

# Listed Investment Companies (LICs)

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## Associate Analyst

Supun Wijerathna  
+ 613 9602 9325  
swijerathna@baillieu.com.au

## Disclosure

The author owns no shares in any of the companies mentioned.

## Sector Report

### Monthly LIC update – top picks

This report contains a LIC sector update and performance review of our coverage list for the month of April 2020. The table on page two provides an update of the overall sector, as at 29 May 2020, with our estimated current NTAs derived from our model portfolios for the LICs.

**Top picks:** Our top picks refer to preferred exposures within each sector based on numerous quantitative and qualitative factors. However, they should not be treated as official stock recommendations but merely as a guide to where we would apportion funds at this particular point in time.

**Traditional LICs:** The All Ordinaries Accumulation Index (XAOAI) was up 9.5% for the month of April. On average, traditional LICs, on a Net Tangible Asset (NTA) basis, underperformed the index by 1.5% during this period. Australian equities continued to rally in April following the trough in mid to late March, aided by substantial fiscal and monetary stimulus as well as the continued success of COVID-19 containment efforts in Australia, as reflected by a decreasing number of new cases. On a total shareholder return (TSR) basis, traditional LICs in our coverage universe underperformed the XAOAI by 2.1% in April 2020. Our current top picks are Diversified United investment (DUI) and Milton Corporation (MLT). DUI is currently trading at an estimated 2.5% discount to NTA, while MLT is trading an estimated 2.2% discount to NTA.

**Large capitalisation:** Following weaker performance earlier in the year, L1 Long Short Fund (LSF) produced the best NTA performance of our large cap coverage, returning 23.2% during April. This translated to a strong TSR return of 22.5% in the month. This strong shareholder return continued in May with LSF returning 21.7% in the month. However, despite the strong returns, LSF continues to trade at an estimated discount of 23.2%. Management is focused on reducing the prevailing discount and has undertaken initiatives such as the previously announced buyback of up to 10% of shares. Given the continued discount to NTA and ongoing buyback, LSF is one of our value picks. Our second value pick this month is Perpetual Equity Investment Company (PIC), which is trading at an estimated 12.8% discount to NTA.

**Small capitalisation and specialist:** Our first small cap top pick is Acorn Capital (ACQ), which was trading at an 14.9% discount to NTA as at 30 April. ACQ offers investors a unique exposure to microcap (outside the top 250 by market cap) and unlisted investments (37% of the portfolio as at 30 April). ACQ has outperformed the Small Ordinaries index over 1, 3 and 5-year time horizons. ACQ, despite investing in microcap companies, intends to pay out a dividend yield (post-tax NTA) of at least 5%. Our second small cap top pick is WAM Microcap (WMI), which was trading at a 4.1% discount to NTA as at 30 April 2020. Hearts and Minds (HM1), which is trading at an estimated 10.2% discount to NTA, is our specialist top pick.

**International:** Overseas markets also continued to rally in April, with the MSCI World Index up 10.9%. On an AUD adjusted basis, the index rose 3.8%, with the AUD rallying 6.2% relative to the USD in April. Top pick Magellan Global Trust (MGG) is trading at an estimated 1.8% discount. Platinum Asia Investments Limited (PAI), trading at an estimated 10.9% discount to NTA, is our preferred pick for a regional exposure to Asia. PAI has a 71.9% exposure to the greater China region and 11.9% exposure to Korea.



## Performance update: April 2019

Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA performance	TSR Performance	Avg. Prem/Disc	NTA performance	TSR Performance	Avg. Prem/Disc	NTA performance	TSR Performance	Avg. Prem/Disc
AFI	Australian Foundat.	-7.1%	1.3%	1.0%	1.6%	4.3%	1.1%	2.1%	2.8%	1.7%
ARG	Argo Investments	-12.5%	-1.9%	-0.1%	-0.9%	2.8%	0.3%	1.4%	2.7%	1.5%
AUI	Australian United In	-9.2%	-6.7%	-4.4%	1.0%	1.8%	-4.4%	2.5%	2.8%	-4.7%
BKI	BKI Investment Ltd	-11.0%	-4.6%	-2.4%	-1.3%	-0.6%	-1.0%	0.2%	0.0%	0.6%
DJW	Djerriwarrh	-17.3%	-13.7%	5.3%	-3.3%	-5.8%	6.3%	-0.8%	-5.7%	14.2%
DUI	Diversified United	-2.9%	5.5%	-3.7%	4.8%	6.9%	-5.0%	5.6%	6.8%	-5.4%
MLT	Milton Corporation	-12.3%	-10.1%	-3.3%	-1.0%	-0.6%	-2.2%	1.6%	1.0%	-1.2%
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ALF	Australian Leaders	5.3%	0.0%	-19.1%	-0.8%	-7.9%	-14.8%	1.9%	-2.7%	-6.7%
CLF	Concentrated Leaders	-12.3%	-14.9%	-6.7%	0.4%	1.2%	-6.4%	2.3%	1.9%	-7.7%
AMH	AMCIL Limited	-0.7%	2.1%	-7.7%	3.8%	3.0%	-6.3%	4.0%	3.2%	-4.2%
CAM	Clime Capital	-19.9%	-8.0%	-2.0%	-1.1%	1.7%	-3.6%	-0.7%	2.3%	-5.2%
CDM	Cadence Capital	-21.3%	-30.7%	-16.8%	-9.4%	-18.0%	-3.8%	-6.7%	-11.6%	1.4%
CIE	Contango Inc Gen Ltd	-21.1%	-27.7%	-15.5%	-6.2%	-12.2%	-10.2%	na	na	na
CIN	Carlton Investments	-25.1%	-27.8%	-15.6%	-7.7%	-9.6%	-13.3%	-2.5%	-4.2%	-12.7%
FGX	Future Gen Ltd	-7.7%	-18.7%	-9.4%	1.6%	-9.4%	-4.0%	2.5%	-0.7%	-2.9%
LSF	L1 Long Short Fund	-9.5%	-31.5%	-15.9%	na	na	na	na	na	na
MIR	Mirrabooka Invest.	-7.3%	-9.2%	2.1%	3.1%	-1.3%	7.2%	4.5%	1.9%	10.4%
OPH	Ophir High Cf	-1.1%	-8.5%	-8.2%	na	na	na	na	na	na
PIC	Perpetual Equity Ltd	-3.3%	-9.8%	-7.1%	1.6%	0.2%	-3.4%	4.3%	2.0%	-4.9%
PL8	Plato Inc Max Ltd.	-9.3%	5.8%	5.1%	na	5.1%	na	na	na	na
QVE	Qv Equities Limited	-19.2%	-21.1%	-10.7%	-5.4%	-10.8%	-3.3%	0.2%	-2.7%	-1.8%
WAM	WAM Capital Limited	-7.4%	2.4%	15.8%	1.6%	-0.1%	19.1%	4.7%	6.8%	17.0%
WLE	WAM Leaders Limited	-0.9%	1.0%	-6.1%	3.1%	2.3%	-4.4%	na	na	na
WHF	Whitefield Ltd	-8.5%	3.7%	-4.9%	-0.9%	4.1%	-6.5%	1.5%	3.0%	-7.2%
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ACQ	Acorn Cap Inv Fund	-9.9%	-12.1%	-13.8%	3.6%	2.0%	-12.5%	5.9%	6.7%	-13.8%
ECP	ECP Emerging Co	-0.3%	2.1%	-24.0%	9.7%	5.8%	-20.8%	7.2%	5.7%	-19.1%
NSC	Naos Smlcap Com Ltd	-16.2%	-14.4%	-20.8%	-10.4%	-15.2%	-14.3%	-7.2%	-9.0%	-12.2%
FOR	Forager Aust Shs Fnd	-33.2%	-36.9%	-12.8%	-14.5%	-21.8%	1.7%	na	na	na
GCI	Glennon SML Co Ltd	-18.2%	-25.3%	-15.8%	-3.1%	-9.6%	-13.1%	na	na	na
NCC	Naos Emerg Opp	-13.0%	-19.9%	-7.9%	-7.7%	-15.0%	-1.2%	0.0%	-0.1%	-3.7%
NGE	NGE Capital Limited	-21.1%	-34.5%	-22.3%	2.0%	2.8%	-21.5%	na	11.3%	na
OZG	Ozgrowth Limited	-3.5%	-6.3%	-21.5%	-1.8%	-1.3%	-20.0%	3.8%	2.6%	-19.3%
RYD	Ryder Capital Ltd	9.3%	2.0%	-13.2%	11.3%	7.5%	-14.2%	na	na	na
SEC	Spheria Emerging Co	-20.3%	-27.4%	-15.5%	na	na	na	na	na	na
WAX	WAM Research Ltd	-9.6%	1.1%	20.0%	1.1%	-0.7%	22.5%	4.8%	7.4%	19.2%
WIC	Westoz Inv Ltd	-14.9%	-17.6%	-12.4%	-0.3%	1.1%	-10.8%	3.1%	3.1%	-11.8%
WMI	WAM Microcap Limited	-4.4%	0.0%	-0.6%	na	na	na	na	na	na
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ALI	Argo Global Ltd	-0.6%	2.1%	-10.9%	6.8%	8.4%	-12.9%	na	na	na
APL	Antipodes Global Inv	-2.2%	-0.4%	-14.3%	0.0%	-3.4%	-7.2%	na	na	na
EAI	Ellerston Asian	2.4%	1.6%	-15.2%	4.7%	4.3%	-10.6%	na	na	na
EGI	Ellerston Global Inv	-1.2%	6.2%	-12.7%	1.2%	4.3%	-10.7%	2.3%	-0.6%	-9.7%
FGG	Future Glb Invest Co	3.6%	-18.7%	-12.6%	8.3%	3.6%	-4.8%	na	na	na
GVF	Global Value Fnd Ltd	-5.9%	-0.8%	-3.9%	0.7%	0.4%	-1.0%	1.9%	3.5%	-3.0%
PIA	Pengana Int Equ Ltd	6.6%	-0.1%	-15.7%	5.6%	1.4%	-9.4%	4.0%	2.7%	-9.4%
MFF	MFF Capital Inv Ltd	2.7%	6.1%	-5.7%	15.4%	20.2%	-8.0%	11.9%	13.6%	-8.4%
MGG	Magellan Glob Trust	4.8%	2.8%	-1.9%	na	na	na	na	na	na
PAF	Pm Capital Asian Ops	-17.8%	-26.3%	-13.5%	-4.0%	-6.8%	-4.7%	-1.3%	-2.4%	-7.7%
PAI	Platinum Asia Ltd	4.6%	-10.5%	-8.3%	6.2%	3.8%	-1.6%	na	na	na
PGF	Pm Capital Fund	-14.8%	-20.1%	-15.8%	1.3%	-1.2%	-9.4%	0.9%	-0.2%	-10.6%
PMC	Platinum Capital Ltd	-8.6%	-20.8%	-2.6%	1.9%	-2.4%	5.2%	2.0%	-1.9%	6.7%
TGG	Templeton Global	-6.4%	-2.3%	-13.8%	0.8%	0.9%	-10.7%	1.0%	0.2%	-11.0%
WGB	WAM Global	-0.3%	2.6%	-13.5%	na	na	na	na	na	na
VG1	VGI Partners Global	2.9%	-10.9%	-6.7%	na	na	na	na	na	na
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
BAF	Blue Sky Alt Access	2.8%	-3.1%	-28.9%	5.2%	-9.4%	-16.7%	7.0%	-2.4%	-9.6%
BTI	Bailador Tech Inv	6.3%	-5.6%	-22.7%	4.5%	-3.9%	-24.5%	3.0%	-0.2%	-19.8%
HMI	Hearts and Minds	10.4%	6.3%	-0.6%	na	na	na	na	na	na
LRT	Lowell Res Fund	36.0%	36.6%	-23.2%	na	na	na	na	na	na
LSX	Lion Selection Grp	9.5%	13.0%	-14.0%	3.1%	-1.7%	-7.1%	6.2%	18.0%	-12.9%
MA1	Monash Absolute	2.3%	13.5%	-15.3%	7.2%	4.3%	-15.1%	na	na	na
NAC	Naos Ex-50	-10.9%	-16.7%	-19.2%	-1.6%	-10.1%	-13.7%	2.8%	-2.3%	-11.1%
RF1	Regal Invest Fund	-10.8%*	-17.3%*	-8.2%	na	na	na	na	na	na
SNC	Sandon Capital Ltd	-12.3%	-15.8%	-13.2%	-0.8%	-5.9%	-6.8%	1.7%	0.2%	-7.3%
TGF	Tribeca Glb Resources	-25.9%	-48.2%	-18.8%	na	na	na	na	na	na
TOP	Thorney Opp Ltd	-27.3%	-29.0%	-21.1%	-5.7%	-11.6%	-15.8%	4.7%	1.1%	-12.3%
WAA	WAM Active Ltd	-0.9%	2.2%	-1.3%	3.4%	0.1%	1.8%	5.5%	3.2%	2.5%

Source: Bloomberg, IRESS, EL&C Baillieu

\*RF1 Performance figures since inception (June 2019)

## Acorn Capital (ACQ)

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

- Acorn Capital was founded in 1998 and is one of the largest specialist microcap investor in the Australian Market. ACQ commenced trading on the ASX in May 2014.
- Utilising a sector neutral investment style, ACQ invests in ASX listed companies outside the top 250 by market capitalisation and unlisted opportunities if they are evaluated to be more attractive than listed opportunities.
- The total shareholder return for the year ending 30 April 2020 was -12.1%, with pre-tax net tangible asset backing decreasing 9.9%. The active return (TSR) was 1.1%.

**Fig.3: ACQ overview**

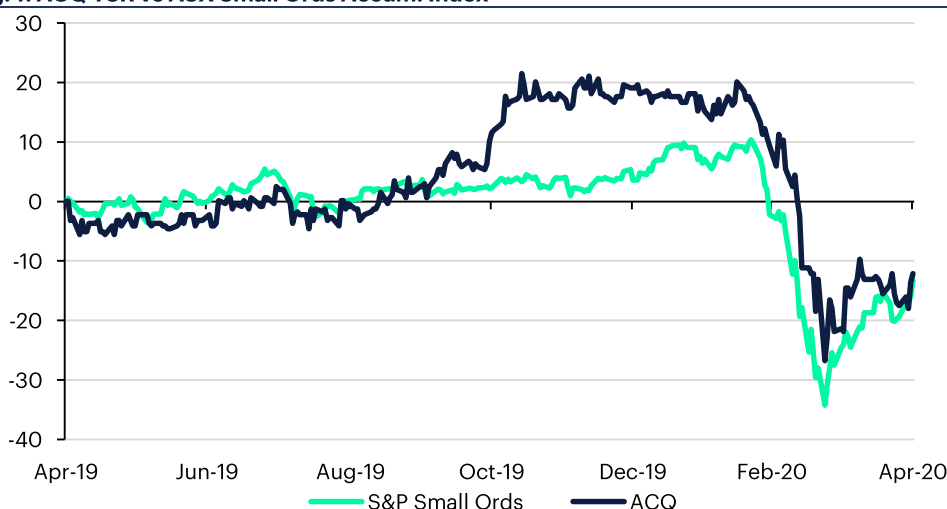
ACQ Snapshot		Top Holdings	
Price (30 April 2020)	\$0.90	Telix Pharmaceutical	9.2%
Share price range (12 months)	\$0.75- \$1.28	Moula Money Pty Ltd (UL)	7.7%
Shares on issue (Mn)	53.4	Calix Limited	4.4%
Market capitalisation (\$Mn)	\$48	Shine Justice Ltd	4.2%
Pre-tax asset backing*	\$1.06	Ramelius Resources	4.2%
Post-tax asset backing*	\$1.07	Innovative Asset Solutions Group (UL)	3.5%
Premium/(Discount) to pre-tax NTA	-14.9%	Carbon Revolution	3.4%
Premium/(Discount) to post-tax NTA	-15.5%	Flare HR Pty Ltd (UL)	3.4%
Dividend yield	8.2%	Lifestylepanel Holdings (UL)	3.3%
Dividend per share (cents)	7.3	Elenium Automation (UL)	3.0%
Franking	100%		
Management expense ratio	0.95%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ACQ	-12.1%	2.0%	6.7%	NTA growth	-9.9%	3.6%	5.9%
Active return	1.1%	-1.2%	1.7%	Active return	3.4%	0.3%	1.0%

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.4: ACQ TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, EL&C Baillieu

## 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; however, it also invests in global ETFs, property trusts and fixed income securities.
- DUI has a target range for international equities of 10-20% (primarily through global ETF's). April international exposure was 18.3% of the portfolio.
- The total shareholder return for the year ending 30 April 2020 was 5.5%, with pre-tax net asset backing decreasing 2.9%. The active return (TSR) was 14.7%.

**Fig.37: DUI overview**

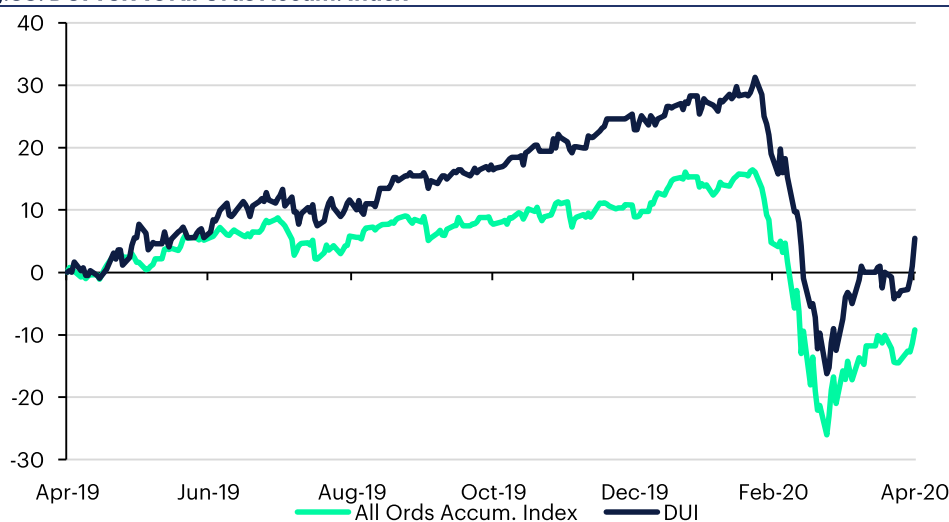
DUI Snapshot		Top Holdings	
Price (30 April 2020)	\$4.22	CSL Limited	17.8%
Share price range (12 months)	\$3.35- \$5.26	Transurban Group	7.7%
Shares on issue (Mn)	211.9	Commonwealth Bank.	6.4%
Market capitalisation (\$Mn)	\$894	RIO Tinto Limited	4.2%
Pre-tax asset backing*	\$4.28	BHP Group Limited	4.0%
Post-tax asset backing*	\$3.67	Westpac Banking Corp	3.9%
Premium/(Discount) to pre-tax NTA	-1.4%	ANZ Banking Grp Ltd	3.4%
Premium/(Discount) to post-tax NTA	15.0%	Atlas Arteria	2.9%
Dividend yield	3.6%	Woodside Petroleum	2.8%
Dividend per share (cents)	15.5	SYD Airport	2.4%
Franking	100%		
Management expense ratio	0.13%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
DUI	5.5%	6.9%	6.8%	NTA growth	-2.9%	4.8%	5.6%
Active return	14.7%	4.8%	3.2%	Active return	6.3%	2.6%	2.0%

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.38: DUI TSR vs All Ords Accum. Index**



Source: Bloomberg, EL&C Baillieu

## Hearts and Minds (HM1)

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

- HM1 is a recently incorporated LIC (Nov-18), following a \$500m raise. HM1 has a combined objective of providing a concentrated portfolio of the highest conviction ideas whilst also supporting Australian medical research institutes.
- HM1 holds a concentrated portfolio of long positions (approximately 25-35 Australian and international listed securities).
- 40% of the portfolio is allocated to the annual recommendations (both domestic and international) of the fund managers who present at the annual Sohn Hearts and Minds Investment Leaders Conference. The remaining 60% of the portfolio will be based on the highest conviction quarterly recommendations of five leading fund managers.
- The six core managers include Caledonia, Cooper Investments, Magellan Asset Management, Paradise Investment Management, Regal Funds Management and TDM Growth Partners.
- The total shareholder return for the year ending 30 April 2020 was 6.3%, with pre-tax net asset backing increasing 10.4%. The active return (TSR) is 1.9%.

**Fig.55: HM1 overview**

HM1 Snapshot		Top Holdings	
Price (30 April 2020)	\$2.92	Business domicile	%
Share price range (12 months)	\$1.87- \$3.48	United States	49%
Shares on issue (Mn)	225.0	Australia	36%
Market capitalisation (\$Mn)	\$657	China	5%
Pre-tax asset backing*	\$3.12	Canada	4%
Post-tax asset backing*	\$3.04		
Premium/(Discount) to pre-tax NTA	-6.4%	Top Sector Allocation	
Premium/(Discount) to post-tax NTA	-3.9%	Communications	32%
Dividend yield	0.0%	Technology	16%
Dividend per share (cents)	0.0	Consumer Discretionary	15%
Franking	n.a	Materials	12%
Management expense ratio	0.00%	Cash	11%

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year*	3 Year	5 Year
HM1	6.3%	na	na	NTA growth	10.4%	na	na
Active return	1.9%	n.a	n.a	Active return	6.1%	n.a	n.a

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.56: HM1 TSR vs MSCI World Index (AUD adj)**



Source: Bloomberg, EL&C Baillieu

## L1 Long Short Fund (LSF)

[www.l1longshort.com](http://www.l1longshort.com)

- LSF listed in April-18 following a \$1.3bn raising. LSF has dual investment objectives to: 1) seek to deliver strong, positive, risk-adjusted returns over the long term (being a period of more than five years); and 2) preserve capital.
- LSF utilises a fundamental, bottom-up research process to seek and identify mispriced securities with the potential to provide attractive risk adjusted returns. The manager may take short positions in companies it considers to be overvalued, or of low quality and/or over-gearred.
- The total shareholder return for the year ending 30 April 2020 is -31.5%, with pre-tax net asset backing decreasing 9.5%. The active return (TSR) is -22.5%.

**Fig.59: LSF overview**

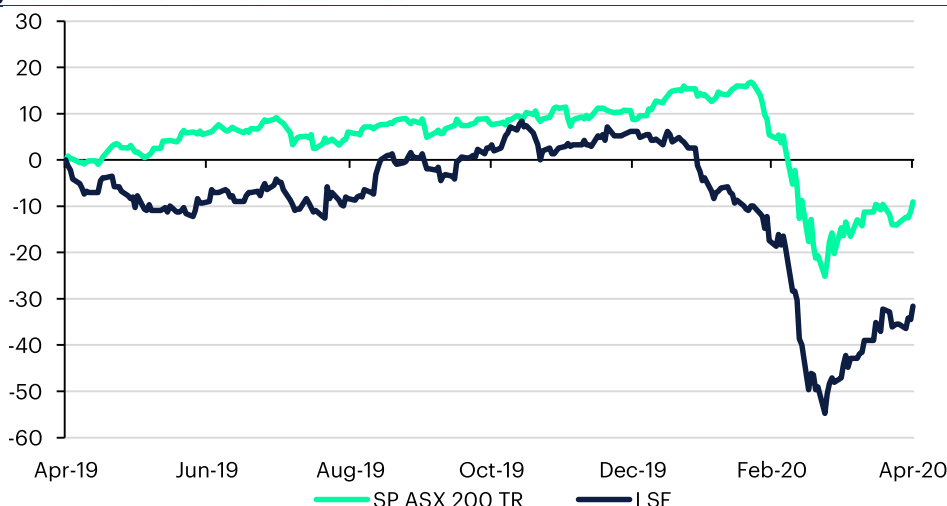
LSF Snapshot			Key performance contributors			
Price (30 April 2020)	\$1.06		Atlas Arteria			
Share price range (12 months)	\$0.70- \$1.68		Alacer Gold Corp.			
Shares on issue (Mn)	658.1		Boral Limited			
Market capitalisation (\$Mn)	\$698		Downer EDI Limited			
Pre-tax asset backing*	\$1.50		Oil Search Ltd			
Post-tax asset backing*	\$1.66		Scentre Group			
Premium/(Discount) to pre-tax NTA	-29.4%		The Star Ent Grp			
Premium/(Discount) to post-tax NTA	-36.1%		Worley Limited			
Dividend yield	0.0%					
Dividend per share (cents)	0.0					
Franking	n.a					
Management expense ratio	1.25%		<i>*Alphabetical</i>			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
LSF	-31.5%	na	na	NTA growth	-9.5%	na	na
Active return	-22.5%	n.a	n.a	Active return	-0.5%	n.a	n.a

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.60: LSF TSR vs ASX 200 Accum. Index**



Source: Bloomberg, EL&C Baillieu

## Magellan Global Trust (MGG)

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

- Magellan Global Trust was listed in October 2017 following a \$1.5bn raise. The investment strategy mirrors the core investment principles of Magellan Financial Group's (MFG) global equities strategy. MFG, as at 30 April, managed more than \$96bn.
- MGG seeks to achieve attractive risk-adjusted returns over the medium to long term, whilst reducing risk of permanent capital loss. MGG has a target cash distribution yield of 4% pa.
- Top regional and sector exposures by source of revenue include the US (39%), China (14%), Emerging Markets-ex China (11%) and Western Europe (10%), and Internet/Ecommerce (22%) and Infrastructure (13%).
- The total shareholder return for the year ending 30 April 2020 was 2.8%, with pre-tax net asset backing increasing 4.8%. The active return (TSR) was -1.5%.

**Fig.67: MGG overview**

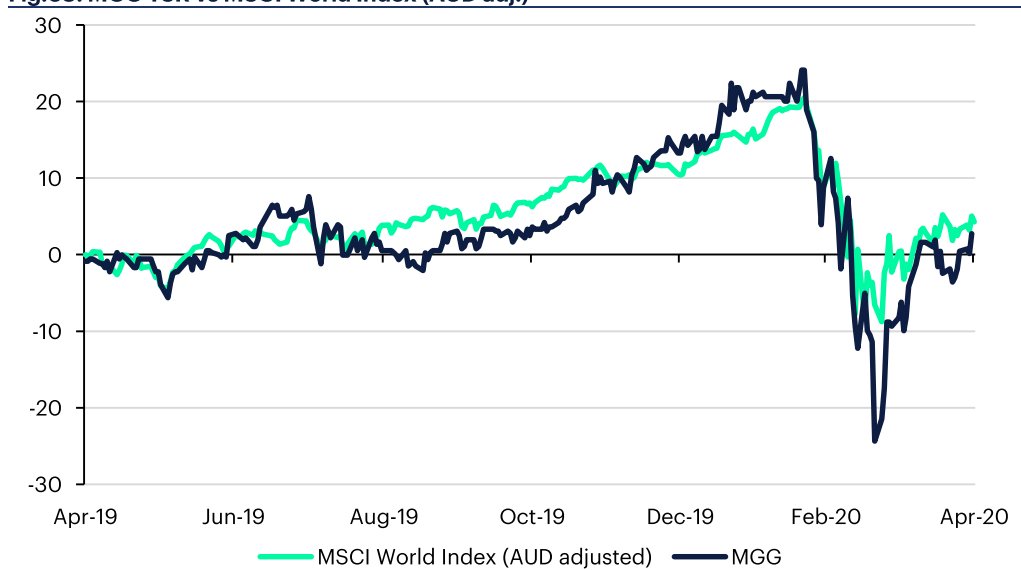
MGG Snapshot				Top Holdings			
Price (30 April 2020)			\$1.78	Alibaba Group Holding Ltd			
Share price range (12 months)			\$1.31- \$2.15	Alphabet Inc			
Shares on issue (Mn)			1240.4	Atmos Energy Corp			
Market capitalisation (\$Mn)			\$2,208	Facebook Inc-A			
Pre-tax asset backing*			\$1.83	Microsoft Corp			
Post-tax asset backing*			n.a	Pepsico Inc			
Premium/(Discount) to pre-tax NTA			-2.6%	Reckitt Benckiser			
Premium/(Discount) to post-tax NTA			n.a	Starbucks Corp			
Dividend yield			3.5%	Tencent Holdings Ltd			
Dividend per share (cents)			6.3	Visa Inc			
Franking			0%				
Management expense ratio			1.35%				<i>*Alphabetical</i>

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MGG	2.8%	na	na	NTA growth	4.8%	na	na
Active return	-1.5%	n.a	n.a	Active return	0.5%	n.a	n.a

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.68: MGG TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, EL&C Baillieu



## 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's investment objectives include 1) increase fully franked dividends paid to shareholders over time; 2) provide capital growth in the value of the shareholders' investments; and 3) invest in a diversified portfolio of assets which are predominantly Australian listed companies and trusts.
- Key sector exposures include Banks (19.2%), Materials (11.1%), Other Financials (9.5%), Industrials (9.2%) and Healthcare (8.7%).
- The total shareholder return for the year ending 30 April 2020 was -10.1%, with pre-tax net asset backing decreasing 12.3%. The active return (TSR) was -0.9%.

**Fig.71: MLT overview**

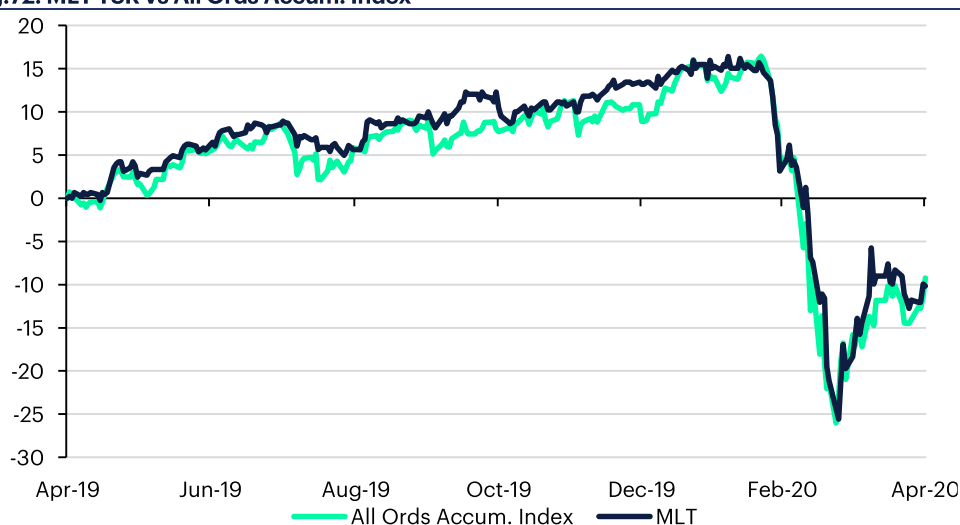
MLT Snapshot		Top Holdings	
Price (30 April 2020)	\$3.85	Commonwealth Bank.	7.3%
Share price range (12 months)	\$3.19- \$5.08	CSL Limited	6.9%
Shares on issue (Mn)	671.3	Soul Pattinson (W.H)	6.3%
Market capitalisation (\$Mn)	\$2,585	Westpac Banking Corp	6.1%
Pre-tax asset backing*	\$3.99	BHP Group Limited	5.9%
Post-tax asset backing*	\$3.63	Macquarie Group Ltd	4.1%
Premium/(Discount) to pre-tax NTA	-3.5%	Wesfarmers Limited	4.0%
Premium/(Discount) to post-tax NTA	6.1%	Woolworths Group Ltd	3.9%
Dividend yield	4.8%	National Aust. Bank	3.1%
Dividend per share (cents)	19.4	Transurban Group	3.0%
Franking	100%		
Management expense ratio	0.13%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MLT	-10.1%	-0.6%	1.0%	NTA growth	-12.3%	-1.0%	1.6%
Active return	-0.9%	-2.7%	-2.7%	Active return	-3.2%	-3.1%	-2.1%

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.72: MLT TSR vs All Ords Accum. Index**



Source: Bloomberg, EL&C Baillieu

## Platinum Asia Investments Limited (PAI)

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

- Platinum Asia Investments (PAI) is managed by the ASX listed, Platinum Asset Management (PTM) with ~\$22.1 billion of funds under management as at 30 April 2020. PAI invests in the Asian region (ex-Japan), seeking to provide investors with capital growth over the long term.
- PAI listed in December 2015 however Platinum Asset Management has been investing in the Asian region (ex-Japan) since 2003 through its Platinum Asia Fund which currently manages ~\$4.3 billion of funds.
- Key regional exposures include Greater China (71.9%) and Korea (11.9%).
- The total shareholder return for the year ending 30 April 2020 was -10.5%, with pre-tax net asset backing increasing 4.6%. The active return (TSR) was -10.8%.

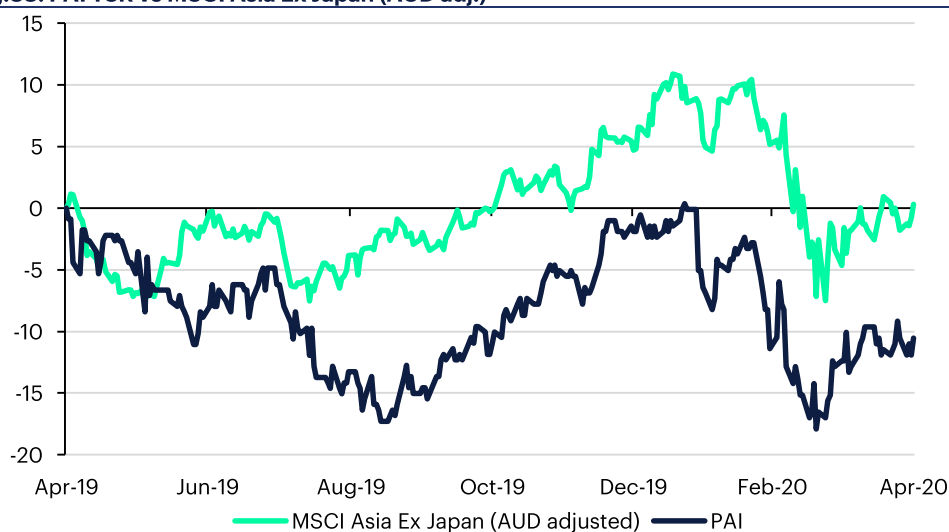
**Fig.87: PAI overview**

PAI Snapshot		Top Holdings	
Price (30 April 2020)	\$0.97	Alibaba Group Holding Ltd	6.5%
Share price range (12 months)	\$0.89- \$1.11	Samsung Electronics Co Ltd	5.7%
Shares on issue (Mn)	363.8	Taiwan Semiconductor	5.7%
Market capitalisation (\$Mn)	\$353	Tencent Holdings	5.5%
Pre-tax asset backing*	\$1.13	AIA Group Ltd	3.9%
Post-tax asset backing*	\$1.12	China International	3.7%
Premium/(Discount) to pre-tax NTA	-14.0%	Reliance Industries Ltd	3.6%
Premium/(Discount) to post-tax NTA	-13.5%	Huazhu Group ADR	3.5%
Dividend yield	4.1%	LG Chem Ltd	3.2%
Dividend per share (cents)	4.0	Midea Group	3.1%
Franking	100%		
Management expense ratio	1.10%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PAI	-10.5%	3.8%	na	NTA growth	4.6%	6.2%	na
Active return	-10.8%	-4.5%	n.a	Active return	4.3%	-2.2%	n.a

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.88: PAI TSR vs MSCI Asia Ex Japan (AUD adj.)**



Source: Bloomberg, EL&C Baillieu

## Perpetual Equity Investment Company (PIC)

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

- Perpetual Equity Investment Company listed on 18 December 2014 and is managed by Perpetual. Perpetual, as at 31 March 2020, had ~21.4 billion of funds under management.
- PIC follows a bottom-up investment approach, focusing on mid-caps with a concentrated exposure of 20–40 securities. Additionally, a global allocation is included, up to a recently (March-20) increased threshold of 35% of the portfolio. Currently, PIC has a 26.5% exposure allocated to international securities. At 30 April, PIC held 3.0% of the portfolio in cash.
- The total shareholder return for the year ending 30 April 2020 was -9.8%, with pre-tax net asset backing decreasing 3.3%. The active return (TSR) was -0.8%.

**Fig.91: PIC overview**

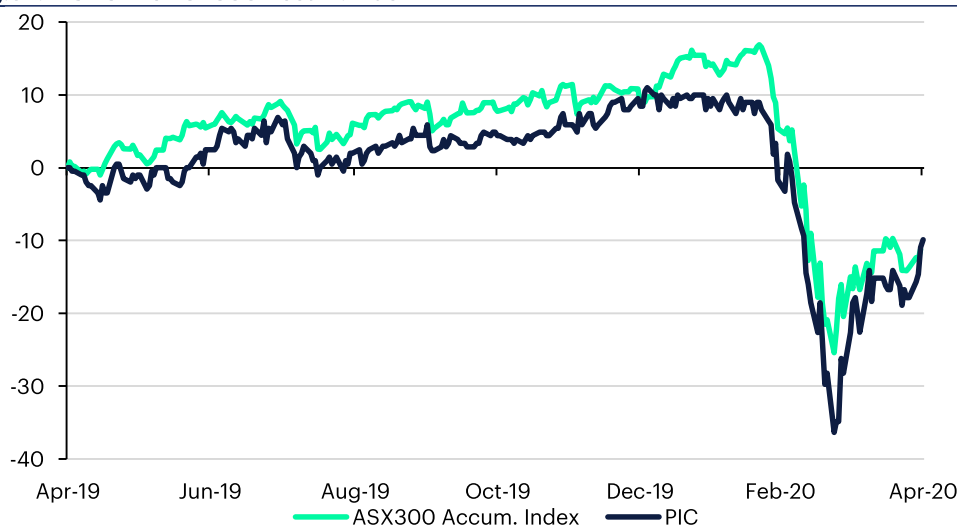
PIC Snapshot			Top Holdings	
Price (30 April 2020)	\$0.85		Crown Resorts Ltd	6.1%
Share price range (12 months)	\$0.63- \$1.09		AUB Group Ltd	5.7%
Shares on issue (Mn)	347.8		Iluka Resources	4.9%
Market capitalisation (\$Mn)	\$296		ANZ Banking Grp Ltd	4.1%
Pre-tax asset backing*	\$0.98		OZ Minerals	3.7%
Post-tax asset backing*	\$0.99			
Premium/(Discount) to pre-tax NTA	-13.6%		<b>GLOBAL TOP HOLDINGS</b>	
Premium/(Discount) to post-tax NTA	-14.5%		Flutter Entertainment Plc	9.0%
Dividend yield	7.1%		La Francaise des Jeux SA	7.5%
Dividend per share (cents)	6.6		Auto Trader Group PLC	3.6%
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PIC	-9.8%	0.2%	2.0%	NTA growth	-3.3%	1.6%	4.3%
Active return	-0.8%	-1.8%	-1.5%	Active return	5.8%	-0.4%	0.8%

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.92: PIC TSR vs ASX300 Accum. Index**



Source: Bloomberg, EL&C Baillieu

## WAM Microcap (WMI)

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

- WMI (the company) listed in Jun-16 following a \$154m raise (max raise). WMI (at the time) was WAMI's fifth LIC, but the first specialised LIC focusing on listed ASX companies with a market capitalisation of less than \$300m at the time of purchase.
- WMI seeks to provide investors exposure to undervalued growth companies identified using WAMI's research and market driven investment process. There are no investment limits on industry sector or geography allocations. Short selling is permitted; however, it will not exceed 50% of the value of the portfolio without prior board approval.
- Key sector exposures as at 30 April 2020 include Consumer Discretionary (27.0%), Information Technology (17.4%) and Industrials (10.4%).
- The total shareholder return for the year ending 30 April 2020 was 0.0%, with pre-tax net asset backing decreasing 4.4%. The active return (TSR) was 13.3%.

**Fig.131: WMI overview**

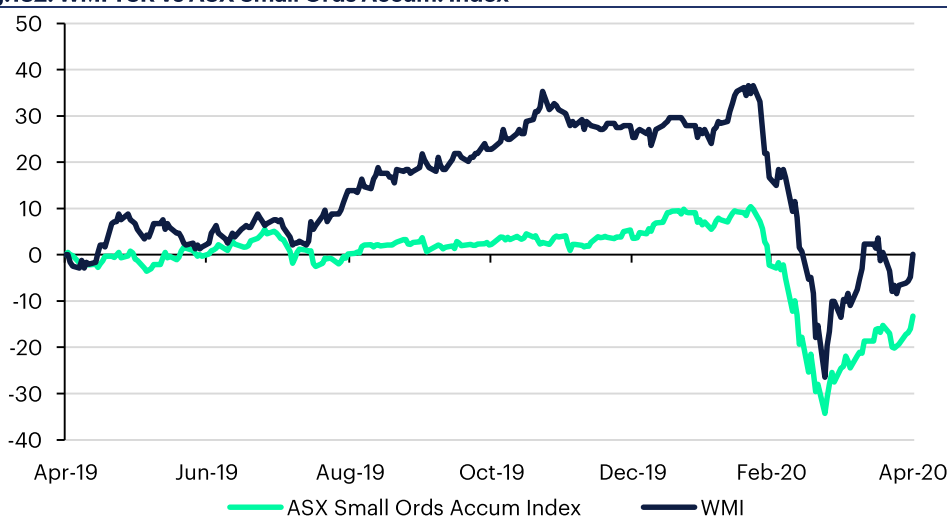
WMI Snapshot		Top Holdings		%
Price (30 April 2020)	\$1.13	Aust Finance Grp	Infomedia Ltd	
Share price range (12 months)	\$0.85- \$1.58	Accent Group Ltd	Jumbo Interactive	
Shares on issue (Mn)	141.9	Baby Bunting Grp Ltd	Johns Lyng Group	
Market capitalisation (\$Mn)	\$160	Capitol Health	Ooh!Media Limited	
Pre-tax asset backing*	\$1.17	City Chic Collective	Opticomm Ltd	
Post-tax asset backing*	\$1.17	The Citadel Grp	Probiotec Limited	
Premium/(Discount) to pre-tax NTA	-3.7%	Enero Group Ltd	Temple & Webster Ltd	
Premium/(Discount) to post-tax NTA	-3.4%	Eureka Group Ltd	Uniti Group Ltd	
Dividend yield	6.0%	Frontier Digital Ltd	Vista Group Internat	
Dividend per share (cents)	7.5	Generation Dev Group	Viva Leisure Limited	
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WMI	0.0%	na	na	NTA growth	-4.4%	na	na
Active return	13.3%	n.a	n.a	Active return	8.9%	n.a	n.a

Source: IRESS, Bloomberg, EL&C Baillieu, Company reports. Figures as at 30 April 2020. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.132: WMI TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, EL&C Baillieu

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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.

**Sell:** The stock's total return is expected to decrease by at least 10-15 percent from the current share price over the next 12 months.

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**E.L. & C. Baillieu Limited**

ABN 74 006 519 393

Australian Financial Service Licence No. 245421

Participant of ASX Group

Participant of NSX Ltd

Participant of Chi-X Australia Pty Ltd

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

**Melbourne (Head Office)**

Address Level 22, 35 Collins Street

Melbourne, VIC 3000 Australia

Postal PO Box 48, Collins Street West

Melbourne, VIC 8007 Australia

Phone +61 3 9602 9222

Facsimile +61 3 9602 2350

Email [melbourne@baillieu.com.au](mailto:melbourne@baillieu.com.au)

**Adelaide Office**

Address Ground Floor, 226 Greenhill Road,

Eastwood SA 5063

Postal PO Box 171

Fullarton SA 5063

Phone +61 8 7074 8400

Facsimile +61 8 8362 3942

Email [adelaide@baillieu.com.au](mailto:adelaide@baillieu.com.au)

**Bendigo Office**

Address Level 1, 103 Mitchell Street

Bendigo, VIC 3550

Postal PO Box 84

Bendigo, VIC 3552

Phone +61 3 4433 3400

Facsimile +61 3 4433 3430

Email [bendigo@baillieu.com.au](mailto:bendigo@baillieu.com.au)

**Geelong Office**

Address 16 Aberdeen Street

Geelong West Vic 3218

Postal PO Box 364

Geelong Vic 3220 Australia

Phone +61 3 5229 4637

Facsimile +61 3 4229 4142

Email [geelong@baillieu.com.au](mailto:geelong@baillieu.com.au)

**Gold Coast Office**

Address Suite 202 Level 2, Eastside Building

6 Waterfront Place, Robina QLD 4226

Phone +61 7 5630 2670

Facsimile +61 7 5677 0258

Email [goldcoast@baillieu.com.au](mailto:goldcoast@baillieu.com.au)

**Newcastle Office**

Address Level 1, 120 Darby Street

Cooks Hill, NSW 2300 Australia

Postal PO Box 111

The Junction, NSW 2291 Australia

Phone +61 2 4037 3500

Facsimile +61 2 4037 3511

Email [newcastle@baillieu.com.au](mailto:newcastle@baillieu.com.au)

**Perth Office**

Address Level 9, 216 St Georges Terrace

Perth WA 6000 Australia

Postal PO Box 7662, Cloisters Square

Perth, WA 6850 Australia

Phone +61 8 6141 9450

Facsimile +61 8 6141 9499

Email [perth@baillieu.com.au](mailto:perth@baillieu.com.au)

**Sydney Office**

Address Level 40, 259 George Street

Sydney, NSW 2000 Australia

Postal PO Box R1797

Royal Exchange, NSW 1225 Australia

Phone +61 2 9250 8900

Facsimile +61 2 9247 4092

Email [sydney@baillieu.com.au](mailto:sydney@baillieu.com.au)