

WAM Capital Limited (WAM)

Listed Managed Investments

March 2014 Quarterly Review

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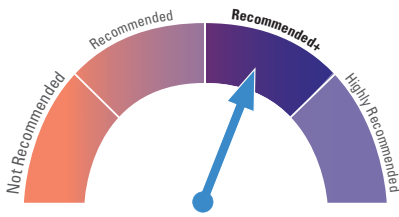
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- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

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Rating



LMI Type

Listed investment company

Investment Area

Australia

Investment Assets

Listed companies and other

Investment Sectors

Diversified

Key Investment Information

Price (\$) as at 3 June 2014	1.935
Market cap (\$M)	657.4
Shares on issue (M)	340.6
Shares traded (\$M p.a)	189.9
12-month L/H (\$)	1.595/2.09
Listing date	August 1999

Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

*Outperformance of the All Ords Acc index or the amount of the increase in the value of the portfolio in the event the All Ords Acc index has fallen.

Pre-tax NTA Performance Analytics (including dividends)

	All Ords Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(5.31)	1.12
TE (%)	9.52	8.41

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend Yield

	%
FY11	5.79ff
FY12	6.64ff
FY13	7.01ff

Major Shareholders

	%
VBS Investments Pty Ltd	1.4
UBS Wealth Management Australia Nominees Pty Ltd	1.3

As at 31 March 2014

COMPANY OVERVIEW

WAM was listed in August 1999 and is managed by Wilson Asset Management. WAM provides an actively managed fund that focuses on investing in a diversified portfolio of growth companies, primarily small-to-mid cap securities.

INVESTMENT OBJECTIVE

The investment objectives of the fund are to provide a growing stream of fully franked dividends, provide capital growth and preserve capital.

STYLE AND PROCESS

WAM predominantly invests in a diversified portfolio of growth companies. The manager uses a combination of two approaches to select investments:

- (1) The Research Driven approach, which involves making investment decisions based on extensive research on the security. The manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The manager has over 1,000 meetings with management each year; and
- (2) The Market Driven approach, which involves participating in IPO's, placements and takeover arbitrages aiming to take advantage of short-term relative arbitrage opportunities and mispricing in the market.

PORTFOLIO CHARACTERISTICS

WAM's portfolio focuses on small-to-mid cap stocks with the majority of investments being in companies outside the S&P/ASX 100. Given the company focuses on industrial stocks, the portfolio has very little exposure to the resource sector. The manager defaults to cash if acceptable investments cannot be identified. As such, prospective investors need to be aware that the portfolio may have large cash allocations.

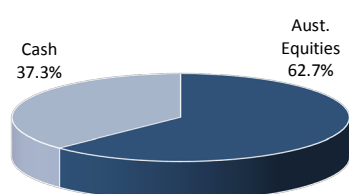
INDEPENDENT INVESTMENT RESEARCH COMMENTS

WAM predominantly invests in small-to-mid cap stocks. The Manager primarily maintains small positions in securities to minimise risk, however, there are no size restrictions on investments so the manager can take high conviction positions in a stock if they so desire. We note that smaller cap stocks tend to entail a greater level of risk; however, the upside potential can be considerable. The manager has the ability to short sell stocks. We note, this has never been more than 5% of the portfolio. WAM's portfolio (pre-tax NTA plus dividends) underperformed the benchmark index over the 12 months to 31 March 2014 by 5.3%. We note dilution from the exercise of the bonus options contributed to the underperformance. Despite the short-term underperformance we note the company has outperformed over the longer-term with an average rolling annual return of 11.4% over the ten years to 31 March 2014, compared to 10.3% for the benchmark index. The company continues to trade at a premium to pre-tax NTA. While the company continues to offer an above market yield, we view the company to be overpriced at premiums such as this and as such prospective investors should be patient when looking for an entry point. We note, the company has almost doubled the number of shares on issue since January 2013.

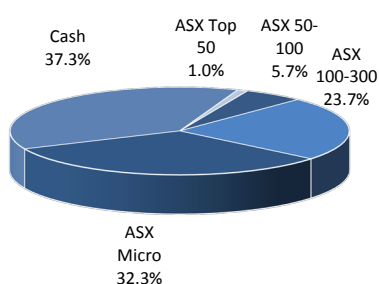
SECTOR BREAKDOWN

Sector	%
Energy	0.0
Materials	9.5
Industrials	12.3
Consumer Discretionary	26.5
Consumer Staples	2.6
Healthcare	3.3
Financials (ex Property)	31.7
Property	0.0
Information Technology	7.8
Telecommunication Services	4.8
Utilities	1.5

Asset Weighting



Size Weighting



KEY POSITIVE CONTRIBUTORS

- ◆ Iproperty Group Limited
- ◆ Fairfax Media Limited
- ◆ CSR Limited

KEY NEGATIVE CONTRIBUTORS

- ◆ McAleese Limited
- ◆ RCR Tomlinson Limited
- ◆ Australasian Wealth Investments Limited

BOARD OF DIRECTORS

Geoffrey Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
James Chirnside	Director (Non-Executive)
Paul Jensen	Director (Non-Executive)
Lindsay Mann	Director (Non-Executive)
Kate Thorley	Company Secretary

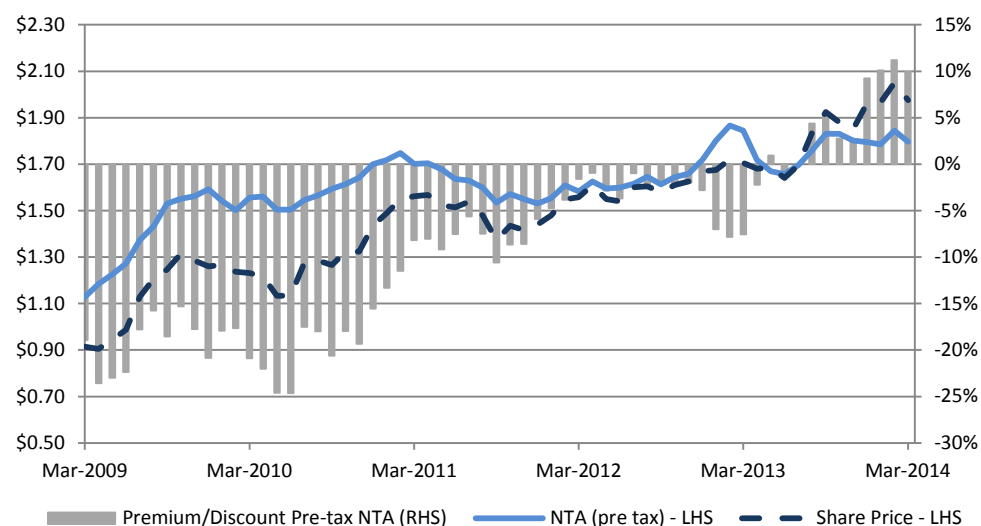
OTHER DATA

- ◆ **Options** – none on issue.
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits. Dividends are paid on a six-monthly basis.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

WAM's Portfolio (Top 10) Weighting

Code	Portfolio (%)
CBAPA	4.3
DNA	3.7
CYA	3.5
AHE	3.1
SGH	2.8
ANZPB	2.5
WIC	2.5
AAD	2.5
HIL	2.4
CSR	2.4
	29.7

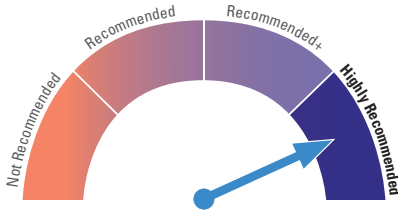


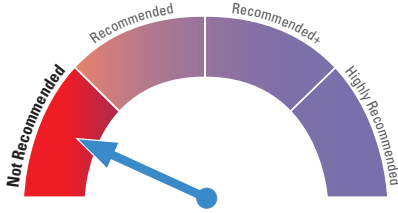
NTA & Share Price Performance



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

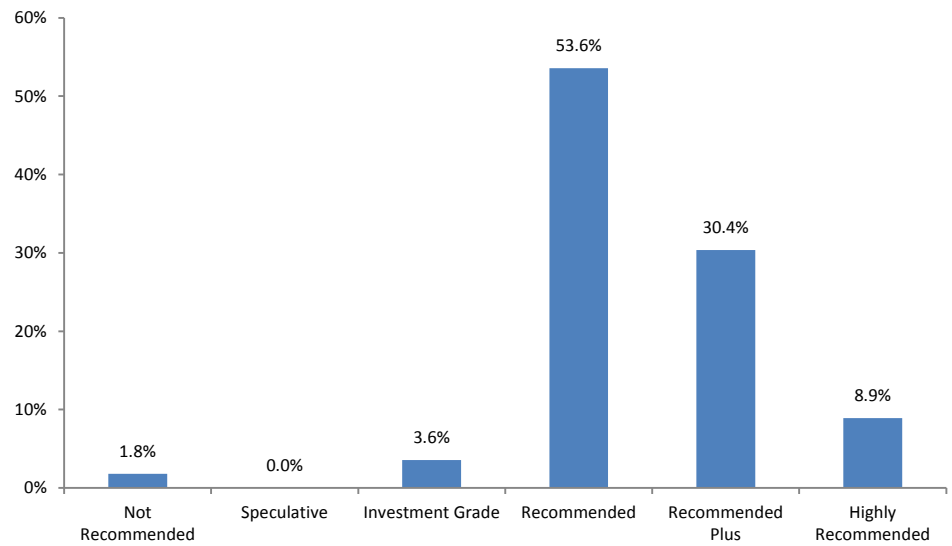
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p>Highly Recommended</p> 	<p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p>Recommended +</p> 	<p>79–82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p>Recommended</p> 	<p>60–78</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p>Not Recommended</p> 	<p><60</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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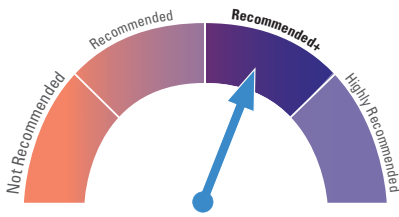
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- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

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Rating



LMI Type

Listed investment company

Investment Area

Australia

Investment Assets

Listed companies and other

Investment Sectors

Diversified

Key Investment Information

Price (\$) as at 3 June 2014	1.27
Market cap (\$M)	43.6
Shares on issue (M)	34.3
Shares traded (\$M p.a)	20.2
12-month L/H (\$)	1.08/1.395
Listing date	January 2008

Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

*20% of the increase in the gross value of the portfolio, subject to a high watermark.

Pre-tax NTA Performance Analytics (including dividends)

	All Ords Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(10.99)	(2.13)
TE (%)	11.47	10.21

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend Yield

	%
FY11	6.83ff
FY12	8.21ff
FY13	8.33ff

Major Shareholders

	%
Interest Associated with Geoff Wilson	3.7
Mr Victor John Plummer	1.5

As at 31 March 2014

COMPANY OVERVIEW

WAA is an actively managed absolute return fund that was listed in January 2008. The portfolio is managed by Wilson Asset Management. WAA aims to achieve a sound return with a low correlation to traditional markets.

INVESTMENT OBJECTIVE

The company has an absolute return focus and therefore aims to generate positive returns in both rising and falling markets. The manager seeks to deliver shareholders with a steady stream of fully franked dividends, and preserve the company's capital in both the short-and long-term.

STYLE AND PROCESS

WAA invests predominantly in ASX-listed securities. Given the objective of the company, the manager has the ability to short sell securities. The manager uses a 'Market Driven' approach to investing, in which it aims to take advantage of short-term relative arbitrage and mispricing in the market. The manager participates in IPO's, rights issues, placements, schemes of arrangement and looks for arbitrage opportunities and discount to asset plays, along with other market events viewed as favourably priced. The manager utilises stop-losses on all trading positions of 10%. The portfolio is actively managed and therefore portfolio turnover is high.

PORTFOLIO CHARACTERISTICS

The portfolio may hold between 10 and 100 investments and therefore the level of concentration will vary. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the manager may take large positions in an individual security. The manager may hold up to 100% cash if attractive investment opportunities cannot be identified. At 31 March 2014, the top ten portfolio holdings included three LICs (CYA, WIC and IPE). The company invests in LICs to take advantage of the discount company's are trading at. The manager seeks to sell LICs once the discount has been eradicated.

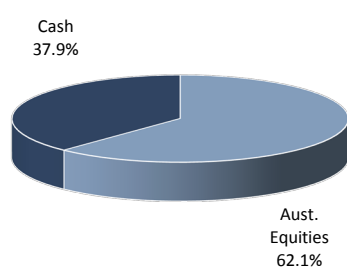
INDEPENDENT INVESTMENT RESEARCH COMMENTS

The absolute return nature of WAA means that the company does not intend to mimic the returns of the market but generate positive returns despite the direction of the market, as is illustrated by the high tracking error. The company's strategy incorporates the use of short selling to generate returns. No more than 5% of the portfolio has been 'short' since inception. The portfolio may hold high levels of cash, which will contribute to the outperformance of the portfolio when the market generates negative returns, however may result in the manager not participating in market upturns. WAA's portfolio (pre-tax NTA plus dividends) significantly underperformed the market over the 12 months to 31 March 2014, rising just 2.2% compared to the All Ords Accumulation index increase of 13.2%. The portfolio has however outperformed the market since being listed in January 2008, with the portfolio generating an average rolling annual return of 9.9%, compared to the All Ords Accumulation index average annual return of 7.3%. While the company has underperformed the market in recent times, it has objective of generating positive returns over the one, three and five year periods to 31 March 2014. We note, one of the company's objectives is to have a low correlation with the market. Since listing in 2008, the portfolio has had a strong positive correlation (0.74) with the All Ords Accumulation index. This has moderated over time, with a moderate positive correlation with the market (0.45) over the 12 months to 31 March 2014. At March-end the company was trading at a premium to pre-tax NTA of 22.8%. While we note the company offers an above market dividend yield we view the company to be overpriced at premiums such as this and suggest prospective investors remain patient when looking for an entry point given.

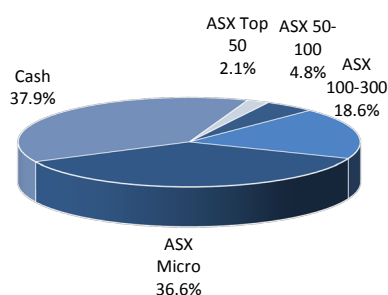
SECTOR BREAKDOWN

Sector	%
Energy	0.0
Materials	15.5
Industrials	16.3
Consumer Discretionary	18.1
Consumer Staples	2.9
Healthcare	1.1
Financials (ex Property)	45.1
Property	0.0
Information Technology	0.6
Telecommunication Services	0.5
Utilities	0.0

Asset Weighting



Size Weighting



KEY POSITIVE CONTRIBUTORS

- ◆ Fairfax Media Limited
- ◆ CSR Limited
- ◆ APM News & Media Limited

KEY NEGATIVE CONTRIBUTORS

- ◆ Mcaleese Limited
- ◆ Australian Wealth Investments Limited
- ◆ Devine Limited

BOARD OF DIRECTORS

Geoffrey Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
John Abernethy	Director (Non-Executive)
Kate Thorley	Company Secretary

OTHER DATA

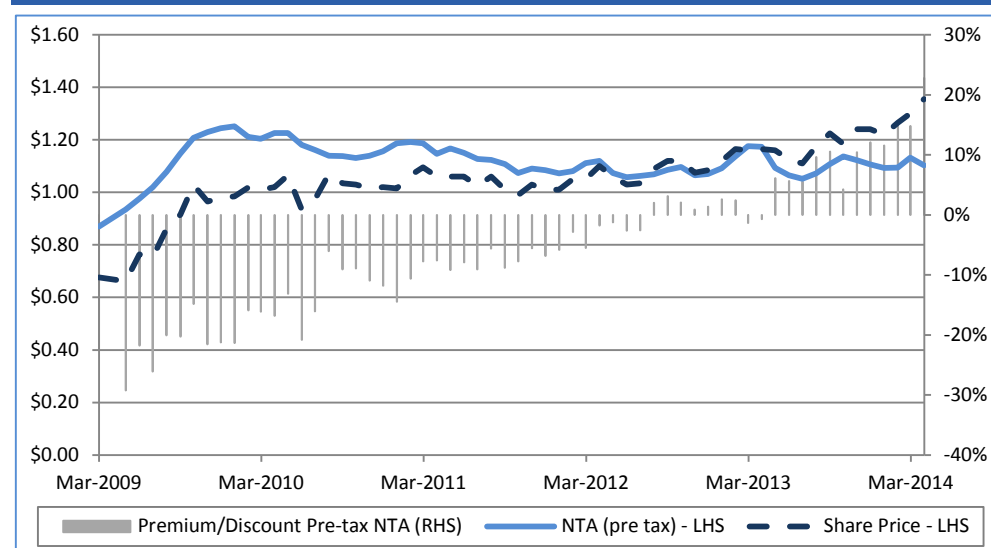
- ◆ **Options** – None on issue.
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits. Dividends are paid on a semi-annual basis.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

WAM's Portfolio (Top 10) Weighting

Code	Portfolio (%)	All Ords (%)
CYA	9.9	na
WIC	6.0	na
HIL	5.1	0.0
CSR	4.5	0.1
IPE	4.0	na
CBAPA	3.9	na
BKW	3.7	0.1
MQA	3.7	0.1
FLT	3.4	0.3
ANZPB	3.3	na
	47.5	0.7

Source all figures: WAM/Independent Investment Research/IRESS.
All data as at 31 March 2014 unless otherwise specified.

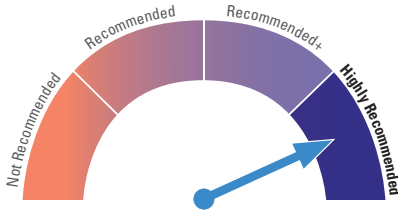


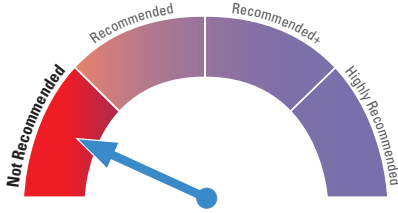
NTA & Share Price Performance



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

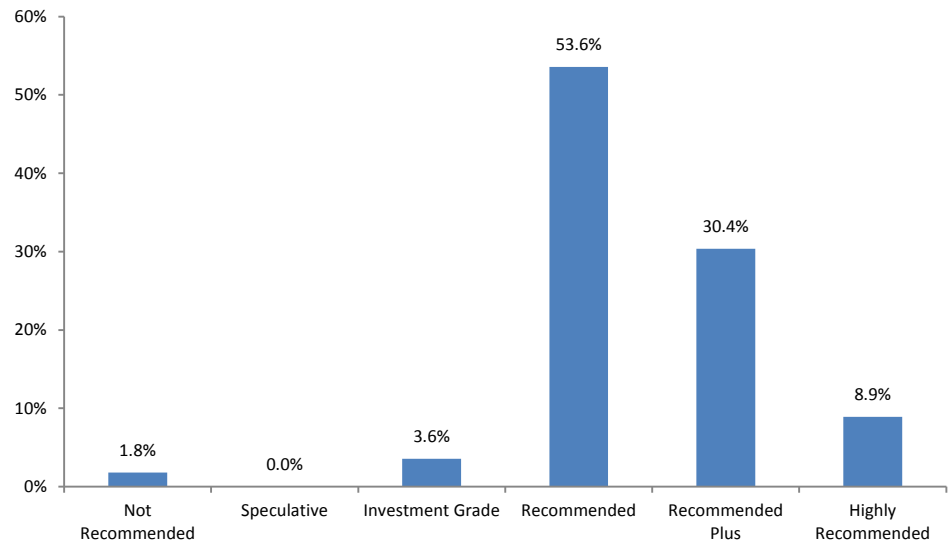
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p>Highly Recommended</p> 	<p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p>Recommended +</p> 	<p>79–82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p>Recommended</p> 	<p>60–78</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p>Not Recommended</p> 	<p><60</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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AUSTRALIAN
RESEARCH
INDEPENDENT INVESTMENT RESEARCH

WAM Research Limited (WAX)

Listed Managed Investments

March 2014 Quarterly Review

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IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

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- 2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.



Rating



LMI Type

Listed investment company

Investment Area

Australia

Investment Asset

Listed companies and other

Investment Sectors

Diversified

Investment Profile

Price (\$) as at 3 June 2014	1.125
Market cap (\$M)	157.2
Shares on issue (M)	139.8
Shares traded (\$M p.a.)	35.4
12-month L/H (\$)	0.905/1.25
Listing date	August 2003
Fees	
Management Fee (%)	1.0
Performance incentives (%)	20.0*

*Outperformance of the All Ords Acc index or the amount of the increase in the value of the portfolio in the event the All Ords Acc index has fallen.

Pre-tax NTA Performance Analytics (including dividends)

	All Ords Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	1.14	5.97
TE (%)	7.13	6.96

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend Yield

	%
FY11	8.45ff
FY12	8.68ff
FY13	6.96ff

Substantial Shareholders

	%
Interests associated with Geoff Wilson	4.2
Victor John Plummer	2.3

As at 31 March 2014

COMPANY OVERVIEW

WAX was listed in August 2003 under the name Wilson Investment Fund Limited (WIL). The portfolio is managed by Wilson Asset Management. The company invests predominantly in small to medium sized ASX-listed industrial companies.

INVESTMENT OBJECTIVE

The company aims to provide shareholders a steady stream of fully franked dividends and a high real rate of return, comprising both capital and income.

STYLE AND PROCESS

WAX's investment philosophy is to invest predominantly in industrial companies with an emphasis on companies that are under researched and mispriced. As such the company focuses on small-to-mid cap companies. The manager uses two investment approaches to identify opportunities: (1) The Research Driven approach, where the manager undertakes extensive research to identify attractive opportunities. The manager views contact with company management as critical to this process, with over 1,000 management meetings with management each year.; and (2) The Investment Driven approach, which seeks to identify companies that have a sustainable business model, track record of dividends, history of profits and positive free cash flow, acceptable financial strength and attractive return on equity.

PORTFOLIO CHARACTERISTICS

WAX aims to maintain a portfolio of between 30 and 50 securities. The manager focuses on small-to-mid cap stocks with most investments outside the top 100. Given the company focuses on industrial stocks, the portfolio has very little, if any, exposure to the resource sector. The largest portfolio allocation is to the Consumer Discretionary sector with 34% of the portfolio allocated to this sector at March-end. The manager will hold cash if attractive investment opportunities cannot be identified.

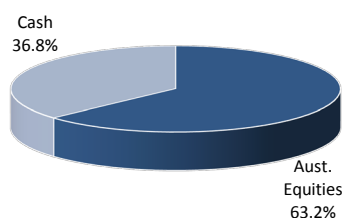
INDEPENDENT INVESTMENT RESEARCH COMMENTS

WAX predominantly invests in small-to-mid cap industrial stocks. We note that smaller cap stocks tend to entail a greater level of risk; however, the upside potential can be considerable. There are no size restrictions on investments therefore the manager has the ability to take high conviction positions. WAX's portfolio (pre-tax NTA plus dividends) outperformed the benchmark index over the 12 months to 31 March 2014, increasing 14.3% compared to the benchmark increase of 13.2%. Whilst the portfolio has outperformed in recent times, the portfolio has underperformed over the ten years to 31 March 2014. On a rolling annual basis, the portfolio has generated an average annual return of 7.7%, below the average rolling annual benchmark index return of 10.3%. At March-end the company continued to trade at a premium to pre-tax NTA of 6.2%. The company has been able to increase its annual dividend over the past three financial years, with the 2013 7 cent dividend being the greatest dividend the company has paid since listing in 2003. As at 22 May 2014, there are 68.3m options still on issue, which will raise \$81.9m if all the options are exercised.

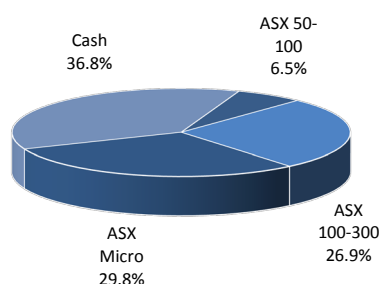
SECTOR BREAKDOWN (EX CASH)

Sector	%
Energy	0.0
Materials	3.3
Industrials	8.6
Consumer Discretionary	34.0
Consumer Staples	2.2
Healthcare	5.6
Financials (ex Property)	18.9
Property	0.0
Information Technology	15.1
Telecommunication Services	9.3
Utilities	3.1

Asset Weighting



Size Weighting



KEY POSITIVE CONTRIBUTORS

- ◆ Iproperty Group Limited
- ◆ Donaco International Limited
- ◆ Vocus Communications Limited

KEY NEGATIVE CONTRIBUTORS

- ◆ RCR Tomlinson Limited
- ◆ Logicamms Limited
- ◆ Flexigroup Limited

BOARD OF DIRECTORS

Geoffrey Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
John Abernethy	Director (Non-Executive)
Julian Gosse	Director (Non-Executive)
Kate Thorley	Company Secretary

OTHER DATA

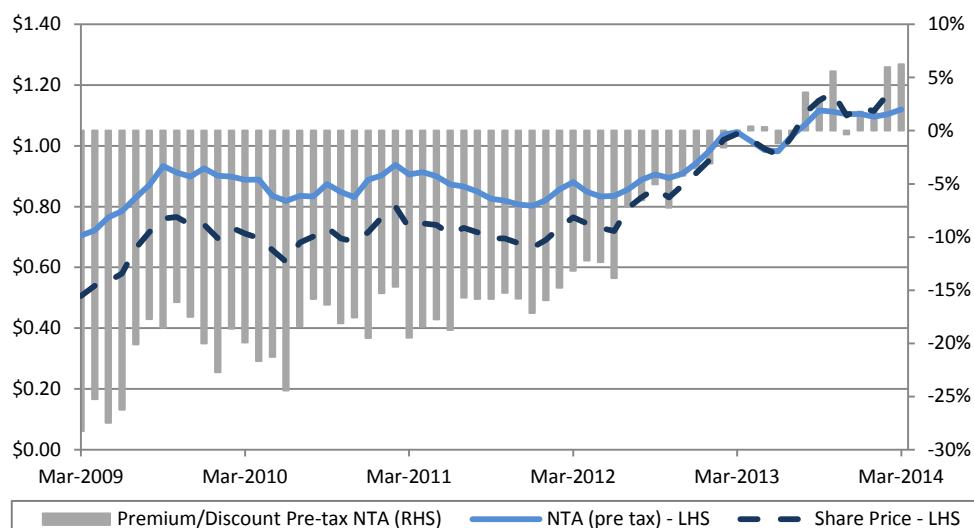
- ◆ **Options** – Bonus shares issued on a one-for two basis in October. Options will have an exercise price of \$1.20 per share and expire on 17 June 2015.
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits. Dividends are paid on a six-monthly basis.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – Has the potential to pay LIC Capital Gains out to investors.
- ◆ **DRP available** – Yes

WAX's Portfolio (Top 10) Weighting

Code	Portfolio (%)	All Ords (%)
SGH	5.7	0.1
AAD	5.0	0.1
DNA	4.9	0.0
CBAPA	4.3	na
AHE	4.2	0.1
NEA	4.1	0.0
TPM	4.0	0.3
VOC	3.5	0.0
GWA	3.3	0.1
CSV	3.3	0.0
	42.3	0.7

Source all figures: WAX/Independent Investment Research/IRESS. All data as at 31 March 2014 unless otherwise specified.

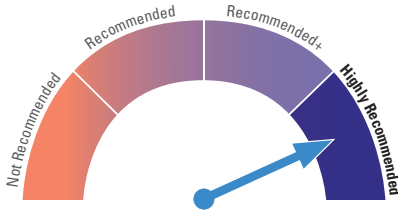


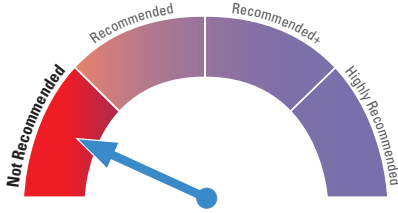
NTA & Share Price Performance



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

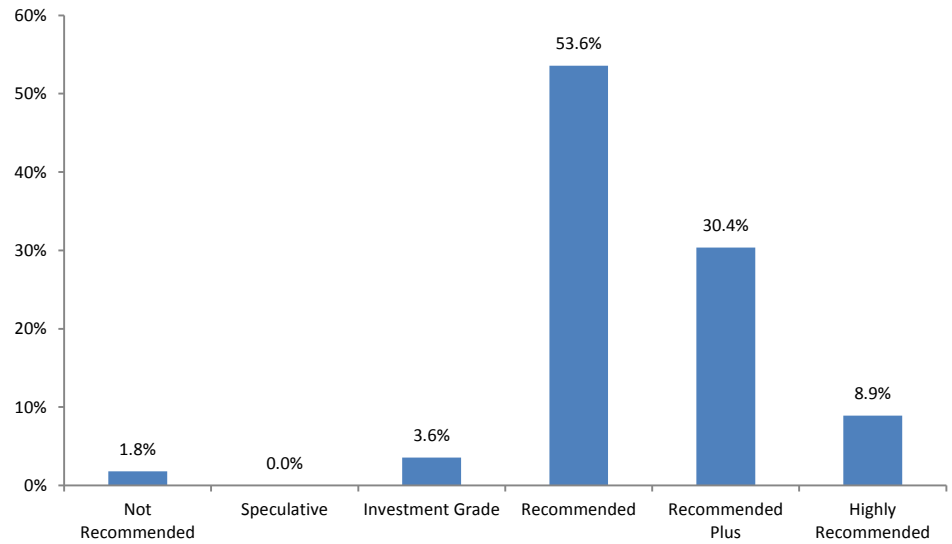
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p>Highly Recommended</p> 	<p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p>Recommended +</p> 	<p>79–82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p>Recommended</p> 	<p>60–78</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p>Not Recommended</p> 	<p><60</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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