



WILSON INVESTMENT FUND LTD (WIL) **INVESTMENT UPDATE & NTA – DECEMBER 2008**

The NTA before tax as at 31 December 2008 was 84.91 cents per share. The NTA after tax on realised gains and before tax on unrealised gains as at 31 December 2008 was 84.91 cents per share.

WIL is a long-term investor and does not intend disposing of its total portfolio. If estimated tax on unrealised portfolio gains were to be deducted, the above figure would be 84.91 cents per share.

| | |
|--|---------|
| NTA before tax payable and after tax assets | 84.91c* |
| NTA after tax and before tax on unrealised gains | 84.91c* |
| NTA after tax (including unrealised gains tax) | 84.91c* |

* The above figures include tax assets of 7.5 cents per share and after the payment of the final 2.0 cents a share fully franked LIC capital gain dividend on the 24 October 2008.

MARKET OUTLOOK

The Australian share market stabilised in December with the All Ordinaries Accumulation Index falling only 0.08 per cent, the best effort since August and a significant improvement on the previous three months. December also marked a major decline in volatility that peaked in October and November with concerns about the viability of the world and Australian banking systems causing significant stress for investors. This fear seems to be abating as we head into 2009.

Does this change in massive volatility mean the market has reached a bottom? We believe the market's remarkable decline experienced in 2008 will not repeat in 2009 and a more orderly market will resume. However, there is no magic bullet and a return to a bull market may be 6 or even 12 months away still. In the mean time the market will track sideways waiting to see how far company earnings decline through the course of 2009. We anticipate earnings across the board will fall more than 20 per cent and possibly 30 per cent which was the case in the recession of the early 1990s. The first taste of this is only a few weeks away with half yearly earnings due to be reported by Australian companies during February.

We are bullish in the medium term as opportunities of incredibly cheap companies start to appear before us. We will progressively invest our cash during that period, but cautious not to be too hasty given the unusual circumstances of the economic decline on this occasion. We are buoyed by the massive drop in interest rates and expect the lower cost of funding to have some real impact late in 2009 and throughout 2010 before rates have to be raised to more normal levels. We also anticipate the US economy finding a bottom during 2009 and a recovery during 2010.

DIVIDENDS

The final dividend declared for the year to 30 June 2008 was 2.0 cents a share fully franked, paid on 24 October 2008. The final dividend carried with it an attributable LIC capital gain of 2.0 cents per share which will enable some shareholders to claim a tax deduction. The full year to 30 June 2008 ordinary dividends paid were 5.0 cents per share.

PORTFOLIO STRUCTURE

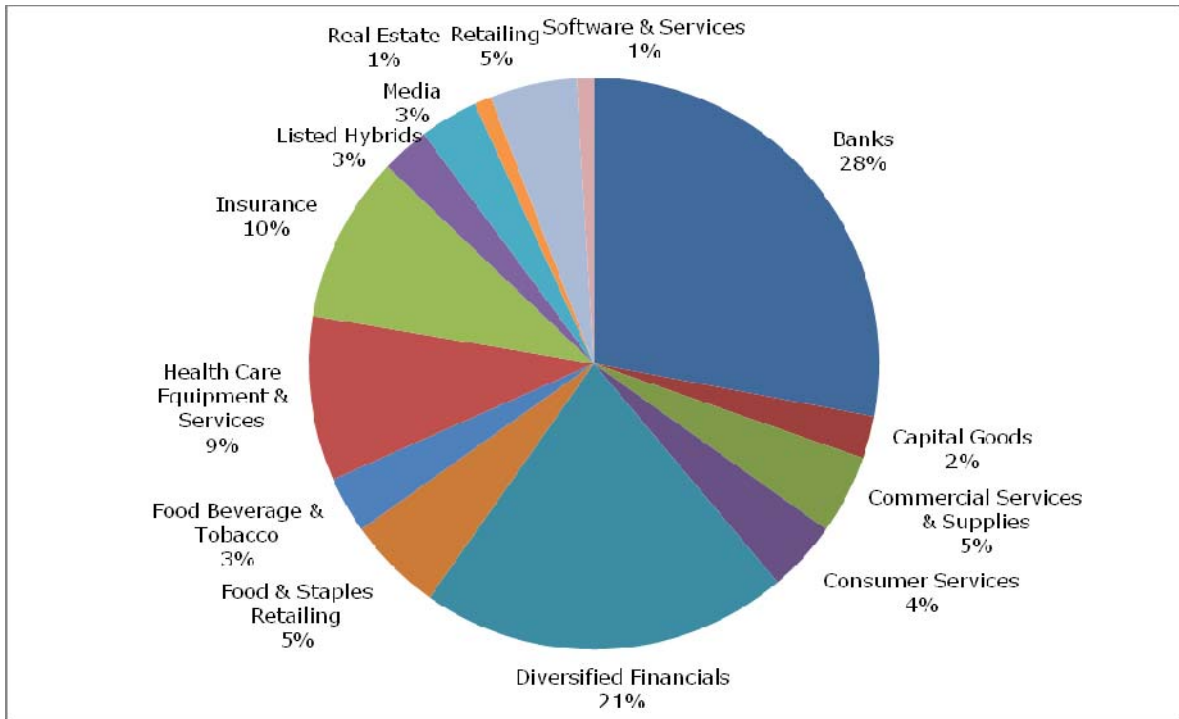
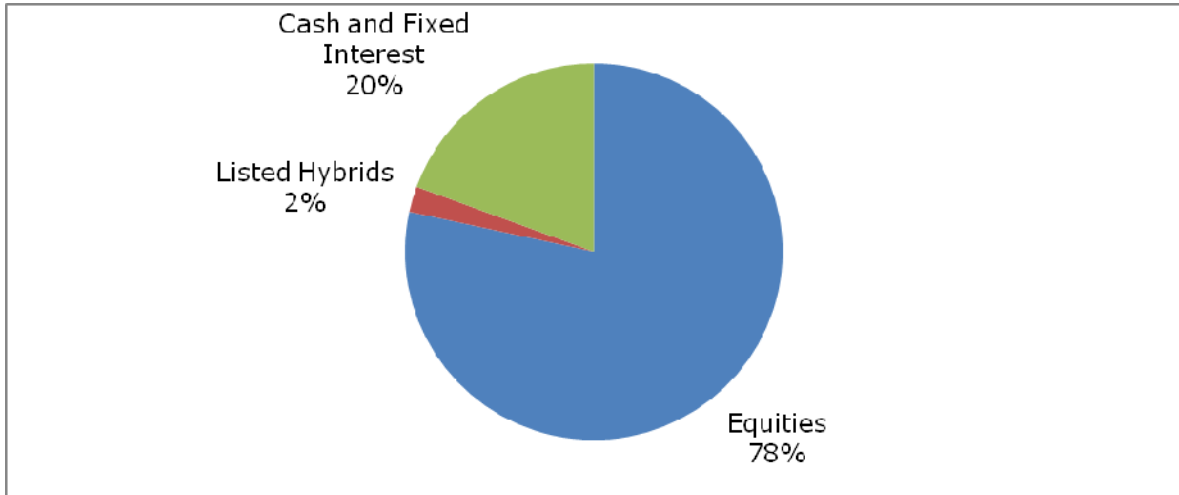
| Investment Type | As at 30 November 2008 | | As at 31 December 2008 | |
|---|-------------------------------|-------------|-------------------------------|-------------|
| | \$m | % | \$m | % |
| Listed Equities | 67.62 | 74% | 74.88 | 79% |
| Listed Hybrids | 3.80 | 4% | 2.10 | 2% |
| Fixed Interest and Cash | 19.72 | 22% | 18.54 | 19% |
| Total Assets | 91.14 | 100% | 95.52 | 100% |
| | | | | |
| | No. | | No. | |
| Total no. of ord shares on issue | 122,774,083 | | 122,774,083 | |

PORTFOLIO STRUCTURE (continued)

As at 31 December 2008 the listed equities and hybrids were as follows:

| | <u>Qty</u> | <u>Market Value \$</u> | | <u>Qty</u> | <u>Market Value \$</u> |
|--|-------------------|-------------------------------|--|-------------------|-------------------------------|
| <u>Listed Hybrids</u> | | | <u>Food Beverage & Tobacco</u> | | |
| Seven Non-red Prefs (SEVPC) | 15,000 | 1,132,500 | Cockatoo Ridge Wines Ltd (CKR) | 8,108,328 | 243,249 |
| Willmott Forests Prefs (WFLPA) | 14,000 | 966,000 | Graincorp Ltd (GNC) | 209,714 | 1,216,341 |
| | | 2,098,500 | Select Harvest Ltd (SHV) | 343,241 | 1,002,263 |
| <u>Capital Goods</u> | | | | | 2,461,853 |
| CSR Ltd (CSR) | 625,000 | 1,100,000 | <u>Banks</u> | | |
| Reece Australia Ltd | 45,711 | 754,231 | ANZ Ltd (ANZ) | 91,000 | 1,391,390 |
| | | 1,854,231 | Bank of Queensland Ltd (BOQ) | 79,013 | 785,389 |
| <u>Commercial Services & Supplies</u> | | | Bendigo & Adelaide Bank Ltd (BEN) | 495,763 | 5,453,393 |
| Credit Corp Group Ltd (CCP) | 959,082 | 450,768 | Commonwealth Bank of Aust. (CBA) | 76,900 | 2,222,410 |
| McMillan Shakespeare Ltd (MMS) | 750,000 | 1,402,500 | Mortgage Choice Ltd (MOC) | 519,715 | 394,983 |
| SAI Global Ltd (SAI) | 675,000 | 1,586,250 | National Aust Bank Ltd (NAB) | 220,000 | 4,591,400 |
| | | 3,439,518 | Rock Building Society Ltd (ROK) | 57,285 | 148,941 |
| <u>Consumer Services</u> | | | Westpac Banking Corp (WBC) | 212,500 | 3,606,125 |
| Tabcorp Holdings Ltd (TAH) | 200,000 | 1,398,000 | Wide Bay Australia Ltd (WBB) | 413,573 | 2,936,368 |
| Tattersalls Ltd (TTS) | 611,350 | 1,705,666 | | | 21,530,399 |
| | | 3,103,666 | <u>Health Care Equip & Services</u> | | |
| <u>Media</u> | | | Aevum Ltd (AVE) | 1,326,839 | 1,340,107 |
| Photon Group Ltd (PGA) | 1,033,000 | 1,342,900 | Primary Health Care Ltd (PRY) | 780,497 | 3,824,435 |
| Prime Television Ltd (PRT) | 381,291 | 510,929 | Pro Medicus Ltd (PME) | 1,075,000 | 1,064,250 |
| WA Newspapers Hld Ltd (WAN) | 124,000 | 688,200 | Sigma Pharmaceuticals Ltd (SIP) | 884,120 | 954,849 |
| | | 2,542,029 | | | 7,183,641 |
| <u>Retailing</u> | | | <u>Diversified Financials</u> | | |
| AP Eagers Ltd (APE) | 348,997 | 2,128,881 | ASX Ltd (ASX) | 302,000 | 10,056,600 |
| ARB Corporation Ltd (ARP) | 580,864 | 1,655,462 | BT Invt M'ment Ltd (BTT) | 1,041 | 1,936 |
| | | 3,784,343 | Clime Invt M'ment Ltd (CIW) | 3,836,143 | 882,312 |
| <u>Food & Staples Retailing</u> | | | CVC Ltd (CVC) | 750,000 | 487,500 |
| Metcash Ltd (MTS) | 950,000 | 4,161,000 | Equity Trustees Ltd (EQT) | 71,000 | 947,850 |
| | | 4,161,000 | IOOF Holdings Ltd (IFL) | 327,000 | 1,242,600 |
| <u>Insurance</u> | | | Mariner Financial Ltd (MFI) | 2,560,000 | 33,280 |
| Calliden Group Ltd (CIX) | 6,000,000 | 2,400,000 | NSX Ltd (NSX) | 1,085,000 | 173,600 |
| Tower Australia Group Ltd (TAL) | 1,689,950 | 4,207,975 | Perpetual Ltd (PPT) | 40,000 | 1,483,600 |
| Tower Ltd (TWR) | 568,649 | 671,005 | Rattoon Holdings Ltd (RTN.NSX) | 2,508,477 | 301,017 |
| | | 7,278,980 | Treasury Group Ltd (TRG) | 98,766 | 449,385 |
| <u>Software & Services</u> | | | | | 16,059,680 |
| IRESS Market Technology Ltd (IRE) | 144,508 | 744,216 | <u>Real Estate</u> | | |
| | | 744,216 | Challenger Wine Trust (CWT) | 2,453,250 | 735,975 |
| | | | | | 735,975 |
| | | | TOTAL PORTFOLIO VALUE | | \$76,978,042 |

PORTFOLIO STRUCTURE (continued)



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