



Listed Investment Companies (LICs)

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Background and Introduction

Self-Managed Superannuation Funds (SMSFs) are the fastest growing sector of the superannuation industry, increasing by 78% since 2009, to be worth an estimated \$558 billion at last count (Australian Tax Office (ATO) SMSF report - March 2014).

According to The Interim Murray Committee Report on the Financial System (Part 1) released in July 2014:

"A number of submissions highlight the benefits of SMSFs to individuals and the superannuation system. SMSFs deliver members greater flexibility and control, because members can tailor their investments to suit their individual needs. Several stakeholders say this is often the main motivation of people participating in SMSFs.

Other drivers of the growth in SMSFs include perceived or actual lower fees and better tax outcomes. The growing number of SMSFs may be a positive sign that more Australians are actively engaging with their retirement savings.

*Several submissions note that SMSFs provide a source of competition to APRA-regulated funds. **Industry and retail funds have expanded their range of products in response to the growth in SMSFs** and also provide administrative services to them."*

This is particularly true with regard to the Listed Investment Companies (LICs) space. Both the popularity and the number of LICs have continued to increase.

Our last report in May 2014 reviewed 30 LICs. Since then 8 new LICs have listed on the ASX and at least 3 are in the process of raising capital.

We have also seen record capital raisings from new LICs: Future Generation Fund (FGX) and QV Equities Limited (QVE).

In this report we provide an update on 43 LICs: 34 domestic; and 9 global.

From the 43 LICs reviewed, we placed BUY recommendations on 9 companies. These are (in alphabetical order): Australian Leaders Fund (ALF); Cadence Capital Limited (CDM); Carlton Investments Limited (CIN); Contango Microcap (CTN); Diversified United Investment Limited (DUI); Mirrabooka Investments Limited (MIR); Naos Emerging Opportunities Company Limited (NCC); Ozgrowth Limited (OZG); and Westoz Investment Company Limited (WIC).

The market capitalisations of Australian-listed LICs now exceed \$24.2 billion (1.53% of the ASX), with many more in the pipeline to be listed on the ASX.

\$24.2 billion equates to just 4.3% of the \$558 billion SMSF market.

Russell Wright

Director, Industrials Research
rxw@bby.com.au
Tel +612 9226 0091

David Menz

Research Assistant

Target Price and Recommendation Changes

Code	Company	Price (\$) 23/09/2014	Current Target Price (\$)	Recommendation	Previous Target Price (\$)	Previous Recommendation
ABW	Aurora Absolute Return Fund	1.04	1.04	UNDERPERFORM		INITATION
ACQ	Acorn Capital Investment Fund Limited	0.88	0.94	UNDERPERFORM		INITATION
AFI	Australian Foundation Investment Company Limited	6.03	6.01	UNDERPERFORM	5.86	UNDERPERFORM
AGF	AMP Capital China Growth Fund	0.77	0.82	UNDERPERFORM	0.76	UNDERPERFORM
ALF	Australian Leaders Fund Limited	1.63	1.63	BUY	1.69	BUY
AMH	AMCIL Limited	0.93	0.93	UNDERPERFORM	0.93	UNDERPERFORM
AOD	Aurora Dividend Income Trust (Managed Fund)	0.98	0.98	UNDERPERFORM		INITATION
ARG	Argo Investments Limited	7.80	7.69	UNDERPERFORM	7.27	UNDERPERFORM
AUI	Australian United Investment Company Limited	8.50	8.67	UNDERPERFORM	8.32	UNDERPERFORM
AUP	Aurora Property Buy-Write Income Trust	5.37	5.44	UNDERPERFORM		INITATION
BAF	Blue Sky Alternatives Access Fund Limited	0.96	0.96	UNDERPERFORM		INITATION
BKI	BKI Investment Company Limited	1.59	1.63	UNDERPERFORM	1.63	UNDERPERFORM
BST	Barrack St Investments Limited	1.00	0.98	UNDERPERFORM		INITATION
CAM	Clime Capital Limited	0.97	1.03	UNDERPERFORM	1.03	UNDERPERFORM
CDM	Cadence Capital Limited	1.39	1.43	BUY	1.44	BUY
CIN	Carlton Investments Limited	28.00	31.02	BUY	29.47	BUY
CTN	Contango Microcap Limited	1.12	1.32	BUY	1.24	BUY
CYA	Century Australia Investments Limited	0.88	0.91	UNDERPERFORM	0.91	UNDERPERFORM
DJW	Djerriwarrh Investments Limited	4.63	4.20	UNDERPERFORM	4.19	UNDERPERFORM
DUI	Diversified United Investment Limited	3.67	3.91	BUY	3.76	BUY
EGI	Ellerston Global Investments	-		IPO		INITATION
EMF	Emerging Markets Masters Fund	1.71	1.67	UNDERPERFORM	1.58	UNDERPERFORM
FGX	Future Generation Investment Fund Limited	1.04	1.01	UNDERPERFORM		INITATION
FSI	Flagship Investments Limited	1.53	1.80	UNDERPERFORM	1.69	UNDERPERFORM
GWP	Global Wealth Partners	1.25		IPO		INITATION
HHV	Hunter Hall Global Value Limited	1.13	1.20	UNDERPERFORM	1.09	UNDERPERFORM
MFF	Magellan Flagship Fund Limited	1.49	1.49	UNDERPERFORM	1.46	UNDERPERFORM
MIR	Mirrabooka Investments Limited	2.59	2.59	BUY	2.51	UNDERPERFORM
MLT	Milton Corporation Limited	4.39	4.40	UNDERPERFORM	4.35	UNDERPERFORM
NAC	NAOS Absolute Opportunities Fund	1.00		IPO		INITATION
NCC	NAOS Emerging Opportunities Company Limited	1.10	1.20	BUY	1.24	BUY
OZG	Ozgrowth Limited	0.20	0.24	BUY	0.24	BUY
PAF	PM Capital Asian Opportunities Fund Limited	0.93	0.95	UNDERPERFORM		INITATION
PGF	PM Capital Global Opportunities Fund Limited	0.95	0.95	UNDERPERFORM		INITATION
PMC	Platinum Capital Limited	1.81	1.65	UNDERPERFORM	1.65	UNDERPERFORM
QVE	QV Equities Limited	0.96	1.00	UNDERPERFORM		INITATION
SNC	Sandon Capital Investments Limited	0.97	1.00	UNDERPERFORM		INITATION
TGG	Templeton Global Growth Fund Limited	1.40	1.39	UNDERPERFORM	1.32	UNDERPERFORM
WAM	WAM Capital Limited	1.98	1.91	UNDERPERFORM	1.86	UNDERPERFORM
WAX	WAM Research Limited	1.18	1.16	UNDERPERFORM	1.12	UNDERPERFORM
WHF	Whitefield Limited	4.29	4.40	UNDERPERFORM	4.28	UNDERPERFORM
WIC	Westoz Investment Company Limited	1.20	1.29	BUY	1.35	BUY
WMK	Watermark Market Neutral Fund Limited	1.10	0.99	UNDERPERFORM	1.03	UNDERPERFORM

Company profiles of the Listed Investment Companies mentioned are attached at the end of this document.

Contents

Background and Introduction	1
Target Price and Recommendation Changes	2
Total shareholder returns and the manager	4
Market Capitalisation & Liquidity	5
Premiums/discounts to Net Tangible Assets (NTA)	6
Fees – both management fees and performance fees (where applicable)	8
Yield (including franking) and sustainability of dividends	9
Summary Recommendations.....	10
Future drivers of LICs	11
Stock Profiles.....	12
Appendix 1	55
Appendix 2	55
Appendix 3	56

Total shareholder returns and the manager

The total shareholder return (TSR) is the capital gain plus dividends.

Total shareholder returns are a measure which differentiates the performance of all LICs.

A key attribute in evaluating investment performance of LICs is the 10-year shareholder return.

Below is a table ranking all ASX listed LICs (40 are in our universe) by 10-year TSR.

Table 1: 10-year total shareholder returns (ranked in order of 10 year returns)

Code	Company	10 Year TSR	5 Year TSR	3 Year TSR	1 Year TSR	Comments
CTN	Contango Microcap Limited	16.7%	12.8%	2.6%	30.6%	Before fees
WAM	WAM Capital Limited	14.0%	16.1%	17.7%	16.4%	Reported as portfolio return before expenses fees and taxes
MIR	Mirrabeeka Investments Limited	14.0%	15.7%	23.7%	19.2%	
AMH	AMCIL Limited	13.5%	14.5%	13.0%	14.7%	
DUI	Diversified United Investment Limited	11.4%	11.7%	15.2%	25.1%	
AFI	Australian Foundation Investment Company Limited	10.9%	9.8%	16.6%	12.5%	
BKI	BKI Investment Company Limited	10.5%	15.1%	16.7%	21.0%	
MLT	Milton Corporation Limited	10.2%	14.5%	18.8%	28.6%	
AUI	Australian United Investment Company Limited	10.0%	10.8%	12.7%	23.7%	
ARG	Argo Investments Limited	8.8%	11.2%	10.9%	17.1%	
DJW	Djerriwarh Investments Limited	8.7%	8.0%	13.6%	12.8%	
WHF	Whitefield Limited	8.7%	N/A	14.5%	17.7%	NA: Not disclosed
HHV	Hunter Hall Global Value Limited	6.1%	11.2%	11.1%	21.5%	
TGG	Templeton Global Growth Fund Limited	4.4%	11.8%	18.1%	23.2%	
CIN	Carlton Investments Limited	N/A	N/A	N/A	N/A	NA: Performance not disclosed
ALF	Australian Leaders Fund Limited	N/A	12.5%	18.8%	6.5%	NA: Not disclosed
CDM	Cadence Capital Limited	N/A	217.8%	52.6%	17.1%	NA: Inception (8.8 years to 30/06/14 = 373.74%, 119.7% after fees)
FGX	Future Generation Investment Fund Limited	N/A	N/A	N/A	N/A	NA: New listing
QVE	QV Equities Limited	N/A	N/A	N/A	N/A	NA: Recent listing
WAX	WAM Research Limited	N/A	N/A	18.0%	20.5%	NA: Change investment strategy Jul-10, before fees and expenses
WIC	Westoz Investment Company Limited	N/A	N/A	N/A	N/A	NA: Not disclosed
WMK	Watermark Market Neutral Fund Limited	N/A	N/A	N/A	1.7%	NA: No Data, Inception Jul-13
CAM	Clime Capital Limited	N/A	16.6%	7.7%	1.2%	NA: Change in management July 2009
OZG	Ozgrowth Limited	N/A	N/A	N/A	N/A	NA: Not disclosed
CYA	Century Australia Investments Limited	N/A	19.1%	14.3%	24.5%	NA: Inception 8/4/04
BAF	Blue Sky Alternatives Access Fund Limited	N/A	N/A	N/A	33.0%	NA: Recent listing
ACQ	Acorn Capital Investment Fund Limited	N/A	N/A	N/A	N/A	NA: Inception May 2014
FSI	Flagship Investments Limited	N/A	15.2%	16.8%	26.2%	NA: 10-year not supplied, performance before fees and expenses
NCC	NAOS Emerging Opportunities Company Limited	N/A	N/A	N/A	30.5%	NA: Inception 26/02/13
SNC	Sandon Capital Investments Limited	N/A	N/A	N/A	N/A	NA: Inception Dec-13
ABW	Aurora Absolute Return Fund	N/A	N/A	5.3%	3.6%	NA: Change in investment strategy 1/3/11 (3.87%)
AOD	Aurora Dividend Income Trust (Managed Fund)	N/A	N/A	12.4%	9.8%	NA: Inception 16/11/05 (8.1% since)
BST	Barrack St Investments Limited	N/A	N/A	N/A	N/A	NA: Recent listing
AUP	Aurora Property Buy-Write Income Trust	N/A	10.8%	9.0%	8.2%	NA: Inception July-07
MFF	Magellan Flagship Fund Limited	N/A	N/A	N/A	N/A	NA: No data (inception Dec-06)
PMC	Platinum Capital Limited	N/A	10.2%	15.5%	17.9%	NA: No data
AGF	AMP Capital China Growth Fund	N/A	N/A	-2.6%	-6.6%	NA: Inception 10/01/07 (2.4%)
PGF	PM Capital Global Opportunities Fund Limited	N/A	N/A	N/A	N/A	NA: No data inception Dec-13
EMF	Emerging Markets Masters Fund	N/A	N/A	N/A	N/A	NA: No data
PAF	PM Capital Asian Opportunities Fund Limited	N/A	N/A	2.0%	-3.4%	NA: No data (inception May-14)

Source: Companies & BBY

Clearly, CTN is the stand-out closely followed by WAM Capital Limited (WAM) - although CTN has a smaller stock focus, such that it typically owns 60-100 stocks in its portfolio and the top 20 of these holdings represents less than 50% of the overall portfolio.

Nine LICs in total produced healthy 10-year returns - greater than 10% per annum.

The five in the middle with single-digit performances were three domestic followed by one global LICs.

Twenty-six had no 10-year performance data available – due to either their inception being less than 10 years ago or the companies not wishing to disclose this data.

Market Capitalisation & Liquidity

Market capitalisation is an important indicator of liquidity in a LIC. Liquidity is important to consider as more thinly traded LICs can be hard to get out of if the market takes a turn for the worse.

Liquidity can also be driven by trends too. According to Australian Foundation Investment Company Limited (AFI): *"Supply and demand for shares at any one time can fluctuate. In particular, listed investment company shares sometimes fall out of favour. When the general market is running strongly investors may elect to move out of "value" shares into "growth stocks". Conversely when market conditions are more subdued investors may value a steadier stream of dividends and a value based approach to investing."*

Many LICs have engaged in on-market buybacks to increase liquidity.

Table 2: LIC's Market Capitalisation with Liquidity

Code	Company	Price 23/09/2014	Market cap (\$m)	Monthly Turnover (\$m)	% of Mkt Cap
Domestic LICs					
AFI	Australian Foundation Investment Company Limited	6.03	6359.5	33.51	0.5%
ARG	Argo Investments Limited	7.80	5183.4	25.24	0.5%
MLT	Milton Corporation Limited	4.39	2772.4	13.08	0.5%
DJW	Djerriwarrh Investments Limited	4.63	1012.1	10.39	1.0%
AUI	Australian United Investment Company Limited	8.50	927.7	3.42	0.4%
BKI	BKI Investment Company Limited	1.59	882.3	7.78	0.9%
CIN	Carlton Investments Limited	28.00	741.3	1.04	0.1%
WAM	WAM Capital Limited	1.98	672.7	13.55	2.0%
DUI	Diversified United Investment Limited	3.67	628.0	3.35	0.5%
ALF	Australian Leaders Fund Limited	1.63	396.0	13.61	3.4%
MIR	Mirrabooka Investments Limited	2.59	365.3	3.14	0.9%
WHF	Whitefield Limited	4.29	327.4	2.49	0.8%
CDM	Cadence Capital Limited	1.39	274.2	8.42	3.1%
AMH	AMCIL Limited	0.93	217.6	1.29	0.6%
FGX	Future Generation Investment Fund Limited	1.04	191.0	0.92	0.5%
CTN	Contango Microcap Limited	1.12	176.6	4.90	2.8%
QVE	QV Equities Limited	0.96	177.2	0.73	0.4%
WAX	WAM Research Limited	1.18	164.6	3.14	1.9%
WIC	Westoz Investment Company Limited	1.20	155.1	2.42	1.6%
WMK	Watermark Market Neutral Fund Limited	1.00	86.7	2.35	2.7%
CAM	Clime Capital Limited	0.97	78.7	1.30	1.7%
OZG	Ozgrowth Limited	0.20	70.4	1.14	1.6%
CYA	Century Australia Investments Limited	0.88	69.7	0.96	1.4%
BAF	Blue Sky Alternatives Access Fund Limited	0.96	58.0	0.22	0.4%
ACQ	Acorn Capital Investment Fund Limited	0.88	44.7	0.56	1.3%
FSI	Flagship Investments Limited	1.53	37.1	0.33	0.9%
NCC	NAOS Emerging Opportunities Company Limited	1.10	38.9	1.70	4.4%
SNC	Sandon Capital Investments Limited	0.97	34.0	0.65	1.9%
ABW	Aurora Absolute Return Fund	1.04	30.1	1.74	5.8%
AOD	Aurora Dividend Income Trust (Managed Fund)	0.98	23.5	0.83	3.5%
BST	Barrack St Investments Limited	1.00	16.0	0.01	0.1%
AUP	Aurora Property Buy-Write Income Trust	5.37	12.9	0.11	0.9%
NAC	NAOS Absolute Opportunities Fund	1.00	-		
GWP	Global Wealth Partners	1.25	-		
Global LICs					
MFF	Magellan Flagship Fund Limited	1.49	529.7	11.49	2.2%
PMC	Platinum Capital Limited	1.81	420.3	13.56	3.2%
AGF	AMP Capital China Growth Fund	0.77	286.6	6.87	2.3%
TGG	Templeton Global Growth Fund Limited	1.40	277.8	6.92	2.5%
HHV	Hunter Hall Global Value Limited	1.13	212.0	5.15	2.4%
PGF	PM Capital Global Opportunities Fund Limited	0.95	164.1	4.27	2.6%
EMF	Emerging Markets Masters Fund	1.71	142.8	0.55	0.4%
PAF	PM Capital Asian Opportunities Fund Limited	0.93	51.2	0.40	0.8%
Total			24309.2	213.5	

Source: Companies & BBY

Market Capitalisation & Liquidity (continued)

The two stocks with the largest dollar turnover liquidity, AFI and Argo Investments Limited (ARG), are also the two with the largest market capitalisation.

But other factors such as marketing and TSR are also significant drivers of liquidity as a percentage of market capitalisation.

For example, Naos Emerging Opportunities Company Limited (NCC) has almost 5 times the liquidity of a higher market capitalisation stock such as Flagship Investments Limited (FSI). NCC is the second highest LIC ranked on our list of average monthly turnover relative to market capitalisation.

Premiums/discounts to Net Tangible Assets (NTA)

According to Clime Capital Limited (CAM)'s website:

"LICs are unique investment vehicles because they can trade at a discount or premium to the assets that they own. When investors want to sell shares in the LICs, the share price may fall below the value of its net asset backing (or NTA). The net asset backing per share is what you would get per share if all the underlying shares were sold on the stock market.

We refer to this as trading at a discount to NTA. This can provide a great buying opportunity for investors, because they can buy into a portfolio of shares at less than it would cost to buy them separately on the ASX.

On the other hand, when the shares in a LIC rally, the share price may trade higher than the value of the assets it owns. In other words, you could buy the shares in the portfolio cheaper on the stock market (on average). This is referred to as trading at a premium to NTA. This situation can provide a selling opportunity for investors."

On the next page is a table ranking ASX listed LICs (40 are in our universe) by premium or discount to Net Asset Value (or NTA).

Seven of the LICs in our universe trade at more than a 10% discount to NTA; CAM, ACQ, HHV, FSI, AGF, CTN, and OZG. This compares to 6 LICs trading at more than a 10% discount to NTA **in our last LIC report**.

Twelve LICs trade at more than a 5% discount to NAV, compared to fourteen in our last report.

Fifteen trade a premium to NTA, with three trading at premiums over 15%.

Table 3: LIC's by premium or discount to NTA (23 September 2014)

Code	Company	Price \$ pretax	Most recent NAV	Premium or Discount
DJW	Djerriwarrh Investments Limited	4.63	3.76	23.14%
PMC	Platinum Capital Limited	1.81	1.48	22.30%
ALF	Australian Leaders Fund Limited	1.63	1.41	15.60%
MIR	Mirrabooka Investments Limited	2.59	2.32	11.64%
FGX	Future Generation Investment Fund Limited	1.04	0.97	7.22%
WAM	WAM Capital Limited	1.98	1.85	6.62%
EMF	Emerging Markets Masters Fund	1.71	1.62	5.56%
WAX	WAM Research Limited	1.18	1.14	3.50%
BST	Barrack St Investments Limited	1.00	0.97	3.39%
ARG	Argo Investments Limited	7.80	7.58	2.90%
TGG	Templeton Global Growth Fund Limited	1.40	1.38	1.30%
AMH	AMCIL Limited	0.93	0.92	1.09%
ABW	Aurora Absolute Return Fund	1.04	1.03	0.97%
AFI	Australian Foundation Investment Company Limited	6.03	5.99	0.67%
WMK	Watermark Market Neutral Fund Limited	1.00	0.99	0.51%
MLT	Milton Corporation Limited	4.39	4.41	-0.45%
MFF	Magellan Flagship Fund Limited	1.49	1.50	-0.60%
BAF	Blue Sky Alternatives Access Fund Limited	0.96	0.97	-0.84%
AOD	Aurora Dividend Income Trust (Managed Fund)	0.98	0.99	-1.26%
PGF	PM Capital Global Opportunities Fund Limited	0.95	0.96	-1.88%
QVE	QV Equities Limited	0.96	0.98	-1.94%
AUP	Aurora Property Buy-Write Income Trust	5.37	5.51	-2.54%
CDM	Cadence Capital Limited	1.39	1.43	-3.01%
PAF	PM Capital Asian Opportunities Fund Limited	0.93	0.97	-3.76%
AUI	Australian United Investment Company Limited	8.50	8.84	-3.85%
BKI	BKI Investment Company Limited	1.59	1.67	-4.79%
WHF	Whitefield Limited	4.29	4.51	-4.88%
SNC	Sandon Capital Investments Limited	0.97	1.02	-4.98%
DUI	Diversified United Investment Limited	3.67	3.91	-6.14%
WIC	Westoz Investment Company Limited	1.20	1.29	-7.26%
CYA	Century Australia Investments Limited	0.88	0.95	-7.89%
NCC	NAOS Emerging Opportunities Company Limited	1.10	1.20	-8.33%
CIN	Carlton Investments Limited	28.00	31.02	-9.74%
CAM	Clime Capital Limited	0.97	1.09	-11.01%
ACQ	Acorn Capital Investment Fund Limited	0.88	1.00	-11.57%
HHV	Hunter Hall Global Value Limited	1.13	1.28	-12.31%
FSI	Flagship Investments Limited	1.53	1.80	-14.81%
AGF	AMP Capital China Growth Fund	0.77	0.90	-15.00%
CTN	Contango Microcap Limited	1.12	1.32	-15.15%
OZG	Ozgrowth Limited	0.20	0.24	-17.02%

Source: Companies & BBY

Fees – both management fees and performance fees (where applicable)

LIC fees vary widely. For our universe of stocks management fees range widely too - from FSI's zero (although performance fees are payable) to EMF's lofty 2.88%.

Also worth noting is that FGX's management fee of 1% is donated to selected Australian children's charities rather than the managers. This can be thought of as either 0% or 1% depending on the investor's priorities. The managers are working pro-bono and no performance fee is charged. In the interests of full disclosure we have included it as a 1% fee.

Table 4: Management Expense Ratios (fees) for LICs

Code	Company	Price (\$) 22/09/2014	Mkt cap (\$m)	Management Expense Ratio	Benchmark	Performance Fee	Manager
FSI	Flagship Investments Limited	1.53	37.1	0.00%	UBS Bank Bill	15%	Pohl & Co
CIN	Carlton Investments Limited	28	741.3	0.09%	Benchmark unaware	0%	Internal
AUI	Australian United Investment Company Limited	8.5	927.7	0.11%	Benchmark unaware	0%	Internal
MLT	Milton Corporation Limited	4.39	2772.4	0.13%	Benchmark unaware	0%	Internal
ARG	Argo Investments Limited	7.8	5183.4	0.15%	Benchmark unaware	0%	Internal
DUI	Diversified United Investment Limited	3.67	628.0	0.15%	Benchmark unaware	0%	Internal
AFI	Australian Foundation Investment Company Limited	6.03	6359.5	0.17%	Benchmark unaware	0%	Internal
BKI	BKI Investment Company Limited	1.59	882.3	0.17%	Benchmark unaware	0%	Internal
WHF	Whitefield Limited	4.29	327.4	0.35%	ASX 200 All Industrials (XJIAI)	0%	Internal
DJW	Djerriwarrh Investments Limited	4.63	1012.1	0.39%	Benchmark unaware	0%	Internal
AMH	AMCIL Limited	0.93	217.6	0.65%	S&P/ASX 200 Accumulation Index	0%	Internal
MIR	Mirrabeeka Investments Limited	2.59	365.3	0.70%	S&P/ASX Mid Cap50 & XSOAI	0%	Internal
QVE	QV Equities Limited	0.96	177.2	0.88%	Benchmark unaware	0%	Investors Mutual
ACQ	Acorn Capital Investment Fund Limited	0.88	44.7	0.95%	S&P/ASX Small Ordinaries	20%	Acorn Capital
AOD	Aurora Dividend Income Trust (Managed Fund)	0.975	23.5	0.97%	RBA cash rate	0%	Internal
WAM	WAM Capital Limited	1.975	672.7	1.00%	S&P/ASX All Ordinaries Accumulation Index	20%	Wilson's
ALF	Australian Leaders Fund Limited	1.63	396.0	1.00%	S&P/ASX All Ordinaries Accumulation Index	20%	Watermark
CDM	Cadence Capital Limited	1.385	274.2	1.00%	S&P/ASX All Ordinaries Accumulation Index	20%	Internal
FGX	Future Generation Investment Fund Limited	1.04	191.0	1.00%	Benchmark unaware	0%	Internal
WAX	WAM Research Limited	1.175	164.6	1.00%	S&P/ASX All Ordinaries Accumulation Index	20%	Wilson's
WIC	Westoz Investment Company Limited	1.2	155.1	1.00%	S&P/ASX Small Ordinaries	20%	Euroz
WMK	Watermark Market Neutral Fund Limited	0.995	86.7	1.00%	RBA cash rate	20%	Watermark
CAM	Clime Capital Limited	0.97	78.7	1.00%	S&P/ASX All Ordinaries Accumulation Index	20%	Internal
OZG	Ozgrowth Limited	0.195	70.4	1.00%	Hurdle Rate of 7%p.a	20%	Euroz
CYA	Century Australia Investments Limited	0.875	69.7	1.00%	S&P/ASX 300 Accumulation Index	10%	Perennial
BST	Barrack St Investments Limited	1	16.0	1.00%	Hurdle Rate of 8%p.a	20%	ECP Asset Mgmt
TGG	Templeton Global Growth Fund Limited	1.4	277.8	1.00%	MSCI AC World Free Index	0%	Internal
PGF	PM Capital Global Opportunities Fund Limited	0.945	164.1	1.00%	MSCI World Total Return Index in A\$	15%	Internal
PAF	PM Capital Asian Opportunities Fund Limited	0.93	142.8	1.00%	MSCI Asia (ex-Japan) Equity Index	15%	Internal
AUP	Aurora Property Buy-Write Income Trust	5.37	12.9	1.03%	S&P/ASX 300 AREIT (Accum) Index	10%	Wilson's
BAF	Blue Sky Alternatives Access Fund Limited	0.96	58.0	1.20%	Hurdle Rate of 8%p.a	18%	Blue Sky entities
CTN	Contango Microcap Limited	1.12	176.6	1.25%	S&P/ASX All Ordinaries Accumulation Index	0%	Internal
NCC	NAOS Emerging Opportunities Company Limited	1.1	38.9	1.25%	Small Ordinaries Accumulation Index (XSOAI)	15%	NAOS Asset Mgmt
MFF	Magellan Flagship Fund Limited	1.49	529.7	1.25%	Hurdle Rate of 10%p.a	Cap \$2Mp.a	Internal
SNC	Sandon Capital Investments Limited	0.97	34.0	1.25%	Unannounced	20%	Internal
ABW	Aurora Absolute Return Fund	1.04	30.1	1.49%	RBA cash rate	21%	Internal
GWP	Global Wealth Partners	1.25	-	1-1.5%	MSCI Total Return Index	up to 20%	Diversified
PMC	Platinum Capital Limited	1.81	420.3	1.50%	5% above MSCI AC World Net Index in A\$	10%	Internal
AGF	AMP Capital China Growth Fund	0.765	286.6	1.65%	S&P/CITIC 300 Total Return Index	20%	Internal
NAC	NAOS Absolute Opportunities Fund	1	-	1.75%	RBA Cash rate + 250 basis points	20%	NAOS Asset Mgmt
HHV	Hunter Hall Global Value Limited	1.125	212.0	1.77%	MSCI World Total Return Index in A\$	15%	Internal
EMF	Emerging Markets Masters Fund	1.71	142.8	2.88%	Benchmark unaware	0%	16 diversified mgrs
EGI	Ellerston Global Investments	-	-	Unknown	Unknown	Unknown	Internal

Source: Companies & BBY

Management fees are often augmented by performance fees. Performance fees are payable once the performance exceeds a specified benchmark.

There is a perception that companies that charge performance fees have better performance.

Performance fees in our universe range from 10% charged by CYA, PMC and AUP to ABW's 20.5%.

Yield (including franking) and sustainability of dividends

Table 5: Grossed up yields of LICs

Code	Company	Price (\$)	Market cap (\$m)	Last FY Dividend	Grossed up Yield	Franking
23/09/2014						
MIR	Mirrabooka Investments Limited	2.59	365.3	\$ 0.200	11.03%	100%
OZG	Ozgrowth Limited	0.20	70.4	\$ 0.015	10.99%	100%
WIC	Westoz Investment Company Limited	1.20	155.1	\$ 0.090	10.71%	100%
ALF	Australian Leaders Fund Limited	1.63	396.0	\$ 0.120	10.52%	100%
CDM	Cadence Capital Limited	1.39	274.2	\$ 0.100	10.31%	100%
AMH	AMCIL Limited	0.93	217.6	\$ 0.065	9.98%	100%
WAM	WAM Capital Limited	1.98	672.7	\$ 0.130	9.40%	100%
WAX	WAM Research Limited	1.18	164.6	\$ 0.075	9.12%	100%
CTN	Contango Microcap Limited	1.12	176.6	\$ 0.086	8.94%	38%
DJW	Djerriwarrh Investments Limited	4.63	1012.1	\$ 0.260	8.02%	100%
AUP	Aurora Property Buy-Write Income Trust	5.37	12.9	\$ 0.429	7.98%	0%
NCC	NAOS Emerging Opportunities Company Limited	1.10	38.9	\$ 0.058	7.47%	100%
WMK	Watermark Market Neutral Fund Limited	1.00	86.7	\$ 0.050	7.18%	100%
FSI	Flagship Investments Limited	1.53	37.1	\$ 0.073	6.77%	100%
CAM	Clime Capital Limited	0.97	78.7	\$ 0.043	6.33%	100%
PMC	Platinum Capital Limited	1.81	420.3	\$ 0.080	6.31%	100%
BKI	BKI Investment Company Limited	1.59	882.3	\$ 0.070	6.24%	100%
TGG	Templeton Global Growth Fund Limited	1.40	277.8	\$ 0.060	6.12%	100%
HHV	Hunter Hall Global Value Limited	1.13	212.0	\$ 0.065	6.12%	14%
ABW	Aurora Absolute Return Fund	1.04	30.1	\$ 0.063	6.08%	0%
MLT	Milton Corporation Limited	4.39	2772.4	\$ 0.180	5.86%	100%
WHF	Whitefield Limited	4.29	327.4	\$ 0.170	5.66%	100%
DUI	Diversified United Investment Limited	3.67	628.0	\$ 0.140	5.45%	100%
AUI	Australian United Investment Company Limited	8.50	927.7	\$ 0.320	5.38%	100%
AFI	Australian Foundation Investment Company Limited	6.03	6359.5	\$ 0.220	5.21%	100%
ARG	Argo Investments Limited	7.80	5183.4	\$ 0.280	5.13%	100%
CIN	Carlton Investments Limited	28.00	741.3	\$ 1.000	5.10%	100%
EMF	Emerging Markets Masters Fund	1.71	142.8	\$ 0.060	3.51%	0%
AGF	AMP Capital China Growth Fund	0.77	286.6	\$ 0.019	2.51%	0%
AOD	Aurora Dividend Income Trust (Managed Fund)	0.98	23.5	\$ 0.020	2.05%	0%
MFF	Magellan Flagship Fund Limited	1.49	529.7	\$ 0.020	1.34%	0%
FGX	Future Generation Investment Fund Limited	1.04	191.0	\$ -	0.00%	0%
QVE	QV Equities Limited	0.96	177.2	\$ -	0.00%	0%
CYA	Century Australia Investments Limited	0.88	69.7	\$ 0.050	0.00%	100%
BAF	Blue Sky Alternatives Access Fund Limited	0.96	58.0	\$ -	0.00%	0%
ACQ	Acorn Capital Investment Fund Limited	0.88	44.7	\$ -	0.00%	0%
BST	Barrack St Investments Limited	1.00	16.0	\$ -	0.00%	0%
PGF	PM Capital Global Opportunities Fund Limited	0.95	164.1	\$ -	0.00%	0%
PAF	PM Capital Asian Opportunities Fund Limited	0.93	51.2	\$ -	0.00%	0%
SNC	Sandon Capital Investments Limited	0.97	34.0	\$ -	0.00%	0%

Source: Companies & BBY

BBY places a BUY recommendation on stocks that we expect will return 10% or more (grossed up yield) over a 12-month period.

This definition captures five LICs as seen in the above table:

- Ozgrowth Limited (OZG)
- Westoz Investment Company (WIC)
- Australian Leaders Fund Limited (ALF)
- Mirrabooka Investments Limited (MIR)
- Cadence Capital Limited (CDM)

Note: We have determined CYA's future yield to be 0% as they are looking to wind up as soon as possible, thus making future dividends unlikely.

Summary Recommendations

The many drivers of the share price performance of LICs are:

- Total shareholder returns – commonly measured over 10 years – a measure of the manager;
- Liquidity (market capitalisation);
- Premiums/discounts to Net Tangible Assets (NTA);
- Fees – both management fees and performance fees (where applicable); and
- Yield (including franking) and sustainability of dividends.

Before placing a **BUY** recommendation on a LIC, BBY considers if the Gross yield exceeds 10% or all of the following four conditions are met;

- Discount to NTA exceeds 5% and;
- 10-year TSR exceeds 10% and;
- Gross yield exceeds 5% and;
- Performance fees are less than or equal to 15%.

The following table summarises these attributes for the 34 domestic and 9 global LICs.

Refer to **page two** for the full list of recommendations including price targets and revisions from our last report.

Table 6: Summary of attributes

Code	Company	Price (\$)	Target Price (\$)	Gross Yield >10%	Discount >5%	10Yr TSR >10%	Gross Yield >5%	Perf Fees <15.01%	Recommendation
23/09/2014									
Domestic LICs									
AFI	Australian Foundation Investment Company Limited	6.03	6.01	-	-	YES	YES	YES	UNDERPERFORM
ARG	Argo Investments Limited	7.80	7.69	-	-	-	YES	YES	UNDERPERFORM
MLT	Milton Corporation Limited	4.39	4.40	-	-	YES	YES	YES	UNDERPERFORM
DJW	Djeriwarrah Investments Limited	4.63	4.20	-	-	-	YES	YES	UNDERPERFORM
AUI	Australian United Investment Company Limited	8.50	8.67	-	-	-	YES	YES	UNDERPERFORM
BKI	BKI Investment Company Limited	1.59	1.63	-	-	YES	YES	YES	UNDERPERFORM
CIN	Carlton Investments Limited	28.00	31.02	-	YES	YES	YES	YES	BUY
WAM	WAM Capital Limited	1.98	1.91	-	-	YES	YES	-	UNDERPERFORM
DUI	Diversified United Investment Limited	3.67	3.91	-	-	YES	YES	YES	BUY
ALF	Australian Leaders Fund Limited	1.63	1.63	YES	-	YES	YES	-	BUY
MIR	Mirrabooka Investments Limited	2.59	2.59	YES	-	YES	YES	YES	BUY
WHF	Whitefield Limited	4.29	4.40	-	-	-	YES	YES	UNDERPERFORM
CDM	Cadence Capital Limited	1.39	1.43	YES	-	YES	YES	-	BUY
AMH	AMCIL Limited	0.93	0.93	-	-	YES	YES	YES	UNDERPERFORM
FGX	Future Generation Investment Fund Limited	1.04	1.01	-	-	-	-	YES	UNDERPERFORM
CTN	Contango Microcap Limited	1.12	1.32	-	YES	YES	YES	YES	BUY
QVE	QV Equities Limited	0.96	1.00	-	-	-	-	YES	UNDERPERFORM
WAX	WAM Research Limited	1.18	1.16	-	-	-	YES	-	UNDERPERFORM
WIC	Westoz Investment Company Limited	1.20	1.29	YES	YES	-	YES	-	BUY
WMK	Watermark Market Neutral Fund Limited	1.00	0.99	-	-	-	YES	-	UNDERPERFORM
CAM	Clime Capital Limited	0.97	1.03	-	YES	-	YES	-	UNDERPERFORM
OZG	Ozgrowth Limited	0.20	0.24	YES	YES	-	YES	-	BUY
CYA	Century Australia Investments Limited	0.88	0.91	-	YES	-	-	YES	UNDERPERFORM
BAF	Blue Sky Alternatives Access Fund Limited	0.96	0.96	-	-	-	-	-	UNDERPERFORM
ACQ	Acorn Capital Investment Fund Limited	0.88	0.94	-	YES	-	-	-	UNDERPERFORM
FSI	Flagship Investments Limited	1.53	1.80	-	YES	-	YES	YES	UNDERPERFORM
NCC	NAOS Emerging Opportunities Company Limited	1.10	1.20	-	YES	EXCEPTION	YES	YES	BUY
SNB	Sandon Capital Investments Limited	0.97	1.00	-	-	-	-	-	UNDERPERFORM
ABW	Aurora Absolute Return Fund	1.04	1.04	-	-	-	YES	-	UNDERPERFORM
AOD	Aurora Dividend Income Trust (Managed Fund)	0.98	0.98	-	-	-	-	YES	UNDERPERFORM
BST	Barrack St Investments Limited	1.00	0.98	-	-	-	-	-	UNDERPERFORM
AUP	Aurora Property Buy-Write Income Trust	5.37	5.44	-	-	-	YES	YES	UNDERPERFORM
NAC	NAOS Absolute Opportunities Fund	1.00							
GWP	Global Wealth Partners	1.25							
Global LICs									
MFF	Magellan Flagship Fund Limited	1.49	1.49	-	-	-	-	-	UNDERPERFORM
PMC	Platinum Capital Limited	1.81	1.65	-	-	-	YES	YES	UNDERPERFORM
AGF	AMP Capital China Growth Fund	0.77	0.82	-	YES	-	-	-	UNDERPERFORM
TGG	Templeton Global Growth Fund Limited	1.40	1.39	-	-	-	YES	YES	UNDERPERFORM
HHV	Hunter Hall Global Value Limited	1.13	1.20	-	YES	-	YES	YES	UNDERPERFORM
PGF	PM Capital Global Opportunities Fund Limited	0.95	0.95	-	-	YES	-	YES	UNDERPERFORM
EMF	Emerging Markets Masters Fund	1.71	1.67	-	-	YES	-	YES	UNDERPERFORM
PAF	PM Capital Asian Opportunities Fund Limited	0.93	0.95	-	-	YES	-	YES	UNDERPERFORM
EGI	Ellerston Global Investments								

Source: Companies & BBY

Future drivers of LICs

Self-Managed Superannuation Funds (SMSFs) are the fastest growing sector of the superannuation industry, increasing by 78% since 2009, to be worth an estimated \$558 billion at present (ATO SMSF report - March 2014).

According to the Australian Financial Review (9 July 2014): “SMSFs have invested around \$18 billion in listed trusts, including exchange traded products, at the end of June last year. This compares to the larger \$66.5 billion invested in unlisted managed investments and unlisted trusts, the \$158 billion SMSFs invested in cash, according to ATO figures.”

The Australian superannuation industry is set to grow further due to the looming increases in the superannuation guarantee contributions.

According to Superguide (3 September 2014): “In the 2014 Federal Budget, the planned increase in Superannuation Guarantee contributions from 9.25% to 12% over the next 5 years has been rejigged by the Liberal government, stretching the timeframe to 8 years. Due to negotiations with the Palmer United Party to get the Mineral Resource Rent Tax repealed, the timeframe has now stretched to 12 years.

Effective from 1 July 2014, the Superannuation Guarantee percentage increased 9.5%, and will expected to rise to 12% by July 2022 (already extended from July 2020) under the Liberal government, rather than the original starting date of 2019, planned by the former ALP government and what is currently law.

The Liberal government promised in the 2014 Federal Budget that the SG rate increase will stall for 3 years (from 1 July 2015), rising to 10% from 1 July 2018. The SG rate would then increase by 0.5% each year until it reached 12% by July 2022. What the Liberal government is now introducing is that the SG rate will stall from 1 July 2015 for 7 years (until 30 June 2021), and then increase by 0.5% each year following until SG reached 12% from 1 July 2025.”

Table 7: Superannuation Guarantee Entitlements

Financial Year	Proposal Rate before Parliament (%)	Rate Under Current law (%)
2012/2013	n/a	9
2013/2014	n/a	9.25
2014/2015	9.5	9.5
2015/2016	9.5	10.0
2016/2017	9.5	10.5
2017/2018	9.5	11.0
2018/2019	9.5	11.5
2019/2020	9.5	12.0
2020/2021	9.5	12.0
2021/2022	10	12.0
2022/2023	10.5	12.0
2023/2024	11.0	12.0
2024/2025	11.5	12.0
2025/2026	12.0	12.0

Source: Superguide (3/0/14)

There is nothing to suggest that the looming increases in the superannuation guarantee contributions will do anything to inhibit Australia’s booming SMSF industry.


There is nothing to indicate that the SMSFs’ interest in LICs will diminish.

So it is natural to expect the greater interest in LICs to result in an increased number of LICs.

Self-directed investors are also more likely consider LICs.

Both the increase in the number of LICs and the continuation of investors self-directing should lead to increased marketing expenditure behind LICs within the superannuation industry.

BBY Company Research		24 September 2014		
Aurora Absolute Return Fund				
ABW	A\$1.04	TARGET PRICE	A\$1.04	UNDERPERFORM
Aurora Sandringham Australia Equity Income Trust is a listed investment company incorporated in Australia. The Fund will generally hold S&P/ASX 200 Index market exposure, either directly through a portfolio of shares, Index ETFs, or through derivatives. The Fund may utilise debt funding to allow it to invest in the arbitrage strategies.				Russell Wright +61 2 9226 0091 rxw@bby.com.au





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A small-cap absolute-return LIC charging the highest performance fees

Aurora Absolute Return Fund (ABW):

- ♦ is one of the smallest LICs in our universe in Australia by market capitalisation;
- ♦ trades at a negligible 0.97% premium to NTA;
- ♦ has no 10-year TSR as inception date was just July 2006;
- ♦ has a very high management expense ratio of 1.49%;
- ♦ charges a 20.5% performance fee on returns in excess of the RBA cash rate; and
- ♦ offers a healthy 6.08% (zero franked) yield.

The majority of asset classes invested in by the Fund are units in an unlisted registered managed investment scheme that predominately holds highly liquid assets. The Responsible Entity estimates that under normal market conditions at least 90% of the Fund's assets are able to be liquidated within 10 business days.

Investment Aim

The Fund aims to achieve a high rate of return, comprising both income and capital growth (and preservation of the capital of the Fund) over both rising and falling equity markets. Please note that while we aim to achieve this objective, the returns are not guaranteed.

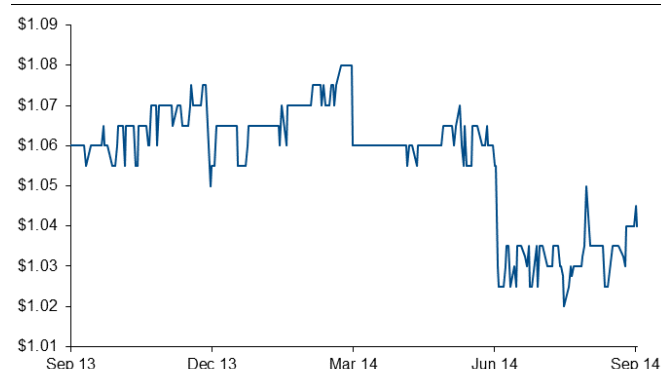
Company Data


Number of shares	29M
Market capitalisation	\$30M
Free Float (%)	na
12 month high/low	\$1.08/\$1.02
Average monthly turnover	\$2M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#296/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	\$1.05
Long Term	Downtrend	Support	\$1.02

ABW Share Price Performance



BBY Company Research			24 September 2014		
Acorn Capital Investment Fund Limited					
ACQ	A\$0.90	TARGET PRICE	A\$0.94	UNDERPERFORM	
<p>The Acorn Capital Investment Fund is run by Acorn Capital, a boutique investment manager specialising in Australian microcap companies. The fund's primary objective is to achieve after fee returns higher than the S&P/ASX Small ordinaries index, through long-term capital growth by way of investment in a diversified portfolio of microcap companies.</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A new Microcap specialist, listed at the start of May

Acorn Capital Investment Fund Limited (ACQ):

- ◆ is a new LIC in Australia, listed on May 1st;
- ◆ trades at a large 11.57% discount to NTA,;
- ◆ has a sizeable management expense ratio of 0.95%
- ◆ and charges a 20% performance fee on returns in excess of the S&P/ASX Small Ordinary Accumulation Index

Investment Aim

ACQ's primary objective is to achieve after-fee returns on its investment portfolio in the long term that are higher than the S&P/ASX Small Ordinaries Accumulation Index, through long-term capital growth by way of investment in a diversified portfolio of Microcap Companies. This will be achieved via investments in Listed Microcaps and Unlisted Microcaps (where the Manager determines that such opportunities present relative better value).

Top 10 Investments as at 31 August 2014		
Ticker	Company Name	Weight (%)
SRV	Servcorp Limited	4.04
SDL	Sundance Resources Limited	3.34
HZN	Horizon Oil Limited	2.82
PIR	Papillon Resources Limited	2.56
ESV	Eservglobal Limited	2.04
ICQ	Icar Asia Limited	2.02
	Amaysim Australia	1.96
	Sub161	1.89
GHC	Generation Healthcare REIT	1.89
WTP	Watpac Limited	1.75
Total	(ex. Cash)	24.31

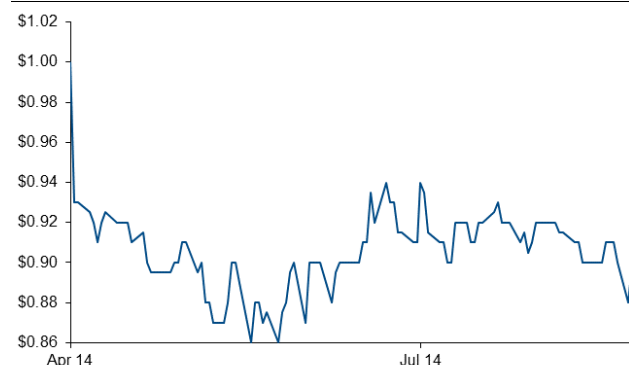
Company Data


Number of shares	51M
Market capitalisation	\$46M
Free Float (%)	
12 month high/low	\$0.96/\$0.85
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 23/09/2014

Short Term	Range	Resistance	\$0.94
Long Term	Range	Support	\$0.86

ACQ Share Price Performance



BBY Company Research			24 September 2014		
Australian Foundation Investment Company Limited					
AFI	A\$6.01	TARGET PRICE	A\$6.01	UNDERPERFORM	
Australian Foundation Investment Company Limited is a listed investment company incorporated in Australia. The Fund aims to pay dividends over time, grow faster than the rate of inflation, and provide attractive total returns over the medium to long term. The Fund invests in Australian equities, with a medium to long-term view of value.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The largest LIC in Australia

Australian Foundation Investment Company Limited (AFI):

- ◆ is the largest LIC in Australia by market capitalisation;
- ◆ trades at a negligible 0.6% premium to NTA;
- ◆ has a healthy 10-year TSR of 10.9%;
- ◆ has a creditable management expense ratio of just 0.17%;
- ◆ charges no performance fees and is “benchmark unaware”; and
- ◆ offers a modest 5.21% grossed up fully franked yield.

Investment Aim

To provide attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

Company Data

Number of shares	1,055M
Market capitalisation	\$6,338M
Free Float (%)	98.4
12 month high/low	\$6.33/\$5.70
Average monthly turnover	\$45M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#281/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 23/09/2014

Short Term	Downtrend	Resistance	\$6.35
Long Term	Range	Support	\$6.00

Top 25 Investments as at 31 August 2014		
Company Name		Total Value (A\$ million)
CBA	Commonwealth Bank of Australia	689.8
WBC	Westpac Banking Corporation	639.0
BHP	BHP Billiton Limited	516.7
NAB	National Australia Bank Limited	332.2
WES	Wesfarmers Limited	327.1
TLS	Telstra Corporation Limited	291.6
ANZ	Australia and New Zealand Banking Group Limited	283.7
RIO	RIO Tinto Limited	228.7
WOW	Woolworths Limited	228.3
OSH	Oil Search Limited	159.7
TCL	Transurban Group	158.8
AMC	Arcor Limited	146.9
WPL	Woodside Petroleum Limited	140.2
AMP	AMP Limited	118.2
STO	Santos Limited	117.5
ORG	Origin Energy Limited	108.0
BXB	Brambles Limited	106.1
CPU	Computershare Limited	100.5
QBE	QBE Insurance Group Limited	95.5
APA	APA Group	90.2
AGK	AGL Energy Limited	86.0
CSL	Csl Limited	80.8
RHC	Ramsay Health Care Limited	70.7
IPL	Incitec Pivot Limited	69.4
MLT	Milton Corporation Limited	65.2
Total		5251.0
As % of Total Portfolio Value (excludes Cash)		79.6%

AFI Share Price Performance



BBY Company Research			24 September 2014		
AMP Capital China Growth Fund					
AGF	A\$0.78	TARGET PRICE	A\$0.82	UNDERPERFORM	
AMP Capital China Growth Fund is an investment entity incorporated in Australia. The Fund aims to provide long-term capital growth and to outperform the S&P/CITIC 300 Index. The Fund invests in China A shares listed on China's Shanghai or Shenzhen exchanges. China A shares are not readily available to Australian investors, and provide exposure to the growing Chinese economy.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A mid-tier Global LIC investing in China

Amp Capital China Growth Fund (AGF):

- ◆ is a mid-tier global LIC in our universe in Australia by market capitalisation;
- ◆ trades at a very large 15.00% discount to NTA;
- ◆ has no 10-year TSR as inception date was 20 November 2006;
- ◆ has a large 1.65% management expense ratio;
- ◆ charges 20% performance fees on excess returns above the S&P/CITIC 300 Total Return Index; and
- ◆ offers a paltry 2.51% grossed up yield.

Investment Aim

To achieve long-term capital growth for investors by investing in China A shares, which are shares in companies listed on China's Shanghai or Shenzhen stock exchanges; and outperform the S&P/CITIC 300 Total Return Index (expressed in Australian dollars).

Company Data

Number of shares	375M
Market capitalisation	\$290M
Free Float (%)	61.5
12 month high/low	\$0.87/\$0.63
Average monthly turnover	\$7M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#195/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	\$0.811
Long Term	Uptrend	Support	\$0.721

AGF Share Price Performance



Twenty largest stock positions as at 31 July 2014		
Company Name	Sector	Weight (%)
China Vanke Co Ltd	Real Estate Mgt & Dev	5.53
Ping An Insurance Group Co of China Ltd	Insurance	5.21
CITIC Securities Co Ltd	Capital Markets	4.07
China Merchants Bank Corp Ltd	Commercial Banks	3.75
China Minsheng Banking Corp Ltd	Commercial Banks	3.61
Shanghai Pudong Development Bank Co Ltd	Commercial Banks	3.59
Industrial Bank Co Ltd	Commercial Banks	3.50
Kweichow Moutai Co Ltd	Beverages	3.29
Gree Electric Appliances Inc	Household Durables	2.64
PolyReal Estate Group Co Ltd	Real Estate Mgt & Dev	2.52
Anhui Conch Cement Co Ltd	Construction Materials	2.43
Zhengzhou Yutong Bus Co Ltd	Machinery	2.40
Ping An Bank Co Ltd	Commercial Banks	2.15
Byd Co Ltd	Automobiles	2.04
SAIC Motor Corp Ltd	Automobiles	1.83
Midea Group Co Ltd	Household Durables	1.77
Sealand securities Co Ltd	Capital Markets	1.74
BesTV New Media Co Ltd	Household Durables	1.69
Haitong Securities Co Ltd	Capital Markets	1.58
China Merchants Securities Co Ltd	Capital Markets	1.58
Total		56.92

BBY Company Research			24 September 2014		
Australian Leaders Fund Limited					
ALF	A\$1.62	TARGET PRICE	A\$1.63	BUY	
Australian Leaders Fund Ltd is an investment company incorporated in Australia. The Fund aims to provide a high rate of return, deliver a secure income stream of fully franked dividends, and preserve capital. The Fund invests up to 50% in liquid assets. At least 70% of the equity portion of the Fund are included in the S&P/ASX 100 Index. The Fund may short sell up to 30% of equity.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A mid-tier domestic LIC boasting a yield >10%

Australian Leaders Fund (ALF):

- ◆ is the tenth-largest LIC in Australia by market capitalisation;
- ◆ trades at a very large 15.56% premium to NTA;
- ◆ has not recently disclosed a 10-year TSR, it however discloses a 5 year TSR of 12.5%;
- ◆ has a high management expense ratio of 1.00%;
- ◆ and charges a 20% no performance fee on returns in excess of the S&P/ASX All Ordinaries Accumulation Index; and
- ◆ offers an excellent 10.52% grossed up fully franked yield.

Investment Aim

The fund looks to invest in leading Australian companies, with strong business fundamentals on attractive terms. By constructing a portfolio of these undervalued shares we hope to deliver superior returns to our shareholders over time.

Company Data

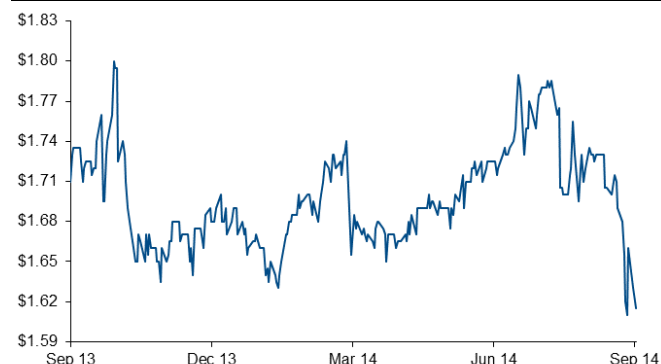
Number of shares	243M
Market capitalisation	\$392M
Free Float (%)	91.9
12 month high/low	\$1.84/\$1.59
Average monthly turnover	\$14M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#272/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.71
Long Term	Downtrend	Support	\$1.59

Top 10 Holdings as at 30 June 2014		
Ticker	Company Name	Weightings
ANZ	Australia and New Zealand Banking Group Limited	4.96%
CBA	Commonwealth Bank of Australia	4.18%
RIO	RIO Tinto Limited	3.72%
WES	Wesfarmers Limited	2.36%
PRY	Primary Health Care Limited	2.07%
ORG	Origin Energy Limited	2.03%
CWN	Crown Resorts Limited	1.96%
WOR	WorleyParsons Limited	1.85%
SEA	Sundance Energy Australia Limited	1.79%
IQE	Intueri Education Group Limited	1.78%
Total		26.70%

ALF Share Price Performance



BBY Company Research		24 September 2014			
AMCIL Limited					
AMH	A\$0.93	TARGET PRICE	A\$0.93		UNDERPERFORM
AMCIL Ltd is an investment company incorporated in Australia. The Fund aims to provide total returns comprising both income & capital growth, which exceed the return of the ASX All Ord Acc Index over the medium to long term. The Fund takes advantage of opportunities arising from thematic/cyclical rotations in the market, corporate activity and stock specific situations within Aust and NZ.		Russell Wright +61 2 9226 0091 rxw@bby.com.au			

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Mid-tier LIC with top 5 10-year TSR

AMCIL Limited (AMH):

- is a mid-tier sized LIC in Australia by market capitalisation;
- trades at a negligible 1.09% premium to NTA;
- has an excellent 10-year TSR of 13.5%;
- has a sizeable management expense ratio of 0.65%;
- charges no performance fees but measures itself against the S&P/ASX All Ordinaries Accumulation Index; but
- offers an excellent 9.98% grossed up fully franked yield.

Investment Aim

To provide shareholders with attractive returns through strong capital growth in the portfolio over the medium to long-term together with the generation of dividend income.

Company Data

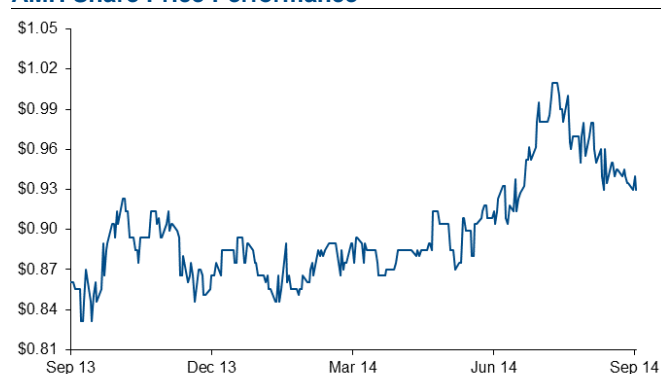
Number of shares	234M
Market capitalisation	\$218M
Free Float (%)	70.7
12 month high/low	\$1.01/\$0.82
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#303/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$0.969
Long Term	Uptrend	Support	\$0.918

Valued at closing prices at 31 August 2014		
Ticker	Company Name	Total Value (\$ million)
OSH	Oil Search Limited	17,464
CBA	Commonwealth Bank of Australia	15,762
BHP	BHP Billiton Limited	15,494
WBC	Westpac Banking Corporation	11,075
TCL	Transurban Group	9,901
STO	Santos Limited	9,829
NAB	National Australia Bank Limited	8,830
TLS	Telstra Corporation Limited	8,603
BXB	Brambles Limited	8,204
QBE	QBE Insurance Group Limited	6,583
CSL	Csl Limited	5,922
AMP	AMP Limited	5,826
EQT	Equity Trustees Limited	5,675
QUB	Qube Holdings Limited	4,550
IPL	Incitec Pivot Limited	4,517
TGR	Tassal Group Limited	4,511
RMD	ResMed Inc.	4,204
BKW	Brickworks Limited	4,147
IPP	Iproperty Group Limited	4,129
LIC	Lifestyle Communities Limited	3,990
		159,216
As \$ of Total Portfolio		75.30%

AMH Share Price Performance



BBY Company Research			24 September 2014		
Aurora Dividend Income Trust (Managed Fund)					
AOD A\$0.97		TARGET PRICE A\$0.98		UNDERPERFORM	
Aurora Sandringham Dividend Income Trust is a listed investment company incorporated in Australia. The Fund aims provide Unit holders with income returns in excess of the RBA Cash Rate whilst minimising capital risk. Neither, returns or capital are guaranteed. The Fund predominantly invests in the top 30 companies trading on the ASX.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A low market cap LIC focusing on dividend returns

Aurora Dividend Income Trust (Managed Fund) (AOD):

- ◆ is a lower-tier LIC in Australia by market capitalisation;
- ◆ trades at a negligible 1.26% discount to NTA;
- ◆ has no 10-year TSR yet%;
- ◆ has a sizeable management expense ratio of 0.97%;
- ◆ does not charge a performance fee; and
- ◆ offers a paltry grossed up yield of 2.05%.

As the fund is hedged the top companies list is irrelevant in the case of AOD.

Investment Aim

The objective of the Trust is to maintain a permanent exposure to companies that pay fully franked dividends whilst reducing market exposure. The aim is to be relative to the Australian equity market and to provide investors with: *“greater total returns over rolling 5 year periods; more income and franking credits each year; and less volatility.”*

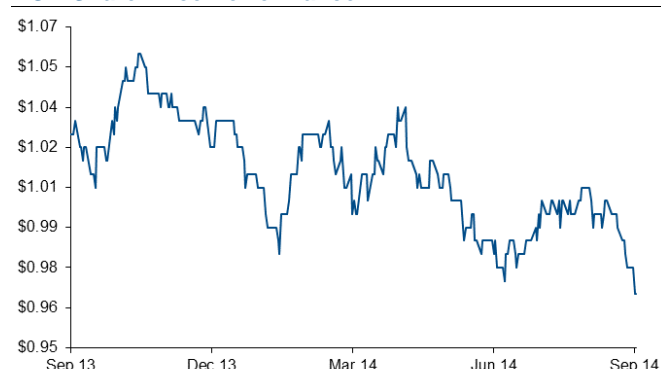
Company Data


Number of shares	30M
Market capitalisation	\$29M
Free Float (%)	n/a
12 month high/low	\$1.06/\$0.97
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#248/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.00
Long Term	Downtrend	Support	\$0.961

AOD Share Price Performance



BBY Company Research			24 September 2014		
Argo Investments Limited					
ARG	A\$7.63	TARGET PRICE	A\$7.69	UNDERPERFORM	
<p>Argo Investments Ltd is a listed investment company incorporated in Australia. The objective of the Company is to maximize long-term secure returns through a balance of capital and dividend growth. The Company invests in about 180 companies and trusts representing a cross section of Australian enterprises, including a number with substantial overseas operations.</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The second largest LIC by market capitalisation

Argo Investments Limited (ARG):

- ◆ is the second-largest LIC in Australia by market capitalisation;
- ◆ trades at negligible 2.90% premium to NTA;
- ◆ has a reasonable 10-year TSR of 8.8%;
- ◆ has a creditable management expense ratio of 0.15%;
- ◆ charges no performance fees and is “benchmark unaware”; and
- ◆ offers a modest 5.13% grossed up fully franked yield.

Investment Aim

Maximise long-term returns to shareholders through a balance of capital and dividend growth.

Company Data

Number of shares	664M
Market capitalisation	\$5,067M
Free Float (%)	94.8
12 month high/low	\$8.14/\$6.75
Average monthly turnover	\$29M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#270/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$8.07
Long Term	Uptrend	Support	\$7.52

Top 20 Investments as at 31 August 2014

Ticker	Company Name	Weightings
WBC	Westpac Banking Corporation	7.0%
ANZ	Australia and New Zealand Banking Group Limited	6.1%
BHP	BHP Billiton Limited	5.7%
WES	Wesfarmers Limited	4.6%
TLS	Telstra Corporation Limited	4.6%
CBA	Commonwealth Bank of Australia	4.5%
NAB	National Australia Bank Limited	3.8%
MLT	Milton Corporation Limited	3.3%
RIO	RIO Tinto Limited	3.0%
AUI	Australian United Investment Company Limited	3.0%
WOW	Woolworths Limited	2.9%
MQG	Macquarie Group Limited	2.7%
ORG	Origin Energy Limited	2.1%
CSL	CsI Limited	1.6%
STO	Santos Limited	1.4%
RHC	Ramsay Health Care Limited	1.4%
AMP	AMP Limited	1.4%
WPL	Woodside Petroleum Limited	1.4%
	Twenty-First Century Fox Incorporated	1.2%
SYD	Sydney Airport	1.2%
Total		62.9%

ARG Share Price Performance



BBY Company Research			24 September 2014		
Australian United Investment Company Limited					
AUI	A\$8.44	TARGET PRICE	A\$8.67	UNDERPERFORM	
Australian United Investment Company Ltd is an investment company incorporated in Australia. The objective of the Company is to reduce risk and improve income from dividends and interest over the long term. The Company primarily invests in shares of companies listed on the ASX based on their individual prospects for income and growth.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The fifth-largest LIC in Australia by market capitalisation

Australian United Investment Company Limited (AUI):

- ◆ is the fifth-largest LIC in Australia by market capitalisation;
- ◆ trades at a modest 3.85% discount to NTA;
- ◆ has a healthy 10-year TSR of 10.0%;
- ◆ has a creditable management expense ratio of 0.11%;
- ◆ charges no performance fees and is “benchmark unaware”; and
- ◆ offers a modest 5.38% grossed up fully franked yield.

Investment Aim

AUI 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.

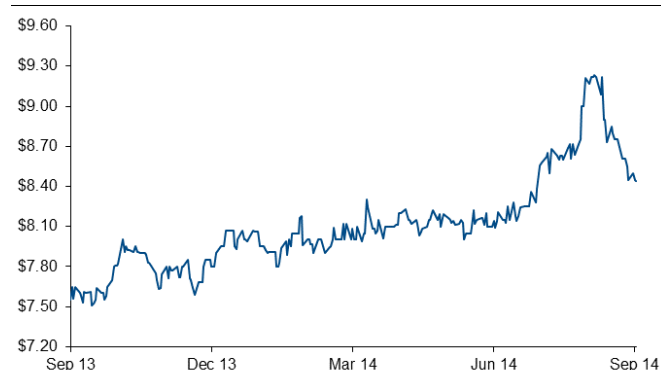
Company Data

Number of shares	109M
Market capitalisation	\$921M
Free Float (%)	42.9
12 month high/low	\$9.24/\$7.50
Average monthly turnover	\$2M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#233/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$8.84
Long Term	Uptrend	Support	\$8.33

AUI Share Price Performance



Top 25 Investments as at 31 August 2014		
Ticker	Company Name	Weight (%)
ANZ	Australia and New Zealand Banking Group Limited	8.5
WBC	Westpac Banking Corporation	7.6
CBA	Commonwealth Bank of Australia	7.5
BHP	BHP Billiton Limited	6.9
NAB	National Australia Bank Limited	6.8
WES	Wesfarmers Limited	5.8
RIO	RIO Tinto Limited	5.5
WPL	Woodside Petroleum Limited	4.9
DUI	Diversified United Investment Limited	4.4
WOW	Woolworths Limited	4.0
TCL	Transurban Group	2.6
ORG	Origin Energy Limited	2.2
CSL	Csl Limited	2.1
OSH	Oil Search Limited	2.0
ORI	Orica Limited	1.9
BXB	Brambles Limited	1.8
TLS	Telstra Corporation Limited	1.5
STO	Santos Limited	1.5
AHD	Amalgamated Holdings Limited	1.4
AMP	AMP Limited	1.4
SOL	Washington H Soul Pattinson & Company Limited	1.3
RHC	Ramsay Health Care Limited	1.3
MYS	Mystate Limited	1.2
IVC	InvoCare Limited	1.1
SHL	Sonic Healthcare Limited	0.9

BBY Company Research			24 September 2014		
Aurora Property Buy-Write Income Trust					
AUP	A\$5.37	TARGET PRICE	A\$5.44	UNDERPERFORM	
Aurora Property Buy-Write Income Trust is a listed investment fund incorporated in Australia. The Fund aims to provide investors with income. The Fund purchases Australian listed property securities and then sells call options over these securities in order to provide additional income over the medium term. The Fund holds 10 securities, which will be equally weighted & rebalanced every 3 months.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A low market cap LIC focused on real estate fundamentals

Aurora Property Buy-Write Income Trust (AUP):

- ◆ is a bottom-tier LIC in Australia by market capitalisation;
- ◆ trades at a negligible 2.54% discount to NTA;
- ◆ has no published 10-year TSR yet, as inception was only 4 July 2007. Its current return since inception is 1.22%;
- ◆ has a large management expense ratio of 1.03%;
- ◆ charges 10.25% performance fees on excess returns above the S&P/ASX 300 AREIT (Accum) Index; and
- ◆ offers a healthy 7.98% grossed up fully franked yield.

Investment Aim

The Aurora Property Buy-Write Income Trust (the Trust) is an , trust that aims to generate income from an active strategy of s a portfolio of ASX listed Australian Real Estate Investment Tru

Company Data

Number of shares	2M
Market capitalisation	\$13M
Free Float (%)	n/a
12 month high/low	\$5.50/\$5.21
Average monthly turnover	\$0M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#256/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Real Estate

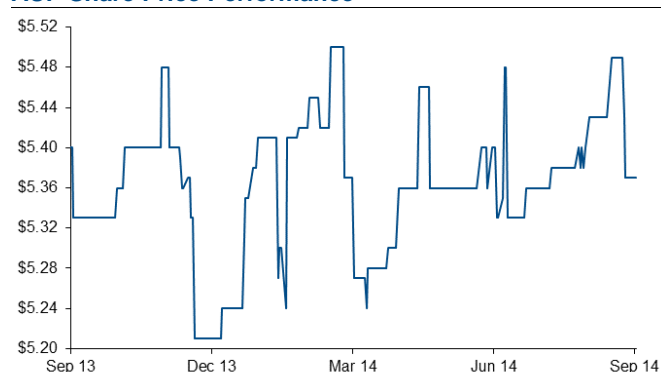
BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$5.37
Long Term	Downtrend	Support	\$5.32

Top 5 Portfolio Holdings as at 30 June 2014

Ticker	Company Name
SCG	Scentre Group
SGP	Stockland
CQR	Charter Hall Retail Reit
CFX	CFS Retail Property Trust Group
WFD	Westfield Corporation

AUP Share Price Performance



BBY Company Research		24 September 2014			
Blue Sky Alternatives Access Fund Limited					
BAF	A\$0.98	TARGET PRICE	A\$0.96		UNDERPERFORM
Blue Sky Alternatives Access Fund Limited (Alternatives Fund) is a listed investment company that invests in a dives range of alternative assets. The Alternatives Fund is the only listed investment company on the ASX that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets.			Russell Wright +61 2 9226 0091 rxw@bby.com.au		

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A recently listed LIC focusing on alternative investments

Blue Sky Alternatives Access Fund Limited (BAF):

- was first quoted on the ASX on Thursday 13th June 2014 after raising \$59.66m through its IPO;
- ♦ is an LIC investing in a mix of real and alternative assets such as private real estate, private equity, venture capital and hedge funds;
- ♦ has no 10-year TSR although the manager Blue Sky has achieved total returns to investors, since inception (8 years) of 13.9%;
- ♦ currently trades at a negligible 0.84% discount to NTA;
- ♦ has announced it will have a large management expense ratio of 1.20%;
- ♦ will charge a 17.5% performance fee on returns above 8% p.a; and
- ♦ intends to pay dividends to shareholders franked to the maximum extent possible.

Investment Aim

Deliver long term absolute returns to shareholders through providing ir diverse range of alternative assets. Provide investors with the ability to assets through an ASX listed structure that is more readily accessible for many alternative assets.

Company Data

Number of shares	60M
Market capitalisation	\$59M
Free Float (%)	n/a
12 month high/low	\$1.02/\$0.96
Average monthly turnover	\$0M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

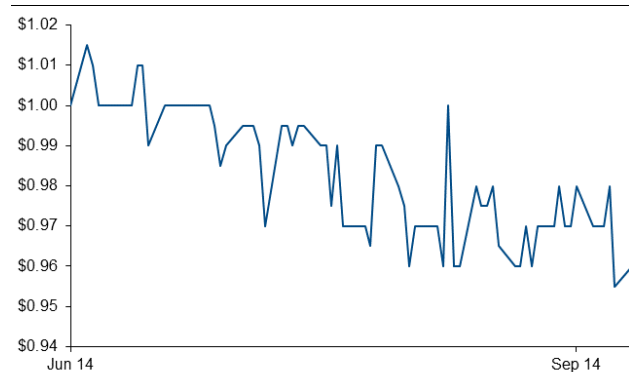
BBY Technical View – as at 23/09/2014


Short Term	Downtrend	Resistance	\$1.00
Long Term	-	Support	\$0.955

Summary of Investment Portfolio as at 31 August 2014

Type of Asset	Value (\$M)	Weight (%)
Private Equity and Venture Capital		
Private Equity	8.19	14
Venture Capital	3.86	6.6
Subtotal	12.05	20.6
Real Assets		
Blue Sky Water Fund	15.34	26.3
Other Real assets	3.96	6.8
Subtotal	19.3	33.1
Private Real Estate		
Residential Development	6.02	10.3
Subtotal	6.02	10.3
Hedge Funds		
SRA Alliance 16Q Fund	7.55	12.9
Subtotal	7.55	12.9
Uncommitted Capital	13.47	23.1
Grand Total	58.39	100

BAF Share Price Performance



BBY Company Research			24 September 2014		
BKI Investment Company Limited					
BKI	A\$1.57	TARGET PRICE	A\$1.63	UNDERPERFORM	
<p>BKI Investment Company Ltd is an investment company incorporated in Australia. The objective of the Company is to provide income and capital growth which exceeds the S&P/ASX 300 Accumulation Index over the medium to long term. The Company invests in companies, trusts and interest-bearing securities with a focus on Australian entities.</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The sixth-largest LIC in Australia by market capitalisation

BKI Investment Company Limited (BKI):

- ◆ is the sixth-largest LIC in Australia by market capitalisation;
- ◆ trades at a modest 4.79% discount to NTA;
- ◆ has a healthy TSR of 10.5%;
- ◆ has a creditable management expense ratio of 0.17%;
- ◆ charges no performance fees and is “benchmark unaware”; and
- ◆ offers a modest 6.24% grossed up fully franked yield.

Investment Aim

To provide capital growth and a growing fully franked dividend.

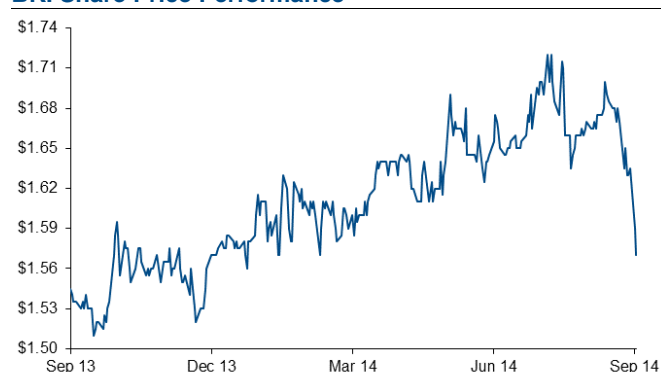
Company Data

Number of shares	555M
Market capitalisation	\$871M
Free Float (%)	82.7
12 month high/low	\$1.73/\$1.51
Average monthly turnover	\$8M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#280/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.65
Long Term	Downtrend	Support	\$1.57

BKI Share Price Performance




Top Holdings as at 31 August 2014		
Ticker	Company Name	Weighting
CBA	Commonwealth Bank of Australia	8.8%
NAB	National Australia Bank Limited	8.7%
WBC	Westpac Banking Corporation	7.6%
BHP	BHP Billiton Limited	5.6%
TLS	Telstra Corporation Limited	5.2%
NHC	New Hope Corporation Limited	4.9%
WES	Wesfarmers Limited	4.6%
ANZ	Australia and New Zealand Banking Group Limited	4.4%
WOW	Woolworths Limited	3.4%
TPM	Tpg Telecom Limited	2.9%
APA	APA Group	2.4%
IAG	Insurance Australia Group Limited	2.0%
WPL	Woodside Petroleum Limited	2.0%
AGL	Australian Gas Light Company	1.9%
SUN	Suncorp Group Limited	1.8%
ALQ	ALS Limited	1.6%
IVC	InvoCare Limited	1.5%
TCL	Transurban Group	1.3%
ARP	ARB Corporation Limited	1.2%
RHC	Ramsay Health Care Limited	1.2%
PRY	Primary Health Care Limited	1.2%
ASX	ASX Limited	1.2%
TOL	Toll Holdings Limited	1.2%
BEN	Bendigo and Adelaide Bank Limited	1.1%
BOQ	Bank of Queensland Limited	1.1%
Cash and cash equivalents		6.6%
Total (ex. Cash)		78.8%

BBY Limited ABN 80 006 707 777

Source: BBY, Company Reports. BBY contributes all company estimates to Bloomberg, Thomson Reuters, FactSet and Capital IQ.

Note: Numbers displayed are a sub-set

The ESG (Environmental, Social, Governance) score is a measure of the sustainability and ethical impact of an investment in this company or product. ESG scores range from 0.1 (min) to 100 (max). ESG scores are provided to BBY by Bloomberg and are only available for those companies that disclose ESG data to Bloomberg.

BBY Company Research			24 September 2014		
Barrack St Investments Limited					
BST	A\$1.00	TARGET PRICE	A\$0.98	UNDERPERFORM	
<p>BST's CIO has been the investment manager of Flagship Investments Limited (an ASX listed investment company) since it was established. The Manager's investment strategy is built on the belief that it is an allocator of capital and the economics of a business drives long-term investment returns.</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A recent addition to Australia's LIC universe

Barrack St Investments Limited (BST):

- was first quoted on the ASX on Thursday 14th August 2014 after raising \$15.88m through its IPO;
- ◆ is an LIC investing in small and mid-cap ASX listed companies outside of the ASX50 Index as well as mid-market private companies intending to list within 6 months
- ◆ has no 10-year TSR although the manager has achieved total portfolio returns, before fees, since inception of 12.8% since inception in June 1999;
- ◆ trades at a modest 3.39% discount to NTA;
- ◆ has announced it will have a large management expense ratio of 1.00%;
- ◆ charges a 20% performance fee on returns above 8%p.a; and
- ◆ intends to pay a dividend to shareholder twice a year that is franked to the maximum extent possible.

Investment Aim

To achieve moderate to high portfolio returns (benchmarked at 8%p.a) over the long-term through investment in small and mid-cap companies quoted on the ASX.

The Manager's investment strategy is built on the belief that it is an allocator of capital and the economics of a business drives long-term investment returns. The Manager invests in what it believes are high quality businesses that have the ability to generate predictable, above average economic returns.

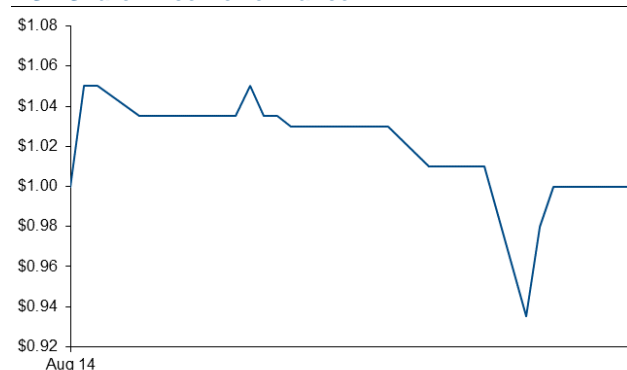
Company Data


Number of shares	16M
Market capitalisation	\$16M
Free Float (%)	n/a
12 month high/low	\$1.10/\$0.94
Average monthly turnover	\$0M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 23/09/2014

Short Term	- Resistance	-
Long Term	- Support	-

BST Share Price Performance



BBY Company Research		24 September 2014			
Clime Capital Limited					
CAM	A\$0.98	TARGET PRICE	A\$1.03		UNDERPERFORM
Clime Capital Limited is an investment company incorporated in Australia. The Fund aims to preserve and protect the capital of the company, achieve long-term growth of capital and dividends without taking excessive or unnecessary risks, and to deliver a secure income stream in the form of fully franked dividends. The Fund invests in the equity securities of Australian industrial companies.		Russell Wright +61 2 9226 0091 rxw@bby.com.au			

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Performing strongly since change of management

Clime Capital Limited (CAM):

- ◆ is one of the smaller LICs in Australia by market capitalisation;
- ◆ trades at large 11.01% discount to NTA;
- ◆ does not have a 10-year TSR instead it reports a 5 year return of 16.6%p.a.;
- ◆ has a high management expense ratio of 1.00%;
- ◆ charges a very high performance fee of 20% on returns that exceed the S&P/ASX All Ordinaries Accumulation Index; and
- ◆ offers a healthy 6.33% grossed up fully franked yield.

Investment Aim

To generate returns for shareholders by investing in businesses with understandable economics and excellent growth and income potential that are run by capable management.

Company Data

Number of shares	81M
Market capitalisation	\$79M
Free Float (%)	81.0
12 month high/low	\$1.13/\$0.96
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#227/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$0.988
Long Term	Downtrend	Support	\$0.962

CAM Share Price Performance



Top 10 Holdings as at 31 August 2014		
Ticker	Company Name	Weightings
ANZ	Australia and New Zealand Banking Group Limited	5.50%
SMX	SMS Management & Technology Limited	4.39%
BHP	BHP Billiton Limited	4.10%
	Multiplex Convertible Note	4.02%
BKW	Brickworks Limited	3.93%
	National Australia Bank Notes	3.54%
	Macquarie Perpetual Notes	3.50%
ASL	Ausdrill Limited	3.47%
WOW	Woolworths Limited	3.41%
TRS	The Reject Shop Limited	3.35%
Cash and cash equivalents		39.10%
Total (ex. Cash)		39.21%

BBY Company Research			24 September 2014		
Cadence Capital Limited					
CDM	A\$1.40	TARGET PRICE	A\$1.43	BUY	
Cadence Capital Limited is an investment company incorporated in Australia. The Fund aims to manage the portfolio on an absolute return basis and to achieve a high rate of return, comprising both income & capital growth. The Fund invests in an actively managed portfolio of securities listed & proposed to be listed on the ASX and dual listed securities. The Fund uses short selling.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A mid-tier absolute-return LIC

Cadence Capital Limited (CDM):

- ◆ is a mid-tier sized LIC in Australia by market capitalisation;
- ◆ trades at a modest 3.01% discount to NTA;
- ◆ does not have a 10 year TSR, but does report a TSR of 119.7% since listing (8.8 years);
- ◆ has a sizeable management expense ratio of 1.00%;
- ◆ charges 20% performance fees on excess returns above the S&P/ASX All Ordinaries Accumulation Index; but
- ◆ offers an excellent 10.31% grossed up fully franked yield.

Investment Aim

To achieve a high real rate of return (comprising both income and capital growth) over and above the All Ords Accumulation Index in the medium term.

Company Data

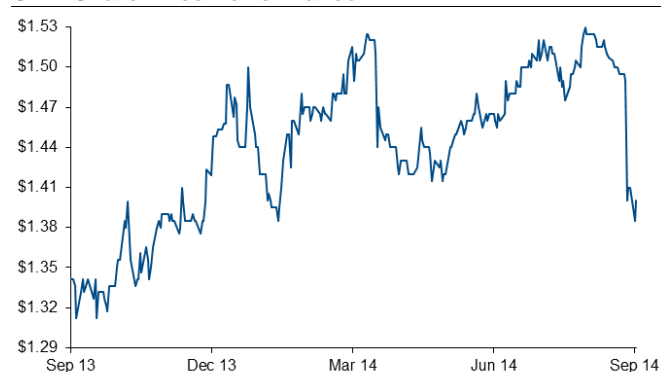
Number of shares	197M
Market capitalisation	\$275M
Free Float (%)	80.6
12 month high/low	\$1.54/\$1.28
Average monthly turnover	\$9M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#316/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$1.47
Long Term	Downtrend	Support	\$1.35

Top 20 Portfolio Holdings as at 31 August 2014		
Ticker	Company Name	Weightings
MQG	Macquarie Group Limited	8.1%
HGG	Henderson Group PLC.	5.8%
GILD US	Gilead Sciences Inc	5.0%
GMA	Genworth Mortgage Insurance Australia Limited	4.7%
NAB	National Australia Bank Limited	4.3%
MLB	Melbourne IT Limited	4.0%
ANZ	Australia and New Zealand Banking Group Limited	4.0%
IIN	iiNet Limited	3.1%
RFG	Retail Food Group Limited	3.1%
SUN	Suncorp Group Limited	3.1%
BOQ	Bank of Queensland Limited	3.0%
LNG	Liquefied Natural Gas Limited	3.0%
BEN	Bendigo and Adelaide Bank Limited	2.9%
CBA	Commonwealth Bank of Australia	2.8%
RIO	RIO Tinto Limited	2.5%
BSL	Bluescope Steel Limited	2.2%
FXL	Flexigroup Limited	2.1%
TLS	Gilead Sciences Inc	2.0%
WPL	Woodside Petroleum Limited	1.9%
ORI	Orica Limited	1.5%
Top Portfolio Holdings Gross Exposure		68.97%

CDM Share Price Performance



BBY Company Research			24 September 2014		
Carlton Investments Limited					
CIN	A\$28.40	TARGET PRICE	A\$29.51	BUY	
Carlton Investments Ltd is an investment company incorporated in Australia. The principal activity of the Company is the acquisition and long term holdings of shares and units in entities listed on the Australian Stock Exchange.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

7th largest LIC

Carlton Investments Limited (CIN):

- ◆ is the seventh-largest LIC in Australia by market capitalisation;
- ◆ trades at a sizeable 9.74% discount to NTA;
- ◆ has not reported 10 year TSR yet this year but at the last reporting period it was an excellent 11.4%;
- ◆ has an excellent management expense ratio of just 0.09%;
- ◆ charges no performance fees and is “benchmark unaware”; and
- ◆ offers a modest 5.10% grossed up fully franked yield.

Investment Aim

To invest in established, well managed Australian listed entities that are anticipated to provide attractive levels of sustainable income and also long term capital growth.

Company Data

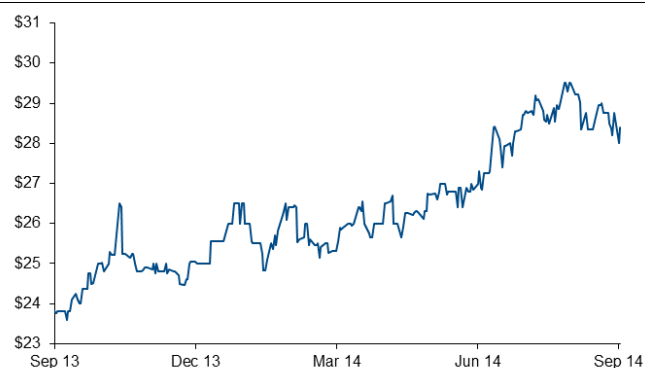
Number of shares	26M
Market capitalisation	\$752M
Free Float (%)	33.3
12 month high/low	\$29.50/\$23.60
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#231/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Uptrend	Resistance	\$29.16
Long Term	Uptrend	Support	\$27.25

Top 20 Investments as at 30th June 2014		
Ticker	Company Name	Weight (%)
AHD	Amalgamated Holdings Limited	36.0
NAB	National Australia Bank Limited	8.2
WBC	Westpac Banking Corporation	7.5
CBA	Commonwealth Bank of Australia	5.6
ANZ	Australia and New Zealand Banking Group Limited	4.1
BHP	BHP Billiton Limited	3.3
WES	Wesfarmers Limited	3.2
TLS	Telstra Corporation Limited	2.7
AGK	AGL Energy Limited	2.6
PPT	Perpetual Limited	2.4
BOQ	Bank of Queensland Limited	2.2
BEN	Bendigo and Adelaide Bank Limited	1.7
ORI	Orica Limited	1.4
GOW	Gowing Bros Limited	1.3
ORG	Origin Energy Limited	1.3
JHX	James Hardie Industries PLC	1.1
AMC	Amcor Limited	1.1
STO	Santos Limited	1.1
LLC	Lend Lease Group	0.8
RIO	RIO Tinto Limited	0.7
Total		88.3

CIN Share Price Performance



BBY Company Research			24 September 2014		
Contango Microcap Limited					
CTN	A\$1.12	TARGET PRICE	A\$1.32	BUY	
Contango MicroCap Limited is a listed investment company. The Fund aims to provide a long-term real rate of return higher than the S&P ASX All Ordinaries Accumulation Index, the regular payment of franked dividends, and the preservation of the capital base. The Fund invests in micro-cap sector of the Australian stockmarket, which are not included in the S&P ASX 300 Index.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Trading at a massive discount to NTA yet has a high 10-year TSR

Contango Microcap Limited (CTN):

- ◆ is a mid-tier sized LIC in Australia by market capitalisation;
- ◆ trades at a very large 15.15% discount to NTA;
- ◆ has an excellent 10-year TSR of 16.7%, though this is quoted without fees being taken into account;
- ◆ since the internalisation of Contango Asset Management Limited (portfolio managers) in October last year the 15% performance fee has been scrapped, as has the 1.25% pa management fee - staff are now essentially on payroll, managing CTN as well as funds for their other clients;
- ◆ until CTN report their new management expense ratio we are assuming a large expense ratio of 1.25%;
- ◆ no longer charges any performance fees on excess returns over the S&P/ASX All Ordinaries Accumulation Index; and
- ◆ offers a healthy 8.94% (38% franked) grossed up yield.

Investment Aim

To achieve of a long term real rate of return for investors over and above the benchmark index - the S&P/ASX All Ordinaries Accumulation Index.

Company Data

Number of shares	158M
Market capitalisation	\$177M
Free Float (%)	90.5
12 month high/low	\$1.20/\$0.98
Average monthly turnover	\$6M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#144/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$1.18
Long Term	Uptrend	Support	\$1.06

Top 20 Investments as at 31 August 2014

Ticker	Company Name	Weight (%)
SGH	Slater & Gordon Limited	3.7
VLW	Villa World Limited	2.7
GBT	GBST Holdings Limited	2.6
CWP	Cedar Woods Properties Limited	2.6
IPP	Iproperty Group Limited	2.4
VRL	Village Roadshow Limited	2.4
PRT	Prime Media Group Limited	2.4
AFJ	Affinity Education Group Limited	2.3
MYX	Mayne Pharma Group Limited	2.2
AUB	Austbrokers Holdings Limited	2.2
BTT	Bt Investment Management Limited	2.2
AHE	Automotive Holdings Group Limited	2.1
TGS	Tiger Resources Limited	2.1
ASB	Austal Limited	2.1
EPW	ERM Power Limited	2.1
S EH	Sino Gas and Energy	1.9
NHF	NIB Holdings Limited	1.9
SEA	Sundance Energy Australia Limited	1.8
PMP	PMP Limited	1.7
SYR	Syrah Resources Limited	1.7
Total		45.1

CTN Share Price Performance



BBY Company Research			24 September 2014		
Century Australia Investments Limited					
CYA	A\$0.87	TARGET PRICE	A\$0.91	UNDERPERFORM	
<p>Century Australia Investment Ltd is an investment company incorporated in Australia. The objective of the Company is to provide long-term capital growth and income. The Company invests in quality, undervalued Australian companies. The Company was established to provide investors with access to the investment style and expertise of 452 Capital Pty Ltd.</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A bottom-tier LIC winding up soon

Century Australia Investments Limited (CYA):

- ◆ is a bottom-tier LIC in Australia by market capitalisation;
- ◆ trades at a modest 7.89% discount to NTA;
- ◆ has no reported 10-year TSR, despite inception date being 8 April 2004;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges 10% performance fees on excess returns above the S&P/ASX 300 Accumulation Index;
- ◆ offers a healthy 7.68% grossed up fully franked yield, though this is likely to become 0% as future dividends depend on winding up procedures; and
- ◆ CYA is looking to wind up at a point in the near future which is most advantageous to their shareholders.

Investment Aim

To provide long-term capital growth and income by investing in quality undervalued Australian companies.

Company Data

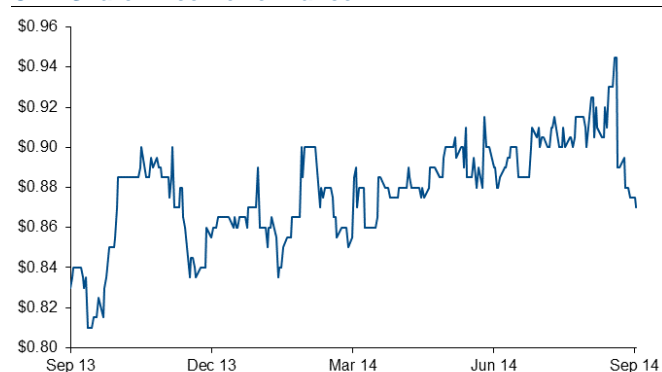
Number of shares	80M
Market capitalisation	\$69M
Free Float (%)	93.6
12 month high/low	\$0.95/\$0.81
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#270/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$0.89
Long Term	Downtrend	Support	\$0.86

Top 10 Portfolio Holdings as at 31 August 2014		
Ticker	Company Name	Weight (%)
BHP	BHP Billiton Limited	10.1
WBC	Westpac Banking Corporation	8.3
NAB	National Australia Bank Limited	7.3
ANZ	Australia and New Zealand Banking Group Limited	7.0
TLS	Telstra Corporation Limited	5.8
CBA	Commonwealth Bank of Australia	5.8
WPL	Woodside Petroleum Limited	3.6
RIO	RIO Tinto Limited	3.3
MCQ	Macquarie Capital Alliance Group	3.2
AMP	AMP Limited	2.7
Total		57.1

CYA Share Price Performance



BBY Company Research			24 September 2014		
Djerriwarrh Investments Limited					
DJW	A\$4.59	TARGET PRICE	A\$4.20	UNDERPERFORM	
<p>Djerriwarrh Investments Ltd is an investment company incorporated in Australia. The aim of the Company is to attractive returns through fully franked dividends and capital growth. The Company invests in Australian equities with a focus on the top 50 Australian companies by market capitalisation. The Company also uses exchange traded options written against the portfolio to enhance income</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Trades at a >20% premium to NTA

Djerriwarrh Investments Limited (DJW):

- ◆ is the fourth-largest LIC in Australia by market capitalisation;
- ◆ trades at very large 23.14% premium to NTA;
- ◆ has a reasonable 10-year TSR of 8.70%;
- ◆ has a creditable management expense ratio of 0.39%;
- ◆ charges no performance fees and is “benchmark unaware”; and
- ◆ offers a healthy 8.02% grossed up fully franked yield.

Investment Aim

To provide shareholders with an enhanced level of fully franked dividends and to provide attractive total returns over the medium to long term.

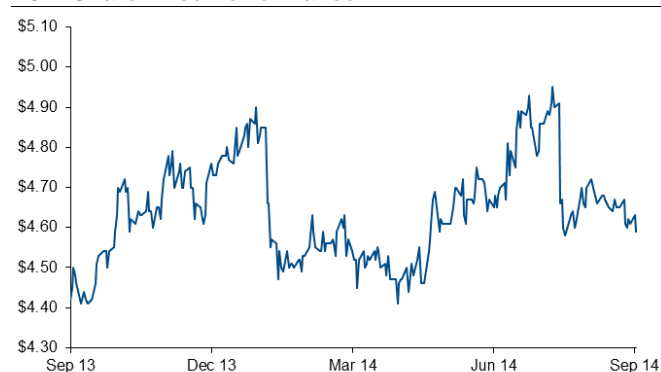
Company Data

Number of shares	219M
Market capitalisation	\$1,003M
Free Float (%)	95.4
12 month high/low	\$4.95/\$4.38
Average monthly turnover	\$11M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#409/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$4.64
Long Term	Downtrend	Support	\$4.50

DJW Share Price Performance



Top 20 Investments as at 31 August 2014		
Ticker	Company Name	Value (\$ million)
BHP	BHP Billiton Limited	91.4
WBC	Westpac Banking Corporation	69.4
CBA	Commonwealth Bank of Australia	57.7
NAB	National Australia Bank Limited	55.1
ANZ	Australia and New Zealand Banking Group Limited	51.9
OSH	Oil Search Limited	37.8
TLS	Telstra Corporation Limited	35.7
WES	Wesfarmers Limited	30.5
RIO	RIO Tinto Limited	27.0
WPL	Woodside Petroleum Limited	26.8
STO	Santos Limited	22.9
AMP	AMP Limited	22.4
WOW	Woolworths Limited	22.2
BXB	Brambles Limited	19.4
ORG	Origin Energy Limited	18.9
TCL	Transurban Group	18.5
QBE	QBE Insurance Group Limited	16.0
AGK	AGL Energy Limited	15.9
APA	APA Group	13.3
MIR	Mirrabeeka Investments Limited	12.6
Total		665.4
as % of Total Portfolio (ex. Cash)		76.50%

BBY Company Research		24 September 2014			
Diversified United Investment Limited					
DUI	A\$3.66	TARGET PRICE	A\$3.79		BUY
Diversified United Investment Ltd is an investment company incorporated in Australia. The objective of the Company is through portfolio diversification and management to improve its dividends and interest over the longer term with an acceptable level of risk. The Company primarily invests in Australian equities with some allocation to listed property securities and fixed interest.			Russell Wright +61 2 9226 0091 rxw@bby.com.au		

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A large market capitalisation LIC

Diversified United Investment Limited (DUI):

- ◆ is one of the ten largest LICs in Australia by market capitalisation;
- ◆ trades at a modest 6.17% discount to NTA;
- ◆ has reports an excellent 10-year TSR 11.4%;
- ◆ has a creditable 0.15% management expense ratio;
- ◆ is benchmark unaware and charges no performance fees; and
- ◆ offers a modest 5.45% grossed up fully franked yield.

Investment Aim

DUI seeks, through portfolio diversification and professional management, to improve its income from dividends and interest over the longer term within an acceptable level of risk.

Company Data

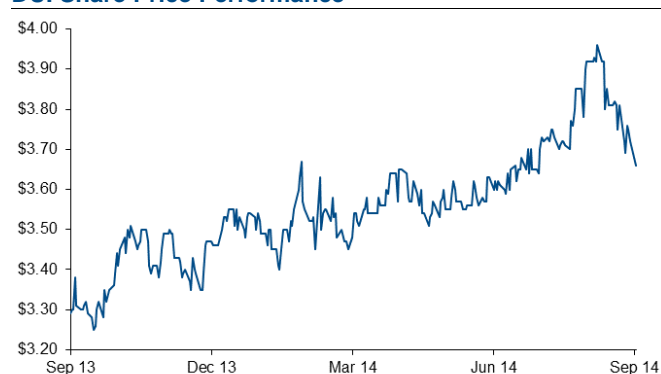
Number of shares	171M
Market capitalisation	\$626M
Free Float (%)	71.0
12 month high/low	\$3.96/\$3.25
Average monthly turnover	\$2M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#255/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$3.78
Long Term	Uptrend	Support	\$3.65

Top 25 largest shareholdings of the company as at 31 August 2014		
Ticker	Company Name	Weight (%)
CBA	Commonwealth Bank of Australia	8.6
ANZ	Australia and New Zealand Banking Group Limited	8.4
WBC	Westpac Banking Corporation	8.3
BHP	BHP Billiton Limited	7.8
WPL	Woodside Petroleum Limited	5.6
NAB	National Australia Bank Limited	5.6
CSL	CsI Limited	5.5
RIO	RIO Tinto Limited	5.0
TCL	Transurban Group	3.9
WOW	Woolworths Limited	3.3
WES	Wesfarmers Limited	2.6
ORG	Origin Energy Limited	2.5
AMP	AMP Limited	1.9
SOL	Washington H Soul Pattinson & Company Limited	1.9
OSH	Oil Search Limited	1.9
MYS	Mystate Limited	1.7
CPU	Computershare Limited	1.6
	Vanguard All-World Total Market Index ETF Deposit Int	1.5
AIO	Asciano Limited	1.5
	Vanguard All-World Ex-US ETF Deposit Int	1.4
QBE	QBE Insurance Group Limited	1.4
SCG	Scentre Group	1.1
PPT	Perpetual Limited	1.1
WDC	Westfield Group	1.0
BKW	Brickworks Limited	0.9
Total		86.0

DUI Share Price Performance




BBY Limited ABN 80 006 707 777

Source: BBY, Company Reports. BBY contributes all company estimates to Bloomberg, Thomson Reuters, FactSet and Capital IQ.

Note: Numbers displayed are a sub-set

The ESG (Environmental, Social, Governance) score is a measure of the sustainability and ethical impact of an investment in this company or product. ESG scores range from 0.1 (min) to 100 (max). ESG scores are provided to BBY by Bloomberg and are only available for those companies that disclose ESG data to Bloomberg.

BBY Company Research		24 September 2014	
Ellerston Global Investments			
EGI			
EGI's investment strategy is designed to give Australian investors exposure to global equities markets. It achieves this by managing a carefully selected international portfolio of stocks. The fund will hedge its currency risk when the managers have a negative view on their currency exposure.		Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A prospective addition to Australia's LIC universe


Ellerston Global Investments (EGI):

- ◆ Will hope raise between \$50 – 100 million in its IPO;
- ◆ Each subscribed share includes options on a 1 for 2 basis, exercisable after holding share for a minimum of 6months;
- ◆ is an LIC investing in around twelve international stocks, often companies which may have been hit by litigation or geopolitical turmoil but have recovered to deliver significant returns;
- ◆ as it is a Global LIC it will only offer unfranked dividends

Investment Aim

Ellerston Global Investments will aim to provide investors with exposure to international markets through investments in "fallen angel" stocks. Companies which may have been hit by litigation or geopolitical turmoil but have recovered to deliver significant returns. The number of stocks owned will be concentrated to around twelve.

BBY Company Research			24 September 2014		
Emerging Markets Masters Fund					
EMF	A\$1.68	TARGET PRICE	A\$1.67	UNDERPERFORM	
The Fund was established to provide Australian investors with the opportunity to gain access to leading global fund products and managers specialising in the global emerging markets equity asset class.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	



This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The only Australian LIC currently targeting global emerging markets

Emerging Markets Masters Fund (EMF):

- ◆ is a smallest global LIC in our universe in Australia by market capitalisation;
- ◆ trades at a modest 5.56% premium to NTA;
- ◆ has no 10-year TSR as inception date was 9 October 2012;
- ◆ has the most expensive management expense ratio of 2.88% - but that's not surprising when it pays for 17 different managers;
- ◆ charges no performance fees and is "*explicitly not benchmark aware due to perceived index deficiencies in MSCI Emerging Markets Index*"; and
- ◆ offers a paltry 3.51% zero-franked yield.

Investment Aim

The Fund was established with the goal of providing attractive long-term total returns through a combination of capital appreciation and a consistent distribution stream.

The Fund is undertaking the Offer to provide potential investors with the opportunity to gain access to emerging markets through the Fund with the potential to improve absolute liquidity in the Fund's Units listed on the ASX.

Company Data

Number of shares	84M
Market capitalisation	\$140M
Free Float (%)	96.6
12 month high/low	\$1.88/\$1.55
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#322/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

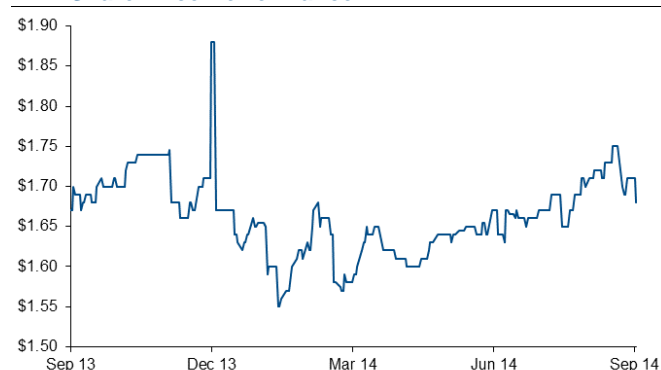
BBY Technical View – as at 23/09/2014

Short Term	Downtrend	Resistance	\$1.75
Long Term	Uptrend	Support	\$1.65


Country allocation mix as at 30 June 2014

Country	Weight (%)
China	18.6
Brazil	12.4
India	10.4
Russia	9.5
Mexico	8.6
South Africa	3.0
Frontier	18.6
Other	17.1
Cash	1.9
Total (ex. Cash)	98.1

EMF Share Price Performance



BBY Company Research			24 September 2014		
Future Generation Investment Fund Limited					
FGX	A\$1.03	TARGET PRICE	A\$1.01	UNDERPERFORM	
Australian Infrastructure Fund is an investment company incorporated in Australia. The objective of the Fund is to provide yield to unit-holders and sustained capital growth of investments. The Company mainly invests in unlisted transport infrastructure assets, with airports comprising the majority of the portfolio, but also investing in seaports, tollroads and rail businesses.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The newest addition to Australia's LIC universe, listing on 15th September 2014

Future Generation Investment Fund (FGX):

- ◆ Started trading on the ASX on the 15th of September after reaching its maximum equity raising target of \$200million;
- ◆ is an LIC investing in a diversified portfolio of Australian equities mainly across small cap, mid cap and absolute return investments;
- ◆ trades at a sizeable 7.22% premium to NTA;
- ◆ has announced it will have a no management expense ratio with management working pro-bono towards the goal of donating 1.00% of NAV to Australian charities per year;
- ◆ will charge no performance fee; and
- ◆ intends to provide a stream of fully franked dividends.

Investment Aim

The Company's investment objectives are: to provide a stream of fully franked dividends; to achieve capital growth; and preserve Shareholder capital.


Company Data

Number of shares	184M
Market capitalisation	\$189M
Free Float (%)	n/a
12 month high/low	\$2.05/\$0.88
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a#318/540
ESG Disclaimer Score (Ranking)	12.7 ()
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.05
Long Term	Downtrend	Support	\$0.958

BBY Company Research			24 September 2014		
Flagship Investments Limited					
FSI	A\$1.53	TARGET PRICE	A\$1.64	UNDERPERFORM	
Hyperion Flagship Invest Limited is a listed investment company incorporated in Australia. The objectives of the Fund are to achieve the highest possible real rate of return, comprising both income and capital growth, to preserve and enhance the real value of investments, and to provide shareholders with a fully franked dividend. The Fund invests in securities listed on the ASX.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The only LIC not charging any management fee

Flagship Investments Limited (FSI):

- ◆ trades at large 14.81% discount to NTA;
- ◆ doesn't appear to publish its 10-year TSR despite its inception date being 1998. It's portfolio return since inception is 12.6%p.a;
- ◆ has a zero management expense ratio;
- ◆ but charges 15% performance fees on any excess returns above the UBS Bank Bill Rate; and
- ◆ offers a modest 6.77% grossed up fully franked yield.

Investment Aim

To achieve long term growth and income.

Company Data

Number of shares	24M
Market capitalisation	\$37M
Free Float (%)	0.0
12 month high/low	\$1.71/\$1.37
Average monthly turnover	\$0M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#127/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

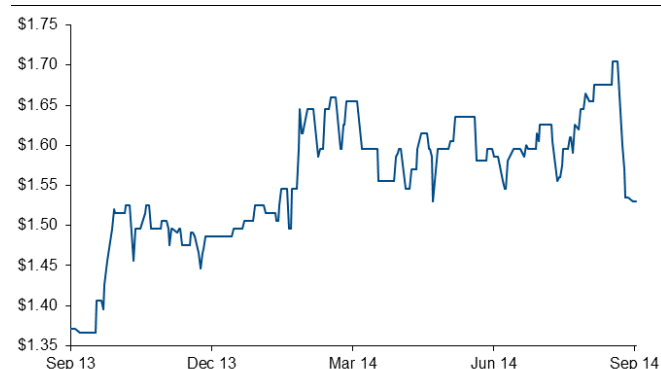
BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.61
Long Term	Downtrend	Support	\$1.49


Top 5 Stock Holdings as at 30 June 2014		
Ticker	Company Name	Weight (%)
CBA	Commonwealth Bank of Australia	8.4
SEK	Seek Limited	7.2
TLS	Telstra Corporation Limited	6.8
CRZ	Carsales.Com Limited	6.8
REA	REA Group Ltd	5.5

Sector Breakdown (as at 30 June 2014)	
Sector	Weight (%)
Financials	30.2
Consumer Discretionary	14.3
Industrials	12.1
Materials	10.4
Telecommunication Services	8.9
Information Technology	8.8
Energy	7.4
Consumer Staples	4.0
Health Care	2.7
Cash and Equivalent	1.3

FSI Share Price Performance



BBY Company Research		24 September 2014	
Global Wealth Partners			
GWP A \$1.25		TARGET PRICE	
GWP's investment strategy is focussed on protecting and growing capital over the mid to long term. It achieves this by gaining access to four of the best global investment managers ("Investment Partners"), all of whom are focussed on capital protection. The selected Investment Partners collectively manage in excess of US\$5.5bn.		Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A prospective addition to Australia's LIC universe

Global Wealth Partners (GWP):

- ◆ Will hope to start trading on the ASX on the 15th of September after raising between \$100 – 300 million in its IPO;
- ◆ Each subscribed share includes options on a 2 for 3 basis exercisable at \$1.25 on or before 24 months from the Company's official date of admission to the ASX;
- ◆ is an LIC investing in four of the best global investment managers: JHL Capital, Orange Capital, Locust Wood Capital Advisers, and Manikay Partners;
- ◆ an investment equally diversified across the 4 managers would have returned 10.6%p.a since August 2008, 25% higher than the broader market;
- ◆ has announced it will have a large management expense ratio of 1.00 – 1.50%; and
- ◆ will charge a performance fee up to 20% for returns above the MSCI Total Return Index;

Investment aim:


The aim of GWP is to offer investors:

- diversification with global asset exposure and access to alternative investments;
- privileged access for retail investors to a select group of leading alternative investment managers, all with proven track records of protecting and growing capital over the medium to long term;
- a strong alignment of interests and strategies, at both the underlying fund and the GWP level; and
- a simple investment structure that provides liquidity through trading on the ASX and a low minimum investment.

Investor Manager Performance Snapshot					
	1-Year	3-Year	5-Year	7-Year	Since Inception*
JHL Captical Group LLC	1.0%	4.8%	8.8%	11.2%	21.3%
Orange Capital LLC	26.6%	12.6%	14.0%	10.8%	12.7%
Locust Wood Capital Advisers LLC	17.5%	13.9%	13.9%	8.4%	10.9%
Manikay Partners LLC	8.8%	12.5%	11.6%	N/A	12.2%
MSCI Total Return Index (USD)	24.0%	11.8%	15.0%	3.4%	7.7%

* Inception dates vary depending on the individual Underlying Funds' start date. Returns net of Underlying Fund fees but before Investment Manager fees.

BBY Company Research			24 September 2014		
Hunter Hall Global Value Limited					
HHV	A\$1.12	TARGET PRICE	A\$1.20	UNDERPERFORM	
Hunter Hall Global Value Limited is a listed investment company incorporated in Australia. The Fund aims to provide substantial growth, and to outperform the MSCI World Accumulation Net Return Index in A\$ by 5% p.a. on a rolling five-year basis. The Fund invests in an ethically screened portfolio of undervalued international and Australian equities. The Fund is hedged for currency risk.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A bottom-tier global LIC with large holdings in Australia

Hunter Hall Global Value Limited (HHV):

- ◆ is a bottom-tier global LIC in Australia by market capitalisation;
- ◆ trades at a large 12.31% discount to NTA;
- ◆ has a small 6.1% 10-year TSR;
- ◆ has a large management expense ratio of 1.77%;
- ◆ charges 15% performance fees for returns in excess of the MSCI World Total Return Index in A\$; and
- ◆ offers a modest 6.12% gross yield that is 15% franked.

Investment Aim

To achieve substantial growth in the value of each share through ownership of a portfolio of undervalued international and Australian equities, augmented by a tax efficient capital management policy.

Company Data

Number of shares	188M
Market capitalisation	\$211M
Free Float (%)	97.1
12 month high/low	\$1.15/\$0.94
Average monthly turnover	\$5M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#179/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

Top 10 Holdings as at 31 August 2014


Company	Country	Weight (%)
Sirtex Medical	Australia	20.70
M2 Telecommunications	Australia	5.31
Danieli	Italy	3.72
Take Two Interactive	USA	2.46
JP Morgan	USA	2.37
Bank of New York Mellon	USA	2.32
Prudential Financial	USA	2.31
Leopalace21	Japan	2.16
Alchemia	Australia	2.15
Citigroup	USA	2.08
Total		45.58

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.17
Long Term	Uptrend	Support	\$1.05

HHV Share Price Performance



BBY Company Research			24 September 2014		
Magellan Flagship Fund Limited					
MFF	A\$1.49	TARGET PRICE	A\$1.49	UNDERPERFORM	
Magellan Flagship Fund Limited is a listed investment company incorporated in Australia. The Fund aims to maximise compound after-tax returns. The Fund invests in 30 to 100 investments, with the focus on identifying and investing in listed international and Australian companies, with attractive business characteristics, at a discount to their assessed intrinsic values.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A mid-tier global LIC

Magellan Flagship Fund Limited (MFF):

- ◆ is a mid-tier global LIC in Australia by market capitalisation;
- ◆ trades at a negligible 0.60% discount to NTA;
- ◆ has no 10-year TSR as inception was December 2006;
- ◆ has a large management expense ratio of 1.25%;
- ◆ charges 10% performance fees on excess returns above 10%TSR, capped at \$2m per annum; and
- ◆ offers a paltry 1.34% yield with no franking.

Investment Aim

Maximising compound risk adjusted after-tax returns for Shareholders by identifying and investing in a minimum of 20 stock exchange listed international and Australian companies assessed to have highly attractive business characteristics, at a discount to their assessed intrinsic values. A second objective will be to minimise risk of permanent capital loss for shareholders.

Company Data

Number of shares	355M
Market capitalisation	\$530M
Free Float (%)	78.1
12 month high/low	\$1.72/\$1.35
Average monthly turnover	\$12M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#249/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	\$1.52
Long Term	Uptrend	Support	\$1.49

Holdings Representing more than 2% of Portfolio as at 30 August 2014

Company Name	Weight (%)
Wells Fargo	11.7
Visa	10.5
Home Depo	9.6
Lowe's	9.3
Bank of America	8.7
MasterCard	8.0
HCA Holdings	7.8
Lloyds Banking Group	5.8
US Bancorp	5.1
Wal-Mart Stores	5.0
Bank of New York Mellon	4.6
State Street	3.6
Sainsbury J	2.9
Total	92.6

MFF Share Price Performance



BBY Company Research			24 September 2014		
Mirrabooka Investments Limited					
MIR	A\$2.68	TARGET PRICE	A\$2.59	BUY	
Mirrabooka Investments Ltd is an investment company incorporated in Australia. The objective of the Company is to provide capital appreciation and income over the medium to long-term. The Company invests in small and medium-sized companies located in Australian and New Zealand that are smaller than the Australian top 50 listed companies.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A LIC investing in Ex-50 ASX listed stocks

Mirrabooka Investments Limited (MIR):

- ◆ is the thirteenth-largest LIC in Australia by market capitalisation;
- ◆ trades at a large 11.64% premium to NTA;
- ◆ has a excellent 10-year TSR of 14.0%;
- ◆ has a sizeable management expense ratio of 0.70%;
- ◆ charges no performance fees but measures itself against the S&P/ASX Mid Cap 50 and Small Ordinaries Accumulation Indices; and
- ◆ offers an excellent 11.03% grossed up fully franked yield.

Investment Aim

To provide medium to long term investment gains through holding core investments in selected small and medium sized companies and to provide attractive dividend returns to shareholders from these investments.

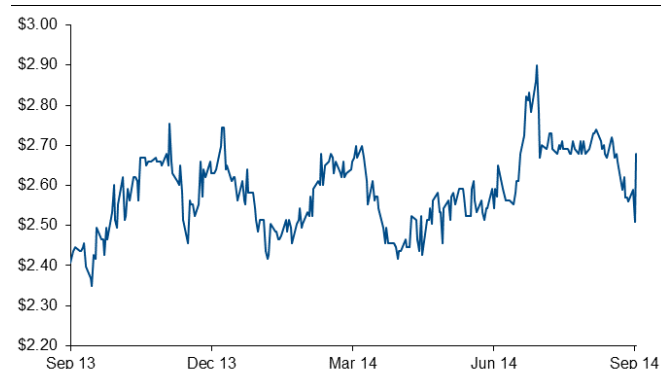
Company Data

Number of shares	141M
Market capitalisation	\$378M
Free Float (%)	94.6
12 month high/low	\$2.90/\$2.34
Average monthly turnover	\$3M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#219/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$2.61
Long Term	Downtrend	Support	\$2.49

MIR Share Price Performance



Top 20 Investments as at 31 August 2014		
Ticker	Company Name	Total Value (\$'000)
EQT	Equity Trustees Limited	11,913
TGR	Tassal Group Limited	10,773
QUB	Qube Holdings Limited	10,648
OSH	Oil Search Limited	10,647
ALQ	ALS Limited	10,044
ANN	Ansell Limited	9,753
IRE	IRESS Limited	8,627
AWC	Alumina Limited	8,249
IVC	InvoCare Limited	7,973
PPT	Perpetual Limited	7,925
TOX	Tox Free Solutions Limited	7,254
SEK	AWX Capital Limited	7,250
IPP	Iproperty Group Limited	6,920
BGL	BigAir Group Limited	6,795
TOL	Toll Holdings Limited	6,233
VOC	Vocus Communications Limited	6,187
FBU	Fletcher Building Limited	6,100
FNP	Freedom Foods Group Limited	5,882
LIC	Lifestyle Communities Limited	5,805
RMD	ResMed Inc.	5,710
Total		160,688
as % of Total Portfolio (ex. Cash)		49.7%

BBY Company Research			24 September 2014		
Milton Corporation Limited					
MLT	A\$4.32	TARGET PRICE	A\$4.40	UNDERPERFORM	
Milton Corporation Limited is a listed investment company incorporated in Australia. The Fund aims to generate an increasing income stream in the form of fully franked dividends by investing in a portfolio that will also provide growth. The Fund invests in companies, trusts, fixed interest securities (including mortgages), and property.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

The third-largest LIC in Australia by market capitalisation

Milton Corporation Limited (MLT):

Investment Aim

- ◆ is the third-largest LIC in Australia by market capitalisation;
 - ◆ trades at a negligible 0.45% discount to NTA;
 - ◆ has a healthy TSR of 10.29%;
 - ◆ has a creditable management expense ratio of 0.13%;
 - ◆ charges no performance fees and is “benchmark unaware”;
 - ◆ offers a modest 5.86% grossed up fully franked yield.
- To generate an increasing income stream for distribution to shareholders in the form of fully franked dividends and to provide growth in the value of the shareholder's investments.

Company Data

Number of shares	632M
Market capitalisation	\$2,728M
Free Float (%)	80.2
12 month high/low	\$4.90/\$3.90
Average monthly turnover	\$14M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#251/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

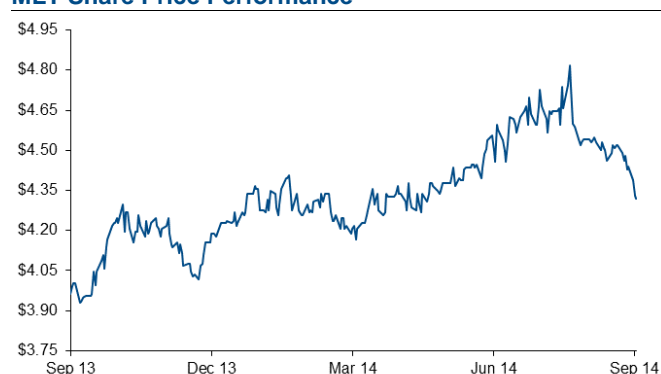
Top 20 Investments as at 31 August 2014

Ticker	Company Name	Weight (%)
WBC	Westpac Banking Corporation	12.9
CBA	Commonwealth Bank of Australia	8.7
NAB	National Australia Bank Limited	5.4
SOL	Washington H Soul Pattinson & Company Limited	4.7
BHP	BHP Billiton Limited	4.4
WES	Wesfarmers Limited	4.4
WOW	Woolworths Limited	3.6
ANZ	Australia and New Zealand Banking Group Limited	3.5
BOQ	Bank of Queensland Limited	3.2
ALQ	ALS Limited	2.9
TLS	Telstra Corporation Limited	2.8
BEN	Bendigo and Adelaide Bank Limited	2.5
PPT	Perpetual Limited	2.4
BKW	Brickworks Limited	1.6
SUN	Suncorp Group Limited	1.6
CSL	Csl Limited	1.5
RIO	RIO Tinto Limited	1.2
WPL	Woodside Petroleum Limited	1.2
APE	AP Eagers Limited	1.2
AGK	AGL Energy Limited	1.2
Total		70.9


BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$4.44
Long Term	Downtrend	Support	\$4.26

MLT Share Price Performance



BBY Company Research		24 September 2014	
NAOS Absolute Opportunities Company			
NAC	A\$1.00	TARGET PRICE	
The Company has engaged NAOS Asset Management (Manager) as its portfolio manager. The Manager has experience in managing another listed investment company, the NAOS Emerging Opportunities Company (NCC).			Russell Wright +61 2 9226 0091 rxw@bby.com.au





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A prospective addition to Australia's LIC universe

NAOS Absolute Opportunities Company (NAC):

- ◆ Will hope to start trading on the ASX on the 2nd of November 2014 after raising between \$15 - 50million in its IPO;
- ◆ Each subscribed share includes options on a 3 for 4 basis exercisable at \$1.00 on or before 30th November 2016, these options have a theoretical valuation of \$0.07/sh;
- ◆ All IPO fees will be paid by the manager, resulting in a NTA of \$1.00/sh
- ◆ has announced it will have a large management expense ratio of 1.75%;
- ◆ will charge a performance fee of 20% for returns in excess of the RBA cash rate + 250 basis points; and
- ◆ will seek to deliver dividends half yearly at a rate of at least 4%p.a

Investment aim:

Upon successful completion of the Offer, the Company will be an Alternative Absolute Return Long/Short listed investment company that will generally invest in domestic and globally listed investments (and may invest in unlisted instruments from time to time) in an alternative long/short structure with a focus on producing positive absolute returns that should have a lower correlation to general equity market movements.

The Company aims to pay dividends at a rate of 4.00% per annum, based on the Company's NAV at the start of each financial year and based on the then current capital structure. Any dividend paid will be paid at the end of the Company's first financial year and after that semi-annually, and will be franked at the Director's discretion.

Investor Manager Performance Snapshot		
	NAOS Long/Short Equity Fund (NLSF)	S&O/ASX All Ordinaries Accumulation Index
6 months	13.42%	2.68%
1 year (p.a.)	47.42%	17.64%
2 years (p.a.)	51.12%	19.16%
3 years (p.a.)	24.40%	9.60%
4 years (p.a.)	20.16%	10.30%

BBY Company Research			24 September 2014		
NAOS Emerging Opportunities Company Limited					
NCC	A\$1.13	TARGET PRICE	A\$1.20	BUY	
NAOS Emerging Opportunities Company has been established to invest primarily in a concentrated portfolio of listed entities that are not included in the S&P/ASX 100 Accumulation Index. The Company believes that there are excellent opportunities for investment in such emerging companies as market inefficiencies present opportunities to generate an attractive risk-adjusted return.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A bottom-tier LIC investing in domestic emerging companies

Naos Emerging Opportunities Company Limited (NCC):

- ◆ is a bottom-tier LIC in Australia by market capitalisation;
- ◆ trades at a sizeable 8.33% discount to NTA;
- ◆ has no published 10-year TSR yet, as inception was only 26 February 2013. The manager, NAOS, has a 9-year track record of successfully investing in Australian emerging companies with an inception return of 13.85%;
- ◆ has a large management expense ratio of 1.25%;
- ◆ charges 15% performance fees on excess returns above the Small Ordinaries Accumulation Index (XSOAI); and
- ◆ offers a healthy 7.47% grossed up fully franked yield.

NCC does not disclose their top shareholdings.

Investment Aim

- ◆ To provide investors with high quality, transparent and concentrated exposure to emerging companies;
- ◆ To provide investors with material outperformance over the S&P/ASX Small Ordinaries Accumulation Index;
- ◆ the Benchmark Index for the Company, over the medium to long term;
- ◆ To seek to provide investors with an average dividend yield of at least 4.00% per annum franked to the maximum extent possible, payable at the end of the first financial year, and after that, half yearly; and
- ◆ To achieve long term capital appreciation.

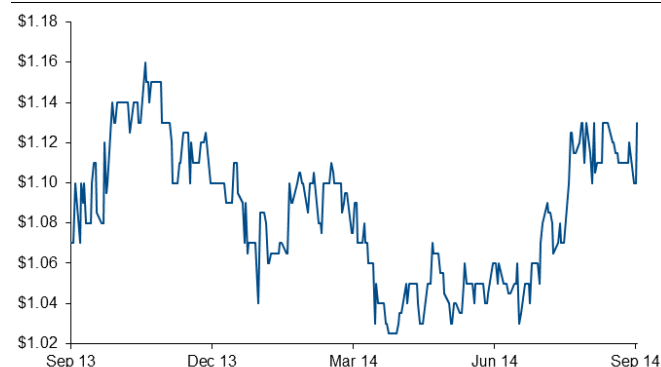
Company Data

Number of shares	35M
Market capitalisation	\$40M
Free Float (%)	na
12 month high/low	\$1.16/\$1.02
Average monthly turnover	\$2M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#177/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 23/09/2014

Short Term	Downtrend	Resistance	\$1.13
Long Term	Uptrend	Support	\$1.07

NCC Share Price Performance



BBY Company Research			24 September 2014		
Ozgrowth Limited					
OZG	A\$0.20	TARGET PRICE	A\$0.24	BUY	
Ozgrowth Ltd. is an investment company. The Company offers investments in unlisted and listed micro capitalization, researched companies, long term holdings, short term arbitrage, and trading.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A smaller LIC with Western Australian focus offering high dividend yield

Ozgrowth Limited (OZG):

- ◆ is a smaller LIC in Australia by market capitalisation;
- ◆ trades at a very large 17.02% discount to NTA;
- ◆ has no 10-year TSR yet%;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges 20% performance fees on excess returns above 7%p.a; and
- ◆ offers an excellent 10.99% grossed up fully franked yield.

Investment Aim

Generate consistent positive returns over the medium to long term. The majority of investments have a connection to Western Australia.

Company Data

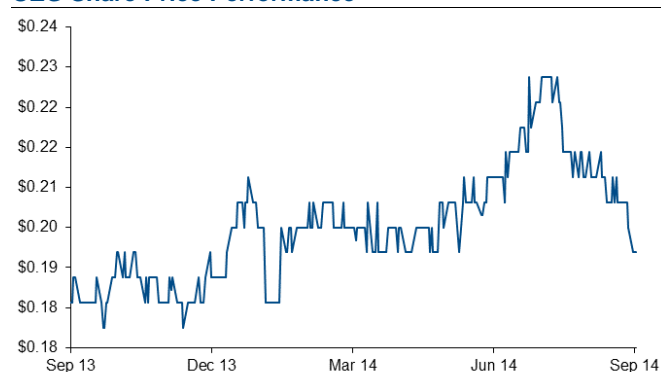
Number of shares	361M
Market capitalisation	\$70M
Free Float (%)	34.2
12 month high/low	\$0.23/\$0.18
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#108/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


Portfolio Holdings as at 31 August 2014		
Ticker	Company Name	Weight (%)
CWP	Cedar Woods Properties Limited	20
MGX	Mount Gibson Iron Limited	8
AHE	Automotive Holdings Group Limited	7
TAP	Tap Oil Limited	7
SEA	Sundance Energy Australia Limited	5
FRI	Finbar Group Limited	4
MML	Medusa Mining Limited	4
AGO	Atlas Iron Limited	3
TGZ	Teranga Gold Corporation	3
RHI	Red Hill Iron Limited	2
IRN	Indophil Resources NL	2
MLD	MACA Limited	2
Other	#SECURITYCODE?	14
Cash	11 AM Cash	17
Total		100

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$0.207
Long Term	Downtrend	Support	\$0.185

OZG Share Price Performance



BBY Company Research			24 September 2014		
PM Capital Asian Opportunities Fund Limited					
PAF	A\$0.94	TARGET PRICE	A\$0.95	UNDERPERFORM	
<p>The Manager (PM Capital Limited) is a leading investment firm that has been managing global (including Australian) equities for private clients, institutional investors and clients of financial advisers for over 15 years. The Manager has over \$1.7billion in funds under management.</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A new Global LIC focused on the Asian Region (ex-Japan)

PM Capital Global Opportunities Fund Limited (PGF):

- ◆ trades at a modest 3.76% discount to NTA;
- ◆ has no 10-year TSR as inception was 22nd May 2014;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges 15% performance fees on excess returns above the MSCI Asia (ex-Japan) Equity Index; and
- ◆ will focus on capital returns above dividend payouts

Holdings as at 31 August 2014

Security (alphabetical order)

51 Jobs
 Genting Malaysia
 SJM Holdings
 MGM China Holdings
 Donaco International
 Turquoise Hill Resources
 Baidu
 China Yuchai International
 Zhaopin

Currency Exposure as at 31 August 2014

Currency	Weight (%)
USD	76.1
HKD	26.7
MYR	0.5
AUD	-3.3
Total	100.0

Investment Aim

The Company's investment objective is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of Asian equities and other investment securities, with a focus on the Asian Region (ex-Japan), which the Manager considers to be mispriced.

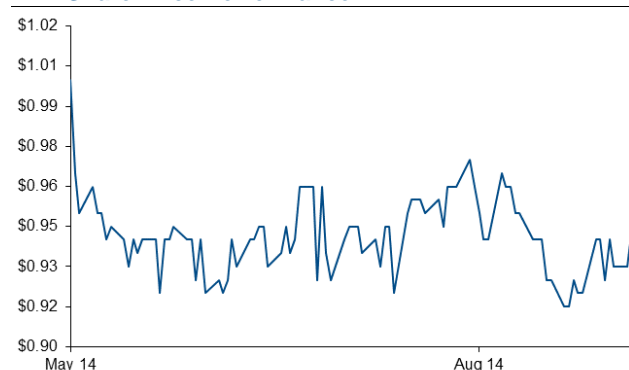
Company Data

Number of shares	55M
Market capitalisation	\$52M
Free Float (%)	n/a
12 month high/low	\$1.00/\$0.90
Average monthly turnover	\$0M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a#277/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 23/09/2014

Short Term	Range	Resistance	\$0.97
Long Term	Range	Support	\$0.915

PAF Share Price Performance



BBY Company Research		24 September 2014			
PM Capital Global Opportunities Fund Limited					
PGF	A\$0.95	TARGET PRICE	A\$0.95		UNDERPERFORM
The Manager (PM Capital Limited) is a leading investment firm that has been managing global (including Australian) equities for private clients, institutional investors and clients of financial advisers for over 15 years. The Manager has over \$1.7billion in funds under management.			Russell Wright +61 2 9226 0091 rxw@bby.com.au		

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A Global LIC with the added ability to invest in Australian Equities

PM Capital Global Opportunities Fund Limited (PGF):

- ◆ trades at a modest 3.76% discount to NTA;
- ◆ has no 10-year TSR as inception was December 2013;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges 15% performance fees on excess returns above the Morgan Stanley Capital International World Index; and
- ◆ has not paid any dividends as yet.

Top 10 Holdings as at 31 August 2014

Security

JP Morgan Chase and Co
 Lloyds Banking Group Plc
 ING Group N.V
 Bank of America
 PM Asian Opportunities Fund
 Barclays Plc
 CityCentre Holdings Llc (Yield)
 Wells Fargo
 CME Group Inc
 Oracle

Portfolio Composition as at 31 August 2014

Sector	Weight (%)
Financials	34.1
Housing	16.5
Asia	6.3
Brewing	3.3
Technology	3.0
Other	17.4
Risk Protection	-2.2
Debt/Hybrids	9.2
Cash	12.4
Total (ex. Cash)	87.6

Investment Aim

The company's investment objective is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of global (including Australian) equities and other investment securities which the Manager considers to be undervalued.

Company Data

Number of shares	174M
Market capitalisation	\$164M
Free Float (%)	n/a
12 month high/low	\$1.01/\$0.76
Average monthly turnover	\$4M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 23/09/2014

Short Term	Uptrend	Resistance	\$0.97
Long Term	Downtrend	Support	\$0.90

PGF Share Price Performance



BBY Company Research			24 September 2014		
Platinum Capital Limited					
PMC	A\$1.80	TARGET PRICE	A\$1.65	UNDERPERFORM	
Platinum Capital Limited is an investment company incorporated in Australia. The objective of the Company is to seek long term capital growth. The Company invests in potential growth companies within Australia and internationally which are undervalued by the market. The Company's portfolio encompass a variety of sectors including telecommunications, gold, software and retail.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A mid-tier global LIC that has seen better returns

Platinum Capital Limited (PMC):

- ◆ is a mid-tier global LIC in Australia by market capitalisation;
- ◆ trades at a large 18.24 premium to NTA;
- ◆ has a reasonable 8.1% 10-year TSR;
- ◆ has a large management expense ratio of 1.50%;
- ◆ charges 10% performance fees on excess returns 5% above the MSCI AC World Net Index in A\$; and
- ◆ offers a healthy 6.53% grossed up fully franked yield.

Investment Aim

To provide capital growth over the long-term.

Company Data

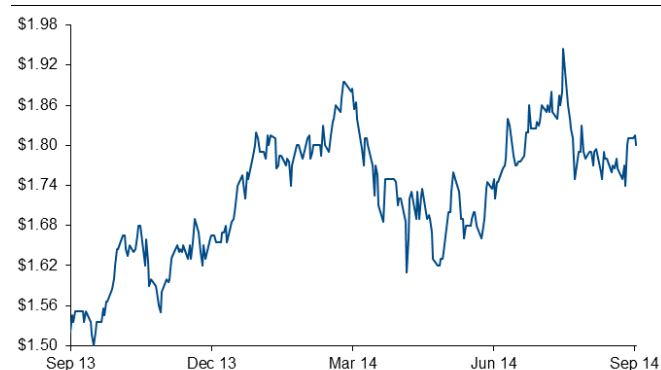
Number of shares	232M
Market capitalisation	\$418M
Free Float (%)	96.5
12 month high/low	\$2.03/\$1.49
Average monthly turnover	\$14M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#407/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials


BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	\$1.88
Long Term	Uptrend	Support	\$1.77

Top 15 Holdings as at 30 June 2014	
Company	Value (\$'000)
Ericsson LM-B	9,043
Alcoa	8,973
Samsung Electronics	8,721
Toyota Industries	8,538
Casino Guichard Perrachon	8,483
Foster Wheeler	7,997
Baker Hughes	7,586
Intesa Sanpaolo	7,096
Nippon Telegraph and Telephone	6,696
eBay	6,538
Sanofi	6,396
Carnival	6,272
Lucara Diamond	6,116
Novartis	5,710
Tencent	5,014
Total	109,179

PMC Share Price Performance



BBY Company Research			24 September 2014		
QV Equities Limited					
QVE	A\$0.96	TARGET PRICE	A\$1.00	UNDERPERFORM	
The manager, Investors Mutual Limited (IML) is a specialist Australian equities fund manager and was established in May 1998 by Anton Tagliaferro. IML applies a conservative value-based investment style with a long-term focus and aims to deliver consistent returns for clients.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

One of the most successful raisings ever for an Australian equities LIC

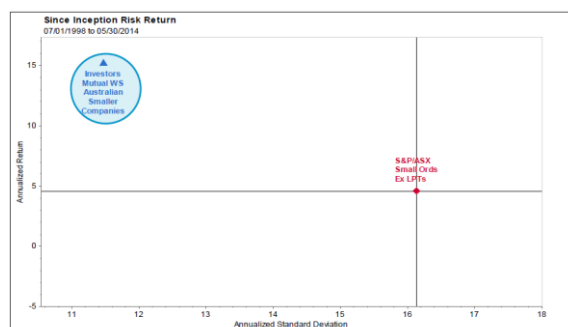
QV Equities Limited (QVE):

- is one of the most successful raisings ever for an Australian equities Listed Investment Company (LIC) - earlier this month, BBY was Joint Lead Manager in the Initial Public Offering (IPO), which raised over \$184 million,
- Will be the twentieth largest LIC in Australia by market capitalisation upon listing;
- is an LIC investing in the ex-top 20m stocks
- has no 10-year TSR although the manager has achieved total returns since inception of 11.8% of and 15.3% for its two flagship funds IML Australian Share Fund and IML Australian Small Companies Fund respectively;
- trades at a negligible 1.43% discount to Net Asset Value (NAV);
- is expected to have a sizeable management expense ratio of 0.875%;
- charges no performance fees but measures itself against the S&P/ASX 300 Accumulation Index less that part generated by the ASX 20 Accumulation index; and
- intends to pay a dividend to shareholder twice a year that is franked to the maximum extent possible.

QVEO is the one-for-one option that was given to investors in the QVE issue.

- Exercisable at \$1.00
- Any time up until 16 March 2016

IML's process – Small Caps (15 years)



Investment Aim

To achieve long term value (over a five year plus investment period) via a combination of capital growth and income, by investing in a diversified portfolio of ASX listed entities Outside the S&P/ASX 20 Index which the Manager considers to be undervalued and fits within the company's investment criteria.

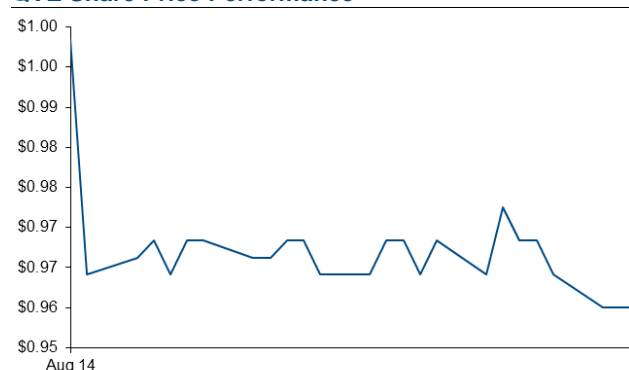
Company Data


Number of shares	185M
Market capitalisation	\$177M
Free Float (%)	n/a
12 month high/low	\$0.98/\$0.96
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	n/a#212/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	-
Long Term	-	Support	-

QVE Share Price Performance



BBY Company Research			24 September 2014		
Sandon Capital Investments Limited					
SNC	A\$0.97	TARGET PRICE	A\$1.00	UNDERPERFORM	
<p>The Company will primarily invest in Securities listed on ASX with an initial focus on small to medium sized entities that have and intrinsic value comprised largely of tangible assets, eg cash, liquid securities and other assets for which a value can be obtained or derived. The Company's Portfolio will be a concentrated portfolio comprising Securities in approximately 20-25 different entities</p>				<p>Russell Wright +61 2 9226 0091 rxw@bby.com.au</p>	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A recently listed LIC focused on activist investing in Australia

Sandon Capital Investments (SNC):

- ◆ trades at a modest 4.98% discount to NTA;
- ◆ no 10-year TSR due to listing in December 2013;
- ◆ has a large expense ratio of 1.25%;
- ◆ and charges a 20% performance fee on returns in excess of a benchmark which it has not yet disclosed; and
- ◆ aims to provide a growing dividend income stream of at least \$0.06/share p.a, though has as yet only paid a special dividend of \$0.02/share.

Investment Aim

The Company, through the Manager, aims to build a concentrated portfolio of investments that can be acquired below the Manager's assessment of intrinsic value. The Manager and the Company believe the key to successful activist investing is to exert influence over and entity which is proportionally greater than the Company's economic investment but without seeking to exercise day to day control. This may be done through the solicitation of support from management or other investors.

The company will invest in opportunities that are identified by the manager:

- as trading below what the Manager considers to be their intrinsic values; and
- that offer the potential of being positively influenced by the manager taking an active role in proposing changes in the areas of corporate governance, capital management, strategic and operational issues, management arrangements and other related activities.

Total Holdings as at 30 June 2014		
Ticker	Company Name	Value (\$ '000)
ACQ	Acorn Capital Investment Fund Limited	435.0
ACQO	Acorn Capital Investment Fund Limited Option	15.0
AGF	AMP Capital China Growth Fund	492.2
AIK	Armidale Investment Corporation Limited	1,554.6
IMF	Bentham IMF Limited	1,287.0
CIX	Calliden Group Limited	1,058.8
CAF	Centrepoint Alliance Limited	856.7
CYA	Century Australia Investments Limited	1,699.5
CND	Clarius Group Limited	659.4
CAM	Clime Capital Limited	667.8
CTN	Contango Microcap Limited	574.0
CYG	Coventry Group Limited	2,530.8
CRH	Crowe Horwath Australasia Ltd	775.3
DJS	David Jones Limited	706.0
INA	Ingenia Communities Group	321.0
IAU	Intrepid Mines Limited	279.7
NCC	NAOS Emerging Opportunities Company Limited	301.8
NXS	Nexus Energy Limited	8.0
OTH	Onthehouse Holdings Limited	490.1
RNY	RNY Property Trust	1,106.5
TGG	Templeton Global Growth Fund Limited	1,134.2
TPA	Transpacific SPS Trust	1,037.9
WCB	Warrnambool Cheese & Butter Factory Co.Hold.Ltd	1,139.9
	Van Eky Research Pty Ltd	650.0
Total		19,781.2

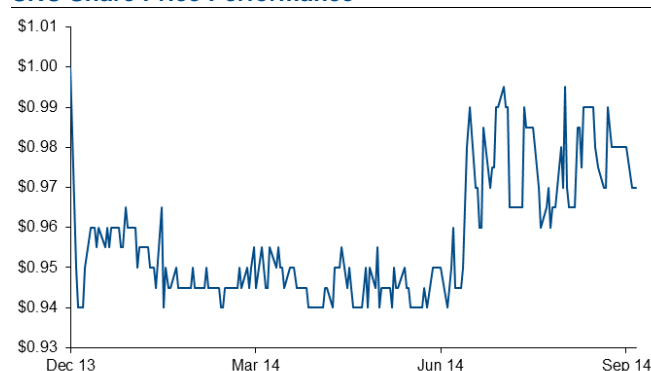
Company Data

Number of shares	35M
Market capitalisation	\$34M
Free Float (%)	
12 month high/low	\$1.00/\$0.93
Average monthly turnover	\$1M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	

BBY Technical View – as at 23/09/2014

Short Term	Uptrend	Resistance	\$0.988
Long Term	Uptrend	Support	\$0.959

SNC Share Price Performance




BBY Limited ABN 80 006 707 777

Source: BBY, Company Reports. BBY contributes all company estimates to Bloomberg, Thomson Reuters, FactSet and Capital IQ.

Note: Numbers displayed are a sub-set

The ESG (Environmental, Social, Governance) score is a measure of the sustainability and ethical impact of an investment in this company or product. ESG scores range from 0.1 (min) to 100 (max). ESG scores are provided to BBY by Bloomberg and are only available for those companies that disclose ESG data to Bloomberg.

BBY Company Research		24 September 2014			
Templeton Global Growth Fund Limited					
TGG	A\$1.38	TARGET PRICE	A\$1.39		UNDERPERFORM
Templeton Global Growth Fund Ltd is a listed investment company incorporated in Australia. The Fund aims to provide long-term appreciation from a globally diversified portfolio of investments. The Fund's investment approach is based on value (investment in undervalued stocks), patience (well chosen, undervalued stocks will be recognised by the market over time), and a bottom-up analysis.			Russell Wright +61 2 9226 0091 rxw@bby.com.au		

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Mid-tier global LIC

Templeton Global Growth Fund Limited (TGG):

- ◆ is a mid-tier global LIC in Australia by market capitalisation;
- ◆ trades at a negligible 1.30% premium to NTA;
- ◆ has a small 4.4% 10-year TSR;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges no performance fees but measures itself against the MSCI AC World Free Index; and
- ◆ offers a healthy 6.12 % grossed up fully franked yield.

Investment Aim

To achieve long term capital growth from a globally diversified portfolio of investment securities.

Company Data

Number of shares	198M
Market capitalisation	\$274M
Free Float (%)	94.1
12 month high/low	\$1.46/\$1.12
Average monthly turnover	\$7M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#287/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

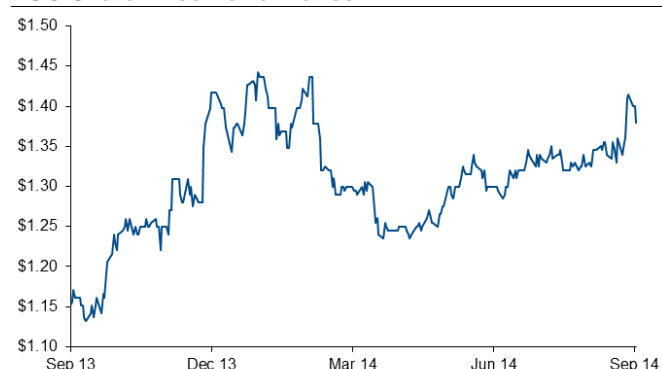
BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	\$1.44
Long Term	Uptrend	Support	\$1.31


Top 15 Portfolio Holdings as at 30 June 2014

Security	Sector	Country	Weight (%)
Samsung Electronics	I.T.	South Korea	1.9
Microsoft	I.T.	US	1.9
GlaxoSmithKline	Health Care	UK	1.8
Amgen	Health Care	US	1.8
Sanofi	Health Care	France	1.8
Roche	Health Care	Switzerland	1.6
Comcast	Consumer Discretionary	US	1.6
Cutugriyo	Financials	US	1.5
Pfizer	Health Care	US	1.5
Suntori	Consumer Staples	Japan	1.4
Forest Labs	Health Care	US	1.4
Nissan Motor	Consumer Discretionary	Japan	1.4
Morgan Stanley	Financials	US	1.4
HSBC	Financials	UK	1.3
Nobel Biocare	Health Care	Switzerland	1.3
Total			23.6

TGG Share Price Performance



BBY Company Research		24 September 2014		
WAM Capital Limited				
WAM	A\$2.03	TARGET PRICE	A\$1.91	UNDERPERFORM
WAM Capital Ltd is an investment company incorporated in Australia. The objectives of the Fund are to achieve a high real rate of return, preserve capital and create strong dividend flow. The Fund invests in ASX listed and unlisted securities, bills of exchange and other negotiable investments, as well as cash management trusts.				Russell Wright +61 2 9226 0091 rxw@bby.com.au





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A top-tier domestic LIC

WAM Capital Limited (WAM):

- ◆ is the eighth-largest LIC in Australia by market capitalisation;
- ◆ trades at a sizeable 6.62% premium to NTA;
- ◆ has an excellent 10-year TSR of 14.0%, though WAM reports this figure before management expense and performance fees;
- ◆ has a large management expense ratio of 1.0%;
- ◆ charges a 20% performance fees on returns exceeding the S&P/ASX All Ordinaries Accumulation Index; and
- ◆ offers a healthy 9.40% grossed up fully franked yield.

Investment Aim

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

Company Data

Number of shares	341M
Market capitalisation	\$691M
Free Float (%)	92.7
12 month high/low	\$2.11/\$1.76
Average monthly turnover	\$15M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#375/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 23/09/2014


Short Term	Downtrend	Resistance	\$2.08
Long Term	Uptrend	Support	\$1.98

Top Investments as at 31 August 2014		
Ticker	Company Name	Weight (%)
CBAPA	CBA Perpetual Exc Resale Listed Sec	3.0
SGH	Slater & Gordon Limited	2.3
CYA	Century Australia Investments Limited	2.2
VED	Veda Group Limited	2.2
HHV	Hunter Hall Global Value Limited	1.8
MQA	Macquarie Atlas Roads Group	1.7
WBPCB	WBC Stapled Preferred Security II	1.6
GXL	Greencross Limited	1.6
CSV	CSG Limited	1.5
AHE	Automotive Holdings Group Limited	1.5
TNE	Technology One Limited	1.4
MTR	Mantra Group Limited	1.4
IFL	IOOF Holdings Limited	1.3
HIL	Hills Limited	1.3
IFM	Infomedia Ltd	1.3
IPE	IPE Limited	1.3
GMA	Genworth Mortgage Insurance Australia Limited	1.3
MYR	Myer Holdings Limited	1.3
AAD	Ardent Leisure Group	1.1
WIC	Westoz Investment Company Limited	1.1
Total		32.2

WAM Share Price Performance



BBY Company Research		24 September 2014		
WAM Research Limited				
WAX	A\$1.16	TARGET PRICE	A\$1.16	UNDERPERFORM
Wilson Investment Fund Ltd is a listed investment company incorporated in Australia. The Fund aims to preserve capital and deliver tax-effective returns. The Fund may invest in any company listed on the ASX, however it concentrates on small to medium-sized industrial companies, focusing on strong management, above average earnings growth, but trading on low price earning multiples.				Russell Wright +61 2 9226 0091 rxw@bby.com.au





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A mid-tier LIC investing in industrial small caps

WAM Research Limited (WAX):

- ◆ is mid-tier LIC in Australia by market capitalisation;
- ◆ trades at a modest 3.50% premium to NTA;
- ◆ only reports its TSR since its change in strategy in July 2010. Since then it has returned 17.9%p.a before expenses and fees;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges a 20% performance fees on returns exceeding the S&P/ASX All Ordinaries Accumulation Index; and
- ◆ offers an excellent 9.12% grossed up fully franked yield.

Investment Aim

WAM Research Limited (WAX) is a listed investment company that invests in undervalued growth companies, primarily small to medium sized 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.

Company Data

Number of shares	140M
Market capitalisation	\$162M
Free Float (%)	86.6
12 month high/low	\$1.25/\$1.01
Average monthly turnover	\$3M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#294/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Uptrend	Resistance	\$1.20
Long Term	Uptrend	Support	\$1.16

Top Holdings as at 31 August 2014		
Ticker	Company Name	Weight (%)
SGH	Slater & Gordon Limited	4.4
VED	Veda Group Limited	4.3
GXL	Greencross Limited	3.1
CBAPA	CBA Perpetual Exc Resale Listed Sec	3.0
CSV	CSG Limited	3.0
AHE	Automotive Holdings Group Limited	3.0
TNE	Technology One Limited	2.8
MTR	Mantra Group Limited	2.7
IFM	Infomedia Ltd	2.5
AAD	Ardent Leisure Group	2.2
VOC	Vocus Communications Limited	2.2
SRX	Sirtex Medical Limited	2.2
CTD	Corporate Travel Management Limited	2.2
IIN	iiNet Limited	2.1
3PL	3P Learning Limited.	2.1
FXJ	Fairfax Media Limited	2.1
ISD	ANZ Convertible Preference Share	2.1
AHD	Amalgamated Holdings Limited	2.0
IFL	IOOF Holdings Limited	2.0
ENE	Energy Developments Limited	1.9
Total		51.9

WAX Share Price Performance



BBY Company Research			24 September 2014		
Whitefield Limited					
WHF	A\$4.27	TARGET PRICE	A\$4.40	UNDERPERFORM	
Whitefield Ltd is an listed investment company incorporated in Australia. The Fund aims to generate an investment return which is in excess of the market return over the longer term. The Fund invests in a diversified portfolio of securities listed on the Australian Stock Exchange that are capable of generating dividend income and growth in dividends in current and future years.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	





This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

An ex-resources LIC

Whitefield Limited (WHF):

- ◆ is a mid-tier sized LIC in Australia by market capitalisation;
- ◆ trades at a modest 4.88% discount to NTA;
- ◆ has a reasonable 10-year TSR of 8.66%;
- ◆ has a creditable management expense ratio of 0.35%;
- ◆ charges no performance fees but measures itself against the ASX 200 All Industrials (XJIAI); and
- ◆ offers a modest 5.66% yield fully franked.

Investment Aim

To provide shareholders with a diversified exposure to the industrial (non-resource) segment of the Australian share market.

Company Data

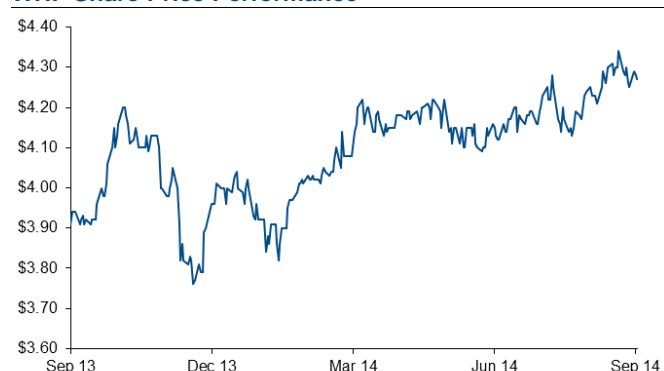
Number of shares	76M
Market capitalisation	\$326M
Free Float (%)	58.8
12 month high/low	\$4.34/\$3.76
Average monthly turnover	\$2M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#227/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Uptrend	Resistance	\$4.34
Long Term	Uptrend	Support	\$4.18

Top 20 Investments as at 30 June 2014		
Ticker	Company Name	Weight (%)
CBA	Commonwealth Bank of Australia	10.95
WBC	Westpac Banking Corporation	9.05
ANZ	Australia and New Zealand Banking Group Limited	7.66
NAB	National Australia Bank Limited	6.92
TLS	Telstra Corporation Limited	5.72
MQG	Macquarie Group Limited	5.02
WOW	Woolworths Limited	3.73
WES	Wesfarmers Limited	3.56
CPU	Computershare Limited	2.99
BXB	Brambles Limited	2.73
CWN	Crown Resorts Limited	2.32
CSL	CsI Limited	2.20
AMP	AMP Limited	2.09
QBE	QBE Insurance Group Limited	1.83
AMC	Amcor Limited	1.65
FOXA	Twenty-First Century FOX, Inc. A Nonvote	1.65
SUN	Suncorp Group Limited	1.54
SVW	Seven Group Holdings Limited	1.51
IVC	InvoCare Limited	1.50
MQA	Macquarie Atlas Roads Group	1.18
	Cash and cash equivalents	1.52
Total (ex. Cash)		75.80

WHF Share Price Performance



BBY Limited ABN 80 006 707 777

Source: BBY, Company Reports. BBY contributes all company estimates to Bloomberg, Thomson Reuters, FactSet and Capital IQ.

Note: Numbers displayed are a sub-set

The ESG (Environmental, Social, Governance) score is a measure of the sustainability and ethical impact of an investment in this company or product. ESG scores range from 0.1 (min) to 100 (max). ESG scores are provided to BBY by Bloomberg and are only available for those companies that disclose ESG data to Bloomberg.

BBY Company Research			24 September 2014		
Westoz Investment Company Limited					
WIC	A\$1.20	TARGET PRICE	A\$1.29	BUY	
Westoz Investment Company Limited is a listed investment company incorporated in Australia. The Fund aims to generating a positive return over the medium to long term regardless of the overall direction of the share market. The portfolio will consist of between 10 and 25 stocks. Any short positions will not represent more than 20%. Leverage may be employed, but total exposure will not exceed 120%.				Russell Wright +61 2 9226 0091 rxw@bby.com.au	

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

Mid-tier LIC with Western Australia focus offering high dividend yield

Westoz Investment Company Limited (WIC):

- ◆ is mid-tier LIC in Australia by market capitalisation;
- ◆ trades at sizable 7.26% discount to NTA;
- ◆ has no 10-year TSR yet;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges 20% performance fees on excess returns above the S&P/ASX Small Ordinaries Index; and
- ◆ offers an excellent 10.71% grossed up fully franked yield.

Investment Aim

To generate consistent positive returns over the medium to long term. The majority of investments have a connection to Western Australia.

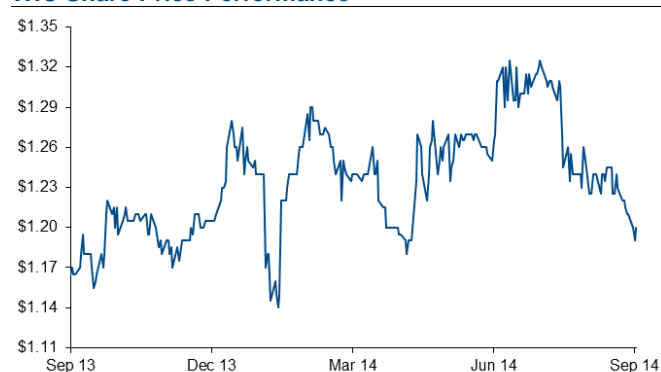
Company Data

Number of shares	129M
Market capitalisation	\$155M
Free Float (%)	52.3
12 month high/low	\$1.35/\$1.14
Average monthly turnover	\$3M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#178/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014


Short Term	Downtrend	Resistance	\$1.25
Long Term	Downtrend	Support	\$1.16

WIC Share Price Performance



Total Investment Portfolio as at 31 August 2014

Ticker	Company Name	Weight (%)
AHE	Automotive Holdings Group Limited	11
FRI	Finbar Group Limited	9
MGX	Mount Gibson Iron Limited	8
CWP	Cedar Woods Properties Limited	8
SEA	Sundance Energy Australia Limited	5
MML	Medusa Mining Limited	4
AGO	Atlas Iron Limited	4
MLD	MACA Limited	3
SFR	Sandfire Resources NL	2
TGZ	Teranga Gold Corporation	2
IRN	Indophil Resources NL	2
Other		10
Cash		32
Total		100

BBY Company Research		24 September 2014			
Watermark Market Neutral Fund Limited					
WMK	A\$0.99	TARGET PRICE	A\$0.99		UNDERPERFORM
Watermark Market Neutral Fund Limited (WMK) is a listed investment company investing predominantly in Australian securities. The Company's portfolio is managed by Watermark Funds Management, an absolute return manager with a long track record. In a market neutral structure, the long portfolio and short portfolio are of roughly equal value. This minimises exposure to general market			Russell Wright +61 2 9226 0091 rxw@bby.com.au		

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed without prior written approval of BBY, except as allowed by the Copyright Act. This Research is current at the date of publishing. For updates or further information regarding this research, please contact your advisor. BBY does or seeks to undertake business with companies covered in its research and therefore, Investors should consider this report as only a single factor in making their investment decisions. For explanations regarding ratings and other important disclosures, please refer to the disclosure section at the end of this document.

A bottom-tier market neutral LIC

Watermark Market Neutral Fund Limited (WMK):

- ◆ is a lower-tier LIC in Australia by market capitalisation;
- ◆ trades at a negligible 0.51% premium to NTA;
- ◆ has no 10-year TSR yet%;
- ◆ has a large management expense ratio of 1.00%;
- ◆ charges 20% performance fees on excess returns above the RBA Cash Rate; and
- ◆ offers a healthy 7.18% grossed up fully franked yield.

Investment Aim

The fund looks to invest in leading Australian companies, with strong business fundamentals on attractive terms. By constructing a portfolio of these undervalued shares we hope to deliver superior returns to our shareholders over time.

Company Data

Number of shares	87M
Market capitalisation	\$86M
Free Float (%)	92.0
12 month high/low	\$1.08/\$0.98
Average monthly turnover	\$2M
% S&P/ASX 200	n/a
% All Ordinaries	n/a
DDM Ranking	#268/540
ESG Disclaimer Score (Ranking)	n/a
GICS Industry Group	Diversified Financials

BBY Technical View – as at 22/09/2014

Short Term	Downtrend	Resistance	\$1.03
Long Term	Downtrend	Support	\$0.978

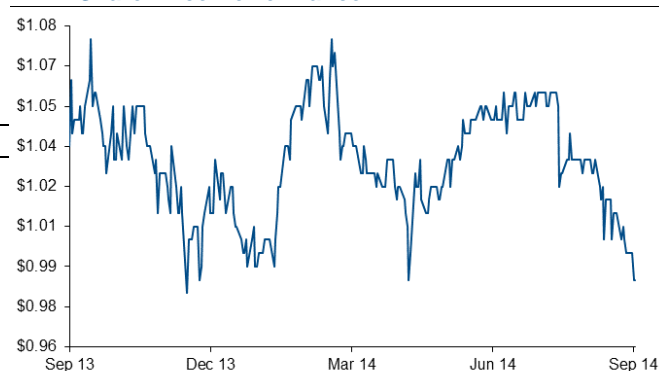
Top 10 Holdings as at 30 June 2014

Ticker	Company Name	Weight (%)
ANZ	Australia and New Zealand Banking Group Limited	3.54
CBA	Commonwealth Bank of Australia	3.08
RIO	RIO Tinto Limited	2.67
ORG	Origin Energy Limited	2.39
JIN	Jumbo Interactive Limited	1.98
AWC	Alumina Limited	1.87
TGS	Tiger Resources Limited	1.86
SEA	Sundance Energy Australia Limited	1.83
RMD	ResMed Inc.	1.81
IPL	Incitec Pivot Limited	1.77
Total		22.80

Fund Statistics

Long Exposure	109.0%
Short Exposure	105.0%
Gross Exposure	214.0%
Net Exposure	4.0%

WMK Share Price Performance



Appendix 1

Perpetual to launch first listed investment company - AFR 15/9/14

"If it's good enough for stalwarts Geoff Wilson, Ashok Jacob and Anton Tagliaferro, it's good enough for one of Australia's largest fund managers, Perpetual.

Hot on the heels of raisings by the likes of Wilson, Jacob's Ellerston and Tagliaferro's Investors Mutual, Perpetual is planning to launch a listed investment company later this year under the moniker Perpetual Equity Investment Company Limited.

The Perpetual LIC, which is expected to launch with a value north of \$100 million, will hold a mixture of local equities, global equities and cash.

It is expected to be headed by Perpetual chair Peter Scott.

Perpetual Equity Investment Company Limited will initially offer shares with an entitlement to an option for a further share for every share subscribed for under the offer.

Sources said the prospectus would be lodged with the Australian Securities and Investments Commission by October 7."

Appendix 2

New Listed Investment Fund Swamped by Investors

Thursday, 4 September 2014

The IPO of Future Generation Investment Fund (ASX:FGX) went off with a bang, as the offer closed early due to excess demand. The IPO opened on 7 July 2014, with BBY participating as a broker, and aimed to raise A\$100-A\$200 million at A\$1.10 per share with one option attached to every subscribed share. This offer was expected to close on 3 September, but was forced to close on 29 August after being swamped by responses from investors who subscribed to well over the A\$200 million target.

What brought on this overwhelming demand from investors? One key aspect was the absence of performance or management fees attached to the offer, making it a highly attractive bargain for investors. Also noteworthy is FGX's philanthropic business model, with the fund pledging 1% of its assets to a select group of children's charities each year. The fact that FGX is headed by a team of highly experienced portfolio managers is a further sign that the Fund is in safe hands, and the overwhelming response to the IPO is a strong sign that this stock is set for excellent returns.

FGX Chairman, Geoff Wilson, a prominent Australian fund manager, firmly believes in the Fund's philanthropic approach. Geoff Wilson commented, "Australia is in the position of being the seventh wealthiest nation in the world on a GDP per capita basis, while still having 17% of its children living below the poverty line. We believe we can contribute to the efforts to alleviate these disadvantages faced by young people, while still delivering strong returns for our investors. This latest news has taken us all by surprise and is a greatly encouraging sign that our business model is on the right track."

BBY Executive Chairman, Glenn Rosewall comments "We were very enthusiastic in our support for this IPO from when Geoff first spoke to us about it, and the level of support we witnessed confirms our view that this Fund is a good product for investors."

Appendix 3

The Long-Awaited LIC Launch

Friday, 22 August 2014

Ring-a-ding-ding went the bell at the ASX today as new Listed Investment Company (LIC), QV Equities (ASX:QVE), was launched to the market. BBY partook as Joint Lead Manager in the QVE Initial Public Offering (IPO), which raised over A\$180 million. This IPO marked one of the most successful raisings ever for an Australian equities LIC and QVE is now the 20th largest LIC on the ASX.

QVE is managed by Investors Mutual Fund Limited (ASX: IML); one of Australia's leading value managers which commands A\$4.9 billion worth of funds and is in the top quadrant of retail funds. One of the key focal points for QVE is self-managed superfunds (SMSFs), which have become the fastest growing segment of the superannuation industry. The rise of SMSFs has significantly enhanced the popularity of LICs such as QVE, as the fixed portfolios of LICs are an attractive feature for investors.

BBY continues to play ahead of the game by growing its presence in the LIC market and QVE is set to become the latest BBY success story. BBY Executive Chairman, Glenn Rosewall comments "BBY has accumulated an exceptional inventory of successful floats due to our confidence in the companies we back, our award winning research and our wealth of offerings. We are confident that there will be a similar story following QVE's IPO and we look forward to supporting QVE in their ASX journey."

This Research has been prepared and issued by BBY Ltd and remains the property of BBY Ltd. No material contained in this Research may be reproduced or distributed, except as allowed by the Copyright Act, without the prior written approval of BBY.

This report has been prepared and issued (in Australia) by BBY Limited (ABN 80 006 707 777/AFS Licence No. 238095) (BBY) and is subject to the disclosures and restrictions set out below.

Analyst Certification:

The research analyst(s) identified on the cover of this report individually certify that in respect of each security or issuer that the research analyst covers that: this report accurately reflects his or her personal views about any and all of the subject issuer(s) or securities; and no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by the research analyst(s) in this report.

Legal Entity Disclosures

Australia: BBY is Participant of the ASX and regulated by ASIC. U.K. BBY is authorised and regulated by the Financial Conduct Authority (FCA) Reference No 146367

Disclosure

BBY and its associates (as defined in Chapter 1 of the Corporations Act 2001), officers, directors, employees and agents, from time to time, may own or have positions in securities of the company(ies) covered in this report and may trade in the securities mentioned either as principal or agent or may be materially interested in such securities.

BBY does and seeks to do business with companies covered in its research reports. As a result, investors should consider this report as only a single factor in making their investment decision.

Disclaimer & Warning

FXG: BBY acted as Broker to the Offer which was open on 7 July 2014.

CTN: Russell Wright and/or family member(s) holds shares in the product(s) referred to in this document, but BBY considers such holdings not to be an interest which is sufficiently material to compromise the recommendation or advice. Russell Wright and/or family member(s) holdings may change during the life of this document.

QVE: BBY acted as the Joint Lead Manager to the Placement as announced to the market on 21 August 2014.

This report may contain general advice or recommendations which, while believed to be accurate at the time of publication, are not appropriate for all persons or accounts. This report does not purport to contain all the information that a prospective investor may require. Before making an investment or trading decision, the recipient must consider Market developments subsequent to the date of this document, and whether the advice is appropriate in light of his or her financial circumstances or seek further advice on its appropriateness or should form his/her own independent view given the person's investment objectives, financial situation and particular needs regarding any securities or Financial Products mentioned herein. Information in this document has been obtained from sources believed to be true but neither BBY nor its associates make any recommendation or warranty concerning the Financial Products or the accuracy, or reliability or completeness of the information or the performance of the companies referred to in this document. Past performance is not indicative of future performance. This document is not an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any Financial Product, and neither this document or anything in it shall form the basis of any contract or commitment. Although every attempt has been made to verify the accuracy of the information contained in the document, liability for any errors or omissions (except any statutory liability which cannot be excluded) is specifically excluded by BBY, its associates, officers, directors, employees and agents. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Country specific disclosures

US Investors: This material is intended for use by "major U.S. institutional investors" (as defined in Rule 15(a)-6 of the U.S. Securities Exchange Act of 1934, (SEA 1934)). Transactions by or on behalf of any "major U.S institutional investors" or "U.S institutional investors" (as defined in Rule 15(a)-6 of the SEA 1934 in any security mentioned in this document may only be effected through BBY and Enclave Capital LLC, together BBY Enclave, U.S. registered broker dealer. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, its accuracy is not guaranteed. Additional and supporting information is available upon request. This is not an offer or solicitation of an offer to buy or sell any security or to make any investment. Any opinion or estimate constitutes the preparer's best judgement as of the date of preparation and is subject to change without notice. BBY Enclave and their associates or affiliates, and their respective officers, directors and employees may buy or sell securities mentioned herein as agent or principal for their own account.

United Kingdom: This report is issued and distributed by BBY (which is authorised and regulated by the Financial Conduct Authority (FCA) Reference No 146367) only to persons falling within Articles 19 (5), 38, 47 and 49, of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (all such persons together being referred to as "relevant persons"). Directors, officers and employees of such entities are also included provided their responsibilities regarding those entities involve engaging in investment activity. Persons who do not have professional experience relating to investments should not rely on this document.

Canada: The investments or investment services referred to in this document are available in Canada only to "Designated Institutions", as defined by the Securities Act (Ontario).

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of the analyst(s) research, client evaluation feedback, independent survey rankings and overall firm revenues, which include revenues from, among other business units and corporate finance.

Other International Investors: International investors outside the US, UK or Canada are encouraged to contact their local regulatory authorities to determine whether any restrictions apply to their ability to purchase this investment.

Recipient Representations/Warranties: By accepting this report, the recipient represents and warrants that he or she is entitled to receive such report in accordance with the restrictions set out in this document and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

Meanings of BBY Limited Ratings

Buy – Describes stocks that we expect to provide a total return (price appreciation plus gross yield) of 10% or more within a 12-month period.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus gross yield) of less than 10% within a 12-month period.

NR – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or BBY Limited policies.

CS – Coverage Suspended. BBY Limited has suspended coverage of this company.

Speculative Buy – Describes stocks we research with a positive bias, whose company fundamentals and financials are being covered, but for which there is insufficient information for BBY Limited to assign a Buy or Underperform rating.

Speculative Underperform – Describes stocks we research with a negative bias, whose company fundamentals and financials are being covered, but for which there is insufficient information for BBY Limited to assign a Buy or Underperform rating.

Secondary recommendation - Market weight relative to the S&P/ASX 300 under a weighting range of 0-3, with intervals of 0.5 (7 point scale). 1.0 indicates a market weight position in the stock while a weight over 1.0 indicates an overweight position and the current level of analyst conviction.

Monitor – Describes stocks whose company fundamentals and financials are being monitored, or for which no financial projections or opinions on the investment merits of the company are provided.

It is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Free Float (float / current shares outstanding) *100 – This float figure is the number of shares that are available to the public and is calculated by subtracting the shares held by insiders and those deemed to be stagnant shareholders. Stagnant holders include ESOP's, ESOT's, QUEST's, employee benefit trusts, founding shareholder equity stake plus senior management equity stake, corporations not actively managing money, venture capital companies and shares held by Governments.

Terminal Value methodology - BBY's Discounted Cash Flow (DCF) valuation applies a terminal growth rate to the last forecast year's cash flow and discounts the amount using Weighted Average Cost of Capital (WACC). The Terminal Value is tested using ASX-listed company multiples. For resource companies there is no terminal value because cashflows are forecast to the end of mine life.

Valuation Methodology

BBY's methodology for assigning ratings may include the following: market capitalisation, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of parts, net asset value, discounted dividend model (DDM), franking credits and return on equity (ROE) over the next 12 months.

Technical Analysis

BBY employs technical analysis for forecasting the direction of prices through the study of past market data, primarily price and volume.

SYDNEY - HEAD OFFICE

Level 17
60 Margaret St
Sydney NSW 2000
Australia
T +61 2 9226 0042
F +61 2 9226 0066

ADELAIDE

Suite 5, 148 Greenhill Rd
Parkside
Adelaide SA 5063

Australia
T +61 8 8291 1111

AUCKLAND

Level 8, 36 Kitchener St
Auckland 1010

New Zealand
T +64 9 3080780

GOLD COAST

Suite E318 Oracle East
3 Oracle Blvd
Broadbeach QLD 4218
Australia
T +61 7 5504 2111

LONDON

15 Stratton St
W1J 8LQ United Kingdom
T +44 203 3000 120

MELBOURNE

Level 13, 8 Exhibition St
Melbourne VIC 3000
Australia
T +61 3 8660 7222

NEW YORK

Suite 1700, 19 West 44th St
New York, NY 10036

United States of America
T +(1) 646 454 8655

PERTH

Level 4, 109 St Georges Tce
Perth WA 6000

Australia
T +61 8 6436 3111

WELLINGTON

Level 8 Equinox House
111 The Terrace
Wellington 6011

New Zealand
T +64 4 4717600