

## BANKS AND RESOURCES PUT PRESSURE ON PASSIVE MANAGERS

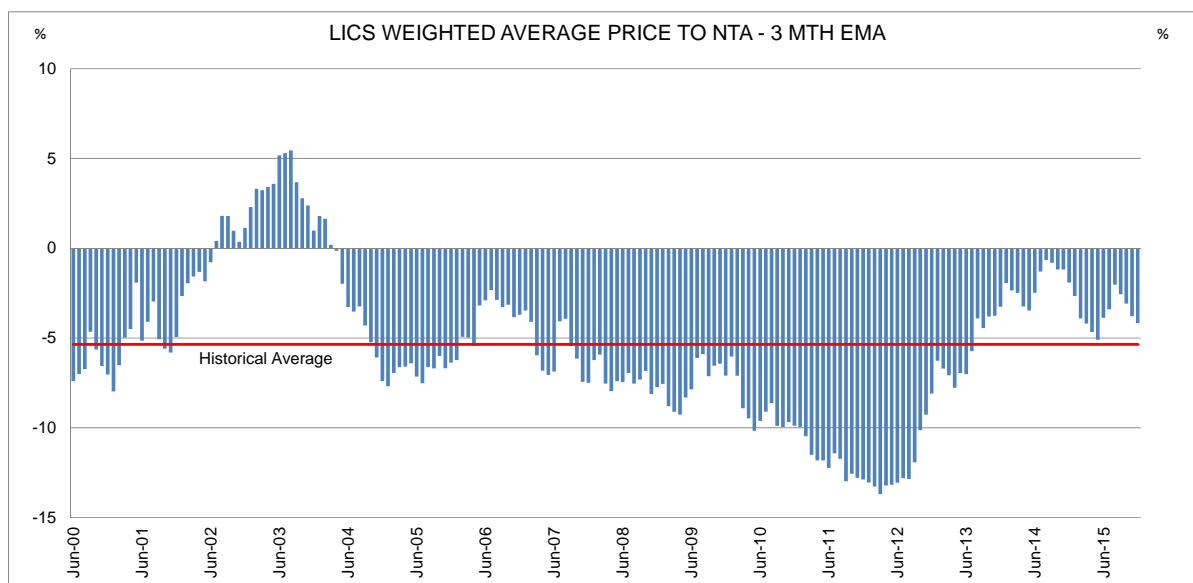
Listed investment companies are essentially listed equivalents of managed funds but have higher levels of transparency, tend to charge lower fees than its unlisted counterparts and are closed end funds. This means investors buy and sell the LIC vehicle so the LIC managers are not under pressure to meet redemptions. A key risk is that LICs cannot be redeemed for its underlying face value and share prices may deviate significantly from its underlying NTA.

This report compares 40 different LICs and identifies those that are most attractive on a number of quantitative measures including price to NTA, dividend yield, NTA growth, and total returns. The key criterion in the evaluation of a LIC is its track record. Those with the best long-term performances (measured by total return, dividends and NTA growth) are the ones that are likely to give the best future returns. In the Appendix, we provide a list of top 20 holdings and a historical price to NTA chart for each LIC.

### Key Ideas:

- **Attractive Domestic LICs** – Despite trading at premium to NTA, we remain positive on WAM Research (WAX) which focusses on growth opportunities outside the large caps. Cadence Capital (CDM) has a strong track record but the LIC is now trading at a premium to historical levels. We find Whitefield (WHF) attractively priced but similar to other large LICs it has high exposure to the banks. AMCIL (AMH) also looks inexpensive and is more actively managed.
- Across the **Global LICs**, we continue to recommend Magellan Flagship (MFF) and Templeton Global (TGG). Be mindful that MFF has a 50% exposure to the US market and 14% to emerging markets, while TGG is more diversified, underweighting the US market (34%) and overweighting the European economies (44%). Hunter Hall (HHV) is currently trading at a 12.5% discount to NTA and is ideal for those who want exposure to mid/small cap global companies.
- Among the **newer global LICs**, the PM Capital Global Opportunities Fund (PGF) is trading at a 15% discount to NTA despite achieving a 7.3% rise in NTA over the year. Also, investors may be interested in the recently listed Platinum Asian Fund (PAI). Its Retail Asian Fund has returned 9.4% p.a in five years to November 2015 (vs benchmark of 6.9% p.a).
- The actively managed LICs that have performed well during the last quarter are Aust. Foundation (AFI), Australian Leaders (ALF), Future Generation (FGX) and the WAM LICs (WAM, WAA, and WAX).
- The LICs that appear most **expensive** are Djerriwarrh (DJW) and Platinum Capital (PMC). Over the quarter, Wealth Defender (WDE), Aberdeen Leaders (ALR) and Australian United (AUI) underperformed the sector.
- Investors should not buy LICs on yield alone as some of the top paying dividend LICs have delivered subpar NTA growth. For sustainable **dividend yields**, we recommend ALF (fully franked net yield of 7.1%), WAM (6.8%), CDM (6.6%), and WAX (6.3%).
- Despite the volatility across emerging markets, AGF remains the best NTA performer for the year. Others with **strong NTA growth** include MFF and WAX. However, over five years, MFF, WAX, and TGG rank best.
- The LICs which are currently **trading significantly below their historical NTA** levels include FSI, ALR, and WAA. Those that are trading at large premiums are CDM, PMC, and DJW.

Note: we have recently initiated coverage on Wealth Defender (WDE), Future Generation Funds (FGX, FGG), Glennon Small Companies (GC1) and K2 Global Equities (KII.AXW) which is structured under an ETF arrangement



## WHY BUY LISTED INVESTMENT COMPANIES?

For conservative investors wishing to match or possibly beat the long-term returns of the All Ordinaries Index, especially those with a limited amount of capital, a number of LICs can provide the necessary spread of investments. Although many investors focus on whether a LIC is trading at a discount or premium to net tangible asset backing (NTA), in reality, the better performing LICs trade at a premium and the poor performers often trade at deep discounts.

The removal of trailing commissions from unlisted mutual funds will provide a renewed focus on the listed investment funds sector. As closed end funds, the LIC managers do not have to sell stock at the bottom of bear markets to meet redemptions when prices are low and, conversely, they do not need to buy stock when prices are high. This allows a LIC to concentrate on investment selection without having to factor in the consequences of money leaving the fund unexpectedly (as in the case of a managed fund). In addition, LICs have the potential to pass on franking credits to shareholders.

Most of the better performing LICs have long-term investment horizons, which provide stability and steady returns. Management expense ratios for the larger established LICs (typically less than 0.3%) are generally much lower than those of unlisted funds. Usually this is a result of fewer transactions with long-term buy and hold strategies. LICs are also internally managed which results in lower costs. Generally, funds which focus on smaller or emerging companies tend to incur higher costs as a result of the requirement for additional in-house research. Investors should be aware that being listed means that LICs cannot be redeemed for its underlying share face value and share prices may deviate significantly from its underlying NTA.

The most important criterion in the evaluation of a LIC is its track record. Those with the best long-term performances (measured by total return, dividend and NTA growth) are the ones likely to give the best future returns. However, given the lack of track record of the newer LICs, a closer focus on the stock selection process, risk management, NTA backing and the investment manager's skill are most important in making a valuation call. LICs may provide attractive income investments but clients need to be mindful that a number of LICs (eg DJW) rely on covered call strategies in order to boost dividend yields.

Unlike managed funds, LICs provide a post-tax calculation which includes realised capital gains taxed at the corporate rate. As a result, LICs are disadvantaged as franking benefits are usually not incorporated in the performance calculations. In our report, we will be using pre-tax NTA figures to provide reporting consistency with unlisted managed funds.

## GLOBAL AND THEME LICs

LICs that rely on a theme are unlikely to out-perform the market over the long term, but can provide strong returns over a short to medium term time frame. Gearing (e.g. Aberdeen Leaders has fund leverage of ~36%) is potentially a positive when markets are moving higher but can be a negative when bear markets take hold.

Templeton Global (TGG), Platinum Capital (PMC), Magellan Flagship Fund (MFF) and Hunter Hall Global (HHV) have a global spread of investments and may be appropriate for investors wishing to diversify beyond Australia. Of these, Platinum has the ability to apply derivatives to protect against loss. For Asian market exposure, AMP Capital China Fund (AGF) provides exposure to China A shares. Djerriwarrh (DJW) specialises in purchasing local option stocks and writing call options against them while Contango (CTN) mainly target domestic microcaps.

## INVESTMENT FOCUS:

Code	Company	Manager	Focus	Benchmark
<b>Domestic – Large*</b>				
AFI	Australian Foundat.	Internal	Large/mid cap, value, active, long only, use of options to enhance income	ASX200 Accum.
ARG	Argo Investments	Internal	Large/mid cap, balanced, active, long only	All Ords Accum.
AUI	Australian United In	Internal	Large/mid cap, balanced, passive, long only	ASX300 Accum.
BKI	BKI Investment Ltd	Internal	Large/small, balanced, passive, long only	ASX300 Accum.
CIN	Carlton Investments	Internal	Large blue chips, balanced, active, long only	ASX200 Accum.
DJW	Djerriwarrh	Internal	Large, value, active, long only, use of options to enhance income	ASX50 Accum.
DUI	Diversified United	Internal	Large, balanced, passive, long only	ASX300 Accum.
MLT	Milton Corporation	Internal	Large/mid/small cap, balanced, active, long only, also invests in fixed interest, property and mortgages	All Ords Accum.
WAM	WAM Capital Limited	Wilson Asset Mgt. International	Mid/small cap, undervalued growth opportunities, active, arbitrage	All Ords Accum.
<b>Domestic – Small*</b>				
ALR	Aberdeen Leaders	Aberdeen Asset Mgt	Large/mid cap, value, active, long only, leverage	ASX200 Accum.
AMH	AMCIL Limited	Internal	Large/mid/small, value, active, long only	ASX200 Accum.
CAM	Clime Capital	Clime Asset Mgt	Large/mid/small, value, quantitative, active, long only	All Ords Accum.
CBC	CBG Capital	CBG Asset Mgt	ASX200 with focus on ex-100, long only, style neutral, typically contain 30-60 stocks,	ASX200 Accum.
CDM	Cadence Capital	Cadence Asset Mgt	Large/mid/small cap, value/technical, active, long/short, trading; may use leverage up to 40%	All Ords Accum.
CTN	Contango Microcap	Contango Asset Mgt.	Small cap, balanced, active, long only; typically holds 80-120 stocks	All Ords Accum.
CYA	Century Australia	Perennial Value Mgt	Large, value, active, long only, holds 25-50 stocks	ASX300 Accum.
FGX	Future Generation	Wilson Asset Mgt.	Fund of Australian Funds – long (50%), absolute (25%), market neutral (17%); fees support charities	All Ords Accum.
FSI	Flagship Investments	EC Pohl & Co Pty Ltd.	Small/mid cap bias; quality, quant process; performance fee only	All Ords Index.
GC1	Glennon Small Co.	Glennon Capital	20-60 stocks outside ASX100; value, long only, 20% limit in cash	ASX Small Ords Accum.
IBC	Ironbark Capital Ltd	Kaplan Funds Mgt	Large/mid cap, hybrids, long only; may use derivatives	ASX300 Accum.
KAT	Katana Capital	Katana Asset Mgt.	Large/mid/small, Value, style neutral, technical, long only; may use trading	All Ords Accum.
MIR	Mirrabooka Invest.	Internal	Mid/small cap, value, active, long only; 50-80 stocks	Midcap 50%; Small Accum (50%)
NCC	Naos Emerging Opport.	Naos Asset Mgt.	Invest outside ASX100; emerging quality; value oriented; holds 0-15 stocks.	Small Ords Accum.
WAX	WAM Research Ltd	Wilson Asset Mgt.	Mid/small cap, undervalued growth, active, long	All Ords Accum.
WDE	Wealth Defender	Perennial Asset Mgt	Large & small caps, 35-100 stocks, value oriented; applies derivatives to limit downside volatility	ASX300 Accum.
WHF	Whitefield Ltd	White Funds Mgt.	Large, style neutral, balanced, active, long only; mostly in industrial stocks	ASX200 Accum.
WIC	Westoz Inv Ltd	Westoz Funds Mgt.	WA stocks outside top 100, value, long only, may use derivatives	Positive return (p.a)
<b>International</b>				
AGF	Amp Capital China	AMP Capital	China A shares; large, balanced, active, long only	CTIC 300 TR (AUD)
FGG	Future Gen. Global	Wilson Asset Mgt.	Fund of global funds – long (53%), absolute (35%), quant strategies (6%), support charities	MSCI World Accum.
HHV	Hunter Hall Global	Hunter Hall Invest. Mgt	Global, mid/small cap, value, active, long only	MSCI World Acc (AUD)
MFF	Magellan Flagship	Magellan Asset Mgt	Global (US focus), large, value, active, long only	MSCI World Price(AUD)
PAF	PM Capital Asian Op.	PM Capital	Asian equities including Australian; bottom up, uses derivatives to hedge,	MSCI Asia (ex-Japan) (AUD)
PGF	PM Capital Global Op.	PM Capital	Global, 40 stocks, bottom up, shorts limited to 3%,	MSCI AC W Net (AUD)
TGG	Templeton Global	Templeton Global Equity	Global, large, value, active, long only	MSCI All C W (AUD)
<b>Specialist</b>				
ALF	Australian Leaders	Watermark Funds Mgt	market neutral, value, long/short	All Ords Accum.
KII.AXW	K2 Global Equities	K2 Asset Mgt	Absolute return, variable beta, 80-120 stocks	MSCI World AC \$A
PMC	Platinum Capital Ltd	Platinum Asset Mgt	Large, absolute return, active, long/short	MSCI All Country W Net
WAA	WAM Active	Wilson Asset Mgt.	absolute returns, arbitrage opportunities, long/short,	UBS Bank Bill Index
IPE	ING Private Equity	ING Investment Mgt	invests in about 16 private equity funds	Positive return (p.a)

\*based on LIC market cap and not investment focus

## SUMMARY TABLE:

The table below provides a summary of the LICs in descending order of long term NTA growth.

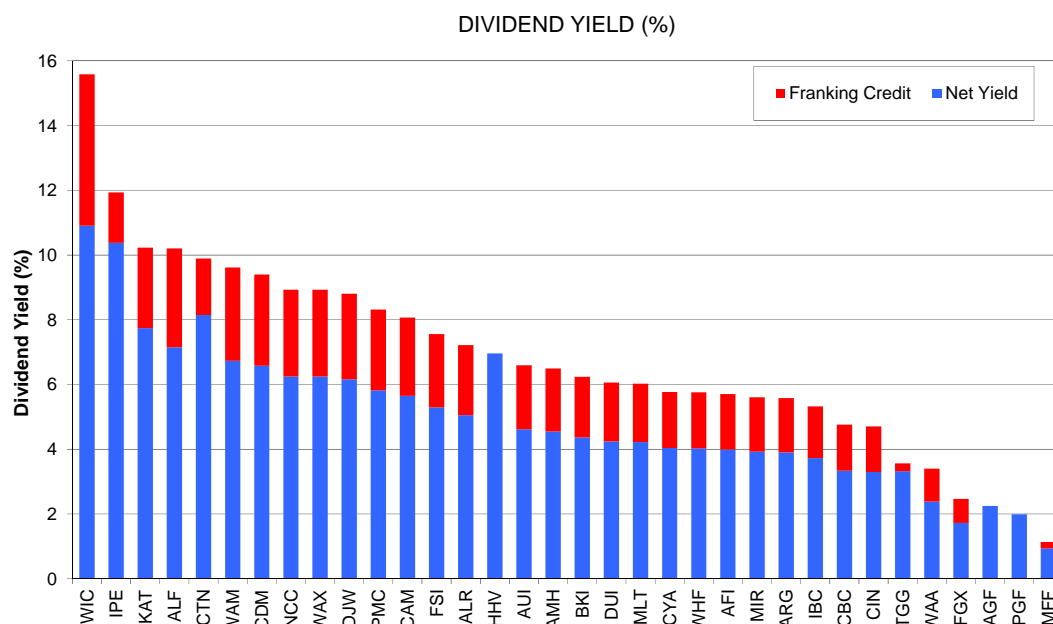
Code	Company	Price (\$) 17.12.15	Pre-tax NTA (\$)	Prem/Disc to NTA (%)	Approx. DPS (c)	Net Yield (%)	Gross Yield (\$)	Franking (%)	5 Yr Total Return (% p.a)	5 Yr NTA Growth (% p.a)	Market Cap (\$M)
<b>Domestic - Large*</b>											
CIN	Carlton Investments	32.80	36.34	-9.7	108.0	3.3	4.7	100	15.5	13.8	847
WAM	WAM Capital Limited	2.08	1.91	8.8	14.0	6.7	9.6	100	14.8	8.8	955
MLT	Milton Corporation	4.36	4.31	1.2	18.4	4.2	6.0	100	9.3	8.3	2,810
BKI	BKI Investment Ltd	1.65	1.58	4.4	7.2	4.4	6.2	100	10.2	7.1	933
AFI	Australian Foundat.	5.76	5.51	4.5	23.0	4.0	5.7	100	7.1	7.0	6,364
ARG	Argo Investments	7.55	7.13	5.9	29.5	3.9	5.6	100	8.4	6.9	5,118
DUI	Diversified United	3.30	3.57	-7.6	14.0	4.2	6.1	100	7.2	6.6	675
AUI	Australian United In	7.24	7.70	-6.0	33.4	4.6	6.6	100	6.3	5.5	791
DJW	Djerriwarh	4.22	3.17	33.1	26.0	6.2	8.8	100	6.3	4.5	907
<b>Domestic - Small*</b>											
WAX	WAM Research Ltd	1.28	1.19	7.8	8.0	6.3	8.9	100	18.7	14.0	221
CDM	Cadence Capital	1.52	1.35	12.4	10.0	6.6	9.4	100	19.7	11.3	404
WHF	Whitefield Ltd	4.22	4.58	-7.9	17.0	4.0	5.8	100	11.3	11.0	338
MIR	Mirrabooka Invest.	2.55	2.36	8.1	10.0	3.9	5.6	100	11.5	10.2	361
AMH	AMCIL Limited	0.88	0.92	-4.3	4.0	4.5	6.5	100	11.1	9.1	214
FSI	Flagship Investments	1.37	1.79	-23.3	7.3	5.3	7.6	100	4.3	8.0	35
CYA	Century Australia	0.80	0.87	-7.7	3.2	4.0	5.8	100	4.7	5.0	65
IBC	Ironbark Capital Ltd	0.47	0.54	-13.1	1.8	3.7	5.3	100	5.9	4.0	59
ALR	Aberdeen Leaders	0.99	1.15	-13.9	5.0	5.1	7.2	100	3.4	3.3	62
CAM	Clime Capital	0.85	0.93	-8.6	4.8	5.6	8.1	100	6.7	1.6	68
KAT	Katana Capital	0.78	0.88	-12.1	6.0	7.7	10.2	75	5.6	1.2	34
CTN	Cbg Capital Limited	0.90	1.10	-18.3	7.7	8.6	10.4	50	3.9	-0.3	22
WIC	Westoz Inv Ltd	0.83	0.95	-13.5	9.0	10.9	15.6	100	2.9	-2.3	107
FGX	Future Gen Ltd	1.16	1.16	-0.4	2.0	1.7	2.5	100	n.a	n.a	214
WDE	Wealth Def Equ Ltd	0.81	0.89	-9.2	0.0	0.0	0.0	0	n.a	n.a	104
NCC	Naos Emerg Opp	1.00	1.07	-6.5	6.3	6.3	8.9	100	n.a	n.a	46
GC1	Glennon SML Co Ltd	1.00	1.06	-5.6	0.0	0.0	0.0	0	n.a	n.a	22
CBC	Cbg Capital Limited	0.90	1.03	-13.0	3.0	3.3	4.8	100	n.a	n.a	22
<b>International Focus</b>											
MFF	Magellan Flagship	2.14	2.15	-0.6	2.0	0.9	1.1	50	27.1	24.1	973
TGG	Templeton Global	1.24	1.45	-14.8	4.1	3.3	3.6	17	13.2	12.6	308
AGF	Amp Capital China	1.30	1.60	-18.8	2.9	2.2	2.2	0	9.5	10.1	500
PMC	Platinum Capital Ltd	1.89	1.61	17.4	11.0	5.8	8.3	100	9.1	9.2	441
HHV	Hunter Hall Global	1.15	1.33	-13.3	8.0	7.0	7.0	0	11.4	8.2	279
FGG	Future Glb Invest Co	1.15	1.08	6.5	0.0	0.0	0.0	0	n.a	n.a	316
PGF	Pm Capital Fund	1.01	1.19	-15.3	2.0	2.0	2.0	0	n.a	n.a	344
PAF	Pm Capital Asian	0.93	1.10	-15.1	0.0	0.0	0.0	0	n.a	n.a	52
<b>Specialist Focus</b>											
ALF	Australian Leaders	1.40	1.35	3.7	10.0	7.1	10.2	100	14.4	9.7	376
WAA	WAM Active Limited	1.05	1.05	0.2	2.5	2.4	3.4	100	7.9	5.2	36
IPE	IPE Ltd	0.27	0.29	-8.0	2.8	10.4	11.9	35	14.9	2.8	36
KII.AXW	K2Globalequitiesfund	2.44	2.47	-1.2	n.a	n.a	n.a	n.a	n.a	n.a	42
All Ords. Accumulation Index									6.8		

\*Dividend yields are approximate and based on historical distributions except for CBC. NAV is used for AGF, PMC instead of NTA;

\*based on LIC market cap and not investment focus

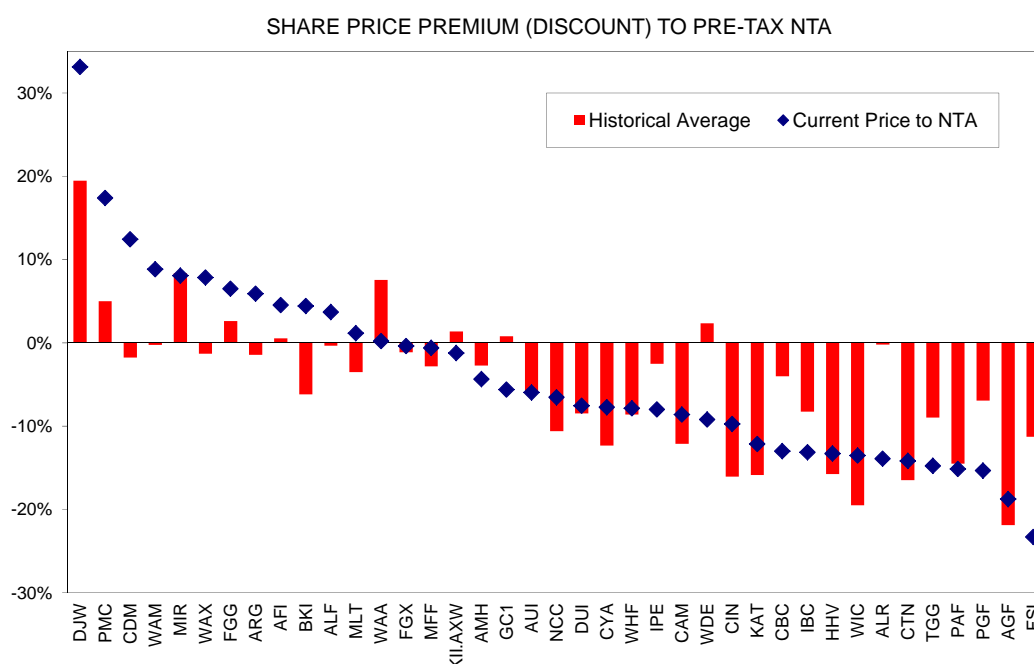
## DIVIDEND YIELD

The following chart displays the LICS approximate annual dividend yield based on the trend in dividend payments over the last year. Although dividends are an important feature of investing, clients should note that there is no guarantee these dividends will continue into the future. During the year, the LICs that reported a drop in dividends included ALF, WAA, IBC, CTN and CYA. Note that the chart below does not account for the special dividends such as those paid by CDM, HHV, MLT and MIR in recent months.



## PREMIUM/ DISCOUNT TO NTA

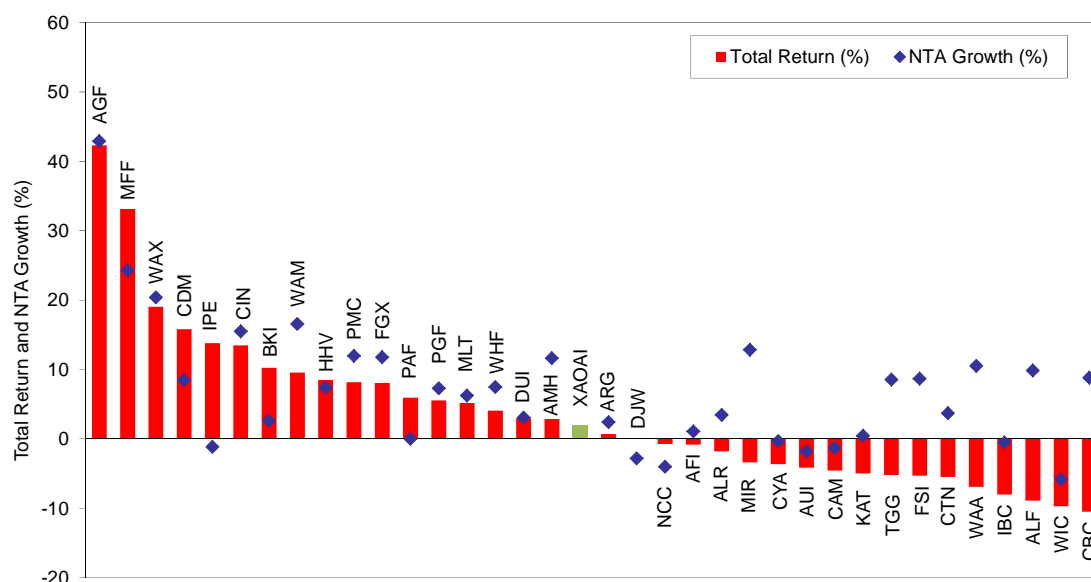
The table below compares the premium/ discount of our universe of LICs to their five year historical averages. The LICs which are trading significantly below historical levels are ALR, CBC, WAA, PGF, FSI, and IBC. ALF has outperformed the market in recent months due to its focus on absolute returns (combination of defensive assets and short positions). Sentiment towards Aberdeen Leaders (ALR) has been weak because it is a geared fund and has exposure to large resource companies like BHP and RIO. The LICs that are trading at large premiums to their historical average NTA are now CDM, PMC, DJW, WAX, BKI, ARG and WAM. The strongest share price performers over the last quarter were IPE, MFF, WAA, AGF and CIN.



## TOTAL RETURN AND NTA GROWTH

Over the year to November 2015, half the LICs on our coverage list were able to outperform the All Ordinaries Accumulation Index (shaded in green below). The LICs in which share prices have not moved inline with the underlying growth in NTA and represent attractive opportunities include CBC, ALF, WAA, FSI and TTG. Those with the strongest NTA growth over the year were AGF, MFF, WAX, WAM and CIN. The following charts compare the one and five year total return with the underlying NTA growth for the LICs in our universe.

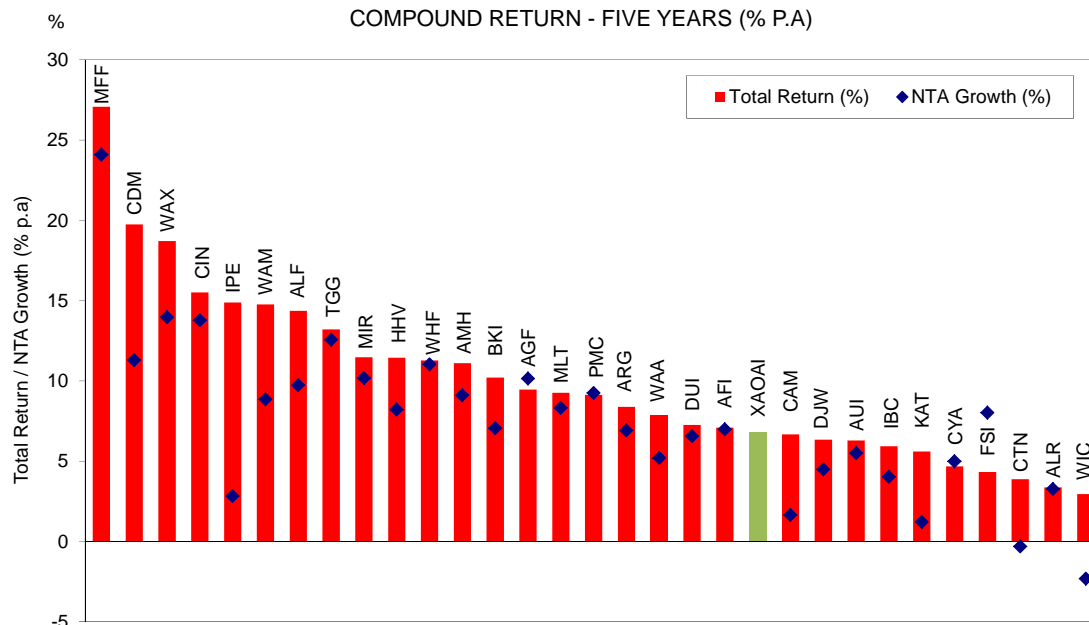
TOTAL RETURN - ONE YEAR (%)



NB: The NTA growth and total return for CBC is calculated from listing date in December 2014.

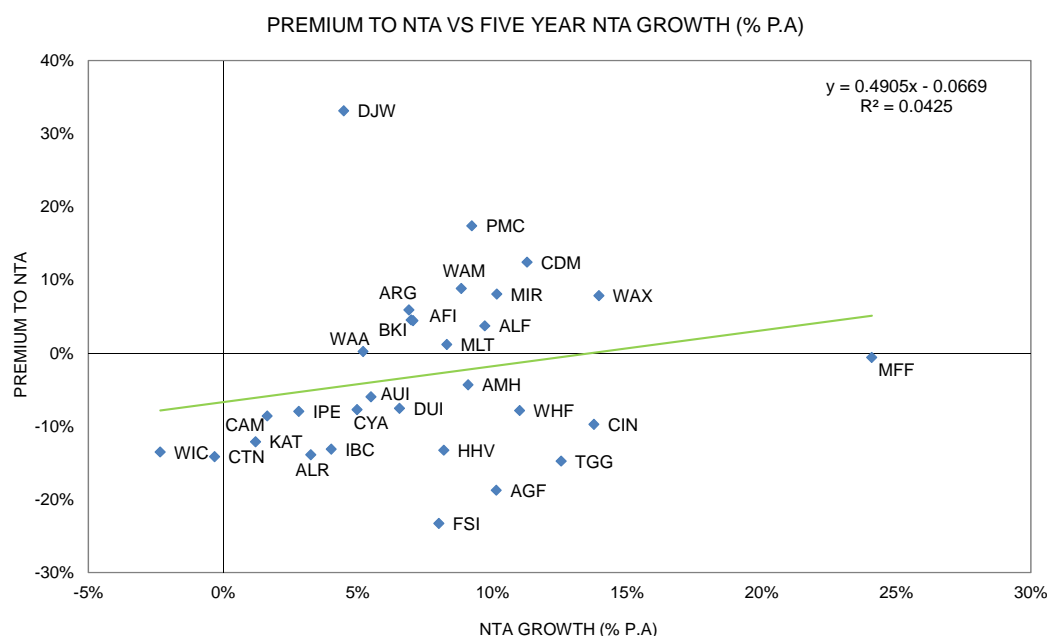
Over five years ending November 2015, the LICs that have experienced the strongest NTA growth were MFF, WAX, CIN, TGG, CDM and WHF. During the year, MFF undertook a 1:4 rights issue at a share price of \$1.60. Meanwhile, the bonus issue implemented by CDM has expired in August and this should now remove the options overhang on the stock. Note that CIN has a significant exposure to Amalgamated holdings (AHD). The worst performing domestic funds over the long term include WIC, CTN, CAM and KAT.

COMPOUND RETURN - FIVE YEARS (% P.A)



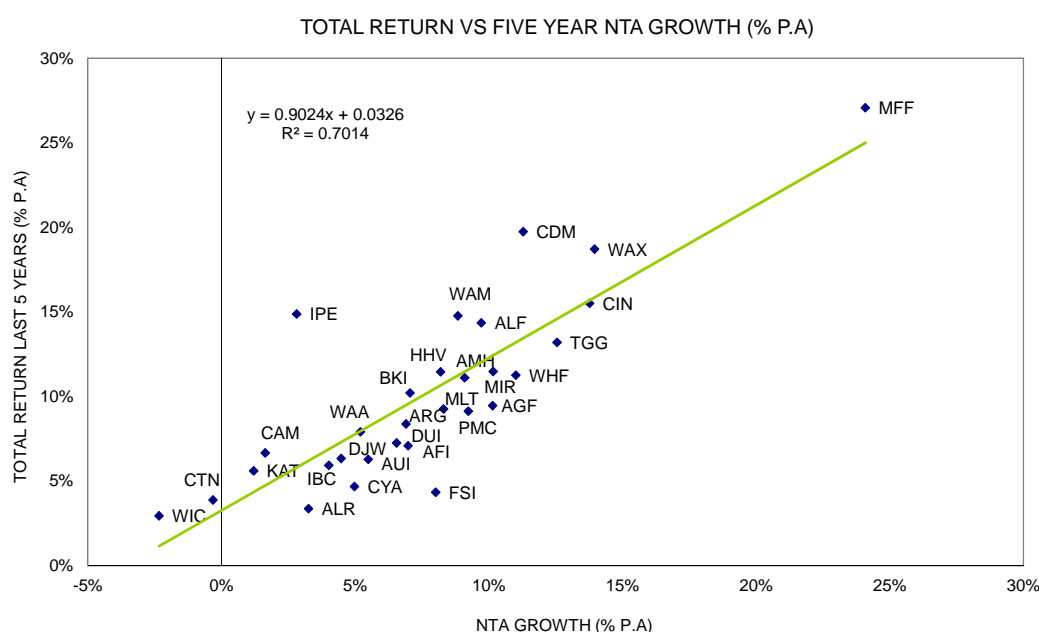
## PREMIUM TO NTA VS NTA GROWTH

In the chart below, the most attractive LICs are the ones positioned on the lower right corner as these are trading at a significant discount to NTA despite achieving above average sector growth in NTA over the last five years. Most of the attractive LICs focus on overseas markets – MFF, AGF, TGG, and HHV. The AMP Capital China Growth Fund (AGF) continues to trade at a significant discount to NTA due to the fragile state of the Chinese economy. Among the domestic LICs, WHF, FSI and AMH are attractively priced. Note that WHF has high exposure to Australian banks while CIN has a large investment in Amalgamated Holdings. The LICs that are currently most expensive are DJW and PMC.



## TOTAL RETURN VS NTA GROWTH

In theory, we would expect share price gains to reflect NTA growth over the long term. However, high market volatility often provides opportunities to invest when there is a disparity between total return and NTA growth. In the chart below, the LICs that lie furthest away from the line of best fit towards the lower right quadrant represent the most attractive opportunities ie. when NTA growth exceeds total return by a wide margin.





## Domestic Exchange Traded Funds

Exchange Traded Funds are listed, managed, open-ended funds (new units are created when you invest in the fund) that invest in a portfolio of securities, which may include Australian shares, international shares, fixed income securities, listed property trusts, commodities, currencies or a combination of asset classes. ETFs can be classed as conventional, which are backed by physical assets, or synthetic, which rely on financial instruments like derivatives. Most ETFs in Australia are conventional ETFs that track common indices. The passive funds shown in the table below provide returns that replicate the performances of the underlying indexes, completely eliminating manager performance risk in the process. Yields are based on the aggregate yields of the component stocks. Management fees tend to be low, in the range 0.07 to 0.5%.

Code	Exchange Traded Funds	17.12.15 (\$)	Yield (%)	cps	(%)	Return (%)	Cap. (\$M)	Date
STW	SPDR ASX200	48.66	4.0	196.9	80.5	3.3	3,055	Aug-01
SFY	SPDR ASX50	50.07	4.3	217.4	81.4	1.4	444	Aug-01
SLF	SPDR ASX200 Prop. Tr.	11.94	4.3	51.8	7.8	14.3	591	Feb-02
OZF	SPDR 200 Financials	20.16	7.7	155.3	59.3	4.8	40	Apr-11
OZR	SPDR ASX200 Resources	5.77	5.1	29.2	89.8	-22.5	16	Apr-11
SSO	SPDR Small Ords	11.04	2.9	32.2	30.5	9.8	8	Apr-11
YMAX	BetaShares Top 20 Yield Max	9.43	10.2	96.6	40.9	-2.2	322	Nov-12

*Note: the exchange is AXW not ASX.*

For exposure to overseas markets, there are the S&P500 ETF (SPY), S&P World Ex-Aust Unhedged ETF (WZOZ) and S&P World Ex-Aust Hedged ETF (WXHG).

Code	Exchange Traded Funds	Price 17.12.15 (\$)	Dividend Yield (%)	Dividend cps	Franking (%)	1 Year Return (%)	Market Cap. (\$M)	Listing Date
SPY	SPDR S&P 500 ETF Trust	281.00	1.2	339.4	0.0	18.0	21	Jan-93
WZOZ	SPDR World (Ex-Aust)	24.70	4.4	109.1	0.0	13.4	135	Mar-13
WXHG	SPDR World (Ex-Aust) Hedged	18.15	5.4	97.8	0.0	4.8	64	Jul-13
WDIV	SPDR Global Dividend	17.19	8.0	137.7	1.0	7.9	71	Nov-13
WEMG	SPDR Emerging Mkts	16.21	2.0	32.3	0.0	-0.3	6	Nov-13
DJRE	SPDR DJ Global REITs	21.61	1.8	39.5	0.6	15.9	64	Nov-13

*Note: the exchange is AXW not ASX.*

Code	Exchange Traded Funds	Price 17.12.15 (\$)	Dividend Yield (%)	Dividend cps	Franking (%)	1 Year Return (%)	Market Cap. (\$M)	Listing Date
BOND	SPDR ASX Aust Bond	25.84	4.0	104.4	0.0	2.6	16	Jul-12
GOVT	SPDR ASX Govt Bond	25.74	4.2	108.2	0.0	2.5	8	Jul-12

*Note: the exchange is AXW not ASX.*

Another ETF that may be of interest to local investors is the Russell High Dividend Australian Shares ETF (code RDV), which tracks the new Russell Australia High Dividend Index.



Market Vectors, one of the largest ETP providers in the US, and an ETF subsidiary of Van Eck Global (a US fund manager) also provide a relatively new list of alternative ETFs ranging from sector exposures to smart beta strategies (equal weighted, quality).

Code	Exchange Traded Funds	Price 17.12.15 (\$)	Dividend Yield (%)	Dividend cps	Franking (%)	1 Year Return (%)	Market Cap. (\$M)	Listing Date
MVW	MV Equal Weight	21.07	2.3	47.9	61.3	6.9	46	Mar-14
MVB	MV Aust. Banks	25.79	4.4	113.8	91.8	6.8	17	Oct-13
MVA	MV Australian REITs	19.04	4.3	82.6	1.6	14.2	45	Oct-13
MVR	MV Aust. Resources	14.54	3.5	51.3	55.7	-9.6	2	Oct-13
MVS	MV Aust. Small Caps Div.	15.80	0.3	4.1	12.8	n.a	30	May-15

Code	Exchange Traded Funds	Price 17.12.15 (\$)	Dividend Yield (%)	Dividend cps	Franking (%)	1 Year Return (%)	Market Cap. (\$M)	Listing Date
QUAL	MV World ex Aust Quality	19.48	1.7	32.4	0.0	21.9	62	Oct-14
MOAT	MV Morningstar Wide Moat	40.90	0.0	0.0	0.0	n.a	2	Jun-15
GDX	MV Gold Miners	19.59	0.0	0.0	0.0	n.a	6	Jun-15
CETF	MV China A-Share (Synthetic)	63.41	0.0	0.0	0.0	n.a	3	Jun-15

Note: the exchange is AXW not ASX.

Vanguard also has a domestic fund called the Vanguard Australian Shares Index (VAS), which covers the S&P/ASX 300 index. Australian Index Investments (AII) also offers a range of sector-specific funds targeting financials (banking, finance and real estate), financials excluding A-REITS, resources (including energy), REITS, metals and mining, industrials (capital goods and commercial services) and energy. The table below gives the codes and source indices.

Aii Sector ETF	ASX Code (.AXW)
Aii S&P/ASX 200 Financials	FIN
Aii S&P/ASX 200 Financials x-A-REITS	FIX
Aii S&P/ASX 200 Resources	RSR
Aii S&P/ASX 200 Metals & Mining	MAM
Aii S&P/ASX 200 Industrials	IDD
Aii S&P/ASX 200 Energy	ENY

Relatively new to the Australian market is the ETF issuer BetaShares, which currently offers six ETFs covering gold bullion, currencies (U.S., U.K. and Euros), Australian resources companies and Australian financials. All the funds are held with third party custodians so unitholders have no credit risk on BetaShares. BetaShares is also affiliated with Horizon BetaPro, the largest ETF issuer in Canada with approximately 3bn in funds under management.

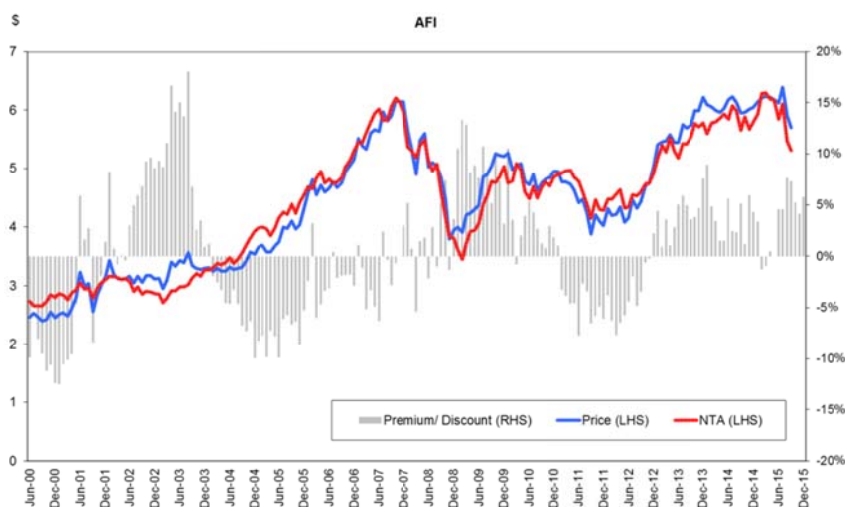
Description	ASX Code (.AXW)
Currency hedged gold bullion tracking the US\$ Gold bullion price (physically backed by gold in the JP Morgan Chase London vault)	QAU
Physical US Dollars held in a custodial bank account with JP Morgan Chase	USD
Physical British pounds held in a custodial bank account with JP Morgan Chase	POU
Physical Euros held in a custodial bank account with JP Morgan Chase	EEU
S&P/ASX 200 Resources Index (backed by physical stock held with RBC Dexia)	QRE
S&P/ASX 200 Financials-x-A-REITS index (backed by physical stock held with RBC Dexia).	QFN

## APPENDIX

In the following section we provide a list of top holdings for the domestic LICs and a chart comparing the NTA and share price history for LICs which have sufficient history. The charts are in alphabetical order by ASX code.

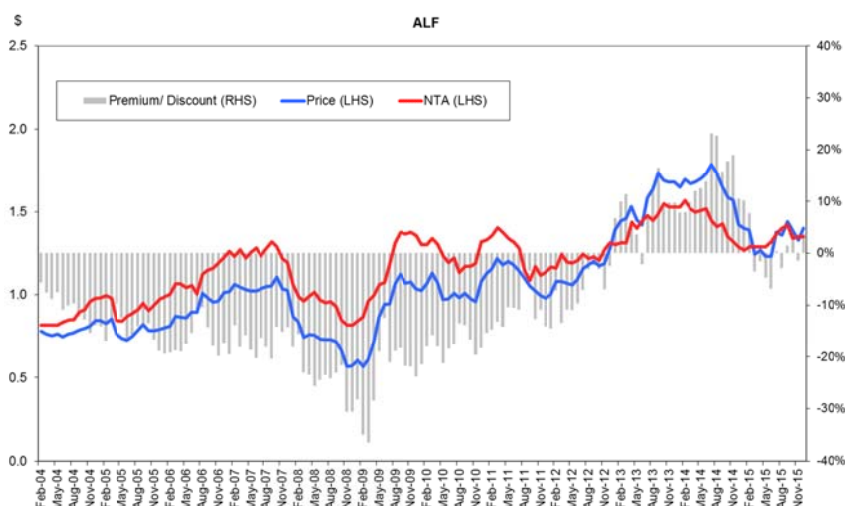
### Australian Foundation

AFI	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank of Australia	14.6
WBC	Westpac Banking Corporation	12.0
NAB	National Australia Bank	6.5
TLS	Telstra Corporation	6.2
WES	Wesfarmers	6.0
BHP	BHP Billiton	5.6
ANZ	Australia and New Zealand Banking Group	5.1
TCL	Transurban Group	4.2
RIO	Rio Tinto	3.7
AMC	Amcor	3.7
CSL	CSL	3.5
OSH	Oil Search	3.0
BXB	Brambles	2.9
WOW	Woolworths	2.6
AMP	AMP	2.6
QBE	QBE Insurance Group	2.4
WPL	Woodside Petroleum	2.3
AGL	AGL Energy	2.2
RHC	Ramsay Health Care	2.1
JPL	Incitec Pivot	1.8



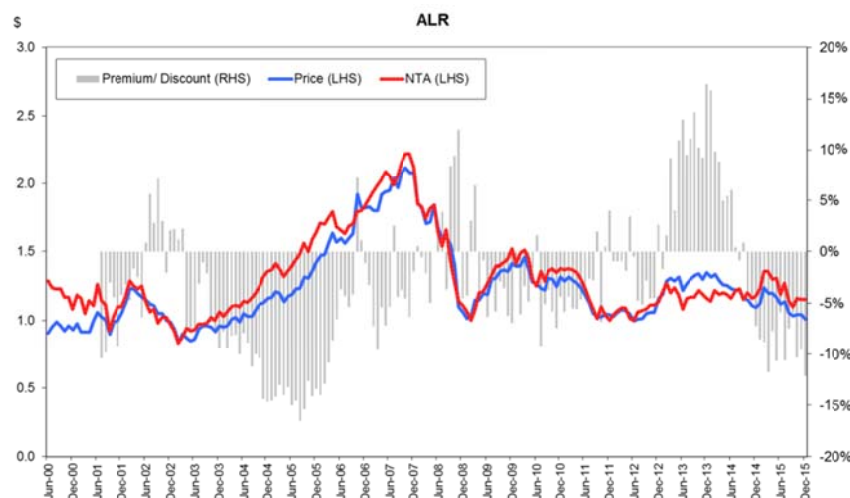
### Australian Leaders

ALF	As at 30 Nov 2015	
Code	Company	% Portfolio
Gross Portfolio Structure		
	Long Exposure	103.6
	Short Exposure	-108.3
	Gross Exposure	211.9
	Cash	104.7



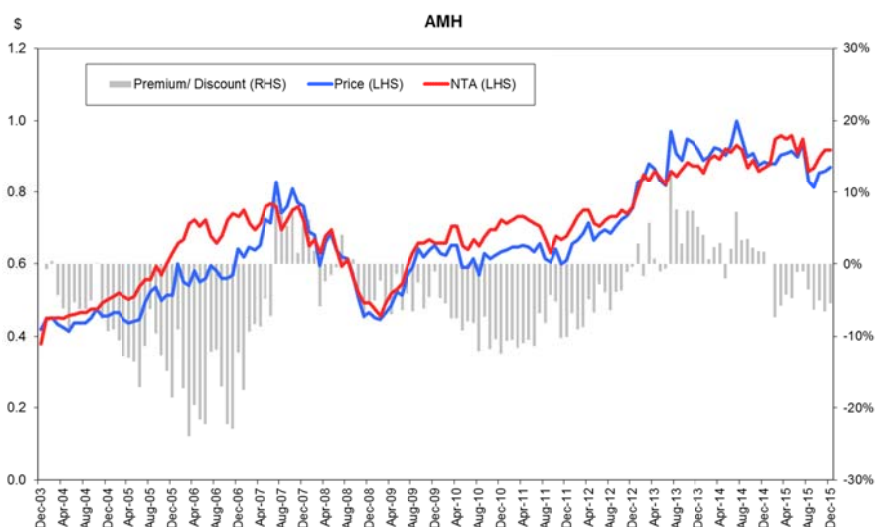
### Aberdeen Leaders

ALR	As at 30 Nov 2015	
Code	Company	% Portfolio
CSL	CSL Limited	6.1
WBC	Westpac Banking Corp	6.1
CBA	Commonwealth Bank	5.8
ASX	Asx Limited	5.8
RIO	RIO Tinto Limited	5.4
BHP	BHP Billiton Limited	4.7
AGL	AGL Energy Ltd	4.6
AMP	AMP Limited	4.5
WFD	Westfield Corp	4.5
TLS	Telstra Corp Limited	4.4
ANZ	Anz Banking Group	3.9
SCG	Scentre Group	3.6
COH	Cochlear Limited	3.4
QBE	QBE Insurance	3.3
RMD	Resmed Inc	3.2
AST	Ausnet Services	3.2
WPL	Woodside Petroleum	3.0
AMC	Amcor	2.8
JPL	Incitec Pivot Ltd	2.3
CTX	Caltech Australia Ltd	2.3
CASH		6.61



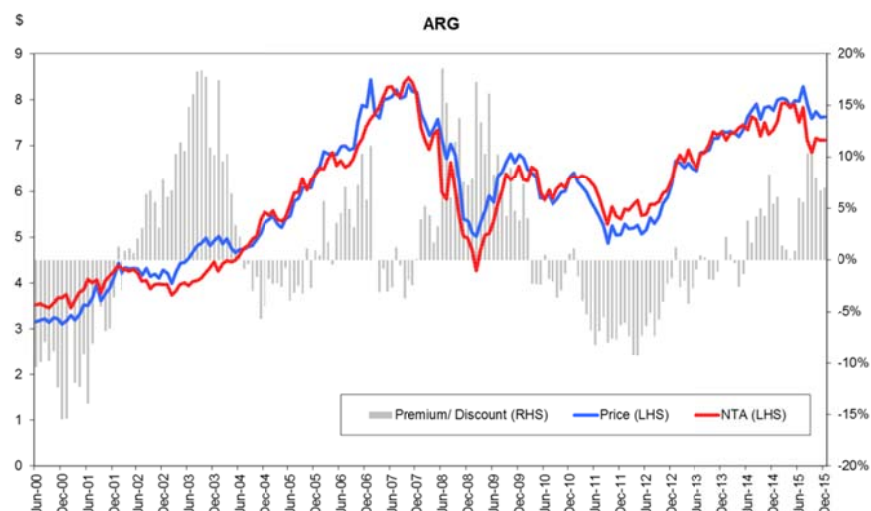
## AMCIL

AMH	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank of Australia	9.1
OSH	Oil Search	8.9
BXB	Brambles	7.1
CSL	CSL	6.1
TLS	Telstra Corporation	5.4
QUB	Qube Holdings	5.3
TPM	TPG Telecom	5.0
NAB	National Australia Bank	5.0
QBE	QBE Insurance Group	5.0
LIC	Lifestyle Communities	4.8
JPL	Inictec Pivot	4.8
TWE	Treasury Wine Estates	4.2
TCL	Transurban Group	4.2
BHP	BHP Billiton	4.0
JHC	Japara Healthcare	4.0
CGL	The Citadel Group	3.7
RMD	ResMed	3.7
MFT	Mainfreight	3.4
OFX	OzForex Group	3.2
SHL	Sonic Healthcare	3.2



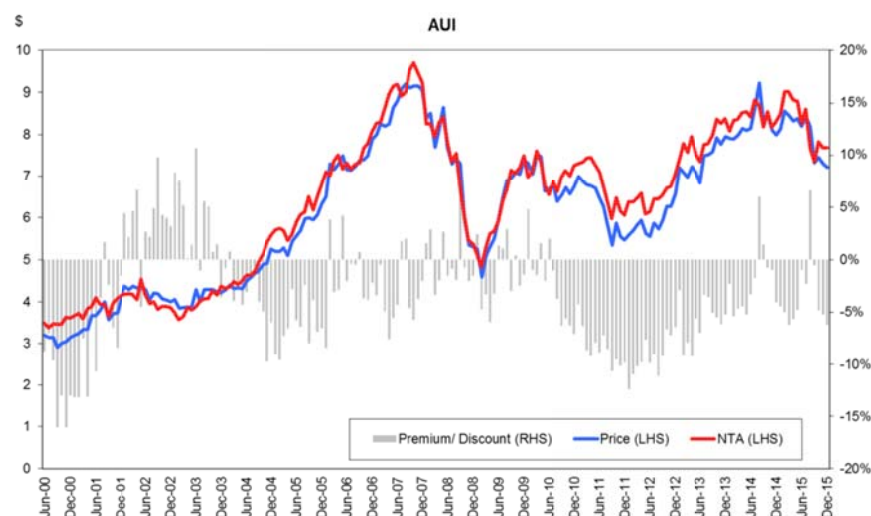
## Argo Investments

ARG	As at 30 Nov 2015	
Code	Company	% Portfolio
WBC	Westpac Banking Corporation	7.4
ANZ	ANZ Banking Group Ltd.	5.5
CBA	Commonwealth Bank	5.2
TLS	Telstra Corporation Ltd.	4.8
WES	Wesfarmers Ltd.	4.3
MQA	Macquarie Group Ltd.	4.0
NAB	National Australia Bank Ltd.	3.7
BHP	BHP Billiton Ltd.	3.2
MLT	Milton Corporation Ltd.	2.7
AUI	Australian United Invest. Co	2.7
RIO	Rio Tinto Ltd.	2.4
CSL	CSL Ltd.	2.2
WOW	Woolworths Ltd.	2.0
SYD	Sydney Airport	2.0
RHC	Ramsay Health Care Ltd.	2.0
APA	APA Group	1.9
AMP	AMP Ltd.	1.5
NWS	Twenty-First Century Fox, Inc.	1.4
AMC	Amcor Ltd.	1.4
ORG	Origin Energy Ltd.	1.3



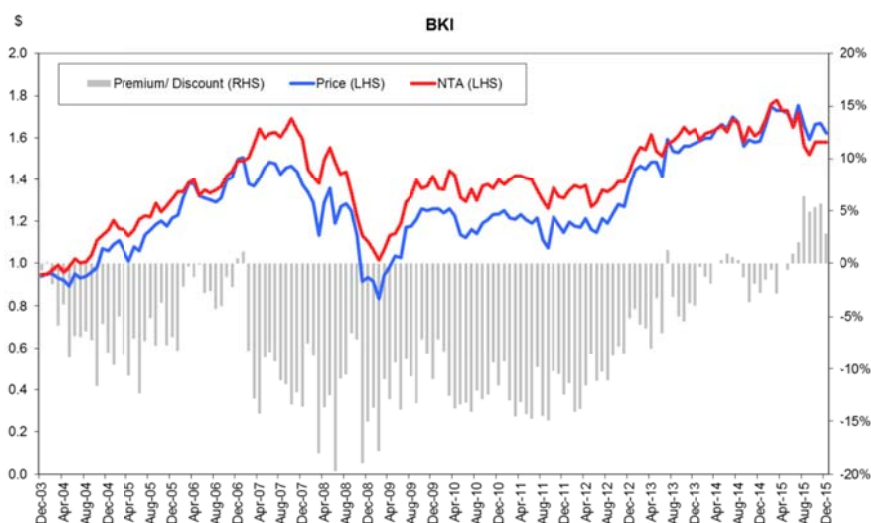
## Australian United

AUI	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank	8.7
WBC	Westpac Banking Corp	7.4
ANZ	ANZ Group Ltd	7.2
NAB	National Australia Bank Ltd	6.2
WES	Wesfarmers Ltd	5.0
DUI	Diversified United Investment	4.5
RIO	Rio Tinto Ltd	4.1
TCL	Transurban Group Ltd	4.1
BHP	BHP Billiton Ltd	4.0
WPL	Woodside Petroleum Ltd	3.5
CSL	CSL Ltd	3.3
WOW	Woolworths Ltd	2.7
BXB	Brambles Ltd	2.1
AHD	Amalgamated Holdings Ltd	2.1
SHL	Sonic Healthcare Ltd	1.9
RHC	Ramsay Health Care Ltd	1.7
OSH	Oil Search Ltd	1.7
BTT	BT Investment Management Ltd	1.5
TLS	Telstra Corporation Ltd	1.5
ORI	Orica Ltd	1.5



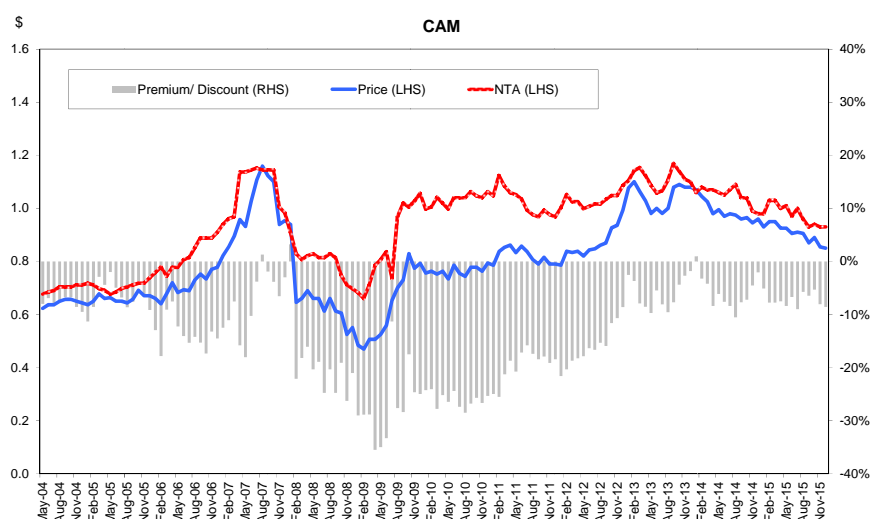
### BKI Investment

BKI	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank	9.2
NAB	National Australia Bank	8.7
WBC	Westpac Banking Corp	7.6
TLS	Telstra Corporation	5.2
TPM	TPG telecom	5.1
ANZ	ANZ Banking Group	4.6
WES	Wesfarmers Limited	4.2
APA	APA Group	3.4
NHC	New Hope Corporation	3.1
BHP	BHP Billiton	3.0
WOW	Woolworths Limited	2.7
TCL	Transurban Group	2.5
AGL	AGL Energy Limited	2.3
IAG	IAG Limited	1.9
IVC	Invocare Limited	1.8
SUN	Suncorp Group	1.7
RHC	Ramsay HealthCare	1.7
ARB	ARB Corporation	1.6
ASX	ASX Limited	1.5
WPL	Woodside Petroleum	1.5
CASH		6.0



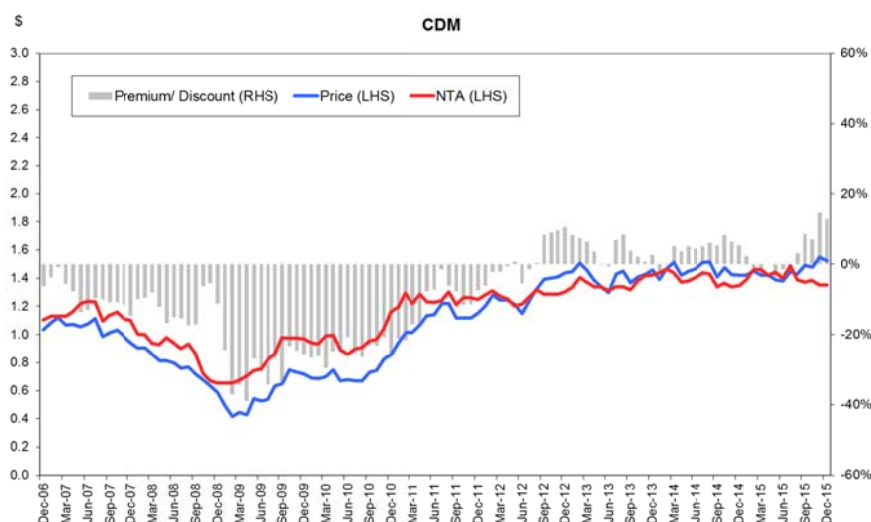
### Clime Capital

CAM	As at 30 Nov 2015	
Code	Company	% Portfolio
NAB	National Australia Bank	5.2
CBA	Commonwealth Bank of Australia	4.2
TLS	Telstra Corporation Limited	3.6
CPU	Computershare Limited	3.4
WOW	Woolworths Limited	3.3
RFG	Retail Food Group Limited	3.0
	Macquarie Perpetual Notes	2.8
FLT	Flight Centre Travel Group Limited	2.7
CWN	Crown Resorts Limited	2.6
ANZ	Australia & New Zealand Banking Group	2.6
AIG	American International Group	1.9
	Diageo Plc	1.7
	Proctor & Gamble Co	1.6



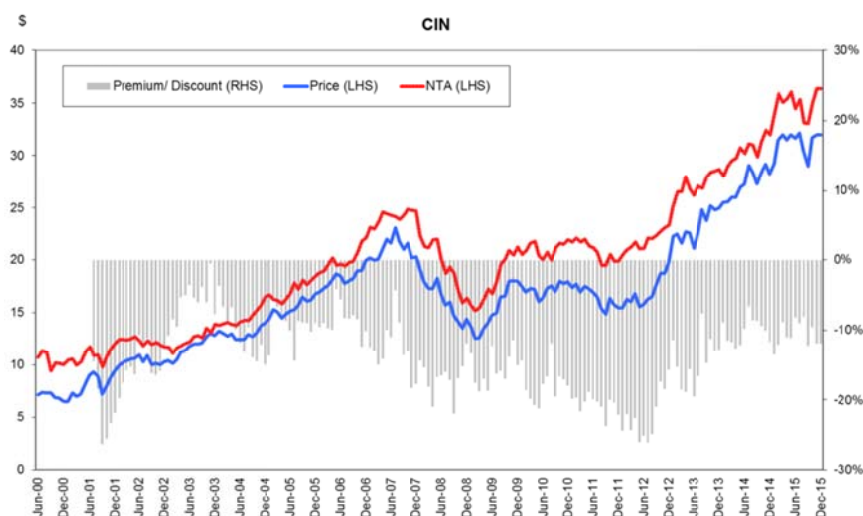
### Cadence Capital

CDM	As at 30 Nov 2015	
Code	Company	% Portfolio
MQG	Macquarie Group Ltd	11.3
HGG	Henderson Group Plc	7.4
MLB	Melbourne IT Ltd	5.7
LUX IM	Luxottica Group SPA	5.6
MA US	Mastercard Inc	5.5
GILD US	Gilead Sciences Inc	3.8
FB US	Facebook Inc	3.2
ANZ	Australia & New Zealand Banking Group	3.1
5930 KS	Samsung Electronics Co Ltd	3.1
NAB	National Australia Bank Ltd	2.7
RFG	Retail Food Group	2.5
JPH	JPH Ltd	2.5
AIG US	American International Group	2.5
TPM	TPG Telecom Ltd	2.5
RIO	Rio Tinto Ltd	2.4
C US	Citigroup Inc	2.2
327 HK	Pax Global Technology Ltd	2.2
GOOG US	Alphabet Inc	2.1
CBA	Commonwealth Bank of Australia	1.9
2333 HK	Great Wall Motor Company	1.9



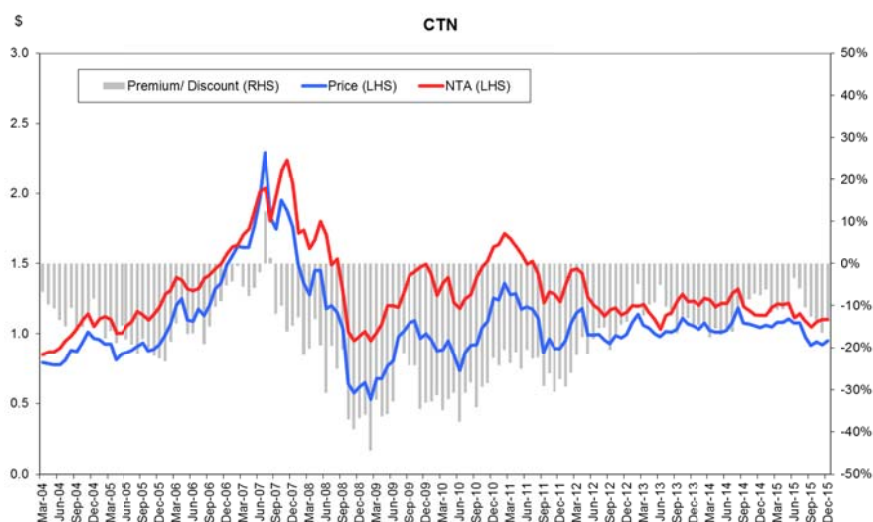
## Carlton Investments

CIN	As at 30 Sep 2015	
Code	Company	% Portfolio
AHD	Amalgamated Holdings	45.5
NAB	National Australia Bank	7.5
WBC	Westpac Bank	5.8
CBA	Commonwealth Bank	4.8
ANZ	ANZ Bank	3.1
TLS	Telstra	2.9
AGK	AGL	2.8
WES	Wesfarmers	2.7
BHP	BHP Billiton	2.0
BOQ	Bank of Queensland	1.9
PPT	Perpetual	1.8
GOW	Gowing Bros	1.6
AMC	Amcor	1.3
BEN	Bendigo & Adelaide Bank	1.3
JHX	James Hardie	1.2
ORI	Orica	0.9
APA	APA Group	0.9
LLC	Lend Lease	0.7
RIO	Rio Tinto	0.6
ORG	Origin Energy	0.5



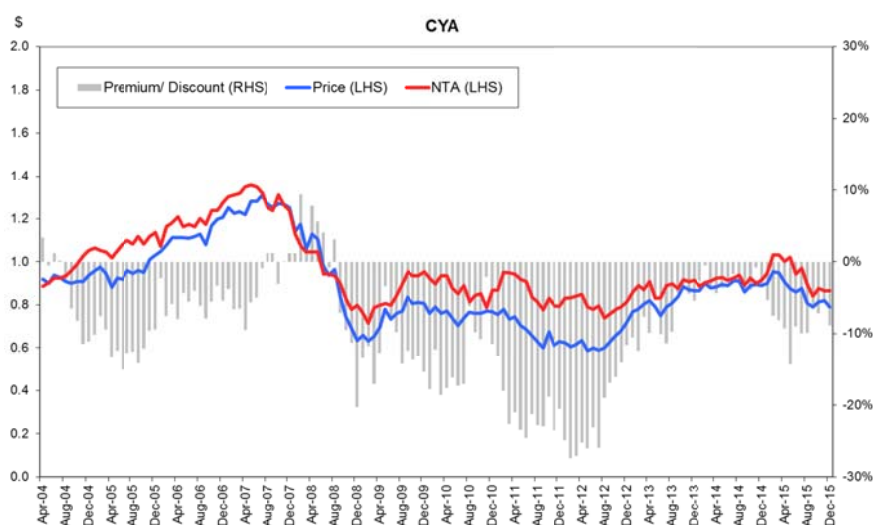
## Contango Microcap

CTN	As at 30 Nov 2015	
Code	Company	% Portfolio
SGF	SG Fleet Group Limited	4.2
MYX	Mayne Pharma Group Limited	4.2
ASB	Austal Limited	3.3
HUB	HUB24 Limited	3.1
ALU	Altium Limited	2.7
AHG	Automotive Hldgs Group Ltd	2.7
SAR	Saracen Mineral Hldgs Ltd	2.5
ENN	Elanor Investors Group	2.4
QMS	QMS Media Limited	2.2
VLW	Villa World Limited	2.2
GMF	Gpt Metro Office Fund	2.1
WEB	Webjet Limited	2.0
TGP	360 Capital Group	1.9
MBE	Mobile Embrace Limited	1.9
EPD	Empired Ltd	1.8
VRL	Village Roadshow Limited	1.8
CAT	Catapult Group Intl Ltd	1.8
PMP	PMP Limited	1.7
EGG	Enero Group Limited	1.6
CKF	Collins Foods Limited	1.6



## Century Australia

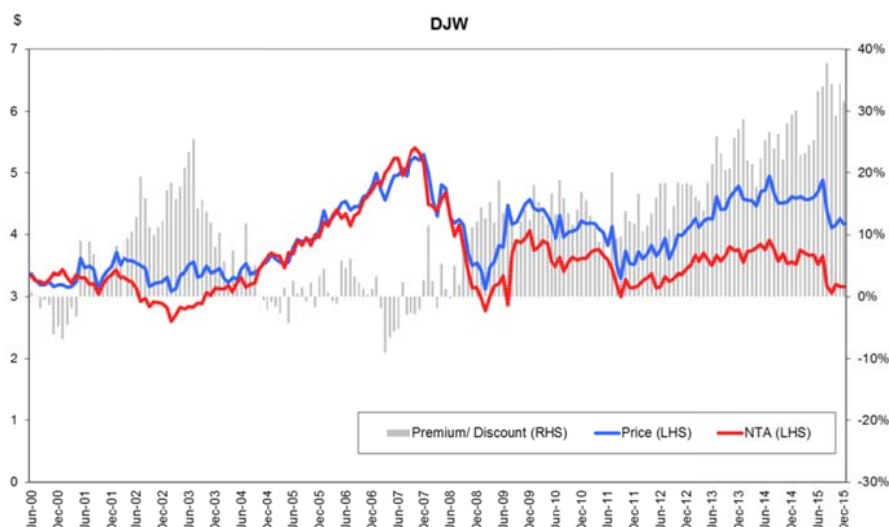
CYA	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank	9.53
WBC	Westpac Banking Corp	9.13
NAB	National Australia Bank	7.43
ANZ	ANZ Banking Grp Ltd	6.63
TLS	Telstra Corporation	5.94
BHP	BHP Billiton Limited	4.66
MQA	Macquarie Group Ltd	3.51
WES	Wesfarmers Limited	3.42
WOW	Woolworths Limited	3.15
WPL	Woodside Petroleum	2.47





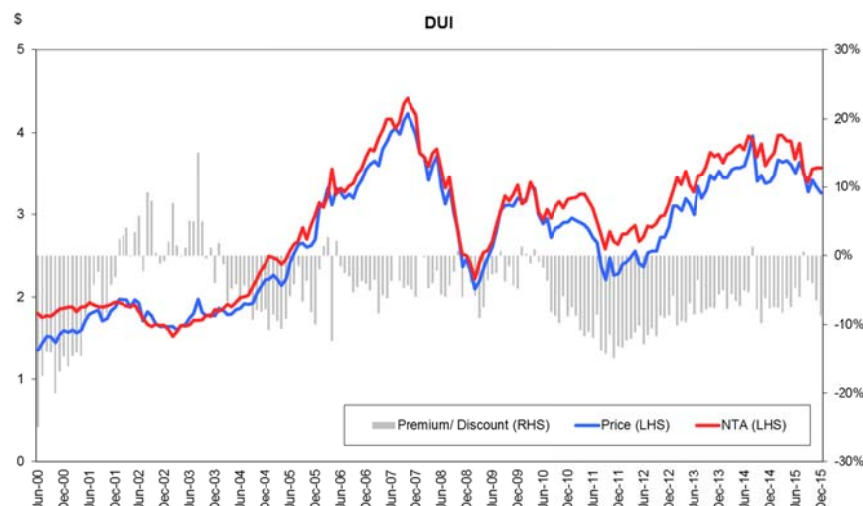
## Djerriwarrah

DJW	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank of Australia	12.6
WBC	Westpac Banking Corporation	10.8
NAB	National Australia Bank	9.7
ANZ	Australia & New Zealand Banking Group	8.4
BHP	BHP Billiton	8.2
TLS	Telstra Corporation	7.1
OSH	Oil Search	5.7
CSL	CSL	5.2
WES	Wesfarmers	4.0
BXB	Brambles	3.5
WPL	Woodside Petroleum	3.5
RIO	Rio Tinto	3.4
SUN	Suncorp Group	2.7
QBE	QBE Insurance Group	2.7
AMP	AMP	2.5
WOW	Woolworths	2.2
MIR	Mirrabeeka Investments	2.0
JPL	Incitec Pivot	2.0
AGL	AGL Energy	1.8
SEK	Seek	1.8



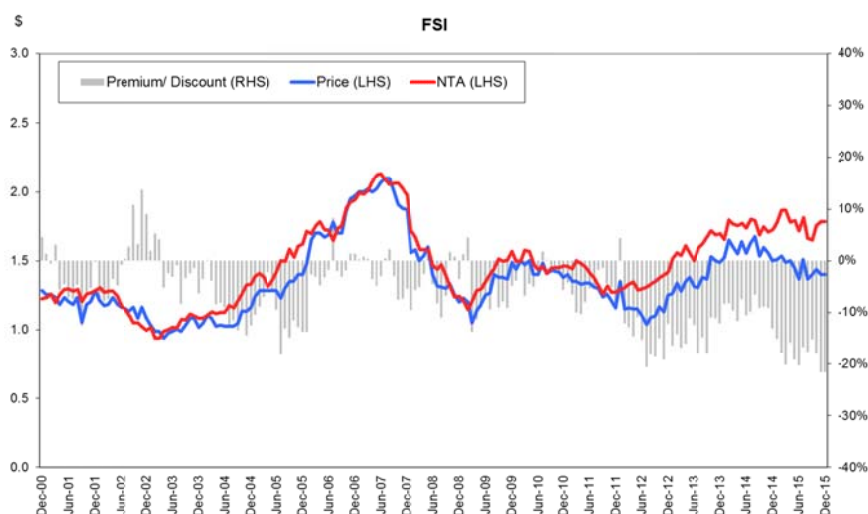
## Diversified United

DUI	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank	8.4
WBC	Westpac Banking Corp	7.3
CSL	CSL Ltd	7.3
ANZ	ANZ Banking Group Ltd	6.4
TCL	Transurban Group	4.9
NAB	National Australia Bank Ltd	4.6
	Vanguard All-World Ex-US Shares Index E	3.7
WPL	Woodside Petroleum Ltd	3.7
BHP	BHP Billiton Ltd	3.5
RIO	Rio Tinto Ltd	3.3
MPL	Medibank Private Ltd	2.8
	Vanguard US Total Market Shares Index E	2.7
AIO	Asciano Ltd	2.1
SOL	Washington H Soul Pattinson	2.1
WES	Wesfarmers Ltd	2.0
WOW	Woolworths Ltd	2.0
OSH	Oil Search Ltd	2.0
BTI	BT Investment Management Ltd	1.8
AMP	AMP Ltd	1.8
CPU	Computershare Ltd	1.5



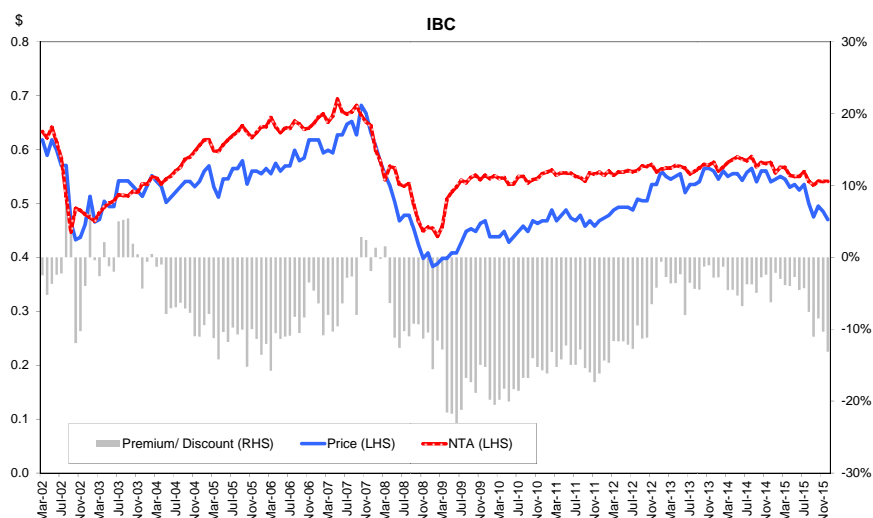
## Flagship Investments

FSI	As at 30 Nov 2015	
Code	Company	% Portfolio
MQG	Macquarie Group Ltd	8.9
CBA	Commonwealth Bank of Australia	6.3
REA	REA Group	5.7
TLS	Telstra Corporation Ltd	5.4
WBC	Westpac Banking Corporation	5.3



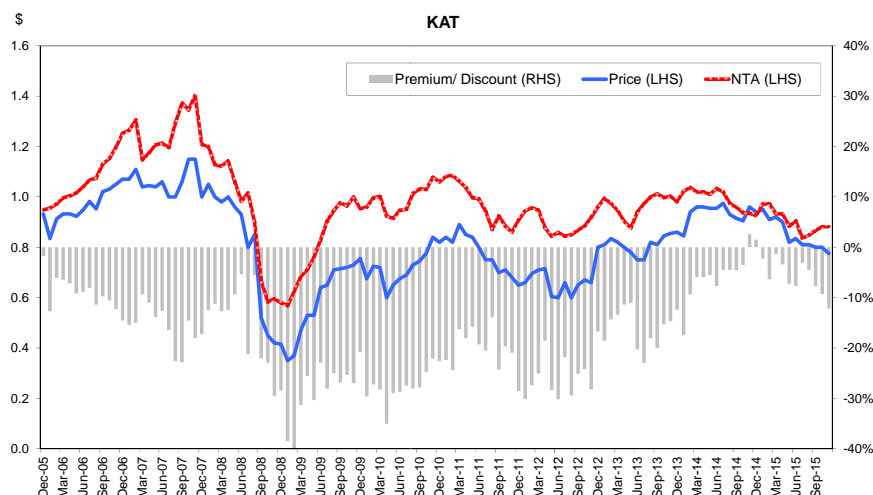
## Ironbark Capital

IBC	As at 30 Sep 2015	
Code	Company	% Portfolio
	Telstra	12.3
	IAG Conv & Reset Pref	8.9
	CBA	8.7
	WBC	8.1
	CBA Perls (III,VI,VII)	6.7
	Origin Energy Sub Note	5.2
	BHP	4.6
	ANZ	4.4
	Suncorp Conv. Pref	3.9
	NAB	3.0
	Caltex Sub Note	3.0
	NAB Conv. Pref	2.0
	Duet Group	2.0
	ANZ Conv. Pref	1.9



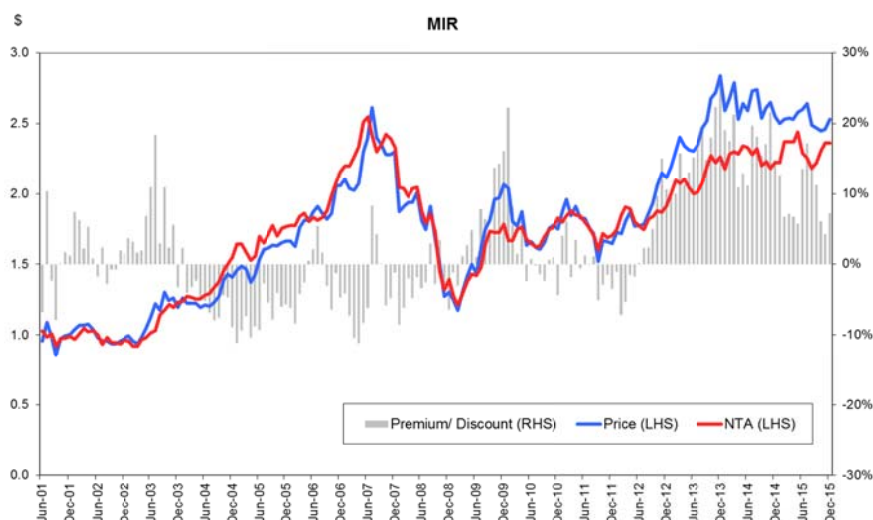
## Katana

KAT	As at 30 Nov 2015	
Code	Company	% Portfolio
	ANZ Aust and NZ Banking Group Ltd	4.3
	BWX Ltd	4.2
	CWN Crown Resorts Ltd	3.9
	NAB National Australia Bank Ltd	3.7
	BTT BT Investment Management Ltd	3.3
	HGG Henderson Group PLC	3.2
	USD Betashares US Dollar	2.8
	TLS Telstra Corp Ltd	2.7
	AHG Automotive Holdings Ltd	2.7
	STO Santos Ltd	2.7



## Mirrabooka Investments

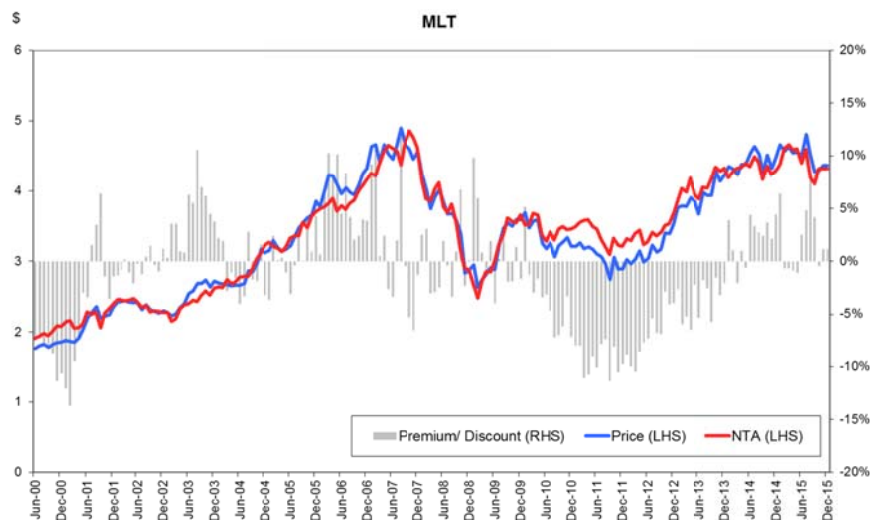
MIR	As at 30 Nov 2015	
Code	Company	% Portfolio
	QUB Qube Holdings	7.4
	TGR Tassal Group	7.1
	TWE Treasury Wine Estates	6.8
	LIC Lifestyle Communities	5.7
	RMD ResMed	5.5
	JPP iProperty Group	5.3
	JRE JRESS	5.1
	AHD Amalgamated Holdings	5.1
	JPL Incitec Pivot	4.8
	NUF Nufarm	4.8
	VOC Vocus Communications	4.8
	ANN Ansell	4.6
	AMA AMA Group	4.4
	ARB ARB Corporation	4.2
	JHC Japara Healthcare	4.2
	PPT Perpetual	4.2
	SEK Seek	4.1
	EQT Equity Trustees	4.1
	TPM TPG Telecom	4.0
	ALQ ALS	4.0





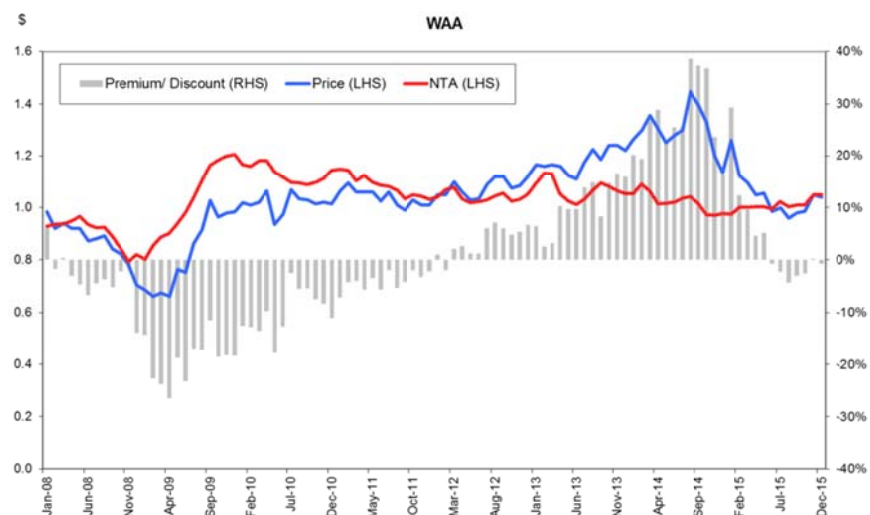
### Milton Corp.

MLT	As at 30 Nov 2015	
Code	Company	% Portfolio
WBC	Westpac Banking Corporation	2.0
CBA	Commonwealth Bank of Australia	8.8
SOL	W H Soul Pattinson	5.1
NAB	National Australia Bank	5.0
WES	Wesfarmers Limited	3.9
BOQ	Bank of Queensland	3.6
ANZ	ANZ Banking Group	3.3
TLS	Telstra Corporation	2.8
WOW	Woolworths Limited	2.5
BKL	Blackmores Limited	2.4
BHP	BHP Billiton	2.3
BEN	Bendigo and Adelaide Bank	2.3
APE	AP Eagers	2.3
PPT	Perpetual Limited	2.2
CSL	CSL Limited	2.1
BKW	Brickworks Limited	1.8
MGQ	Macquarie Bank	1.7
AGL	AGL Energy	1.6
SUN	Suncorp Group	1.5
TPM	TPG Telecom Limited	1.4



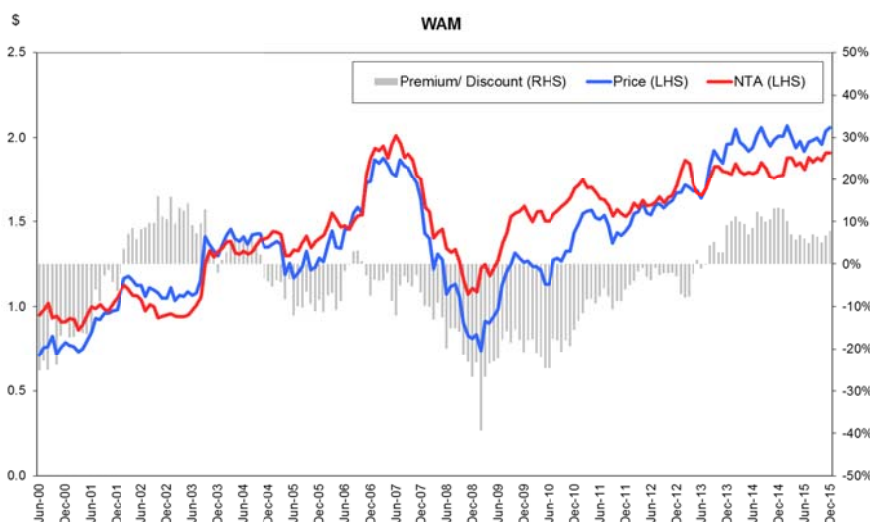
### WAM Active

WAA	As at 30 Nov 2015	
Code	Company	% Portfolio
HHV	Hunter Hall Global Value Limited	7.1
CYA	Century Australia Investments Limited	3.9
NUF	Nufarm Limited	3.3
MYR	Myer Holdings Limited	3.1
AOG	Aveo Group	2.9
SGF	SG Fleet Group Limited	2.6
MYX	Mayne Pharma Group Limited	2.4
A2M	The A2 Milk Company Limited	2.3
MTS	Metcash Limited	2.2
XRO	Xero Limited	2.2
PMV	Premier Investments Limited	2.1
AFJ	Affinity Education Group Limited	2.0
SPO	Spotless Group Holdings Limited	2.0
PPT	Perpetual Limited	2.0
DMP	Domino's Pizza Enterprises Limited	2.0
GJT	Galileo Japan Trust	1.9
HFA	HFA Holdings Limited	1.9
JPP	iProperty Group Limited	1.9
GTY	Gateway Lifestyle Group	1.9
HSO	Healthscope Limited	1.9



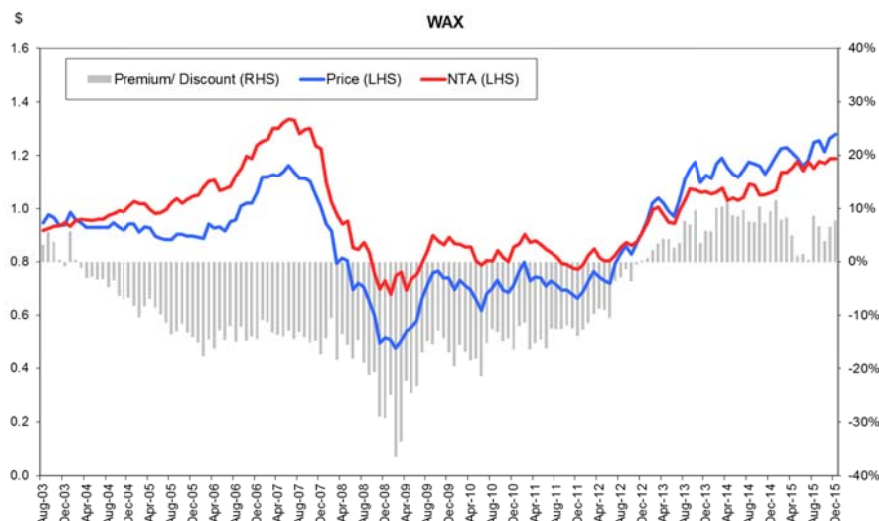
### WAM Capital

WAM	As at 30 Nov 2015	
Code	Company	% Portfolio
HHV	Hunter Hall Global Value Limited	3.5
A2M	The A2 Milk Company Limited	2.6
ASB	Austal Limited	2.1
ECX	Eclix Group Limited	2.0
CYA	Century Australia Investments Limited	1.9
SIQ	Smartgroup Corporation Limited	1.9
JPH	IPH Limited	1.7
NUF	Nufarm Limited	1.6
MYR	Myer Holdings Limited	1.5
AOG	Aveo Group	1.4
CSV	CSG Limited	1.4
SGF	SG Fleet Group Limited	1.3
MTR	Mantra Group Limited	1.3
AAD	Ardent Leisure Group	1.3
RCG	RCG Corporation Limited	1.3
MYX	Mayne Pharma Group Limited	1.2
MTS	Metcash Limited	1.1
XRO	Xero Limited	1.1
PMV	Premier Investments Limited	1.1
AFJ	Affinity Education Group Limited	1.0



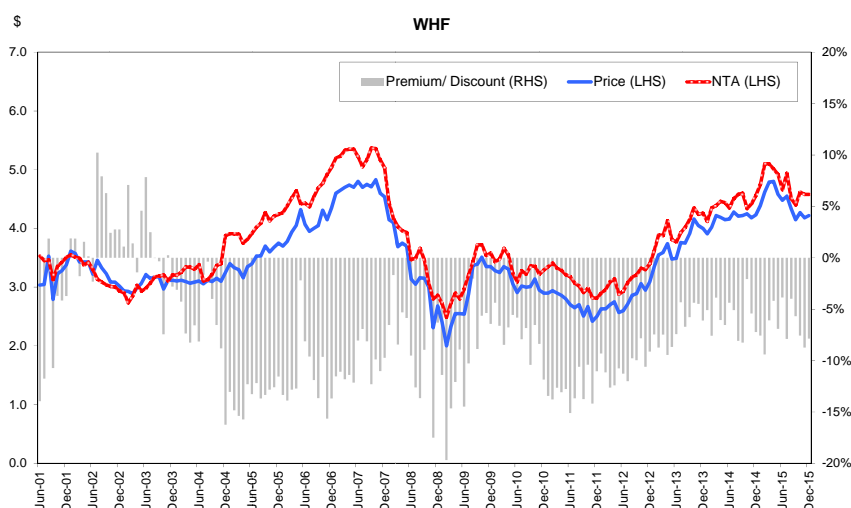
## WAM Research

WAX	As at 30 Nov 2015	
Code	Company	% Portfolio
ASB	Austal Limited	4.3
SIQ	Smartgroup Corporation Limited	3.8
ECX	Eclix Group Limited	3.6
IPH	IPH Limited	3.4
A2M	The A2 Milk Company Limited	2.9
CSV	CSG Limited	2.8
MTR	Mantra Group Limited	2.6
AAD	Ardent Leisure Group	2.6
RCG	RCG Corp Limited	2.6
FXL	FlexiGroup Limited	2.0
TRS	The Reject Shop Limited	1.9
AHG	Automotive Group Holdings Limited	1.9
BBN	Baby Bunting Group Limited	1.9
CKF	Collins Foods Limited	1.9
AHD	Amalgamated Holdings Limited	1.7
SXL	Southern Cross Media Group Limited	1.6
BLX	Beacon Lighting Group Limited	1.6
PME	Pro Medicus Limited	1.5
APE	AP Eagers Limited	1.1
CCP	Credit Corp Group Limited	1.1



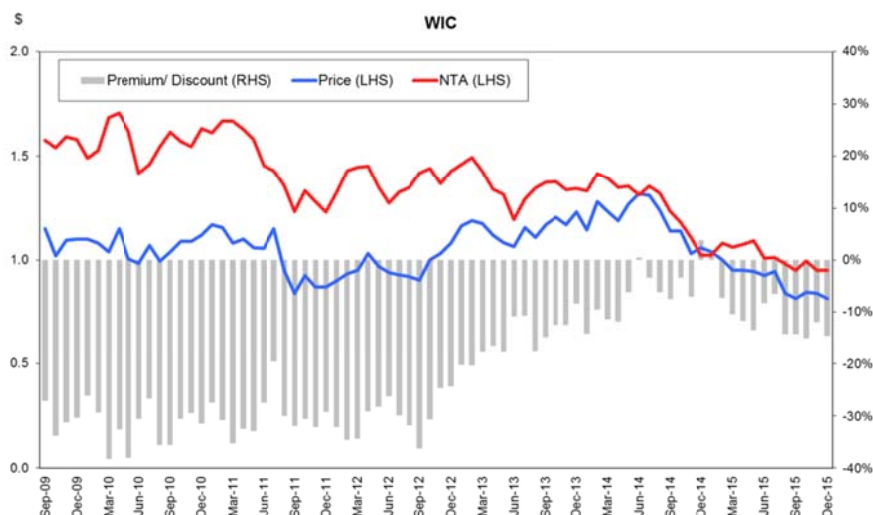
## Whitefield Limited

WHF	As at 30 Nov 2015	
Code	Company	% Portfolio
CBA	Commonwealth Bank Of Australia	11.0
WBC	Westpac Banking Corporation	7.8
NAB	National Australia Bank Limited	6.1
ANZ	ANZ Banking Group Limited	5.7
TLS	Telstra Corporation Limited	5.4
CSL	CSL Limited	3.7
WES	Wesfarmers Limited	3.4
MQG	Macquarie Group Limited	2.4
WO	Woolworths Limited	2.4
TCL	Transurban Group	1.8
SCG	Scentre Group Limited	1.7
BXB	Brambles Limited	1.6
WFD	Westfield Corporation	1.5
AMC	Amcor Limited	1.5
AMP	AMP Limited	1.5
SYD	Sydney Airport	1.5
QBE	QBE Insurance Group Limited	1.4
RMD	ResMed Inc	1.2
RHC	Ramsay Health Care Limited	1.1
APA	APA Group	1.0



## Westoz Investment

WIC	As at 30 Nov 2015	
Code	Company	% Portfolio
AHE	Automotive Holdings Group	8.0
FRI	Finbar Group Limited	8.0
CWP	Cedar Woods Properties Limited	6.0
MGX	Mount Gibson Iron Limited	5.0
PRG	Programmed Maintenance Serv.	4.0
WSA	Western Areas Limited	4.0
IGO	Independence Group NL	4.0
CCP	Credit Corp Group Limited	3.0
IMF	IMF Bentham Limited	3.0
MMS	McMillan Shakespeare Limited	3.0
VLW	Villa World Limited	3.0





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