



## **CHAIRMAN'S ADDRESS**

### **WILSON INVESTMENT FUND LIMITED ABN 15 100 504 541 ANNUAL GENERAL MEETING**

**Wednesday 18th November 2009 – 3.45pm**

**Lyceum Theatre, Wesley Centre  
220 Pitt Street, Sydney NSW 2000**

#### **1. INTRODUCTION**

Good morning, welcome to the sixth Annual General Meeting of Wilson Investment Fund Ltd (WIL). Thank you for your attendance and support.

My name is Geoff Wilson, I am Chairman of the Board of Directors and I will be chairing this meeting today. I would like to introduce the other members of the Board – Matthew Kidman, John Abernethy and Julian Gosse.

#### **2. MISSION**

WIL is an investment company whose mission is to provide superior returns to its investors over the medium to long term. WIL is managed by MAM Pty Ltd (MAM). MAM is owned by entities associated with Geoff Wilson and Matthew Kidman.

#### **3. PERFORMANCE**

We are pleased to report the Company's performance in its sixth year of operation. In the year to June 2009 WIL made an operating profit before tax from ongoing activities of \$4.7 million and an after tax profit of \$5.7 million, both before impairment losses of \$3.6 million. For the year, dividends paid and declared totaled 4.0 cents per share fully franked. As at 31 October 2009, 91.3% of the portfolio is invested in equities, 1.3% in listed hybrids while 8.4% is held in fixed interest and cash.

Now, I would like to discuss how we positioned the portfolio over the last 12 months. The steep decline in the equity market provided opportunities for new investments. The fund established positions in Wotif.com Holdings Ltd and IRESS Market Technology Ltd which were trading at attractive

prices at the time of investment. The position in McMillan Shakespeare was also added to in the year. As will be seen in the upcoming shareholder presentation, WIL took advantage of a number of capital raisings during the period. By participating in these raisings, new investments and the share buy-back, WIL's cash position decreased to 8% as at 31 October 2009, this compares to 19% the previous October.

#### **4. OBJECTIVES**

- Deliver investors a secure income stream in the form of fully franked dividends;
- preserve capital; and
- achieve a high real rate of return, comprising both income and capital.

#### **5. INVESTMENT PHILISOPHY**

The focus of the manager is to undertake extensive research and invest using a disciplined approach. The manager undertakes regular interviews with the management of listed companies.

The manager is using two methods to invest:

- Research driven - which involves the rating of a company with respect to its management, earnings growth, valuation and industry position and then identifying a catalyst which will change the valuation before investing, and
- Investment driven - which requires investing in a company with a sustainable business model, a track record of profit and dividends, acceptable financial risk and a strong return on equity. Once the above characteristics have been identified the timing of the purchase is paramount. The manager has been conservative with this timing.

#### **6. DIVIDEND POLICY/LIC CAPITAL GAINS**

The board is committed to paying dividends to shareholders. It is the board's objective to paying an increasing stream of fully franked dividends, however, this will depend upon adequate profitability and available franking credits.

For the 2009 financial year, the dividend paid was 4.0 cents a share fully franked which included a 0.2 cent LIC Capital Gain. LIC Capital gain dividends provide tax benefits to various stakeholders. In the current year dividends will be paid, assuming adequate profitability, and that franking credits are available.

## 7. DISCOUNT TO NTA

The pre-tax NTA as at 31 October 2009 was \$0.93. The current share price is \$0.79. This is a 15% discount to the pre-tax NTA. We believe this phenomenon will change over time with the establishment of a performance and dividend track record.

## 8. CAPITAL MANAGEMENT

On 14 September 2009 we commenced a buy-back of 10% of issued capital. As at 17 November 2009 a total of 6,178,490 shares have been bought back for a total consideration of \$4,865,467. This is our fourth 10% share buy-back over the last six years. The buy-back creates value for existing shareholders by increasing the NTA per share.

## 9. GOAL

Our goal is to deliver consistently growing dividends to shareholders. This will be achieved by having a combination of research driven investments, ideally made up of a portfolio of smaller and medium sized industrial growth companies, and investment driven investments consisting of a portfolio of larger industrial companies that will provide a consistent dividend flow.

## 10. PORTFOLIO

I have included the portfolio as at 31<sup>st</sup> October 2009.

	<u>Qty</u>	<u>Market Value \$</u>	<u>%</u>		<u>Qty</u>	<u>Market Value \$</u>	<u>%</u>
<b><u>Listed Hybrids</u></b>				<b><u>Food Beverage &amp; Tobacco</u></b>			
Seven Non-red Prefs (SEVPC)	15,000	1,440,000	1.4%	Cockatoo Ridge Wines Ltd (CKR)	8,108,328	32,433	0.0%
		<b>1,440,000</b>	<b>1.4%</b>	Graincorp Ltd (GNC)	398,457	2,773,261	2.7%
<b><u>Capital Goods</u></b>				Select Harvest Ltd (SHV)	343,241	1,372,964	1.3%
CSR Ltd (CSR)	625,000	1,203,125	1.2%			<b>4,178,658</b>	<b>3.4%</b>
Reece Australia Ltd (REH)	45,711	1,119,920	1.1%	<b><u>Banks</u></b>			
		<b>2,323,045</b>	<b>2.3%</b>	ANZ Ltd (ANZ)	132,500	3,055,450	3.0%
<b><u>Commercial Services &amp; Supplies</u></b>				Bank of Queensland Ltd (BOQ)	94,816	1,170,978	1.1%
Credit Corp Group Ltd (CCP)	959,082	2,157,935	2.1%	Bendigo & Adelaide Bank Ltd (BEN)	537,077	4,887,401	4.8%
McMillan Shakespeare Ltd (MMS)	900,000	3,735,000	3.6%	Commonwealth Bank of Aust. (CBA)	76,900	4,018,025	3.9%
SAI Global Ltd (SAI)	675,000	2,335,500	2.3%	Mortgage Choice Ltd (MOC)	519,715	722,404	0.7%
		<b>8,228,435</b>	<b>8.0%</b>	National Aust Bank Ltd (NAB)	230,000	6,865,500	6.7%
<b><u>Consumer Services</u></b>				Rock Building Society Ltd (ROK)	57,285	147,795	0.1%
Tabcorp Holdings Ltd (TAH)	200,000	1,430,000	1.4%	Westpac Banking Corp (WBC)	212,500	5,603,625	5.5%
Tattersalls Ltd (TTS)	611,350	1,516,148	1.5%	Wide Bay Australia Ltd (WBB)	413,573	3,722,157	3.6%
						<b>30,193,335</b>	<b>29.4%</b>

		<b>2,946,148</b>	<b>2.9%</b>	<b>Health Care Equip &amp; Services</b>				
<b>Media</b>				Aevum Ltd (AVE)	1,326,839	2,030,064	2.0%	
Photon Group Ltd (PGA)	1,549,500	2,781,353	2.7%	Primary Health Care Ltd (PRY)	780,497	4,761,032	4.6%	
Prime Television Ltd (PRT)	925,993	740,794	0.7%	Pro Medicus Ltd (PME)	1,075,000	795,500	0.8%	
WA Newspapers Hld Ltd (WAN)	124,000	927,520	0.9%	Sigma Pharmaceuticals Ltd (SIP)	1,178,826	1,108,096	1.1%	
		<b>4,449,667</b>	<b>4.3%</b>			<b>8,694,692</b>	<b>8.5%</b>	
<b>Retailing</b>				<b>Diversified Financials</b>				
AP Eagers Ltd (APE)	348,997	3,594,669	3.5%	ASX Ltd (ASX)	302,000	10,237,800	10.0%	
ARB Corporation Ltd (ARP)	580,864	2,831,799	2.8%	BT Invt M'ment Ltd (BTT)	1,041	3,279	0.0%	
Wotif.com Holdings Ltd (WTF)	93,000	560,790	0.5%	Clime Invt M'ment Ltd (CIW)	3,836,143	1,572,819	1.5%	
		<b>6,987,258</b>	<b>6.8%</b>	CVC Ltd (CVC)	750,000	480,000	0.5%	
<b>Food &amp; Staples Retailing</b>				Equity Trustees Ltd (EQT)	71,000	1,349,000	1.3%	
Metcash Ltd (MTS)	950,000	4,465,000	4.3%	IOOF Holdings Ltd (IFL)	327,000	1,723,290	1.7%	
		<b>4,465,000</b>	<b>4.3%</b>	Mariner Financial Ltd (MFI)	2,560,000	28,160	0.0%	
<b>Insurance</b>				NSX Ltd (NSX)	1,085,000	271,250	0.3%	
Calliden Group Ltd (CIX)	6,000,000	1,980,000	1.9%	Perpetual Ltd (PPT)	40,000	1,504,800	1.5%	
Tower Australia Group Ltd (TAL)	1,689,950	5,019,152	4.9%	Rattoon Holdings Ltd (RTN.NSX)	250,848	20,068	0.0%	
Tower Ltd (TWR)	746,352	1,041,161	1.0%	Treasury Group Ltd (TRG)	98,766	541,238	0.5%	
		<b>8,040,313</b>	<b>7.8%</b>			<b>17,731,704</b>	<b>17.3%</b>	
<b>Software &amp; Services</b>				<b>Real Estate</b>				
IRESS Market Technology Ltd (IRE)	144,508	1,127,162	1.1%	Challenger Wine Trust (CWT)	2,453,250	772,774	0.8%	
		<b>1,127,162</b>	<b>1.1%</b>			<b>772,774</b>	<b>0.8%</b>	
<b>Materials</b>								
Willmott Forests Ltd (WFL)	2,735,040	1,107,691	1.1%					
		<b>1,107,691</b>	<b>1.1%</b>					
				<b>TOTAL PORTFOLIO VALUE</b>		<b>\$102,685,880</b>		

### 13. CONCLUSION

In conclusion I would like to thank the staff, directors and shareholders of WIL for their continuing support. We look forward to an exciting future ahead together. We believe there are always opportunities and we look forward to the current year.