectation of sound dividend growth. 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 (Managing Director), Sharon Johnson (Investment Manager), Michael Borg (Analyst) and Michelle Wigglesworth (Analyst). Investment Committee: Rob Millner, Kevin Eley, John Church and Frank Gooch. Directors: Robert Millner (Chairman), Kevin Eley, Ian Pollard, Frank Gooch (Managing Director), John Church and Graeme Crampton

## Key Information

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

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

Derivatives:

Cash/Debt: \$148.5m Cash, \$0.0m Debt (31 December 2011)

Dividend reinvestment plan: No.

## Share Price and NTA Summary

as at 30-Jun-12

Share price \$15.21

Pre-tax NTA \$16.42

Post-tax NTA \$15.46

Premium/(Discount) share price to:

Pre-tax NTA -7%

Post-tax NTA -2%

## Historic Dividend (prior 12-mths)

Dividends (net) \$0.77

Yield 5.1%

Franking 100%

Grossed up yield 7.2%

## Capital Structure

Ordinary shares 121.6m

Options/other 0.0m

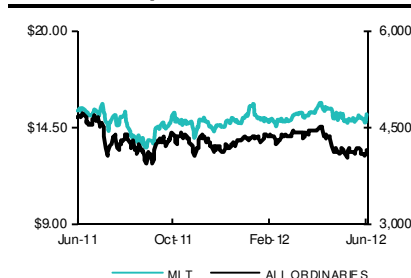
Fully diluted 121.6m

Market capitalisation 1849.9m

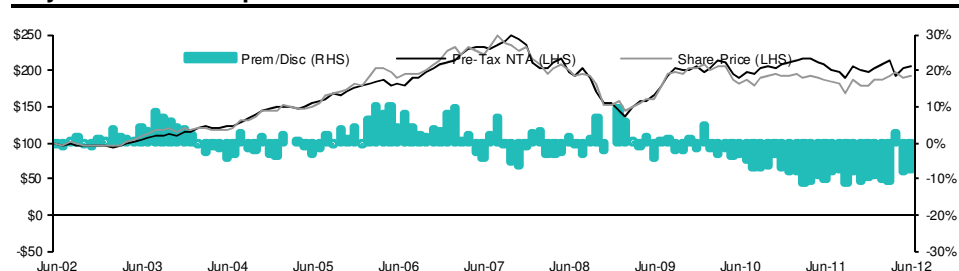
## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	0.1%	7.6%	3.0%	6.5%	-3.0%	6.7%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	5.7%	4.7%	10.0%	0.6%	1.1%	-0.4%
<b>NTA+</b>						
Performance	-3.4%	4.5%	-0.6%	7.4%	-2.4%	7.5%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	2.2%	1.6%	6.4%	1.5%	1.7%	0.4%

## MLT share price v ASX All Ords



## 10 year return and premium/discount to Pre-Tax NTA



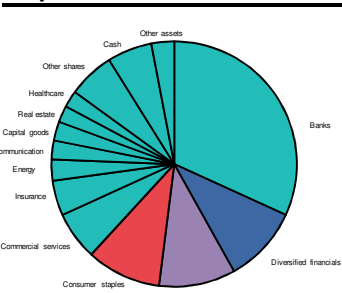
## Top 20 Shareholdings

	%
as at 30-Jun-12	
Westpac Banking	11.0
Commonwealth Bank	8.0
W H Soul Pattinson	6.3
Campbell Brothers	5.9
National Australia	5.1
BHP Billiton	5.0
Wesfarmers	4.3
Woolworths	3.5
Australia & New Zealand	3.1
Telstra Corporation	2.2
Bank of Queensland	2.2
Bendigo and Adelaide	2.1
QBE Insurance Group	1.8
AGL Energy	1.7
Brickworks	1.6
Rio Tinto	1.3
Woodside Petroleum	1.2
CSL	1.2
Suncorp-Metway	1.1
Perpetual Trustees	0.9
<b>% of Total</b>	<b>69.5</b>

## Risk/Return Indicators

	Information	Sharpe	Standard	Tracking
Share price	Ratio	Ratio	Deviation	Error
Year 1	1.57	-0.06	16.8%	6.4%
Year 3	0.06	0.09	15.4%	9.8%
Year 5	0.08	-0.49	16.8%	13.4%
<b>NTA+</b>				
Year 1	0.37	-0.29	15.7%	17.3%
Year 3	0.15	0.18	13.7%	10.4%
Year 5	0.18	-0.47	16.2%	9.2%

## Exposure



\* Calculated for the full year ending 30 June 2011. \* 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 300 Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.18% <sup>1</sup>
<b>Listed:</b>	2003	<b>Indirect cost ratio w/out perf. fee:</b>	0.18% <sup>1</sup>

## Investment Strategy

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

## Personnel

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

## 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

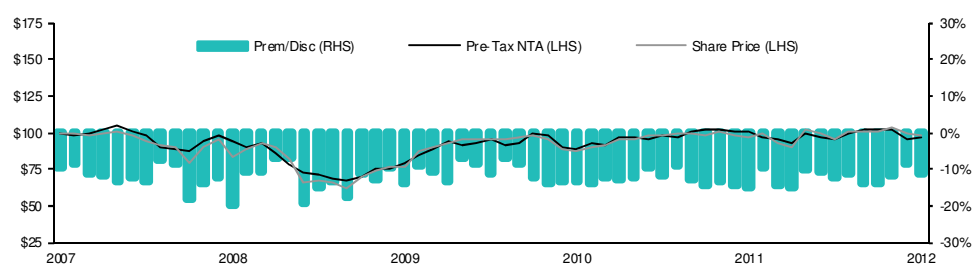
Cash/Debt: \$32.3m cash, \$0 debt (31 December 2011).

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

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-2.1%	2.7%	1.5%	8.9%	-0.3%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	3.5%	-0.2%	8.5%	3.0%	3.8%	n/a
<b>NTA+</b>						
Performance	-5.1%	0.8%	-3.5%	7.1%	-0.7%	n/a
Benchmark	-5.0%	3.1%	-7.0%	5.6%	-4.2%	n/a
Active return	-0.1%	-2.3%	3.5%	1.5%	3.5%	n/a

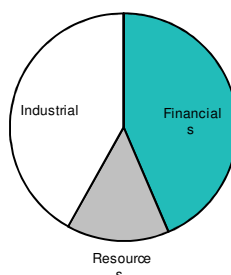
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	0.80	-0.14	17.8%
Year 3	0.29	0.27	14.6%
Year 5	0.26	-0.28	20.0%
<b>NTA+</b>			
Year 1	0.73	-0.57	13.2%
Year 3	0.38	0.16	13.0%
Year 5	0.64	-0.41	14.5%

## Exposure (top 20)



<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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 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.

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$1.16
Pre-tax NTA	\$1.30
Post-tax NTA	\$1.26

Premium/(Discount) share price to:

Pre-tax NTA	-11%
Post-tax NTA	-8%

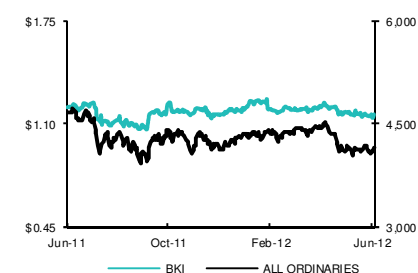
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.072
Yield	6.2%
Franking	100%
Grossed up yield	8.9%

## Capital Structure

Ordinary shares	427.5m
Options/other	0.0m
Fully diluted	427.5m
Market capitalisation	493.8m

## BKI share price v ASX All Ords



## Top 20 Shareholdings

	%
as at 30-Jun-12	
New Hope Corporation	10.6
Commonwealth Bank	9.0
National Australia Bank	8.5
BHP Billiton Limited	7.7
Westpac Banking Corp	6.0
Telstra Corporation	4.8
Wesfarmers Limited	4.1
Campbell Brothers Limited	3.8
Woolworths Limited	3.6
AGL Energy Limited	3.0
ANZ Banking Group	2.7
Woodside Petroleum Limited	2.2
Coca Cola Amatil Limited	2.0
QBE Insurance Group	1.8
Metcash Limited	1.7
TPG Telecom Limited	1.4
ARB Corporation	1.4
InvoCare Limited	1.4
ASX Limited	1.2
Milton Corporation	1.1
<b>% of Total</b>	<b>78.0</b>

## CARLTON INVESTMENTS (CIN)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 200 Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.12% <sup>1</sup>
<b>Listed:</b>	1970	<b>Indirect cost ratio w/out perf. fee:</b>	0.12% <sup>1</sup>

## 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.

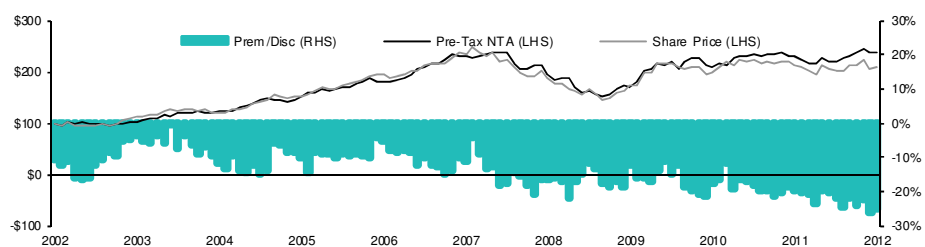
## Key Information

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: \$31m cash, \$0 Debt (30 June 2012).  
 Dividend reinvestment plan: No.  
 Other: Share buy-back currently in place.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.6%	4.3%	-2.0%	6.9%	-2.0%	7.7%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	4.0%	1.4%	5.0%	1.0%	2.1%	0.6%
<b>NTA+</b>						
Performance	-0.5%	8.1%	3.8%	11.8%	0.6%	9.0%
Benchmark	-4.7%	3.3%	-6.7%	5.7%	-4.0%	7.0%
Active return	4.2%	4.8%	10.5%	6.1%	4.6%	2.0%

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

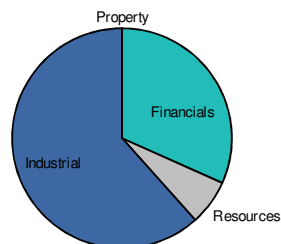
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>				
Year 1	0.62	-0.36	16.3%	8.2%
Year 3	0.08	0.13	15.0%	13.0%
Year 5	0.14	-0.45	16.2%	14.6%
<b>NTA+</b>				
Year 1	1.34	-0.02	9.6%	7.8%
Year 3	0.75	0.54	12.5%	8.2%
Year 5	0.48	-0.33	14.1%	9.7%

## Exposure (top 20)



<sup>1</sup>Calculated for the full year ending 30 June 2012. \* 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 200 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.

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$15.80
Pre-tax NTA	\$21.12
Post-tax NTA	\$18.62

Premium/(Discount) share price to:

Pre-tax NTA	-25%
Post-tax NTA	-15%

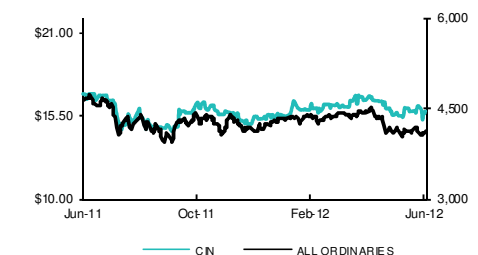
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.80
Yield	5.1%
Franking	100%
Grossed up yield	7.2%

## Capital Structure

Ordinary shares	26.5m
Options/other	0.1m
Fully diluted	26.6m
Market capitalisation	419.9m

## CIN share price v ASX All Ords



## Top 20 Shareholdings

	%
as at 30-Jun-12	
Amalgamated Holdings	35.8
National Australia Bank	8.3
Westpac Banking	6.8
Commonwealth Bank	5.3
BHP Billiton Ltd	4.0
ANZ Banking Group	3.7
AGL Energy Ltd	3.5
Wesfarmers Ltd	3.4
Orica Ltd	2.4
Telstra Corporation	2.3
Gowling Bros Ltd	1.6
Origin Energy Ltd	1.2
Bank of Queensland	1.2
Coca Cola Amatil	1.1
Amcor Ltd	1.1
Perpetual Ltd	1.1
Bendigo & Adelaide Bank	1.0
Rio Tinto	0.9
Santos	0.9
James Hardie	0.9
<b>% of Total</b>	<b>86.5</b>

# DIVERSIFIED UNITED INVESTMENT (DUI)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 300 Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.17% <sup>1</sup>
<b>Listed:</b>	1991	<b>Indirect cost ratio w/out perf. fee:</b>	0.17% <sup>1</sup>

## 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, fixed interest securities, 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

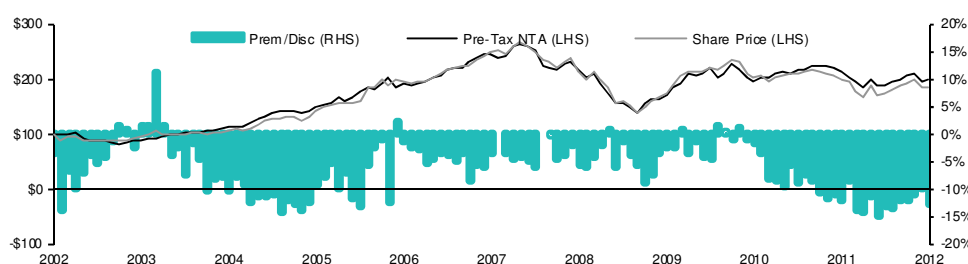
Cash/Debt: \$8.4m cash, \$64.5m Debt (31 December 2011).

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.
<b>Share price*</b>						
Performance	-4.4%	6.1%	-7.7%	1.6%	-5.9%	6.2%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	1.2%	3.2%	-0.7%	-4.3%	-1.8%	-0.9%
<b>NTA+</b>						
Performance	-3.5%	5.3%	-7.5%	5.0%	-4.3%	7.0%
Benchmark	-5.0%	3.1%	-7.0%	5.6%	-4.2%	6.9%
Active return	1.5%	2.2%	-0.5%	-0.6%	-0.1%	0.1%

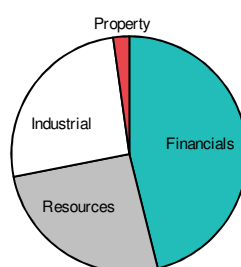
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Share price	Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-0.07	-0.58	20.1%	10.1%	
Year 3	-0.51	-0.21	16.3%	8.3%	
Year 5	-0.19	-0.60	18.8%	9.6%	
<b>NTA+</b>					
Year 1	-0.15	-0.73	15.7%	3.0%	
Year 3	-0.17	0.00	15.3%	3.1%	
Year 5	-0.03	-0.55	17.5%	3.9%	

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$2.37
Pre-tax NTA	\$2.72
Post-tax NTA	\$2.51

Premium/(Discount) share price to:

Pre-tax NTA	-13%
Post-tax NTA	-6%

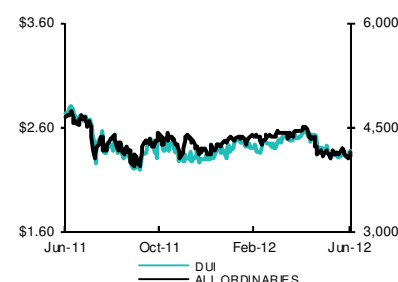
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.130
Yield	5.5%
Franking	100%
Grossed up yield	7.8%

## Capital Structure

Ordinary shares	167.3m
Options/other	0.0m
Fully diluted	167.3m
Market capitalisation	396.5m

## DUI share price v ASX All Ords



## Top 20 Shareholding: %

as at 30-Jun-12

BHP Billiton Ltd	9.1
Commonwealth Bank	8.2
ANZ Banking Group Ltd	8.1
Westpac Banking	6.5
Woodside Petroleum Ltd	6.3
Rio Tinto Ltd	5.7
National Australia Bank	5.4
CSL Ltd	4.3
QBE Insurance Group	4.0
Woolworths Ltd	3.6
Transurban Group	3.3
Wesfarmers Ltd PPS and	2.7
AGL Energy Ltd	2.6
Washington H Soul Patt.	2.4
Australian Infrastructure	2.1
Westfield Group	1.8
Mystate Ltd	1.5
AMP Ltd	1.5
Consolidated Media	1.3
Asciano Ltd	1.2
<b>% of Total</b>	<b>81.6</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011 \* 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 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 200 Ind Accumulation
<b>Manager:</b>	White Funds Management Pty Ltd	<b>Indirect cost ratio with perf. fee:</b>	0.33% <sup>1</sup>
<b>Listed:</b>	1923	<b>Indirect cost ratio w/out perf. fee:</b>	0.33% <sup>1</sup>

## Investment Strategy

WHF's investment strategy looks closely at valuation and likely future earnings in a manner that may be categorised as "grow th-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

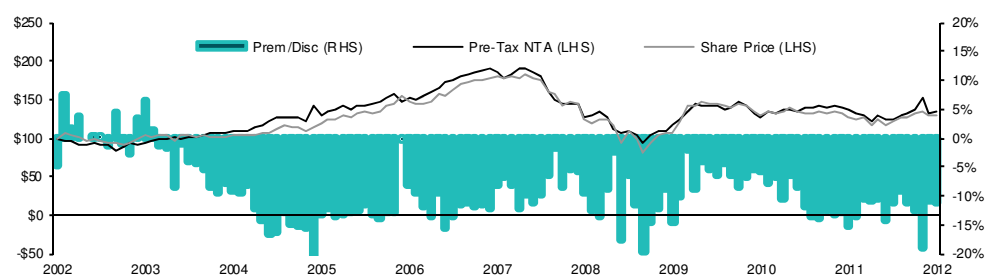
Cash/Debt: \$23.0m Cash, \$0.0m Debt (31 December 2011)

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

Other: On market Buy-Back

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-0.5%	7.4%	3.0%	6.9%	-6.4%	2.7%
Benchmark	-0.5%	8.4%	3.6%	9.1%	-3.9%	5.9%
Active return	0.0%	-1.0%	-0.6%	-2.2%	-2.5%	-3.2%
<b>NTA+</b>						
Performance	-2.4%	7.3%	-2.3%	5.0%	-6.2%	3.0%
Benchmark	-0.5%	8.4%	3.6%	9.1%	-3.9%	5.9%
Active return	-1.9%	-1.1%	-5.9%	-4.1%	-2.3%	-2.9%

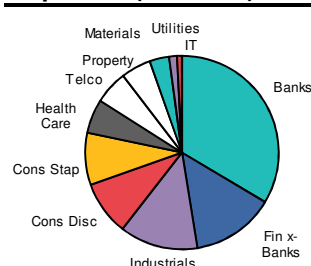
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>				
Year 1	-0.07	-0.07	14.0%	8.5%
Year 3	-0.19	0.12	16.4%	11.1%
Year 5	-0.16	-0.50	23.4%	16.1%
<b>NTA+</b>				
Year 1	-0.49	-0.31	20.0%	12.0%
Year 3	-0.52	0.00	16.2%	7.8%
Year 5	-0.35	-0.64	18.1%	6.9%

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$2.60
Pre-tax NTA	\$2.93
Post-tax NTA	\$3.15

Premium/(Discount) share price to:

Pre-tax NTA	-11.3%
Post-tax NTA	-17.5%

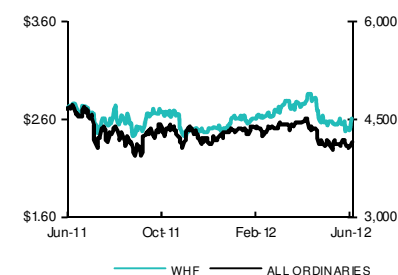
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.17
Yield	6.5%
Franking	100%
Grossed up yield	9.3%

## Capital Structure

Ordinary shares	75.8m
Options/other	0.0m
Fully diluted	75.8m
Market capitalisation	197.0m

## WHF share price v ASX All Ords



## Top 20 Shareholding:

as at 30-Jun-12	%
Commonwealth Bank	10.7
Westpac Banking	8.2
ANZ Banking Group	7.5
National Australia Bank	6.7
Telstra Corporation	4.9
Woolworths Limited	4.2
Wesfarmers Limited	4.0
CSL Limited	3.7
QBE Insurance Group	3.2
Macquarie Group	3.2
AMP Limited	2.9
Seven Group Holdings	2.4
Crown Limited	2.3
Asciano Limited	1.9
News Corporation Inc.	1.7
Westfield Group	1.5
InvoCare Limited	1.3
Suncorp Group Limited	1.3
UGL Limited	1.3
Brambles Limited	1.2
<b>% of Total</b>	<b>74.2</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. Costs associated with the Sylvastate Merger have been removed. \* The shareprice 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.

\*+ 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	S&P/ASX 200 Accumulation
<b>Manager:</b>	Internal	<b>Indirect cost ratio with perf. fee:</b>	0.80% <sup>1</sup>
<b>Listed:</b>	2000	<b>Indirect cost ratio w/out perf. fee:</b>	0.80% <sup>1</sup>

## Investment Strategy

AMCIL's concentrated portfolio covers both large and small companies. The number of companies in the portfolio will 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 well as the outlook for growth and the competitive structure of the industry.

## Personnel

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

## Key Information

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

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

Derivatives: Options occasionally used to generate additional income.

Cash/Debt: \$4.5m cash, \$0m Debt (31 December 2011).

Dividend reinvestment plan: No (suspended).

Other: Affiliated with AFIC (AFI), Djerriwarra (DJW) and Mirrabooka (MIR).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	0.0%	12.5%	14.1%	14.5%	4.0%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	5.6%	9.6%	21.1%	8.6%	8.1%	n/a
<b>NTA+</b>						
Performance	-6.1%	3.6%	4.1%	12.3%	2.8%	n/a
Benchmark	-4.7%	3.3%	-6.7%	5.7%	-4.0%	n/a
Active return	-1.4%	0.3%	10.8%	6.6%	6.8%	n/a

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.72
Pre-tax NTA	\$0.77
Post-tax NTA	\$0.74

Premium/(Discount) share price to:

Pre-tax NTA	-6%
Post-tax NTA	-3%

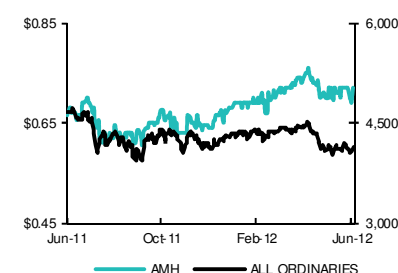
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.035
Yield	4.9%
Franking	100%
Grossed up yield	6.9%

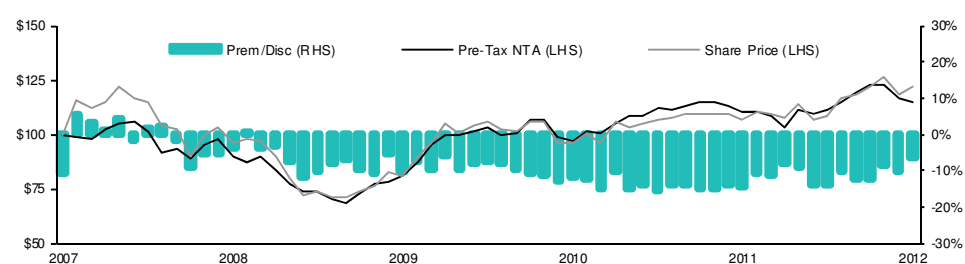
## Capital Structure

Ordinary shares	209.1m
Options/other	0.0m
Fully diluted	209.1m
Market capitalisation	150.5m

## AMH share price v ASX All Ords



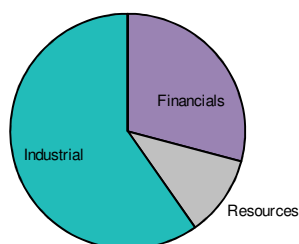
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	1.40	-0.36	10.7%
Year 3	0.51	0.54	15.4%
Year 5	0.41	-0.10	19.8%
<b>NTA+</b>			
Year 1	2.07	-0.67	9.9%
Year 3	1.64	0.72	13.1%
Year 5	0.75	-0.18	15.0%

## Exposure (top 20)



## Top 20 Shareholdings

as at 30-Jun-12	
Hastings Diversified	7.1
Commonwealth Bank	6.4
Transurban Group	5.1
Westpac Banking	4.9
Oil Search	4.4
National Australia Bank	4.3
Tox Free Solutions	4.3
BHP Billiton	4.2
ANZ Bank	4.1
Telstra Corporation	4.1
Australian Infrastructure	3.7
Senex Energy	3.5
Coca-Cola Amatil	3.2
Origin Energy	2.8
AMP	2.7
Brambles	2.6
Amcors	2.6
Campbell Brothers	2.6
Bradken	2.3
REA Group	2.2
<b>% of Total</b>	<b>77.3</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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.

\*+ 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.



# HYPERION FLAGSHIP INVESTMENTS (HIP)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Hyperion Asset Management Ltd	<b>Indirect cost ratio with perf. fee:</b>	1.12%
<b>Listed:</b>	2000	<b>Indirect cost ratio w/out perf. fee:</b>	1.12%

## Investment Strategy

HIP provides investors with access to a diversified Australian investment portfolio. It aims to maintain 90% of available funds in equity investments with the balance in cash and equivalent. HIP is best suited to investors with a medium to long-term time horizon. HIP'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. HIP adopts an active investment strategy comprising a broad spectrum of well 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/Growth, Passive/Active, Long/Short

Derivatives: n/a

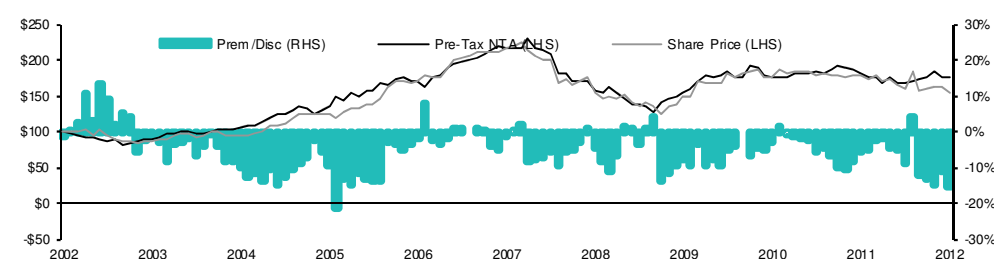
Cash/Debt: \$0.2m Cash, \$0.0m Debt (31 December 2011)

Dividend reinvestment plan: Yes.

Other: On market buyback

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-2.7%	-2.7%	-13.0%	1.7%	-6.5%	4.5%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	2.9%	-5.6%	-6.0%	-4.2%	-2.4%	-2.6%
<b>NTA+</b>						
Performance	-0.3%	4.4%	-3.2%	4.4%	-3.9%	5.8%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	5.3%	1.5%	3.8%	-1.5%	0.2%	-1.3%

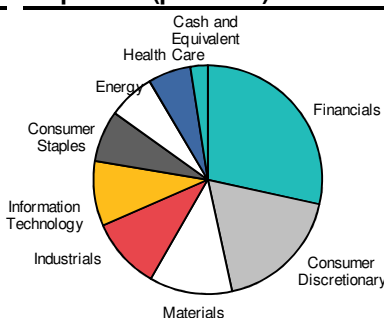
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.11	-1.98	8.0%
Year 3	-0.20	0.01	15.0%
Year 5	-0.15	-0.63	16.3%
<b>NTA+</b>			
Year 1	-0.50	-1.68	12.5%
Year 3	-0.69	-0.11	13.9%
Year 5	-0.32	-0.74	14.8%

## Exposure (portfolio)



\*Calculated for the full year ending 30 June 2011. \* 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.

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$1.10
Pre-tax NTA	\$1.30
Post-tax NTA	\$1.20

Premium/(Discount) share price to:

Pre-tax NTA	-15.5%
Post-tax NTA	-8.6%

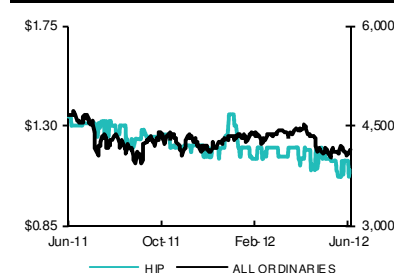
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.0725
Yield	6.6%
Franking	93%
Grossed up yield	9.2%

## Capital Structure

Ordinary shares	24.5m
Options/other	0.0m
Fully diluted	24.5m
Market capitalisation	27.0m

## HIP share price v ASX All Ords



## Top 5 Shareholdings

as at 30-Jun-12	
Commonwealth Bank	7.5
Woolworths	7.3
SEEK	6.7
Cochlear	6.0
BHP Billiton	6.0
% of Total	33.5

# MIRRABOOKA INVESTMENTS (MIR)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P Midcap (50%); Small Acc (50%)
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.79% <sup>1</sup>
<b>Listed:</b> 2001	<b>Indirect cost ratio w/out perf. fee:</b> 0.79% <sup>1</sup>

## Investment Strategy

MIR objectives are to provide attractive investment gains 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 growth and the potential to benefit from takeover activity.

## Personnel

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

## Key Information

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

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

Derivatives: Options occasionally used to generate additional income.

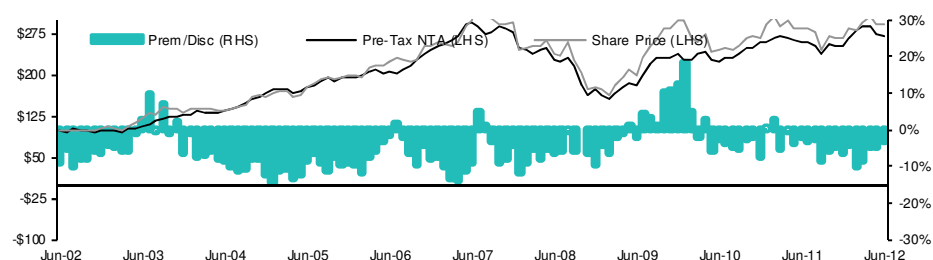
Cash/Debt: \$14.1m cash and \$0m debt as at 31 December 2011.

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

Other: Affiliated with AMCL (AMH), AFIC (AFI) and Djerriwarrh (DJW).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.6%	9.9%	2.9%	13.5%	-0.5%	11.3%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	4.0%	7.0%	9.9%	7.6%	3.6%	4.2%
<b>NTA+</b>						
Performance	-7.0%	6.0%	3.6%	13.9%	-1.8%	10.4%
Benchmark	-12.4%	-1.1%	-13.6%	3.5%	-8.3%	7.1%
Active return	5.4%	7.1%	17.2%	10.4%	6.5%	3.3%

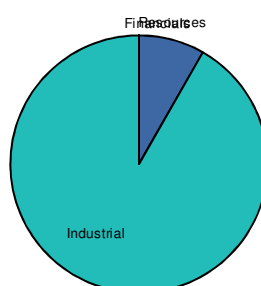
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	1.11	-0.06	0.18
Year 3	0.46	0.41	0.21
Year 5	0.20	-0.24	0.24
<b>NTA+</b>			
Year 1	2.31	-0.03	0.14
Year 3	1.48	0.68	0.13
Year 5	0.79	-0.42	0.17

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$1.81
Pre-tax NTA	\$1.87
Post-tax NTA	\$1.72

Premium/(Discount) share price to:

Pre-tax NTA	-3%
Post-tax NTA	5%

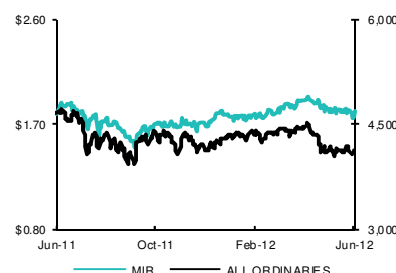
## Historic Dividend (12-mths)

Dividends (net)	\$0.10
Yield	5.5%
Franking	100%
Grossed up yield	7.9%

## Capital Structure

Ordinary shares	136.8m
Options/other	0.0m
Fully diluted	136.8m
Market capitalisation	247.7m

## MIR share price v ASX All Ords



## Top 20 Shareholdings %

as at 30-Jun-12

Hastings Diversified	8.0
Campbell Brothers	6.2
Australian Infrastructure	5.3
Tox Free Solutions	4.9
Oil Search	4.1
James Hardie Industries	3.8
Fleetwood Corporation	3.5
IRESS	3.4
Coca-Cola Amatil	3.3
InvoCare	3.3
Austbrokers Holdings	3.3
Ansell	3.1
Ramsay Health	2.6
Senex Energy	2.5
REA Group	2.3
Bradken	2.2
Mermaid Marine	2.0
Wellcom Group	1.8
Equity Trustees	1.8
Alumina	1.5
<b>% of Total</b>	<b>68.9</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* The shareprice benchmark 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%)

\*+ 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

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Wilson Asset Management	<b>Indirect cost ratio with perf. fee:</b>	2.10% <sup>1</sup>
<b>Listed:</b>	1999	<b>Indirect cost ratio w/out perf. fee:</b>	1.31% <sup>1</sup>

## Investment Strategy

WAM Capital is an investor in listed Australian equities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAM concentrates on identifying undervalued growth companies; these are generally found in the small to medium industrial sector. WAM has a twofold investment strategy. Research Driven: extensive research, focusing on free cash flow, then rating the company's management, earnings growth potential, valuation, industry position and catalyst for share price growth. 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 and Paul Jensen.

## Key Information

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

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

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

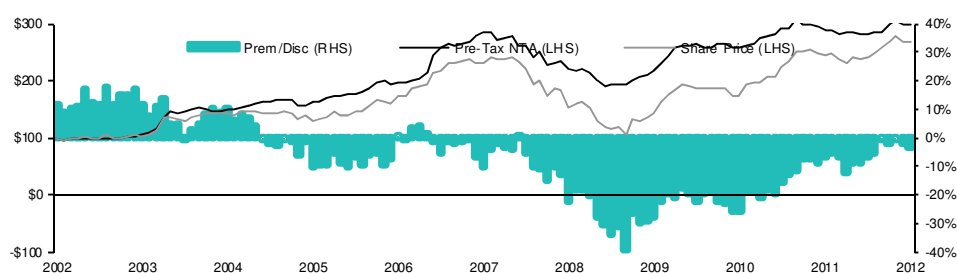
Cash (Fixed Income)/Debt: Cash \$80.8m, Debt \$0.0m (30 June 2012)

Dividend reinvestment plan: Yes.

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

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.1%	10.6%	9.0%	23.6%	3.0%	10.3%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	4.5%	7.7%	16.0%	17.7%	7.1%	3.2%
<b>NTA+</b>						
Performance	0.4%	6.8%	4.2%	11.2%	0.9%	11.6%
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	7.1%
Active return	6.0%	3.9%	11.2%	5.3%	5.0%	4.5%

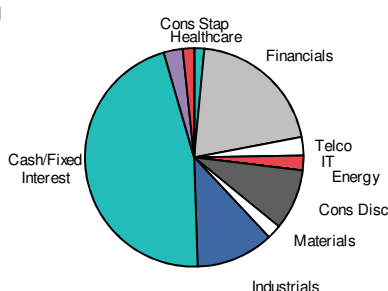
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Share price	Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.90	0.45	11.1%	8.4%	
Year 3	1.47	1.19	15.7%	12.1%	
Year 5	0.44	-0.10	23.1%	16.3%	
<b>NTA+</b>					
Year 1	0.89	0.03	6.8%	12.6%	
Year 3	0.56	0.71	8.7%	9.5%	
Year 5	0.44	-0.39	11.2%	11.3%	

## Exposure (Long portfolio)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$1.54
Pre-tax NTA	\$1.59
Post-tax NTA	\$1.56

Premium/(Discount) share price to:

Pre-tax NTA	-3%
Post-tax NTA	-1%

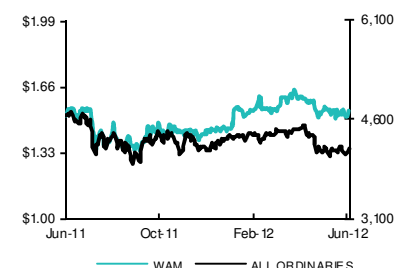
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.105
Yield	6.8%
Franking	100%
Grossed up yield	9.7%

## Capital Structure

Ordinary shares	106.8m
Options/other	106.8m
Fully diluted	106.8m
Market capitalisation	164.5m

## WAM share price v ASX All Ords



## Top 20 Shareholding:

as at 30-Jun-12	%
CBA Perpetual Exc	2.9
Emerging Leaders	2.6
Ironbark Capital	2.3
Contango Capital	1.7
Breville Group Limited	1.7
McMillan Shakespeare	1.6
Talent2 International	1.5
Sunland Group	1.5
Century Australia	1.4
Coventry Group	1.3
Ethane Pipeline	1.3
RHG Limited	1.3
Australian Infrastructure	1.2
Skilled Group Limited	1.2
Challenger Infrastructure	1.2
Ingenia Communities	1.1
Reckon Limited	1.1
Amcom Telecom	1.1
FlexiGroup Limited	1.1
Webjet Limited	1.1
<b>% of Total</b>	<b>30.2</b>

<sup>1</sup> Calculated for the full year ending 30 June 2011. \* 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.

# WESTOZ INVESTMENT COMPANY LIMITED (WIC)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Westoz Funds Management Pty Ltd	<b>Indirect cost ratio with perf. fee:</b>	2.05% <sub>1</sub>
<b>Listed:</b>	2009	<b>Indirect cost ratio w/out perf. fee:</b>	1.15% <sub>1</sub>

## Investment Strategy

WIC invests in small to medium sized companies, generally with 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 growth 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, Westoz Funds Management), Dermot Woods (Executive Director, Westoz Funds Management), Peter Diamond (Chairman Euroz Limited), Jay Hughes (Executive Director, Euroz Limited). 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/Growth, Passive/**Active**, Long/Short

Derivatives: No (allowed but not used).

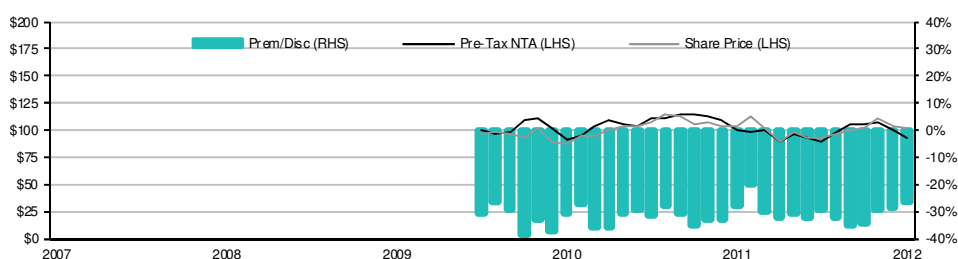
Cash/Debt: \$13.1m Cash, \$0.0m Debt (31 December 2011)

Dividend reinvestment plan: No.

Other: Payout minimum of 50% of realised profits by way of dividend

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.1%	9.2%	-2.3%	n/a	n/a	n/a
Index	-5.6%	2.9%	-7.0%	n/a	n/a	n/a
Active return	4.5%	6.3%	4.7%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	-12.0%	4.4%	-6.5%	0.8%	1.4%	n/a
Benchmark	-5.6%	2.9%	-7.0%	1.4%	-4.1%	n/a
Active return	-6.4%	1.5%	0.5%	-0.6%	5.5%	n/a

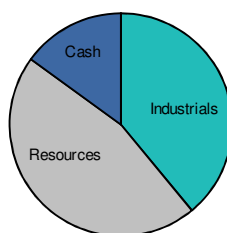
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.26	-0.25	24.8%
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	0.05	-0.52	20.1%
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Exposure



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.94
Pre-tax NTA	\$1.27
Post-tax NTA	\$1.25

Premium/(Discount) share price to:

Pre-tax NTA	-26%
Post-tax NTA	-25%

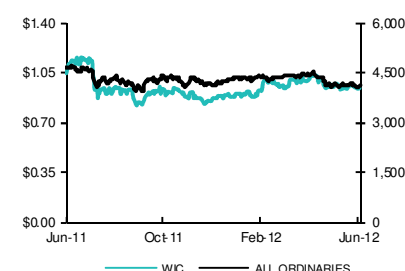
## Historic Dividend (12-months)

Dividends (net)	\$0.09
Yield	9.6%
Franking	100%
Grossed up yield	13.7%

## Capital Structure

Ordinary shares	129.0m
Options/other	19.2m
Fully diluted	148.2m
Market capitalisation	139.3m

## WIC share price v ASX All Ords



## Top Shareholdings

	%
as at 30-Jun-12	
iiNet Limited	14.0
Automotive Holdings Group	11.0
Aurora Oil & Gas Limited	9.0
Regis Resources Limited	9.0
Clough Limited	8.0
Northern Iron Limited	7.0
Resolute Mining Limited	5.0
Teranga Gold Corporation	3.0
Other	18.5
Cash	15.5
% of Total	100.0

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* 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.

# WAM RESEARCH (WAX)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Wilson Asset Management	<b>Indirect cost ratio with perf. fee:</b>	1.35% <sup>1</sup>
<b>Listed:</b>	2003	<b>Indirect cost ratio w/out perf. fee:</b>	1.35% <sup>1</sup>

## 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 growing stream of fully franked dividends and to achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors. WAX has a twofold investment strategy. Research Driven: extensive research, focusing on free cash flow, then rating the company's management, earnings growth potential, valuation, industry position and catalyst for share price growth. 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/Growth, 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 \$50.9m, Debt \$0.0m (30 June 2012)

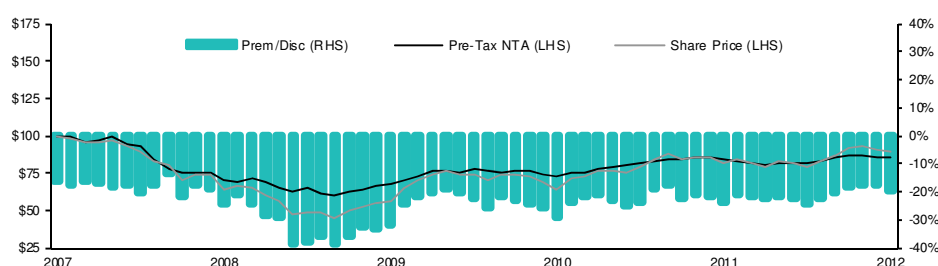
Dividend reinvestment plan: Yes.

Other: Affiliated with WAM Capital (ASX code: WAM) and WAM Active (ASX code: WAA)

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.8%	13.0%	10.4%	16.6%	-2.1%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	3.8%	10.1%	17.4%	10.7%	2.0%	n/a
<b>NTA+</b>						
Performance	-0.9%	5.6%	2.6%	8.4%	-3.0%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	4.7%	2.7%	9.6%	2.5%	1.1%	n/a

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

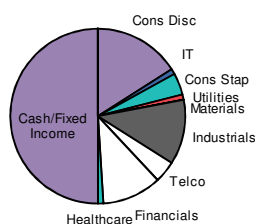
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	1.83	0.59	10.9%
Year 3	0.92	0.71	16.3%
Year 5	0.14	-0.37	20.0%
<b>NTA+</b>			
Year 1	0.94	-0.27	5.0%
Year 3	0.28	0.51	6.5%
Year 5	0.10	-0.79	10.4%

## Exposure (Long portfolio)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.72
Pre-tax NTA	\$0.89
Post-tax NTA	\$0.89

Premium/(Discount) share price to:

Pre-tax NTA	-19%
Post-tax NTA	-19%

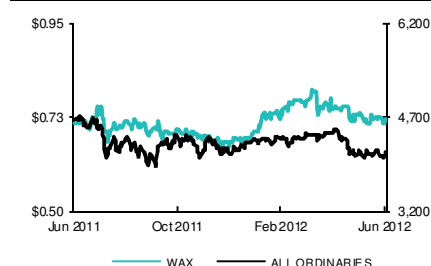
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.063
Yield	8.7%
Franking	100%
Grossed up yield	12.4%

## Capital Structure

Ordinary shares	120.0m
Options/other	0.0m
Fully diluted	120.0m
Market capitalisation	86.4m

## WAX share price v ASX All Ords



## Top 20 Shareholdings

	%
as at 30-Jun-12	
AP Eagers	5.9
Breville Group	3.3
McMillan Shakespeare	3.0
CBA Perpetual	2.8
ARB Corporation	2.6
Reckon Limited	2.2
Skilled Group	2.2
Amcom Telecommunication	2.2
Flexigroup	2.1
Webjet Limited	2.0
iProperty Group	1.7
MyState Limited	1.7
Clima Investment	1.6
NEXTDC Limited	1.5
Coffey International	1.5
Fantastic Holdings	1.5
Talent2 International	1.4
1300 Smiles	1.2
Corporate Travel	1.1
RHG Limited	1.1
<b>% of Total</b>	<b>42.6</b>

<sup>1</sup> Calculated for the full year ending 30 June 2011. \* 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.



# WAM ACTIVE (WAA)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Wilson Asset Management	<b>Indirect cost ratio with perf. fee:</b>	4.59% <sup>1</sup>
<b>Listed:</b>	2008	<b>Indirect cost ratio w/out perf. fee:</b>	2.98% <sup>1</sup>

## Investment Strategy

WAM Active offers investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. The investment objectives are to deliver investors a growing 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 with other market events viewed as favourably priced.

## Personnel

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

## Key Information

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

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

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

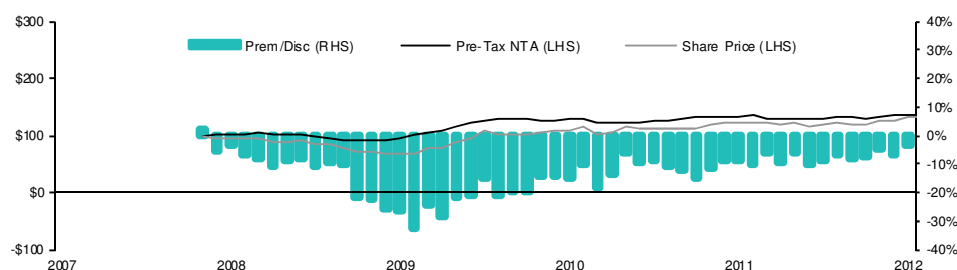
Cash (Fixed Income)/Debt: Cash \$8.8m, Debt \$0.0m (30 June 2012)

Dividend reinvestment plan: Yes.

Other: Affiliated with WAM Research (ASX code: WAX) and WAM Capital (ASX code: WAM).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.9%	6.8%	9.5%	18.7%	n/a	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	n/a	n/a
Active return	3.7%	3.9%	16.5%	12.8%	n/a	n/a
<b>NTA+</b>						
Performance	-0.9%	2.8%	2.9%	7.1%	n/a	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	n/a	n/a
Active return	4.7%	-0.1%	9.9%	1.2%	n/a	n/a

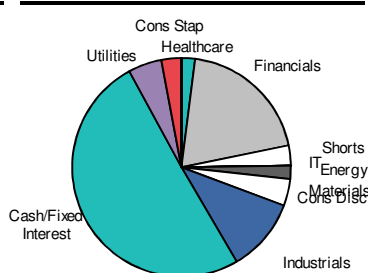
## 10 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Share price	Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	1.90	0.45	11.1%	8.4%	
Year 3	1.47	1.19	15.7%	12.1%	
Year 5	0.44	-0.10	23.1%	16.3%	
<b>NTA+</b>					
Year 1	0.89	0.03	6.8%	12.6%	
Year 3	0.56	0.71	8.7%	9.5%	
Year 5	0.44	-0.39	11.2%	11.3%	

## Exposure (Long portfolio)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$1.04
Pre-tax NTA	\$1.08
Post-tax NTA	\$1.06

Premium/(Discount) share price to:

Pre-tax NTA	-4%
Post-tax NTA	-3%

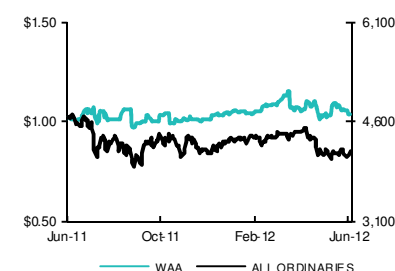
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.085
Yield	8.2%
Franking	100%
Grossed up yield	11.7%

## Capital Structure

Ordinary shares	16.3m
Options/other	16.3m
Fully diluted	16.3m
Market capitalisation	16.9m

## WAM share price v ASX All Ords



## Top 20 Shareholding: %

as at 30-Jun-12

Contango Capital	3.2
Sunland Group	2.9
CBA Perpetual	2.8
Coventry Group	2.5
Ethane Pipeline	2.5
Australian Infrastructure	2.3
Challenger Infrastructure	2.3
Ingenia Communities	2.2
Dragon Mountain	1.9
Clough Limited	1.9
RHG Limited	1.8
Select Harvests	1.7
iiNet Limited	1.7
Premium Investors	1.6
Platinum Capital	1.6
Murchison Metals	1.6
Talent2 International	1.4
Clarius Group	1.2
JB Hi-Fi Limited	1.1
Metcash Limited	1.1

**% of Total 39.3**

<sup>1</sup> Calculated for the full year ending 30 June 2011. \* 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.

# CONTANGO MICROCAP (CTN)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Contango Asset Management Ltd	<b>Indirect cost ratio with perf. fee:</b>	3.47% <sup>1</sup>
<b>Listed:</b>	2004	<b>Indirect cost ratio w/out perf. fee:</b>	1.99% <sup>1</sup>

## 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 fully 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 (Managing Director & Chief Investment Officer), Carol Austin (Invst. Services Director), Bill Laister (Snr Portfolio Manager), Alistair Francis (Snr Portfolio Manager), Andrew Mouchacca (Snr Portfolio Manager), Paul Davoren (Portfolio Manager) and Craig Allen (Portfolio Manager). 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

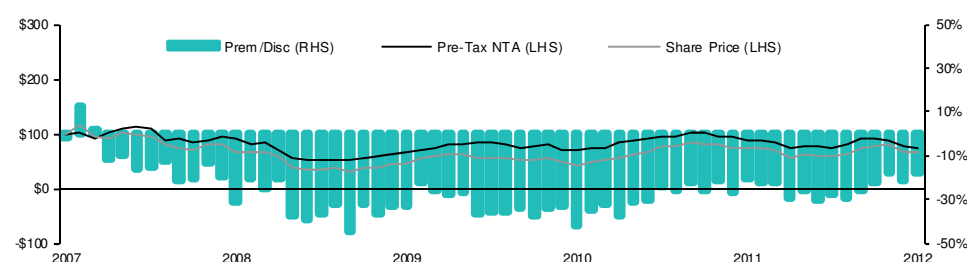
Cash/Debt: A facility of up to \$40m is available to borrow to gear portfolio

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	3-mth	6-mth	1 yr	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-13.5%	15.2%	-9.9%	13.7%	-7.7%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	-7.9%	12.3%	-2.9%	7.8%	-3.6%	n/a
<b>NTA+</b>						
Performance	-17.8%	0.1%	-15.0%	4.4%	-5.7%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	-12.2%	-2.8%	-8.0%	-1.5%	-1.6%	n/a

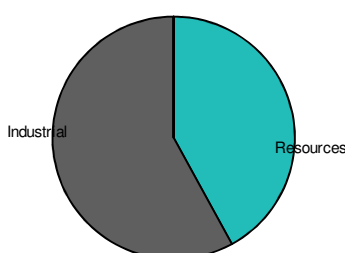
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

	Information	Sharpe	Standard	Tracking
Share price	Ratio	Ratio	Deviation	Error
Year 1	-0.12	-0.40	34.6%	23.1%
Year 3	0.31	0.27	32.7%	25.0%
Year 5	-0.12	-0.32	40.3%	31.0%
NTA+				
Year 1	-0.54	-0.78	24.3%	14.7%
Year 3	-0.11	-0.03	21.8%	13.7%
Year 5	-0.11	-0.43	25.7%	14.7%

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.99
Pre-tax NTA	\$1.21
Post-tax NTA	\$1.19

Premium/(Discount) share price to:

Pre-tax NTA	-18%
Post-tax NTA	-17%

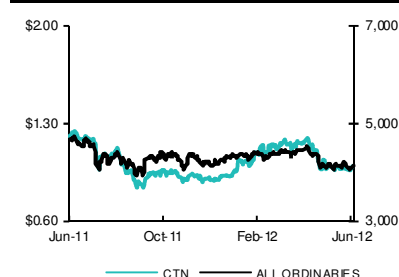
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.078
Yield	7.9%
Franking	51%
Grossed up yield	9.6%

## Capital Structure

Ordinary shares	148.4m
Options/other	0.0m
Fully diluted	148.4m
Market capitalisation	147.0m

## CTN share price v ASX All Ords



## Top 20 Shareholding: %

as at 30-Jun-12

McMillan Shakespeare	3.0
M2 Telco Group	2.2
Ausdrill	2.2
Grange Resources	2.1
Mastermyne Group	2.0
Cardno Limited	2.0
Austin Engineering	2.0
MACA Limited	1.9
Senex Energy	1.8
Maverick	1.8
Austbrokers Holdings	1.8
Troy Resources	1.7
Forge Group	1.6
Tox Free Solutions	1.6
Base Resources	1.6
Drillsearch Energy	1.6
FlexiGroup	1.6
Nucoal Resources	1.5
Beadell Resources	1.5
NRW Holdings	1.5

**% of Total 36.8**

<sup>1</sup>Calculated for the full year ending 30 June 2011. CTN incurs a base management fee of 1.25% \* 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.

\*+ 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.



# MAGELLAN FLAGSHIP FUND (MFF)

## International Focussed

<b>Mandate:</b>	International Equities (US focus)	<b>Benchmark:</b>	MSCI World price index in AUD
<b>Manager:</b>	Magellan Asset Management	<b>Indirect cost ratio with perf. fee:</b>	1.42% <sup>1</sup>
<b>Listed:</b>	2006	<b>Indirect cost ratio w/out perf. fee:</b>	1.42% <sup>1</sup>

## Investment Strategy

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

## Personnel

Investment Personnel: Chris Mackay (Chairman and Chief Investment Officer), Hamish Douglass (Chief Executive Officer and Managing Director), Gerald Stack, Dom Giuliano and Nikki Thomas. Directors: Dick Warburton (chairman), John Ballard, Andy Hogendijk, Chris Mackay and Hamish Douglass.

## 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

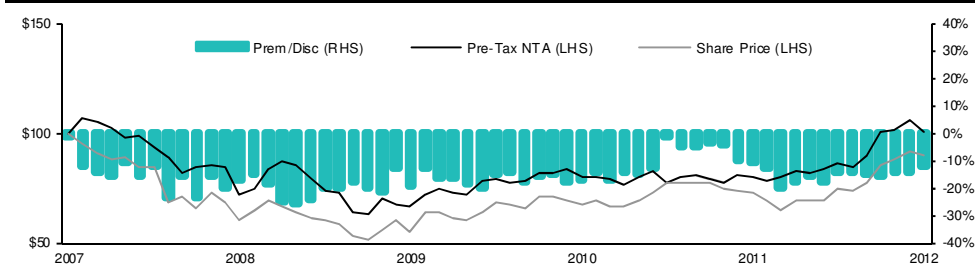
Cash/Debt: \$0.0m cash and \$44.8m debt (31 December 2011)

Dividend reinvestment plan: No.

Other: On-market Buy-back.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	5.0%	20.0%	23.5%	18.1%	-2.1%	n/a
Benchmark	-4.5%	4.7%	-2.9%	0.4%	-8.5%	n/a
Active return	9.5%	15.3%	26.4%	17.7%	6.4%	n/a
<b>NTA+</b>						
Performance	0.2%	16.3%	25.2%	14.8%	0.1%	n/a
Benchmark	-4.5%	4.7%	-2.9%	0.4%	-8.5%	n/a
Active return	4.7%	11.6%	28.1%	14.4%	8.6%	n/a

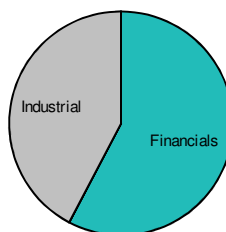
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.37	-0.64	13.6%
Year 3	0.86	0.13	18.9%
Year 5	0.12	-0.65	20.2%
<b>NTA+</b>			
Year 1	2.00	0.67	8.9%
Year 3	0.93	0.01	15.1%
Year 5	0.51	-0.55	16.4%

## Exposure (Top 16)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.84
Pre-tax NTA	\$0.95
Post-tax NTA	\$0.95

Premium/(Discount) share price to:

Pre-tax NTA	-12%
Post-tax NTA	-12%

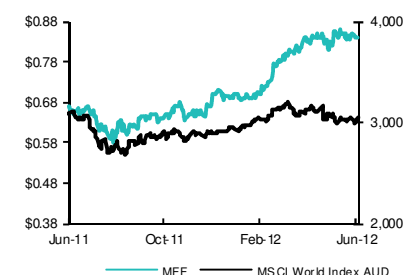
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.00
Yield	0.0%
Franking	0%
Grossed up yield	0.0%

## Capital Structure

Ordinary shares	344.8m
Options/other	0.0m
Fully diluted	344.8m
Market capitalisation	289.7m

## MFF v MSCI World Index



## Top 18 Shareholdings

	%
as at 31-Dec-11	
Wells Fargo	6.8
Visa	4.8
McDonald's	4.7
US Bancorp	4.2
CME Group	3.5
Procter & Gamble	2.3
Google	1.8
American Express	1.8
China Mobile	1.8
MasterCard	1.5
Apple	1.1
Low e's	1.1
Bank of America	1.1
Wal-Mart	1.0
China Telecom	0.8
China Unicom	0.8
HCA Holdings	0.5
Tesco	0.5
Singapore Technologies	0.5
McGraw Hill Companies	0.4
<b>% of Total</b>	<b>41.0</b>

<sup>1</sup> Calculated as at 30 June 2011 \* The share price 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.

# AMP CAPITAL CHINA GROWTH FUND (AGF)

## International Focussed

<b>Mandate:</b> China A shares	<b>Benchmark:</b> S&P/CITIC 300 Total Return Index (\$A)
<b>Manager:</b> AMP Capital Investors	<b>Indirect cost ratio with perf. fee:</b> 1.88% <sup>1</sup>
<b>Listed:</b> 2006	<b>Indirect cost ratio w/out perf. fee:</b> 1.88% <sup>1</sup>

## 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

## Personnel

Investment Personnel: Karma Wilson (Head of Asian 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 \$14.9m, Debt \$0.0m (31 December 2011)  
 Dividend Reinvestment Plan: 5% discount to 10 day average price post record date  
 Other: Specialist fund investing in China A shares.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.5%	-0.8%	-11.9%	-12.1%	-7.6%	n/a
Benchmark	2.2%	5.3%	-12.7%	-11.4%	-6.5%	n/a
Active return	-3.7%	-6.1%	0.8%	-0.7%	-1.1%	n/a
<b>NTA+</b>						
Performance	2.4%	3.7%	-12.0%	-11.2%	-7.0%	n/a
Benchmark	2.2%	5.3%	-12.7%	-11.4%	-6.5%	n/a
Active return	0.2%	-1.6%	0.7%	0.2%	-0.5%	n/a

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.64
Pre-tax NTA	\$0.85
Post-tax NTA	\$0.85

Premium/(Discount) share price to:

Pre-tax NTA	-25%
Post-tax NTA	-25%

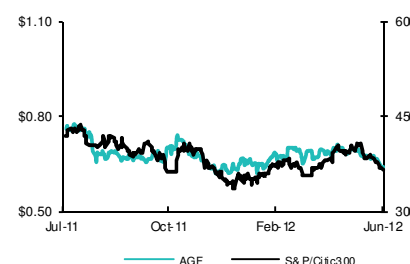
## Historic Distribution (prior 12-mths)

Distributions (net)	\$0.021
Yield	3.2%
Franking	0%
Grossed up yield	3.2%

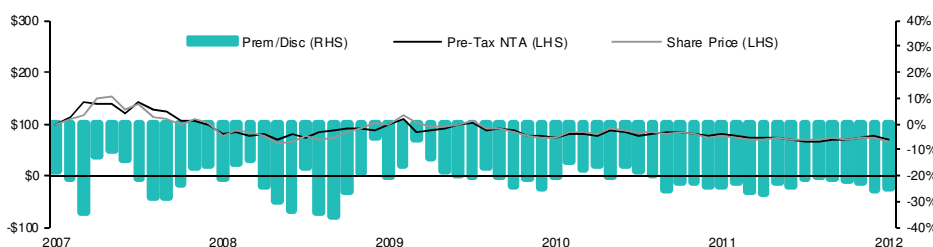
## Capital Structure

Ordinary shares	355.7m
Options/other	0.0m
Fully diluted	355.7m
Market capitalisation	227.6m

## AGF share price v S&P/Citic 300



## 5 year return (share price & Pre-Tax NTA) and premium/discount to Pre-Tax NTA Top 10 Shareholdings



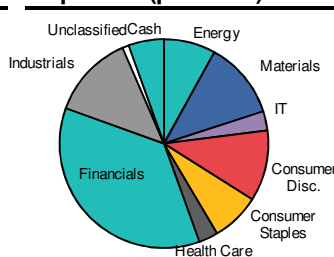
as at 31-May-12

Ping An Insurance Group	4.6
Kweichow Moutai Co Ltd	4.2
CITIC Securities Co Ltd	4.2
China Vanke Co Ltd	4.0
Suning Appliance Co Ltd	3.6
Industrial & Commercial	3.6
Sany Heavy Industry Co	3.5
Gree Electric Appliances	3.2
Shanghai Pudong Development	3.0
Weichai Power Co Ltd	2.8
% of Total	36.7

## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.26	-1.94	11.8%
Year 3	-0.14	-0.36	25.8%
Year 5	-0.31	-0.38	33.1%
<b>NTA+</b>			
Year 1	1.73	-1.82	10.9%
Year 3	-0.30	-0.30	27.4%
Year 5	-0.27	-0.12	33.3%

## Exposure (portfolio)



<sup>1</sup>Calculated for the full year ending 30 June 2011. \* The share price 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.

# HUNTER HALL GLOBAL VALUE (HHV)

## International Focussed

<b>Mandate:</b>	International Equities	<b>Benchmark:</b>	MSCI World Return Net Div Reinvested AUD
<b>Manager:</b>	Hunter Hall Investment Management	<b>Indirect cost ratio with perf. fee:</b>	1.71% <sup>1</sup>
<b>Listed:</b>	2004	<b>Indirect cost ratio w/out perf. fee:</b>	1.71% <sup>1</sup>

## Investment Strategy

HHV's investment objective is to outperform the MSCI in AUD by 5% pa on a rolling 5-year basis, while seeking to avoid significant risk to principal. HHV is managed using a deep value investment philosophy based on fundamental analysis of individual companies. It primarily invests in companies listed on international stock exchanges, with 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

## Personnel

Investment Personnel: Peter Hall AM, James McDonald, Dr. Roland Winn, Steven Glass, Catriona Alford. Directors: Peter Hall (chairman), Julian Constable, Alex Koroknay and 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: \$36.9m cash, \$0m debt (31 December 2011)

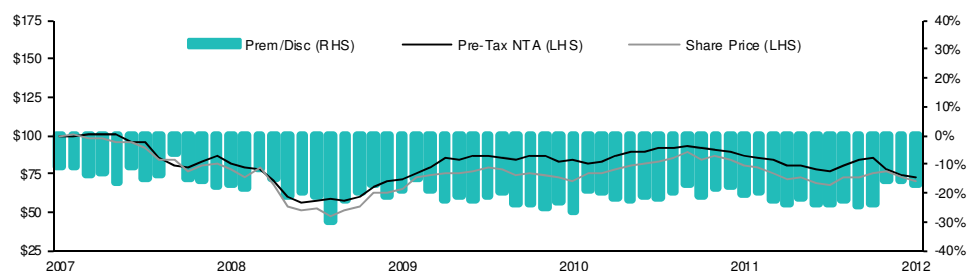
Dividend reinvestment plan: No.

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

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-7.4%	2.2%	-13.2%	2.0%	-7.0%	n/a
Benchmark	n/a	5.9%	-0.8%	2.5%	-6.6%	n/a
Active return	n/a	-3.7%	-12.4%	-0.5%	-0.4%	n/a
<b>NTA+</b>						
Performance	n/a	4.1%	-9.3%	4.0%	-6.3%	n/a
Benchmark	n/a	5.9%	-0.8%	2.5%	-6.6%	n/a
Active return	n/a	-1.8%	-8.5%	1.5%	0.3%	n/a

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

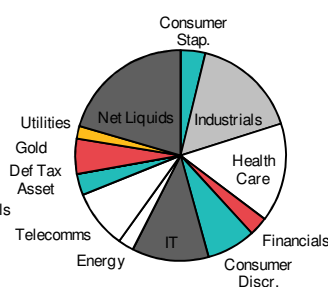
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	-0.98	13.8%	12.7%
Year 3	-0.04	14.0%	11.6%
Year 5	-0.02	19.9%	18.4%
<b>NTA+</b>			
Year 1	-0.79	12.6%	10.8%
Year 3	0.14	11.6%	10.4%
Year 5	0.02	15.7%	13.3%

## Exposure (portfolio)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.69
Pre-tax NTA	\$0.83
Post-tax NTA	\$0.83

Premium/(Discount) share price to:

Pre-tax NTA	-17%
Post-tax NTA	-17%

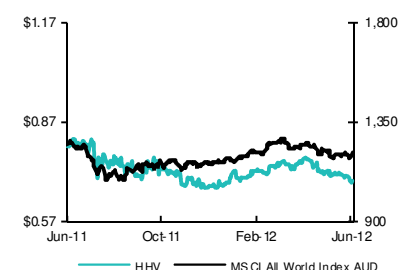
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.00
Yield	0.0%
Franking	0%
Grossed up yield	0.0%

## Capital Structure

Ordinary shares	236.3m
Options/other	0.0m
Fully diluted	236.3m
Market capitalisation	163.1m

## HHV v MSCI World Index AUD



## Top 10 Shareholding:

	%
as at 30-Jun-12	
Sirtex Medical	8.7
Gold Bullion	5.4
M2 Telecommunications	4.0
Danieli	3.1
Comcast	2.8
Decmil	2.6
BTG	2.6
Lexmark	2.5
Oracle	2.4
Afren	2.0
<b>% of Total</b>	<b>36.1</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* The share price 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

<b>Mandate:</b>	Absolute return	<b>Benchmark:</b>	MSCI All Country World Net Index
<b>Manager:</b>	Platinum Asset Management	<b>Indirect cost ratio with perf. fee:</b>	2.04% <sup>1</sup>
<b>Listed:</b>	1994	<b>Indirect cost ratio w/out perf. fee:</b>	2.04% <sup>1</sup>

## 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 with screening software which allows the company to select stocks for further evaluation based on specific criteria. Criteria are determined by the Manager's hypothesis regarding social, political or economic change. These factors are intended to bring together a portfolio of stocks with a below average risk.

## Personnel

Directors: Bruce Phillips, Kerr Neilson, Andrew Clifford, Bruce Coleman, Richard Morath and Philip Howard.

## 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: \$19.7m cash, \$0.0m debt (31 December 2011)

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

Other: On-market Buy-back.

Performance	3-mth	6-mth	1 year	3 Yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-6.8%	2.1%	-15.2%	-8.6%	-7.3%	-1.6%
Benchmark	-4.8%	-11.2%	-13.4%	2.4%	-6.3%	-0.5%
Active return	-2.0%	13.3%	-1.8%	-11.0%	-1.0%	-1.1%
<b>NTA+</b>						
Performance	-6.7%	3.9%	-7.8%	-1.0%	-1.0%	4.5%
Benchmark	-4.6%	5.7%	-2.3%	2.4%	-6.3%	-0.5%
Active return	-2.1%	-1.8%	-5.5%	-3.4%	5.3%	5.0%

## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.965
Pre-tax NTA	\$1.07
Post-tax NTA	\$1.07

Premium/(Discount) share price to:

Pre-tax NTA	-10%
Post-tax NTA	-10%

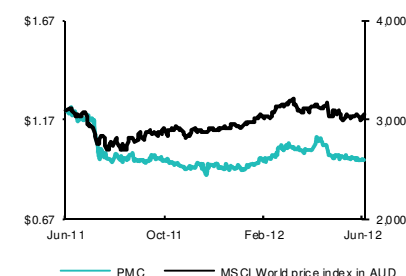
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.019
Yield	2.0%
Franking	100%
Grossed up yield	2.8%

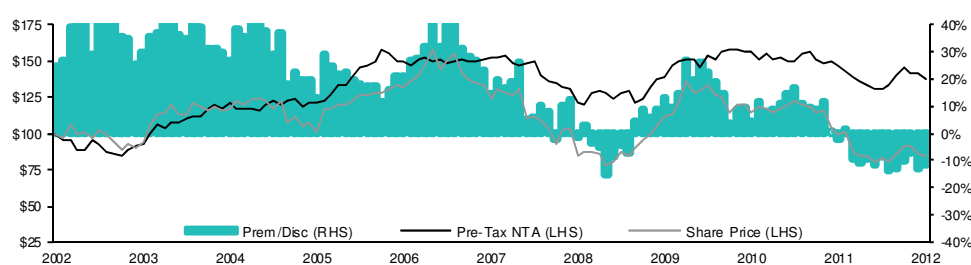
## Capital Structure

Ordinary shares	165.7m
Options/other	0.0m
Fully diluted	165.7m
Market capitalisation	159.9m

## PMC v MSCI World Index



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



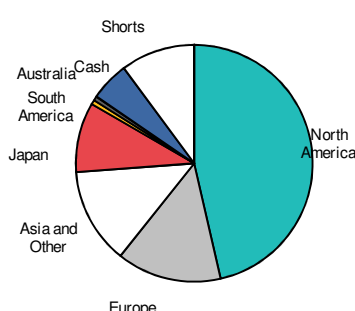
## Top 12 Shareholding:

as at 30-Jun-10	%
Shin-Etsu Chemical Total	2.5
Bangkok Bank Total	2.3
Microsoft Corp Total	2.2
Henkel AG Total	2.2
BMW Total	2.1
Sanofi SA Total	2.0
Allianz AG Total	1.8
Deutsche Boerse Total	1.8
Siemens AG Total	1.8
Nexen Inc Total	1.8

## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	-0.07	0.02	-15.2%
Year 3	-0.05	-0.11	-13.4%
Year 5	-0.02	0.13	-1.8%
<b>NTA+</b>			
Year 1	-0.05	0.06	-2.3%
Year 3	-0.02	-0.02	-5.5%
Year 5	0.00	0.00	0.0%

## Regional Exposure (31-Mar-12)



% of Total 20.5

<sup>1</sup> Calculated as at 30 June 2011 \* 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. # As at 30 June 2010.

\*+ 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 Focused

<b>Mandate:</b>	Absolute return	<b>Benchmark:</b>	MSCI All Country World index (\$A)
<b>Manager:</b>	Templeton Global Equity Group	<b>Indirect cost ratio with perf. fee:</b>	1.49% <sup>1</sup>
<b>Listed:</b>	1987	<b>Indirect cost ratio w/out perf. fee:</b>	1.49% <sup>1</sup>

## 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: David Walsh (chairman), Gregory McGowan, Jennifer Johnson, Michael Bartlett and James Killen

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

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

Derivatives: none.

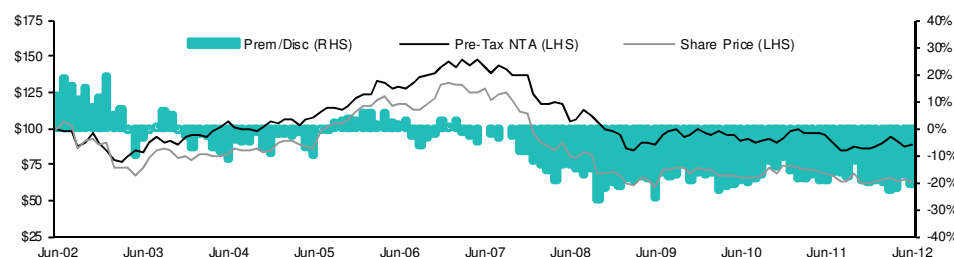
Cash/Debt: \$1.9m cash, \$0.0 debt (31 December 2011)

Dividend reinvestment plan: Yes. 2.5% discount to the 5 day volume weighted average share price.

Other: On-market Buy-back.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-3.5%	2.3%	-7.9%	2.4%	-13.0%	-4.5%
Benchmark	-4.1%	5.6%	-0.6%	2.5%	-6.5%	-0.9%
Active return	0.6%	-3.3%	-7.3%	-0.1%	-6.5%	-3.6%
<b>NTA+</b>						
Performance	-5.5%	3.6%	-6.3%	0.1%	-9.0%	-1.1%
Benchmark	-4.1%	5.6%	-0.6%	2.5%	-6.5%	-0.9%
Active return	-1.4%	-2.0%	-5.7%	-2.4%	-2.5%	-0.2%

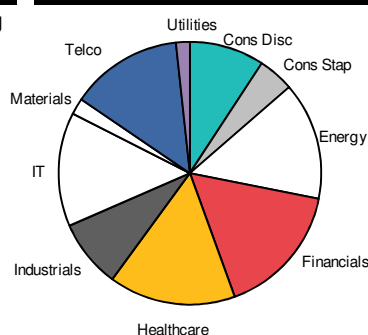
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>				
Year 1	-0.51	-0.75	15.7%	14.1%
Year 3	-0.01	-0.15	18.1%	16.3%
Year 5	-0.40	-0.92	19.8%	16.2%
<b>NTA+</b>				
Year 1	-1.29	-0.88	11.7%	4.4%
Year 3	-0.51	-0.44	11.2%	4.7%
Year 5	-0.55	-1.05	13.3%	4.5%

## Exposure (portfolio)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.68
Pre-tax NTA	\$0.86
Post-tax NTA	\$0.86

Premium/(Discount) share price to:

Pre-tax NTA	-21%
Post-tax NTA	-21%

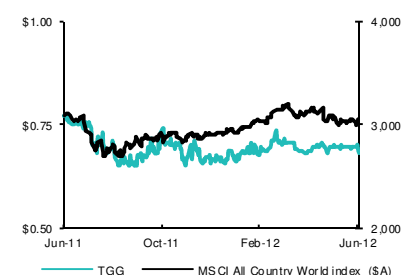
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.02
Yield	2.9%
Franking	100%
Grossed up yield	4.2%

## Capital Structure

Ordinary shares	146.1m
Options/other	0.0m
Fully diluted	146.1m
Market capitalisation	99.3m

## TGG v MSCI World Index



## Top 15 Shareholding: %

as at 31-Dec-11

Royal Dutch Shell	2.6
Microsoft	2.4
Vodafone	2.3
Amgen	2.3
Pfizer	2.1
Sanofi -Aventis	2.1
Samsung Electronics	2.0
GlaxoSmithKline	2.0
Telenor	1.9
Singapore Telecom	1.9
Total	1.9
Cisco Systems	1.8
Roche Holding	1.8
American Express	1.7
Merck & Co	1.6
<b>% of Total</b>	<b>30.4</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* The shareprice bench mark 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.



# GLOBAL MINING INVESTMENTS (GMI)

## International Focussed

<b>Mandate:</b>	Metals & Mining Equities	<b>Benchmark:</b>	HSBC Global Mining Index (AUD)*
<b>Manager:</b>	BlackRock Invest. Management (UK)	<b>Indirect cost ratio with perf. fee:</b>	3.08% <sup>1</sup>
<b>Listed:</b>	2004	<b>Indirect cost ratio w/out perf. fee:</b>	1.67% <sup>1</sup>

## Investment Strategy

GMI invests in metal & mining companies both in Australia and globally. Investments are chosen based on the manager's "equilibrium metal price models" and the identification of companies with quality long-life assets and management. GMI's objective is to exceed the return of the HSBC Global Mining Index (A\$) over the medium to long term through investments in metal and mining equities that give exposure to commodities, geographic regions and companies that are not available through investing only on the ASX including pre-IPO resource companies.

## Personnel

Investment Personnel: Evy Hambro (Lead Fund Manager), Catherine Raw (Fund Manager) and Richard Davis (Fund Manager). Directors: John Robinson, Lewis Bell and Lyn Gearing

## 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: Cash \$3.2m, \$7.8m Debt (31 December 2011)

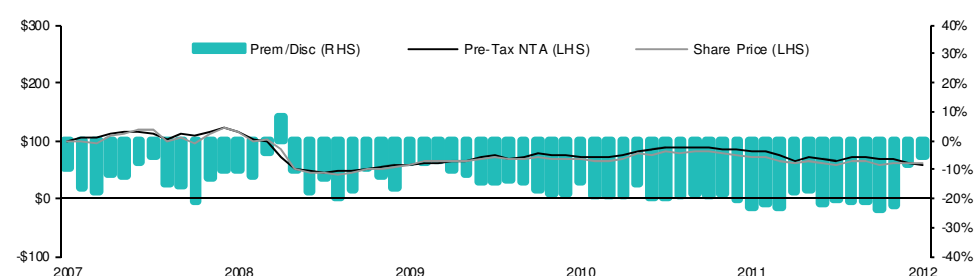
Dividend reinvestment plan: Suspended.

Other: Specialist fund investing in global metal and mining companies.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	4.4%	4.4%	-12.3%	1.8%	-9.3%	n/a
Benchmark	-4.1%	5.6%	-0.6%	2.5%	-6.5%	n/a
Active return	8.5%	-1.2%	-11.7%	-0.7%	-2.8%	n/a
<b>NTA+</b>						
Performance	-15.8%	-12.2%	-29.4%	0.5%	-10.5%	n/a
Benchmark	-12.9%	-10.3%	-29.4%	-2.4%	-7.7%	n/a
Active return	-2.9%	-1.9%	0.0%	2.9%	-2.8%	n/a

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

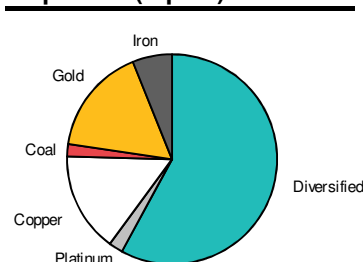
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	-0.50	-0.79	20.6%
Year 3	-0.04	-0.18	18.0%
Year 5	-0.09	-0.47	31.2%
<b>NTA+</b>			
Year 1	-0.74	-1.51	22.1%
Year 3	-0.30	-0.23	19.6%
Year 5	-0.24	-0.59	26.4%

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.96
Pre-tax NTA	\$1.01
Post-tax NTA	\$1.01

Premium/(Discount) share price to:

Pre-tax NTA	-5%
Post-tax NTA	-5%

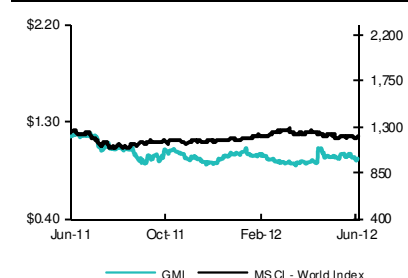
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.04
Yield	4.2%
Franking	100%
Grossed up yield	6.0%

## Capital Structure

Ordinary shares	181.9m
Options/other	0.0m
Fully diluted	181.9m
Market capitalisation	173.7m

## GMI v MSCI World Index



## Top 20 Shareholding: %

as at 30-Jun-12

Rio Tinto	9.8
Glencore	9.0
BHP Billiton	8.4
Vale	6.7
Freeport McMoran	4.7
Teck Resources	4.4
GV Gold	3.8
Cia De Minas	3.4
Goldcorp	3.0
First Quantum Minerals	3.0
New crest Mining	2.9
Xstrata	2.9
African Minerals	2.9
Kumba Iron Ore	2.8
Sociedad Minera	2.6
Fortescue Metals	2.0
Antofagasta Holdings	1.8
Impala Platinum Holdings	1.7
Eldorado Gold Corporation	1.6
Petmin Limited	1.5

**% of Total 78.9**

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* The shareprice bench mark has been compared against the MSCI Accumulation Index (AUD). + The NTA (pre-tax) has been compared against the HSBC Global Mining Index (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.

# HASTINGS HIGH YIELD FUND (HHY)

## International Focussed

<b>Mandate:</b>	Absolute return	<b>Benchmark:</b>	10% absolute return per annum
<b>Manager:</b>	Hastings Funds Management	<b>Indirect cost ratio with perf fee:</b>	0.80% <sup>1</sup>
<b>Listed:</b>	2005	<b>Indirect cost ratio w/out perf fee:</b>	0.80% <sup>1</sup>

## Investment Strategy

HHY provides investors with exposure to high yield securities in the infrastructure and essential services sectors. The investment strategy involves targeting investments in unrated and non-investment grade high yield securities in businesses that provide strong cash flows in the essential service space with significant barriers to entry, strong financial ratios and a proven track record. The high yield investments provide potential gains flowing from re-rating, early repayment and equity participation. HHY is a hold to maturity investor which means it generally does not trade its

## 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**/Grow th, Passive/**Active**, **Long**/Short

Derivatives: Cross-currency swaps used for hedging purposes.

Cash/Debt: \$40.8m cash, \$0.0m Debt (30 June 2012).

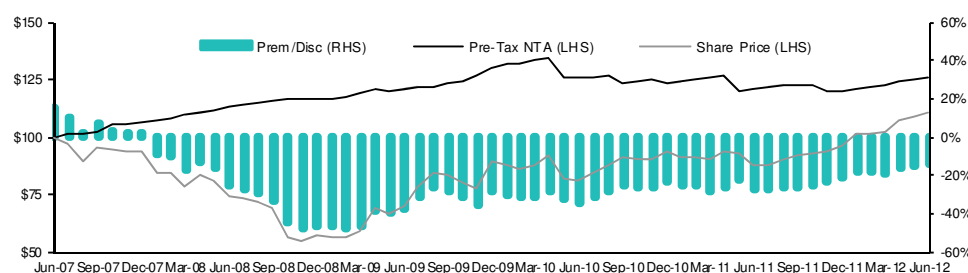
Dividend reinvestment plan: Active.

Other: Specialist fund investing in fixed income securities.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	8.8%	15.3%	25.8%	16.4%	2.1%	n/a
Benchmark	3.0%	6.9%	12.3%	7.2%	3.8%	n/a
Active return	5.8%	8.4%	13.5%	9.2%	-1.7%	n/a
<b>NTA+</b>						
Performance	2.6%	4.6%	4.2%	1.4%	4.7%	n/a
Benchmark	2.4%	4.9%	10.0%	10.0%	10.0%	n/a
Active return	0.2%	-0.3%	-5.8%	-8.6%	-5.3%	n/a

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

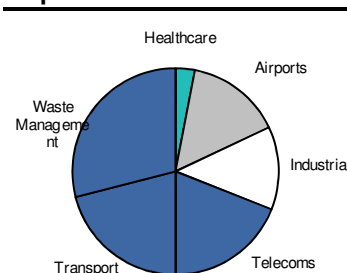
## 5 year return (share price & Pre-Tax NTA) and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	1.09	3.72	5.9%
Year 3	0.49	0.74	15.3%
Year 5	-0.07	-0.17	19.2%
<b>NTA+</b>			
Year 1	-1.79	0.05	3.3%
Year 3	-1.42	-0.60	6.0%
Year 5	-1.07	-0.07	5.0%

## Exposure



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$1.23
Pre-tax NTA	\$1.44
Post-tax NTA	\$1.44

Premium/(Discount) share price to:

Pre-tax NTA	-15%
Post-tax NTA	-15%

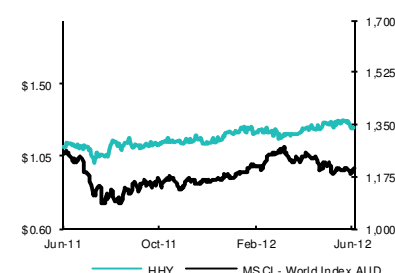
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.150
Yield	12.2%
Franking	0%
Grossed up yield	12.2%

## Capital Structure

Ordinary shares	103.5m
Options/other	0.0m
Fully diluted	103.5m
Market capitalisation	127.3m

## HHY v MSCI World Index AUD



## Top 12 Investments

	%
as at 30-Jun-12	
BAA	7.8
DCA Group	1.7
Manildra Group	-
Arqiva	12.1
Hyne Timber	5.4
Maher Terminals	13.0
Cory Environmental	7.8
EnviroWaste	11.4
<b>Investment value</b>	<b>59.2</b>
Net Cash	40.8
<b>Net asset value</b>	<b>100.0</b>

As at 31 March 2012. Since 31 March 2012, HHY has divested its interest in Manildra Group.

<sup>1</sup>Calculated for the full year ending 30 June 2010. \* The shareprice bench mark 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.



# PREMIUM INVESTORS (PRV)

## International and Domestic Focussed

<b>Mandate:</b>	Diversified Equity Portfolio	<b>Benchmark:</b>	5 Year Aust Govt Bonds + 3.0%pa
<b>Manager:</b>	Treasury Group Investment Services	<b>Indirect cost ratio with perf. fee:</b>	1.58% <sup>1</sup>
<b>Listed:</b>	2003	<b>Indirect cost ratio w/out perf. fee:</b>	1.48% <sup>1</sup>

## Investment Strategy

PRV aims to achieve a high long-term real rate of return for investors, comprised of both income and capital growth, while aiming to reduce the risk and quantum of capital loss over the shorter term. The group draws on the expertise of boutique investment managers to invest in sharemarkets around the globe. Treasury Group Investment Services Limited (TIS) has been appointed by Premium to select managers with the appropriate depth of resources and experience in the chosen investment markets.

## Personnel

Investment Managers: TIS, IML, Orion, RARE, Treasury Asia and Aubrey. Directors: Lindsay Mann (Chairman), Reubert Hayes and Tom Collins.

## 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: Cash \$11.3m, Debt \$0.0m (31 December 2011)

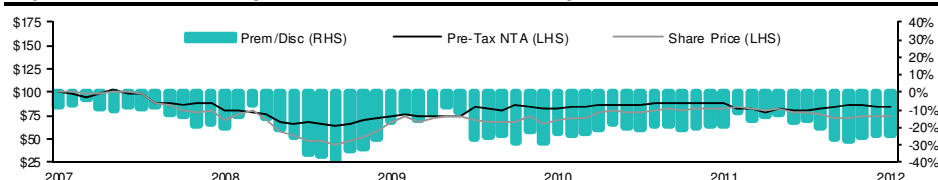
Dividend reinvestment plan: Yes, 5.0% discount to 5 day weighted average price post ex-date.

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	2.4%	-5.9%	-9.8%	3.2%	-5.9%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	8.0%	-8.8%	-2.8%	-2.7%	-1.8%	n/a
<b>NTA+</b>						
Performance	-2.3%	4.2%	-4.6%	4.6%	-3.4%	n/a
Benchmark	-5.6%	2.9%	-7.0%	5.9%	-4.1%	n/a
Active return	3.3%	1.3%	2.4%	-1.3%	0.7%	n/a

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

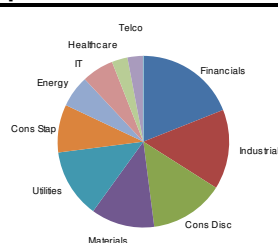
## 5 year return (share price & Pre-Tax NTA) and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	-0.18	11.9%	15.9%
Year 3	-0.16	15.6%	16.9%
Year 5	-0.10	21.7%	17.7%
<b>NTA+</b>			
Year 1	0.32	10.1%	7.5%
Year 3	-0.11	11.8%	10.9%
Year 5	0.06	13.5%	11.1%

## Exposure (top 10)



## Share Price and NTA Summary

as at 30-Jun-12

Share price	\$0.64
Pre-tax NTA	\$0.78
Post-tax NTA	\$0.84

Premium/(Discount) share price to:

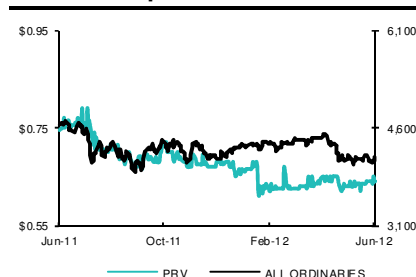
Pre-tax NTA	-18%
Post-tax NTA	-24%
Historic Dividend (prior 12-mths)	

Dividends (net)	\$0.035
Yield	5.5%
Franking	100%
Grossed up yield	7.8%

## Capital Structure

Ordinary shares	101.2m
Options/other	0.0m
Fully diluted	101.2m
Market capitalisation	64.8m

## PRV share price v ASX All Ords



## Top 5 Investments

as at 31-Mar-12	%
IML Australian Share Fund	24.3
RARE Infr. Value Fund	18.9
Orion Australian Share Fund	14.8
GVI Global Ind Share Fund	10.7
GVI Global Ind Share Fund - Unhgd	5.2
TAAM New Asia Fund	12.7
Aubrey	2.7
Cash	10.8
<b>% of Total</b>	<b>100.0</b>

<sup>1</sup>Calculated for the full year ending 30 June 2011. \* The shareprice has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the 5 Year Australian Government Bonds + 3.0%pa.

\*+ 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.

## 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. The annualised compound total returns are calculated over a three year period. Where a LIC has been listed for less than three years its return has been adjusted to reflect the annualised return since its listing.

**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 one indicates that a company's share price will move in line with the market. A beta of greater than one 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. This is because the new sum of the newly issued shares combined with the existing shares will be below the current share price on a per share basis.

**Estimated Fully Diluted NTAs:** 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, provides a measure of the return of each portfolio relative to the risk taken by the investment manager in achieving those returns. A high return is only desirable if it does not come with too much additional risk (volatility of returns - see Standard Deviation). In the context of this report each LIC's excess return to risk ratio can be looked at in combination with its annualised compound total return directly below in our '3-year performance measures'.

**Grossed Up Dividend Yield:** This is the dividends paid plus any franking credits passed on to shareholders by the LIC. 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 funds. 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):** This is the 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 that would be payable by the company if it sold its entire portfolio. 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 and can vary considerably.

**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 those new securities over the entire period and so this 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 an 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 which can be traded on the ASX.

**Stapled Options:** These are options which 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 an LIC over a given period (3 years in our report) 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 stocks that appear to be undervalued taking in to consideration low price to earnings ratio and price to earnings growth ratio (PEG).

## 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**

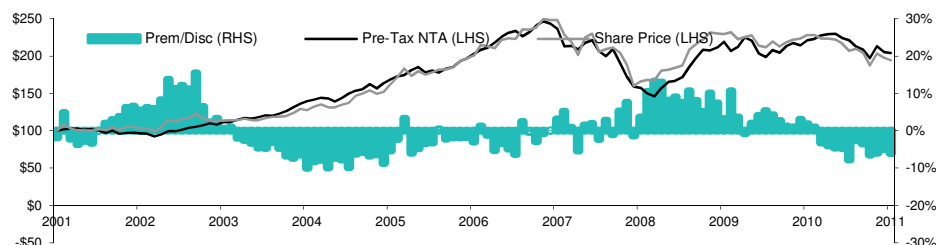
Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	3.9%	-6.0%	-14.7%	5.4%	-0.6%	6.9%
Index	1.9%	-9.6%	-11.4%	8.5%	-2.1%	6.3%
Active return	2.0%	3.6%	-3.3%	-3.1%	1.5%	0.6%
<b>NTA+</b>						
Performance	3.4%	-7.8%	-7.8%	9.0%	0.1%	7.4%
Benchmark	2.1%	-9.7%	-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 three year 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 asset 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 differential between the pre-tax NTA and security price and the underlying benchmark. A positive differential indicates an out performance versus the benchmark and a negative differential indicates an under performance relative to the benchmark.

**Figure 2 - 3 Year return and Premium/Discount to pre-tax NTA**



**Share Price** - The light green line highlights the total increase in the value of \$100 invested by that Investment Manager over the last 3 years (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 dark green line provides a total increase of value of \$100 if the investor were able to liquidate the investment at the underlying Pre-Tax NTA over the last 3 years (assumes dividends reinvested). Performance is also referenced to the left-hand axis of that graph.

**Premium/Discount to Pre-Tax NTA** - The dark green columns, represent the share price premium/discount paid by investors relative to month-end pre-tax NTA and is measured as a percentage on the right-hand-axis of the lower graph.

**Figure 3 - Risk Return Indicators**

Risk/Return Indicators				
	Information	Sharpe	Standard	Tracking
Share price*	Ratio	Ratio	Deviation	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%
<b>NTA+</b>				
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%

**Appendix B: Legend to Performance Measures (continued)**

**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, and 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 those returns. A high return is only desirable if it does not come with too much additional risk (volatility of returns). In the context of this report each LIC's excess return to risk ratio can be looked at in combination with its annualised compound total return directly.

**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. A theoretical LIC that achieved the exact same return every month would have a standard deviation of zero.

**Tracking Error:** This is a measurement of how much the return on a portfolio deviates from the return on 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 on the portfolio and the return on the benchmark.

**Appendix C: Disclosures**

- Global Mining Investments: Bell Potter Securities Limited receives commission from dealing in securities and its authorised representatives, or introducers of business, may directly share in this commission. Bell Potter Securities and its associates may hold shares in the companies recommended. Bell Potter Securities Limited is also a shareholder in Global Mining Investments, holding less than 1% of the issued capital.

Bell Potter Securities has provided services to GMI for its on market share buy-back for which it receives fees. Mr Lewis Bell, who is a Director of the Bell Potter Securities, is also a Director of Global Mining Investments. Bell Asset Management is the Manager of Global Mining Investments Limited and will share in the management fees and any performance fees payable. Bell Asset Management will provide administrative services to Global Mining Investments Limited and will receive fees for this service.

- Hunter Hall Global Value: Hunter Hall Global Value Limited (ASX: HHV) paid a 1.5% stamping fee to AFSL holders where clients exercised their options (ASX: HHVO) prior to the company's interim dividend books close date of Friday 2 March 2007. Bell Potter Securities and its advisers shared in this fee.
- Magellan Flagship Fund: Bell Potter Securities Limited agreed to act as a Joint Lead Manager to the IPO of Magellan Flagship fund Limited and received a fee for this service.
- Platinum Asset Management: Bell Potter Securities Limited was the co-manager to the Initial Public Offering for Platinum Asset Management Limited (PTM) with an allocation of \$100.0m. PTM is manager of Platinum Capital.