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Listed Investment Companies

SECTOR REPORT

Domestic outperforming, global lagging

- 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 20 potential LIC investments, established LICs that invest in companies on the ASX and overseas markets.

What is a 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

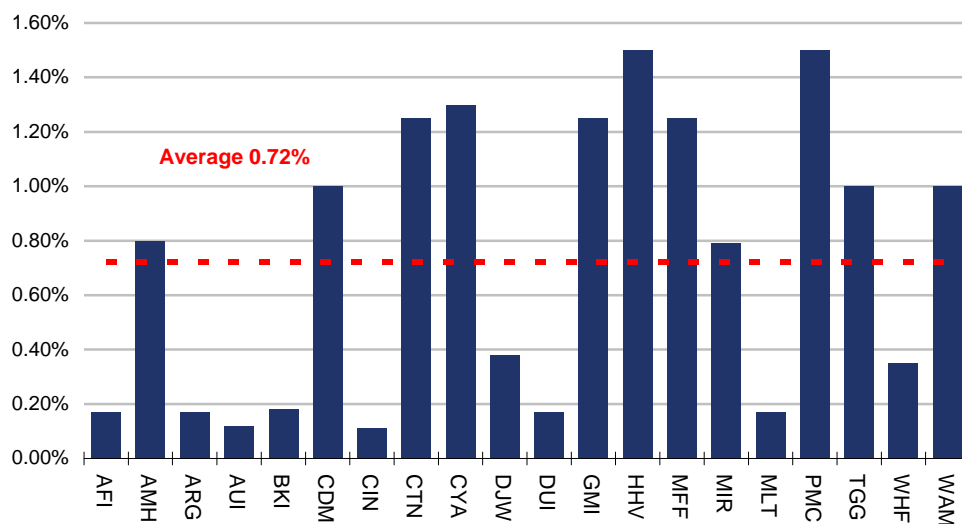
- Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a “portfolio” of investments.
- The initial cost comes in the form of brokerage paid to acquire the shares. Investing in a LIC allows the investor to effectively buy shares in more than 50 companies (depending on the LIC), but only pay brokerage to invest in one company (the LIC). A 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, reducing their cost of operation. The fees (calculated as a “management expense ratio” or MER) of our selected LICs are shown in the graph on the next page.

FIG.1: MANAGEMENT FEES OF SELECTED LICS FOR FY11



- Unlike management fees, performance fees are paid only if the LIC's investment portfolio outperforms a predetermined benchmark and are linked 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 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 below.

FIG.2: PERFORMANCE FEES FOR SELECTED LICS

Company	Performance Fee
AMH	None
ARG	None
AFI	None
AUI	None
BKI	None
CDM	20% of returns over index or of portfolio return
CIN	None
CYA	10% of returns above index +1%
CTN	15% of returns above index
DJW	None
DUI	None
GMI	15% of returns above HSBC Global Mining Capital Index
HHV	15% above MSCI World Index
MFF	10% if returns exceed MSCI World Index and 10-year bond rate
MLT	None
MIR	None
PMC	10% of returns above MSCI World Index +5%
TGG	None
WHF	None
WAM	20% of returns above index or of portfolio return

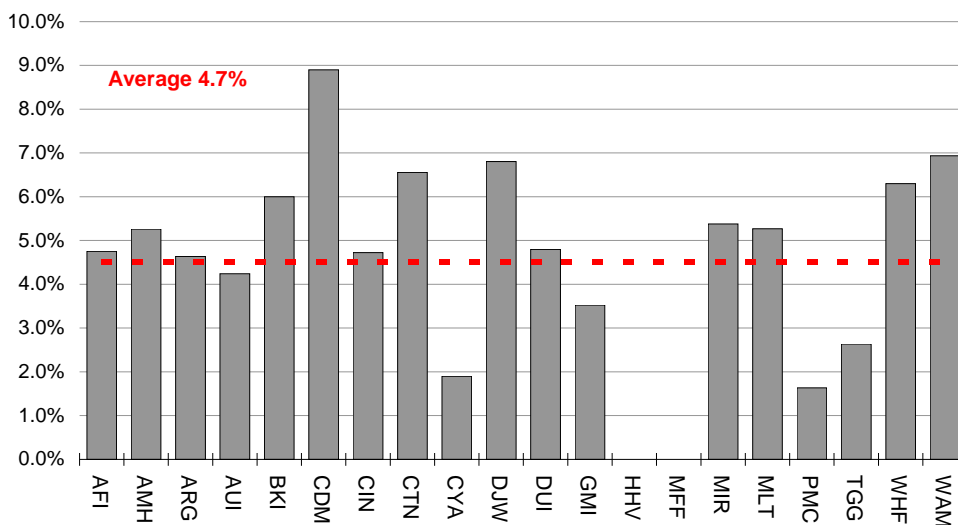
Exit costs

- 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 a 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 the shareholders’ ordinary income is assessed.
- Capital gains are managed by the manager of the LIC. Where the dividend paid to a shareholder of a LIC contains income derived from a capital gain of the LIC, it will be treated as a capital gain, not ordinary income, in the hands of the shareholder. 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 0.11 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 0.11-1.5 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.
- Additionally, commissions received on managed funds will be banned from 1 July 2012. It is hoped that this change will level the playing field between managed funds and LICs by removing the incentives given to many financial planners for placing clients in particular funds.
- 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.

AFIC notes

- Australian Foundation Investment Company (AFI) announced in the December quarter that it was seeking to raise \$200 million via the issue of a convertible note issue (AFIC). Each note has a face value of \$100 and provides a fixed interest rate return of 6.25 percent per annum with the option of converting into AFIC ordinary shares at \$5.09 on or before 28 February 2017.
- AFI's low gearing, financial conservatism, loyal shareholders and strong management have made the notes trade at a substantial premium to par since their issue in December 2011.

LIC performance

- It was another difficult year for global equity markets but our selected LICs have materially outperformed. The All Ordinaries Accumulation Index returned -7.0 percent over the 2012 financial year. The MSCI World Index*, a benchmark for LICs with an international focus, returned -0.6 percent. Shareholder return relative to the benchmark index is known as the active return.
- Our LICs outperformed the market, on average, with an active return of 4.3 percent.

Large capitalisation domestic

- Djerriwarrh Investments (DJW) was the strongest performer over the past 12 months with a total shareholder return (TSR) of 5.0 percent and an active return of 12.0 percent. Milton Corporation (MLT) was also notable with a TSR of 3.1 percent and an active return of 10.1 percent.
- Australian United Investment Company (AUI) was at the largest discount to net tangible assets (pre-tax**) at 9.7 percent. Argo Investments (ARG) was also notable at a 5.7 percent discount.
- Djerriwarrh had the highest dividend yield over the past 12 months at 6.8 percent.

Small capitalisation domestic

- AMCIL (AMH) was the strongest performer over the past 12 months with a TSR of 13.5 percent and an active return of 20.6 percent. Cadence Capital (CDM) and WAM Capital (WAM) were both notable with TSRs of 9.7 percent and 8.7 percent respectively and active returns of 16.8 and 15.7 percent respectively.
- Carlton Investments (CIN) and Century Australia Investments (CYA) were at the largest discount to NTA (pre-tax**) at 25.2 percent and 24.1 percent respectively. Contango Microcap was also notable at a 21.4 percent discount.
- Cadence Capital had the highest dividend yield over the past 12 months at 8.9 percent.

Global

- Magellan Flagship Fund (MFF) was the standout performer over the past 12 months with a TSR of 23.5 percent and an active return of 24.2 percent.
- Templeton Global Growth (TGG) was at the largest discount to NTA (pre-tax**) at 20.9 percent. Hunter Hall Global Value (HHV) was also notable at a 17.1 percent discount.
- Global Mining Investments (GMI) had the highest dividend yield over the past 12 months at 3.5 percent.

*A\$ adjusted

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

AMCIL (AMH)

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 FY2012 was 13.5 percent with pre-tax net asset backing increasing 3.2 percent. The active return was 20.6 percent.

The total shareholder return for FY2012 was 13.5 percent with pre-tax net asset backing increasing 3.2 percent; the active return was 20.6 percent

FIG.4: AMH SNAPSHOT

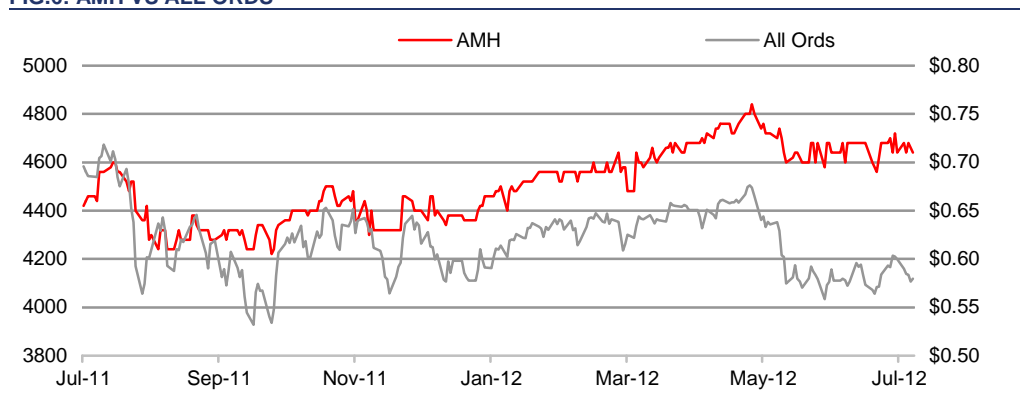
Price (13 July 2012)	\$0.71
Share price range (12 months)	\$0.60-\$0.76
Shares on issue	209,088,358
Market capitalisation	\$149.5mn
Pre-tax asset backing*	\$0.77
Post-tax asset backing*	\$0.74
Premium/(Discount) to pre-tax NTA	-6.5%
Premium/(Discount) to post-tax NTA	-2.7%
Dividend yield (FY12)	5.3%
Dividend per share (FY12)	3.5c
Franking	100%
Management expense ratio	0.80%

*As at 30 June 2012

FIG.5: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Hastings Diversified Utilities Fund	7.1%
Commonwealth Bank of Australia	6.4%
Transurban Group	5.1%
Westpac Banking Corporation	4.9%
Oil Search	4.4%
National Australia Bank	4.3%
Tox Free Solutions	4.3%
BHP Billiton	4.2%
Australia & New Zealand Banking Group	4.1%
Telstra Corporation	4.1%

FIG.6: AMH VS ALL ORDS



Argo Investments (ARG)

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 FY2012 was -3.6 percent with pre-tax net asset backing decreasing 5.7 percent. The active return was 3.5 percent.

The total shareholder return for FY2012 was -3.6 percent with pre-tax net asset backing decreasing 5.7 percent; the active return was 3.5 percent

FIG.7: ARG SNAPSHOT

Price (13 July 2012)	\$5.23
Share price range (12 months)	\$4.75-\$5.74
Shares on issue	625,946,521
Market capitalisation	\$3261.2mn
Pre-tax asset backing*	\$5.50
Post-tax asset backing*	\$5.12
Premium/(Discount) to pre-tax NTA	-6.4%
Premium/(Discount) to post-tax NTA	0.6%
Dividend yield (FY12)	4.6%
Dividend per share (FY12)	26.0c
Franking	100%
Management expense ratio	0.17%

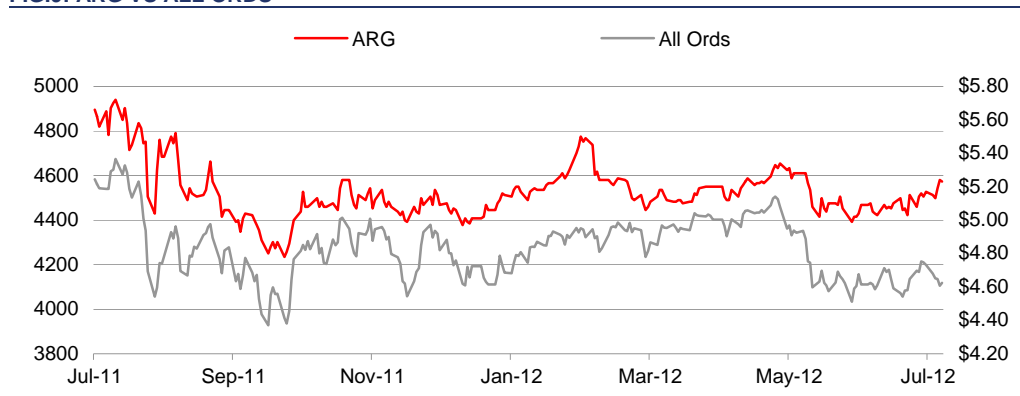
*As at 30 June 2012

FIG.8: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%*)
BHP Billiton	7.6%
Westpac Banking Corporation	5.9%
Australia & New Zealand Banking Group	5.1%
Wesfarmers	4.5%
Commonwealth Bank of Australia	4.5%
Rio Tinto	4.2%
Telstra Corporation	3.9%
Milton Corporation	3.8%
National Australia Bank	3.7%
Woolworths	3.3%

*Excluding cash

FIG.9: ARG VS ALL ORDS



Australian Foundation Investment Company (AFI)

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 FY2012 was -1.1 percent with pre-tax net asset backing decreasing 4.8 percent. The active return was 5.9 percent.

The total shareholder return for FY2012 was -1.1 percent with pre-tax net asset backing decreasing 4.8 percent; the active return was 5.9 percent

FIG.10: AFI SNAPSHOT

Price (13 July 2012)	\$4.22
Share price range (12 months)(Low-High)	\$3.82-\$4.57
Shares on issue	1,027,732,653
Market capitalisation	\$4367.9mn
Pre-tax asset backing*	\$4.35
Post-tax asset backing*	\$3.84
Premium/(Discount) to pre-tax NTA	-4.4%
Premium/(Discount) to post-tax NTA	8.3%
Dividend yield (FY12)	4.8%
Dividend per share (FY12)	21.0c
Franking	100%
Management expense ratio	0.17%

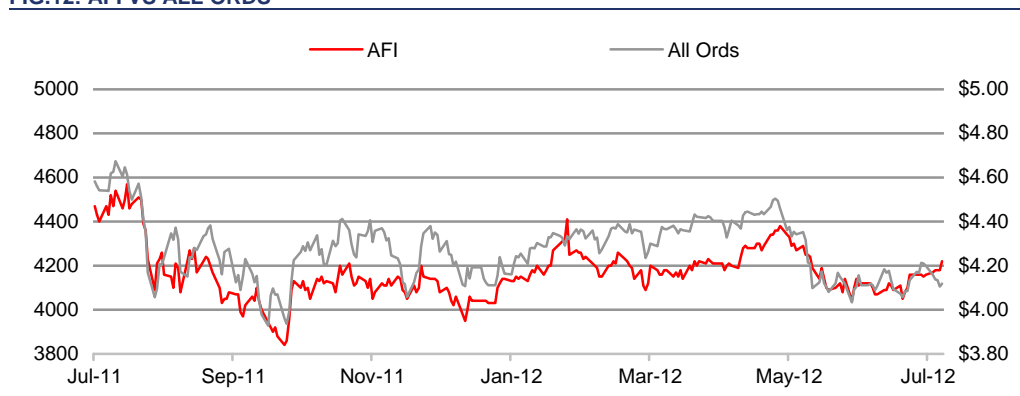
*As at 30 June 2012

FIG.11: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Commonwealth Bank of Australia	9.9%
BHP Billiton*	9.9%
Westpac Banking Corporation	8.5%
National Australia Bank	5.2%
Wesfarmers(a)*	5.1%
Rio Tinto	4.5%
Telstra Corporation	4.3%
Australia & New Zealand Banking Group*	4.3%
Woolworths	3.6%
Oil Search	2.2%

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

FIG.12: AFI VS ALL ORDS



Australian United Investment Company (AUI)

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 FY2012 was -10.2 percent with pre-tax net asset backing decreasing 9.7 percent. The active return was -3.2 percent.

The total shareholder return for FY2012 was -10.2 percent with pre-tax net asset backing decreasing 9.7 percent; the active return was -3.2 percent

FIG.13: AUI SNAPSHOT

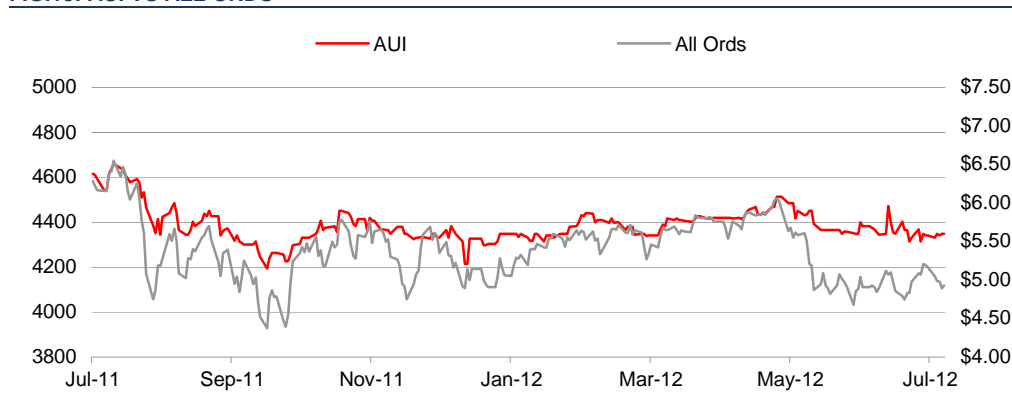
Price (13 July 2012)	\$5.60
Share price range (12 months)	\$5.10-\$6.51
Shares on issue	105,231,459
Market capitalisation	\$594.6mn
Pre-tax asset backing*	\$6.26
Post-tax asset backing*	\$5.69
Premium/(Discount) to pre-tax NTA	-11.3%
Premium/(Discount) to post-tax NTA	-2.5%
Dividend yield (FY12)	4.2%
Dividend per share (FY12)	27.5c
Franking	100%
Management expense ratio	0.12%

*As at 30 June 2012

FIG.14: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
BHP Billiton	8.7%
Australia & New Zealand Banking Group	7.7%
Commonwealth Bank of Australia	7.0%
Rio Tinto	6.8%
National Australia Bank	6.2%
Westpac Banking Corporation	6.1%
Wesfarmers (PPS & Ordinary)	5.7%
Woodside Petroleum	5.1%
Woolworths	4.2%
Diversified United Investments	3.8%

FIG.15: AUI VS ALL ORDS



BKI Investment Company (BKI)

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 FY2012 was 2.3 percent with pre-tax net asset backing decreasing 3.4 percent. The active return was 9.3 percent.

The total shareholder return for FY2012 was 2.3 percent with pre-tax net asset backing decreasing 2.4 percent; the active return was 9.3 percent

FIG.16: BKI SNAPSHOT

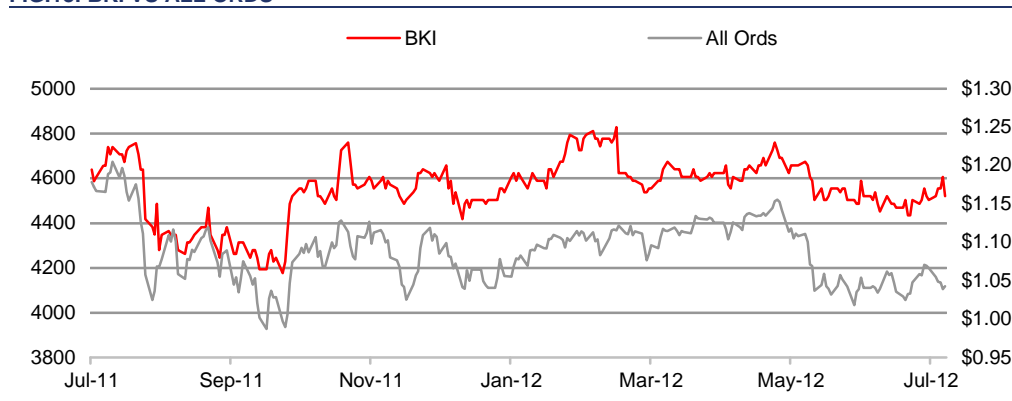
Price (13 July 2012)	\$1.16
Share price range (12 months)	\$1.04-\$1.25
Shares on issue	427,516,347
Market capitalisation	\$504.5mn
Pre-tax asset backing*	\$1.30
Post-tax asset backing*	\$1.26
Premium/(Discount) to pre-tax NTA	-11.2%
Premium/(Discount) to post-tax NTA	-8.3%
Dividend yield (FY12)	6.0%
Dividend per share (FY12)	7.2c
Franking	100%
Management expense ratio	0.18%

*As at 30 June 2012

FIG.17: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
New Hope Corporation	10.6%
Commonwealth Bank of Australia	9.0%
National Australia Bank	8.5%
BHP Billiton	7.7%
Westpac Banking Corporation	6.0%
Telstra Corporation	4.8%
Wesfarmers	4.1%
Campbell Brothers	3.8%
Woolworths	3.6%
AGL Energy	3.0%

FIG.18: BKI VS ALL ORDS



Cadence Capital (CDM)

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 FY2012 was 9.7 percent with pre-tax net asset backing increasing 0.2 percent. The active return was 16.8 percent.

The total shareholder return for FY2012 was 9.7 percent with pre-tax net asset backing increasing 0.2 percent; the active return was 16.8 percent

FIG.19: CDM SNAPSHOT

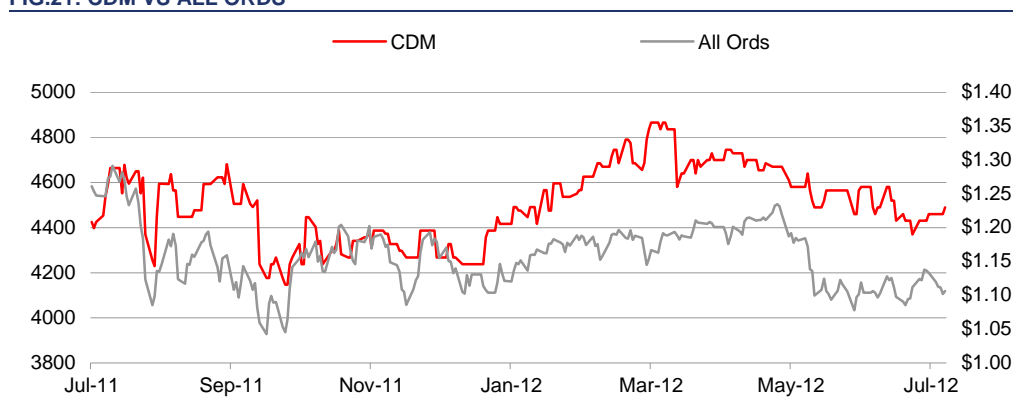
Price (13 July 2012)	\$1.23
Share price range (12 months)	\$1.11-\$1.36
Shares on issue	37,867,313
Market capitalisation	\$46.6mn
Pre-tax asset backing*	\$1.30
Post-tax asset backing*	\$1.38
Premium/(Discount) to pre-tax NTA	-8.1%
Premium/(Discount) to post-tax NTA	-13.6%
Dividend yield (FY12)	8.9%
Dividend per share (FY12)	10.5c
Franking	100%
Management expense ratio	1.00%

*As at 30 June 2012

FIG.20: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
RHG	25.9%
McMillan Shakespeare	7.5%
FlexiGroup	5.3%
Reckon	5.1%
Bravura Solutions	4.8%
Australia & New Zealand Banking Group	3.9%
National Australia Bank	3.0%
Macquarie Group	2.8%
Decmil Group	1.8%
Coffey International	1.6%

FIG.21: CDM VS ALL ORDS



Carlton Investments (CIN)

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 FY2012 was -2.1 percent with pre-tax net asset backing increasing 3.5 percent. The active return was 5.0 percent.
- Carlton had the lowest management fee of our selected LICs.

The total shareholder return for FY2012 was -2.1 percent with pre-tax net asset backing increasing 3.5 percent; the active return was 5.0 percent

FIG.22: CIN SNAPSHOT

Price (13 July 2012)	\$15.85
Share price range (12 months)	\$14.40-\$16.99
Shares on issue	26,474,675
Market capitalisation	\$420.9mn
Pre-tax asset backing*	\$21.12
Post-tax asset backing*	\$18.62
Premium/(Discount) to pre-tax NTA	-25.2%
Premium/(Discount) to post-tax NTA	-15.1%
Dividend yield (FY12)	4.7%
Dividend per share (FY12)	80.0c
Franking	100%
Management expense ratio	0.11%

*As at 30 June 2012

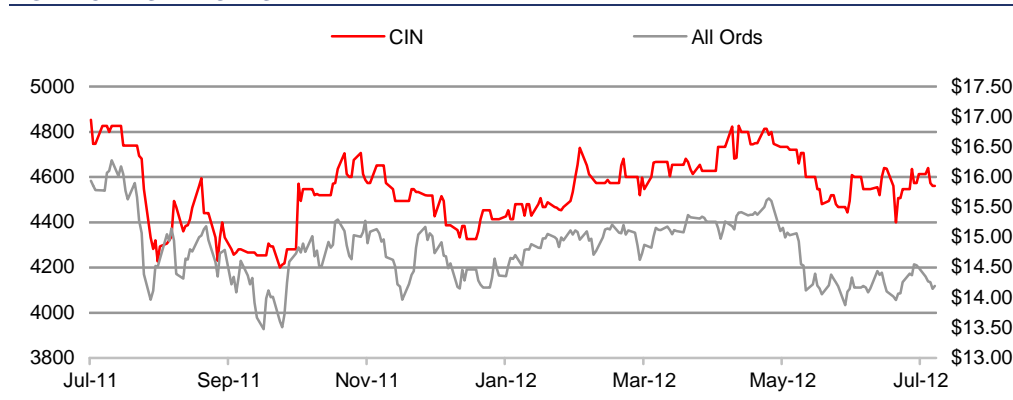
FIG.23: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Amalgamated Holdings	35.8%
National Australia Bank	8.3%
Westpac Banking Corporation*	6.8%
Commonwealth Bank of Australia	5.3%
BHP Billiton	4.0%
Australia & New Zealand Banking Group	3.7%
AGL Energy	3.5%
Wesfarmers**	3.4%
Orica	2.4%
Telstra Corporation	2.3%

*Includes \$1.79 million of Westpac SPS II securities

**Includes \$3.37 million Wesfarmers partially protected securities

FIG.24: CIN VS ALL ORDS



Century Australia Investments (CYA)

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 FY2012 was -10.5 percent with pre-tax net asset backing decreasing 12.6 percent. The active return was -3.5 percent.

The total shareholder return for FY2012 was -10.5 percent with pre-tax net asset backing decreasing 12.6 percent; the active return was -3.5 percent

FIG.25: CYA SNAPSHOT

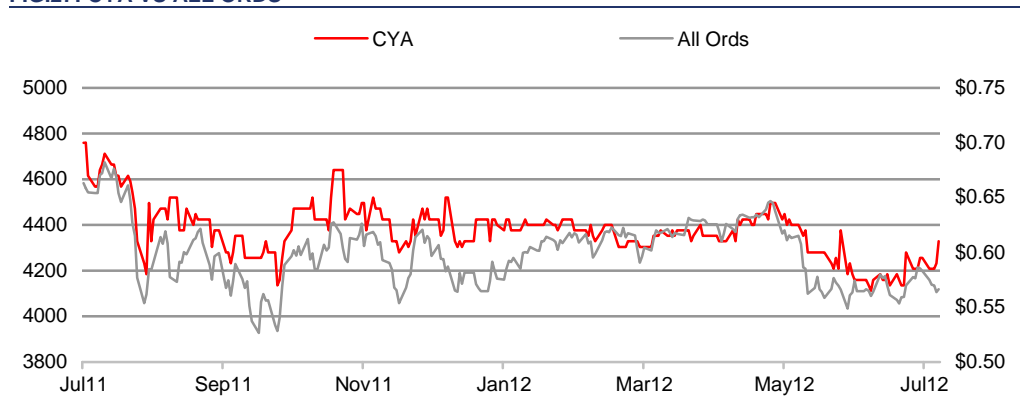
Price (13 July 2012)	\$0.61
Share price range (12 months)	\$0.55-\$0.73
Shares on issue	79,425,916
Market capitalisation	\$47.7mn
Pre-tax asset backing*	\$0.79
Post-tax asset backing*	\$0.83
Premium/(Discount) to pre-tax NTA	-24.1%
Premium/(Discount) to post-tax NTA	-27.4%
Dividend yield (FY12)	1.9%
Dividend per share (FY12)	1.3c
Franking	100%
Management expense ratio	1.30%

*As at 30 June 2012

FIG.26: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
ANZ Banking Group	8.3%
Commonwealth Bank of Australia	7.8%
National Australia Bank	7.4%
Telstra	7.3%
BHP Billiton	7.2%
Westpac	5.1%
Rio Tinto	4.1%
Woodside Petroleum	3.4%
Brambles	2.9%
Macquarie Group	2.8%

FIG.27: CYA VS ALL ORDS



Contango Microcap (CTN)

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 FY2012 was -10.3 percent with pre-tax net asset backing decreasing 14.6 percent. The active return was -3.2 percent.

The total shareholder return for FY2012 was -10.3 percent with pre-tax net asset backing decreasing 14.6 percent; the active return was -3.2 percent

FIG.28: CTN SNAPSHOT

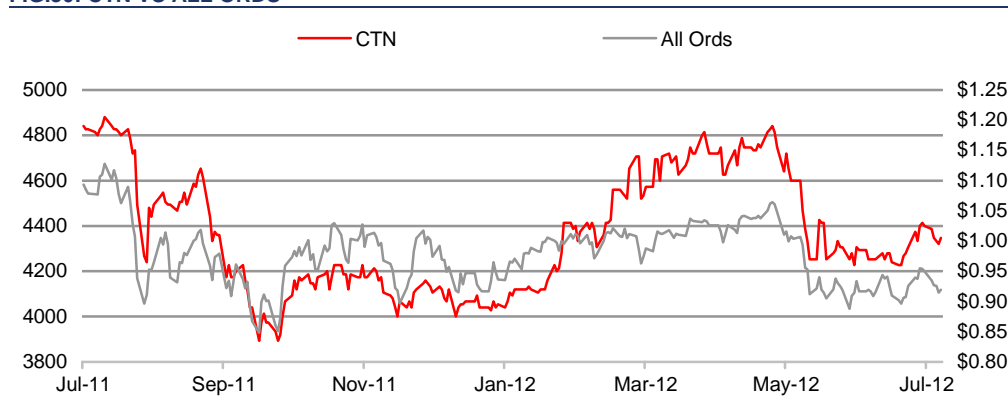
Price (13 July 2012)	\$1.01
Share price range (12 months)	\$0.82-\$1.21
Shares on issue	148,448,269
Market capitalisation	\$151.4mn
Pre-tax asset backing*	\$1.21
Post-tax asset backing*	\$1.19
Premium/(Discount) to pre-tax NTA	-17.9%
Premium/(Discount) to post-tax NTA	-17.0%
Dividend yield (FY12)	6.6%
Dividend per share (FY12)	7.8c
Franking	51%
Management expense ratio	1.25%

*As at 30 June 2012

FIG.29: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
McMillan Shakespeare	3.0%
M2 Telco Group	2.2%
Ausdrill	2.2%
Grange Resources	2.1%
Mastermyne Group	2.0%
Cardno	2.0%
Austin Engineering	2.0%
MACA	1.9%
Senex Energy	1.8%
Maverick	1.8%

FIG.30: CTN VS ALL ORDS



Diversified United Investments (DUI)

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 FY2012 was -7.7 percent with pre-tax net asset backing decreasing 7.5 percent. The active return was -0.7 percent.

The total shareholder return for FY2012 was -7.7 percent with pre-tax net asset backing decreasing 7.5 percent; the active return was -0.7 percent

FIG.31: DUI SNAPSHOT

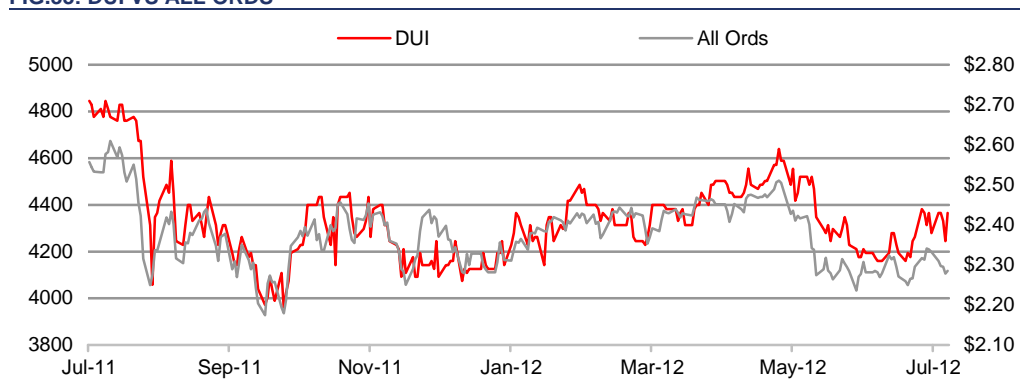
Price (13 July 2012)	\$2.43
Share price range (12 months)	\$2.15-\$2.73
Shares on issue	167,315,099
Market capitalisation	\$403.2mn
Pre-tax asset backing*	\$2.72
Post-tax asset backing*	\$2.51
Premium/(Discount) to pre-tax NTA	-12.9%
Premium/(Discount) to post-tax NTA	-5.6%
Dividend yield (FY12)	4.8%
Dividend per share (FY12)	13.0c
Franking	100%
Management expense ratio	0.17%

*As at 30 June 2012

FIG.32: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
BHP Billiton	9.1%
Commonwealth Bank of Australia	8.2%
ANZ Banking Group	8.1%
Westpac Banking Corporation	6.5%
Woodside Petroleum	6.3%
Rio Tinto	5.7%
National Australia Bank	5.4%
CSL	4.3%
QBE Insurance	4.0%
Woolworths	3.6%

FIG.33: DUI VS ALL ORDS



Djerriwarrh Investments (DJW)

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 FY2012 was 5.0 percent with pre-tax net asset backing decreasing 4.5 percent. The active return was 12.0 percent.

The total shareholder return for FY2012 was 5.0 percent with pre-tax net asset backing decreasing 4.5 percent; the active return was 12.0 percent

FIG.34: DJW SNAPSHOT

Price (13 July 2012)	\$3.95
Share price range (12 months)	\$3.02-\$4.20
Shares on issue	217,103,019
Market capitalisation	\$866.2mn
Pre-tax asset backing*	\$3.17
Post-tax asset backing*	\$3.18
Premium/(Discount) to pre-tax NTA	18.3%
Premium/(Discount) to post-tax NTA	17.9%
Dividend yield (FY12)	6.8%
Dividend per share (FY12)	26.0c
Franking	100%
Management expense ratio	0.38%

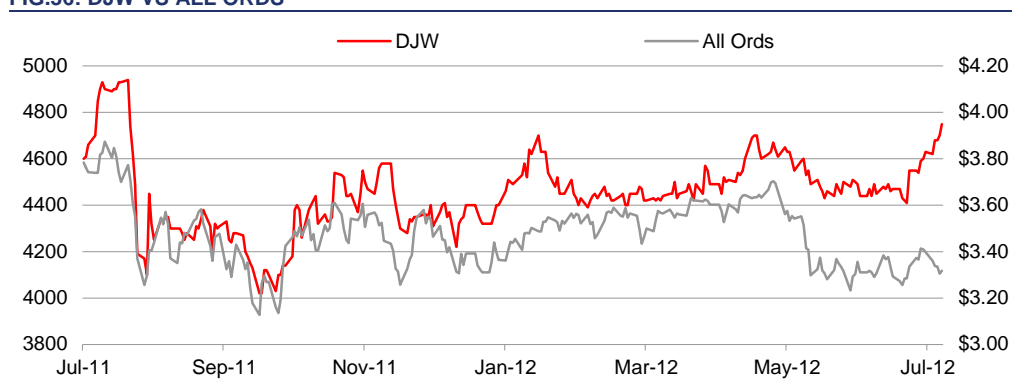
*As at 30 June 2012

FIG.35: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
BHP Billiton*	10.3%
Westpac Banking Corporation*	9.3%
Commonwealth Bank of Australia*	8.9%
Australia & New Zealand Banking Group*	7.0%
National Australia Bank*	6.8%
Telstra Corporation	6.7%
Oil Search*	4.5%
Woodside Petroleum*	4.0%
Hastings Diversified Utilities Fund	3.6%
AMP*	3.1%

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

FIG.36: DJW VS ALL ORDS



Global Mining Investments (GMI)

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 FY2012 was -12.3 percent with pre-tax net asset backing decreasing 29.1 percent. The active return was -11.7 percent.

The total shareholder return for FY2012 was -12.3 percent with pre-tax net asset backing decreasing 29.1 percent; the active return was -11.7 percent

FIG.37: GMI SNAPSHOT

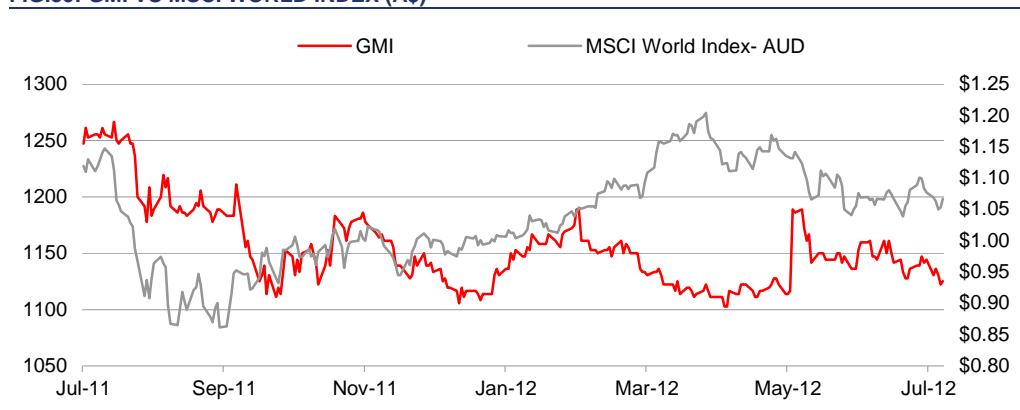
Price (13 July 2012)	\$0.94
Share price range (12 months)	\$0.90-\$1.19
Shares on issue	181,898,994
Market capitalisation	\$171.0mn
Pre-tax asset backing*	\$1.01
Post-tax asset backing*	\$1.01
Premium/(Discount) to pre-tax NTA	-5.4%
Premium/(Discount) to post-tax NTA	-5.4%
Dividend yield (FY12)	3.5%
Dividend per share (FY12)	4.0c
Franking	100%
Management expense ratio	1.25%

*As at 30 June 2012

FIG.38: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Rio Tinto	9.8%
Glencore	9.0%
BHP Billiton	8.4%
Vale	6.7%
Freeport McMoran	4.7%
Teck Resources	4.4%
GV Gold	3.8%
Cia De Minas Buenaventura	3.4%
Goldcorp	3.0%
First Quantum Minerals	3.0%

FIG.39: GMI VS MSCI WORLD INDEX (A\$)



Hunter Hall Global Value (HHV)

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 FY2012 was -13.2 percent with pre-tax net asset backing decreasing 16.4 percent. The active return was -12.6 percent.

The total shareholder return for FY2012 was -13.2 percent with pre-tax net asset backing decreasing 16.4 percent; the active return was -12.6 percent

FIG.40: HHV SNAPSHOT

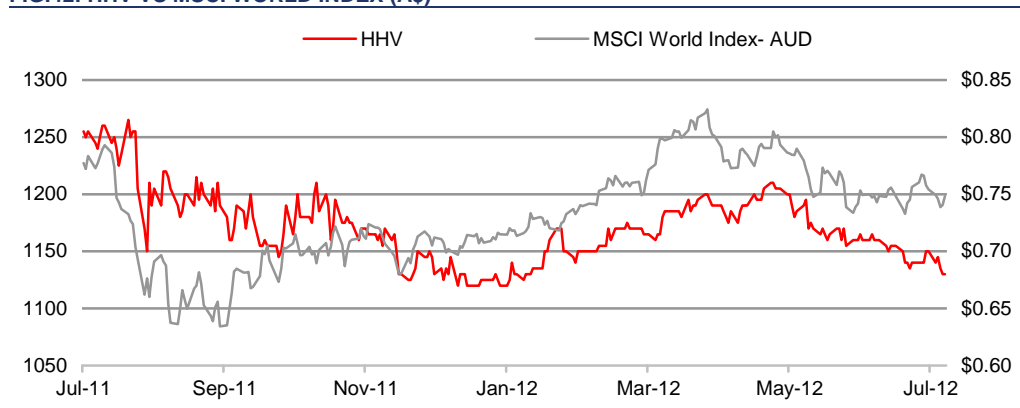
Price (13 July 2012)	\$0.68
Share price range (12 months)	\$0.66-\$0.82
Shares on issue	236,305,719
Market capitalisation	\$160.7mn
Pre-tax asset backing*	\$0.83
Post-tax asset backing*	\$0.83
Premium/(Discount) to pre-tax NTA	-17.1%
Premium/(Discount) to post-tax NTA	-17.1%
Dividend yield (FY12)	0.0%
Dividend per share (FY12)	0.0c
Franking	0%
Management expense ratio	1.50%

*As at 30 June 2012

FIG.41: PORTFOLIO TOP 10 AS 30 JUNE 2012

Company	Fund (%)
Sirtex Medical	8.7%
Gold Bullion	5.4%
M2 Telecommunications	4.0%
Danieli	3.1%
Comcast	2.8%
Decmil	2.6%
BTG	2.6%
Lexmark	2.5%
Oracle	2.4%
Afren	2.0%

FIG.42: HHV VS MSCI WORLD INDEX (A\$)



Magellan Flagship Fund (MFF)

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 FY2012 was 23.5 percent with pre-tax net asset backing increasing 25.2 percent. The active return was 24.2 percent.

The total shareholder return for FY2012 was 23.5 percent with pre-tax net asset backing increasing 25.2 percent; the active return was 24.2 percent

FIG.43: MFF SNAPSHOT

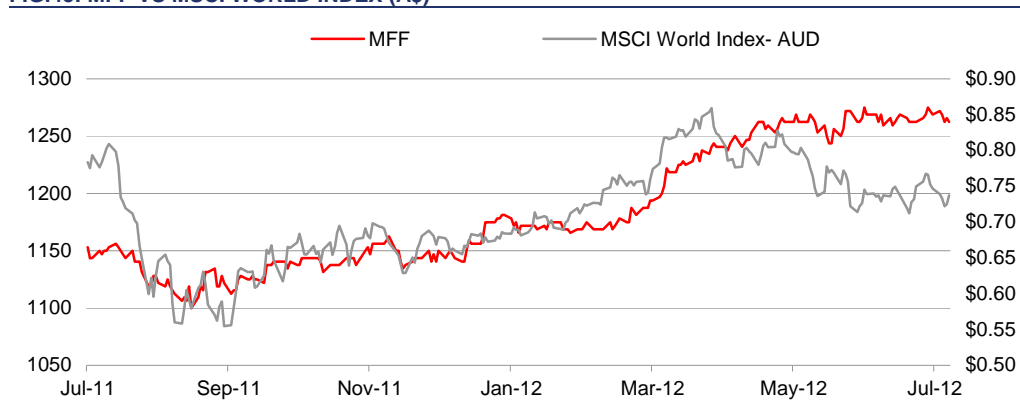
Price (13 July 2012)	\$0.84
Share price range (12 months)	\$0.58-\$0.86
Shares on issue	344,844,354
Market capitalisation	\$291.4mn
Pre-tax asset backing*	\$0.95
Post-tax asset backing*	\$0.98
Premium/(Discount) to pre-tax NTA	-11.9%
Premium/(Discount) to post-tax NTA	-14.3%
Dividend yield (FY12)	0.0%
Dividend per share (FY12)	0.0c
Franking	0%
Management expense ratio	1.25%

*As at 30 June 2012

FIG.44: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Wells Fargo	8.4%
Visa	5.9%
McDonald's	5.9%
US Bancorp	5.2%
CME Group	4.4%
Procter & Gamble	2.9%
Google	2.3%
American Express	2.2%
China Mobile	2.2%
MasterCard	1.9%

FIG.45: MFF VS MSCI WORLD INDEX (A\$)



Milton Corporation (MLT)

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 FY2012 was 3.1 percent with pre-tax net asset backing decreasing 0.7 percent. The active return was 10.1 percent.

The total shareholder return for FY2012 was 3.1 percent with pre-tax net asset backing decreasing 0.7 percent; the active return was 10.1 percent

FIG.46: MLT SNAPSHOT

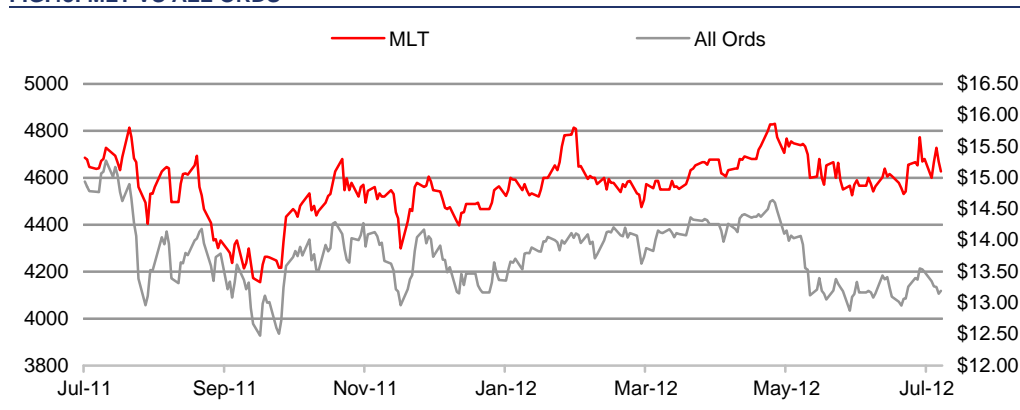
Price (13 July 2012)	\$15.10
Share price range (12 months)	\$13.20-\$15.99
Shares on issue	121,625,655
Market capitalisation	\$1852.4mn
Pre-tax asset backing*	\$16.42
Post-tax asset backing*	\$15.46
Premium/(Discount) to pre-tax NTA	-7.4%
Premium/(Discount) to post-tax NTA	-1.6%
Dividend yield (FY12)	5.3%
Dividend per share (FY12)	82.0c
Franking	100%
Management expense ratio	0.17%

*As at 30 June 2012

FIG.47: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Westpac Banking Corporation	11.0%
Commonwealth Bank of Australia	8.0%
Washington H. Soul Pattinson & Company	6.3%
Campbell Brothers	5.9%
National Australia Bank	5.1%
BHP Billiton	5.0%
Wesfarmers	4.3%
Woolworths	3.5%
Australia & New Zealand Banking Group	3.1%
Telstra Corporation	2.2%

FIG.48: MLT VS ALL ORDS



Mirrabooka Investments (MIR)

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 FY2012 was 2.7 percent with pre-tax net asset backing increasing 3.7 percent. The active return was 9.7 percent.

The total shareholder return for FY2012 was 2.7 percent with pre-tax net asset backing increasing 3.7 percent; the active return was 9.7 percent

FIG.49: MIR SNAPSHOT

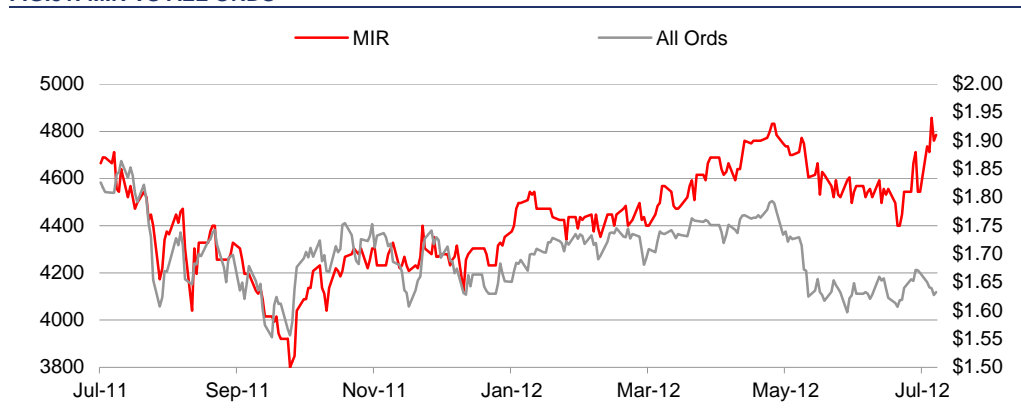
Price (13 July 2012)	\$1.91
Share price range (12 months)	\$1.48-\$1.94
Shares on issue	136,829,491
Market capitalisation	\$258.6mn
Pre-tax asset backing*	\$1.87
Post-tax asset backing*	\$1.72
Premium/(Discount) to pre-tax NTA	-3.2%
Premium/(Discount) to post-tax NTA	5.2%
Dividend yield (FY12)	5.4%
Dividend per share (FY12)	10.0c
Franking	100%
Management expense ratio	0.79%

*As at 30 June 2012

FIG.50: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Hastings Diversified Utilities Fund	8.0%
Campbell Brothers	6.2%
Australian Infrastructure Fund	5.3%
Tox Free Solutions	4.9%
Oil Search	4.1%
James Hardie Industries	3.8%
Fleetwood Corporation	3.5%
IRESS	3.4%
Coca-Cola Amatil	3.3%
InvoCare	3.3%

FIG.51: MIR VS ALL ORDS



Platinum Capital (PMC)

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 FY2012 was -15.2 percent with pre-tax net asset backing decreasing 7.8 percent. The active return was -14.5 percent.

The total shareholder return for FY2012 was -15.2 percent with pre-tax net asset backing decreasing 7.8 percent; the active return was -14.5 percent

FIG.52: PMC SNAPSHOT

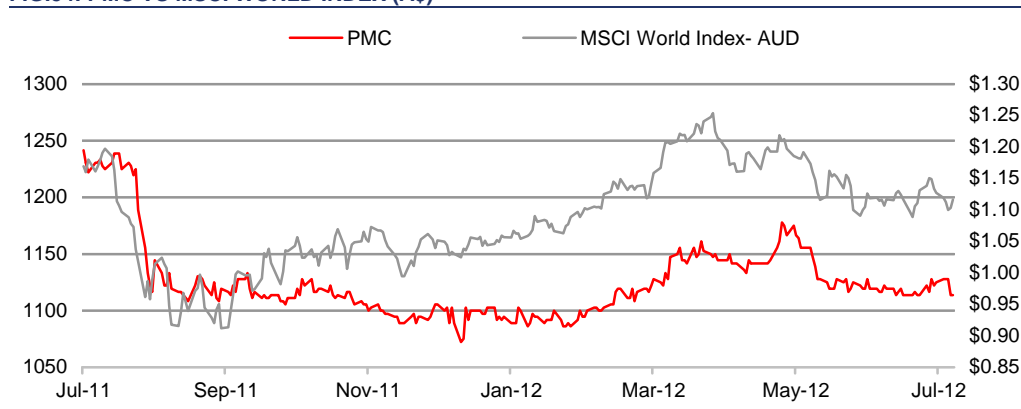
Price (13 July 2012)	\$0.97
Share price range (12 months)	\$0.88-\$1.21
Shares on issue	165,655,312
Market capitalisation	\$160.7mn
Pre-tax asset backing*	\$1.07
Post-tax asset backing*	\$1.07
Premium/(Discount) to pre-tax NTA	-10.2%
Premium/(Discount) to post-tax NTA	-10.2%
Dividend yield (FY12)	1.6%
Dividend per share (FY12)	1.9c
Franking	100%
Management expense ratio	1.50%

*As at 30 June 2012

FIG.53: PORTFOLIO TOP 10 AS AT 31 DECEMBER 2010

Company	Fund (%)
Samsung Electronics	2.3%
Bangkok Bank	2.2%
Microsoft Corporation	2.2%
EcoGreen Fine Chemicals Group	2.2%
Shin-Etsu Chemical	2.1%
Cisco Systems	2.1%
Johnson & Johnson	2.1%
Henkel	1.9%
BMW	1.9%
Siemens	1.8%

FIG.54: PMC VS MSCI WORLD INDEX (A\$)



Templeton Global Growth Fund (TGG)

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 FY2012 was -7.9 percent with pre-tax net asset backing decreasing 6.4 percent. The active return was -7.3 percent.

The total shareholder return for FY2012 was -7.9 percent with pre-tax net asset backing decreasing 6.4 percent; the active return was -7.3 percent

FIG.55: TGG SNAPSHOT

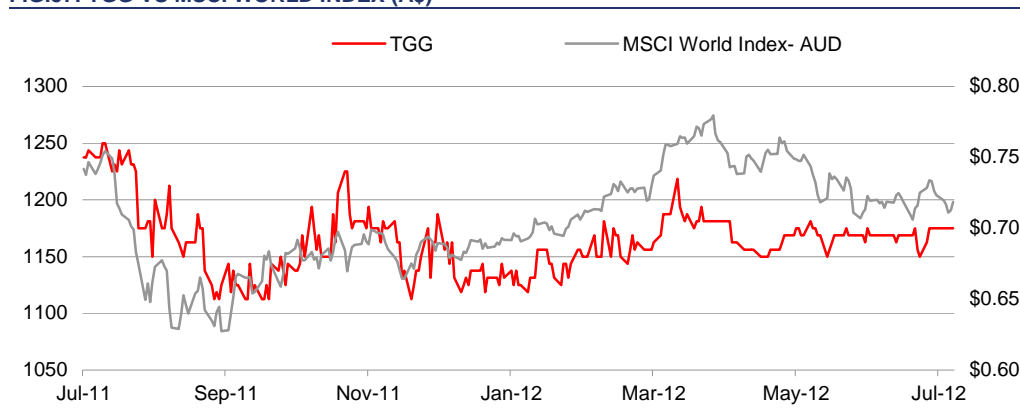
Price (13 July 2012)	\$0.70
Share price range (12 months)	\$0.64-\$0.77
Shares on issue	146,083,233
Market capitalisation	\$102.3mn
Pre-tax asset backing*	\$0.86
Post-tax asset backing*	\$0.86
Premium/(Discount) to pre-tax NTA	-20.9%
Premium/(Discount) to post-tax NTA	-20.9%
Dividend yield (FY12)	2.6%
Dividend per share (FY12)	2.0c
Franking	100%
Management expense ratio	1.00%

*As at 30 June 2012

FIG.56: PORTFOLIO TOP 10 AS AT 31 DECEMBER 2011

Company	Fund (%)
Royal Dutch Shell	2.6%
Microsoft	2.4%
Vodafone	2.3%
Amgen	2.3%
Pfizer	2.1%
Sanofi-Aventis	2.1%
Samsung Electronics	2.0%
GlaxoSmithKline	2.0%
Telenor	1.9%
Singapore Telecom	1.9%

FIG.57: TGG VS MSCI WORLD INDEX (A\$)



WAM Capital (WAM)

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 FY2012 was 8.7 percent with pre-tax net asset backing increasing 1.4 percent. The active return was 15.7 percent.

The total shareholder return for FY2012 was 8.7 percent with pre-tax net asset backing increasing 1.4 percent; the active return was 15.7 percent

FIG.58: WAM SNAPSHOT

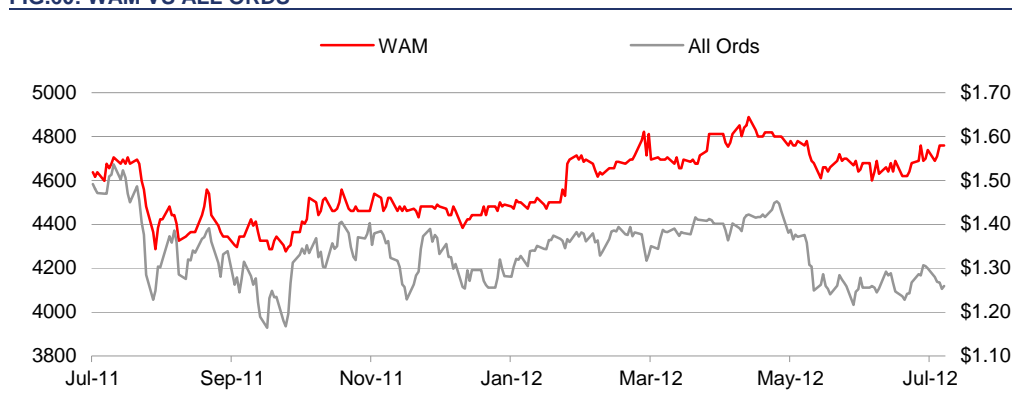
Price (13 July 2012)	\$1.58
Share price range (12 months)	\$1.29-\$1.65
Shares on issue	106,871,200
Market capitalisation	\$165.7mn
Pre-tax asset backing*	\$1.60
Post-tax asset backing*	\$1.56
Premium/(Discount) to pre-tax NTA	-3.3%
Premium/(Discount) to post-tax NTA	-1.3%
Dividend yield (FY12)	6.9%
Dividend per share (FY12)	10.5c
Franking	100%
Management expense ratio	1.00%

*As at 30 June 2012

FIG.59: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
CBA Perpetual Exc Resale Listed Sec - PERLS IV	2.9%
Emerging Leaders Investments	2.6%
Ironbark Capital	2.3%
Contango Capital Partners	1.7%
Breville Group	1.7%
McMillan Shakespeare	1.6%
Talent2 International	1.5%
Sunland Group	1.5%
Century Australia Investments	1.4%
Coventry Group	1.3%

FIG.60: WAM VS ALL ORDS



Whitefield (WHF)

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 FY2012 was 2.6 percent with pre-tax net asset backing decreasing 3.4 percent. The active return was 9.6 percent.

The total shareholder return for FY2012 was 2.6 percent with pre-tax net asset backing decreasing 3.4 percent; the active return was 9.6 percent

FIG.61: WHF SNAPSHOT

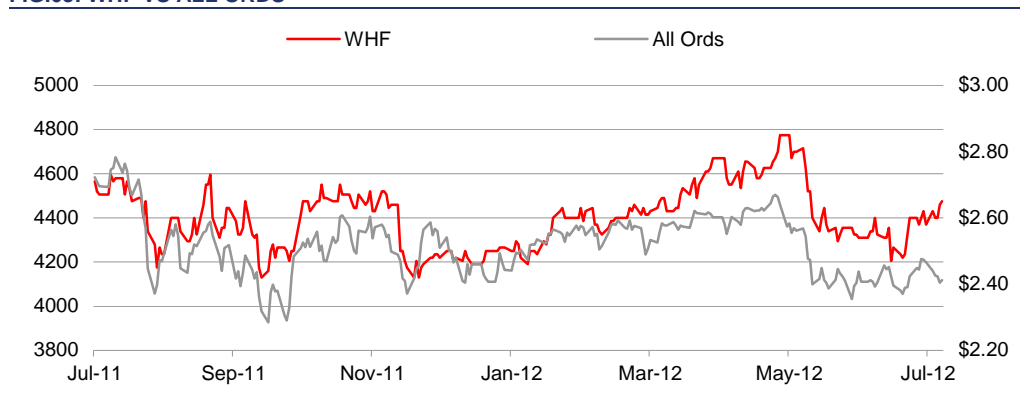
Price (13 July 2012)	\$2.65
Share price range (12 months)	\$2.40-\$2.85
Shares on issue	75,777,739
Market capitalisation	\$202.3mn
Pre-tax asset backing*	\$2.93
Post-tax asset backing*	\$3.15
Premium/(Discount) to pre-tax NTA	-11.3%
Premium/(Discount) to post-tax NTA	-17.5%
Dividend yield (FY12)	6.3%
Dividend per share (FY12)	17.0c
Franking	100%
Management expense ratio	0.35%

*As at 30 June 2012

FIG.62: PORTFOLIO TOP 10 AS AT 30 JUNE 2012

Company	Fund (%)
Commonwealth Bank of Australia	10.7%
Westpac Banking Corporation	8.2%
ANZ Banking Group	4.5%
National Australia Bank	6.7%
Telstra Corporation	4.9%
Woolworths	4.2%
Wesfarmers	4.0%
CSL	3.7%
QBE Insurance	3.2%
Macquarie Group	3.2%

FIG.63: WHF VS ALL ORDS



Appendix

FIG.64: PREMIUM/(DISCOUNT) TO PRE-TAX NTA

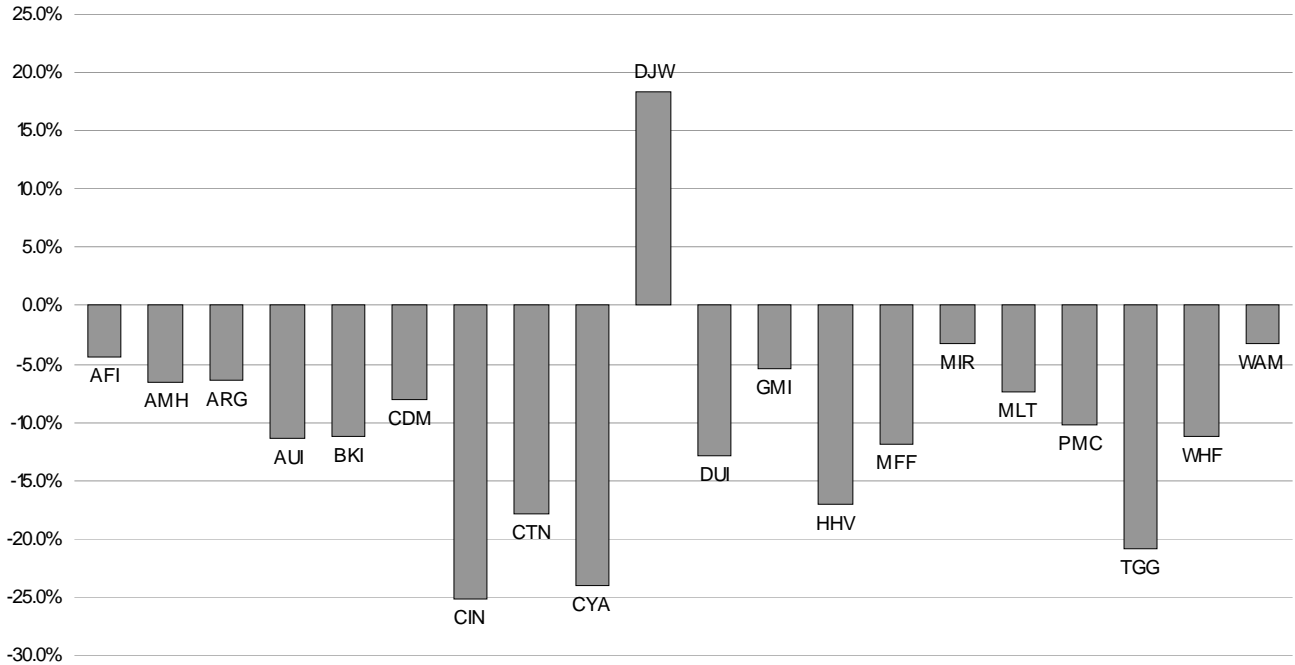


FIG.65: PREMIUM/(DISCOUNT) TO POST-TAX NTA

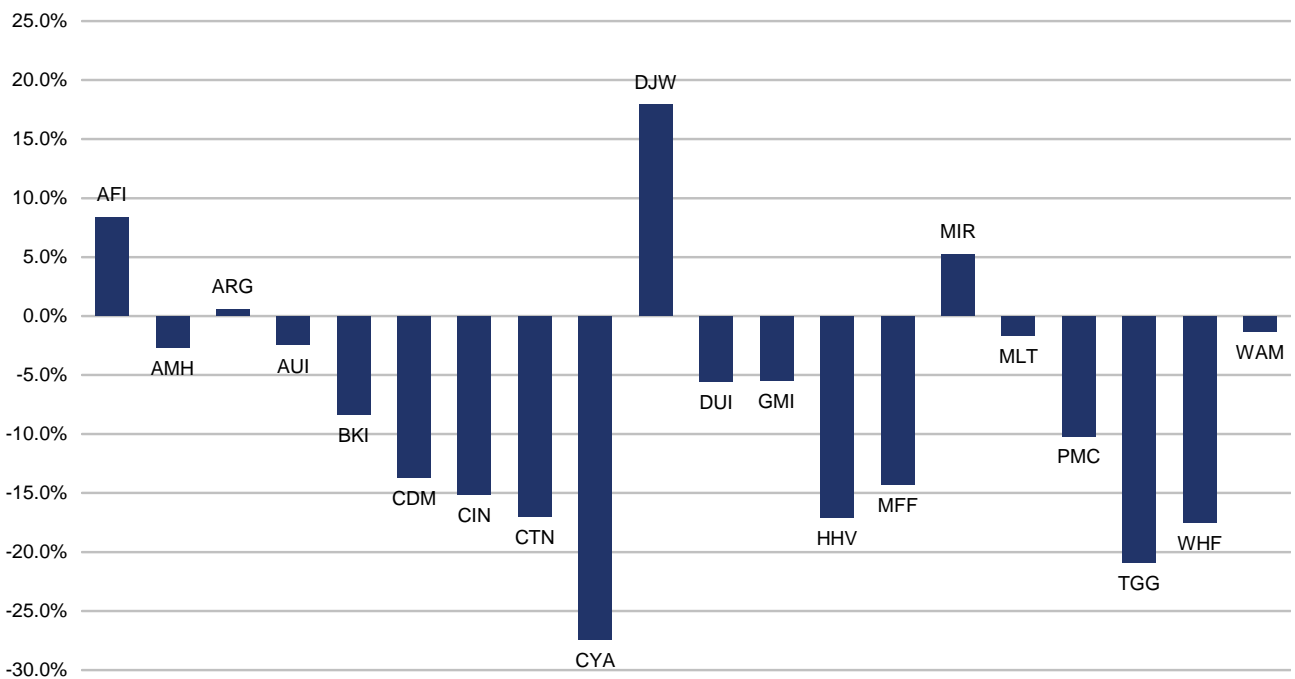
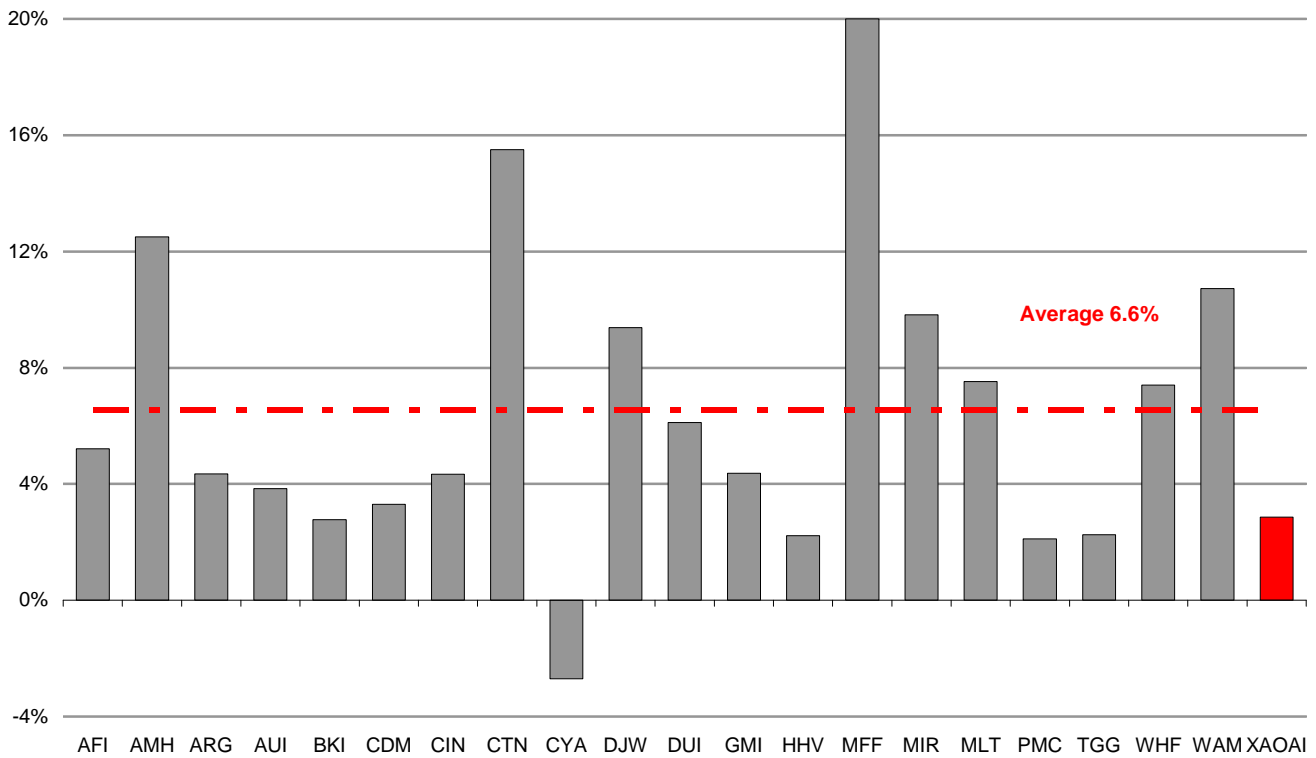


FIG.66: TOTAL SHAREHOLDER RETURN – % RETURN OVER 6 MONTHS TO 30 JUNE 2012



*XAOI = All Ords Accumulation Index

FIG.67: TOTAL SHAREHOLDER RETURN – % RETURN OVER 12 MONTHS TO 30 JUNE 2012

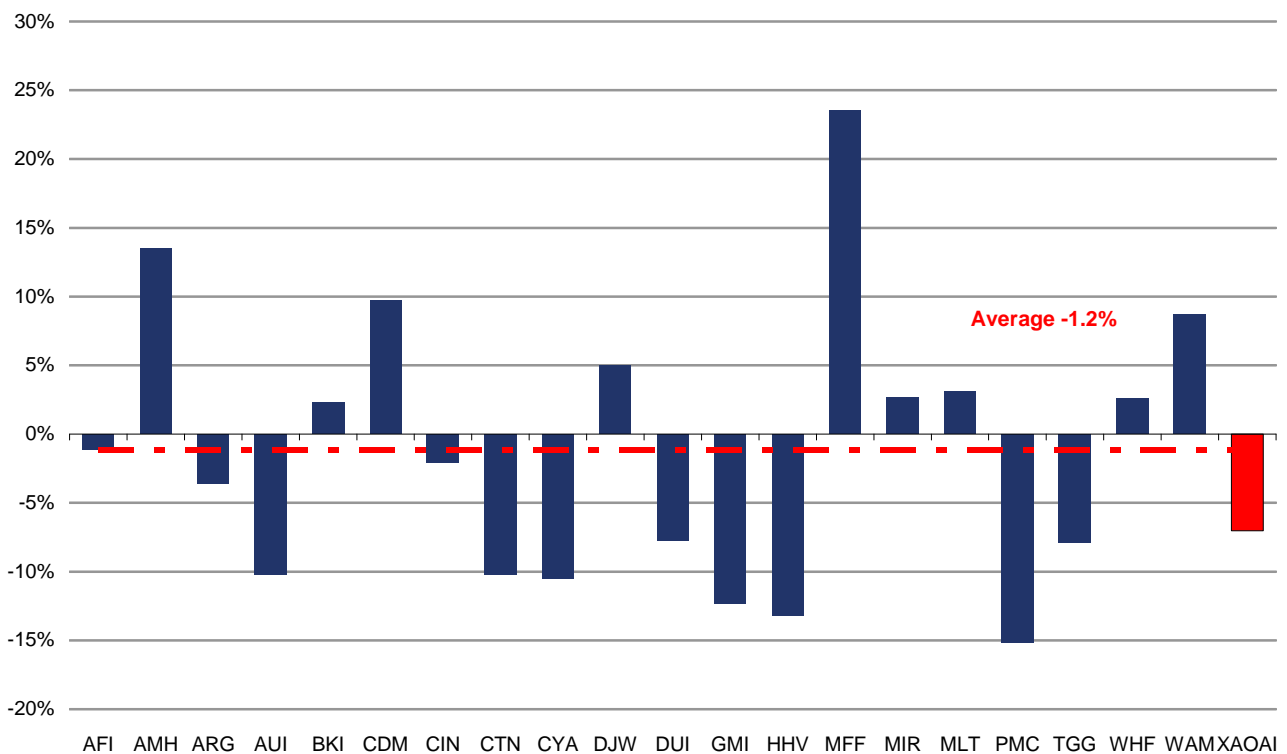


FIG.68: TOTAL SHAREHOLDER RETURN – % RETURN OVER 3 YEARS TO 30 JUNE 2012

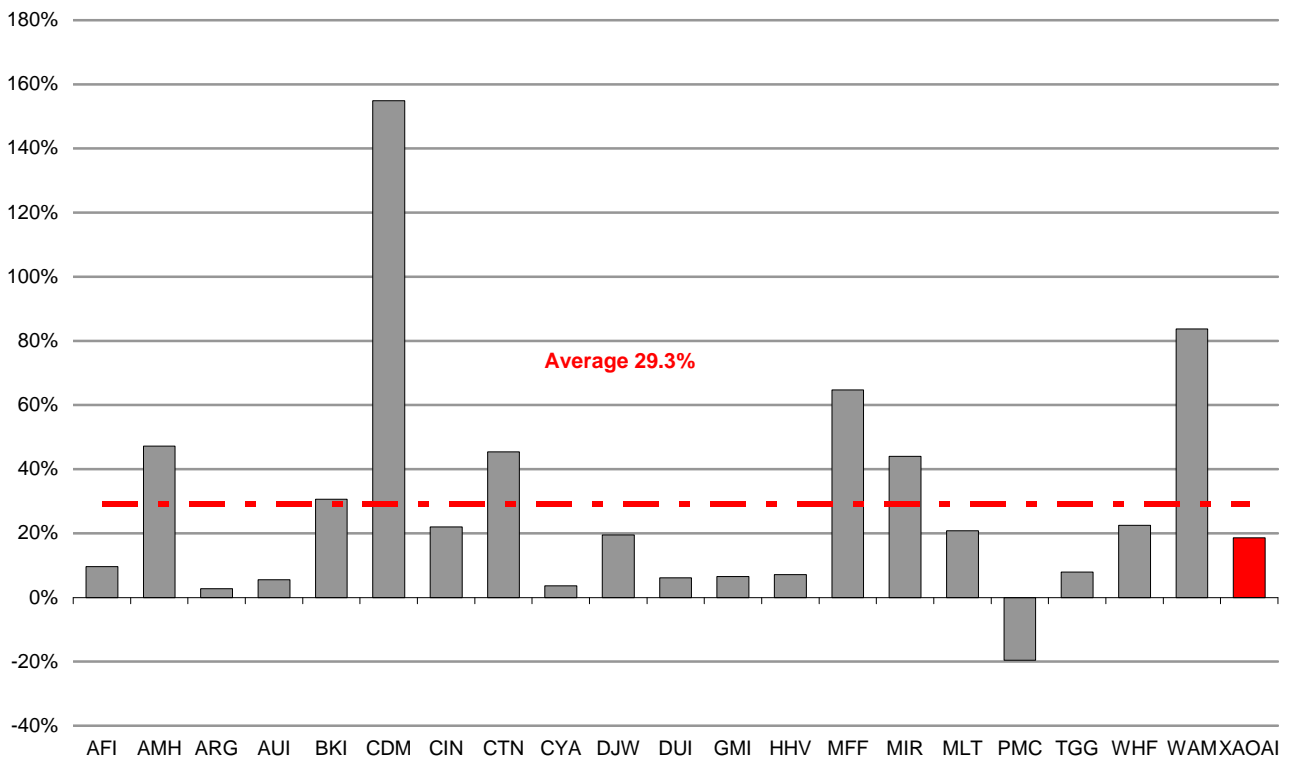
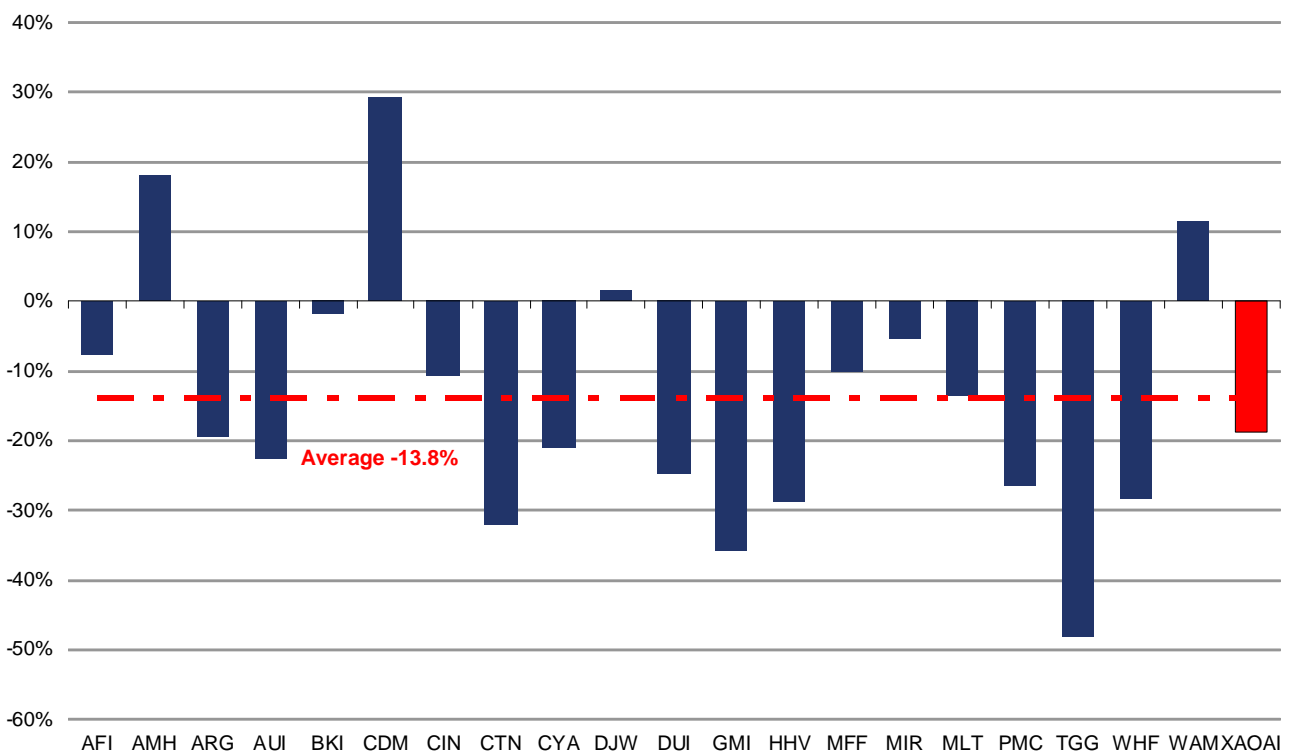


FIG.69: TOTAL SHAREHOLDER RETURN – % RETURN OVER 5 YEARS TO 30 JUNE 2012



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