

WILSON INVESTMENT FUND LIMITED

(ACN 100 504 541)



WILSON INVESTMENT FUND LTD - AUGUST 2003 **INVESTMENT UPDATE & NTA**

Going forward, the monthly NTA announcement will usually be in a more structured format. For our first, we thought it was important to give investors an insight into part of our investment process.

After the successful raising of \$161.25 million, the job of investing the money has commenced. One of the most important principals when investing for the medium to long term is to make sure you buy at the lowest price possible. That means not buying into fads or bubbles. It is important to use a counter cyclical and disciplined approach. Making sure of obtaining the correct purchase point for each company requires significant patience.

Our view of the equity market over the next year is positive but we will only invest WIL's money when we believe the rewards significantly out-weigh the risks.

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

As at 31 August, equities and listed debt made up 2.4% of the portfolio with the remainder being held in fixed interest and cash.

The NTA before tax as at 31 August was \$0.991 per share and the NTA after tax was \$0.990 per share.

As at 31 August we had made the following investments:

1. About 1% of the portfolio has been invested in ASX Limited at \$13.20 cum a 45.6 cent fully franked dividend. The ASX is one of the greatest businesses in Australia. Management has done an exceptional job of controlling costs. The major driver for the ASX profitability is volume of trades, these have grown by 11% compound over the last 11 years. In the last 4 years, trade growth has plateaued due to difficult market conditions. The upward trend in trading volume has recommenced.

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2. Invested 1% of the portfolio in Sydney Gas 12% Convertible Notes. After a number of meetings with Sydney Gas management and a half day at Camden reviewing the assets, we committed to the recent raising at \$0.60.
3. About 0.3% of the portfolio has been invested in Sydney Aquarium.
An excellent business franchise, a high return of capital and a strong cash flow generator paying a 5.5% fully franked yield. The company's second half result was negatively impacted by SARS and the Iraq war. The new year has seen a strong rebound in revenue and profitability. We would ultimately like to have 1% to 2% of the fund in this company, but the entry price is so important. I see at least two additional potential buying opportunities. 1) If they fail to gain approval to build the Wildlife exhibit; and 2) if they make an acquisition which would require more equity.

As at 12 September, 6.5% of the portfolio was committed to equities and listed debt instruments. The remainder is being held in fixed interest and cash.

Between 31 August and 12 September we have made an additional 5 commitments and 2 follow on investments:

1. Increased our holding in ASX Limited by 0.6% to 1.6% of the portfolio at \$13.87 cum a 45.6 cent fully franked dividend.
2. Invested 0.5% of the portfolio in Grain Corp Reset Preference Shares yielding a 6.5% fully franked dividend.
3. Committed 1% of the portfolio to ANZ StEPS which gives us a 1% better yield than our current cash invested in Bank Bills. We will convert into ANZ shares in 5 years time at 2.5% discount to the prevailing share price.
4. Committed 0.5% of the portfolio to Austrim Nylex. We have taken a small position initially and will increase it over time if the story unfolds as we expect but only if we believe it to be good buying.
5. Committed about 0.5% of the portfolio to Brickwork pavers, giving a 6.15% fully franked yield.
6. Committed 0.5% to Great Southern Plantations TREES. The TREES give at least a 6.25% fully franked yield until 31 October 2008.
7. Committed 0.5% into Cockatoo Ridge Wines, an emerging Australian wine company with significant growth potential. A distinguishing feature of the Company is that it out sources all of its production and packaging requirements.

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At our entry price it is on a PE of 9 times and provides a fully franked yield of 4.7%. The Board of Cockatoo Ridge has estimated 15% EPS growth in 2004.

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