

# WILSON INVESTMENT FUND LIMITED

(ACN 100 504 541)



## **WILSON INVESTMENT FUND LTD (WIL) – DECEMBER 2004** **INVESTMENT UPDATE & NTA**

Wilson Investment Fund Ltd (WIL) is a medium to long-term investor. We are in the process of investing the portfolio in the equity market. We will only invest as the appropriate opportunities arise.

In building the equity portfolio we are using a disciplined approach. This requires patience.

NTA before tax	106.95c
NTA after tax (including unrealised gains tax)	104.71c*

\* The above figure is after the payment of 1.5 cent fully franked final dividend.

The NTA before tax as at 31 December 2004 was 106.95 cents per share. WIL is a long-term investor and does not intend disposing of its total portfolio. If estimated tax on unrealised portfolio gains were to be deducted, the above figure would be 104.71 cents per share.

The above figure is after the payment of 1.1 cents in tax for the 2004 financial year and after the 1.5 cent fully franked final dividend.

The NTA at the close of the issue in August 2003 was \$0.982 per share.

### **OPTION ISSUE**

The company has announced a new bonus issue of options to all shareholders on a 1 option for every 2 shares held basis. The options have an exercise price of \$1.08 exercisable any time up until 17 June 2006. The options have begun trading on the ASX on a deferred settlement basis with the code WILOA.

### **SHARE BUY BACK**

On the 26<sup>th</sup> March 2004 the board of Wilson Investment Fund Limited announced an on market share buyback, equivalent to 16,146,000 shares or approximately 10% of issued capital. The buyback will be in place for a 12-month period, beginning from 9<sup>th</sup> April 2004.

The board is focussed on maximising returns to shareholders and this will from time to time involve active capital management. The board views the introduction of an on market share buy back as being in line with this aim as it will add value to the remaining shares on issue and increase NTA per share.

As at close of the market on 31 December 2004, 14,493,894 shares had been bought back. Since then a further 615,701 shares have been purchased through the buy back at 95 cents each.

## **PORTFOLIO STRUCTURE**

As at 31 December 2004 the portfolio was as follows:

<b>COMPANY</b>	<b>VALUE \$</b>
ABC Learning Centres Ltd (ABS)	1,928,500
Aevum Ltd (AVE)	1,026,976
ANZ 5.85% Conv. Pref (ANZPA)	1,535,700
ARB Corporation Ltd (ARP)	789,648
Australian Stock Exchange Ltd (ASX)	4,080,000
Babcock & Brown Ltd (BNB)	1,088,000
Bank of Queensland Series 1 Reset Prefs. (BOQP)	7,045,500
Brickworks Prefs. (BKWPA)	874,400
Challenger Beston Wine Trust (CWT)	2,666,667
Cockatoo Ridge Wines Ltd (CKR)	1,375,593
Credit Corp Group Ltd (CCP)	1,890,000
Graincorp Reset Prefs. (GNCPA)	806,250
Great Southern Conv. Notes (GTPG)	1,768,000
Harvey World Travel Ltd (HWT)	784,400
Infochoice Limited (ICH)	498,309
IOOF Holdings Ltd (IFL)	2,701,020
Leighton Holdings Conv. Notes (LEIGA)	846,400
Loftus Capital Partners Ltd (LCP)	988,500
Mariner Financial Ltd (MFI)	1,459,200
Mark Sensing Ltd (MPI)	418,326
MMC Contrarian Ltd (MMA)	3,967,903
NSX Limited (NSX)	455,000
Nylex Ltd (NLX)	1,264,000
Patrick Corp Cranes (PRKG)	858,313
Photon Group Limited (PGA)	2,372,200
Primary Health Care Ltd (PRY)	1,503,405
Primary Health Care Ltd (PRYN)	877,500
Reinsurance Australia Corporation Ltd (RAC)	3,480,000
Rock Building Society Ltd (ROK)	222,325
SFE Corporation Ltd (SFE)	1,756,000
Signature Brands Ltd (SBL)	260,000
Sydney Aquarium Ltd (SAQ)	608,300
Sydney Gas 12% Notes (SGLGA)	2,610,066
Technology Investment Fund (TIF)	65,438
Toll Reset Prefs (TOLPA)	590,050
Willmott Forests Pref. Shares (FLPA)	1,447,600
	<b>56,909,489</b>

The remainder is held in fixed interest and cash.

## **MARKET OUTLOOK**

The Australian bull market, now in its 23<sup>rd</sup> month, has seen the All Ordinaries Accumulation index rise by more than 50%. This dramatic appreciation in share prices has been driven by a strengthening of corporate profits, 28-year low unemployment and stable interest rates. More recently, an increase in corporate activity in the form of mergers and acquisitions has helped propel the market higher. Takeover bids for GPT, WMR, National Foods, Portman Mining, Foodland, and possibly Southcorp, has seen the corporate investor become a new buyer with the ability to inject fresh funds into the market and ignite more demand for shares. These favourable factors have resulted in optimistic expectations for earnings and future share price growth. We would expect these expectations to be met in the upcoming half-yearly profit results. However, we are becoming increasingly cautious in the medium-term. Market valuations have risen faster than profits and we believe that any disappointments to company earnings or a negative change in the economic environment could see a major correction occur.

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