



# Wilson Investment Fund Limited (WIL)

Investor Report 30 June 2009

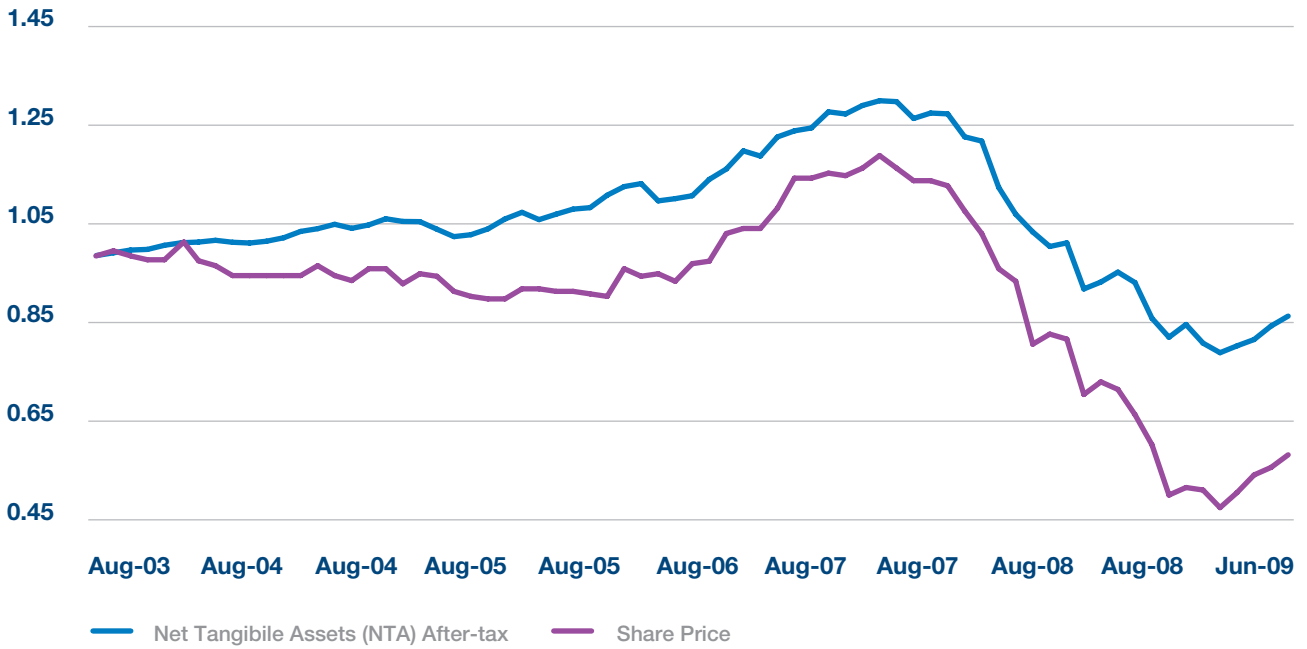
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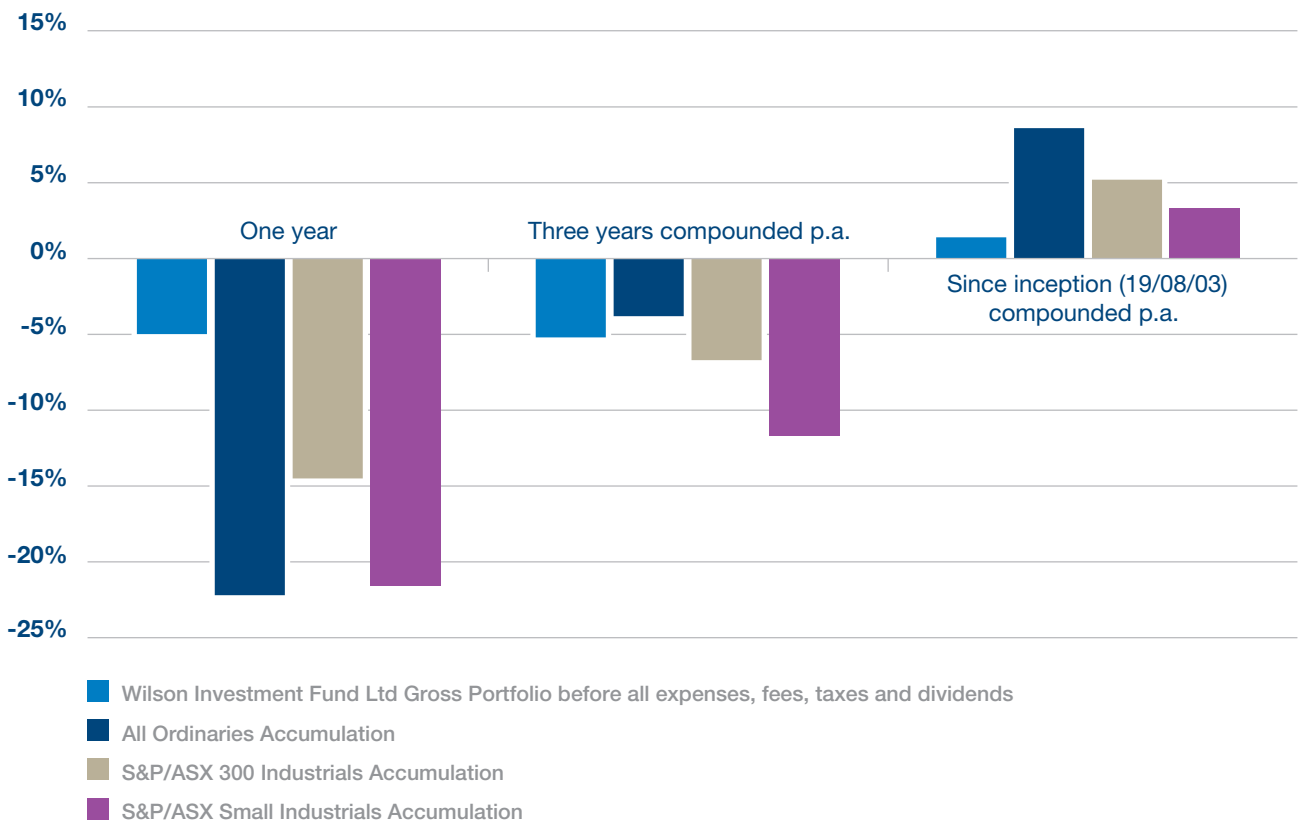
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### NTA & Share Price History



### Wilson Investment Fund Ltd's Gross Portfolio versus All Ordinaries Accumulation Index, S&P/ASX 300 Industrials Accumulation Index and S&P/ASX Small Industrials Accumulation Index to 30 June 2009



## Investment Objectives and Process

Our investment objectives are to achieve a high real rate of return, comprising both income and capital growth (within risk parameters acceptable to the Directors), deliver investors a secure income stream in the form of fully franked dividends and preserve the capital of the Company.

Our investment process focuses on:

**(a) Research Driven investing,**

where we undertake extensive research, rating the company's management, earnings growth potential, valuation, industry position, generation of free cashflow and identifying a catalyst that will change the valuation the market gives to the company, and

**(b) Investment Driven investing**

where the investee company has a sustainable business model, a track record of profit and dividends, generates positive free cashflow, acceptable financial strength and generates a sound return on equity.

We believe an area of the market that will deliver above market returns overtime, at an acceptable risk, are small and medium sized industrial companies. This prognosis is based on the ability of those companies to grow at a higher rate (15 to 20% per annum) than the larger industrial companies. We do not favour investing in mining companies due to the high risk nature of the mining business and the volatility of revenues.

# Performance

The gross value of Wilson Investment Fund Limited (WIL's) portfolio fell 4.8% in the 12 months to June 30, 2009. This compares to a 22.2% decline in the All Ordinaries Accumulation Index for the same period.

**WIL benefited from a large exposure (approximately 45%) to the financial sector. The S&P/ASX Financial Accumulation Index fell 13.2% during the financial year. WIL has no exposure to the resources sector, which experienced a 32% fall for the year.**

While the finance and industrial sectors have enjoyed a strong rally since March 2009, we believe both areas represent reasonable value. The industrial market is trading on a price to earnings multiple of around 14 times 2010 earnings at a time of low interest rates and depressed earnings.

As at June 30, WIL has 81% of its assets invested in industrial companies, 17% of its portfolio in cash and term deposits and 2% in hybrids. The equity levels increased over the course of the year due to investments in IRESS Market Technology Limited (IRE), Wotif.com Holdings Limited (WTF), Australia and New Zealand Banking Group Limited (ANZ), National Australia Bank Limited (NAB), Westpac Banking Corporation (WBC), Commonwealth Bank of Australia (CBA), Wide Bay Australia Limited (WBB), AP Eagers Limited (APE), Prime Media Group Limited (PRT) and Reece Australia Limited (REH).

During the year we sold our positions in Bank of Queensland Limited (BOQ), Toll Holdings Limited (TOL) and Australia and New Zealand Banking Group Limited (ANZ) on the conversion of preference shares. We received \$8.05 million in proceeds.

During the year, pre-tax net tangible assets (NTA) backing, adjusted for the payment of 4.0 cents fully franked dividends (including a 2.00 cent LIC capital gain) moved from 89.80 cents a share to 86.60 cents per share. The figure included a tax benefit of 6.6 cents a share.

## Investment Outlook

The Australian sharemarket suffered a 22.2% fall for the year to June 30, 2009.

**Despite a resilient local economy investors sold off shares, taking their lead from the US, where economic conditions are significantly worse. The decline is the first back to back decline over financial years in more than a decade.**

Importantly, the markets around the globe started to rally on March 6, 2009. This rally has seen the Australian market spike 47% in approximately six months. The WIL portfolio, which had a significant exposure to financial and the mid to small capitalisation industrial stocks, benefited from this upward movement.

It is important to understand that WIL is an investor for tax purposes. This means the portfolio will not vary significantly in the future. Therefore, the future performance of the fund will largely depend on the companies already in the portfolio. Although financial and industrial stocks have enjoyed a major recovery since March this year, we do not believe they are overvalued. Interest rates are at historical lows and company earnings should recover strongly over 2010 and 2011.

The next major hurdle for local equities will be the inevitable increase in official interest rates. The Reserve Bank of Australia (RBA) will be eager to keep a lid on inflation. As the RBA begins its tightening cycle in 2010, investors will become concerned about how high interest rates will climb. Historically, sharemarkets struggle in periods of rising rates, and therefore, 2010 may prove a benign period for shares. We believe this will represent another buying opportunity.

# Investment Yield and Dividends

A key aim of WIL is to deliver an increasing stream of fully franked dividends to investors over time.

**Obviously this is dependant on profitability and retained earnings. To achieve this goal, we aim to hold stocks that pay a steady stream of fully franked dividends that can then be passed through to the WIL investors. Our portfolio has a current yield of 5.18% and an estimated one year forward yield of 5.67%.**

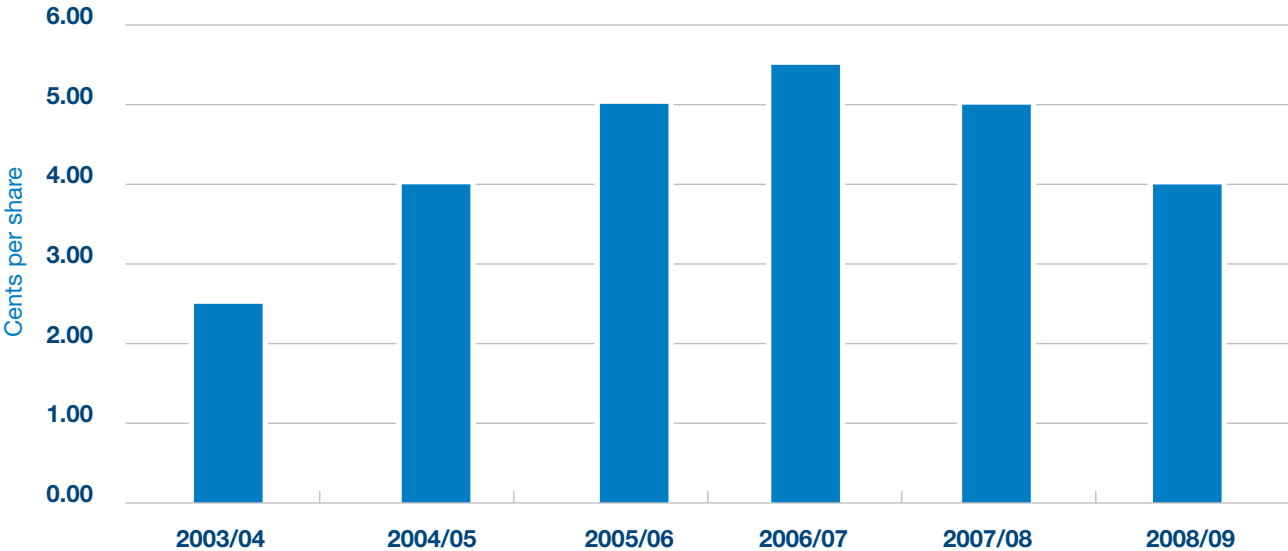
WIL is an investor for tax purposes. As a result, a large percentage of the dividends paid by the company will be derived from the dividends it receives from the companies held in the portfolio. WIL also has the ability to pay fully franked dividends with a capital gain component in the event that a capital gain has been made. These capital gain dividends will usually be derived from takeovers of stocks held and sales. That is, an investor for tax purposes, cannot actively trade stocks.

The capital gain component of a dividend paid by WIL, is taxed concessionally in the hands of the shareholders to align it with their individual capital gain tax rate. When WIL pays this type of dividend, the investor will receive a detailed dividend statement including the capital gain information necessary to include in the shareholders tax return to receive this concessional rate.

This should result in a tax refund to the investor. Corporate shareholders do not benefit from a concessional tax rate on the capital gain component of the dividend.

On the 28th August 2009, the Board announced the final fully franked dividend of 2.0 cents per share payable on 30 October 2009. The final dividend carries with it an attributable LIC capital gain of 0.2 cents per share which will enable some shareholders to claim a tax deduction. The shares will trade ex dividend on 20 October 2009. The full year ordinary dividends totals 4.0 cents per share fully franked.

### Dividends



# The world has changed forever

Is it time to unlock the pen and let the bulls roam freely in the paddock to enjoy themselves?  
Is it time to sink the slipper into the bears and hunt them back into the cave?

While it is still too early to answer these questions it is worthwhile investigating what markets do following a severe bear market. In last year's Investor Report we penned an article on bear markets over the last century, analysing how long they last and how far they usually fall. What we didn't know back then was that US investment bank Lehman Brothers would collapse in September 2008, resulting in a global credit crisis and the second worst bear market of all time. The broad based S&P 500 Index in the United States fell 56 per cent in 17 months only to be matched stride for stride by the Australian All Ordinaries Index that fell 55 per

cent in 16 months. The pain in the Australian market was felt most acutely by the small industrials sector which experienced a 70 per cent crew cut. At the time of writing this report (June 30) it has been 116 days since the US and Australian share markets hit their respective lows on March 6. This is the longest and strongest rally since the bear market was unleashed back in late 2007. But when things change there is usually a level of scepticism and a state of disbelief sets in. The consensus view that still pervades the market is that the world has changed permanently and a recovery is still many years away.

The financial crisis claimed many victims on Wall Street including Bear Stearns, Lehman Brothers, Merrill Lynch and insurance group AIG. The catch cry has been that Wall Street and the financial world as a whole has changed forever. Investors should no longer expect the same returns they have enjoyed in recent years. What people should never lose sight of is that things do change and a crisis normally accelerates the change. The table below shows the Dow Jones Industrial Index and its original 12 stocks back in 1896.

## Table of the Dow Jones Index in 1896

Company	What Became of It
American Cotton Oil	Distant ancestor of Bestfoods
American Sugar	Evolved into Amstar Holdings
American Tobacco	Broken up in 1911 antitrust action
Chicago Gas	Absorbed by Peoples Gas, 1897
Distilling & Cattle Feeding	Whiskey trust evolved into Millennium Chemical
General Electric	Going strong and still in the DJIA – In 1892, GE was formed via a merger of famed inventor Thomas Edison's Edison General Electric Company and a competitor, Thomson-Houston Company.
Laclede Gas	Active, removed from DJIA in 1899
National Lead	Today's NL Industries removed from DJIA in 1916
North American	Utility combine broken up in 1940s
Tennessee Coal & Iron	Absorbed by U.S. Steel in 1907
U.S. Leather (preferred)	Dissolved in 1952
U.S. Rubber	Became Uniroyal, now part of Michelin

Source: [www.finfacts.com](http://www.finfacts.com)

Of the original 12 stocks only General Electric has survived. The remaining 11, which represented the US economy of the day, have been merged, taken over or shut down. GE has proven amazingly nimble, morphing an electricity company into a conglomerate that includes financial, medical and engineering divisions.

The much hackneyed phrase “the world has changed forever,” is a truism but not one we should all fear. No one can doubt the US consumer, the engine for above average economic growth for the world in recent years, is in for a period

of hibernation. In simple terms the average person in the US and other western countries, including Australia, borrowed too much money over the last decade to bring forward their ambitious life style. New houses and cars, overseas holidays and private schools have become the norm rather than the exception.

This change though does not automatically result in the share market falling into a Japanese like funk that has lasted the best part of two decades. The US and other western countries have continually changed and this has resulted in the share market rising more than 170

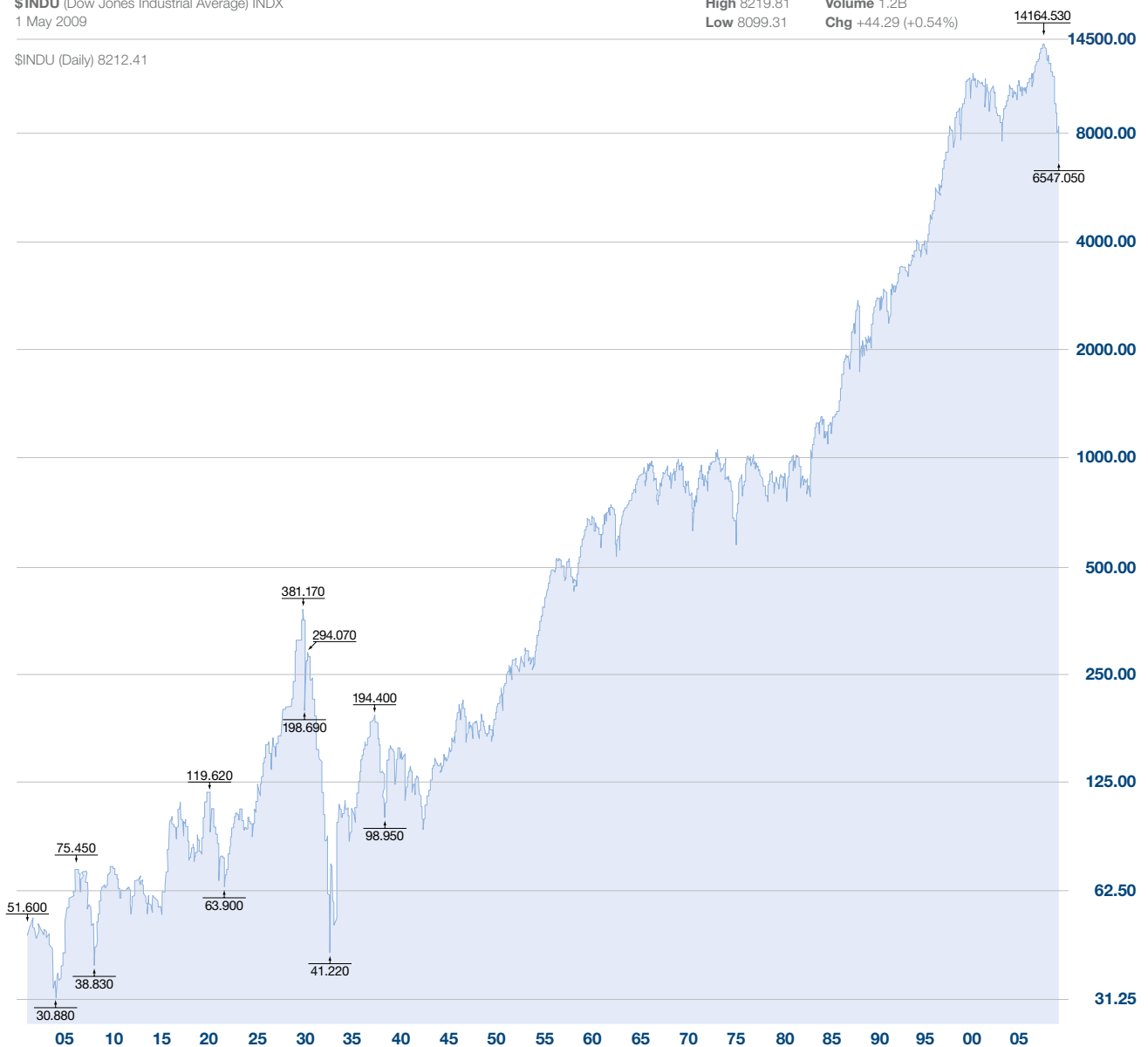
times over the last 100 years. In other words, if you were to put \$100,000 in the US share market in 1909 it would now be worth \$17 million and this does not include dividends. All bear and bull markets behave similarly with bear markets averaging approximately 15 months in duration and falling about 33 per cent. The bull markets last about 3 times as long and average a return of around 100 per cent. For every 10 years, on average 7 are up and 3 are down. This decade the US market has already managed 4 down years and we still have a year to go.

## Dow Jones Industrial Average (1900 – Present Monthly)

\$INDU (Dow Jones Industrial Average) INDX  
 1 May 2009

Open 8167.41    Close 8212.41  
 High 8219.81    Volume 1.2B  
 Low 8099.31    Chg +44.29 (+0.54%)

\$INDU (Daily) 8212.41



Source: www.stockcharts.com

## 1900–Present Monthly

Every boom and bust has its leaders and things change over time. During the run in the 1960's the nifty fifty stocks rose to enormous price to earnings multiples as they took their American businesses around the globe. In the 1990's it was the technical revolution that was lead by Cisco, Microsoft and a slew of internet based companies. Back in the 1880's the railway stocks paved the way for above average returns.

As we sit here in 2009, no one is quite sure what sectors will lead us forward but the chances are they are not the same organisations that have done so in the past. It may well be the emergence of the Asian economic miracle that proves the way forward. History tells us that after a major correction in prices following an extended period of above average returns, life changes and the world moves on. Change usually proves to be a good thing, rather than a nasty end.

### How do markets perform in the long term

The belief that investors can no longer enjoy the returns of recent times is an interesting comment given the US market has delivered a negative absolute return over the last decade. At June 30 1999, the Dow Jones Industrials Index was trading at 10,971, or about 23 per cent higher than where it closed one decade later on June 30, 2009 (the time of writing

this article). At the current bottom of the market on March 6, the Dow Jones Index was trading at a 32.7 per cent discount to the close 10 years earlier. These appalling returns are the direct result of a significant bull market that effectively began in late 1974, but really gathered a head of steam in 1983, ending with the tech wreck in early 2000. From 1983 to 2000 the Dow Jones Index managed to post gains of more than 13 per cent per annum, almost double the long term average of just over 7 per cent. (These numbers are purely share price movements and do not include dividends). It could be argued the massive underperformance of the past decade is a correction that will take returns back to or close to long term averages.

### 1970s

There are striking similarities between the last decade and what unfolded from the years 1966 to 1983. In these 17 years the Dow Jones Industrial Index attempted to break through 1,000 point mark on four occasions but effectively failed each time. There were five bear and five bull markets during the period. This indigestion, or as some term it, secular bear market, was the end of a staggering upward surge that went from 1932 to 1966 and saw the Dow move 2,400 per cent higher.

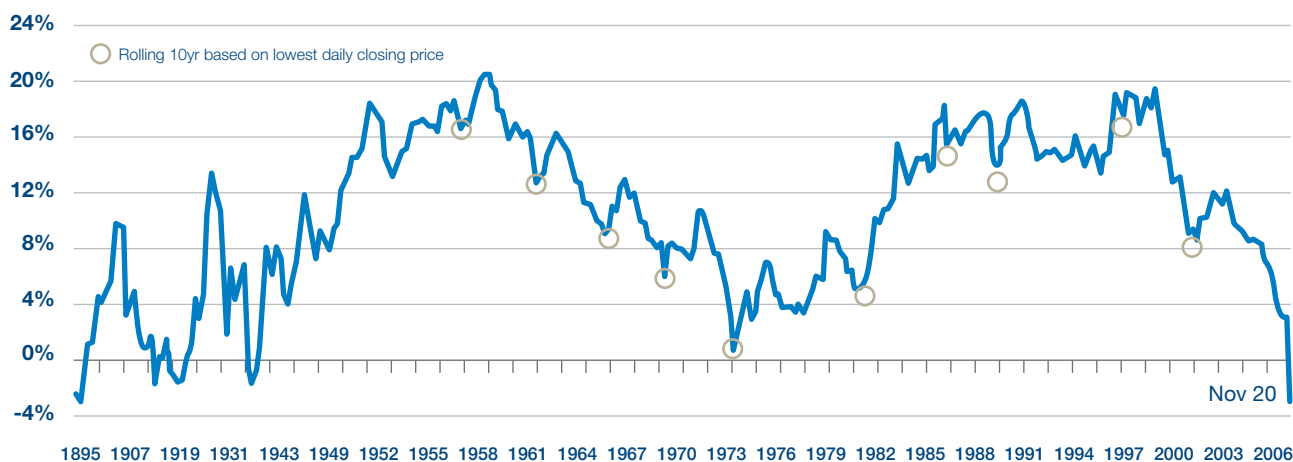
While the market did not surge into new territory until 1983 the ultimate low in the 1970s bear market was in

the September quarter of 1974 when the Dow hit 577. This was about half way through the secular bear market that had begun 8 years earlier. Between the low in 1974 and the end of the bear market in 1983 the share market doubled, which is a return of about 8 per cent annually (excluding dividends).

Overlaying this on the current day situation, things look quite interesting. If the market bottomed on March 6, 2009, some nine years after the end of the bull market in 2000, it will take some 10 years for the Dow to reach a new high based on an 8 per cent return per annum. Alternatively it may only take 8 years to reach the high if the duration of the secular bear market is the same length as the one experienced in the 1970's. That would mean an annual return of about 10 per cent before dividends. Unfortunately, the 1970's also show us that just because you hit a bottom in terms of share prices, it does not necessarily mean that it is a smooth rise to the next bull market.

The following chart suggests that the worst may be behind us and a recovery has started. The chart tracks the 10 year rolling average of the broad based S&P 500 Index. It shows that when the 10 year average return falls below zero this is a very opportune time to buy. The chart also shows that the 10 year rolling return to December 2008 was the worst experienced in 115 years.

## S&P 500 Rolling 10yr compounded total returns (1895–now) – worst in 100+ years



Note: 1895–1946 based on year-end prices, 1947 onwards based on quarter end prices. Circles show rolling 10yr based on lowest closing during 1962, 1966, 1970, 1974, 1982, 1987, 1990, 1998, 2002 bear market. Source: UBS Research

### The Australian experience

Like its US cousin, the Australian share market has delivered on average just over 7.4 per cent per annum over the last 100 years. This jumps to over 12 per cent once dividends are added in.

The Australian share market fell approximately 55 per cent from its peak on November 1, 2007 until the current bottom on March 6, 2009. This was the second worst bear market the country has ever experienced, and only 4 per cent shy of the 1973/74 bear market and worse than the market during the Great Depression back in 1929.

Despite a recession free period from 1991 to 2009 the share market has managed to underperform its long term average. In fact, from the bottom of the market in 1991 to the March 6 low in 2009 the share market only managed to deliver returns of 5.5 per cent per annum. If it had delivered its long term average, the All Ordinaries Share Index would currently be sitting at around 4550 (written at June 30). Not one to be outdone, the Small Industrials Index failed to register any gains over the same period.

This underperformance is all the more surprising when we take into consideration that between the market peak in September 1987 and the bottom in 1991 the Australian share market halved.

If the market manages to resume average returns over the next 8 years, it will manage to break through the old historical high. However, as mentioned above, the market does not normally recover in a straight line. If we look at the seven bear markets after WWII and not including the current one, the average return experienced over the first 12 months following the bear market is 32 per cent. Some are much greater but most recovery years enjoy rises of at least 20 per cent. Not all of these recoveries though necessarily result in the beginning in a multi-year bull market. There were several bear

markets in the 1970s before the recovery in 1982 saw the market shoot to new highs and keep on powering. The crash of 1987 saw a recovery during 1988 and 1989 before another bear market of more than 30 per cent during 1990/91 which in turn was followed by another bear market in 1994.

So history tells us while the first year after a bear market is usually a good one, the period following that recovery can be quite volatile, but overall profitable.

### Humans though never change

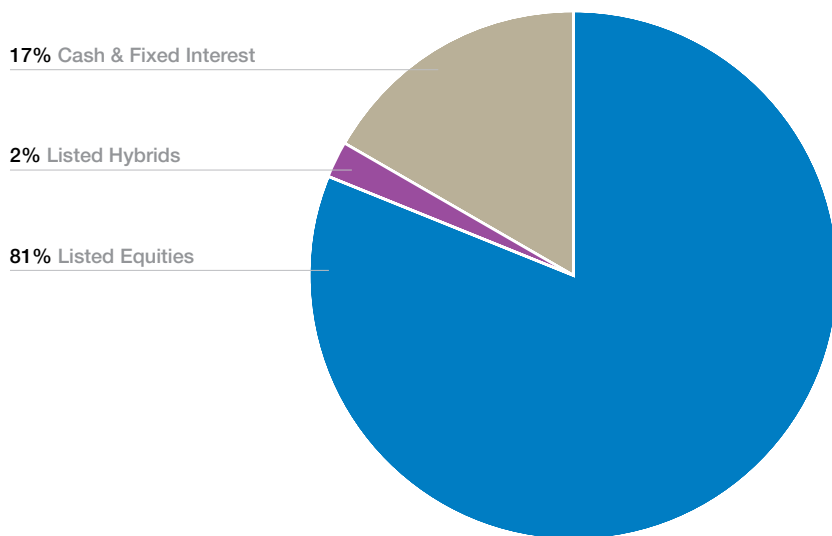
While investors can enjoy the opportunity that change brings, there are some aspects of human life that never seem to change. The father of value investing Benjamin Graham taught the world, including his student Warren Buffet, about market psychology. He invented a character called Mr Market who turned up at your door each day to buy or sell shares to you at various prices. Graham believed Mr Market's moods would swing wildly from euphoria in bull markets and severe depression in bear markets. In bull markets Mr Market would arrive at your door, euphoric and willing to pay high prices for the shares you own. In bear markets the same Mr Market would arrive at your door willing to sell you his shares at very low prices. This philosophy was first articulated by Graham when he started teaching about investing at Columbia University in 1928.

During 2008 Mr Market became very depressed and can't see any good times in the future. Highly paid experts around the globe are happy telling everyone the world has changed forever and investors can't expect to receive the same investment returns they have enjoyed in the past. Only when share prices are much higher and the world economy has recovered will Mr Market start to enjoy himself again.

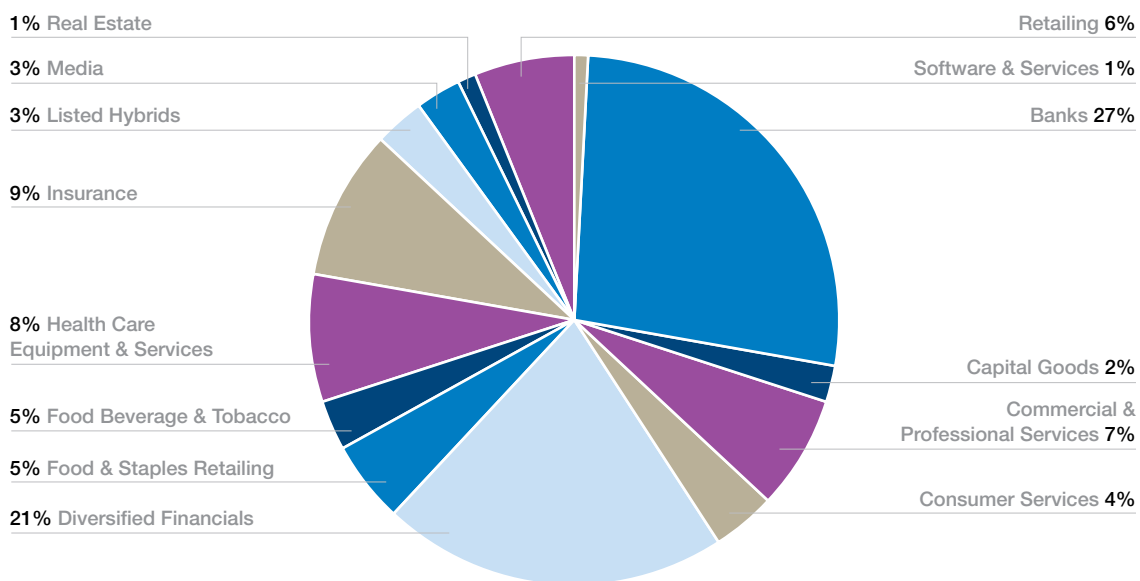
*Despite a recession free period from 1991 to 2009 the share market has managed to underperform its long term average.*

# Portfolio Summary as at 30 June 2009

## Asset Allocation



## Sector Allocation



## Top 10 Stocks as at 30 June 2009

ASX Code	Company Name	Sector	Market Value \$	% of Gross Assets
ASX	ASX Limited	Diversified Financials	11,170,980	11.2%
NAB	National Australia Bank Limited	Banks	4,936,800	5.0%
TAL	Tower Australia Group Limited	Insurance	4,731,860	4.8%
WBC	Westpac Banking Corporation	Banks	4,303,125	4.3%
PRY	Primary Health Care Limited	Health Care Equipment & Services	4,097,609	4.1%
MTS	Metcash Limited	Food & Staples Retailing	4,094,500	4.1%
BEN	Bendigo and Adelaide Bank Limited	Banks	3,445,553	3.5%
CBA	Commonwealth Bank of Australia	Banks	2,999,100	3.0%
WBB	Wide Bay Australia Limited	Banks	2,853,654	2.9%
APE	AP Eagers Limited	Retailing	2,833,856	2.9%

## Best Performing Stocks FY2009

ASX Code	Company Name	Sector	Unrealised Gains & Dividends \$	%
ASX	ASX Limited	Diversified Financials	2,244,766	+17.8%
CBA	Commonwealth Bank of Australia	Banks	1,086,597	+50.0%
MTS	Metcash Limited	Food & Staples Retailing	807,500	+16.5%
WBC	Westpac Banking Corporation	Banks	530,125	+1.3%
MMS	McMillan Shakespeare Limited	Commercial & Professional Services	522,750	+18.7%

## Worst Performing Stocks FY2009

ASX Code	Company Name	Sector	Unrealised Losses & Dividends \$	%
BEN	Bendigo and Adelaide Bank Limited	Banks	(1,650,891)	-36.4%
APE	AP Eagers Limited	Retailing	(1,549,547)	-37.5%
SHV	Select Harvests Limited	Food & Beverage & Tobacco	(1,197,911)	-64.0%
AVE	Aevum Limited	Health Care Equipment & Services	(1,174,253)	-51.4%
PGA	Photon Group Limited	Media	(1,146,630)	-45.0%

# *A closer look at two of our Investment Driven shareholdings*



## IRESS Market Technology

IRESS Market Technology Limited (ASX code: IRE) supplies share market and wealth management systems in Australia, New Zealand, Canada and South Africa.

The company derives its revenue from three different divisions being:

**1. Trading systems:** this software enables stockbrokers and fund managers to place buy or sell orders through the ASX or SFE. IRESS earn their money by charging participants an ongoing subscription fee which they get paid on a monthly basis.

**2. Information systems:** this product is predominately used by stockbrokers and fund managers. It is a web based product providing share market data for subscribers such as live stock prices, data, news and company announcements. IRESS once again get paid monthly subscription fee from its users, regular predictable recurring revenue which historically has proven to be "sticky" with low churn rates.

**3. Wealth management systems:** this division has two software products Xplan and VisiPlan which are provided to financial planners and used to manage client accounts. IRESS have a dominant position in the market with the two products being market leaders.

The Company in recent years has expanded overseas into Canada and South Africa, however, around 80% of IRESS's earnings are still generated from their core market Australia. IRESS has a dominant market position in Australia where the majority of stockbrokers and many fund managers are compelled to use the software for its trading platform, thus creating a quasi monopoly position for the company.

A strong and highly rated management team run the business led by managing director Peter Dunai who has been with IRESS since 1993. Dunai has announced that he will be stepping back into an Executive Chairman role in 2010. We see his decision to stay involved with the company as important, especially in a strategic sense.

IRESS is also interesting from a corporate perspective with the Australian Securities Exchange (ASX) owning 19.5%. The ASX has never revealed its intentions, however a takeover, if allowed by authorities would enhance their business. The ASX last bought shares in October 2008 where it averaged around \$4.50 versus the share price at the time of writing of \$7.22. We believe that the ASX will make a bid for IRESS at some point in the future.

The rationale behind the investment decision was heavily influenced by IRESS's ability to pay ongoing fully franked dividends. The long track record of paying fully franked dividends at an increasing rate was of great appeal. The fall in equity markets experienced in the last 18 months provided an opportunity to buy a quality business at a reasonable price earnings multiple, for the first time in years.

At the top of the cycle IRESS traded on a price to earnings ratio of 32 times while at the time of purchase for WIL in December 2008 the stock had a price to earnings (P/E) of 10 times. After many company visits over the years the business has become very familiar to us along with management which we view favourably.

The ASX lurking on the share register provides a potential catalyst for the stock in the future. At the time of writing the stock was trading at \$7.20, which puts it on a 2010 price to earnings multiple of 15 times growing at 13% in FY2010.



## Wotif Group

Wotif.com Holdings Limited (ASX code: WTF) is a leading provider of online accommodation booking services in the Australian and Asian markets.

Headquartered in Australia, the company is represented in over 35 countries with the majority of its revenue generated in Australia. Wotif garners the majority of its revenue from the commissions paid from the estimated 14,000 hotels on its websites. Wotif owns or controls the following websites/companies:

- Wotif.com
- Lastminute.com.au
- Travel.com.au
- Latestays.com
- Asiawebedirect.com
- Arnold Travel Technology.

Wotif was founded by Graham Wood in 2000 with the business listing on the ASX in 2006. The stock had an issue price of \$2.00 where it delivered a 66% return on day one of listing. The business is the market leader in the Australian online accommodation booking market with an ever growing overseas presence through New Zealand and Asia. Approximately 90% of total hotels in Australia are represented on their website which is a significant barrier to entry for any potential new players who want to compete with Wotif. The companies first mover advantage online versus its competitors has been vital in establishing these barriers.

Trading over the last 12 months has been extremely resilient given the slowdown in economic activity. Some doubters in the market were of the belief that the "recession" in Australia would mean less people went on holidays and therefore wouldn't use Wotif. In fact the experience to date has been that people are taking the time to go away on holidays but have been scaling back to more localised trips rather than the expensive overseas holidays. This was confirmed recently when the company issued an upgrade to their FY09 earnings by saying "it expects NPAT (Net Profit After Tax) to be no less than \$42m" representing 22% growth. This is a great achievement given the economic conditions during the period.

In fact, for the FY09 Wotif was the third best performing stock in the S&P/ASX 200 Accumulation Index with a return of 67%.

The investment rationale for the inclusion into WIL's portfolio was driven by the return on equity that the business generates (historically greater than 80%), regular strong dividends (dividend yield 5% forecast for FY2010) and high free cash flow – which we forecast will be greater than \$40m p.a in the next few years assuming no further acquisitions. The high level of free cash flow is common amongst online businesses with low operating expense ratios.

We hold the management team in high regard led by Robbie Cooke who is a solid operator and has a good track record to date of exceeding market expectations. Founder Graham Wood remains on the board and Tattersall's Managing Director Dick McIlwain is the Chairman.

Catalysts going forward include the extension of the booking window to 365 days (from 90 days currently), further increases in the booking fee and acquisitions. We expect the company to continue its growth into FY2010 of 15-20% NPAT growth.

# What is a Listed Investment Company?

A Listed Investment Company (LIC) is a closed end pool of capital that invests in the stock market.

**By closed end we mean that if an investor wants to leave the fund, he or she sells shares to another investor coming into the company rather than withdrawing money from the fund. Effectively, no money leaves the fund and only the shareholding changes.**

We believe that a closed end fund is a superior structure to managed fund/unit trust structures. With closed end funds or LIC's, the manager of the fund does not have to sell stocks in the portfolio to raise cash for a departing investor. That means investment decisions are based on the fundamentals of the companies the manager invests in, rather than money flow via redemptions.

Most other funds, like managed funds and mutual funds, are open ended. This means that when an investor wants to leave the fund the manager is forced to liquidate stocks to finance the redemption. This places pressure on the manager who has to put fundamental investing to the side while he or she manages the cash flows.

Invariably, most investors depart a fund when stocks have fallen significantly, which historically has proven to be the best time to buy. This means the manager may have to sell companies which they believe represent good value.

At the other end of the scale, most money pours into the market and open end funds, when stock prices are soaring in a bull market. The manager may then be forced to buy companies at inflated prices. As has proven the case recently, this type of momentum investing can cause a serious destruction of capital when the bull market ends and is replaced by a bear market.

As a LIC is a closed end fund it does not have any of these problems which can be of significant advantage and benefit to the investor.

LIC's are unique investment vehicles because they can trade at a discount or premium to the assets that they own. When investors want to take their money out of LIC's, selling may result in the share price falling below the value of its assets (or NTA). We refer to this as trading at a discount to NTA. This can provide a great buying opportunity. On the other hand, when investors are buying shares in LIC's, the share price may trade higher than the value of the assets it owns (or NTA). This is referred to as trading at a premium to NTA. This can provide a selling opportunity.



## WILSON

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### ASSET MANAGEMENT

Wilson Asset Management is an independently owned boutique investment manager established in November 1997 by Geoff Wilson and joined by Matthew Kidman in mid 1998. Wilson Asset Management is based in Sydney, Australia.

The Wilson Asset Management Group (WAM Group) employs four investment professionals who have a total investment experience of over 40 years. The members of the WAM Group include Chris Stott, Paul O'Halloran, Kate Thorley, Deanne Gray and Zahidi Agar.

At June 2009, the WAM Group was the manager of three listed investment companies with funds under management of approximately \$270 million. The group also manages an unlisted fund.

In August 1999 the first of the three listed companies, WAM Capital Limited (WAM), was established and has grown from \$21.5 million to approximately \$145 million today. WAM focusses on investing in small to medium sized companies listed on the Australian Securities Exchange for the short to medium term.

In August 2003 the second listed investment company, Wilson Investment Fund Limited (WIL), was established

with approximately \$161.3 million raised. WIL focusses on investing in small to medium sized companies listed on the Australian Securities Exchange for the long term.

WAM Active Limited (WAA) is the most recent addition to the group which was listed on 10 January 2008 with approximately \$15 million raised. WAA is an active investor with high turnover and individual stocks may not be held for extended periods.

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