

## Listed Investment Companies

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### SECTOR REPORT

#### November Update

- This document provides an outline of Australian listed investment companies (LICs).
- We describe the features of a typical LIC and list the benefits from investing in these companies. We also provide profiles of 23 potential LIC investments, established LICs that invest in companies on the ASX and overseas markets.

#### What is an LIC?

- A LIC has characteristics of both managed funds and stock exchange-listed companies.
- Essentially a LIC is a company that invests in other companies with the purpose of giving its shareholders exposure to a variety of shares via its investment portfolio.
- Many LICs also invest in cash or fixed income instruments, although in many cases this will form only a relatively small proportion of their investment portfolio.
- Income from LICs takes the form of semi-annual dividend payments that are linked to the profitability of the portfolio. Capital gains can arise where the investor sells the shares in the LIC for more than they originally bought them for.

#### Benefits of investing in LICs

##### Diversification

- Depending on the individual LIC, investment in just one of these companies can give an investor exposure to more than 100 different companies in a range of industries.
- This reduces the risk that the investor will suffer capital losses because losses connected to one company may be offset by gains by others in the portfolio.
- A LIC is a cost-effective method of achieving such a degree of diversification.

#### LICs are managed by investment professionals

- Each LIC is managed by full-time investment professionals whose goal it is to optimise returns on the investment portfolio for shareholders within strictly enforced risk parameters.
- In this respect, LICs are passive investments. Once the shares in the LIC have been purchased, the investor leaves investment decisions in the hands of the managers of the LIC.
- Some LICs have operated for more than 50 years while others, although only recently listed, are operated and managed by investment firms that have built strong reputations over many years.

## Transparent investment philosophy

- All LICs are transparent as to how they invest their funds. The investor can choose the relevant LIC based on their own investment goals and risk preferences.
- Some LICs focus on specific geographic areas (such as Australia or overseas), may invest in a range of industries or focus on just one (such as resources), or are geared towards providing investors with annual income streams or longer-term capital gains (or a combination of both).
- In this document, we briefly describe each of the 20 selected LICs as well as list the main investments of each and their recent performance.

## Ease of investment

- Investing in a LIC is done in exactly the same manner as any other company on the ASX, by placing an order with your stockbroker to buy shares in it.
- Exiting the investment is just as straightforward: the investor sells the shares on-market during trading hours through their stockbroker.
- The majority of LICs are highly “liquid”, meaning that there are a relatively large number of willing buyers and sellers on the ASX ready to allow the investor to enter or exit the investment at any time they want and without having to buy in at a premium or sell at a discount to “market price”.

## Costs involved in investing in a LIC

### Entry costs

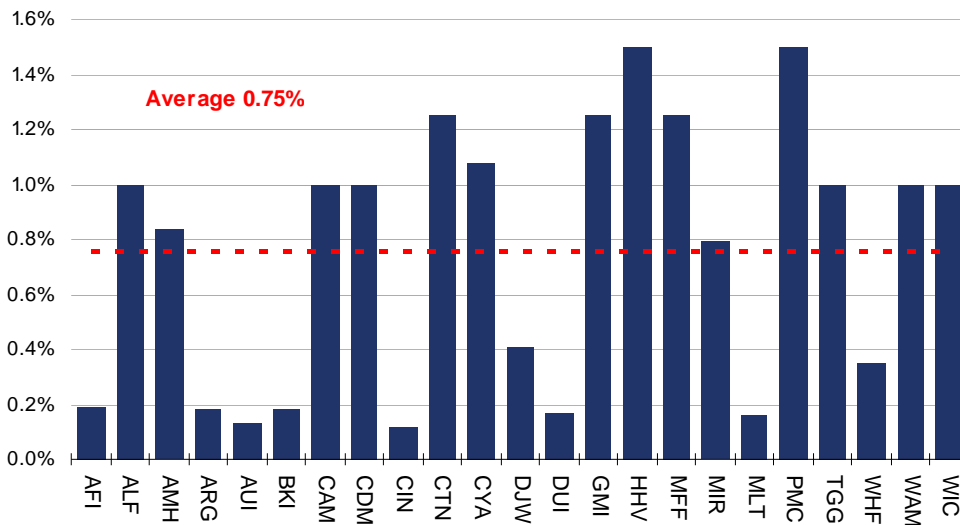
- Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a “portfolio” of investments.
- The initial cost comes in the form of brokerage paid to acquire the shares. Investing in a LIC allows the investor to effectively buy shares in more than 50 companies (depending on the LIC), but only pay brokerage to invest in one company (the LIC). An LIC is therefore an efficient method of diversification.
- The aforementioned entry costs to LIC investments are generally lower than for retail managed funds which utilise a “front-end load” charge that can be up to 4 percent of the market value of the units in the fund at the date of purchase.

**Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a “portfolio” of investments**

### Ongoing costs

- There are two types of fees that the manager of the LIC charges during the investment period: management fees and performance fees.
- The LIC uses management fees to cover costs incurred in running the portfolio. These fees are taken out of the profits of the LIC, which are a function of the performance of the investment portfolio of the company (including dividends paid and capital gains/losses on shares that are sold). They are paid regardless of the profitability of the investment portfolio.
- These fees range from 0.11-1.5 percent of assets per year. This is much lower than average fees charged for retail managed funds which are approximately 1.5 - 3.0 percent. The effect of this cost-saving on a longer-term investment, where returns compound over a number of years, can be quite substantial. One reason for this lower cost is that LICs do not incur back-office or distribution costs ostensibly reducing their cost of operation. The fees of our selected LICs (calculated as a “management expense ratio” or MER) are shown in the graph on the next page.

**FIG.1: MANAGEMENT FEES OF SELECTED LICs FOR FY12**



- Unlike management fees, performance fees are paid only if the LIC's investment portfolio outperforms a predetermined benchmark and even then, are only relative to the size of this outperformance. Not all LICs charge performance fees.
- These fees provide an incentive for the manager of the fund to optimise returns for shareholders of the LIC. They are generally paid not just if the fund is profitable, but if/when it is more profitable than the market as a whole. Unlike management fees, they will generally not deteriorate low returns or worsen investment losses.
- Performance fees for our selected LICs are shown in the table below. The benchmark index is the S&P/ASX All Ordinaries Accumulation Index unless otherwise stated.

**FIG.2: PERFORMANCE FEES FOR SELECTED LICs**

Company	Performance Fee
ALF	20% above all ordinaries accumulation index
AMH	None
ARG	None
AUI	None
BKI	None
CAM	20% above all ordinaries accumulation index
CDM	20% of returns above index or of portfolio return
CIN	None
CTN	15% of returns above index
CYA	10% of returns above index +1%
DJW	None
DUI	None
GMI	None
HHV	15% above MSCI World Index
MFF	10% if returns exceed MSCI World Index and 10-year bond rate
MIR	None
MLT	None
PMC	10% of returns above MSCI World Index +5%
TGG	None
WHF	None
WAM	20% of returns above index or of portfolio return
WIC	20% where performance exceeds 10% over 12 month period

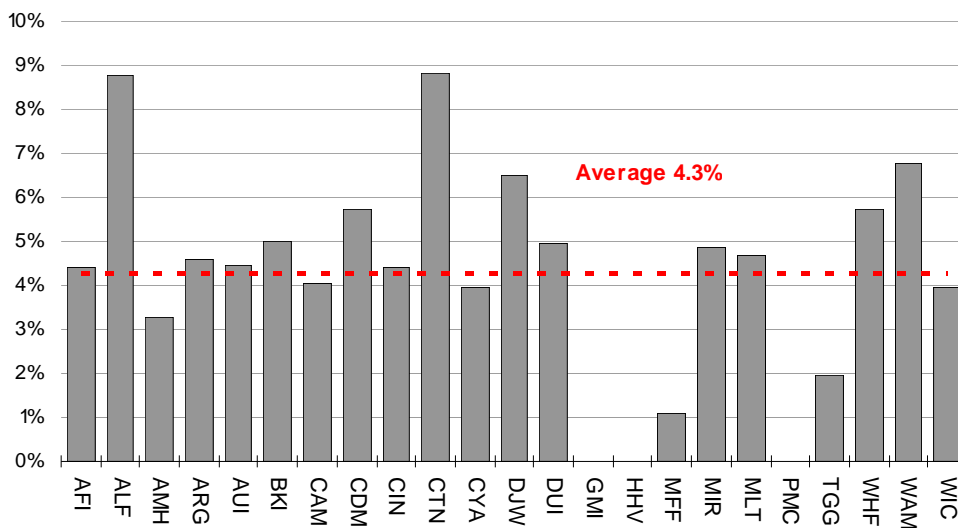
**Exit costs**

- Exit costs from LICs are generally limited to the brokerage paid on selling the shares. This is unlike retail managed funds, which can generally be exited at no charge.
- Exiting a LIC investment can have tax consequences.

**What income do investors receive from a LIC?**

- Annual investor income from a “buy-and-hold” investment strategy in an LIC takes the form of dividends, just like other share investments.
- However, because LICs utilise a company structure, payment of dividends is at the discretion of the management of the LIC. In other words, just because the investment portfolio of the LIC has made a profit in a given year, it does not mean that all, or even any, of that profit will be paid to shareholders in that year. This is unlike managers of retail managed funds, which are required to pay out the income to unitholders in the particular tax year that it is earned. Generally, LICs will pay out a high proportion of earnings as dividends.
- Most of our selected LICs focus on blue chip stocks and pay out a high proportion of earnings as a dividend. Accordingly, they have healthy dividend yields (as shown in the following graph).

**FIG.3: DIVIDEND YIELD FOR SELECTED LICs**



**Taxation issues**

- The returns of the LIC are generally taxed at the company tax rate of 30 percent. Accordingly, when dividends are paid to shareholders of the LIC, they attach franking credits. These are a tax benefit for shareholders, as they receive a “credit” for the company tax already paid on the LIC income when their ordinary income is assessed.
- Capital gains are managed by the manager of the LIC. In the hands of the shareholder, income derived from a capital gain of an LIC that is incorporated into a dividend will be treated as a capital gain and not ordinary income. Under current tax rules, only 50 percent of this amount is taxable for many investors.
- This tax treatment contrasts with that of unlisted retail managed funds, where investors incur an annual tax liability on interest and capital gains that the fund earns each year.

### **LICs versus managed funds**

- LICs are listed on the stock exchange so entry and exit costs are limited to brokerage. This means that diversification is achieved at little cost. LICs also offer a tax-effective structure, whereby dividends are fully franked and assessed as a capital gain in the hands of the shareholder. For many investors, therefore, only 50 percent of this amount is taxable. Contrast this with managed funds where investors incur an annual tax liability on the interest and capital gains that the funds earn each year.
- The fee structures of LICs are also favourable in comparison with managed funds. Our selected LICs have management expense ratios ranging from 0.12 percent to 1.5 percent, whereas managed funds often charge at least 1.5 percent. The difference in fees can have a substantial effect on long-term investments. For example, from an initial investment of \$50,000 invested at identical returns for a decade, the LIC investment could be worth up to \$6,000 more than the managed fund.

**Our selected LICs have management expense ratios ranging from 0.12-1.5 percent, whereas managed funds often charge at least 1.5 percent**

### **LICs versus exchange traded funds (ETFs)**

- LICs and exchange traded funds both have low management fees and efficient tax structures compared with managed funds. However, ETFs have an open-ended structure, where units on offer can increase or decrease based on supply and demand, and they trade at or close to their net asset value. ETFs are generally passive investment products and hence do not aim to outperform the market in the same way many of the LICs do.
- ETFs are required to distribute any surplus income to security holders, whereas LICs have the ability to conserve surplus income and take advantage of market opportunities as they see fit. This added flexibility is beneficial to the shareholder.
- Despite speculation that LICs will face increased competition from ETFs, we feel that for the majority of our clients LICs provide a superior investment vehicle with the added possibility of returns above that of the underlying asset.

### **LIC sector catalysts**

- Encouraging policy changes and the rapid growth of self-managed superannuation funds (SMSFs) are likely to attract some fresh interest to the LIC sector.
- Changes to the Corporations Act in 2010 will benefit LIC investors by allowing them to receive more consistent dividends. Under the previous rules, dividends could only be paid out of profits (meaning asset write-downs could prevent dividend payouts), whereas the new rule allows companies to pay out dividends to the value of their net assets.
- SMSFs are the fastest growing area of superannuation and LICs stand to benefit from this growing trend. Many SMSF owners hold LICs as their fund's core investment, removing much of the hassle that accompanies managing the entire fund on their own.

### **FOFA 2013: Levelling the Playing Field**

- The Future of Financial Advice (FOFA) reforms are due to be enforced from 1 July 2013. These reforms seek to align advisers with investor interests by banning commissions received by placing clients in financial products, such as managed funds.
- This enables LICs to be viewed on a level playing field with managed funds, and the LIC community is seeking to capitalise on this opportunity. A united industry body that engages in marketing to and greater education for both advisors and investors should drive increased attention to the space in the lead-up to the FOFA reforms.
- The key implication for LIC investors is that this attention will increase demand from non-traditional channels, such as financial planners, and is likely to result in a narrowing of share price discounts to underlying asset backing.

## Contango MidCap Income Limited: Initial Public Offering (IPO)

- Contango Asset Management, the manager of Contango MicroCap (CTN), is launching a new Listed Investment Company, Contango MidCap Income Limited (CMIL). It will be listed on the ASX on 20 December 2012 and is aiming to raise between \$30m-\$200m.
- CMIL is mandated to provide investors with a reliable income stream from a diversified portfolio within the ASX300 ex ASX30. Management will focus on quality companies with high fully franked dividends with limited exposure to the resources sector. The objective is to provide investors with a minimum annual return of 7.2% p.a., whereby 1.8% of the July 1 NTA will be paid out quarterly and franked as much as possible.
- To prevent CMIL trading at a substantial discount management will seek to align NTA and the share price through a number of structural initiatives:
  - **Buy-Backs:** CMIL will buy-back shares if the price falls below 90% of the prevailing NTA for three consecutive calculation date;
  - **Sunset Clause:** After a 5 year period, shareholders will vote on the future of the CMIL. At this time, 75% of shareholders will be required to vote in favour of the company's continuance, otherwise the proceeds will be returned to shareholders and the company will be wound up.
  - **No new capital:** No new capital will be raised from the issue of shares in the first 2 years other than funds raised from existing options on issue.
- In line with management's aim to build reserves for dividends, the management fee will be deferred for the first 2 years. The management fee will average 1% over the initial 5 year period; hence years 3 to 5 will be approximately 1.667%.
- There will be a management performance fee equal to 20% of outperformance subject the passing of three performance hurdles:
  - CMIL has paid shareholders a minimum return of 1.8% per quarter via dividends or capital returns;
  - The manager has provided an investment return on the portfolio in excess of the RBA official cash rate plus 4% per annum; and
  - The portfolio value at the end of the quarter must exceed the highest quarter end portfolio value previously achieved.
- The performance fee will be capped at an amount equal to 1% of the investment portfolio.
- Contango Asset Management is a highly experienced team of investment managers led by Chief Investment Officer, David Stevens. Contango Asset Management currently has in excess of \$600m in Funds Under Management (FUM) across a number of equity products.

**FIG.4: CONTANGO ASSET MANAGEMENT PERFORMANCE AS OF 30 SEPTEMBER 2012**

Investment Manager Performance	1 Year	3 Years (per annum)
<b>Australian Equity Fund</b>	15.50%	1.62%
S&P/ASX 300 Accumulation Index	14.46%	1.69%
Out performance/ (Under performance)	+1.04%	-0.07%
<b>Small Companies Fund</b>	12.50%	5.77%
S&P/ASX Small Ordinaries Accumulation Index	3.83%	-0.91%
Out performance/ (Under performance)	+8.67%	+6.68%
<b>Microcap Fund</b>	7.27%	4.77%
S&P/ASX Small Ordinaries Accumulation Index	3.83%	-0.91%
Out performance/ (Under performance)	+3.44%	+5.68%
<b>Income Generator Fund</b>	28.07%	8.92%
UBS Bank Bill Index	4.34%	4.55%
Out performance/ (Under performance)	+23.73%	+4.37%

- Investors participating in the IPO will be entitled to:
  - The proposed maiden dividend to be paid on 28 February 2013.
  - One free ASX listed bonus option for every share allotted with a strike price of A\$1.00 and Dec 31 2013 expiry.
  - One free unlisted reward option for every 10 bonus options exercised with a A\$1.00 strike price and a 12 month exercise window over the 2014 calendar year.

**Key Dates:**

- **Applications open:** 16 November 2012
- **Applications close:** 6 December 2012
- Contango MidCap Income Limited will be listed on the ASX on 20 December 2012.
- Please contact your Baillieu Holst adviser for further information on how you can participate in this offering.

## LIC performance review

- The All Ordinaries Accumulation Index returned 8.9 percent to 31 October 2012, whilst the MSCI World Index\*, a benchmark for LICs with an international focus, returned -7.8 percent. Shareholder return relative to the benchmark index is known as the active return.
- Our domestic LICs materially outperformed the market with an average active return of 9.5 percent. Our globally focused LICs have also performed well, outperforming their benchmark by 4.4 percent.

### Large capitalisation domestic

- Australian Foundation Investment Company (AFI) was the strongest performer over the past 12 months with a total shareholder return (TSR) of 16.9 percent and an active return of 7.9 percent. Milton Corporation (MLT) was also strong with a TSR of 16.5 percent and an active return of 7.6 percent.
- Australian United Investment Company (AUI) was at the largest discount to net tangible assets (pre-tax\*\*) at 8.2 percent. Argo Investments (ARG) was also notable at a 4.0 percent discount.
- Djerriwarrh has the highest dividend yield at 6.5 percent fully franked.

### Small capitalisation domestic

- Cadence Capital (CDM) was the strongest performer over the past 12 months with a TSR of 36.7 percent and an active return of 27.8 percent. Clime Capital (CAM) and Mirrabooka Investments (MIR) were both notable with TSRs of 30.4 percent and 29.4 percent respectively and active returns of 21.5 and 20.5 percent respectively.
- Westoz Investments (WIC) and Century Australia Investments (CYA) posted the largest discounts to NTA (pre-tax\*\*) at 30.7 percent. Carlton Investments (CIN), CYA and Contango Microcap (CTN) were all notable at discounts of approximately 17 percent.
- Australian Leaders Fund (ALF) and CTN had the highest dividend yields at 8.8 percent. However, only ALF's dividend was fully franked.

### Global

- Magellan Flagship Fund (MFF) was the standout performer over the past 12 months with a TSR of 44.6 percent and an active return of 36.8 percent.
- Templeton Global Growth (TGG) was at the largest discount to NTA (pre-tax\*\*) at 15.4 percent. Hunter Hall Global Value (HHV) was also notable at a 14.9 percent discount.
- TGG had the highest dividend yield over the past 12 months at 2.0 percent.

\*A\$ adjusted

\*\*Pre-tax NTA refers to net tangible assets after tax but before tax on unrealised gains

## Australian Foundation Investment Company (AFI)

[www.afi.com.au](http://www.afi.com.au)

- AFI was formed in 1928 and is Australia's oldest and largest listed investment company.
- AFI is a long-term, low-risk investor in major companies on both the ASX and New Zealand Stock Exchange.
- The total shareholder return for the year to 31 October 2012 was 16.9 percent with pre-tax net asset backing increasing 10.7 percent. The active return was 7.9 percent.

**FIG.5: AFI SNAPSHOT**

Price (21 Nov 2012)	\$4.68
Share price range (12 months)	\$3.93 -\$4.88
Shares on issue	1,034,118,904
Market capitalisation	\$4839.7mn
Pre-tax asset backing*	\$4.74
Post-tax asset backing*	\$4.10
Premium/(Discount) to pre-tax NTA*	-0.6%
Premium/(Discount) to post-tax NTA*	14.9%
Dividend yield	4.4%
Dividend per share (Rolling 12 months)	21.0c
Franking	100%
Management expense ratio (FY12)	0.19%

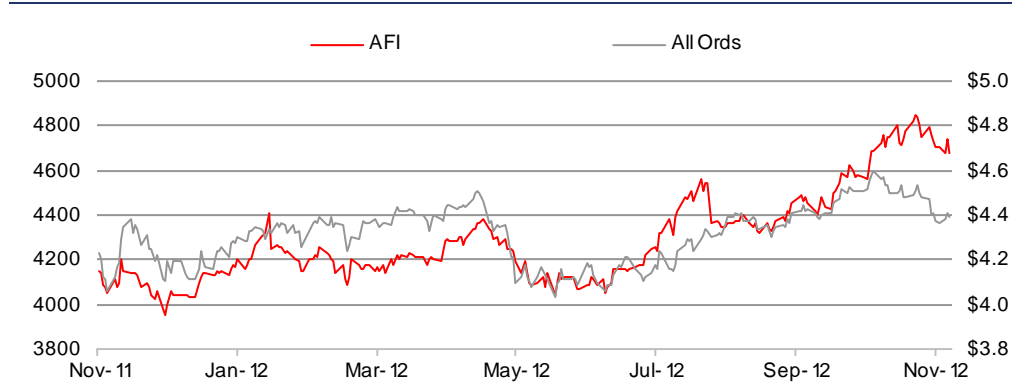
\*As at 31 Oct 2012

**FIG.6: AFI PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton*	10.1%
Commonwealth Bank of Australia*	10.1%
Westpac Banking Corporation*	9.6%
Wesfarmers(a)	5.5%
National Australia Bank*	5.3%
Australia & New Zealand Banking Group*	4.6%
Telstra Corporation *	4.5%
Rio Tinto	4.2%
Woolworths	3.7%
Oil Search*	2.4%

\*Indicates that options were outstanding against part or all of the holding in the trading portfolio

**FIG.7: AFI VS ALL ORDS**





## Australian Leaders Fund (ALF)

[www.wfunds.com.au](http://www.wfunds.com.au)

- Australian Leaders Fund invests in leading Australian companies focusing on the top 200 with strong business fundamentals on attractive terms. In addition, ALF short sell companies that they feel are fundamentally challenged.
- Its investment objective is to deliver superior returns over the medium term within acceptable risk parameters while preserving the company's capital.
- The total shareholder return for the year to 31 October 2012 was 24.5 percent with pre-tax net asset backing increasing 11.9 percent. The active return was 15.6 percent.

**FIG.8: ALF SNAPSHOT**

Price (21 Nov 2012)	\$1.27
Share price range (12 months)	\$1.01 - \$1.31
Shares on issue	72,216,748
Market capitalisation	\$91.7mn
Pre-tax asset backing*	\$1.30
Post-tax asset backing*	\$1.25
Premium/(Discount) to pre-tax NTA*	-3.1%
Premium/(Discount) to post-tax NTA*	0.8%
Dividend yield	8.8%
Dividend per share (Rolling 12 months)	11.0c
Franking	100%
Management expense ratio (FY12)	1.00%

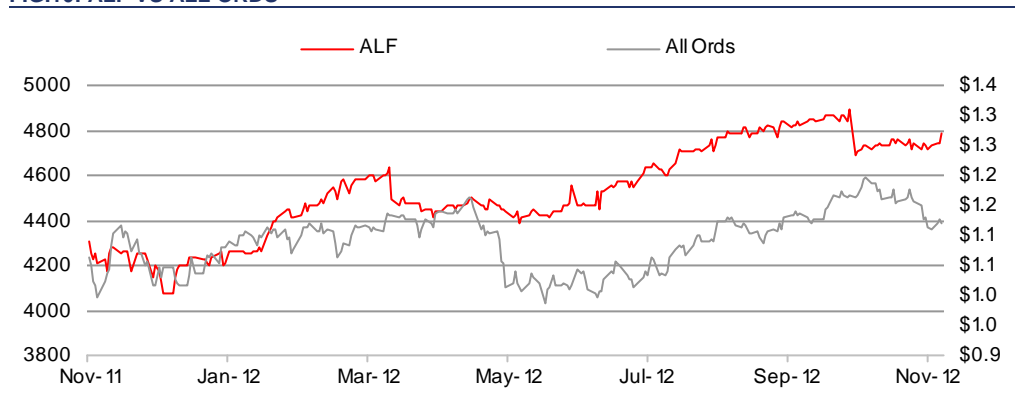
\*As at 31 Oct 2012

**FIG.9: ALF PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%*)
BHP Billiton Ltd	7.5%
Rio Tinto Ltd.	7.4%
JB Hi-Fi Ltd.	6.8%
Mayne Pharma Group Ltd	6.5%
National Australia Bank Ltd	6.3%
Jumbo Interactive Ltd	5.5%
Transurban Group	5.3%
Telstra Corp Ltd	5.2%
Australia & New Zealand Banking Group Ltd	4.3%
Woodside Petroleum Ltd	4.2%

\*Long Holdings Only

**FIG.10: ALF VS ALL ORDS**



## AMCIL (AMH)

[www.amcil.com.au](http://www.amcil.com.au)

- Amcil was formed in 1996 with an initial focus on the media and telecommunications sectors.
- The limited scope of attractive investments within these sectors resulted in a change of strategy, and Amcil now has a diversified portfolio of 30 to 40 of Australia's largest companies.
- The total shareholder return for the year to 31 October 2012 was 16.3 percent with pre-tax net asset backing increasing 14.2 percent. The active return was 7.4 percent.

**FIG.11: AMH SNAPSHOT**

Price (21 Nov 2012)	\$0.76
Share price range (12 months)	\$0.63 - \$0.77
Shares on issue	209,088,358
Market capitalisation	\$158.9mn
Pre-tax asset backing*	\$0.82
Post-tax asset backing*	\$0.77
Premium/(Discount) to pre-tax NTA*	-7.3%
Premium/(Discount) to post-tax NTA*	-1.3%
Dividend yield	3.3%
Dividend per share (Rolling 12 months)	2.5c
Franking	100%
Management expense ratio (FY12)	0.84%

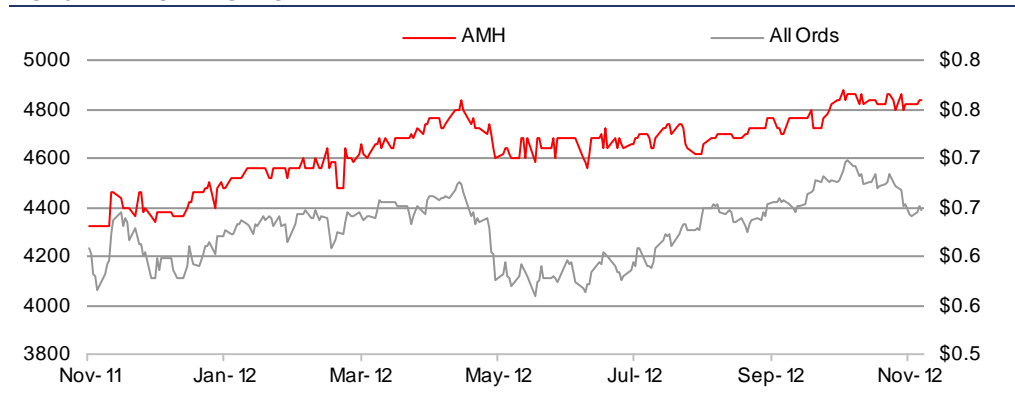
\*As at 31 Oct 2012

**FIG.12: AMH PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%*)
Commonwealth Bank of Australia	7.2%
Oil Search	6.2%
Australia & New Zealand Banking Group	5.1%
Transurban Group	4.7%
Tox Free Solutions	4.6%
Australia Infrastructure Fund	4.3%
Telstra Corporation	4.3%
BHP Billiton	4.3%
Westpac Banking Corporation	4.2%
National Australia Bank	4.1%

\*Excludes Cash

**FIG.13: AMH VS ALL ORDS**



## Argo Investments (ARG)

[www.argoinvestments.com.au](http://www.argoinvestments.com.au)

- Argo was formed in 1946 and is based in Adelaide, South Australia.
- It is the second-largest LIC by market capitalisation.
- Argo's portfolio contains investments in about 130 companies, with many of Australia's major enterprises represented.
- The total shareholder return for the year to 31 October 2012 was 14.3 percent with pre-tax net asset backing increasing 9.9 percent. The active return was 5.4 percent.

**FIG.14: ARG SNAPSHOT**

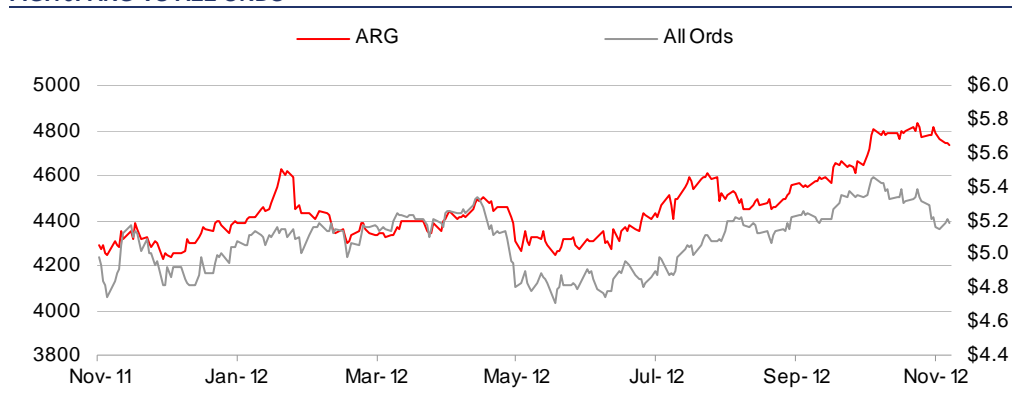
Price (21 Nov 2012)	\$5.64
Share price range (12 months)	\$4.96 - \$5.80
Shares on issue	628,781,353
Market capitalisation	\$3546.3mn
Pre-tax asset backing*	\$5.97
Post-tax asset backing*	\$5.47
Premium/(Discount) to pre-tax NTA*	-4.0%
Premium/(Discount) to post-tax NTA*	4.8%
Dividend yield	4.6%
Dividend per share (Rolling 12 months)	26.0c
Franking	100%
Management expense ratio (FY12)	0.18%

\*As at 31 Oct 2012

**FIG.15: ARG PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton	7.2%
Westpac Banking Corporation	6.3%
Australia & New Zealand Banking Group	5.4%
Wesfarmers	4.6%
Commonwealth Bank of Australia	4.2%
Telstra Corporation	4.1%
National Australia Bank	3.5%
Milton Corporation	3.7%
Rio Tinto	3.7%
Woolworths	3.2%

**FIG.16: ARG VS ALL ORDS**



## Australian United Investment Company (AUI)

[www.aui.com.au](http://www.aui.com.au)

- AUI was founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation.
- AUI utilises a “traditional” investment philosophy, focusing on reduction of risk by investing in a range of large and mid-cap companies on the ASX.
- Investments are chosen on their individual merits, with no pre-determined policy that any particular proportions of the capital will be invested in particular investment sectors.
- The total shareholder return for the year to 31 October 2012 was 11.8 percent with pre-tax net asset backing increasing 7.9 percent. The active return was 2.8 percent.

**FIG.17: AUI SNAPSHOT**

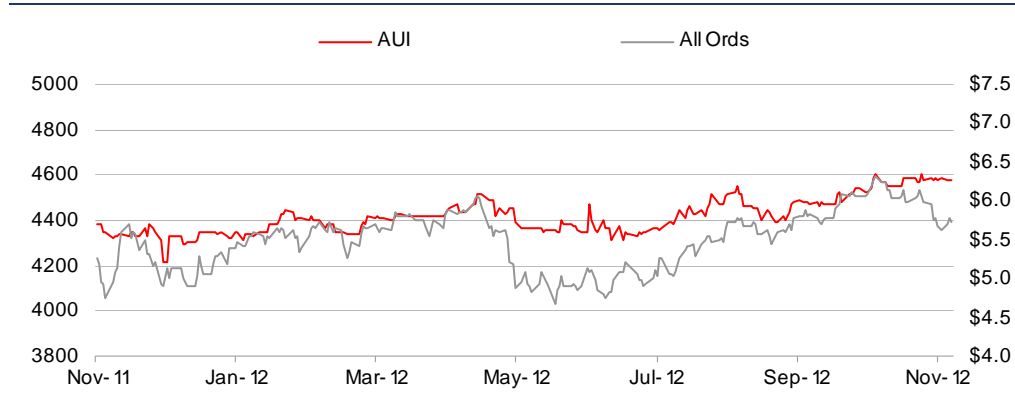
Price (21 Nov 2012)	\$6.27
Share price range (12 months)	\$5.21 - \$6.35
Shares on issue	106,378,580
Market capitalisation	\$667.0mn
Pre-tax asset backing*	\$6.84
Post-tax asset backing*	\$6.09
Premium/(Discount) to pre-tax NTA*	-8.2%
Premium/(Discount) to post-tax NTA*	3.1%
Dividend yield	4.5%
Dividend per share (Rolling 12 months)	28.0c
Franking	100%
Management expense ratio (FY12)	0.13%

\*As at 31 Oct 2012

**FIG.18: AUI PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton	8.7%
Australia & New Zealand Banking Group	8.1%
Commonwealth Bank of Australia	7.0%
Westpac Banking Corporation	6.8%
Rio Tinto Ltd	6.3%
National Australia Bank	6.2%
Wesfarmers Ltd (PPS & ordinary)	6.1%
Woodside Petroleum	5.2%
Woolworths	4.3%
Diversified United Investment	3.9%

**FIG.19: AUI VS ALL ORDS**



## BKI Investment Company (BKI)

[www.bkilimited.com.au](http://www.bkilimited.com.au)

- BKI was listed on the ASX in December 2003 with an objective to provide investors with sound dividend yields and long-term capital growth.
- BKI invests in a diversified portfolio of Australian shares, trusts and interest-bearing securities.
- The total shareholder return for the year to 31 October 2012 was 10.1 percent with pre-tax net asset backing increasing 6.9 percent. The active return was 1.2 percent.

**FIG.20: BKI SNAPSHOT**

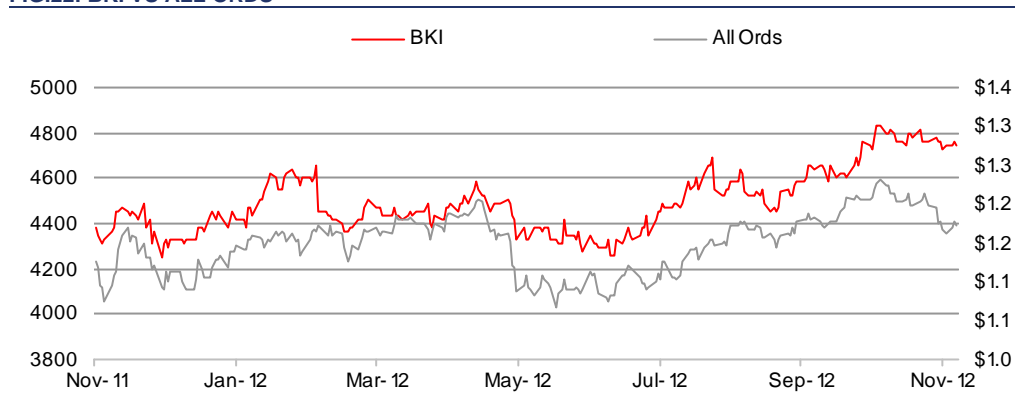
Price (21 Nov 2012)	\$1.28
Share price range (12 months)	\$1.11 - \$1.32
Shares on issue	444,214,896
Market capitalisation	\$566.4mn
Pre-tax asset backing*	\$1.40
Post-tax asset backing*	\$1.34
Premium/(Discount) to pre-tax NTA*	-7.9%
Premium/(Discount) to post-tax NTA*	-3.7%
Dividend yield	5.0%
Dividend per share (Rolling 12 months)	6.4c
Franking	100%
Management expense ratio (FY12)	0.18%

\*As at 31 Oct 2012

**FIG.21: BKI PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
New Hope Corporation	10.6%
Commonwealth Bank of Australia	9.0%
National Australia Bank	9.0%
BHP Billiton	7.8%
Westpac Banking Corporation	6.7%
Telstra Corporation	5.0%
Wesfarmers	4.4%
Woolworths	3.7%
ANZ Banking Group	3.5%
ALS Limited	3.0%

**FIG.22: BKI VS ALL ORDS**



## Clime Capital Limited (CAM)

[www.climecapital.com.au](http://www.climecapital.com.au)

- Clime Capital listed on the ASX in 2004. It offers investors the opportunity to participate in a long-term approach to portfolio investing using value investing principles.
- Clime invests in a diversified portfolio of Australian businesses, trusts and interest bearing securities.
- The total shareholder return for the year to 31 October 2012 was 30.4 percent with pre-tax net asset backing increasing 9.3 percent. The active return was 21.5 percent.

**FIG.23: CAM SNAPSHOT**

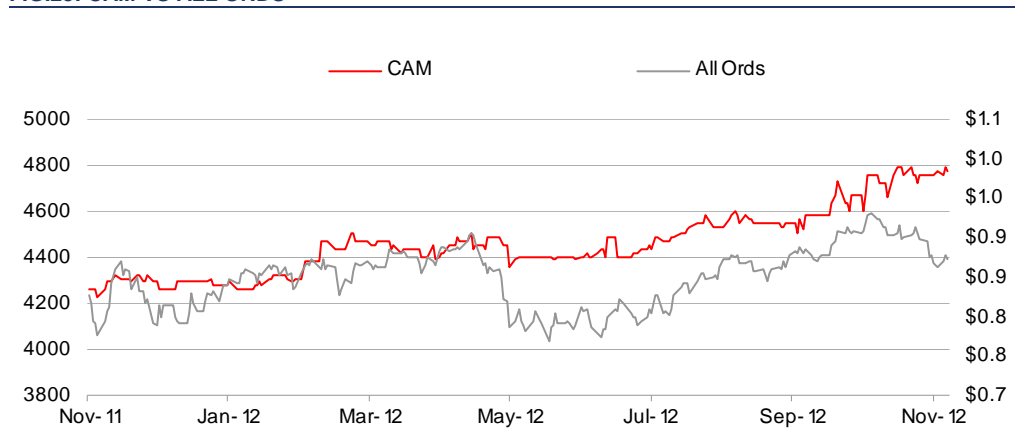
Price (21 Nov 2012)	\$0.99
Share price range (12 months)	\$0.82 - \$1.00
Shares on issue	50,114,501
Market capitalisation	\$49.4mn
Pre-tax asset backing*	\$1.12
Post-tax asset backing*	\$1.10
Premium/(Discount) to pre-tax NTA*	-11.6%
Premium/(Discount) to post-tax NTA*	-10.0%
Dividend yield	4.0%
Dividend per share (Rolling 12 months)	4.0c
Franking	100%
Management expense ratio (FY12)	1.00%

\*As at 31 Oct 2012

**FIG.24: CAM PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton	7.0%
Telstra Corporation	6.1%
McMillan Shakespeare	5.9%
ANZ Banking Group	5.6%
Multiplex Convertible Note	5.3%
Woolworths	5.0%
Westpac Banking Corporation	4.9%
Brickworks	4.6%
Commonwealth Bank of Australia	4.1%
The Reject Shop	4.1%

**FIG.25: CAM VS ALL ORDS**



## Cadence Capital (CDM)

[www.cadencecapital.com.au](http://www.cadencecapital.com.au)

- Cadence Capital is an actively managed investment company with a portfolio of Australian securities.
- Although it focuses on a fundamental bottom-up approach to portfolio management, it also uses technical analysis over the short term to supplement returns.
- The manager targets 20 to 40 core investments and up to 40 trading opportunities in the portfolio.
- The total shareholder return for the year to 31 October 2012 was 36.7 percent with pre-tax net asset backing increasing 7.9 percent. The active return was 27.8 percent.

**FIG.26: CDM SNAPSHOT**

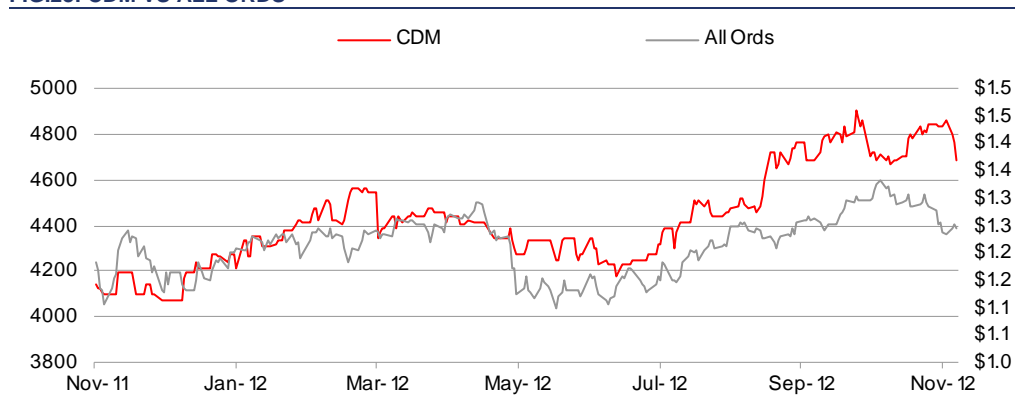
Price (21 Nov 2012)	\$1.37
Share price range (12 months)	\$1.09 - \$1.50
Shares on issue	65,460,134
Market capitalisation	\$89.7mn
Pre-tax asset backing*	\$1.33
Post-tax asset backing*	\$1.36
Premium/(Discount) to pre-tax NTA*	6.0%
Premium/(Discount) to post-tax NTA*	4.0%
Dividend yield	5.7%
Dividend per share (Rolling 12 months)	8.0c
Franking	100%
Management expense ratio (FY12)	1.00%

\*As at 31 Oct 2012

**FIG.27: CDM PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
RHG	13.5%
McMillan Shakespeare	5.4%
FlexiGroup	5.3%
Bravura Solutions	4.1%
Australia & New Zealand Banking Group	3.6%
Macquarie Group Ltd	3.5%
National Australia Bank	3.5%
Reckon Ltd	3.3%
Central Petroleum Ltd	2.9%
Retail Food Group	2.2%

**FIG.28: CDM VS ALL ORDS**



## Carlton Investments (CIN)

[www.carltoninvestments.com.au](http://www.carltoninvestments.com.au)

- Carlton Investments' investment strategy is to invest in established listed blue chip stocks that provide high levels of sustainable income through fully franked dividends.
- Investments are held for the long term and not for trading purposes.
- Carlton is primarily exposed to banking, tourism and leisure sectors.
- The total shareholder return for the year to 31 October 2012 was 19.8 percent with pre-tax net asset backing increasing 15.2 percent. The active return was 10.9 percent.
- Carlton had the lowest management fee of our selected LICs.

**FIG.29: CIN SNAPSHOT**

Price (21 Nov 2012)	\$18.60
Share price range (12 months)	\$14.96 - \$19.25
Shares on issue	26,474,675
Market capitalisation	\$492.4mn
Pre-tax asset backing*	\$22.76
Post-tax asset backing*	\$19.87
Premium/(Discount) to pre-tax NTA*	-17.4%
Premium/(Discount) to post-tax NTA*	-5.4%
Dividend yield	4.4%
Dividend per share (Rolling 12 months)	84.0c
Franking	100%
Management expense ratio (FY12)	0.12%

\*As at 30 Oct 2012

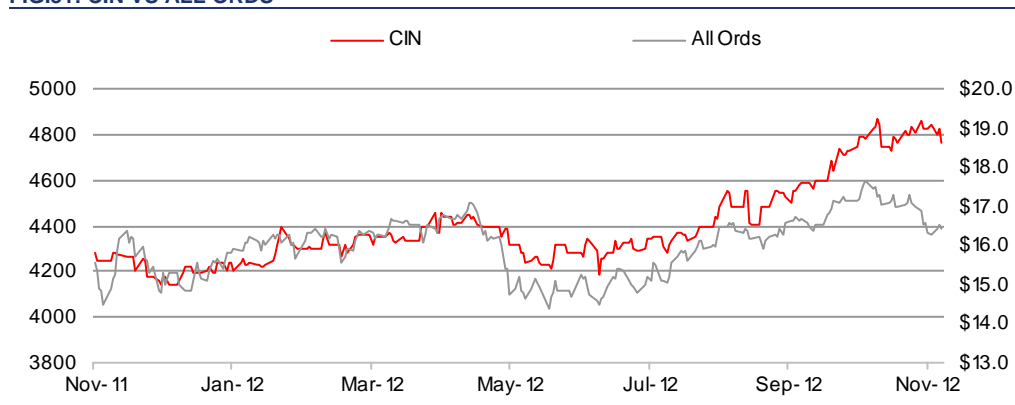
**FIG.30: CIN PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
Amalgamated Holdings	34.9%
National Australia Bank	8.5%
Westpac Banking Corporation*	7.5%
Commonwealth Bank of Australia	5.2%
BHP Billiton	4.0%
Australia & New Zealand Banking Group	4.0%
Wesfarmers**	3.7%
AGL	3.3%
Telstra	2.3%
Orica	2.3%

\*Includes \$1.79 million of Westpac SPS II securities

\*\*Includes \$3.37 million Wesfarmers Partially Protected securities

**FIG.31: CIN VS ALL ORDS**





## Century Australia Investments (CYA)

[www.centuryaustralia.com.au](http://www.centuryaustralia.com.au)

- Century Australia Investments was listed in April 2004 and is managed by Perennial Value Management, a leading boutique fund manager.
- Its investment strategy is to provide long-term capital growth and income by investing in quality, undervalued Australian companies.
- The total shareholder return for the year to 31 October 2012 was 19.8 percent with pre-tax net asset backing increasing 15.2 percent. The active return was 10.9 percent.

**FIG.32: CYA SNAPSHOT**

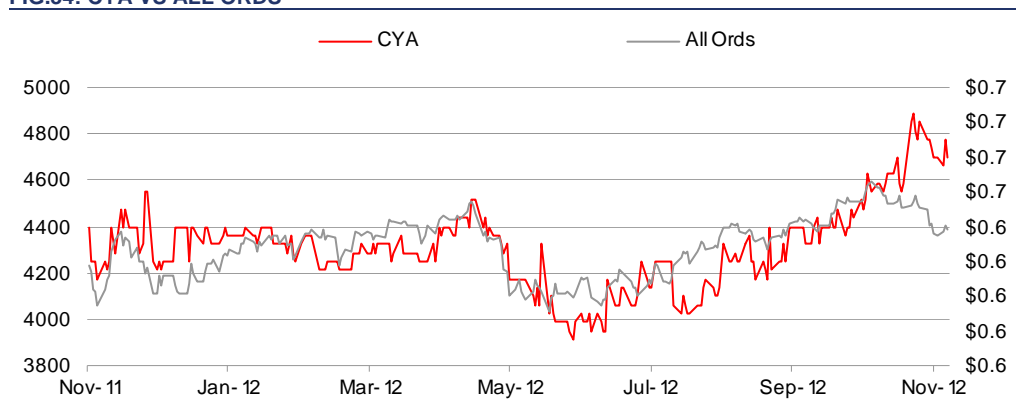
Price (21 Nov 2012)	\$0.67
Share price range (12 months)	\$0.57 - \$0.70
Shares on issue	79,888,936
Market capitalisation	\$53.5mn
Pre-tax asset backing*	\$0.79
Post-tax asset backing*	\$0.80
Premium/(Discount) to pre-tax NTA*	-17.1%
Premium/(Discount) to post-tax NTA*	-17.6%
Dividend yield	4.0%
Dividend per share (Rolling 12 months)	2.7c
Franking	100%
Management expense ratio (FY12)	1.08%

\*As at 30 Oct 2012

**FIG.33: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
ANZ Banking Group	8.3%
Commonwealth Bank of Australia	7.6%
National Australia Bank	7.4%
BHP Billiton	7.1%
Telstra	6.8%
Westpac Banking Corporation	6.6%
Woodside Petroleum	3.6%
Rio Tinto	3.5%
Macquarie Group	3.1%
Brambles Limited	3.0%

**FIG.34: CYA VS ALL ORDS**



## Contango Microcap (CTN)

[www.contango.com.au](http://www.contango.com.au)

- Contango Microcap was listed on the ASX in March 2004 and is managed by Contango Asset Management.
- Contango invests in companies with a market capitalisation of generally between \$10 million and \$350 million and aims to hold 60-120 securities.
- Its investment philosophy revolves around the premise that microcap companies are under-researched and hence offer considerable upside potential.
- The total shareholder return for the year to 31 October 2012 was 11.5 percent with pre-tax net asset backing decreasing 2.4 percent. The active return was 2.5 percent.

**FIG.35: CTN SNAPSHOT**

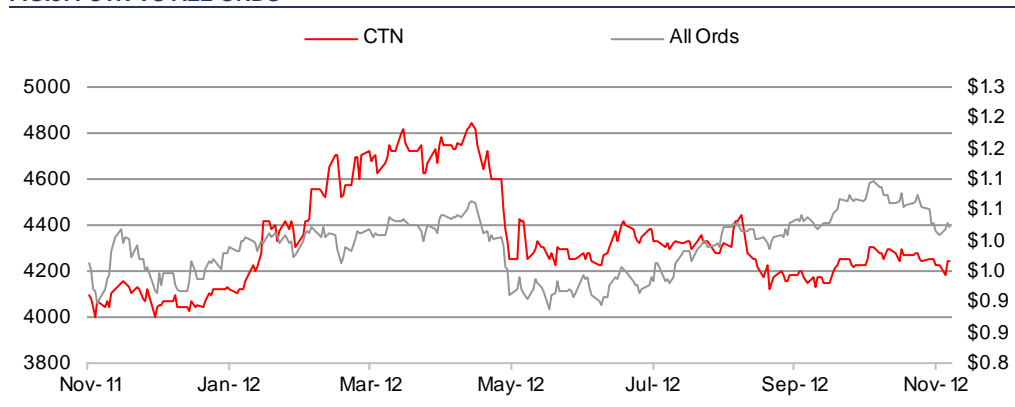
Price (21 Nov 2012)	\$0.97
Share price range (12 months)	\$0.86 - \$1.19
Shares on issue	149,663,679
Market capitalisation	\$144.4mn
Pre-tax asset backing*	\$1.18
Post-tax asset backing*	\$1.17
Premium/(Discount) to pre-tax NTA*	-16.7%
Premium/(Discount) to post-tax NTA*	-15.7%
Dividend yield	8.8%
Dividend per share (Rolling 12 months)	8.5c
Franking	0%
Management expense ratio (FY12)	1.25%

\*As at 31 Oct 2012

**FIG.36: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
McMillan Shakespeare	2.6%
M2 Telecomm Group	2.5%
Cardno	2.3%
Beadell Resources	2.3%
Silver Lake Resources	2.2%
Tiger Resources	2.1%
Resolute Mining Limited	2.0%
FlexiGroup Ltd	2.0%
Senex Energy	2.0%
G8 Education	2.0%

**FIG.37: CTN VS ALL ORDS**



## Diversified United Investments (DUI)

[www.dui.com.au](http://www.dui.com.au)

- Diversified United Investments was founded in 1991 by Australia United Investments, Barclay Investments (a Myer family investment company), the late Sir Ian Potter and The Ian Potter Foundation.
- It invests predominantly in Australian equities, but also in property trusts, fixed income securities and cash instruments.
- The total shareholder return for the year to 31 October 2012 was 15.4 percent with pre-tax net asset backing increasing 11.5 percent. The active return was 6.5 percent.

**FIG.38: DUI SNAPSHOT**

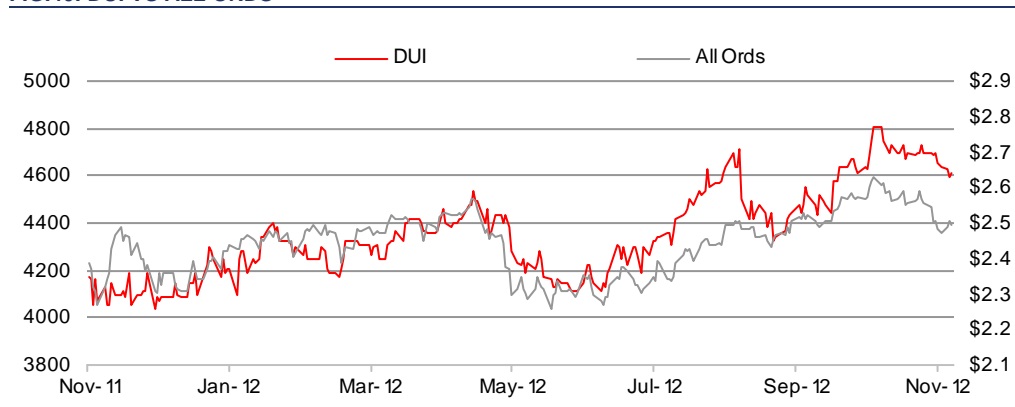
Price (21 Nov 2012)	\$2.64
Share price range (12 months)	\$2.20 - \$2.77
Shares on issue	168,461,518
Market capitalisation	\$444.7mn
Pre-tax asset backing*	\$2.98
Post-tax asset backing*	\$2.68
Premium/(Discount) to pre-tax NTA*	-8.7%
Premium/(Discount) to post-tax NTA*	1.5%
Dividend yield	4.9%
Dividend per share (Rolling 12 months)	13.0c
Franking	100%
Management expense ratio (FY12)	0.17%

\*As at 31 Oct 2012

**FIG.39: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton	9.1%
ANZ Banking Group	8.5%
Commonwealth Bank of Australia	8.1%
Westpac Banking Corporation	7.2%
Woodside Petroleum	6.4%
National Australia Bank	5.6%
Rio Tinto	5.3%
CSL	4.7%
QBE Insurance	3.7%
Woolworths	3.6%

**FIG.40: DUI VS ALL ORDS**



## Djerriwarrh Investments (DJW)

[www.djerri.com.au](http://www.djerri.com.au)

- Djerriwarrh Investments has been in operation since 1989 and was listed on the ASX in 1995.
- Its investment portfolio focuses on stocks with low price-earnings ratios in the ASX top 50.
- It also has a trading portfolio that is used for short-term trading purposes. Trading is principally in options.
- The total shareholder return for the year to 31 October 2012 was 13.9 percent with pre-tax net asset backing increasing 10.7 percent. The active return was 5.0 percent.

**FIG.41: DJW SNAPSHOT**

Price (21 Nov 2012)	\$3.98
Share price range (12 months)	\$3.42 - \$4.03
Shares on issue	218,589,718
Market capitalisation	\$870.0mn
Pre-tax asset backing*	\$3.37
Post-tax asset backing*	\$3.31
Premium/(Discount) to pre-tax NTA*	18.4%
Premium/(Discount) to post-tax NTA*	20.5%
Dividend yield	6.5%
Dividend per share (Rolling 12 months)	26.0c
Franking	100%
Management expense ratio (FY12)	0.41%

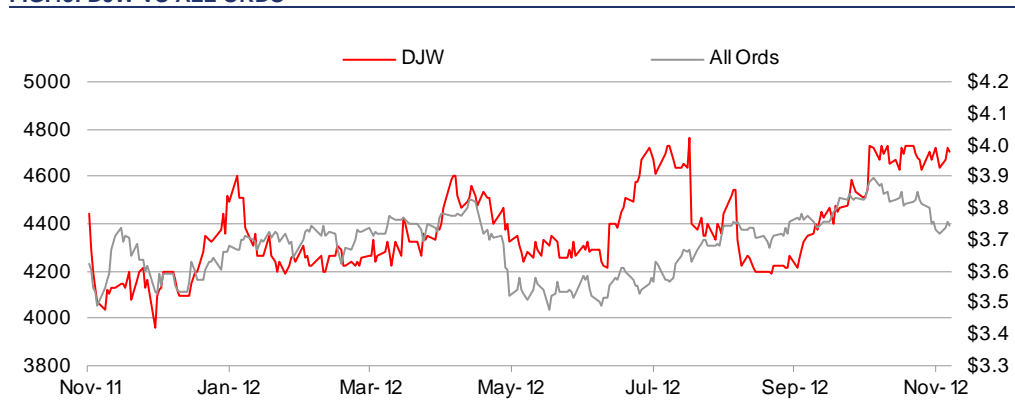
\*As at 31 Oct 2012

**FIG.42: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton*	10.6%
Commonwealth Bank of Australia*	8.5%
Australia & New Zealand Banking Group*	7.9%
Westpac Banking Corporation*	7.6%
Telstra Corporation*	7.2%
National Australia Bank*	6.7%
Oil Search *	4.8%
Woodside Petroleum*	4.2%
AMP*	3.3%
Hastings Diversified Utilities Fund	3.1%

\*Indicates that options were outstanding against part or all of the holding

**FIG.43: DJW VS ALL ORDS**



## Global Mining Investments (GMI)

[www.globalmining.com.au](http://www.globalmining.com.au)

- Global Mining Investments listed on the ASX in 2004 and is managed by BlackRock Investment Management.
- It focuses on investing in small to large resource companies both in Australia and overseas.
- The total shareholder return for the year to 31 October 2012 was -2.4 percent with pre-tax net asset backing decreasing 16.7 percent. The active return was -10.3 percent.

**FIG.44: GMI SNAPSHOT**

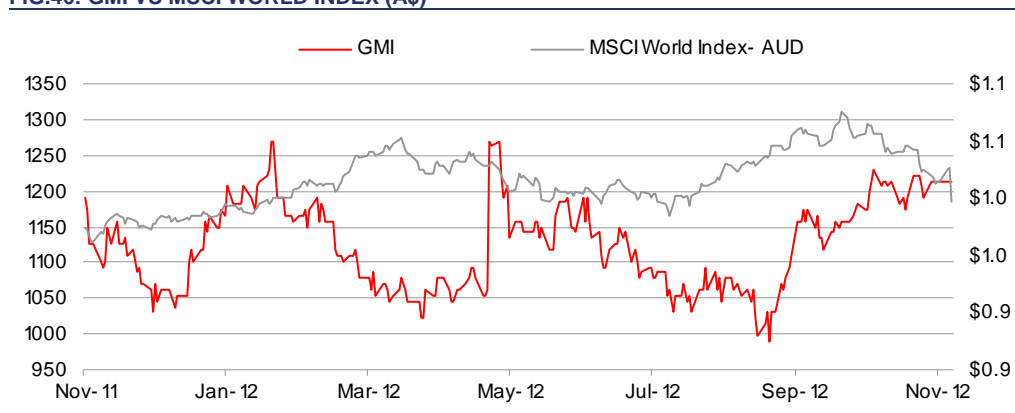
Price (21 Nov 2012)	\$1.02
Share price range (12 months)	\$0.87 - \$1.07
Shares on issue	181,898,994
Market capitalisation	\$184.6mn
Pre-tax asset backing*	\$1.05
Post-tax asset backing*	\$1.05
Premium/(Discount) to pre-tax NTA*	-4.8%
Premium/(Discount) to post-tax NTA*	-4.8%
Dividend yield	0.0%
Dividend per share (Rolling 12 months)	0.0c
Franking	0%
Management expense ratio (FY12)	1.25%

\*As at 31 Oct 2012

**FIG.45: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
BHP Billiton	9.6%
Rio Tinto	9.1%
Glencore	8.2%
Freeport McMoran	7.3%
Vale	4.9%
Teck Resources	4.3%
First Quantum Minerals	3.9%
Goldcorp	3.8%
Xstrata	3.4%
Newcrest Mining	3.3%

**FIG.46: GMI VS MSCI WORLD INDEX (A\$)**



## Hunter Hall Global Value (HHV)

[www.hunterhall.com.au](http://www.hunterhall.com.au)

- Hunter Hall Global Value is managed by the Hunter Hall Group, which has managed a number of funds and investment trusts since 1993.
- As at 30 June 2012, Hunter's portfolio contained 21 percent in net liquids, predominantly in cash, 5.4 percent gold bullion, 28 percent domestic equities and the remainder in foreign equities.
- The total shareholder return for the year to 31 October 2012 was 8.3 percent with pre-tax net asset backing decreasing 0.4 percent. The active return was 0.4 percent.

**FIG.47: HHV SNAPSHOT**

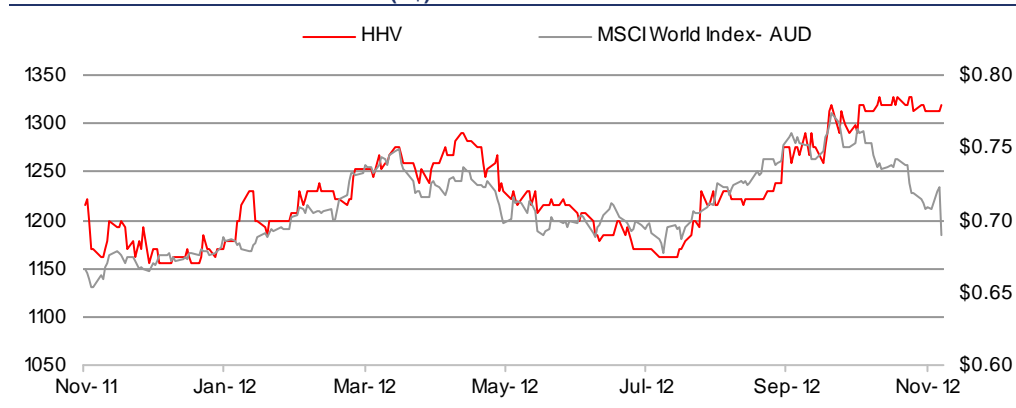
Price (21 Nov 2012)	\$0.78
Share price range (12 months)	\$0.66 - \$0.79
Shares on issue	222,224,325
Market capitalisation	\$173.3mn
Pre-tax asset backing*	\$0.92
Post-tax asset backing*	\$0.92
Premium/(Discount) to pre-tax NTA*	-14.9%
Premium/(Discount) to post-tax NTA*	-14.9%
Dividend yield	0.0%
Dividend per share (Rolling 12 months)	0.0c
Franking	0%
Management expense ratio (FY12)	1.50%

\*As at 31 Oct 2012

**FIG.48: PORTFOLIO TOP 10 AS 31 OCT 2012**

Company	Fund (%)
Sirtex Medical	14.9%
Gold Bullion	4.9%
M2 Telecommunications	4.5%
Danieli	3.8%
Afren	2.6%
Oracle	2.3%
Comcast	2.2%
Expedia	2.1%
Samchully	2.0%
Interdigital	1.9%

**FIG.49: HHV VS MSCI WORLD INDEX (A\$)**



## Magellan Flagship Fund (MFF)

[www.magellangroup.com.au/mff/](http://www.magellangroup.com.au/mff/)

- The Magellan Flagship Fund was listed on the ASX in December 2006 and is managed by Magellan Asset Management.
- The fund is focused on North American companies with more than 95 percent of its portfolio consisting of global multinationals that are leaders in emerging markets as well as developed markets.
- The total shareholder return for the year to 31 October 2012 was 44.6 percent with pre-tax net asset backing increasing 27.2 percent. The active return was 36.8 percent.

**FIG.50: MFF SNAPSHOT**

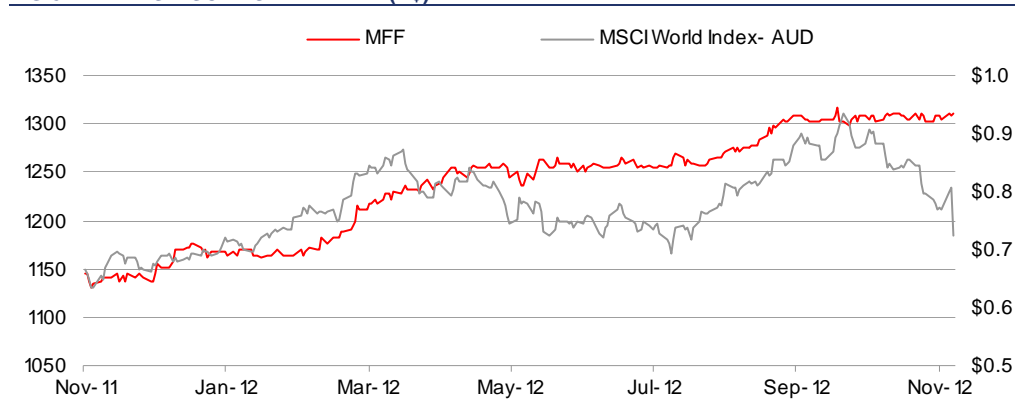
Price (21 Nov 2012)	\$0.94
Share price range (12 months)	\$0.64 - \$0.96
Shares on issue	344,844,354
Market capitalisation	\$322.4mn
Pre-tax asset backing*	\$0.97
Post-tax asset backing*	\$0.99
Premium/(Discount) to pre-tax NTA*	-4.3%
Premium/(Discount) to post-tax NTA*	-6.1%
Dividend yield	1.1%
Dividend per share (Rolling 12 months)	1.0c
Franking	26%
Management expense ratio (FY12)	1.25%

\*As at 31 Oct 2012

**FIG.51: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
Tesco	12.3%
McDonald's	11.4%
Wells Fargo	11.2%
Visa	9.1%
US Bancorp	8.7%
HCA Holdings	7.4%
Bank of America	7.4%
CME Group	6.0%
Yum! Brands	5.2%
Lowe's	4.5%

**FIG.52: MFF VS MSCI WORLD INDEX (A\$)**



## Milton Corporation (MLT)

[www.milton.com.au](http://www.milton.com.au)

- Milton Corporation was formed in 1938 and listed in 1958. Its objective is to invest in a diversified portfolio that provides an increasing income stream over time.
- Milton is not a speculative investor and does not sell assets to increase profits for shareholders.
- It maintains a relatively heavy focus on banking with just over 30 percent of total assets in the sector.
- The total shareholder return for the year to 31 October 2012 was 16.5 percent with pre-tax net asset backing increasing 10.1 percent. The active return was 7.6 percent.

**FIG.53: MLT SNAPSHOT**

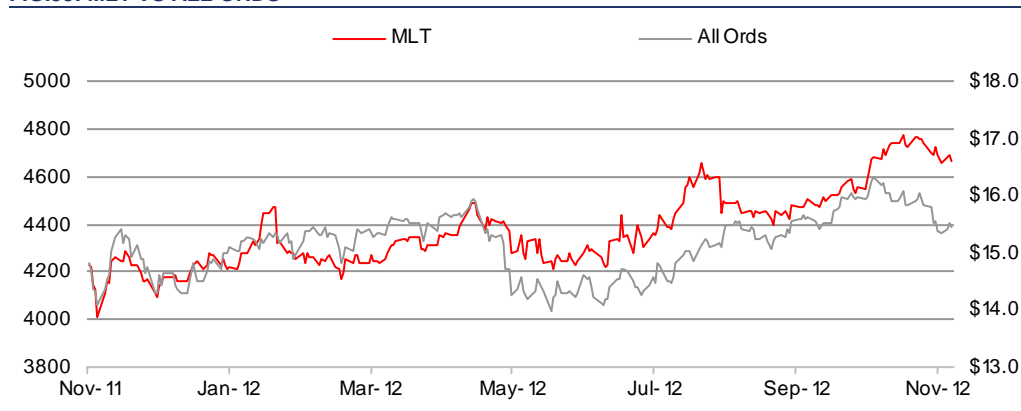
Price (21 Nov 2012)	\$16.60
Share price range (12 months)	\$13.87 - \$17.05
Shares on issue	121,625,655
Market capitalisation	\$2019.0mn
Pre-tax asset backing*	\$17.55
Post-tax asset backing*	\$16.21
Premium/(Discount) to pre-tax NTA*	-2.9%
Premium/(Discount) to post-tax NTA*	5.1%
Dividend yield	4.7%
Dividend per share (Rolling 12 months)	78.0c
Franking	100%
Management expense ratio (FY12)	0.16%

\*As at 31 Oct 2012

**FIG.54: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
Westpac Banking Corporation	12.4%
Commonwealth Bank Of Australia	8.1%
W H Soul Pattinson	5.7%
National Australia Bank	5.3%
BHP Billiton	5.1%
ALS Limited	4.7%
Wesfarmers	4.6%
Woolworths	3.6%
Australia & New Zealand Banking Group	3.4%
Telstra Corporation	2.5%

**FIG.55: MLT VS ALL ORDS**





## Mirrabooka Investments (MIR)

[www.mirra.com.au](http://www.mirra.com.au)

- Mirrabooka Investments' objective is to provide medium to long-term gains by investing in small/mid-sized companies in Australia and New Zealand. It was established in 1999 and listed in 2001.
- Mirrabooka provides investors with an opportunity to focus on investing outside blue chip companies.
- The total shareholder return for the year to 31 October 2012 was 29.4 percent with pre-tax net asset backing increasing 15.0 percent. The active return was 20.5 percent.

**FIG.56: MIR SNAPSHOT**

Price (21 Nov 2012)	\$2.09
Share price range (12 months)	\$1.61 - \$2.19
Shares on issue	137,502,755
Market capitalisation	\$287.4mn
Pre-tax asset backing*	\$1.98
Post-tax asset backing*	\$1.80
Premium/(Discount) to pre-tax NTA*	6.1%
Premium/(Discount) to post-tax NTA*	16.7%
Dividend yield	4.9%
Dividend per share (Rolling 12 months)	10.0c
Franking	100%
Management expense ratio (FY12)	0.79%

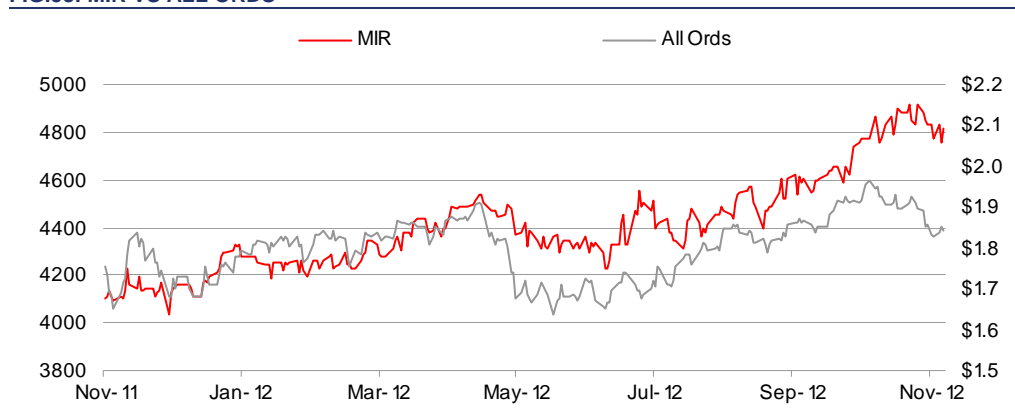
\*As at 31 Oct 2012

**FIG.57: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
Australian Infrastructure Fund*	6.2%
Tox Free Solutions	5.2%
ALS Limited	5.0%
Oil Search*	4.4%
Hastings Diversified Utilities Fund	4.4%
James Hardie Industries	4.1%
IRESS	3.8%
Austbrokers	3.6%
Ansell	3.5%
Invocare	3.4%

\*Indicates that options were outstanding against part or all of the holding

**FIG.58: MIR VS ALL ORDS**



## Platinum Capital (PMC)

[www.platinum.com.au](http://www.platinum.com.au)

- Platinum Capital was listed on the ASX in 1994 and is managed by Platinum Asset Management.
- Its strategy is to invest in international equities, predominantly from Europe and Asia.
- Platinum is an active manager and also derives revenue from trading activities.
- The total shareholder return for the year to 31 October 2012 was 4.7 percent with pre-tax net asset backing increasing 4.25 percent. The active return was -3.1 percent.

**FIG.59: PMC SNAPSHOT**

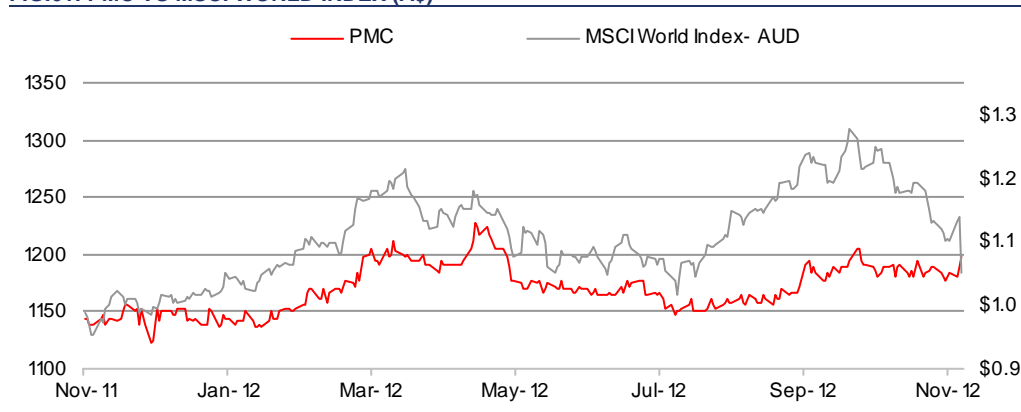
Price (21 Nov 2012)	\$1.03
Share price range (12 months)	\$0.88 - \$1.09
Shares on issue	165,269,564
Market capitalisation	\$169.4mn
Pre-tax asset backing*	\$1.11
Post-tax asset backing*	\$1.11
Premium/(Discount) to pre-tax NTA*	-9.3%
Premium/(Discount) to post-tax NTA*	-9.3%
Dividend yield	0.0%
Dividend per share (Rolling 12 months)	0.0c
Franking	100%
Management expense ratio (FY12)	1.50%

\*As at 31 Oct 2012

**FIG.60: PORTFOLIO TOP 10 AS AT 30 SEP 2012**

Company	Fund (%)
Bank of America	2.6%
Microsoft	2.5%
Samsung Electronics	2.4%
Sanofi	2.3%
Shin-Etsu Chemical	2.1%
Cisco Systems	2.0%
Nexen	2.0%
Bangkok Bank – NVDR	1.9%
Henkel KGAA	1.9%
Pepsico	1.5%

**FIG.61: PMC VS MSCI WORLD INDEX (A\$)**



## Templeton Global Growth Fund (TGG)

[www.tggf.com.au](http://www.tggf.com.au)

- The Templeton Global Growth Fund was listed on the ASX in 1987 by Franklin Templeton Investment group, an American investment group with more than 50 years' experience.
- Templeton's investment approach is to seek out fundamentally undervalued securities with a focus on long-term growth.
- Its portfolio gives Australian investors access to a diversified portfolio of international securities.
- The total shareholder return for the year to 31 October 2012 was 6.1 percent with pre-tax net asset backing increasing 10.1 percent. The active return was -1.8 percent.

**FIG.62: TGG SNAPSHOT**

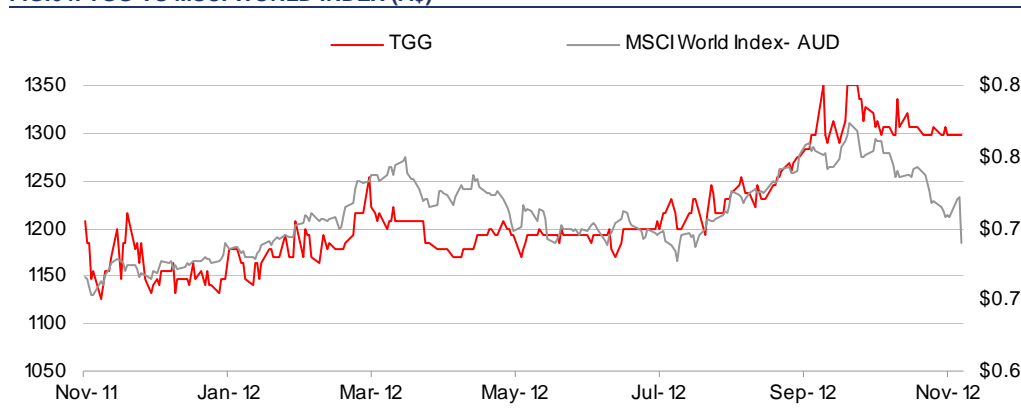
Price (21 Nov 2012)	\$0.77
Share price range (12 months)	\$0.64 - \$0.80
Shares on issue	143,302,584
Market capitalisation	\$109.6mn
Pre-tax asset backing*	\$0.91
Post-tax asset backing*	\$0.91
Premium/(Discount) to pre-tax NTA*	-15.4%
Premium/(Discount) to post-tax NTA*	-15.4%
Dividend yield	2.0%
Dividend per share (Rolling 12 months)	1.5c
Franking	100%
Management expense ratio (FY12)	1.00%

\*As at 31 Oct 2012

**FIG.63: PORTFOLIO TOP 10 AS AT 30 SEP 2012**

Company	Fund (%)
Microsoft	2.2%
Sanofi	2.2%
Pfizer	2.2%
Telenor	2.1%
Samsung Electronics	2.1%
Vodafone Group	2.0%
Amgen	2.0%
American Express	1.9%
Singapore Telecom	1.9%
Glaxosmithkline	1.8%

**FIG.64: TGG VS MSCI WORLD INDEX (A\$)**



## WAM Capital (WAM)

[www.wamfunds.com.au](http://www.wamfunds.com.au)

- WAM Capital is an investor in listed Australian equities.
- It concentrates primarily on small to medium industrial companies with an objective to deliver a rising stream of dividends in order to provide capital growth and preserve capital.
- WAM aims to achieve a high real rate of return, through both income and capital growth and within risk parameters that are acceptable to the directors.
- The total shareholder return for the year to 31 October 2012 was 23.1 percent with pre-tax net asset backing increasing 11.2 percent. The active return was 14.2 percent.

**FIG.65: WAM SNAPSHOT**

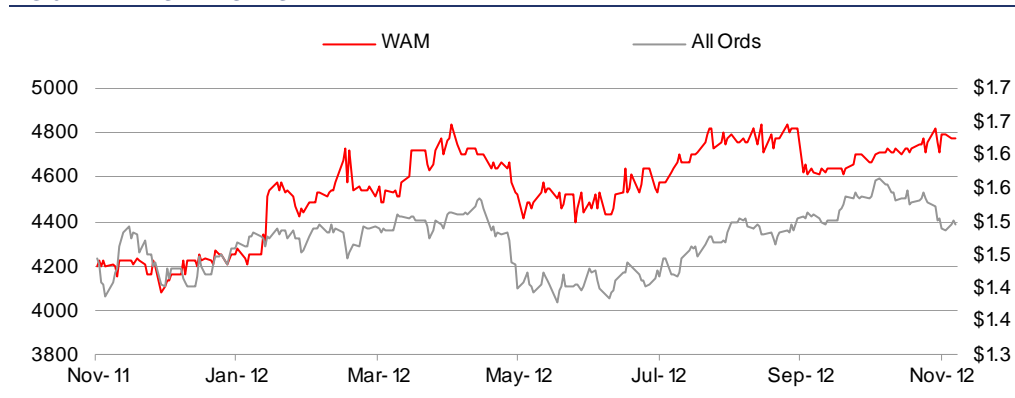
Price (21 Nov 2012)	\$1.63
Share price range (12 months)	\$1.39 - \$1.65
Shares on issue	138,778,794
Market capitalisation	\$225.5mn
Pre-tax asset backing*	\$1.64
Post-tax asset backing*	\$1.60
Premium/(Discount) to pre-tax NTA*	-2.1%
Premium/(Discount) to post-tax NTA*	0.6%
Dividend yield	6.8%
Dividend per share (Rolling 12 months)	11.0c
Franking	100%
Management expense ratio (FY12)	1.00%

\*As at 31 Oct 2012

**FIG.66: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
Alesco Corporation Limited	2.9%
Ironbark Capital	2.5%
Century Australia Investments	2.4%
Emerging Leaders Investments	2.1%
Breville Group	1.6%
Ingenia Communities Group	1.6%
RHG Limited	1.6%
CSR Limited	1.5%
Automotive Holdings Group Limited	1.5%
NEXTDC Limited	1.5%

**FIG.67: WAM VS ALL ORDS**



## Whitefield (WHF)

[www.whitefield.com.au](http://www.whitefield.com.au)

- Formed in 1923, Whitefield is one of Australia's oldest listed investment companies.
- It provides investors with a diversified exposure to the industrial segment of the market with the aim of generating long-term returns.
- The total shareholder return for the year to 31 October 2012 was 21.0 percent with pre-tax net asset backing increasing 17.11 percent. The active return was 12.1 percent.

**FIG.68: WHF SNAPSHOT**

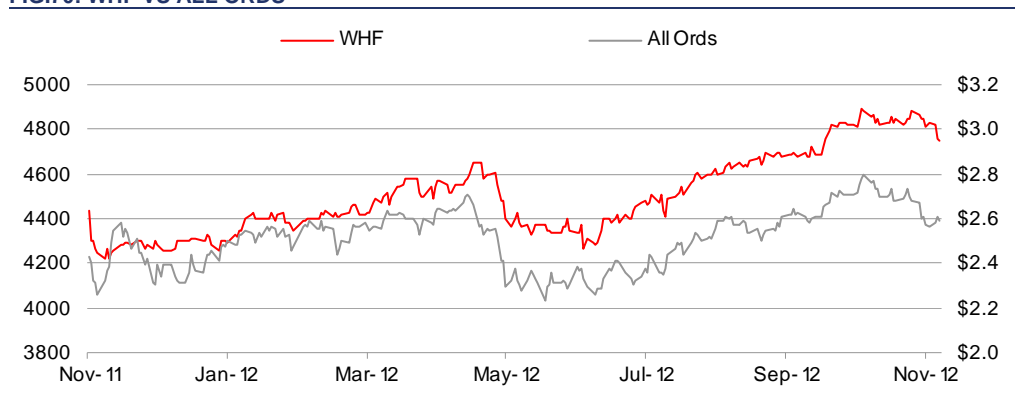
Price (21 Nov 2012)	\$2.95
Share price range (12 months)	\$2.42 - \$3.09
Shares on issue	75,777,739
Market capitalisation	\$223.5mn
Pre-tax asset backing*	\$3.32
Post-tax asset backing*	\$3.43
Premium/(Discount) to pre-tax NTA*	-7.8%
Premium/(Discount) to post-tax NTA*	-10.8%
Dividend yield	5.7%
Dividend per share (Rolling 12 months)	17.0c
Franking	100%
Management expense ratio (FY12)	0.35%

\*As at 31 Oct 2012

**FIG.69: PORTFOLIO TOP 10 AS AT 31 OCT 2012**

Company	Fund (%)
Commonwealth Bank of Australia	9.2%
Westpac Banking Corporation	7.8%
ANZ Banking Group	6.8%
National Australia Bank	5.8%
Telstra Corporation	4.4%
Macquarie Group	4.0%
Wesfarmers	3.7%
Woolworths	3.6%
CSL Limited	3.6%
AMP Limited	2.8%

**FIG.70: WHF VS ALL ORDS**



## Westoz Investment Company (WIC)

[www.westozfunds.com.au](http://www.westozfunds.com.au)

- Westoz Funds, established in 2005, focuses on investments in Western Australian based companies outside the ASX100.
- The company has stated a policy to pay out a minimum of 50% of realised after tax profits to shareholders by way of dividends.
- WIC has proposed to pay an interim FY13 dividend of 3c and final dividend of 6c, both fully franked.
- The total shareholder return for the year to 31 October 2012 was 12.4 percent with pre-tax net asset backing increasing 11.2 percent. The active return was 3.5 percent.

**FIG.71: WIC SNAPSHOT**

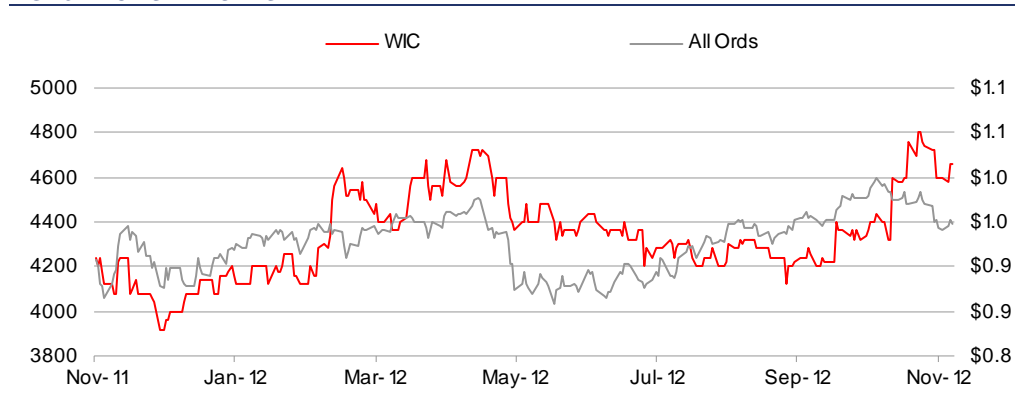
Price (21 Nov 2012)	\$1.02
Share price range (12 months)	\$0.83 - \$1.06
Shares on issue	128,263,569
Market capitalisation	\$130.2mn
Pre-tax asset backing*	\$1.44
Post-tax asset backing*	\$1.39
Premium/(Discount) to pre-tax NTA*	-30.7%
Premium/(Discount) to post-tax NTA*	-27.8%
Dividend yield	3.9%
Dividend per share (Rolling 12 months)	4.0c
Franking	100%
Management expense ratio (FY12)	1.00%

\*As at 31 Oct 2012

**FIG.72: PORTFOLIO AS AT 31 OCT 2012**

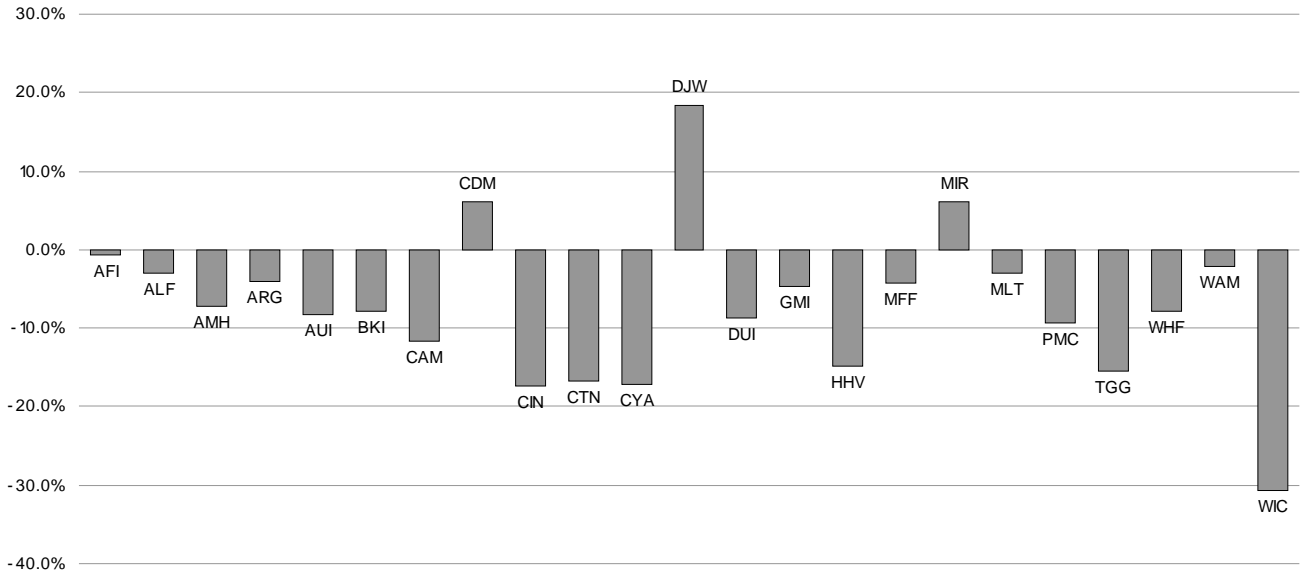
Company	Fund (%)
iiNet Limited	14.0%
Automotive Holdings Group Limited	12.0%
Aurora Oil & Gas Limited	9.0%
Regis Resources Limited	7.0%
Teranga Gold Corporation	5.0%
Northern Iron Limited	5.0%
Clough Limited	4.0%
Aquila Resources Limited	4.0%
Other	18.0%
Cash	22.0%

**FIG.73: WIC VS ALL ORDS**

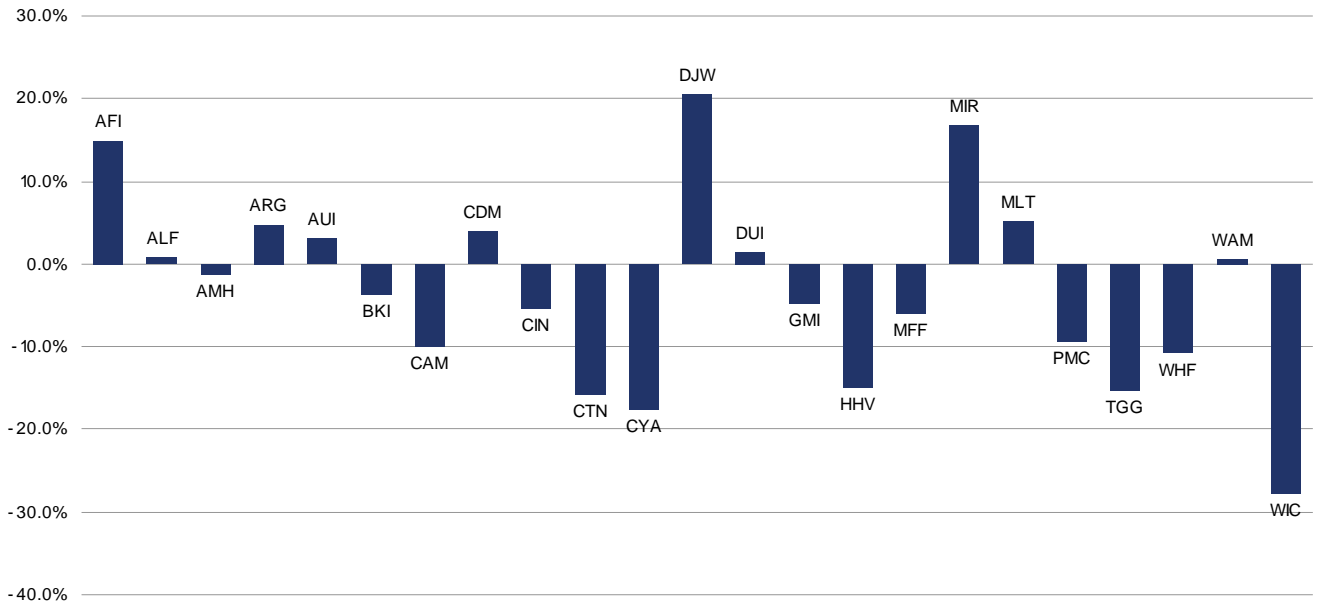


## Appendix

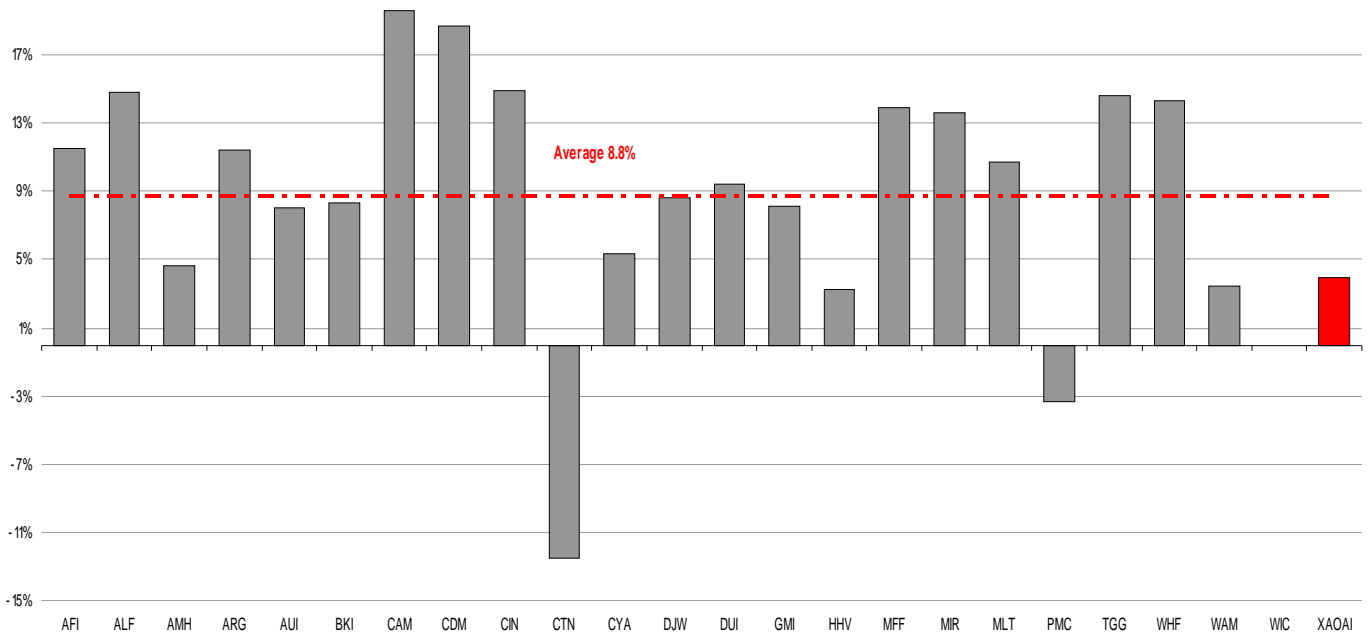
**FIG.74: PREMIUM/(DISCOUNT) TO PRE-TAX NTA**



**FIG.75: PREMIUM/(DISCOUNT) TO POST-TAX NTA**

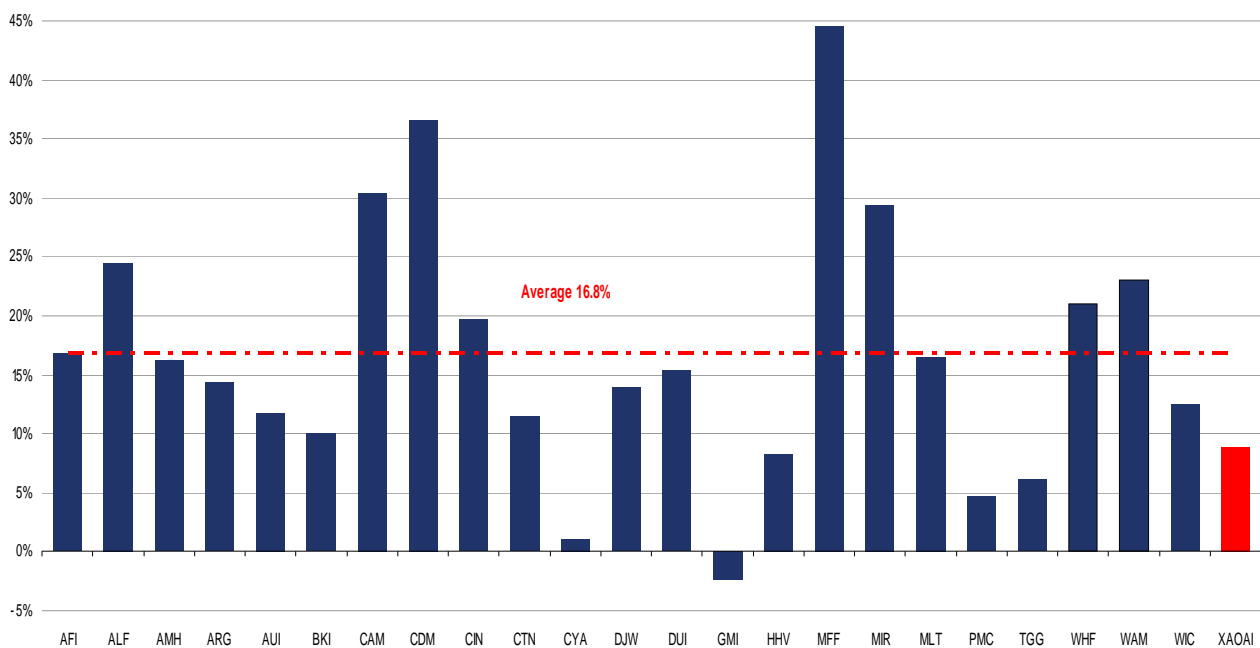


**FIG.76: TOTAL SHAREHOLDER RETURN – % RETURN OVER 6 MONTHS TO 31 OCTOBER 2012**



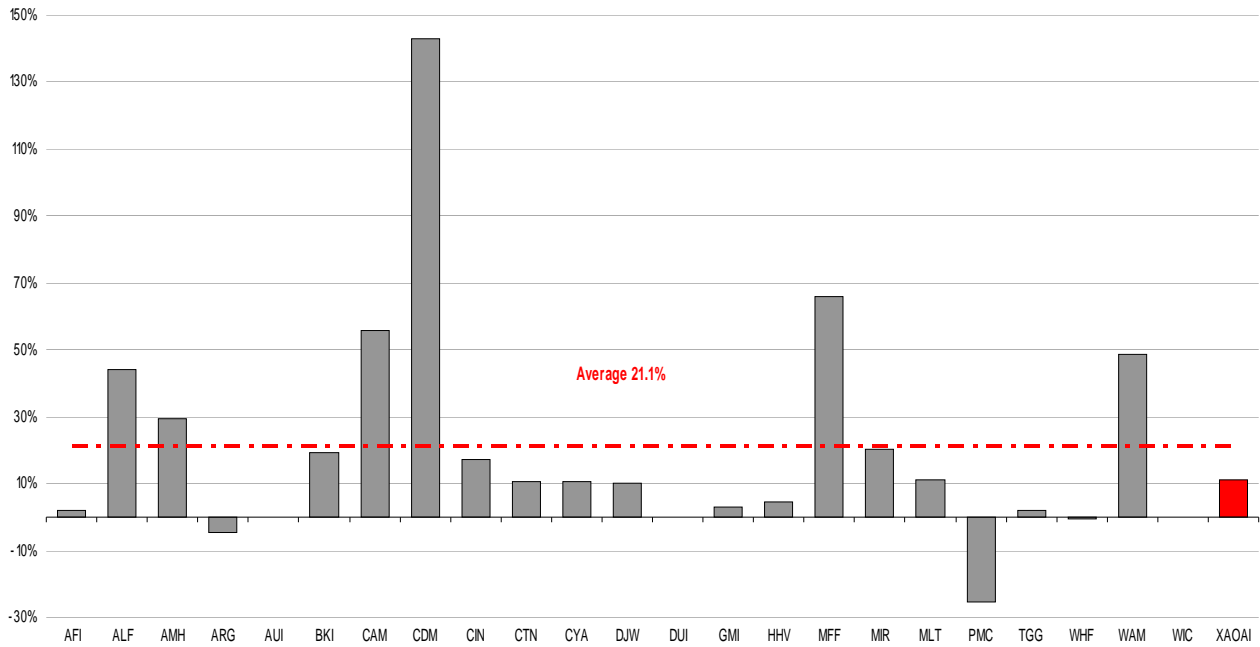
\*XAOAI = All Ords Accumulation Index

**FIG.77: TOTAL SHAREHOLDER RETURN – % RETURN OVER 12 MONTHS TO 31 OCTOBER 2012**

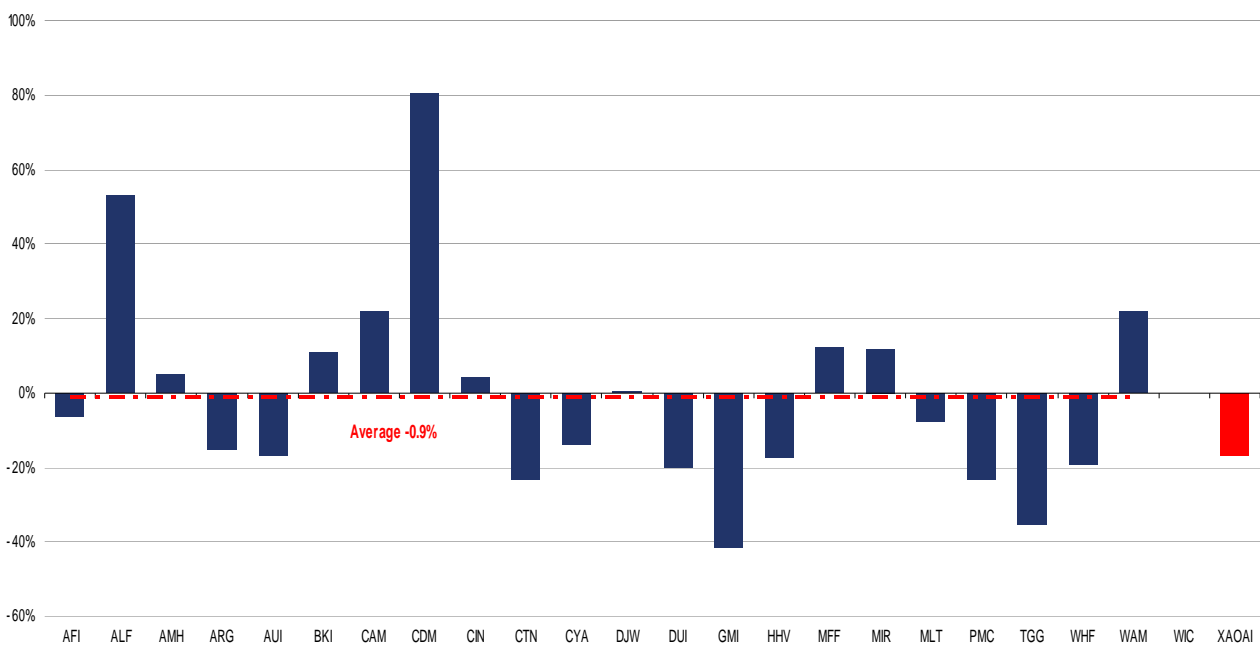




**FIG.78: TOTAL SHAREHOLDER RETURN – % RETURN OVER 3 YEARS TO 31 OCTOBER 2012**



**FIG.79: TOTAL SHAREHOLDER RETURN – % RETURN OVER 5 YEARS TO 31 OCTOBER 2012**



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**Hold:** The stock's total return is expected to trade within a range of  $\pm$ 10-15 percent from the current share price over the next 12 months.

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