

LISTED INVESTMENT COMPANIES.

BELL POTTER

The Power of Franking Credits

In this edition we discuss the importance that franking credits play in enhancing income. We consider why franking credits were created, their impact on after-tax income, and the distribution outcomes including the value of franking when comparing distributions across different asset classes.

We also analyse the historical consistency of dividend and franking income from the big four banks, and also overlay this analysis across the LICs. It is interesting to note that for investors looking for certainty of income, 7 of the 21 domestic equity focussed LICs under our coverage either held their dividend steady or increased it incrementally since the start of the GFC in 2007 (continued page 3).

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** (net div: 4.2%, gross div: 6.0%);
- Large-to-Medium Capitalisation: **CIN** (net div: 4.3%, gross div: 6.1%);
- Medium-to-Small Capitalisation: **WAM** (net div: 6.6%, gross div: 9.4%);
- Absolute: **ALF** (net div: 8.0%, gross div: 11.4%); and
- International: **MFF** (net div: 1.0%, gross div: 1.1%).

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 31 December 2012 based on the vehicles mandate and in consideration of the LICs Top 20 investment focus, our preferred securities are:

- Large Capitalisation: **AUI** (net div: 4.3%, gross div: 6.1%);
- Large to Medium Capitalisation: **DUI** (net div: 4.6%, gross div: 6.5%);
- Medium to Small Capitalisation: **WAM** (net div: 7.1%, gross div: 10.2%);
- Absolute: **ABW** (net div: 8.2%, gross div: 8.2%); and
- International: **PMC** (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 the premium or discount to pre-tax NTA in a historical context, and was applicable 31 December 2012. However, we would also advise that investors utilise this report in conjunction with the weekly Bell Potter Indicative NTA, as our preferences will change as premium and discounts oscillate through the quarter

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

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The Power of Franking Credits

When investing in shares investors must never underestimate the importance that franking credits play in enhancing income. Dividend income enhanced with franking credits helps alleviate or remove the tax burden on the distribution income, which can have material implications on after tax outcomes.

When companies distribute profits to clients, they do this by way of dividends which in turn are liable for taxation at the investors marginal rate. However, if a company has already incurred Australian tax on these profits, the Australian Tax Office (ATO) will seek to redress this 'double taxation' by attaching franking credits at the company rate.

For instance, if a company made a pre-tax profit of \$100, it would incur a tax bill of 30% or \$30 of the pre-tax profit. In effect the company would be able to distribute \$70 of profit and \$30 of franking, the profit plus the tax paid on the investment. Investors will include this franking credit on their taxation return, declaring a grossed up return of \$100.

A client who is in pension mode, will in effect receive a \$30 refund and pocket the entire \$100 return. As zero tax payers, they will receive the entire amount as a tax refund. A client who is incurring tax at the superannuation rate of 15%, will receive a \$15 refund as the corporation has already paid \$30 on the behalf of the company in excess of your marginal rate. Similarly, an investor incurring tax at the highest rate of 46.5%, will be required to pay the difference of \$16.50.

In the table below we have examined the distribution returns on different assets classes and the benefits of franking credits. We have taken the big four banks: ANZ, CBA, NAB and WBC and assumed a \$100,000 investment and compared the distributions on cash (12 month term deposit), debt (subordinated debt), hybrid (preference share), and equity.

Then we have analysed the after tax outcome using top marginal tax rate for individuals of 46.5%, the tax rate paid by Superannuation Funds (15%) and the tax rate paid by Superannuation Funds in pension mode (0%).

In this example we have assumed the interest on the term deposit will be paid at maturity and the rates are from Monday 21 January 2013. The equity yield is the estimated yield for FY13 based on Bell Potter research notes. The sub-debt referred to is subordinated debt; ANZHA, CBAHA, NABHA, WBCHA. The hybrids referred to are the mandatory convertible preference shares; ANZPC, CBAPC and WBCPC.

Table 1 - Distribution outcomes after tax utilising different asset classes and tax rates (\$100,000 investment)

	ANZ Bank (ANZ)	Commonwealth Bank (CBA)	National Australia Bank (NAB)	Westpac Bank (WBC)
Cash¹	4.15%	4.10%	4.20%	4.15%
TOP TAX RATE (46.5%)	\$2,220	\$2,194	\$2,247	\$2,220
SUPER TAX RATE (15%)	\$3,528	\$3,485	\$3,570	\$3,528
SUPER TAX RATE - PENSION MODE (0%)	\$4,150	\$4,100	\$4,200	\$4,150
Debt²	5.56%	4.07%	5.59%	5.59%
TOP TAX RATE (46.5%)	\$2,975	\$2,177	\$2,991	\$2,991
SUPER TAX RATE (15%)	\$4,726	\$3,460	\$4,752	\$4,752
SUPER TAX RATE - PENSION MODE (0%)	\$5,560	\$4,070	\$5,590	\$5,590
Hybrid³	4.33%	4.57%	n/a	4.36%
TOP TAX RATE (46.5%)	\$3,312	\$3,494	n/a	\$3,333
SUPER TAX RATE (15%)	\$5,262	\$5,551	n/a	\$5,296
SUPER TAX RATE - PENSION MODE (0%)	\$6,190	\$6,530	n/a	\$6,230
Equity⁴	5.94%	5.76%	6.98%	6.47%
TOP TAX RATE (46.5%)	\$4,540	\$4,405	\$5,337	\$4,944
SUPER TAX RATE (15%)	\$7,213	\$6,999	\$8,479	\$7,855
SUPER TAX RATE - PENSION MODE (0%)	\$8,485	\$8,234	\$9,976	\$9,241

1. Cash: We have utilised 12-month term deposit facilities, with interest paid at maturity (23 January 2013). 2. Debt: The debt positions are ASX listed subordinated notes, ANZHA, CBAHA, NABHA and WBCHA. Data has been referenced from the Bell Potter Hybrids Weekly Research Report (18 January 2013). We are using Net Running Yield. 3. Hybrid: The Hybrids are ASX listed Mandatory Convertible Preference Shares, ANZPC, CBAPC and WBCPC. Data has been referenced from the Bell Potter Hybrids Daily Research Report (18 January 2013). We are using Net Running Yield. 4. Equity: The Equity are ASX listed securities, ANZ, CBA, NAB and WBC. Yield and Franking is the Estimated Yield for FY2013 based on Bell Potter Research notes: ANZ (28 November 2012), CBA (7 November 2012), NAB (5 December 2012), WBC (5 November 2012). Close prices have been taken from the 18 January 2013.

A client in pension mode investing \$100,000 in the ANZ product suite (cash, debt, hybrid and equity), has a potential to earn 4.15% on cash, 5.56% on debt, 4.33% on hybrid (net running yield) and 5.94% on equity. However, the hybrid and equity yields are also fully franked, which will materially enhance 'real' (gross yield) distribution the client receives.

In effect the 0% tax paying client would receive \$4,150 on cash, \$5,560 on debt, \$6,190 on hybrid and a startling \$8,485 on equity on an after tax basis. Similarly a tax payer on the highest marginal rate of 46.5% investing \$100,000 would receive \$2,220 on cash, \$2,975 on debt, \$3,312 on hybrid, and \$4,540 on equity on an after tax basis.

We have clearly not factored in any appreciation or deterioration on the underlying debt, hybrid and equity positions, and we would acknowledge that equity positions tend to be a more volatile asset class and are exposed to downside risk. However, I would note that each debt and hybrid position referenced in this note is currently trading above face value, and will clearly only redeem for its face value.

Table 2 - Australian Banks Historical Dividend and Share Price Movement (2005-2012)

ASX Code	Company name		2005	2006	2007	2008	2009	2010	2011	2012	FY12, Share Price Close	
ANZ	ANZ Banking Group	Dividend	\$ 1.100	\$ 1.250	\$ 1.360	\$ 1.360	\$ 1.020	\$ 1.260	\$ 1.400	\$ 1.450	Net Yield	5.8%
		Franking	\$ 0.471	\$ 0.536	\$ 0.583	\$ 0.583	\$ 0.437	\$ 0.540	\$ 0.600	\$ 0.621	Franking	100%
		Gross Dividend	\$ 1.571	\$ 1.786	\$ 1.943	\$ 1.943	\$ 1.457	\$ 1.800	\$ 2.000	\$ 2.071	Gross Yield	8.3%
		Shareprice Close	\$ 23.950	\$ 28.210	\$ 27.460	\$ 15.290	\$ 22.880	\$ 23.350	\$ 20.530	\$ 25.050		
		Shareprice Average	\$ 22.143	\$ 26.767	\$ 29.041	\$ 19.025	\$ 18.193	\$ 23.149	\$ 21.571	\$ 22.997		
CBA	Commonwealth Bank of Australia	Commonwealth Bank	\$ 1.970	\$ 2.240	\$ 2.560	\$ 2.660	\$ 2.280	\$ 2.900	\$ 3.200	\$ 3.340	Net Yield	5.4%
		Dividend	\$ 0.844	\$ 0.960	\$ 1.097	\$ 1.140	\$ 0.977	\$ 1.243	\$ 1.371	\$ 1.431	Franking	100%
		Gross Dividend	\$ 2.814	\$ 3.200	\$ 3.657	\$ 3.800	\$ 3.257	\$ 4.143	\$ 4.571	\$ 4.771	Gross Yield	7.7%
		Shareprice Close	\$ 42.750	\$ 49.480	\$ 59.100	\$ 28.900	\$ 54.850	\$ 50.770	\$ 49.220	\$ 62.180		
		Shareprice Average	\$ 37.403	\$ 45.220	\$ 54.805	\$ 41.246	\$ 40.600	\$ 52.267	\$ 49.265	\$ 53.385		
NAB	National Australia Bank	Dividend	\$ 1.660	\$ 1.670	\$ 1.820	\$ 1.940	\$ 1.460	\$ 1.520	\$ 1.720	\$ 1.800	Net Yield	7.2%
		Franking	\$ 0.711	\$ 0.716	\$ 0.780	\$ 0.831	\$ 0.626	\$ 0.651	\$ 0.737	\$ 0.771	Franking	100%
		Gross Dividend	\$ 2.371	\$ 2.386	\$ 2.600	\$ 2.771	\$ 2.086	\$ 2.171	\$ 2.457	\$ 2.571	Gross Yield	10.3%
		Shareprice Close	\$ 32.400	\$ 40.400	\$ 37.790	\$ 20.870	\$ 27.400	\$ 23.700	\$ 23.360	\$ 25.000		
		Shareprice Average	\$ 30.860	\$ 36.349	\$ 40.465	\$ 26.552	\$ 24.172	\$ 25.332	\$ 24.356	\$ 25.261		
WBC	Westpac Banking Corporation	Dividend	\$ 1.000	\$ 1.160	\$ 1.310	\$ 1.420	\$ 1.160	\$ 1.390	\$ 1.560	\$ 1.660	Net Yield	6.4%
		Franking	\$ 0.429	\$ 0.497	\$ 0.561	\$ 0.609	\$ 0.497	\$ 0.596	\$ 0.669	\$ 0.711	Franking	100%
		Gross Dividend	\$ 1.429	\$ 1.657	\$ 1.871	\$ 2.029	\$ 1.657	\$ 1.986	\$ 2.229	\$ 2.371	Gross Yield	9.1%
		Shareprice Close	\$ 22.750	\$ 24.240	\$ 27.920	\$ 16.970	\$ 25.300	\$ 22.210	\$ 20.000	\$ 26.040		
		Shareprice Average	\$ 20.186	\$ 23.336	\$ 26.914	\$ 21.604	\$ 21.179	\$ 23.670	\$ 21.649	\$ 22.666		

However, clients wanting greater surety in the underlying yield on equity need to carefully invest in a portfolio of assets to remove company specific risk. This can be achieved by investing directly in a portfolio of assets and can also be augmented by or executed with an LIC.

LICs offer a diversified portfolio of securities managed by a professional investor and supported by a board of executives. In some respects, this is not dissimilar to a managed fund (unit trust) with the exception of an LIC being listed on the ASX and in a closed end structure. Further, LICs are able to better smooth distributions as they are not required to distribute realised capital gains and income incurred in a period. This can materially improve the surety of distribution to clients.

It is worth noting that 20 of the 21 domestic equity focused LICs in our universe have distributed fully franked income. If we normalise dividend data for special dividends, it may also be surprising to note that 7 of the 21 LICs either held their dividend steady or increased it incrementally since the start of the GFC in 2007 (AFI, DJW, AUI, CIN, DUI, WHF, MIR). However, what is perhaps most interesting, is that of the 17 that were operating in 2006, 15 are now yielding a higher distribution notwithstanding falls in income through that period.

Further, if you look at the LICs with a large capitalisation investment focus, the average dividend from 2007 was 3.3% higher (excluding CYA), large to medium 4.3% lower, and medium to small fell 17.1% lower. Clearly this shows the increased volatility of the distribution capability of LICs investing in smaller capitalised companies, however, it also highlights the ability and skill of certain LICs to manage distributions through extended periods of difficulty.

Please note that this article does not constitute taxation advice. Please consult your taxation adviser for advice on such matters. Each prospective investor should obtain professional taxation advice before contemplating any strategy.

LISTED INVESTMENT COMPANIES.

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ASX Code	Investment Focus			2005	2006	2007	2008	2009	2010	2011	2012	FY 12, Share Price Close	
AFI	AFC	Large	Net Dividend	\$ 0.160	\$ 0.170	\$ 0.210	\$ 0.210	\$ 0.210	\$ 0.210	\$ 0.210	\$ 0.210	Net Yield	4.2%
			Franking	\$ 0.069	\$ 0.073	\$ 0.090	\$ 0.090	\$ 0.090	\$ 0.090	\$ 0.090	\$ 0.090	Franking	100%
			Gross Dividend	\$ 0.229	\$ 0.243	\$ 0.300	\$ 0.300	\$ 0.300	\$ 0.300	\$ 0.300	\$ 0.300	Gross Yield	6.0%
			Share Price Close	\$ 4.320	\$ 5.150	\$ 6.140	\$ 3.950	\$ 5.200	\$ 4.950	\$ 4.030	\$ 5.040		
			Share Price Average	\$ 3.835	\$ 4.665	\$ 5.724	\$ 4.880	\$ 4.589	\$ 4.923	\$ 4.451	\$ 4.386		
ARG	Argo Investments	Large	Net Dividend	\$ 0.186	\$ 0.235	\$ 0.268	\$ 0.300	\$ 0.270	\$ 0.250	\$ 0.260	\$ 0.260	Net Yield	4.2%
			Franking	\$ 0.080	\$ 0.101	\$ 0.115	\$ 0.129	\$ 0.116	\$ 0.107	\$ 0.111	\$ 0.111	Franking	100%
			Gross Dividend	\$ 0.266	\$ 0.336	\$ 0.382	\$ 0.429	\$ 0.386	\$ 0.357	\$ 0.371	\$ 0.371	Gross Yield	6.0%
			Share Price Close	\$ 6.432	\$ 7.844	\$ 8.160	\$ 5.340	\$ 6.810	\$ 6.320	\$ 5.060	\$ 6.150		
			Share Price Average	\$ 5.681	\$ 6.989	\$ 8.064	\$ 6.786	\$ 6.006	\$ 6.142	\$ 5.569	\$ 5.369		
DJW	Djerriw arrh Investments	Large	Net Dividend	\$ 0.219	\$ 0.224	\$ 0.260	\$ 0.260	\$ 0.260	\$ 0.260	\$ 0.260	\$ 0.260	Net Yield	6.4%
			Franking	\$ 0.094	\$ 0.096	\$ 0.111	\$ 0.111	\$ 0.111	\$ 0.111	\$ 0.111	\$ 0.111	Franking	100%
			Gross Dividend	\$ 0.312	\$ 0.319	\$ 0.371	\$ 0.371	\$ 0.371	\$ 0.371	\$ 0.371	\$ 0.371	Gross Yield	9.1%
			Share Price Close	\$ 4.093	\$ 4.780	\$ 5.300	\$ 3.540	\$ 4.560	\$ 4.220	\$ 3.520	\$ 4.080		
			Share Price Average	\$ 3.714	\$ 4.428	\$ 4.945	\$ 4.233	\$ 3.927	\$ 4.174	\$ 3.852	\$ 3.797		
AUI	Australian United	Large	Net Dividend	\$ 0.170	\$ 0.195	\$ 0.230	\$ 0.250	\$ 0.250	\$ 0.255	\$ 0.265	\$ 0.280	Net Yield	4.3%
			Franking	\$ 0.073	\$ 0.084	\$ 0.099	\$ 0.107	\$ 0.107	\$ 0.109	\$ 0.114	\$ 0.120	Franking	100%
			Gross Dividend	\$ 0.243	\$ 0.279	\$ 0.329	\$ 0.357	\$ 0.357	\$ 0.364	\$ 0.379	\$ 0.400	Gross Yield	6.1%
			Share Price Close	\$ 6.350	\$ 7.900	\$ 9.050	\$ 5.300	\$ 7.400	\$ 6.750	\$ 5.470	\$ 6.580		
			Share Price Average	\$ 5.563	\$ 7.257	\$ 8.745	\$ 7.271	\$ 5.873	\$ 6.687	\$ 6.108	\$ 5.877		
CYA	Century Australia	Large	Net Dividend	\$ 0.050	\$ 0.070	\$ 0.090	\$ 0.100	\$ 0.090	\$ 0.085	\$ -	\$ 0.027	Net Yield	3.8%
			Franking	\$ 0.021	\$ 0.030	\$ 0.039	\$ 0.043	\$ 0.039	\$ 0.036	\$ -	\$ 0.012	Franking	100%
			Gross Dividend	\$ 0.071	\$ 0.100	\$ 0.129	\$ 0.143	\$ 0.129	\$ 0.121	\$ -	\$ 0.039	Gross Yield	5.4%
			Share Price Close	\$ 1.030	\$ 1.207	\$ 1.253	\$ 0.636	\$ 0.808	\$ 0.770	\$ 0.630	\$ 0.720		
			Share Price Average	\$ 0.947	\$ 1.099	\$ 1.250	\$ 0.995	\$ 0.752	\$ 0.760	\$ 0.701	\$ 0.631		
MLT	Milton Corporation	Large/Medium	Net Dividend	\$ 0.600	\$ 0.700	\$ 0.810	\$ 0.880	\$ 0.780	\$ 0.710	\$ 0.760	\$ 0.780	Net Yield	4.4%
			Franking	\$ 0.257	\$ 0.300	\$ 0.347	\$ 0.377	\$ 0.334	\$ 0.304	\$ 0.326	\$ 0.334	Franking	100%
			Gross Dividend	\$ 0.857	\$ 1.000	\$ 1.157	\$ 1.257	\$ 1.114	\$ 1.014	\$ 1.086	\$ 1.114	Gross Yield	6.3%
			Share Price Close	\$ 19.300	\$ 21.623	\$ 22.815	\$ 14.404	\$ 17.992	\$ 16.088	\$ 14.500	\$ 17.680		
			Share Price Average	\$ 16.809	\$ 20.140	\$ 22.820	\$ 18.169	\$ 15.496	\$ 16.662	\$ 15.209	\$ 15.688		
BKI	BKI Investment	Large/Medium	Net Dividend	\$ 0.043	\$ 0.050	\$ 0.053	\$ 0.060	\$ 0.060	\$ 0.053	\$ 0.060	\$ 0.064	Net Yield	4.7%
			Franking	\$ 0.018	\$ 0.021	\$ 0.023	\$ 0.026	\$ 0.026	\$ 0.023	\$ 0.026	\$ 0.027	Franking	100%
			Gross Dividend	\$ 0.061	\$ 0.071	\$ 0.076	\$ 0.086	\$ 0.086	\$ 0.075	\$ 0.086	\$ 0.091	Gross Yield	6.6%
			Share Price Close	\$ 1.224	\$ 1.507	\$ 1.387	\$ 0.944	\$ 1.269	\$ 1.244	\$ 1.155	\$ 1.375		
			Share Price Average	\$ 1.121	\$ 1.325	\$ 1.446	\$ 1.195	\$ 1.094	\$ 1.215	\$ 1.185	\$ 1.229		
CIN	Carlton Investments	Large/Medium	Net Dividend	\$ 0.500	\$ 0.540	\$ 0.600	\$ 0.670	\$ 0.670	\$ 0.670	\$ 0.780	\$ 0.840	Net Yield	4.3%
			Franking	\$ 0.214	\$ 0.231	\$ 0.257	\$ 0.287	\$ 0.287	\$ 0.287	\$ 0.334	\$ 0.360	Franking	100%
			Gross Dividend	\$ 0.714	\$ 0.771	\$ 0.857	\$ 0.957	\$ 0.957	\$ 0.957	\$ 1.114	\$ 1.200	Gross Yield	6.1%
			Share Price Close	\$ 16.800	\$ 19.900	\$ 20.300	\$ 14.400	\$ 18.010	\$ 17.990	\$ 15.450	\$ 19.700		
			Share Price Average	\$ 15.338	\$ 17.947	\$ 21.073	\$ 17.068	\$ 14.574	\$ 17.089	\$ 16.135	\$ 16.952		
DUI	Diversified United	Large/Medium	Net Dividend	\$ 0.082	\$ 0.094	\$ 0.120	\$ 0.130	\$ 0.130	\$ 0.130	\$ 0.130	\$ 0.130	Net Yield	4.6%
			Franking	\$ 0.035	\$ 0.040	\$ 0.051	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	Franking	100%
			Gross Dividend	\$ 0.117	\$ 0.134	\$ 0.171	\$ 0.186	\$ 0.186	\$ 0.186	\$ 0.186	\$ 0.186	Gross Yield	6.5%
			Share Price Close	\$ 2.701	\$ 3.550	\$ 3.970	\$ 2.460	\$ 3.200	\$ 2.910	\$ 2.290	\$ 2.850		
			Share Price Average	\$ 2.372	\$ 3.266	\$ 3.903	\$ 3.262	\$ 2.595	\$ 2.972	\$ 2.607	\$ 2.512		
WHF	Whitefield	Large/Medium	Net Dividend	\$ 0.142	\$ 0.155	\$ 0.159	\$ 0.166	\$ 0.170	\$ 0.170	\$ 0.170	\$ 0.170	Net Yield	5.5%
			Franking	\$ 0.061	\$ 0.066	\$ 0.068	\$ 0.071	\$ 0.073	\$ 0.073	\$ 0.073	\$ 0.073	Franking	100%
			Gross Dividend	\$ 0.203	\$ 0.221	\$ 0.227	\$ 0.237	\$ 0.243	\$ 0.243	\$ 0.243	\$ 0.243	Gross Yield	7.9%
			Share Price Close	\$ 3.750	\$ 4.350	\$ 4.540	\$ 2.680	\$ 3.350	\$ 2.900	\$ 2.500	\$ 3.090		
			Share Price Average	\$ 3.427	\$ 4.047	\$ 4.639	\$ 3.433	\$ 2.624	\$ 3.061	\$ 2.756	\$ 2.779		
AMH	AMCIL	Large/Medium	Net Dividend	\$ 0.020	\$ 0.020	\$ 0.060	\$ 0.030	\$ 0.020	\$ 0.020	\$ 0.035	\$ 0.025	Net Yield	3.1%
			Franking	\$ 0.009	\$ 0.009	\$ 0.026	\$ 0.013	\$ 0.009	\$ 0.009	\$ 0.015	\$ 0.011	Franking	100%
			Gross Dividend	\$ 0.029	\$ 0.029	\$ 0.086	\$ 0.043	\$ 0.029	\$ 0.029	\$ 0.050	\$ 0.036	Gross Yield	4.5%
			Share Price Close	\$ 0.540	\$ 0.675	\$ 0.800	\$ 0.450	\$ 0.685	\$ 0.665	\$ 0.640	\$ 0.795		
			Share Price Average	\$ 0.501	\$ 0.594	\$ 0.759	\$ 0.658	\$ 0.600	\$ 0.653	\$ 0.668	\$ 0.733		
CAM	Clime Capital	Large/Medium	Net Dividend	\$ 0.015	\$ 0.032	\$ 0.041	\$ 0.022	\$ 0.031	\$ 0.033	\$ 0.036	\$ 0.039	Net Yield	3.6%
			Franking	\$ 0.006	\$ 0.014	\$ 0.018	\$ 0.009	\$ 0.013	\$ 0.014	\$ 0.015	\$ 0.017	Franking	100%
			Gross Dividend	\$ 0.021	\$ 0.046	\$ 0.059	\$ 0.031	\$ 0.045	\$ 0.046	\$ 0.051	\$ 0.055	Gross Yield	5.2%
			Share Price Close	\$ 0.716	\$ 0.831	\$ 1.019	\$ 0.588	\$ 0.846	\$ 0.847	\$ 0.844	\$ 1.060		
			Share Price Average	\$ 0.703	\$ 0.768	\$ 1.023	\$ 0.701	\$ 0.699	\$ 0.810	\$ 0.867	\$ 0.908		
FSI	Flagship Investments	Large/Medium	Net Dividend	\$ 0.060	\$ 0.068	\$ 0.080	\$ 0.085	\$ 0.085	\$ 0.085	\$ 0.085	\$ 0.060	Net Yield	4.8%
			Franking	\$ 0.026	\$ 0.029	\$ 0.034	\$ 0.036	\$ 0.036	\$ 0.036	\$ 0.036	\$ 0.026	Franking	100%
			Gross Dividend	\$ 0.085	\$ 0.096	\$ 0.114	\$ 0.121	\$ 0.121	\$ 0.121	\$ 0.121	\$ 0.086	Gross Yield	6.9%
			Share Price Close	\$ 1.400	\$ 1.970	\$ 1.870	\$ 1.200	\$ 1.490	\$ 1.380	\$ 1.160	\$ 1.250		
			Share Price Average	\$ 1.284	\$ 1.697	\$ 1.961	\$ 1.430	\$ 1.256	\$ 1.422	\$ 1.337	\$ 1.140		
MIR	Mirrabooka	Medium/Small	Net Dividend	\$ 0.060	\$ 0.070	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100	Net Yield	4.6%
			Franking	\$ 0.026	\$ 0.030	\$ 0.043	\$ 0.043	\$ 0.043	\$ 0.043	\$ 0.043	\$ 0.043	Franking	100%
			Gross Dividend	\$ 0.086	\$ 0.100	\$ 0.142	\$ 0.143	\$ 0.143	\$ 0.143	\$ 0.143	\$ 0.143	Gross Yield	6.6%
			Share Price Close	\$ 1.698	\$ 2.098	\$ 2.347	\$ 1.330	\$ 2.110	\$ 1.785	\$ 1.680	\$ 2.160		
			Share Price Average	\$ 1.547	\$ 1.815	\$ 2.292	\$ 1.746	\$ 1.660	\$ 1.781	\$ 1.760	\$ 1.900		
WAM	WAM Capital	Medium/Small	Net Dividend	\$ 0.104	\$ 0.122	\$ 0.156	\$ 0.078	\$ 0.039	\$ 0.078	\$ 0.097	\$ 0.109	Net Yield	6.5%
			Franking	\$ 0.045	\$ 0.052	\$ 0.067	\$ 0.033	\$ 0.017	\$ 0.033	\$ 0.042	\$ 0.047	Franking	100%
			Gross Dividend	\$ 0.149	\$ 0.174	\$ 0.223	\$ 0.111	\$ 0.056	\$ 0.111	\$ 0.139	\$ 0.155	Gross Yield	9.3%
			Share Price Close	\$ 1.284	\$ 1.738	\$ 1.635	\$ 0.813	\$ 1.261	\$ 1.436	\$ 1.441	\$ 1.670		
			Share Price Average	\$ 1.273	\$ 1.452	\$ 1.827	\$ 1.177	\$ 1.043	\$ 1.256	\$ 1.489	\$ 1.592		

LISTED INVESTMENT COMPANIES.

6

ASX Code			Company name	2005	2006	2007	2008	2009	2010	2011	2012	FY12, Share Price Close	
WIC	WestOz Investment Co.	Medium/Small	Net Dividend	n/a	n/a	n/a	n/a	n/a	\$ 0.100	\$ 0.110	\$ 0.040	Net Yield	3.7%
			Franking	n/a	n/a	n/a	n/a	n/a	\$ 0.043	\$ 0.047	\$ 0.017	Franking	100%
			Gross Dividend	n/a	n/a	n/a	n/a	n/a	\$ 0.143	\$ 0.157	\$ 0.057	Gross Yield	5.3%
			Share Price Close	n/a	n/a	n/a	n/a	\$ 1.100	\$ 1.120	\$ 0.870	\$ 1.080		
			Share Price Average	n/a	n/a	n/a	n/a	\$ 1.098	\$ 1.055	\$ 1.037	\$ 0.968		
WAX	WAM Research	Medium/Small	Net Dividend	\$ 0.040	\$ 0.050	\$ 0.055	\$ 0.050	\$ 0.040	\$ 0.052	\$ 0.060	\$ 0.065	Net Yield	7.1%
			Franking	\$ 0.017	\$ 0.021	\$ 0.024	\$ 0.021	\$ 0.017	\$ 0.022	\$ 0.026	\$ 0.028	Franking	100%
			Gross Dividend	\$ 0.057	\$ 0.071	\$ 0.079	\$ 0.071	\$ 0.057	\$ 0.074	\$ 0.086	\$ 0.093	Gross Yield	10.2%
			Share Price Close	\$ 0.898	\$ 1.060	\$ 1.011	\$ 0.515	\$ 0.741	\$ 0.715	\$ 0.665	\$ 0.910		
			Share Price Average	\$ 0.905	\$ 0.944	\$ 1.108	\$ 0.733	\$ 0.652	\$ 0.698	\$ 0.727	\$ 0.770		
WAA	WAM Active	Medium/Small	Net Dividend	n/a	n/a	n/a	n/a	\$ 0.020	\$ 0.060	\$ 0.080	\$ 0.090	Net Yield	8.0%
			Franking	n/a	n/a	n/a	n/a	\$ 0.009	\$ 0.026	\$ 0.034	\$ 0.039	Franking	100%
			Gross Dividend	n/a	n/a	n/a	n/a	\$ 0.029	\$ 0.086	\$ 0.114	\$ 0.129	Gross Yield	11.5%
			Share Price Close	n/a	n/a	n/a	\$ 0.705	\$ 0.984	\$ 1.015	\$ 1.010	\$ 1.120		
			Share Price Average	n/a	n/a	n/a	\$ 0.904	\$ 0.894	\$ 1.034	\$ 1.045	\$ 1.083		
CTN	Contango Microcap	Small	Net Dividend	\$ 0.044	\$ 0.058	\$ 0.074	\$ 0.080	\$ -	\$ 0.070	\$ 0.072	\$ 0.085	Net Yield	8.5%
			Franking	\$ 0.019	\$ 0.025	\$ 0.032	\$ 0.034	\$ -	\$ 0.030	\$ 0.031	\$ -	Franking	0%
			Gross Dividend	\$ 0.063	\$ 0.083	\$ 0.105	\$ 0.114	\$ -	\$ 0.100	\$ 0.103	\$ 0.121	Gross Yield	12.2%
			Share Price Close	\$ 0.923	\$ 1.487	\$ 1.760	\$ 0.620	\$ 1.000	\$ 1.255	\$ 0.890	\$ 0.995		
			Share Price Average	\$ 0.896	\$ 1.162	\$ 1.782	\$ 1.138	\$ 0.870	\$ 0.962	\$ 1.128	\$ 1.013		
CDM	Cadence Capital	Absolute (long/short)	Net Dividend	n/a	n/a	\$ 0.037	\$ 0.023	\$ 0.019	\$ 0.037	\$ 0.057	\$ 0.079	Net Yield	5.4%
			Franking	n/a	n/a	\$ 0.016	\$ 0.010	\$ 0.008	\$ 0.016	\$ 0.025	\$ 0.034	Franking	100%
			Gross Dividend	n/a	n/a	\$ 0.053	\$ 0.033	\$ 0.027	\$ 0.053	\$ 0.082	\$ 0.113	Gross Yield	7.8%
			Share Price Close	n/a	n/a	\$ 0.948	\$ 0.592	\$ 0.725	\$ 0.866	\$ 1.163	\$ 1.450		
			Share Price Average	n/a	n/a	\$ 1.052	\$ 0.790	\$ 0.628	\$ 0.714	\$ 1.121	\$ 1.330		
ALF	Australian Leaders Fund	Absolute (long/short)	Net Dividend	\$ 0.037	\$ 0.058	\$ 0.080	\$ 0.060	\$ 0.040	\$ 0.080	\$ 0.110	\$ 0.110	Net Yield	8.0%
			Franking	\$ 0.016	\$ 0.025	\$ 0.034	\$ 0.026	\$ 0.017	\$ 0.034	\$ 0.047	\$ 0.047	Franking	100%
			Gross Dividend	\$ 0.053	\$ 0.083	\$ 0.114	\$ 0.086	\$ 0.057	\$ 0.114	\$ 0.157	\$ 0.157	Gross Yield	11.4%
			Share Price Close	\$ 0.850	\$ 1.089	\$ 1.102	\$ 0.614	\$ 1.111	\$ 1.160	\$ 1.050	\$ 1.375		
			Share Price Average	\$ 0.850	\$ 0.958	\$ 1.122	\$ 0.792	\$ 0.945	\$ 1.114	\$ 1.190	\$ 1.223		

Universe Summary

On an weighted average basis, the LICs within the Bell Potter universe are trading at an average discount to pre-tax NTA of 1.8% as at 31 December 2012, a stunning turnaround from the 6.0% discount at 30 September 2012. This was mirrored on an arithmetic basis falling to -6.9% from the -10.0% recorded in the prior period. This contraction was predominately led by the domestic LICs, with discounts improving to -1.1% from the -5.3% recorded in the prior quarter. A slightly more sedate outcome was recorded for the international LICs although discounts did improve from -13.6% to -12.2%. Specialist LICs traded at a discount of 18.3% over the quarter, however, were impacted by the removal of GMI and PRV during the quarter, and we have reallocated ABW into this sector.

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

ASX Code	Company name	Investment Mandate	Market Cap (\$m)	Price (\$)	Pre-tax NTA (\$)	Prem/ (Disc) to pre-tax NTA (%)	Post-tax NTA (\$)	Prem/ (Disc) to post-tax NTA (%)	12 Mth Dividend Per Share (\$)*	Net Dividend Yield (%)*	Franking (%)	Gross Dividend Yield (%)*	Indirect Cost Ratio 2012 (%)
Domestic Equity													
AFI	AFIC	Large	5,212	5.04	4.93	2.2	4.26	18.3	0.210	4.17	100	5.95	0.19
ARG	Argo Investments	Large	3,867	6.15	6.26	-1.8	5.64	9.0	0.260	4.23	100	6.04	0.18
DJW	Djerriwarrh Investments	Large	892	4.08	3.45	18.3	3.40	20.0	0.260	6.37	100	9.10	0.41
AUI	Australian United	Large	700	6.58	7.15	-8.0	6.32	4.1	0.280	4.26	100	6.08	0.13
CYA	Century Australia	Large	57	0.72	0.82	-12.6	0.82	-12.2	0.027	3.75	100	5.36	1.08
MLT	Milton Corporation	Large/Medium	2,150	17.68	18.42	-4.0	16.88	4.7	0.780	4.41	100	6.30	0.16
BKI	BKI Investment	Large/Medium	611	1.38	1.45	-5.2	1.37	0.4	0.064	4.65	100	6.65	0.18
CIN	Carlton Investments	Large/Medium	524	19.70	23.36	-15.7	20.37	-3.3	0.840	4.26	100	6.09	0.12
DUI	Diversified United	Large/Medium	480	2.85	3.12	-8.7	2.79	2.2	0.130	4.56	100	6.52	0.17
WHF	Whitefield	Large/Medium	235	3.09	3.40	-9.1	3.47	-11.0	0.170	5.50	100	7.86	0.35
AMH	AMCIL	Large/Medium	166	0.80	0.83	-4.5	0.79	0.6	0.025	3.14	100	4.49	0.84
CAM	Clime Capital	Large/Medium	58	1.06	1.16	-8.6	1.12	-5.4	0.040	3.77	100	5.39	2.34
FSI	Flagship Investments	Large/Medium	30	1.25	1.43	-12.4	1.37	-8.7	0.060	4.80	100	6.86	1.31
MIR	Mirrabooka	Medium/Small	297	2.16	2.02	6.9	1.84	17.4	0.100	4.63	100	6.61	0.79
WAM	WAM Capital	Medium/Small	286	1.67	1.71	-2.5	1.67	0.1	0.110	6.59	100	9.41	2.03
WIC	WestOz Investment Co.	Medium/Small	138	1.08	1.43	-24.4	1.37	-21.2	0.040	3.70	100	5.29	1.22
WAX	WAM Research	Medium/Small	111	0.91	0.96	-5.6	0.96	-5.6	0.065	7.14	100	10.20	1.89
WAA	WAM Active	Medium/Small	154	1.12	1.10	1.5	1.08	3.9	0.090	8.04	100	11.48	4.62
CTN	Contango Microcap	Small	149	1.00	1.17	-15.1	1.15	-13.3	0.085	8.54	0	8.54	2.43
CDM	Cadence Capital	Absolute (long/short)	96	1.45	1.35	7.3	1.37	5.7	0.125	8.62	100	12.32	2.73
ALF	Australian Leaders Fund	Absolute (long/short)	97	1.38	1.41	-2.5	1.34	2.6	0.110	8.00	100	11.43	1.93
International Equity													
MFF	Magellan Flagship Fund	Global	333	0.97	0.99	-2.1	0.99	-2.1	0.010	1.04	26	1.13	1.47
HHV	Hunter Hall Global Value	Global	185	0.82	0.97	-15.8	0.97	-15.8	0.000	0.00	0	0.00	1.68
PMC	Platinum Capital	Global	177	1.07	1.21	-11.3	1.21	-11.3	0.000	0.00	100	0.00	2.04
TGG	Templeton Global Growth	Global	113	0.79	0.96	-17.7	0.96	-17.7	0.015	1.90	100	2.71	1.72
AGF	AMP Capital China Growth	China	237	0.67	0.85	-21.8	0.85	-21.8	0.024	3.56	0	3.56	2.19
Specialist													
HHY	Hastings High Yield	Fixed income	86	0.83	1.04	-20.3	1.04	-20.3	0.483	58.13	0	58.18	0.80
ABW	Aurora Absolute	Income	9	1.07	1.06	0.7	1.06	0.7	0.083	7.79	0	7.79	1.64
Arithmetic Average (All)						-6.9		-2.9		6.6		8.3	1.31
Weighted Average (All)						-1.8		8.2		4.6		6.4	0.45
Weighted Average (Domestic Market Cap - Over \$500m)						0.5		12.6		4.4		6.3	0.19
Weighted Average (Domestic Market Cap - Under \$500m)						-6.9		-0.9		5.3		7.4	0.98
Weighted Average (Domestic All)						-1.1		9.7		4.6		6.5	0.36
Weighted Average (International Equity)						-12.2		-12.2		1.3		1.5	1.79
Weighted Average (Specialist)						-18.3		-18.3		53.2		53.2	0.88

* based on historical dividends

Source: Company data, Iress and Bell Potter

Investment Performance

In the table below, we have evaluated our LICs using the performance of both the pre-tax NTA and 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 2: Pre-tax NTA and Share Price and Performance

Pre-tax NTA													Share price									
ASX Code	ASX Listed Investment Companies	Investment Mandate	Performance					Value-add+					Performance					Value-add+				
			Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10
Domestic Equity																						
AFI	AFIC	Large	20.4	3.9	0.8	5.5	9.8	0.1	0.9	2.4	1.4	0.7	31.3	3.7	0.6	6.7	9.5	12.5	0.9	2.6	2.5	0.4
ARG	Argo Investments	Large	21.3	2.8	-0.7	4.1	9.1	2.5	0.0	1.3	-0.1	0.0	27.7	1.1	-1.2	3.6	8.0	8.9	-1.7	0.8	-0.6	-1.1
DJW	Djerriarrh Investments	Large	18.6	2.2	-0.7	4.5	8.5	-1.7	-0.8	0.9	0.4	-0.6	24.3	3.0	1.3	6.3	8.8	5.5	0.2	3.3	2.1	-0.3
AUI	Australian United	Large	20.9	1.7	-1.6	4.0	9.7	1.2	-1.1	0.2	-0.1	0.6	26.3	0.4	-2.3	4.2	8.9	7.5	-2.4	-0.3	0.0	-0.2
CYA	Century Australia	Large	6.1	1.0	-0.7	2.4	n/a	-13.6	-1.8	1.1	-1.7	n/a	19.5	3.7	-2.3	2.9	n/a	0.7	0.9	-0.3	-1.3	n/a
MLT	Milton Corporation	Large/Medium	20.0	4.7	0.1	4.4	9.5	1.2	1.9	2.1	0.2	0.4	28.2	4.2	-0.3	3.3	9.0	9.4	1.4	1.7	-0.9	-0.1
BKI	BKI Investment	Large/Medium	15.1	5.5	2.7	5.5	n/a	-4.6	2.7	4.5	1.4	n/a	25.5	8.5	5.3	6.9	n/a	6.7	5.7	7.3	2.7	n/a
CIN	Carlton Investments	Large/Medium	22.3	7.1	2.5	6.9	10.7	2.0	4.1	4.1	2.8	1.6	34.1	7.9	4.0	6.5	10.9	15.3	5.1	6.0	2.3	1.8
DUI	Diversified United	Large/Medium	23.7	1.9	-1.7	4.0	10.1	4.0	-0.9	0.1	-0.1	1.0	31.0	1.0	-1.9	5.1	10.0	12.2	-1.8	0.1	0.9	0.9
WHF	Whitefield	Large/Medium	27.8	3.7	-2.5	1.5	5.8	-0.2	-2.7	-2.0	-2.6	-2.6	31.4	3.4	-1.8	2.5	5.3	3.4	-3.0	-1.3	-1.6	-3.1
AMH	AMCIL	Large/Medium	15.5	7.6	4.8	6.9	n/a	-4.8	4.6	6.4	2.8	n/a	28.5	9.4	3.9	n/a	n/a	9.7	6.6	5.9	6.2	n/a
CAM	Clime Capital	Large/Medium	9.7	2.8	3.5	8.5	n/a	-9.1	0.0	5.5	4.3	n/a	29.6	12.2	3.7	9.4	n/a	10.8	9.4	5.7	5.2	n/a
FSI	Flagship Investments	Large/Medium	16.9	2.2	-1.0	3.2	8.6	-1.9	-0.6	1.0	-1.0	-0.5	13.6	-0.1	-2.0	3.9	6.7	-5.2	-2.9	0.0	-0.3	-2.4
MIR	Mirrrobooka	Medium/Small	18.6	8.2	1.7	6.4	11.8	8.9	9.4	8.3	5.3	3.3	35.8	6.4	4.1	9.0	13.4	17.0	3.6	6.1	4.8	4.3
WAM	WAM Capital	Medium/Small	18.9	7.9	4.9	9.4	12.9	0.1	5.1	6.9	5.2	3.8	24.1	17.2	6.2	10.7	11.7	5.3	14.4	8.2	6.5	2.6
WIC	WestOz Investment Co.	Medium/Small	19.6	8.9	n/a	n/a	n/a	0.8	6.1	n/a	n/a	n/a	29.6	7.0	n/a	n/a	n/a	10.8	4.2	n/a	n/a	n/a
WAX	WAM Research	Medium/Small	17.9	7.5	0.5	3.9	n/a	4.8	4.6	3.6	-0.2	n/a	48.4	16.6	5.8	7.4	n/a	35.3	13.7	8.9	3.3	n/a
WAA	WAM Active	Medium/Small	9.4	3.3	n/a	n/a	n/a	-9.4	0.5	n/a	n/a	n/a	20.4	12.2	n/a	n/a	n/a	1.6	9.4	n/a	n/a	n/a
CTN	Contango Microcap	Small	1.3	-3.9	-6.8	4.7	n/a	-17.5	-6.7	-4.8	0.5	n/a	21.4	7.7	-5.5	7.5	n/a	2.6	4.9	-3.5	3.3	n/a
CDM	Cadence Capital	Absolute (long/short)	14.4	19.1	6.0	6.6	n/a	-4.4	16.3	8.0	2.4	n/a	36.3	34.7	13.9	11.1	n/a	17.5	31.9	15.9	6.9	n/a
ALF	Australian Leaders Fund	Absolute (long/short)	25.2	6.9	8.6	12.2	n/a	6.4	4.1	10.6	8.0	n/a	43.1	16.6	13.1	16.2	n/a	24.3	13.8	15.1	12.0	n/a
International Equity																						
MFF	Magellan Flagship Fund	Global	21.5	9.7	2.3	n/a	n/a	9.7	10.0	8.9	n/a	n/a	39.3	15.1	4.4	n/a	n/a	27.5	15.4	11.0	n/a	n/a
HHV	Hunter Hall Global Value	Global	21.9	2.1	-2.4	n/a	n/a	7.5	0.2	2.0	n/a	n/a	21.5	1.7	-2.2	n/a	n/a	7.1	-0.2	2.2	n/a	n/a
PMC	Platinum Capital	Global	16.6	-0.8	1.5	2.2	6.1	1.9	-2.4	5.9	3.7	4.4	13.2	-11.0	-3.3	-4.1	-0.8	-1.5	-12.6	-5.0	-2.6	-2.5
TGG	Templeton Global Grow th	Global	17.6	0.8	-5.8	-2.6	1.2	3.8	-1.0	-1.3	-0.7	0.1	21.1	0.8	-7.5	-5.4	-1.7	7.3	-1.0	-3.0	-3.5	-2.8
AGF	AMP Capital China Grow th	China	6.5	-11.6	-12.8	n/a	n/a	-2.8	-0.5	-0.4	n/a	n/a	6.8	-11.5	-12.1	n/a	n/a	-2.5	-0.4	0.3	n/a	n/a
Specialist																						
HHY	Hastings High Yield	Fixed income	5.0	-1.0	3.5	n/a	n/a	-5.0	-11.0	-6.5	n/a	n/a	14.6	7.2	3.3	n/a	n/a	1.3	1.0	-2.6	n/a	n/a
ABW	Aurora Absolute	Income	4.2	4.1	6.1	n/a	n/a	0.4	-0.2	1.5	n/a	n/a	5.1	n/a	n/a	n/a	n/a	1.3	n/a	n/a	n/a	n/a

Source: Company data, Iress and Bell Potter

In order to assess an 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 those with a Large, Large to Medium, Medium to Small, Small market capitalisation investment focus and Absolute (Long/Short) investment focus, following our analysis of the LICs Top 20 holdings.

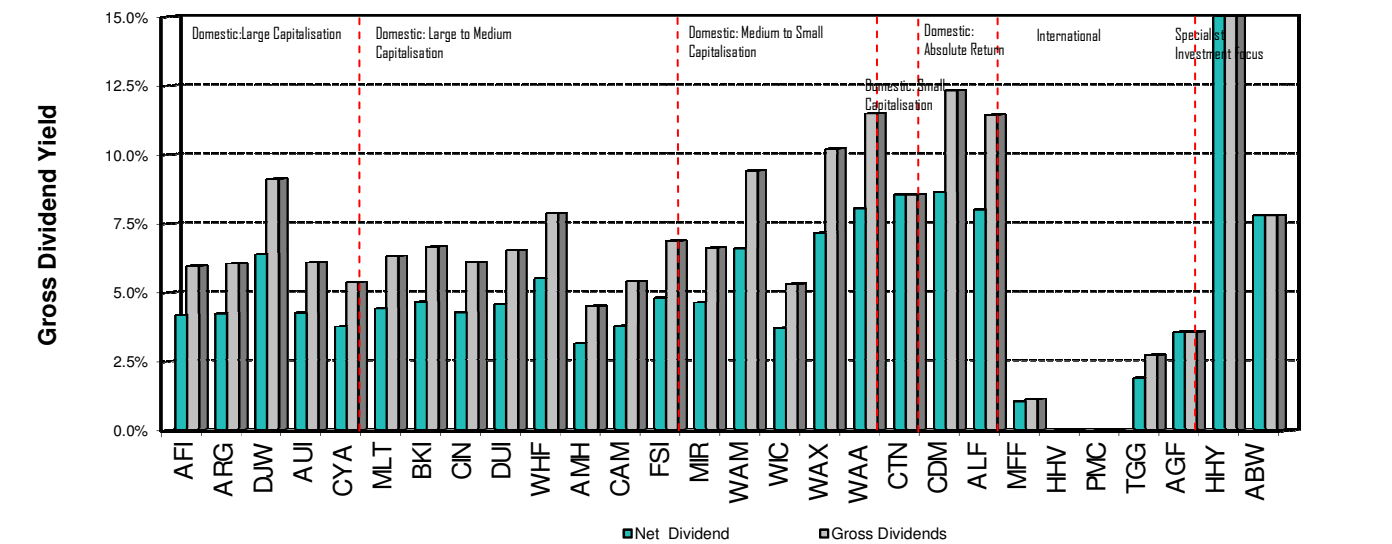
In general, the NTA has been benchmarked against the relative indices preferred by the manager and these should be most reflective of its mandate. The share price of each LIC has been benchmarked against the All Ordinaries index, given this is the broadest index on the ASX and the exchange in which each 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 Graph 1 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.

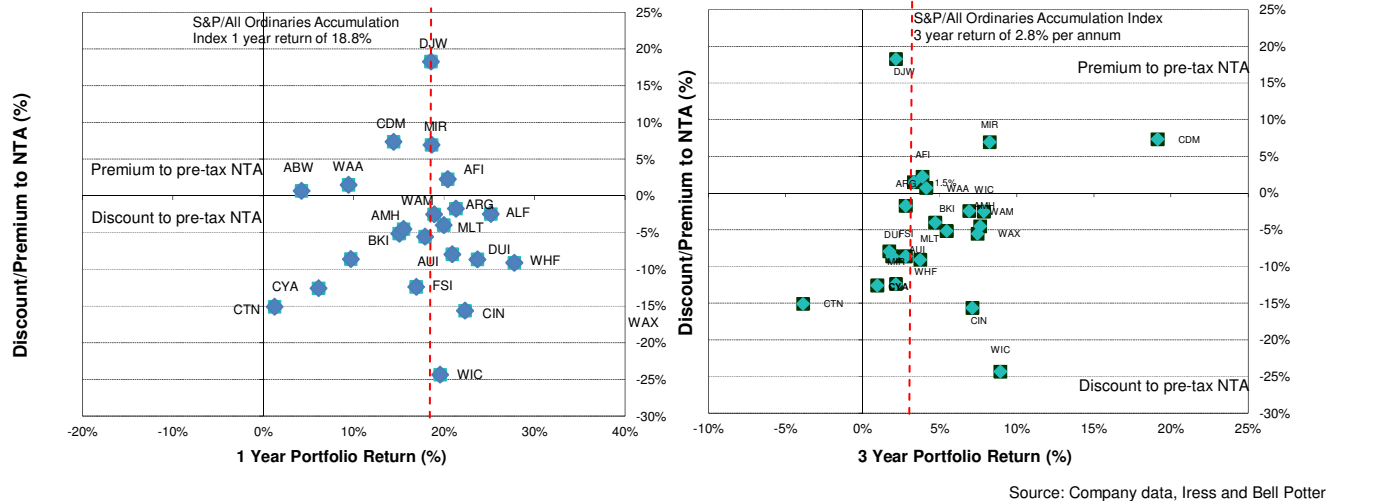
Graph 1: Historical Dividend Yield (Net and Gross)



Performance relative to NTA premium or discount

Graph 2 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 at quarter end. 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 2: Share price premium/discount v portfolio performance



Please note that the measurement of an 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.

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 there were number of movements between discounts and premiums to pre-tax NTA. In particular, DJW extended its premium from 14.5% to an astonishing 18.3%, alongside both CDM (from 2.4% to 7.3%) and MIR (from 1.4% to 6.9%) extending their premiums. AFIC also moved from a slight discount into premium (from -3.5 to 2.2%), and we saw a number of dramatic contractions including WIC (from -36.8% to -24.4%), CAM (from -15.9% to -8.6%), CIN (from -21.0% to -15.7%), FSI (from -18.8% to -12.4%) and AGF (from -27.8% to -21.85%).

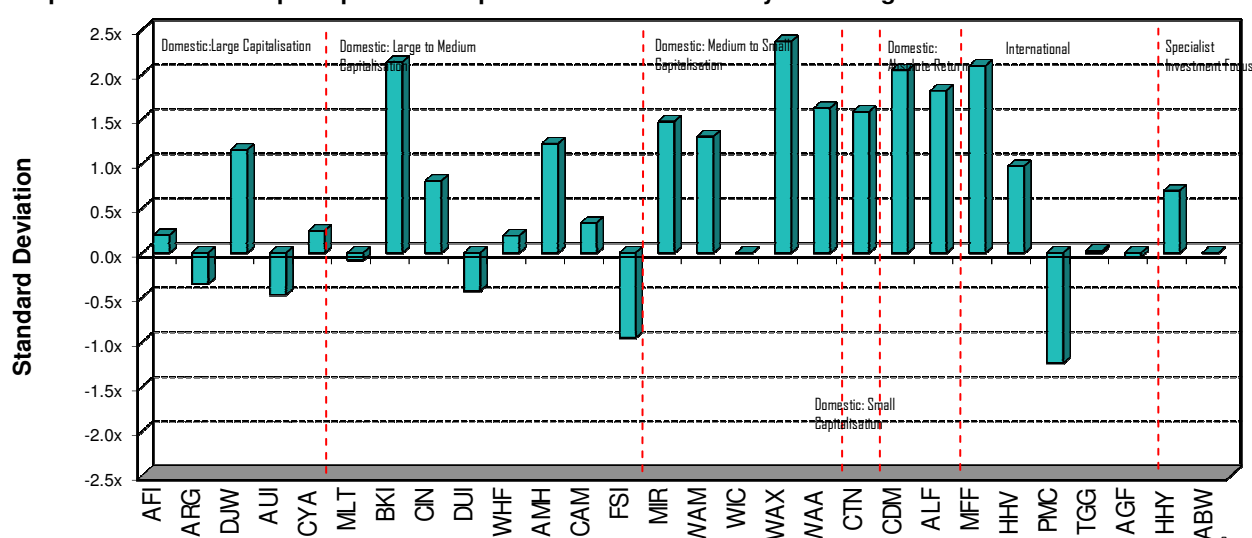
Table 3: Current share price premium/discount versus pre-tax NTA

Substantial premium		%	Approximately in line		%	Substantial discount		%
DJW	Djerriwarrh Investments	18.3	CDM	Cadence Capital	7.3	PMC	Platinum Capital	-11.3
			MIR	Mirrabeeka	6.9	FSI	Flagship Investments	-12.4
			AFI	AFIC	2.2	CYA	Century Australia	-12.6
			WAA	WAM Active	1.5	CAM	Contango Microcap	-15.1
			ABW	Aurora Absolute	0.7	CIN	Carlton Investments	-15.7
			ARG	Argo Investments	-1.8	HHV	Hunter Hall Global Value	-15.8
			MFF	Magellan Flagship Fund	-2.1	TGG	Templeton Global Growth	-17.7
			ALF	Australian Leaders Fund	-2.5	HHY	Hastings High Yield	-20.3
			WAM	WAM Capital	-2.5	AGF	AMP Capital China Growth	-21.8
			MLT	Milton Corporation	-4.0	WIC	WestOz Investment Co.	-24.4
			AMH	AMCIL	-4.5			
			BKI	BKI Investment	-5.2			
			WAX	WAM Research	-5.6			
			AUI	Australian United	-8.0			
			CAM	Clime Capital	-8.6			
			DUI	Diversified United	-8.7			
			WHF	Whitefield	-9.1			

Source: Company data, Ires 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, WAA on Jan 2008 and ABW on Mar 2011) 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 3: Current share price premium to pre-tax NTA relative to 5-year average



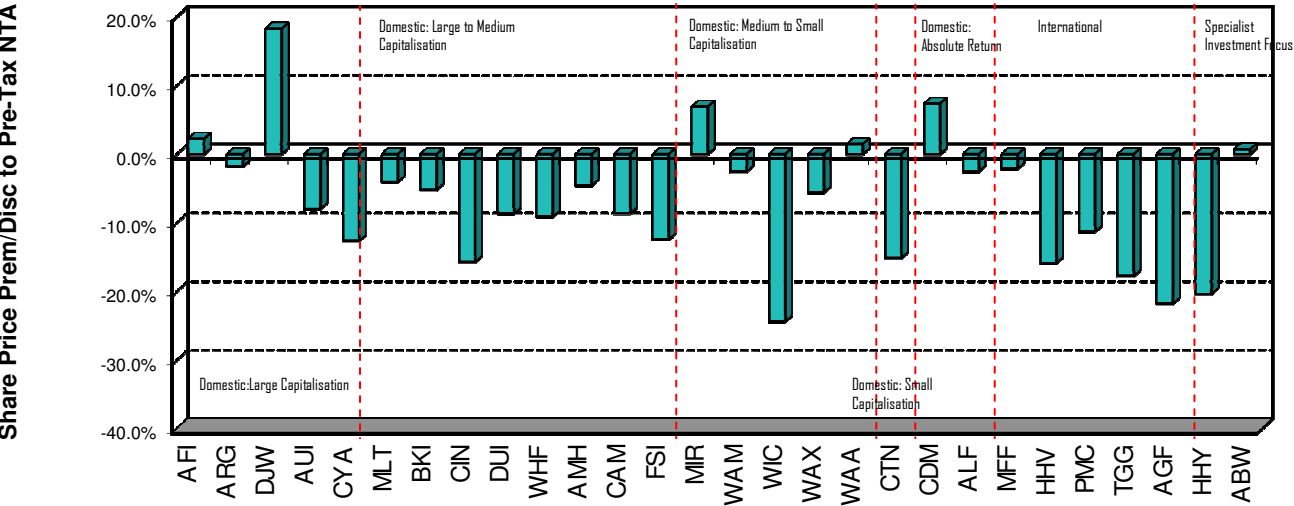
Source: Company data, Ires and Bell Potter

The average discount of the share price to pre-tax NTA increased dramatically to 0.7x standard deviations in the current quarter. Large market capitalisation investment focus continues to look inexpensive outside of **DJW**. Large to medium capitalisation looks reasonable, with the exception of **BKI**, **CIN** and **AMH** which look expensive. Medium to small and small capitalisation look expensive across the board, with the exception of **WIC** in spite of the dramatic contraction of its discount through the period. International managers are mixed with **MFF** and **HHV** looking expensive, and **PMC** indicating strong value. Of the two specialist managers, **HHY** looks historically expensive although it is in wind-up, and **ABW** is designed to trade in line with its NTA.

Premium/Discount to NTA (continued)

In Graph 4 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 Graph 3.

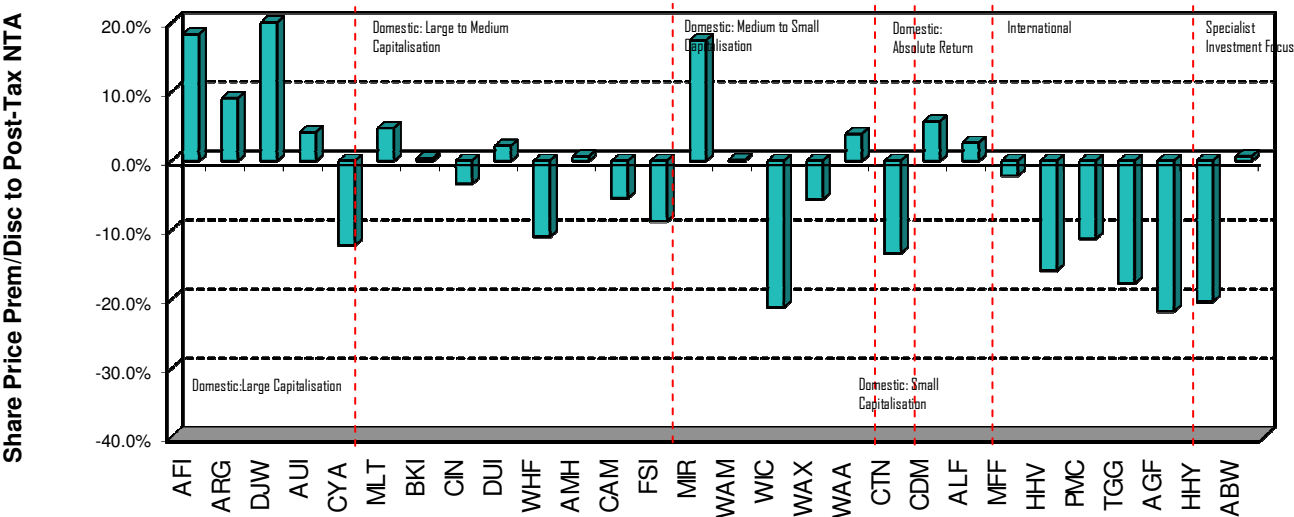
Graph 4: Current share price premium/discount versus pre-tax NTA



Source: Company data, Iress and Bell Potter

In Graph 5 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 realise some of these unrealised capital positions. In a wind up scenario these values are clearly more relevant.

Graph 5: Current share price premium/discount versus post-tax NTA



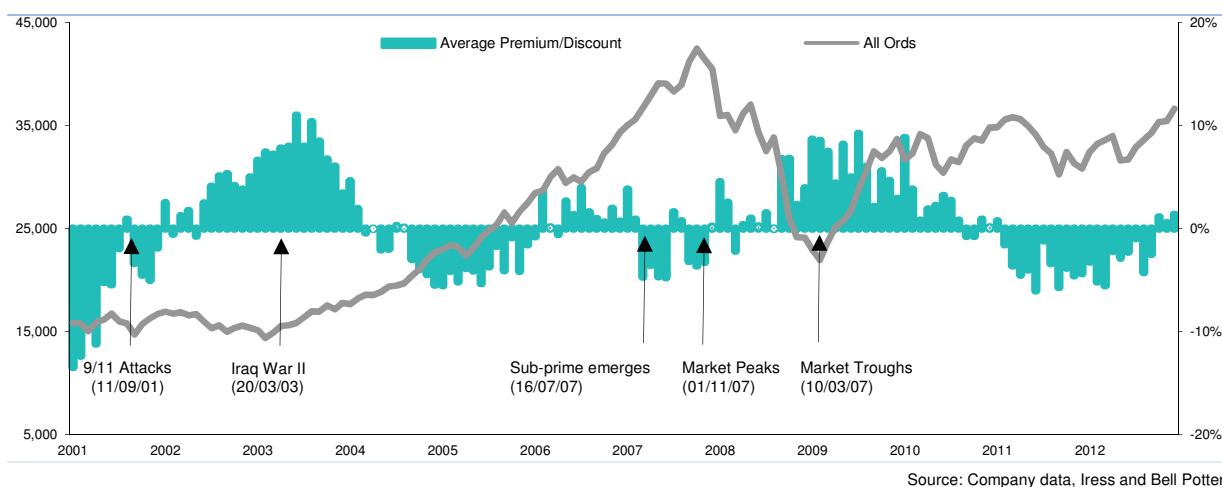
Source: Company data, Iress and Bell Potter

Premium/Discount to NTA (continued)

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

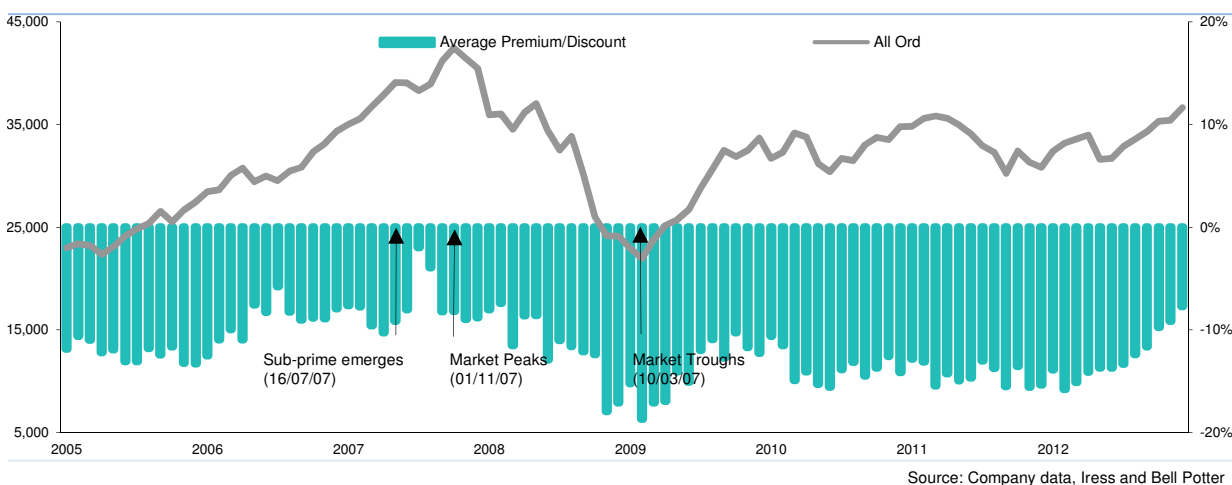
As noted in our re-initiation of coverage in March 2009, large LICs (market cap > \$500m) appear to behave differently from small LICs (market cap < \$500m) through the business cycle. Large LICs tend to trade at a reasonable premium to the pre-tax NTA in difficult market conditions and a sizeable premium to pre-tax NTA in improving market conditions. Our view is that during difficult market conditions investors prefer the safety of large LICs with an established track record and view them as a flight to safety, hence pushing them up into premium. Where as in more favourable market conditions, investors have a tendency to view large traditional LICs as a boring investment alternatives and instead favour smaller and more exotic LICs hence driving the premium into discount.

Graph 6: Large Capitalised LICs Average Share Price Discount/Premium to Pre-tax NTA



Alternately, small LICs tend to operate in almost an opposing fashion. In general small LICs trade at a larger discount to pre-tax NTA, averaging a 11.9% discount over the last 8 years which compares to the large LICs -0.1% discount over the same period (0.1% premium over 12 years). Broadly speaking as market confidence rises small LICs tend to trade at a smaller discount as investors' confidence rises and investors begin to favour more active management styles. However, as market conditions turn, these small discounts tend to evaporate into deep discounts.

Graph 7: Small Capitalised LICs Average Share Price Discount/Premium to Pre-tax NTA

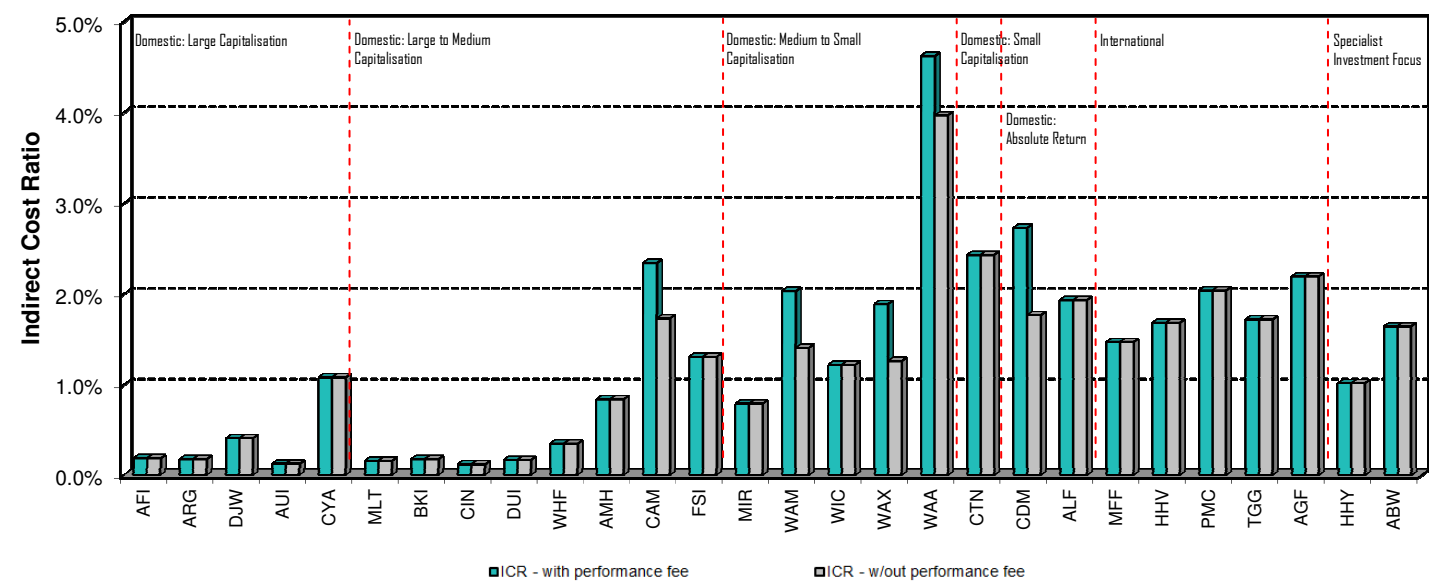


Indirect Cost Ratio: Fees and Expenses

In Graph 7 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 7: Indirect Cost Ratio



Source: Company data and Bell Potter

AUSTRALIAN FOUNDATION INVESTMENT CO (AFI)

Domestic Focussed

Mandate:	Australian listed equities	Benchmark:	S&P/ASX 200 Accumulation
Manager:	Internal	Indirect cost ratio with perf. fee:	0.19% ¹
Listed:	1936	Indirect cost ratio w/out perf. fee:	0.19% ¹

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.

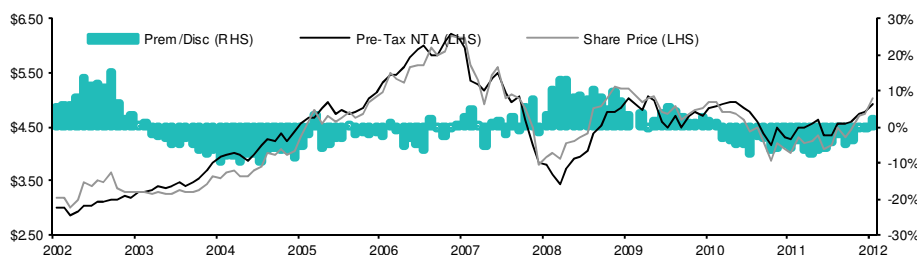
Cash/Debt: \$152.9m cash, \$318.6m debt/hybrid (30 June 2012).

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

Other: Affiliated with AMCL (AMH), Djerriwarrah (DJW) and Mirabooka (MIR).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	13.5%	24.8%	31.3%	3.7%	0.6%	9.5%
Index	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	6.7%	9.3%	12.5%	0.9%	2.6%	0.4%
NTA+						
Performance	7.2%	16.6%	20.4%	3.9%	0.8%	9.8%
Benchmark	6.9%	16.4%	20.3%	3.0%	-1.6%	9.1%
Active return	0.3%	0.2%	0.1%	0.9%	2.4%	0.7%

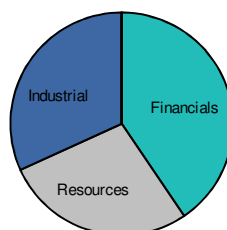
Share Price and NTA



Risk/Return Indicators

Information	Sharpe	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	1.78	2.15	0.13
Year 3	0.08	-0.08	0.13
Year 5	0.15	-0.26	0.17
NTA+			
Year 1	0.09	1.73	0.10
Year 3	0.32	0.04	0.12
Year 5	0.13	-0.32	0.15

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$5.04
Pre-tax NTA	\$4.93
Post-tax NTA	\$4.26

Premium/(Discount) share price to:

Pre-tax NTA	2.2%
Post-tax NTA	18.3%

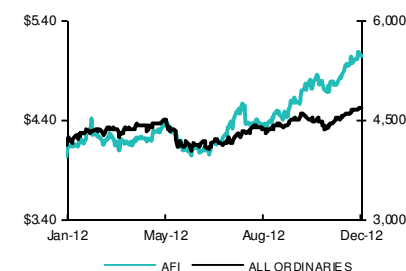
Historic Dividend (12-months)

Dividends (net)	\$0.21
Yield	4.2%
Franking	100%
Grossed up yield	6.0%

Capital Structure

Ordinary shares	1034.1m
Options/other	0.0m
Fully diluted	1034.1m
Market capitalisation	5212.0m

AFI share price v ASX All Ords



Top 20 Shareholding: %

as at 31-Dec-12

BHP Billiton	10.4
Commonwealth Bank	10.1
Westpac Banking	9.1
Wesfarmers (a)	5.4
National Australia	5.0
Rio Tinto	4.5
Telstra Corporation	4.5
ANZ Bank	4.4
Woolworths	3.5
Oil Search	2.1
Australian Infrastructure	2.1
Woodside Petroleum	2.1
AMP	2.0
Amcor	1.9
Transurban Group	1.9
Santos	1.7
Brambles	1.6
Origin Energy	1.5
AGL Energy	1.5
Computershare	1.5
% of Total	76.6

¹Calculated for the full year ending 30 June 2012. * 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 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

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Internal	Indirect cost ratio with perf. fee:	0.18% ¹
Listed:	1946	Indirect cost ratio w/out perf. fee:	0.18% ¹

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: \$151.7m cash, \$0m Debt (30 June 2012).

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

Share Price and NTA Summary

as at 31-Dec-12

Share price	\$6.15
Pre-tax NTA	\$6.26
Post-tax NTA	\$5.64

Premium/(Discount) share price to:

Pre-tax NTA	-1.8%
Post-tax NTA	9.0%

Historic Dividend (12-months)

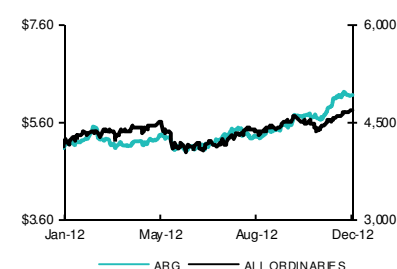
Dividends (net)	\$0.26
Yield	4.2%
Franking	100%
Grossed up yield	6.0%

Capital Structure

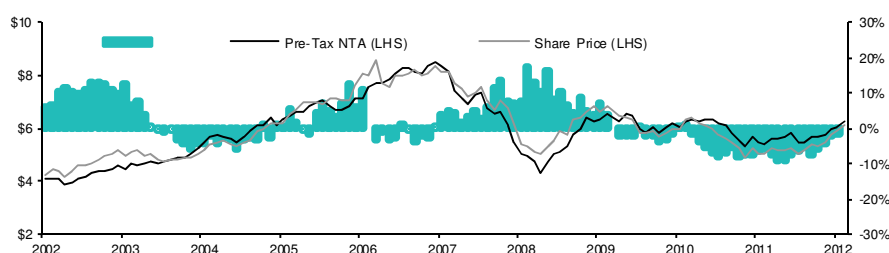
Ordinary shares	628.8m
Options/other	0.0m
Fully diluted	628.8m
Market capitalisation	3867.0m

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	12.8%	22.4%	27.7%	1.1%	-1.2%	8.0%
Index	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	6.0%	6.9%	8.9%	-1.7%	0.8%	-1.1%
NTA+						
Performance	8.3%	16.4%	21.3%	2.8%	-0.7%	9.1%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	1.5%	0.9%	2.5%	0.0%	1.3%	0.0%

AFI share price v ASX All Ords



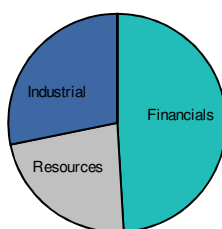
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	1.54	2.79	8.7%
Year 3	-0.22	-0.30	11.5%
Year 5	0.08	-0.42	14.8%
NTA+			
Year 1	1.01	2.06	8.7%
Year 3	-0.01	-0.16	11.3%
Year 5	0.35	-0.36	15.8%

Exposure (top 20)



Top 20 Shareholding: %

as at 31-Dec-12

BHP Billiton Ltd.	7.5
Westpac Banking	6.3
ANZ Bank	5.3
Wesfarmers Ltd.	4.7
Commonwealth	4.4
Telstra Corporation	4.2
Rio Tinto Ltd.	4.1
Milton Corporation	3.6
Australian United	3.3
National Australia	3.3
Woolworths Ltd.	3.1
Macquarie Group	2.4
Origin Energy Ltd.	2.0
CSL Ltd.	1.6
AMP Ltd.	1.5
Woodside Petroleum	1.5
Orica Ltd.	1.4
AGL Energy Ltd.	1.2
Santos Ltd.	1.2
QBE Insurance Group	1.2
% of Total	63.8

¹Calculated for the full year ending 30 June 2012. * 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

Mandate: Australian listed equities	Benchmark: S&P/ASX 200 Accumulation
Manager: Internal	Indirect cost ratio with perf. fee: 0.41% ¹
Listed: 1995	Indirect cost ratio w/out perf. fee: 0.41% ¹

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.

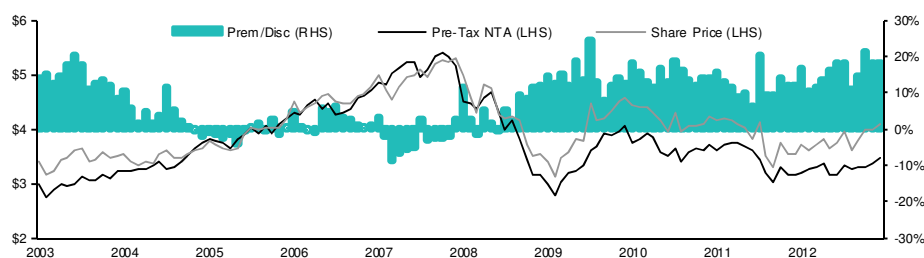
Cash/Debt: \$34.2m cash, \$100m debt (30 June 2012).

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.
Share price*						
Performance	8.2%	13.6%	24.3%	3.0%	1.3%	8.8%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	1.4%	-1.9%	5.5%	0.2%	3.3%	-0.3%
NTA+						
Performance	4.8%	14.2%	18.6%	2.2%	-0.7%	8.5%
Benchmark	6.9%	16.4%	20.3%	3.0%	-1.6%	9.1%
Active return	-2.1%	-2.2%	-1.7%	-0.8%	0.9%	-0.6%

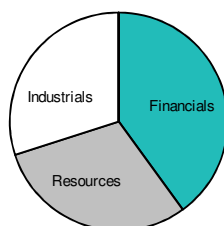
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.49	1.50	0.14
Year 3	0.01	-0.09	0.17
Year 5	0.21	-0.19	0.20
NTA+			
Year 1	-0.42	1.57	0.10
Year 3	-0.24	-0.20	0.12
Year 5	0.27	-0.36	0.16

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$4.08
Pre-tax NTA	\$3.45
Post-tax NTA	\$3.40

Premium/(Discount) share price to:

Pre-tax NTA	18.3%
Post-tax NTA	20.0%

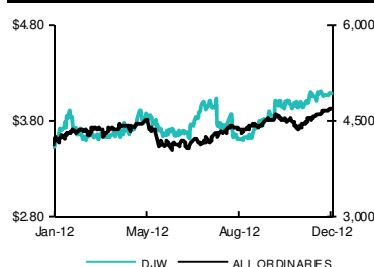
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.26
Yield	6.4%
Franking	100%
Grossed up yield	9.1%

Capital Structure

Ordinary shares	218.6m
Options/other	0.0m
Fully diluted	218.6m
Market capitalisation	891.8m

DJW share price v ASX All Ords



Top 20 Shareholding

	%
as at 31-Dec-12	
BHP Billiton	11.0
Australia & New Zealand	7.5
Commonwealth Bank	7.3
Telstra Corporation	7.2
Westpac Banking	7.0
National Australia	6.4
Oil Search	4.4
Woodside Petroleum	4.0
Rio Tinto	3.3
AMP	3.2
Wesfarmers (a)	3.0
Brambles	2.7
Santos	2.5
Transurban Group	2.4
APA Group	2.3
QBE Insurance Group	2.1
Woolworths	2.1
Coca-Cola Amatil	2.1
Amcor	1.7
Origin Energy	1.7
% of Total	83.7

¹Calculated for the full year ending 30 June 2012. * 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

Mandate:	Australian listed equities	Benchmark:	S&P/ASX 300 Accumulation
Manager:	Internal	Indirect cost ratio with perf. fee:	0.13% ¹
Listed:	1953	Indirect cost ratio w/out perf. fee:	0.13% ¹

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

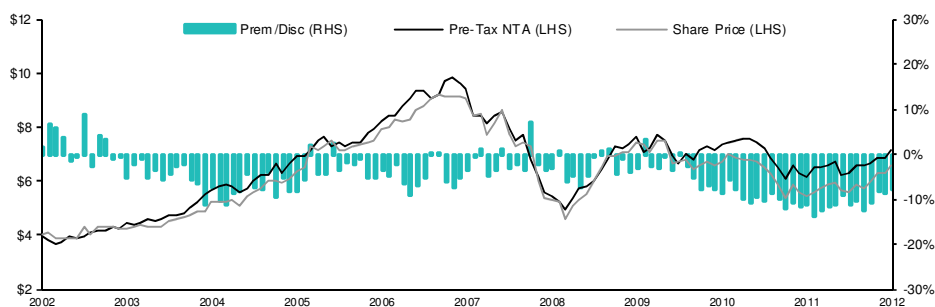
Cash/Debt: \$2.6m cash, \$99.8m Debt (30 June 2012).

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.
Share price*						
Performance	10.6%	21.7%	26.3%	0.4%	-2.3%	8.9%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	3.8%	6.2%	7.5%	-2.4%	-0.3%	-0.2%
NTA+						
Performance	7.4%	16.8%	20.9%	1.7%	-1.6%	9.7%
Benchmark	6.8%	16.1%	19.7%	2.8%	-1.8%	9.1%
Active return	0.6%	0.7%	1.2%	-1.1%	0.2%	0.6%

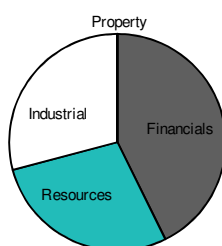
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	1.26	2.12	10.8%
Year 3	-0.33	-0.29	14.5%
Year 5	-0.03	-0.36	20.0%
NTA+			
Year 1	0.69	1.61	10.9%
Year 3	-0.40	-0.20	14.2%
Year 5	0.05	-0.38	17.6%

Exposure (top 20)



Share Price and NTA Summary

<i>as at 31-Dec-12</i>	
Share price	\$6.58
Pre-tax NTA	\$7.15
Post-tax NTA	\$6.32

Premium/(Discount) share price to:

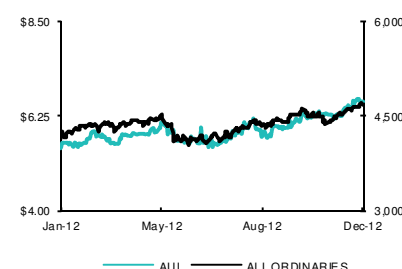
Pre-tax NTA	-8.0%
Post-tax NTA	4.1%

Historic Dividend (prior 12-mths)

Dividends (net)	\$0.280
Yield	4.3%
Franking	100%
Grossed up yield	6.1%

Ordinary shares	106.4m
Options/other	0.0m
Fully diluted	106.4m
Market capitalisation	700.0m

AUI share price v ASX All Ords



Top 20 Shareholding:

	%
<i>as at 31-Dec-12</i>	
BHP Billiton Ltd	8.9
ANZ Banking Group	8.0
Commonwealth Bank	7.2
Westpac Banking	7.1
Rio Tinto Ltd	6.3
Wesfarmers Ltd PPS	6.2
National Australia	5.8
Woodside Petroleum	4.9
Woolworths Ltd	4.1
Diversified United	4.0
Orica Ltd	2.9
AGL Energy Ltd	2.1
CSL Ltd	1.9
QBE Insurance Group	1.8
Brambles Ltd	1.8
AMP Ltd	1.8
Origin Energy Ltd	1.6
SP AusNet	1.6
Telstra Corporation	1.5
Transurban Group	1.5
% of Total	81.0

¹Calculated for the full year ending 30 June 2012. * The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation Index.

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

CENTURY AUSTRALIA INVESTMENTS (CYA)

Domestic Focussed

Mandate:	Australian listed equities	Benchmark:	S&P/ASX 300 Accumulation
Manager:	Perennial Value Management	Indirect cost ratio with performan	1.08% ¹
Listed:	2004	Indirect cost ratio w/out performa	1.08% ¹

Investment Strategy

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

Personnel

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

Key Information

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

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

Derivatives: Yes.

Cash/Debt: \$1.8m cash, \$0 debt (31 December 2012).

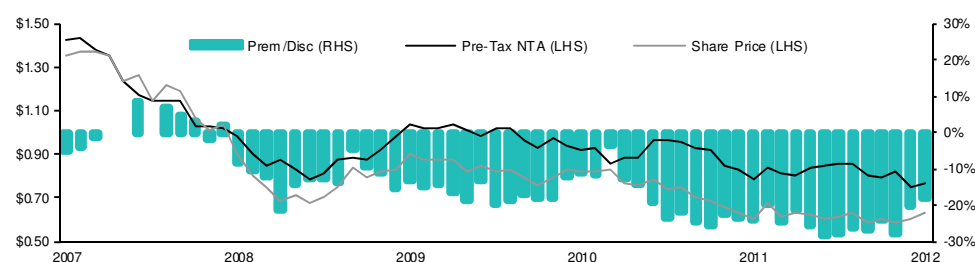
Dividend reinvestment plan: Yes.

Other: No.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	14.3%	22.8%	19.5%	3.7%	-2.3%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	7.5%	7.3%	0.7%	0.9%	-0.3%	n/a
NTA+						
Performance	7.4%	6.1%	6.1%	1.0%	-0.7%	n/a
Benchmark	6.8%	16.1%	19.7%	2.8%	-1.8%	n/a
Active return	0.6%	-10.0%	-13.6%	-1.8%	1.1%	n/a

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

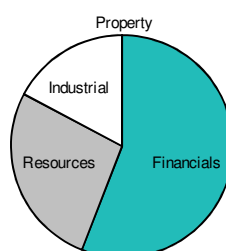
Share Price and NTA



Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Share price				
Year 1	0.07	1.32	12.2%	9.9%
Year 3	0.08	-0.06	16.2%	10.9%
Year 5	-0.03	-0.38	19.2%	12.3%
NTA+				
Year 1	-1.30	0.19	14.2%	10.5%
Year 3	-0.14	-0.20	18.3%	12.9%
Year 5	0.09	-0.31	18.2%	12.5%

Exposure (top 10)



Share Price and NTA Summary

as at 31-Dec-12	
Share price	\$0.720
Pre-tax NTA	\$0.824
Post-tax NTA	\$0.820

Premium/(Discount) share price to:

Pre-tax NTA	-12.6%
Post-tax NTA	-12.2%

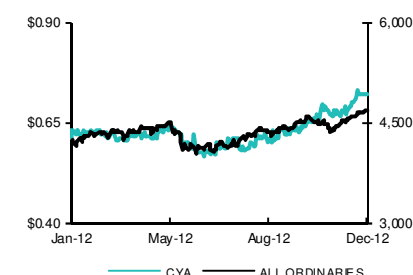
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.027
Yield	3.8%
Franking	100%
Grossed up yield	5.4%

Capital Structure

Ordinary shares	79.8m
Options/other	0.0m
Fully diluted	79.8m
Market capitalisation	57.4m

CYA share price v ASX All Ords



Top 10 Shareholding: %

as at 31-Dec-12	
BHP Billiton Limited	7.8
Commonwealth Bank	7.6
ANZ Banking Group	7.5
National Australia	7.0
Telstra Limited	6.8
Westpac Banking	6.5
Rio Tinto Limited	4.1
Woodside Petroleum	3.4
Macquarie Group	3.2
Brambles Limited	3.0
% of Total	56.9

¹As at 30 Jun 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 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	Benchmark:	All Ordinaries Accumulation
Manager:	Internal	Indirect cost ratio with perf. fee:	0.16% ¹
Listed:	1958	Indirect cost ratio w/out perf. fee:	0.16% ¹

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: \$117.6m Cash, \$0.0m Debt (30 June 2012)

Dividend reinvestment plan: No.

Share Price and NTA Summary

as at 31-Dec-12

Share price	\$17.68
Pre-tax NTA	\$18.42
Post-tax NTA	\$16.88

Premium/(Discount) share price to:

Pre-tax NTA	-4.0%
Post-tax NTA	4.7%

Historic Dividend (prior 12-mths)

Dividends (net)	\$0.780
Yield	4.4%
Franking	100%
Grossed up yield	6.3%

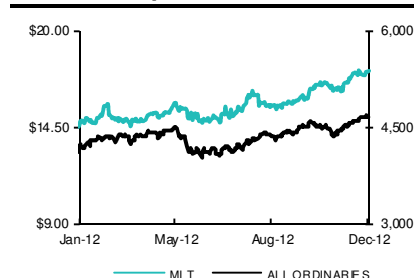
Capital Structure

Ordinary shares	121.6m
Options/other	0.0m
Fully diluted	121.6m
Market capitalisation	2150.3m

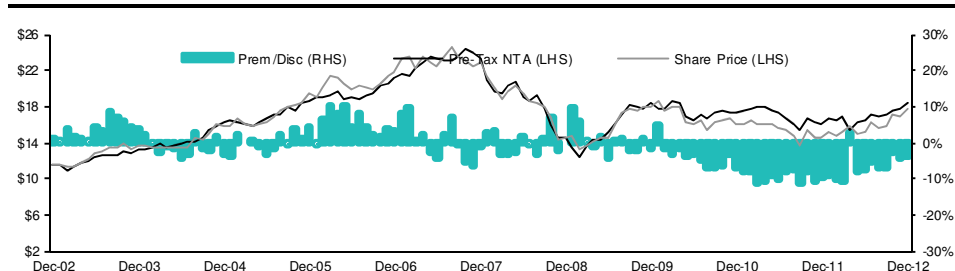
Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	11.3%	19.2%	28.2%	4.2%	-0.3%	9.0%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	4.5%	3.7%	9.4%	1.4%	1.7%	-0.1%
NTA+						
Performance	7.9%	14.8%	20.0%	4.7%	0.1%	9.5%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	1.1%	-0.7%	1.2%	1.9%	2.1%	0.4%

MLT share price v ASX All Ords



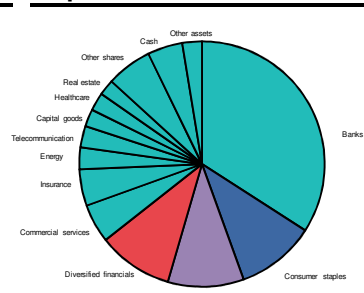
Share Price and NTA



Risk/Return Indicators

	Information	Sharpe	Standard	Tracking
Share price	Ratio	Ratio	Deviation	Error
Year 1	1.41	2.27	11.0%	6.6%
Year 3	0.16	-0.02	13.9%	9.4%
Year 5	0.15	-0.31	16.9%	11.8%
NTA+				
Year 1	0.07	1.27	13.0%	17.2%
Year 3	0.19	0.02	12.3%	10.3%
Year 5	0.24	-0.29	16.3%	9.1%

Exposure



Top 20 Shareholdings

	%
as at 31-Dec-12	
Westpac Banking	12.1
Commonwealth Bank	8.3
W H Soul Pattinson	5.5
BHP Billiton	5.3
ALS Limited	5.2
National Australia	4.9
Wesfarmers Limited	4.7
Woolworths Limited	3.4
ANZ Bank	3.2
Telstra Corporation	2.5
Bendigo and Adelaide	2.2
Bank of Queensland	2.1
Brickworks Limited	1.7
AGL Energy	1.6
CSL Limited	1.4
Rio Tinto	1.3
QBE Insurance	1.3
Suncorp-Metway	1.3
Perpetual Trustees	1.3
Woodside Petroleum	1.2
% of Total	70.5

¹Calculated for the full year ending 30 June 2012. * The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

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

BKI INVESTMENT CO (BKI)

Domestic Focussed

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

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

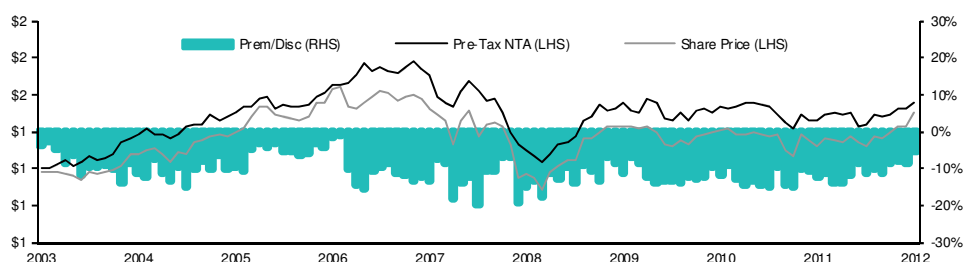
Cash/Debt: \$41m cash, \$0 debt (31 December 2012).

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.
Share price*						
Performance	10.0%	22.2%	25.5%	8.5%	5.3%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	3.2%	6.7%	6.7%	5.7%	7.3%	n/a
NTA+						
Performance	5.8%	14.2%	15.1%	5.5%	2.7%	n/a
Benchmark	6.8%	16.1%	19.7%	2.8%	-1.8%	n/a
Active return	-1.0%	-1.9%	-4.6%	2.7%	4.5%	n/a

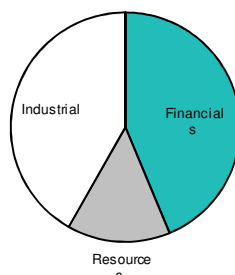
Share Price and NTA



Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Share price				
Year 1	1.01	2.02	10.9%	6.6%
Year 3	0.64	0.29	13.1%	8.8%
Year 5	0.51	0.02	20.3%	14.3%
NTA+				
Year 1	-1.28	1.13	10.3%	3.7%
Year 3	0.70	0.07	11.7%	3.8%
Year 5	0.86	-0.16	14.5%	5.2%

Exposure (top 20)



Share Price and NTA Summary

<i>as at 31-Dec-12</i>	
Share price	\$1.38
Pre-tax NTA	\$1.45
Post-tax NTA	\$1.37

Premium/(Discount) share price to:

Pre-tax NTA	-5.2%
Post-tax NTA	0.4%

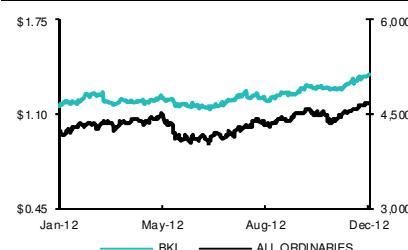
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.064
Yield	4.7%
Franking	100%
Grossed up yield	6.6%

Capital Structure

Ordinary shares	444.2m
Options/other	0.0m
Fully diluted	444.2m
Market capitalisation	610.8m

BKI share price v ASX All Ords



Top 20 Shareholdings

	%
<i>as at 31-Dec-12</i>	
New Hope Corporation	9.5
Commonwealth Bank	9.1
National Australia Bank	8.4
BHP Billiton Limited	7.9
Westpac Banking Corp	7.0
Telstra Corporation	4.9
Wesfarmers Limited	4.4
ANZ Banking Group	3.5
Woolworths Limited	3.4
ALS Limited	3.2
AGL Energy Limited	2.7
Woodside Petroleum Limited	2.1
Coca Cola Amatil Limited	1.8
TPG Telecom Limited	1.7
Metcash Limited	1.6
ARB Corporation	1.4
APA Group	1.3
InvoCare Limited	1.3
QBE Insurance Group	1.2
Milton Corporation	1.1
% of Total	77.5

¹Calculated for the full year ending 30 June 2012. * The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation.

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

CARLTON INVESTMENTS (CIN)

Domestic Focussed

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

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).

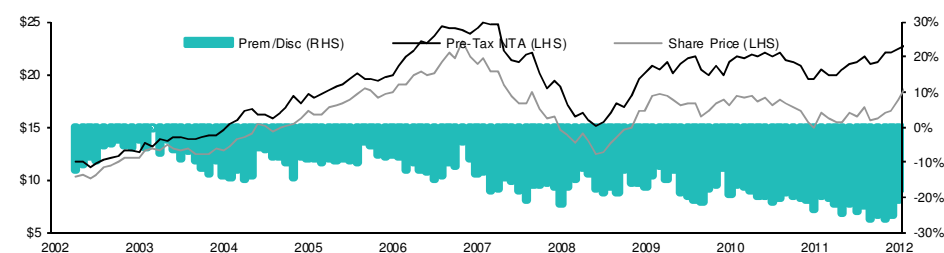
Dividend reinvestment plan: No.

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.
Share price*						
Performance	11.6%	28.6%	34.1%	7.9%	4.0%	10.9%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	4.8%	13.1%	15.3%	5.1%	6.0%	1.8%
NTA+						
Performance	4.6%	13.2%	22.3%	7.1%	2.5%	10.7%
Benchmark	6.9%	16.4%	20.3%	3.0%	-1.6%	9.1%
Active return	-2.3%	-3.2%	2.0%	4.1%	4.1%	1.6%

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

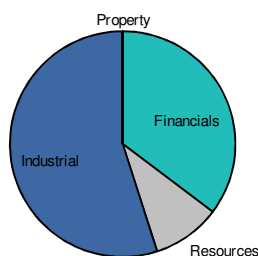
Share Price and NTA



Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Share price				
Year 1	1.75	2.35	13.1%	8.7%
Year 3	0.49	0.23	13.9%	10.3%
Year 5	0.45	-0.06	16.2%	13.2%
NTA+				
Year 1	0.41	3.05	6.2%	5.1%
Year 3	0.68	0.25	10.1%	6.1%
Year 5	0.44	-0.17	14.2%	9.5%

Exposure (top 20)



¹Calculated 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 31-Dec-12

Share price	\$19.70
Pre-tax NTA	\$23.36
Post-tax NTA	\$20.37

Premium/(Discount) share price to:

Pre-tax NTA	-15.7%
Post-tax NTA	-3.3%

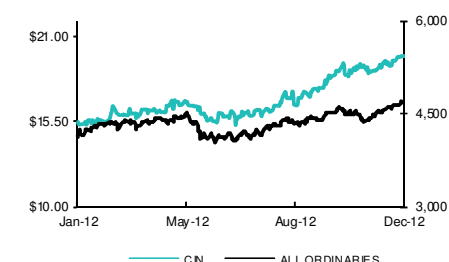
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.84
Yield	4.3%
Franking	100%
Grossed up yield	6.1%

Capital Structure

Ordinary shares	26.5m
Options/other	0.1m
Fully diluted	26.6m
Market capitalisation	523.5m

CIN share price v ASX All Ords



Top 20 Shareholdings

	%
as at 31-Dec-12	
Amalgamated Holdings	33.6
National Australia	7.9
Westpac Bank	7.5
Commonwealth	5.5
BHP Billiton	4.3
ANZ Bank	3.8
Wesfarmers	3.8
AGL	3.2
Telstra	2.4
Orica	2.2
Gowling Bros.	1.6
Perpetual	1.5
Bank of Queensland	1.3
Bendigo & Adelaide	1.2
Origin Energy	1.2
Arcor	1.1
Coca Cola Amatil	1.0
Rio Tinto	1.0
James Hardie	0.9
Santos	0.9
% of Total	85.9

DIVERSIFIED UNITED INVESTMENT (DUI)

Domestic Focussed

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

Investment Strategy

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

Personnel

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

Key Information

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

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

Derivatives: n/a

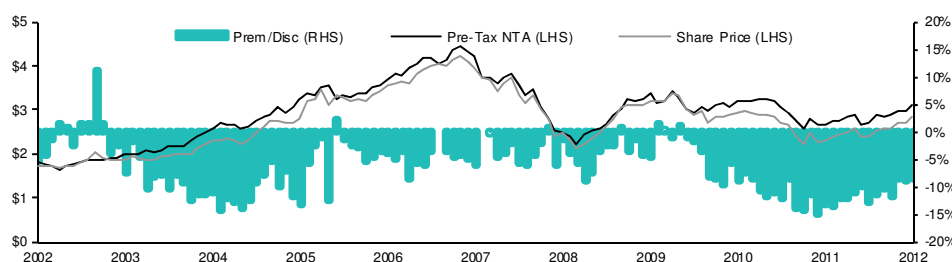
Cash/Debt: \$13.9m cash, \$64.5m Debt (30 June 2012).

Dividend reinvestment plan: Yes.

Other: Affiliated with AUI

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	11.8%	23.6%	31.0%	1.0%	-1.9%	10.0%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	5.0%	8.1%	12.2%	-1.8%	0.1%	0.9%
NTA+						
Performance	8.0%	17.5%	23.7%	1.9%	-1.7%	10.1%
Benchmark	6.8%	16.1%	19.7%	2.8%	-1.8%	9.1%
Active return	1.2%	1.4%	4.0%	-0.9%	0.1%	1.0%

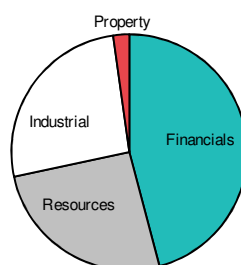
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	2.12	2.31	12.0%
Year 3	-0.22	-0.23	15.8%
Year 5	0.01	-0.36	19.1%
NTA+			
Year 1	1.78	1.97	10.3%
Year 3	-0.31	-0.19	14.0%
Year 5	0.03	-0.38	17.4%

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$2.85
Pre-tax NTA	\$3.12
Post-tax NTA	\$2.79

Premium/(Discount) share price to:

Pre-tax NTA	-8.7%
Post-tax NTA	2.2%

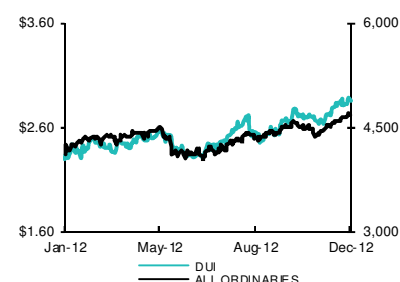
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.130
Yield	4.6%
Franking	100%
Grossed up yield	6.5%

Capital Structure

Ordinary shares	168.5m
Options/other	0.0m
Fully diluted	168.5m
Market capitalisation	480.1m

DUI share price v ASX All Ords



Top 20 Shareholding:

	%
as at 31-Dec-12	
BHP Billiton Ltd	9.4
Commonwealth	8.4
ANZ Banking Group	8.1
Westpac Banking	7.9
Woodside Petroleum	6.0
Rio Tinto Ltd	5.8
CSL Ltd	5.2
National Australia	5.1
Woolworths Ltd	3.5
Transurban Group	3.1
QBE Insurance	2.9
Wesfarmers Ltd	2.9
AGL Energy Ltd	2.4
Washington H	2.1
Westfield Group	1.8
AMP Ltd	1.6
Worley Parsons	1.6
Mystate Ltd	1.6
Origin Energy Ltd	1.5
Australian Infrastructure	1.3
% of Total	82.2

¹Calculated for the full year ending 30 June 2012 * 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

Mandate:	Australian listed equities	Benchmark:	S&P/ASX 200 Ind Accumulation
Manager:	White Funds Management Pty Ltd	Indirect cost ratio with perf. fee:	0.35% ¹
Listed:	1923	Indirect cost ratio w/out perf. fee:	0.35% ¹

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

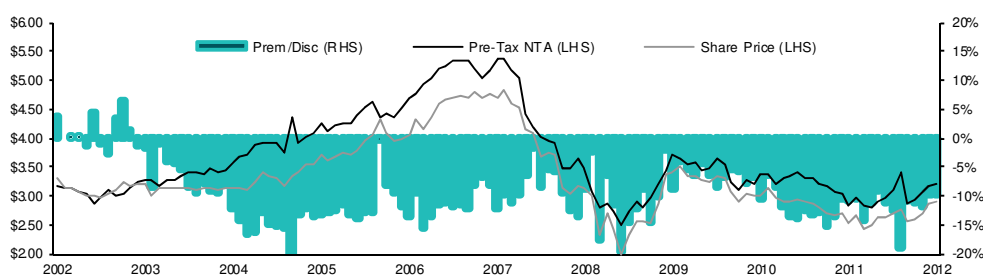
Cash/Debt: \$17.2m Cash, \$0.0m Debt, \$30.0m Hybrid (31 December 2012).

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.
Share price*						
Performance	10.0%	22.3%	31.4%	3.4%	-1.8%	5.3%
Benchmark	7.5%	18.1%	28.0%	6.4%	-0.5%	8.4%
Active return	2.5%	4.2%	3.4%	-3.0%	-1.3%	-3.1%
NTA+						
Performance	8.6%	19.0%	27.8%	3.7%	-2.5%	5.8%
Benchmark	7.5%	18.1%	28.0%	6.4%	-0.5%	8.4%
Active return	1.1%	0.9%	-0.2%	-2.7%	-2.0%	-2.6%

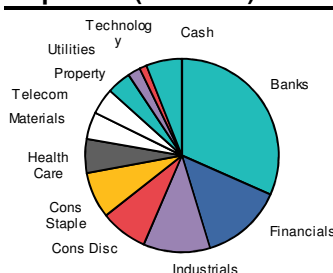
Share Price and NTA



Risk/Return Indicators

Share price	Information Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	-0.35	1.61	12.3%	14.1%
Year 3	-0.36	-0.35	11.5%	15.9%
Year 5	-0.14	-0.38	23.6%	24.6%
NTA+				
Year 1	-0.38	0.94	18.4%	19.2%
Year 3	-0.33	-0.28	14.7%	18.2%
Year 5	-0.21	-0.55	18.1%	21.6%

Exposure (Portfolio)



¹Calculated for the full year ending 30 June 2012. 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.

Share Price and NTA Summary

as at 31-Dec-12

Share price	\$3.09
Pre-tax NTA	\$3.40
Post-tax NTA	\$3.47

Premium/(Discount) share price to:

Pre-tax NTA	-9.1%
Post-tax NTA	-11.0%

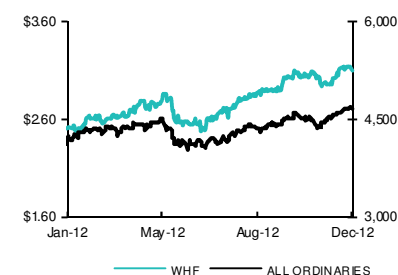
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.17
Yield	5.5%
Franking	100%
Grossed up yield	7.9%

Capital Structure

Ordinary shares	75.9m
Options/other	0.0m
Fully diluted	75.9m
Market capitalisation	234.7m

WHF share price v ASX All Ords



Top 20 Shareholding: %

as at 31-Dec-12

Commonwealth Bank	9.7
Westpac Banking	8.5
ANZ Banking Group	7.2
National Australia	6.1
Telstra Corporation	4.5
Macquarie Group Limited	4.4
CSL Limited	4.0
Wesfarmers Limited	3.8
Woolworths Limited	3.6
AMP Limited	2.8
Seven Group Holdings	2.2
Crown Limited	2.2
QBE Insurance Group	1.8
Incitec Pivot Limited	1.6
Asciano Limited	1.6
InvoCare Limited	1.6
Computershare Limited	1.5
New South Corporation	1.4
Westfield Group	1.3
Brambles Limited	1.3
% of Total	71.2

AMCIL (AMH)

Domestic Focussed

Mandate:	Australian listed equities	Benchmark:	S&P/ASX 200 Accumulation
Manager:	Internal	Indirect cost ratio with perf. fee:	0.84% ¹
Listed:	2000	Indirect cost ratio w/out perf. fee:	0.84% ¹

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

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.

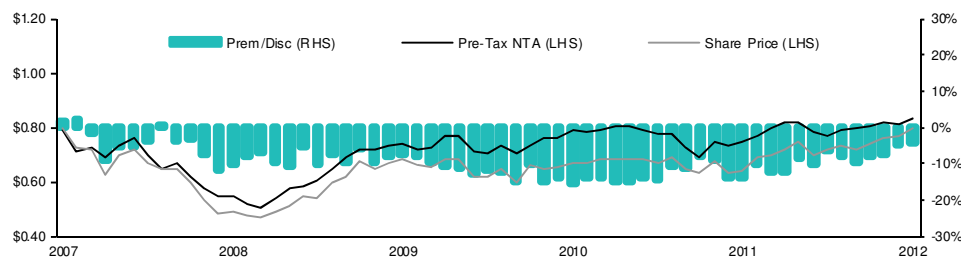
Cash/Debt: \$6.8m cash, \$0m Debt (30 June 2012).

Dividend reinvestment plan: No (suspended).

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

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	7.4%	14.3%	28.5%	9.4%	3.9%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	0.6%	-1.2%	9.7%	6.6%	5.9%	n/a
NTA+						
Performance	3.6%	11.7%	15.5%	7.6%	4.8%	n/a
Benchmark	6.9%	16.4%	20.3%	3.0%	-1.6%	n/a
Active return	-3.3%	-4.7%	-4.8%	4.6%	6.4%	n/a

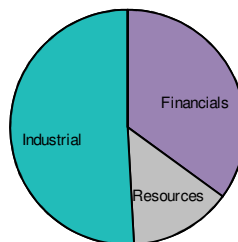
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	1.81	2.31	10.9%
Year 3	0.78	0.36	13.3%
Year 5	0.56	-0.06	18.1%
NTA+			
Year 1	-0.97	1.33	8.9%
Year 3	0.92	0.27	10.9%
Year 5	1.19	-0.02	14.6%

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$0.80
Pre-tax NTA	\$0.83
Post-tax NTA	\$0.79

price to:

Pre-tax NTA	-4.5%
Post-tax NTA	0.6%

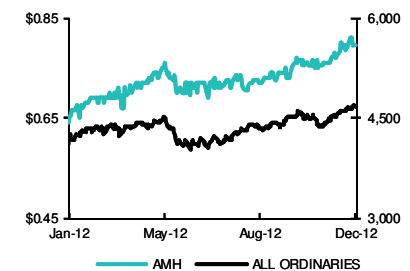
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.025
Yield	3.1%
Franking	100%
Grossed up yield	4.5%

Capital Structure

Ordinary shares	209.1m
Options/other	0.0m
Fully diluted	209.1m
Market capitalisation	166.2m

AMH share price v ASX All Ords



Top 20 Shareholdings

as at 31-Dec-12

Commonwealth Bank	7.7
Oil Search	5.8
BHP Billiton	5.4
National Australia	5.2
Australia and New	4.9
Tox Free Solutions	4.7
Transurban Group	4.7
Telstra Corporation	4.5
Australian Infrastructure	4.4
Westpac Banking	4.3
Brambles	3.7
Coca-Cola Amatil	3.7
AMP	3.4
Ansell	3.0
Amcors	2.7
ALS	2.4
QBE Insurance Group	2.3
Bradken	2.2
Incitec Pivot	2.2
Wesfarmers	2.1

% of Total 79.4

¹Calculated for the full year ending 30 June 2012. * 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 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.

CLIME CAPITAL (CAM)

Domestic Focussed

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Clime Asset Management	Indirect cost ratio with perf. fee:	2.34% ¹
Listed:	Apr-04	Indirect cost ratio w/out perf. fee:	1.73% ¹

Investment Strategy

CAM offers investors the opportunity to invest in a value focused closed end Investment Company managed by a top performing Australian Value Equity Manager Clime Asset Management. CAM applies a 4 tier investment strategy: (a) Acquire securities in attractive companies when the market price on offer trades at a discount to their assessed value; (b) reduce or close positions when the market price is well above the assessment of value; (c) ensure each investment meets a realistic required return to ensure the risk and return of the portfolio is properly balanced to achieve returns without risking capital; seek investments with an enhanced yield; and maintain a high cash position when prices are expensive and value is not readily available in the market.

Personnel

Investment Personnel: John Abernethy (Chief Investment Officer), George Whitehouse (portfolio manager), Paul Zwi (Chairman Investment Committee). Directors: John Abernethy (Chairman), Geoff Wilson, Julian Gosse and Brett Spork

Key Information

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

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

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

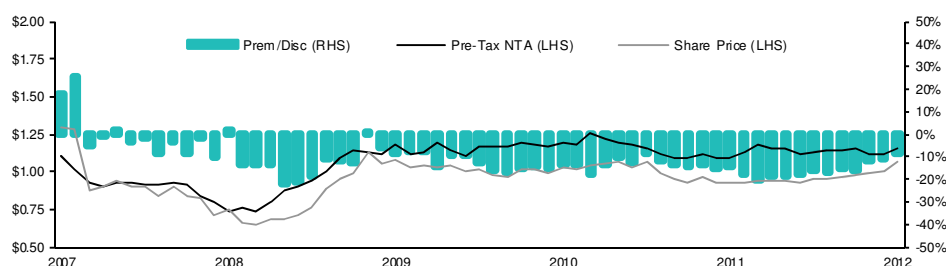
Cash (Fixed Income)/Debt: Cash \$9.8m, Debt \$0.0m (30 June 2012)

Dividend reinvestment plan:

Other:

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	15.3%	20.2%	29.6%	12.2%	3.7%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	8.5%	4.7%	10.8%	9.4%	5.7%	n/a
NTA+						
Performance	0.9%	4.5%	9.7%	2.8%	3.5%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	-5.9%	-11.0%	-9.1%	0.0%	5.5%	n/a

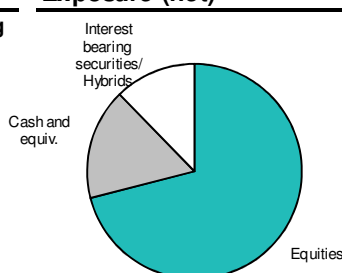
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	1.02	2.59	0.10
Year 3	0.80	0.66	0.12
Year 5	0.26	-0.06	0.23
NTA+			
Year 1	-1.05	0.75	0.08
Year 3	0.00	-0.17	0.11
Year 5	0.45	-0.07	0.12

Exposure (net)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.06
Pre-tax NTA	\$1.16
Post-tax NTA	\$1.12

Premium/(Discount) share price to:

Pre-tax NTA	-8.6%
Post-tax NTA	-5.4%

Historic Dividend (prior 12-mths)

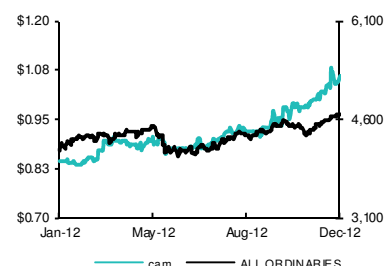
Dividends (net)*	\$0.040
Yield*	3.8%
Franking*	100%
Grossed up yield*	5.4%

* Includes a 3.5 cent special dividends.

Capital Structure

Ordinary shares	54.4m
Options/other	7.7m
Fully diluted	54.4m
Market capitalisation	57.6m

CAM share price v All Ords



Top 15 Shareholding: %

as at 31-Dec-12

BHP Billiton Limited	7.5
Telstra Corporation	6.0
McMillan Shakespeare	5.9
Multiplex Convertible	5.4
ANZ Banking Group	5.3
Woolworths Limited	4.9
Westpac Banking	4.9
Brickworks Limited	4.6
Commonwealth Bank	4.3
The Reject Shop	4.2
Mineral Resources	3.6
National Australia	2.5
Australand Convertible	2.5
Thorn Group Limited	2.4
Iress Market Technology	2.4
Cash & Cash Equivalents	16.7

% of Total

83.1

¹ Calculated for the full year ending 30 June 2012. * 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 or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

FLAGSHIP INVESTMENTS (FSI) Formerly Hyperion Flagship Investments (HIP)

Domestic Focussed

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	EC Pohl & Co Pty Ltd	Indirect cost ratio with perf. fee:	1.31% ¹
Listed:	2000	Indirect cost ratio w/out perf. fee:	1.31% ¹

Investment Strategy

FSI 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. FSI is best suited to investors with a medium to long-term time horizon. FSI's central investment strategy is to invest in high quality business franchises that have the ability to grow sales and earnings at rates above GDP, producing superior investment returns over the long-term. The company adopts an active investment strategy comprising a broad spectrum of 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

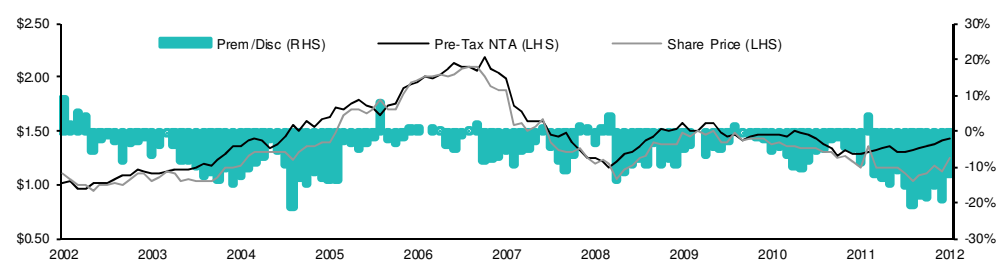
Cash/Debt: \$0.6m Cash, \$0.0m Debt (30 June 2012)

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.
Share price*						
Performance	13.6%	16.7%	13.6%	-0.1%	-2.0%	6.7%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	6.8%	1.2%	-5.2%	-2.9%	0.0%	-2.4%
NTA+						
Performance	5.3%	12.0%	16.9%	2.2%	-1.0%	8.6%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	-1.5%	-3.5%	-1.9%	-0.6%	1.0%	-0.5%

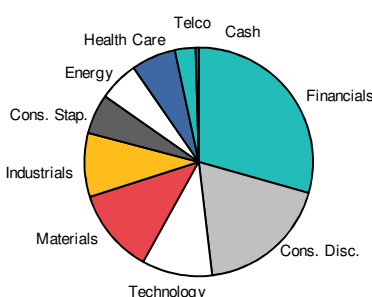
Share Price and NTA



Risk/Return Indicators

	Information	Sharpe	Standard	Tracking
Share price	Ratio	Ratio	Deviation	Error
Year 1	0.11	-1.98	8.0%	9.2%
Year 3	-0.20	0.01	15.0%	15.8%
Year 5	-0.15	-0.63	16.3%	16.8%
NTA+				
Year 1	-0.50	-1.68	12.5%	8.5%
Year 3	-0.69	-0.11	13.9%	6.9%
Year 5	-0.32	-0.74	14.8%	9.8%

Exposure (portfolio) 31-Dec-12



¹Calculated for the full year ending 30 June 2012. * 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

<i>as at 31-Dec-12</i>	
Share price	\$1.25
Pre-tax NTA	\$1.43
Post-tax NTA	\$1.37

Premium/(Discount) share price to:

Pre-tax NTA	-12.4%
Post-tax NTA	-8.7%

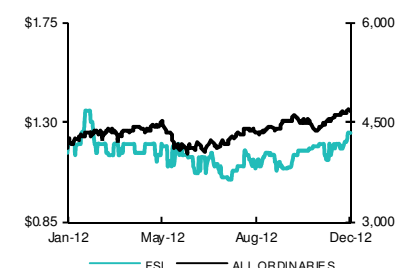
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.060
Yield	4.8%
Franking	100%
Grossed up yield	6.9%

Capital Structure

Ordinary shares	24.3m
Options/other	0.0m
Fully diluted	24.3m
Market capitalisation	30.3m

FSI share price v ASX All Ords



Top 5 Shareholdings

<i>as at 31-Dec-12</i>		%
Commonwealth Bank		7.6
SEEK Limited		6.4
Cochlear Limited		6.3
REA Group		6.2
BHP Billiton Limited		6.2
% of Total		32.7

MIRRABOOKA INVESTMENTS (MIR)

Domestic Focussed

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

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

Derivatives: Options occasionally used to generate additional income.

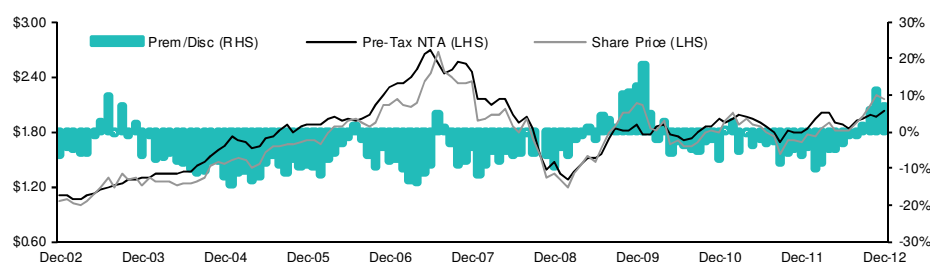
Cash/Debt: \$23.9m cash and \$0m debt as at 31 December 2012.

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

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

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	9.6%	23.6%	35.8%	6.4%	4.1%	13.4%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	2.8%	8.1%	17.0%	3.6%	6.1%	4.3%
NTA+						
Performance	4.0%	11.8%	18.6%	8.2%	1.7%	11.8%
Benchmark	5.3%	10.9%	9.7%	-1.2%	-6.6%	8.5%
Active return	-1.3%	0.9%	8.9%	9.4%	8.3%	3.3%

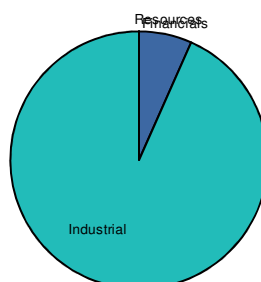
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	1.89	2.70	0.12
Year 3	0.23	0.10	0.18
Year 5	0.39	-0.04	0.23
NTA+			
Year 1	1.36	1.51	0.10
Year 3	1.40	0.34	0.11
Year 5	1.03	-0.20	0.17

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$2.16
Pre-tax NTA	\$2.02
Post-tax NTA	\$1.84

Premium/(Discount) share price to:

Pre-tax NTA	6.9%
Post-tax NTA	17.4%

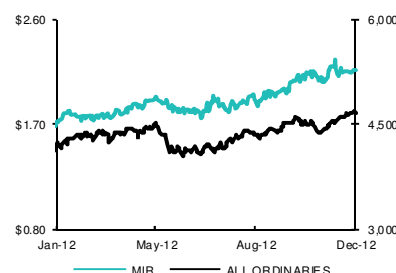
Historic Dividend (12-mths)

Dividends (net)	\$0.10
Yield	4.6%
Franking	100%
Grossed up yield	6.6%

Capital Structure

Ordinary shares	137.5m
Options/other	0.0m
Fully diluted	137.5m
Market capitalisation	297.0m

MIR share price v ASX All Ords



Top 20 Shareholdings

	%
as at 31-Dec-12	
Australian Infrastructure	6.1
ALS	5.8
Tox Free Solutions	5.3
Oil Search	4.1
James Hardie	4.0
IRESS	4.0
Austbrokers	3.9
Ansell	3.4
InvoCare	3.3
Coca-Cola	3.1
Ramsay Health	2.8
Fleetw ood Corporation	2.7
REA Group	2.6
Senex Energy	2.3
Mermaid Marine	2.3
Equity Trustees	2.2
Bradken	2.2
Wellcom Group	2.1
Perpetual	2.0
ARB Corporation	1.7
% of Total	65.7

*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/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

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Wilson Asset Management	Indirect cost ratio with perf. fee:	2.03% ¹
Listed:	1999	Indirect cost ratio w/out perf. fee:	1.41% ¹

Investment Strategy

WAM Capital Limited (WAM) provides investors exposure to a listed investment company with an actively managed diversified portfolio of undervalued growth companies. These are primarily found in the small to mid cap industrial sector. WAM also provides exposure to relative value arbitrage and market mispricing opportunities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital 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 two fold 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

Personnel

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

Key Information

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

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

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

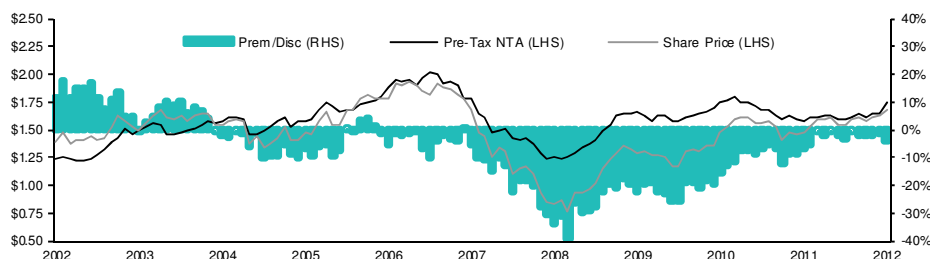
Cash (Fixed Income)/Debt: Cash \$23.5, Debt \$0.0m (31 December 2012)

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.
Share price*						
Performance	5.7%	12.2%	24.1%	17.2%	6.2%	11.7%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	-1.1%	-3.3%	5.3%	14.4%	8.2%	2.6%
NTA+						
Performance	6.6%	11.3%	18.9%	7.9%	4.9%	12.9%
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	9.1%
Active return	-0.2%	-4.2%	0.1%	5.1%	6.9%	3.8%

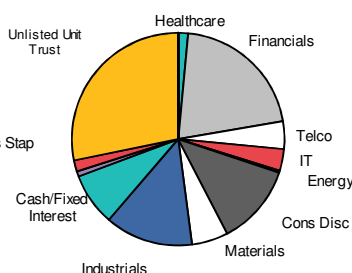
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.83	2.64	7.8%
Year 3	1.46	1.01	12.4%
Year 5	0.53	0.05	22.8%
NTA+			
Year 1	0.26	2.54	7.0%
Year 3	0.61	0.51	7.7%
Year 5	0.69	0.02	10.9%

Exposure (Long portfolio)



Share Price and NTA Summary

<i>as at 31-Dec-12</i>	
Share price	\$1.670
Pre-tax NTA	\$1.714
Post-tax NTA	\$1.668

Premium/(Discount) share price to:

Pre-tax NTA	-2.5%
Post-tax NTA	0.1%

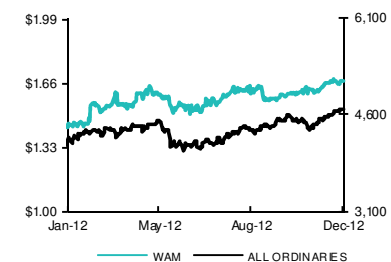
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.110
Yield	6.6%
Franking	100%
Grossed up yield	9.4%

Capital Structure

Ordinary shares	171.5m
Options/other	121.6m
Fully diluted	171.5m
Market capitalisation	286.4m

WAM share price v ASX All Ordinaries



Top 20 Shareholding: %

<i>as at 31-Dec-12</i>	
Magellan Financial	2.1
Ironbark Capital	2.0
Century Australia	1.9
Automotive Holdings	1.6
Ingenia Communities	1.6
Emerging Leaders	1.6
Amcom	1.6
Brickworks Limited	1.5
NEXTDC Limited	1.4
Coventry Group	1.4
RHG Limited	1.3
Breville Group	1.3
Corporate Travel	1.1
Fairfax Media	1.1
Cash Converters	1.1
Fantastic Holdings	1.1
Clough Limited	1.0
Contango Capital	1.0
Hills Holdings	1.0
Unlisted Unit Trust (PRV)	28.4
% of Total	55.1

¹ Calculated for the full year ending 30 June 2012. * 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

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Westoz Funds Management Pty Ltd	Indirect cost ratio with perf. fee:	1.22% ¹
Listed:	2009	Indirect cost ratio w/out perf. fee:	1.22% ¹

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).

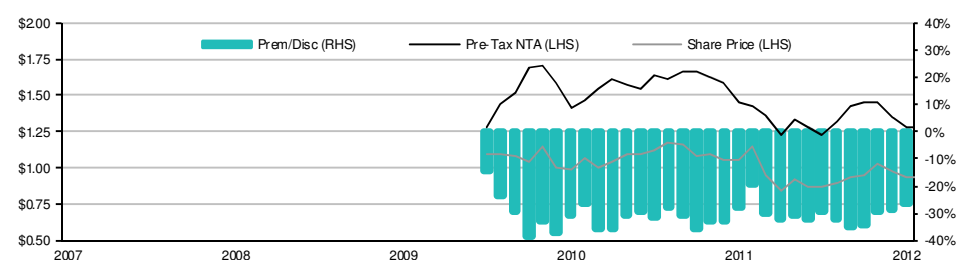
Cash/Debt: \$29.9m Cash, \$0.0m Debt (31 December 2012)

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.
Share price*						
Performance	19.3%	18.6%	29.6%	7.0%	n/a	n/a
Index	6.8%	15.5%	18.8%	2.8%	n/a	n/a
Active return	12.5%	3.1%	10.8%	4.2%	n/a	n/a
NTA+						
Performance	-0.2%	14.6%	19.6%	8.9%	n/a	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	n/a	n/a
Active return	-7.0%	-0.9%	0.8%	6.1%	n/a	n/a

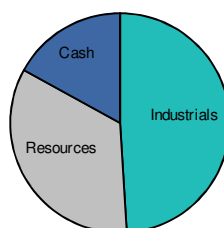
Share Price and NTA



Risk/Return Indicators

Information	Share Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.84	1.69	15.6%
Year 3	0.24	-0.04	20.6%
Year 5	n/a	n/a	n/a
NTA+			
Year 1	1.36	1.51	10.0%
Year 3	1.40	0.34	10.6%
Year 5	n/a	n/a	n/a

Exposure



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.08
Pre-tax NTA	\$1.43
Post-tax NTA	\$1.37

Premium/(Discount) share price to:

Pre-tax NTA	-24%
Post-tax NTA	-21%

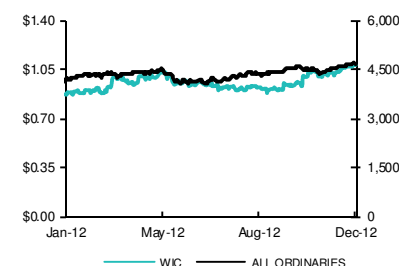
Historic Dividend (12-months)

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

Capital Structure

Ordinary shares	128.1m
Options/other	0.0m
Fully diluted	128.1m
Market capitalisation	138.4m

WIC share price v ASX All Ords



Top Shareholdings

as at 31-Dec-12	%
iiNet Limited	12.0
Automotive Holdings	12.0
Aurora Oil &	8.0
NRW Holdings	7.0
Regis Resources	7.0
Teranga Gold	6.0
Clough Limited	5.0
Ausdrill Limited	4.0
Aquila Resources	4.0
Other	18.0
% of Total	83.0

¹Calculated for the full year ending 30 June 2012. * The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

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

WAM RESEARCH (WAX)

Domestic Focussed

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Wilson Asset Management	Indirect cost ratio with perf. fee:	1.89% ¹
Listed:	2003	Indirect cost ratio w/out perf. fee:	1.26% ¹

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 \$47.2m, Debt \$0.0m (31 December 2012)

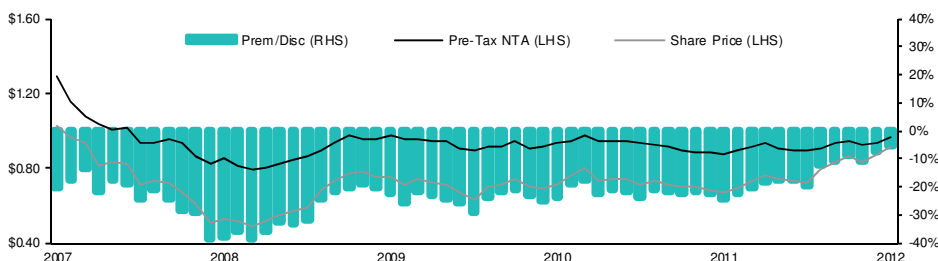
Dividend reinvestment plan: Yes.

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.
Share price*						
Performance	10.0%	31.3%	48.4%	16.6%	5.8%	n/a
Benchmark	5.4%	12.0%	13.1%	2.9%	-3.1%	n/a
Active return	4.6%	19.3%	35.3%	13.7%	8.9%	n/a
NTA+						
Performance	5.4%	11.7%	17.9%	7.5%	0.5%	n/a
Benchmark	5.4%	12.0%	13.1%	2.9%	-3.1%	n/a
Active return	0.0%	-0.3%	4.8%	4.6%	3.6%	n/a

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

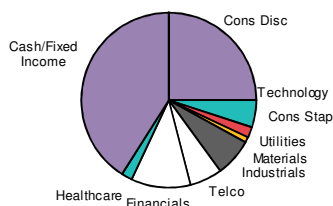
Share Price and NTA



Risk/Return Indicators

Information	Sharpe	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	2.34	3.38	11.7%
Year 3	0.98	1.01	14.2%
Year 5	0.44	0.11	20.4%
NTA+			
Year 1	0.14	3.03	4.2%
Year 3	0.53	0.63	5.6%
Year 5	0.35	-0.25	9.2%

Exposure (Long portfolio)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$0.910
Pre-tax NTA	\$0.964
Post-tax NTA	\$0.964

Premium/(Discount) share price to:

Pre-tax NTA	-5.6%
Post-tax NTA	-5.6%

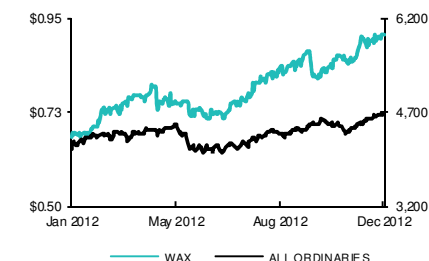
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.065
Yield	7.1%
Franking	100%
Grossed up yield	10.2%

Capital Structure

Ordinary shares	121.6m
Options/other	0.0m
Fully diluted	121.6m
Market capitalisation	110.7m

WAX share price v ASX All Ords



Top 20 Shareholdings

	%
as at 31-Dec-12	
AP Eagers Limited	6.0
Magellan Financial	4.0
Breville Group	3.2
Automotive Holdings	3.1
Amcom Telecommunication	3.0
ARB Corporation	2.7
NEXTDC Limited	2.7
Corporate Travel	2.3
Fantastic Holdings	2.2
Cash Converters	2.1
Reckon Limited	2.1
Skilled Group Limited	2.0
Clime Investment	2.0
iProperty Group	1.7
RHG Limited	1.7
G8 Education Limited	1.5
Logicams Limited	1.5
Energy Action	1.4
REA Group Limited	1.4
Credit Corp Group	1.3
% of Total	47.9

¹ Calculated for the full year ending 30 June 2012. * 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

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Wilson Asset Management	Indirect cost ratio with perf. fee:	4.62% ¹
Listed:	2008	Indirect cost ratio w/out perf. fee:	3.97% ¹

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 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.

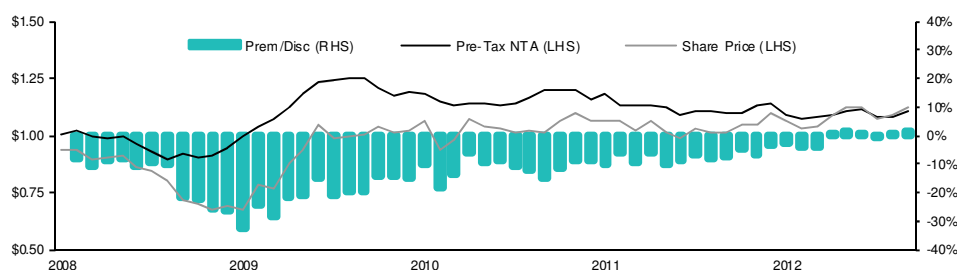
Cash (Fixed Income)/Debt: Cash \$4.9m, Debt \$0.0m (31 December 2012)

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.
Share price*						
Performance	4.2%	12.7%	20.4%	12.2%	n/a	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	n/a	n/a
Active return	-2.6%	-2.8%	1.6%	9.4%	n/a	n/a
NTA+						
Performance	3.2%	6.5%	9.4%	3.3%	n/a	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	n/a	n/a
Active return	-3.6%	-9.0%	-9.4%	0.5%	n/a	n/a

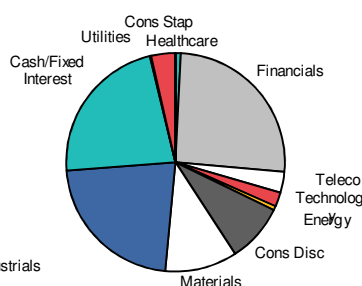
Share Price and NTA



Risk/Return Indicators

Information	Share price	Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Year 1	0.83	2.64	7.8%	6.3%	
Year 3	1.46	1.01	12.4%	9.9%	
Year 5	0.53	0.05	22.8%	15.5%	
NTA+					
Year 1	0.26	2.54	7.0%	8.5%	
Year 3	0.61	0.51	7.7%	9.4%	
Year 5	0.69	0.02	10.9%	10.5%	

Exposure (Long portfolio)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.120
Pre-tax NTA	\$1.104
Post-tax NTA	\$1.078

Premium/(Discount) share price to:

Pre-tax NTA	1.5%
Post-tax NTA	3.9%

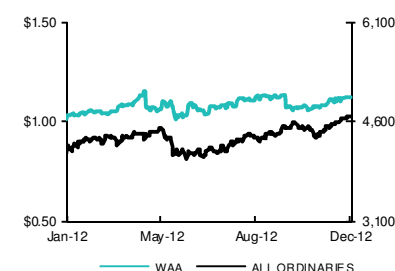
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.090
Yield	8.0%
Franking	100%
Grossed up yield	11.5%

Capital Structure

Ordinary shares	19.7m
Options/other	13.0m
Fully diluted	19.7m
Market capitalisation	\$22.1m

WAM share price v ASX All Ords



Top 20 Shareholding: %

as at 31-Dec-12

Ingenia Communities	3.4
Coventry Group	3.0
RHG Limited	3.0
Brickworks Limited	3.0
Contango Capital	2.6
Fairfax Media	2.2
Clough Limited	2.0
Telstra Corporation	2.0
Hills Holdings	2.0
Emeco Holdings	1.9
Boral Limited	1.9
AMP Capital China	1.9
Hastings High	1.8
Seven Group Holdings	1.8
Sunland Group	1.7
Fletcher Building	1.7
CSR Limited	1.7
Bluescope Steel	1.6
Macquarie Group	1.6
Myer Holdings	1.6
% of Total	42.4

¹ Calculated for the full year ending 30 June 2012. * 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

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Contango Asset Management Ltd	Indirect cost ratio with perf. fee:	2.43% ¹
Listed:	2004	Indirect cost ratio w/out perf. fee:	2.43% ¹

Investment Strategy

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

Personnel

Key Personnel: David Stevens (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

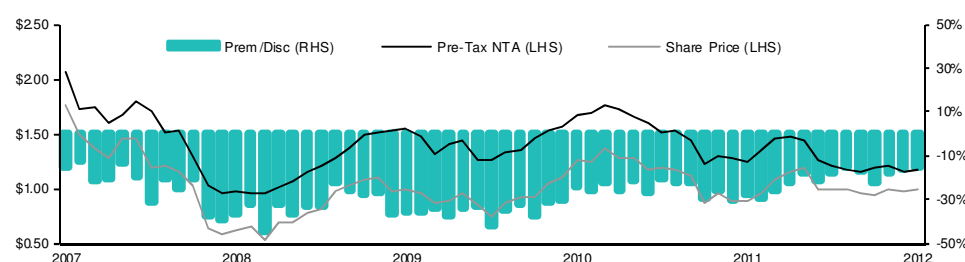
Cash: \$21.6m Debt: \$0m (31 December 2012)

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.
Share price*						
Performance	7.0%	5.5%	21.4%	7.7%	-5.5%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	0.2%	-10.0%	2.6%	4.9%	-3.5%	n/a
NTA+						
Performance	-1.7%	1.2%	1.3%	-3.9%	-6.8%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	-8.5%	-14.3%	-17.5%	-6.7%	-4.8%	n/a

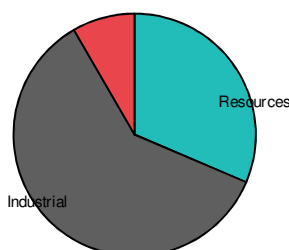
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.13	0.70	25.7%
Year 3	0.21	0.10	29.6%
Year 5	-0.13	-0.27	38.4%
NTA+			
Year 1	-1.26	-0.10	20.4%
Year 3	-0.47	-0.41	20.8%
Year 5	-0.36	-0.48	24.6%

Exposure (top 20)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.00
Pre-tax NTA	\$1.17
Post-tax NTA	\$1.15

Premium/(Discount) share price to:

Pre-tax NTA	-15.1%
Post-tax NTA	-13.3%

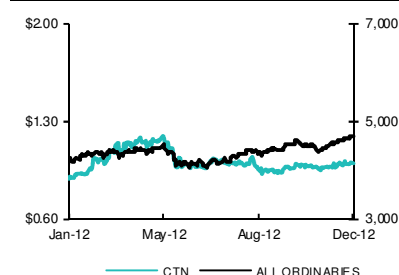
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.085
Yield	8.5%
Franking	0%
Grossed up yield	8.5%

Capital Structure

Ordinary shares	149.7m
Options/other	0.0m
Fully diluted	149.7m
Market capitalisation	148.9m

CTN share price v ASX All Ords



Top 20 Shareholding: %

as at 31-December-12

M2 Telecomm. Group	3.3
McMillan Shakespeare	3.0
Austbrokers Holdings	2.7
Silver Lake Resources	2.3
Tiger Resources	2.2
Beadell Resources	2.2
G8 Education Ltd	2.1
Slater & Gordon	2.1
FlexiGroup Ltd	2.0
Senex Energy Ltd	2.0
Automotive Hldgs	1.9
Tox Free Solutions	1.9
Mayne Pharma	1.9
Papillon Resources	1.8
Drillsearch Energy	1.7
WHK Group Ltd	1.7
Austin Engineering	1.7
Mount Gibson	1.7
NRW Holdings	1.6
Webjet Ltd	1.6

% of Total 41.4

¹Calculated for the full year ending 30 June 2012. 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.

CADENCE CAPITAL (CDM)

Domestic Focussed

Mandate:	Australian listed equities, Long/Short	Benchmark:	All Ordinaries Accumulation
Manager:	Cadence Asset Management	Indirect cost ratio with perf. fee:	2.73%
Listed:	Dec-06	Indirect cost ratio w/out perf. fee:	1.76%

Investment Strategy

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

Personnel

Investment Personnel: Karl Siegling, Wayne Davies and Christopher Garrard. Directors: Karl Siegling (Chairman), Geoff Wilson and James Chirnside.

Key Information

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

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

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

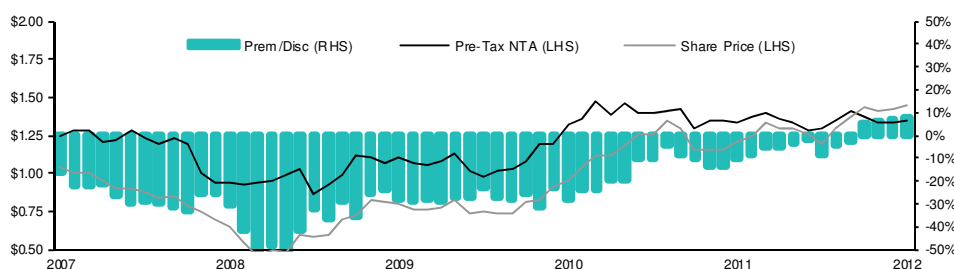
Cash (Fixed Income)/Debt: Cash \$15.2m, Debt \$0.0m (30 June 2012)

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

Other:

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	9.4%	32.3%	36.3%	34.7%	13.9%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	2.6%	16.8%	17.5%	31.9%	15.9%	n/a
NTA+						
Performance	7.6%	13.7%	14.4%	19.1%	6.0%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	0.8%	-1.8%	-4.4%	16.3%	8.0%	n/a

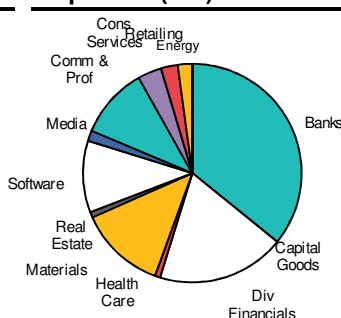
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	1.68	2.41	0.14
Year 3	2.13	1.94	0.15
Year 5	0.74	0.40	0.23
NTA+			
Year 1	-0.55	1.13	0.10
Year 3	1.30	0.90	0.12
Year 5	0.65	0.22	0.16

Exposure (net)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.45
Pre-tax NTA	\$1.35
Post-tax NTA	\$1.37

Premium/(Discount) share price to:

Pre-tax NTA	7.3%
Post-tax NTA	5.7%

Historic Dividend (prior 12-mths)

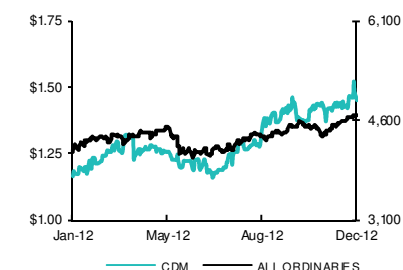
Dividends (net)*	\$0.125
Yield*	8.6%
Franking*	100%
Grossed up yield*	12.3%

* Includes a 3.5 cent special dividends.

Capital Structure

Ordinary shares	64.0m
Options/other	1.9m
Fully diluted	65.9m
Market capitalisation	95.6m

CDM share price v All Ords



Top Shareholdings

	%
as at 31-Dec-12	
RHG Ltd	15.5
Macquarie Group	6.1
McMillan Shakespeare	5.7
Flexigroup Ltd	4.9
Arrium Ltd	3.5
Australia & New	3.5
National Australia	3.4
Reckon Ltd	3.1
Bravura Solutions	2.8
Bluescope Steel	2.2
Retail Food Group	2.2
Oz Minerals Ltd (SHORT)	1.5
% of Total	54.4

Gross Portfolio Structure

Listed Securities (long)	64%
Listed Securities (short)	2%
Net exposure	62%
Cash	38%
Gross Assets	100%

* 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 All Ordinaries Accumulation Index.

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

AUSTRALIAN LEADERS FUND (ALF)

Domestic Focussed

Mandate:	Australian listed equities, Long/Short	Benchmark:	All Ordinaries Accumulation
Manager:	Watermark Funds Management	Indirect cost ratio with perf. fee:	1.93%
Listed:	Feb-04	Indirect cost ratio w/out perf. fee:	1.93%

Investment Strategy

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

Personnel

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

Key Information

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

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

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

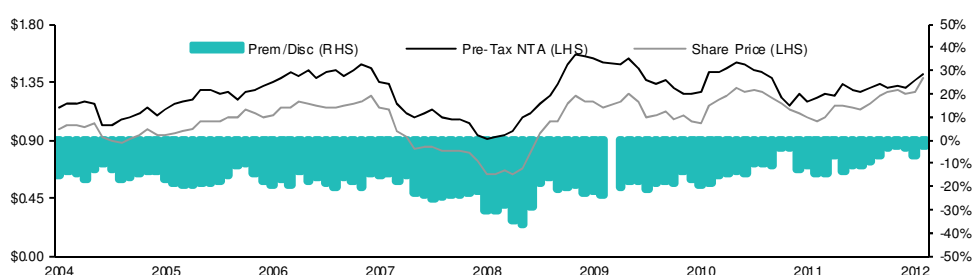
Cash: \$37.5m, Debt: \$0.0m (30 June 2012)

Dividend reinvestment plan:

Other:

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	11.7%	22.6%	43.1%	16.6%	13.1%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	4.9%	7.1%	24.3%	13.8%	15.1%	n/a
NTA+						
Performance	11.7%	13.5%	25.2%	6.9%	8.6%	n/a
Benchmark	6.8%	15.5%	18.8%	2.8%	-2.0%	n/a
Active return	4.9%	-2.0%	6.4%	4.1%	10.6%	n/a

Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	2.52	4.07	9.7%
Year 3	1.32	0.83	14.4%
Year 5	0.70	0.38	21.6%
NTA+			
Year 1	0.42	1.69	12.9%
Year 3	0.30	0.14	16.1%
Year 5	0.62	0.23	17.5%

Exposure

Share Price and NTA Summary

as at 31-Dec-12	
Share price	\$1.38
Pre-tax NTA	\$1.41
Post-tax NTA	\$1.34

Premium/(Discount) share price to:

Pre-tax NTA	-2.5%
Post-tax NTA	2.6%

Historic Dividend (prior 12-mths)

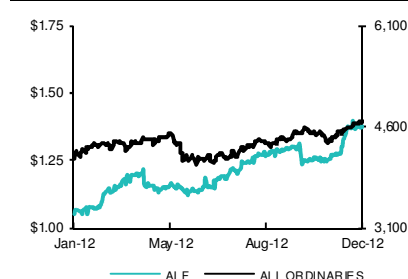
Dividends (net)*	\$0.110
Yield*	8.0%
Franking*	100%
Grossed up yield*	11.4%

* Includes a 3.5 cent special dividends.

Capital Structure

Ordinary shares	68.8m
Options/other	1.9m
Fully diluted	70.7m
Market capitalisation	97.2m

ALF share price v All Ords



Top Shareholdings

as at 30-Nov-12	
Rio Tinto Ltd.	9.4
Mayne Pharma Group	7.9
National Australia	6.4
BHP Billiton Ltd.	5.3
Woodside Petroleum	5.2
Transurban Group	5.2
Commonwealth Bank	4.9
Origin Energy Ltd.	4.6
Jumbo Interactive	4.2
AMP Ltd.	4.1
% of Total	34.4

Gross Portfolio Structure

as at 31-Dec-12	
Listed Securities (long)	189%
Listed Securities (short)	137%
Net exposure	52%
Hybrids/Bonds (long)	14%
Fixed Interest in Cash	34%
Gross Assets	100%

* Calculated for the full year ending 30 June 2012. * 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 or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

MAGELLAN FLAGSHIP FUND (MFF)

International Focussed

Mandate:	International Equities (US focus)	Benchmark:	MSCI World price index in AUD
Manager:	Magellan Asset Management	Indirect cost ratio with perf. fee:	1.47% ¹
Listed:	2006	Indirect cost ratio w/out perf. fee:	1.47% ¹

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

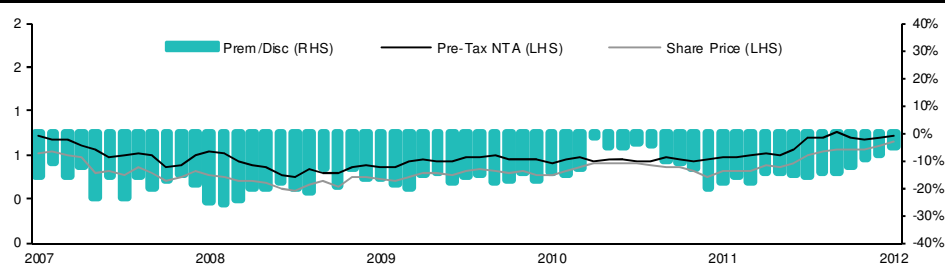
Cash/Debt: \$167.4m cash and \$0.0m debt (30 June 2012)

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.
Share price*						
Performance	5.4%	16.1%	39.3%	15.1%	4.4%	n/a
Benchmark	2.1%	6.8%	11.8%	-0.3%	-6.6%	n/a
Active return	3.3%	9.3%	27.5%	15.4%	11.0%	n/a
NTA+						
Performance	2.5%	4.4%	21.5%	9.7%	2.3%	n/a
Benchmark	2.1%	6.8%	11.8%	-0.3%	-6.6%	n/a
Active return	0.4%	-2.4%	9.7%	10.0%	8.9%	n/a

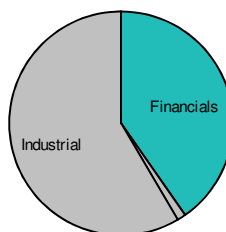
5 year return and premium/discount to Pre-Tax NTA



Risk/Return Indicators

Information	Share Ratio	Sharpe Ratio	Standard Deviation	Tracking Error
Share price				
Year 1	2.74	3.11	11.6%	10.0%
Year 3	1.41	0.77	13.7%	10.9%
Year 5	0.74	-0.03	20.8%	14.9%
NTA+				
Year 1	0.81	1.25	14.5%	12.0%
Year 3	0.97	0.43	12.1%	10.4%
Year 5	0.78	-0.13	17.5%	11.4%

Exposure (Top 16)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$0.97
Pre-tax NTA	\$0.99
Post-tax NTA	\$0.99

Premium/(Discount) share price to:

Pre-tax NTA	-2.1%
Post-tax NTA	-2.1%

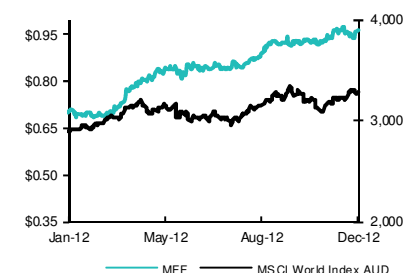
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.01
Yield	1.04%
Franking	26%
Grossed up yield	1.15%

Capital Structure

Ordinary shares	345.4m
Options/other	0.0m
Fully diluted	345.4m
Market capitalisation	333.3m

MFF v MSCI World Index



Top 18 Shareholdings

	%
as at 31-Dec-12	
Tesco	9.6
McDonald's	7.1
Wells Fargo	7.0
Yum! Brands	6.2
Visa	5.8
Bank of America	5.4
US Bancorp	5.0
HCA Holdings	4.7
Wal-Mart	4.4
Google	4.3
Sainsbury J	3.7
State Street	3.5
Bank of New York Mellon	3.4
Low e's	3.4
CME Group	3.2
Danone	3.2
MasterCard	2.2
Mondelez (formerly Kraft)	1.5
Apple	1.5
Unilever Plc	1.4
% of Total	86.4

¹ Calculated as at 30 June 2012 * 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.

HUNTER HALL GLOBAL VALUE (HHV)

International Focussed

Mandate:	International Equities	Benchmark:	MSCI World Return Net Div Reinvested AUD
Manager:	Hunter Hall Investment Management	Indirect cost ratio with perf. fee:	1.68% ¹
Listed:	2004	Indirect cost ratio w/out perf. fee:	1.68% ¹

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, Jonathan Rabinovitz. 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: \$42.1m cash, \$0m debt (30 June 2012)

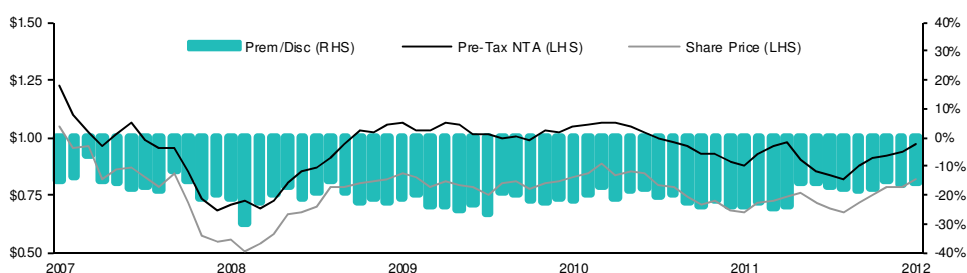
Dividend reinvestment plan: No.

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.
Share price*						
Performance	9.3%	18.8%	21.5%	1.7%	-2.2%	n/a
Benchmark	n/a	8.0%	14.4%	1.9%	-4.4%	n/a
Active return	n/a	10.8%	7.1%	-0.2%	2.2%	n/a
NTA+						
Performance	n/a	17.1%	21.9%	2.1%	-2.4%	n/a
Benchmark	n/a	8.0%	14.4%	1.9%	-4.4%	n/a
Active return	n/a	9.1%	7.5%	0.2%	2.0%	n/a

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

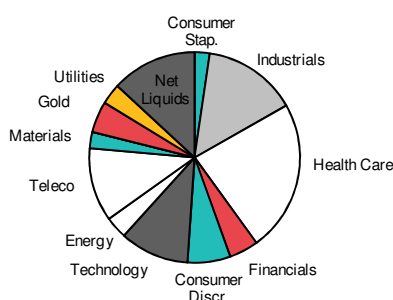
5 year return and premium/discount to Pre-Tax NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.71	1.35	13.4%
Year 3	-0.01	-0.21	13.6%
Year 5	0.17	-0.35	20.3%
NTA+			
Year 1	0.75	1.25	14.8%
Year 3	0.02	-0.23	11.0%
Year 5	0.16	-0.43	16.1%

Exposure (portfolio)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$0.820
Pre-tax NTA	\$0.974
Post-tax NTA	\$0.974

Premium/(Discount) share price to:

Pre-tax NTA	-15.8%
Post-tax NTA	-15.8%

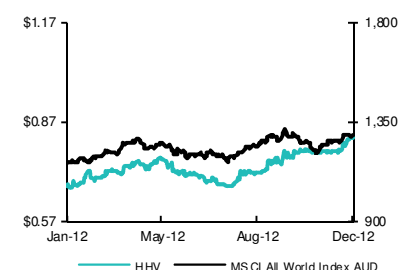
Historic Dividend (prior 12-mths)

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

Capital Structure

Ordinary shares	226.1m
Options/other	0.0m
Fully diluted	226.1m
Market capitalisation	185.4m

HHV v MSCI World Index AUD



Top 10 Shareholding:

	%
as at 31-Dec-12	
Sirtex Medical	17.8
M2 Telecommunications	4.9
Gold Bullion	4.8
Danieli	4.0
Samchully	2.6
Oracle	2.5
Afren	2.5
Comcast	2.2
Expedia	2.2
Interdigital	2.1
% of Total	45.6

¹Calculated for the full year ending 30 June 2012. * The shareprice bench mark has been compared against the MSCI World Acc Net Return (\$A). + The NTA has been compared against the MSCI World Acc Net Return (\$A).

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

PLATINUM CAPITAL (PMC)

International Focussed

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

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: \$19.6m cash, \$0.0m debt (30 June 2012)

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.
Share price*						
Performance	5.9%	10.9%	13.2%	-11.0%	-3.3%	-0.8%
Benchmark	3.1%	8.5%	14.7%	1.6%	1.7%	1.7%
Active return	2.8%	2.4%	-1.5%	-12.6%	-5.0%	-2.5%
NTA+						
Performance	7.8%	12.2%	16.6%	-0.8%	1.5%	6.1%
Benchmark	3.1%	8.5%	14.7%	1.6%	-4.4%	1.7%
Active return	4.7%	3.7%	1.9%	-2.4%	5.9%	4.4%

Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.070
Pre-tax NTA	\$1.21
Post-tax NTA	\$1.21

Premium/(Discount) share price to:

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

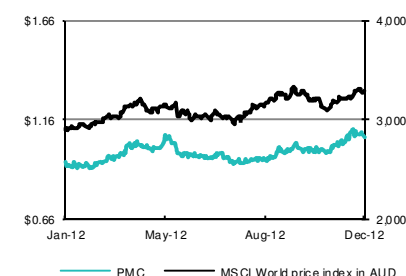
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.000
Yield	0.0%
Franking	100%
Grossed up yield	0.0%

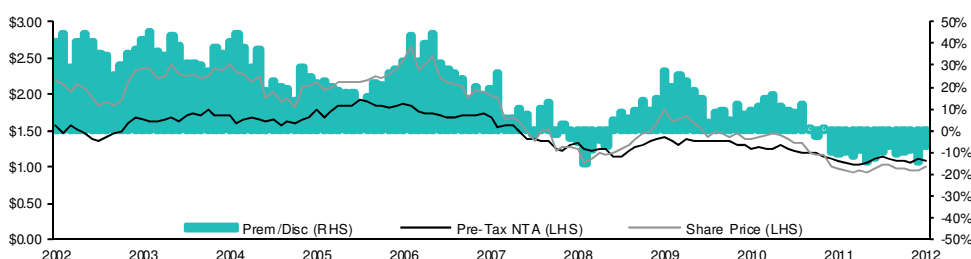
Capital Structure

Ordinary shares	165.3m
Options/other	0.0m
Fully diluted	165.3m
Market capitalisation	176.8m

PMC v MSCI World Index



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



Top 12 Shareholding: %

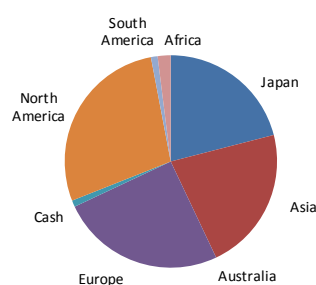
as at 30-Jun-12

Bank Of America Corp	2.6
Microsoft Corp	2.5
Bangkok Bank	2.5
Samsung Electronics	2.4
Sanofi SA	2.3
Shin-Etsu Chemical Co Ltd	2.1
Cisco Systems Inc	2.0
Nexen Inc	1.9
Henkel AG	1.9
Qiagen NV	1.5

Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.05	-0.02	4.7%
Year 3	0.05	0.01	13.1%
Year 5	-0.01	-0.03	-8.4%
NTA+			
Year 1	0.05	0.01	13.1%
Year 3	-0.01	-0.03	-10.1%
Year 5	0.00	0.00	0.0%

Regional Exposure (30 Dec 12)



% of Total 21.7

¹ Calculated as at 30 June 2012 * 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 Focussed

Mandate:	Absolute return	Benchmark:	MSCI All Country World index (\$A)
Manager:	Templeton Global Equity Group	Indirect cost ratio with perf. fee:	1.72% ¹
Listed:	1987	Indirect cost ratio w/out perf. fee:	1.72% ¹

Investment Strategy

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

Personnel

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

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

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

Derivatives: none.

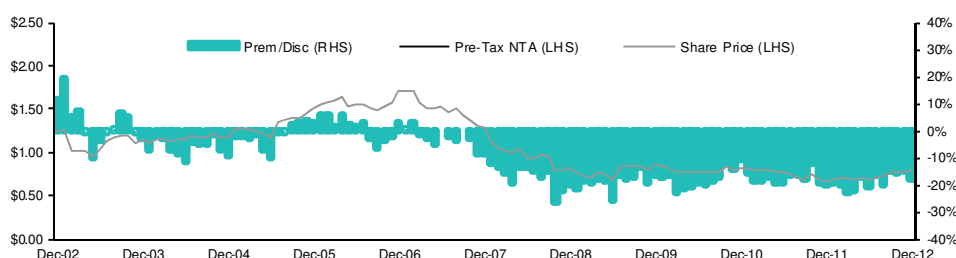
Cash/Debt: \$2.6m cash, \$0.0 debt (30 June 2012)

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.
Share price*						
Performance	1.9%	18.4%	21.1%	0.8%	-7.5%	-1.7%
Benchmark	2.4%	7.8%	13.8%	1.8%	-4.5%	1.1%
Active return	-0.5%	10.6%	7.3%	-1.0%	-3.0%	-2.8%
NTA+						
Performance	5.5%	13.5%	17.6%	0.8%	-5.8%	1.2%
Benchmark	2.4%	7.8%	13.8%	1.8%	-4.5%	1.1%
Active return	3.1%	5.7%	3.8%	-1.0%	-1.3%	0.1%

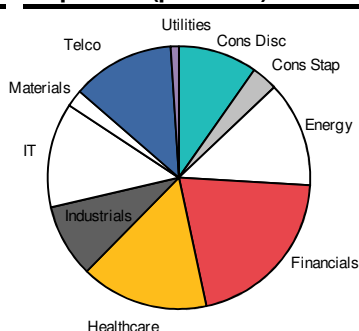
5 year return and premium/discount to Pre-Tax NTA



Risk/Return Indicators

Information	Share	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	0.65	1.65	10.7%
Year 3	-0.08	-0.28	13.7%
Year 5	-0.18	-0.62	20.2%
NTA+			
Year 1	0.80	1.33	10.6%
Year 3	-0.22	-0.36	10.5%
Year 5	-0.28	-0.76	13.7%

Exposure (portfolio)



Share Price and NTA Summary

as at 31-Dec-12

Share price	\$0.79
Pre-tax NTA	\$0.96
Post-tax NTA	\$0.96

Premium/(Discount) share price to:

Pre-tax NTA	-17.7%
Post-tax NTA	-17.7%

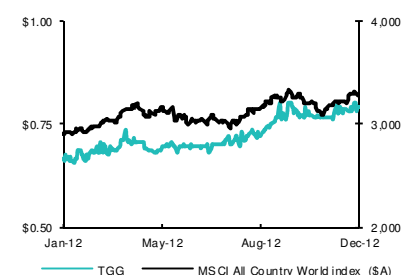
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.015
Yield	1.9%
Franking	100%
Grossed up yield	2.7%

Capital Structure

Ordinary shares	143.3m
Options/other	0.0m
Fully diluted	143.3m
Market capitalisation	113.2m

TGG v MSCI World Index



Top 15 Shareholding:

as at 30-Jun-12	%
Microsoft	2.4
Vodafone	2.3
Pfizer	2.2
Amgen	2.2
Sanofi -Aventis	2.1
American Express	2.1
Singapore	2.0
Telecommunications	1.9
Telenor	1.9
GlaxoSmithKline	1.9
Samsung Electronics	1.7
Roche	1.7
Merck &	1.7
General Electric	1.7
Cisco Systems	1.6
% of Total	29.4

¹Calculated for the full year ending 30 June 2012. * The shareprice benchmark has been compared against the MSCI All Country World Net Index. + The NTA has been compared against the MSCI All Country World Net Index.

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

AMP CAPITAL CHINA GROWTH FUND (AGF)

International Focussed

Mandate: China A shares	Benchmark: S&P/CITIC 300 Total Return (\$A)
Manager: AMP Capital Investors	Indirect cost ratio with perf. fee: 2.19% ¹
Listed: 2006	Indirect cost ratio w/out perf. fee: 2.19% ¹

Investment Strategy

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

Personnel

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

Key Information

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

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

Derivatives: May invest in futures contracts.

Cash/Debt: Cash \$20.1m, Debt \$0.0m (30 June 2012)

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.
Share price*						
Performance	20.8%	7.6%	6.8%	-11.5%	-12.1%	n/a
Benchmark	10.7%	3.7%	9.3%	-11.1%	-12.4%	n/a
Active return	10.1%	3.9%	-2.5%	-0.4%	0.3%	n/a
NTA+						
Performance	10.6%	2.8%	6.5%	-11.6%	-12.8%	n/a
Benchmark	10.7%	3.7%	9.3%	-11.1%	-12.4%	n/a
Active return	-0.1%	-0.9%	-2.8%	-0.5%	-0.4%	n/a

Share Price and NTA Summary

as at 31-Dec-12

Share price	\$0.67
Pre-tax NTA	\$0.85
Post-tax NTA	\$0.85

Premium/(Discount) share price to:

Pre-tax NTA	-21.8%
Post-tax NTA	-21.8%

Historic Distribution (prior 12-mths)

Distributions (net)	\$0.024
Yield	3.6%
Franking	0%
Grossed up yield	3.6%

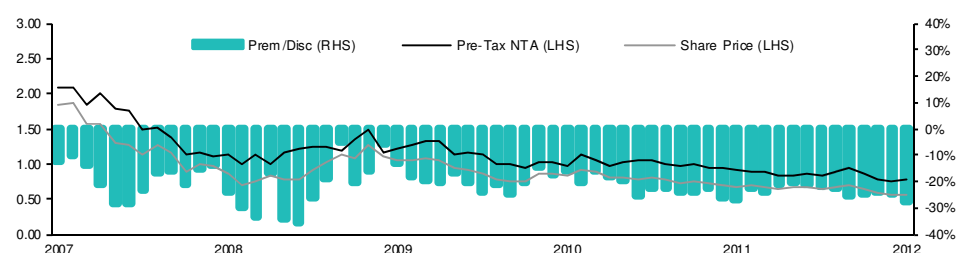
Capital Structure

Ordinary shares	355.7m
Options/other	0.0m
Fully diluted	355.7m
Market capitalisation	236.5m

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

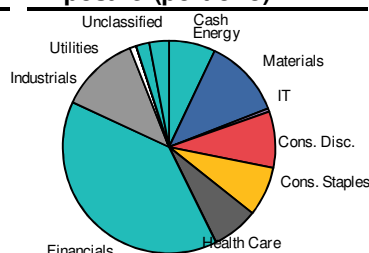
as at 30-Nov-12

Kweichow Moutai Co Ltd	4.7
Ping An Insurance Group	4.1
CITIC Securities Co Ltd	4.1
Gree Electric Appliances Inc	3.9
Poly Real Estate Group Co	3.8
Indust. & Comm. Bank	3.2
China Construction Bank	3.1
China Merchants Property	3.0
Shandong Dong-E-E-Jiao-A	3.0
Zhengzhou Yutong Bus Co	2.9
% of Total	35.8

Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	-0.25	0.14	24.0%
Year 3	-0.04	-0.73	22.1%
Year 5	0.01	-0.56	30.5%
NTA+			
Year 1	-1.02	0.13	24.1%
Year 3	-0.08	-0.70	23.2%
Year 5	-0.04	-0.61	28.3%

Exposure (portfolio)



¹Calculated for the full year ending 31 December 2011. * The shareprice benchmark has been compared against the S&P/CITIC 300 Total Return Index (\$A) + The NTA benchmark has been compared against S&P/CITIC 300 Total Return Index (\$A)

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

HASTINGS HIGH YIELD FUND (HHY)

International Focussed

Mandate:	Absolute return	Benchmark:	10% absolute return per annum
Manager:	Hastings Funds Management	Indirect cost ratio with perf fee:	1.02% ¹
Listed:	2005	Indirect cost ratio w/out perf fee:	1.02% ¹

Investment Strategy

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

Personnel

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

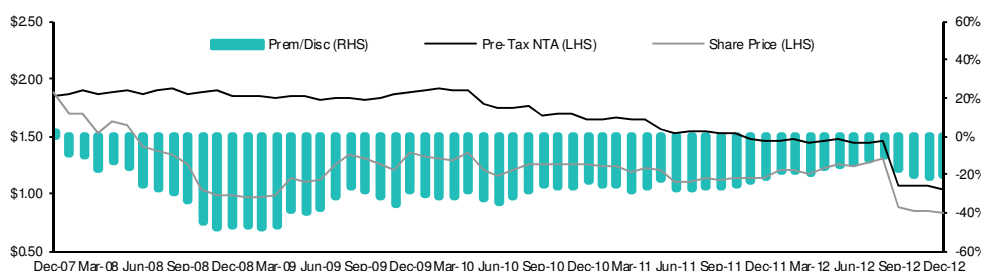
Key Information

Exposure: International/Domestic, Equities/**Fixed Income**/Derivatives, Cash
 Style: **Large**/Medium/Small Cap, Balanced/**Value**/Growth, Passive/**Active**, **Long**/Short
 Derivatives: Cross-currency swaps used for hedging purposes.
 Cash/Debt: \$60.6m cash, \$0.0m Debt (30 June 2012).
 Dividend reinvestment plan: Suspended
 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.
Share price*						
Performance	-3.7%	-0.6%	14.6%	7.2%	3.3%	n/a
Benchmark	3.2%	6.0%	13.3%	6.2%	5.9%	n/a
Active return	-6.9%	-6.6%	1.3%	1.0%	-2.6%	n/a
NTA+						
Performance	-1.0%	0.4%	5.0%	-1.0%	3.5%	n/a
Benchmark	2.4%	4.9%	10.0%	10.0%	10.0%	n/a
Active return	-3.4%	-4.5%	-5.0%	-11.0%	-6.5%	n/a

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

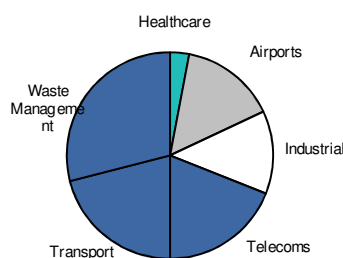
Share Price and NTA



Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
Share price			
Year 1	0.11	1.23	9.1%
Year 3	0.06	0.24	11.1%
Year 5	-0.12	-0.09	18.8%
NTA+			
Year 1	-2.58	0.80	2.0%
Year 3	-1.93	-0.99	5.7%
Year 5	-1.32	-0.22	4.9%

Exposure



¹Calculated for the full year ending 30 June 2012. * The share price benchmark has been compared against the MSCI Index (AUD). + The NTA has been compared against HHY stated absolute return for the performance calculation and the MSCI Accumulation Index (AUD) for the Risk/Return calculations.

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

Share Price and NTA Summary

<i>as at 31-Dec-12</i>	
Share price	\$0.83
Pre-tax NTA	\$1.04
Post-tax NTA	\$1.04

Premium/(Discount) share price to:

Pre-tax NTA	-20.3%
Post-tax NTA	-20.3%

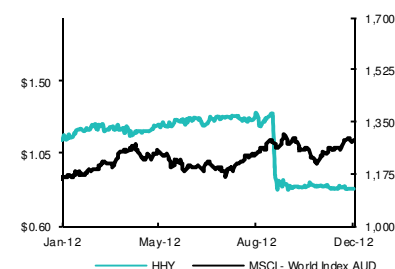
Historic Dividend (prior 12-mths)

Dividends (net)	\$0.483
Yield	58.1%
Franking	0%
Grossed up yield	58.1%

Capital Structure

Ordinary shares	103.1m
Options/other	0.0m
Fully diluted	103.1m
Market capitalisation	85.6m

HHY v MSCI World Index AUD



Top 12 Investments

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

Aurora Absolute Return Fund (ABW)

Domestic Focussed

Mandate:	Absolute Return	Benchmark:	Cash Rate
Manager:	Fortitude Capital	Indirect cost ratio with perf. fee:	1.64%
Listed:	Mar-11	Indirect cost ratio w/out perf. fee:	1.64%

Investment Strategy

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

Personnel

Investment Personnel: John Corr (CIO), Stuart Roe, Sheriden Hure, Binh Le, Andrew Ward and Evan Tepper. Directors: Alastair Davidson (Chairman), John Corr, Stuart Roe, Richard Matthews and Simon Lindsay.

Key Information

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

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

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

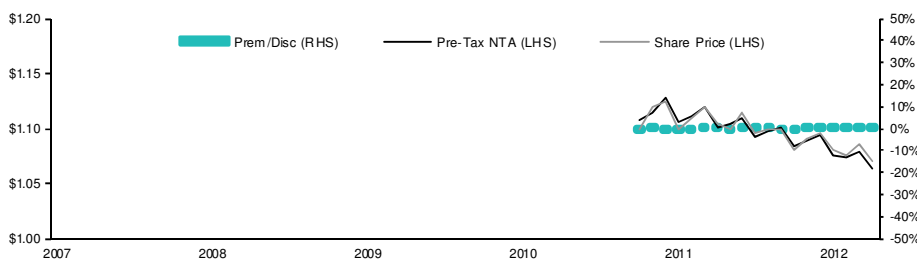
Cash (Fixed Income)/Debt: Cash \$0.6m, Debt \$0.0m (30 June 2012)

Dividend reinvestment plan: Yes.

Other:

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	1.1%	3.2%	5.1%	n/a	n/a	n/a
Benchmark	0.8%	1.7%	3.8%	n/a	n/a	n/a
Active return	0.3%	1.5%	1.3%	n/a	n/a	n/a
NTA+						
Performance	0.3%	1.6%	4.2%	4.1%	6.1%	n/a
Benchmark	0.8%	1.7%	3.8%	4.3%	4.6%	n/a
Active return	-0.5%	-0.1%	0.4%	-0.2%	1.5%	n/a

Share Price and NTA



Risk/Return Indicators

Information	Sharpe	Standard	Tracking
Share price	Ratio	Deviation	Error
Year 1	1.68	2.41	0.14
Year 3	2.13	1.94	0.16
Year 5	0.74	0.40	0.23
NTA+			
Year 1	-0.55	1.13	0.10
Year 3	1.30	0.90	0.12
Year 5	0.65	0.22	0.19

Share Price and NTA Summary

as at 31-Dec-12

Share price	\$1.07
Pre-tax NTA	\$1.06
Post-tax NTA	\$1.06

Premium/(Discount) share price to:

Pre-tax NTA	0.7%
Post-tax NTA	0.7%

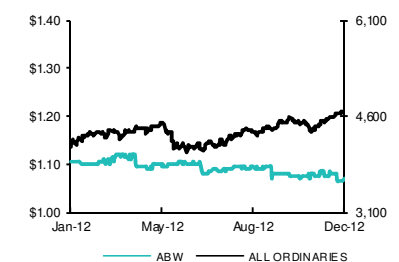
Historic Dividend (prior 12-mths)

Dividends (net)*	\$0.083
Yield*	7.8%
Franking*	0%
Grossed up yield*	7.8%

Capital Structure

Ordinary shares	8.7m
Options/other	
Fully diluted	8.7m
Market capitalisation	9.3m

CDM share price v All Ords



Strategy %

as at 30-Sep-12

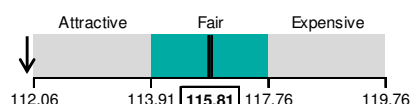
Mergers and Acquisition	20.0
Yield	42.0
Long/Short	15.0
Convergence	12.0
Options	11.0
% of Total	100.0

* Calculated for the full year ending 30 June 2012. * The share price benchmark has been compared against the RBA Cash rate. + The NTA has been compared against the RBA Cash rate.

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

AFIC Notes (AFIG)

Price:
\$111.70
Recommendation:
Buy
Risk Rating:
Low



Investment Data	
Securities on issue	2.22m
Market capitalisation	\$248.1m
Face value	\$100.00
Issue terms	6.25% fixed
52 week low/high	\$103.50/\$113.00
Gross running yield	5.60%
Swap rate (5 Year)	3.29%
Gross margin to swap	2.31%
Gross yield to maturity	3.78%
Gross YTM to swap	0.49%
Fair valuation margin	1.10%

Issuer Details	
Issuer	AFIC
ASX code	AFI
Franking balance (Jun 2012)	\$81m
Gearing (Jun 2012)	6%

Dividend Details	
Cum/ex dividend	Cum div
Ex dividend date	14 Feb 13
Dividend payable	28 Feb13
Dividend amount (net)	\$3.1250
Franking	0%
Dividend frequency	Half Yearly
Cumulative/non cumulative	Mandatory
Accrued income	\$2.37

Redemption	
Maturity date	28 Feb 17
Redemption value	\$100.00
Parent share price	\$5.04
Conversion price (optional)	\$5.0864
Conversion shares value	\$99.09
Estimated option value	\$6.50
Step-up margin	n/a

Analysts

Damien Williamson 613 9235 1958

Barry Ziegler 613 9235 1848

Fixed Rate Debt

Security view

AFIG is a redeemable convertible note issued by Australia's largest listed investment company (LIC). This investment is suitable for conservative investors seeking equity exposure with a conversion option that provides the potential for investors to participate in market upside if the AFI share price increases above the \$5.0864 conversion price (i.e. 25% premium to the AFI share price at the Dec 2011 issue date). If the AFI share price tracks the performance of the All Ords, a compound annual return of 4.6% is required for the option to be in the money by Feb 2017. The rally in the AFI share price to \$5.04 has increased our option value to \$6.50, offsetting the low yield to maturity of 3.78%. Downside risk is limited by the 6.25% fixed unfranked distribution with redemption in Feb 2017. As gearing is only 6% post the \$222m AFIG raising, AFIG redemption risk is extremely low.

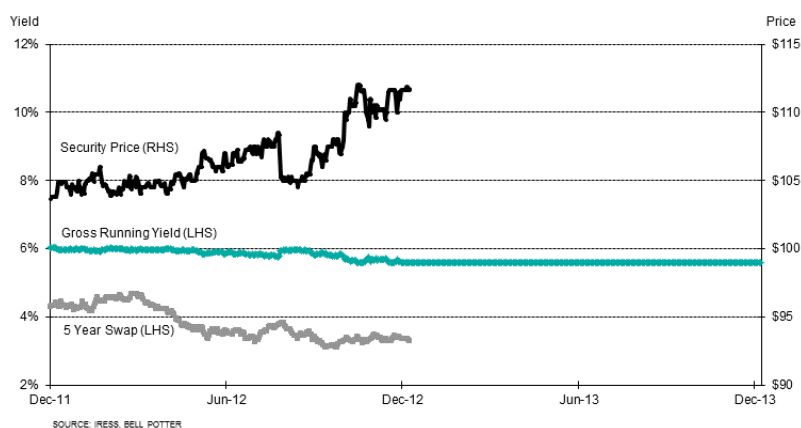
Redemption details

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

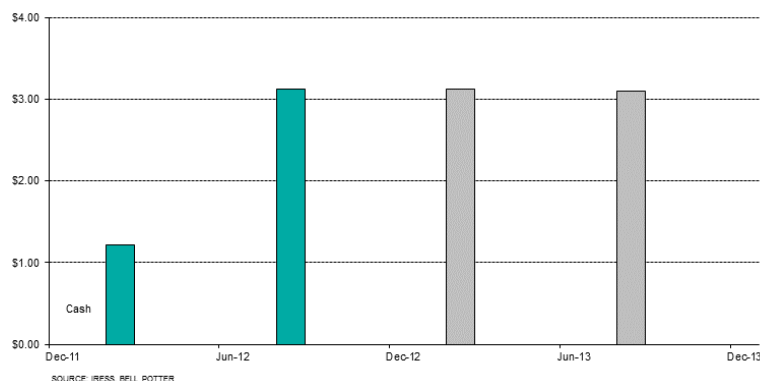
Parent view

With a history dating back to 1928, AFI is Australia's largest LIC with a \$5.2bn portfolio spread over 75 ASX200 companies. AFI is an active manager with an investment philosophy built on taking a medium to longer term view of the quality of a business. AFIC also operates a trading portfolio of short term opportunities of up to 10% of total assets where it seeks to enhance returns by selling call and put options. The scale of the portfolio and management style results in AFI having one of the lowest annual management expense ratios of any LIC of 0.17% of AUM. AFI's investment performance has also been solid, outperforming the S&P/ASX200 Accumulation on a 3, 5 and 10 year basis.

Security price and running yield

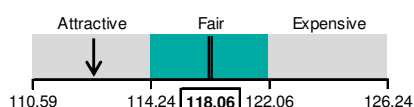


Fixed distributions



Whitefield Convertible Resettable Preference Shares (WHFPB)

Price:
\$112.50
Recommendation:
Buy
Risk Rating:
Low



Investment Data	
Securities on issue	0.30m
Market capitalisation	\$33.8m
Face value	\$100.00
Issue terms	7.0% fully franked
52 week low/high	\$102.50/\$112.50
Gross running yield	8.89%
Swap rate (5 Year)	3.29%
Gross margin to swap	5.60%
Gross yield to maturity	7.64%
Gross YTM to swap	4.35%
Fair valuation margin	3.25%

Issuer Details	
Issuer	Whitefield
ASX code	WHF
Franking balance (Mar 2012)	\$19m
Gearing (ND+Pref/E) (Dec 2012)	11%

Dividend Details	
Cum/ex dividend	Cum div
Ex dividend date	21 May 13
Dividend payable	13 Jun 13
Dividend amount (net)	\$3.5096
Franking	100%
Dividend frequency	Half Yearly
Cumulative/non cumulative	Non
Accrued income	\$0.81

Conversion	
Exchange / reset	30 Nov 18
Conversion discount	up to 3.5%
Parent share price	\$3.09
Conversion shares value	\$103.63
Step-up margin	n/a

Analysts

Damien Williamson 613 9235 1958

Barry Ziegler 613 9235 1848

Fixed Rate Reset Preference Share

Security view

In an environment of falling interest rates, the 7.00% fully franked coupon fixed until Nov 2018 looks highly compelling. In a low interest rate environment, the investment metrics remain attractive at \$112.50 with a gross running yield of 8.89% and a gross yield to maturity of 7.64%. The operational risk of WHF is low with its conservative investment portfolio typically exposed to the top 100 ASX listed industrial companies, one third of which is weighted to the 4 major banks. With no debt, the \$30m WHFPB issue represents 11% of WHF's \$264m of net assets at 31 Dec 2012. This places WHF in a very strong position to pay preference dividends and fund conversion / redemption.

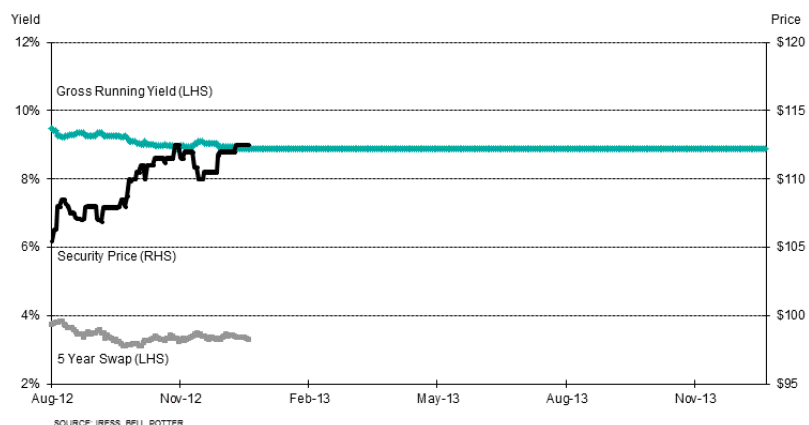
Conversion details

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

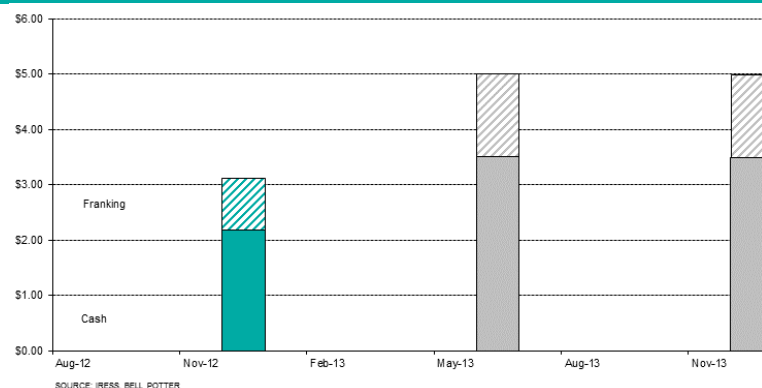
Parent view

With a history dating back to 1923, WHF is one of Australia's oldest listed investment companies. WHF's investment portfolio at 31 Dec 2012 comprised \$17m of cash and \$269m of ASX listed securities across 63 industrial companies.

Security price and running yield



Fixed distributions



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

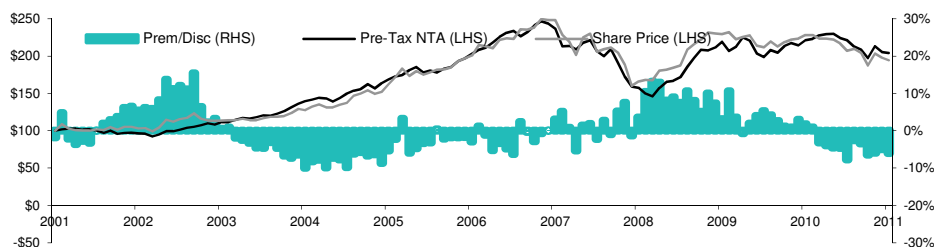
Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
Share price*						
Performance	3.9%	-6.0%	-14.7%	5.4%	-0.6%	6.9%
Index	1.9%	-9.6%	-11.4%	8.5%	-2.1%	6.3%
Active return	2.0%	3.6%	-3.3%	-3.1%	1.5%	0.6%
NTA+						
Performance	3.4%	-7.8%	-7.8%	9.0%	0.1%	7.4%
Benchmark	2.1%	-9.7%	-10.5%	7.6%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

Performance - The annualised compound total return calculates the compound yearly return over a 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%
NTA+				
Year 1	2.21	0.99	11.4%	3.1%
Year 3	-0.60	-0.56	29.2%	7.2%
Year 5	-0.65	-0.33	25.8%	10.1%

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

- 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.