

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Listed Managed Investments

September 2006 Quarterly Review

Time to get defensive?

Contents

This is an extract from the Listed Managed Investments September 2006 Quarterly Review.

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Mirrabooka Investments Ltd (MIR)



LMI Type	Investment Assets	Investment Area	Investment Sectors
Listed Investment Company	Listed Companies	Australia and New Zealand	Diversified

Company Details

MIR is a listed investment company, which invests mainly in small- to medium-sized businesses listed on the Australian and New Zealand stock markets. MIR generally invests in companies that fall outside the S&P/ASX 50 Index. MIR's objective is to provide long-term growth through investing in companies that offer both solid growth and an attractive dividend yield.

Board

T Campbell (Chairman), R Barker, R Fynmore, D Evans, D Meiklejohn

Investment Philosophy

MIR's investment philosophy is that a lack of research on smaller companies means that markets are inefficient at valuing them correctly. Therefore, opportunities exist to invest in good-quality businesses at cheap prices.

Style and Process

MIR's investment style can be characterised as a bottom-up 'buy and hold' biased strategy. The investment team sees hundreds of companies each year, which may be presented by brokers or found through MIR's own searches. MIR also retains Goldman Sachs JB Were to undertake research on its behalf. MIR will look to identify companies that have strong management, good margins, operate within a sustainable industry dynamic and strong free cash flows. MIR's investment team and committee (a sub-committee of the board) will spend significant time with senior management, particularly with the CEO, in order to understand the business. The investment committee meets fortnightly to ratify decisions. Portfolio weightings reflect the manager's conviction in a company. MIR generally holds a maximum of 70 stocks.

Investment Team

Ross Barker, BSc(Hons), MBA, Grad Dip SIA: Managing Director;
Mark Freeman, BCom, MBA, ASIA: Investment Manager;
Rob Evans, BEc: Investment Manager;
Andrew Willersdorf, BCom, BSc: Assistant Investment Manager

Aegis Comments

MIR offers investors a core exposure to small to mid-cap companies and has a history of generating a stable dividend yield for investors. MIR underperformed the All Ordinaries Index by 7% (pre-tax NTA) in the past year and outperformed the benchmark by 1.8% during the September quarter. The performance partly reflects MIR's cautious outlook for the markets. The stock's discount widened to 7% during the quarter, which Aegis believes may represent a potential buying opportunity for investors looking for long-term growth.

Key investment information



Not Recommended	Approved	Recommended
RATING		Approved
Price (\$)		2.10
As at 4 December 2006		
Market Cap (\$M)		244.4
Shares On Issue (M)		116.4
Shares Traded (\$M p.a.)		16.1
12-month L/H (\$)		1.60 – 2.10
Listing Date		June 2001
Fees		
Management Fee (%)		0.87
Performance Incentives (%)		na

Pre-tax NTA Performance Analytics (including dividends)

	S&P/ASX Small Ords		All Ords Acc	
	Acc		Acc	
	1 Yr	3 Yr (p.a.)	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(6.98)	(1.00)	(6.41)	(0.81)
Beta	0.76	0.77	0.73	0.80
TE (%)	4.22	5.07	4.70	6.24
IR	(1.65)	(0.20)	(1.36)	(0.13)

Benchmark returns are purely pre-tax whereas LIC returns incorporate realised capital gains tax and will understate portfolio performance.

Dividend Yield (%)

FY04	FY05	FY06
2.69ff	2.96ff	3.49ff

Substantial Shareholders (%)

AFIC	5.6
MF Custodians	5.2

As at 30 September 2006

Company contact

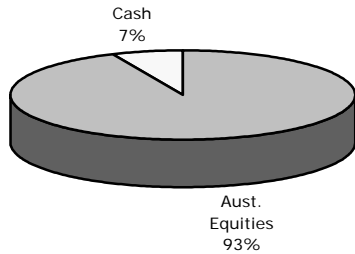


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Sector	Industry Group	Industry	Sub Industry
Financials	Diversified Financials	Diversified Financial Services	Multi-Sector Holdings

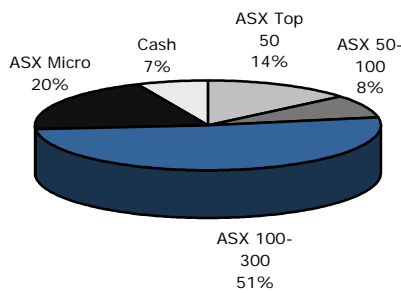
Asset Weighting



Other Data

Options	None on issue.
Dividend policy	Dividends received are generally distributed.
Capital management policy	Share acquisition plan allows shareholders to subscribe for a total of A\$5,000 of shares per annum. A 1-for-4 rights issue was conducted in 2003.
LIC tax concessions	Yes
DRP available	Yes - at a 2.5% discount to market price.

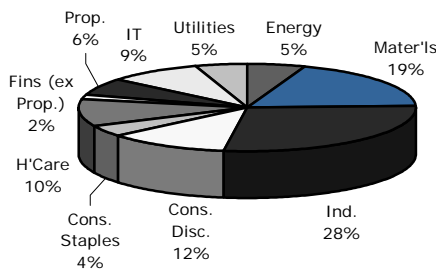
Size Weighting (Equities Component)



MIR's Portfolio (Top 10)

Code	Weighting		2007 Aegis Forecasts			Prem/Disc to Aegis Target (%)
	Portfolio (%)	Small Ords (%)	PE (x)	Yield (%)	EPS Gth (%)	
TCL	3.9	na	(946.9)	7.4	0.0	(2.5)
NUF	3.4	1.0	12.5	3.3	10.0	(10.6)
TOL	3.3	na	19.3	2.3	23.9	(6.5)
HSP	2.8	0.9	14.2	3.6	55.5	(8.4)
BOL	2.7	0.6	13.8	3.5	23.5	(20.9)
APNG	2.7	na	n/a	n/a	n/a	n/a
PPC	2.6	na	19.6	4.6	15.2	20.5
BAX	2.5	na	na	na	na	na
CEU	2.4	1.4	(46)	4.9	0.0	(10.9)
DVC	2.4	na	22.2	2.5	5.5	(2.0)
Total	28.7	3.9	(149.6)	4.1	16.4	

Sector Weighting (Equities Component)

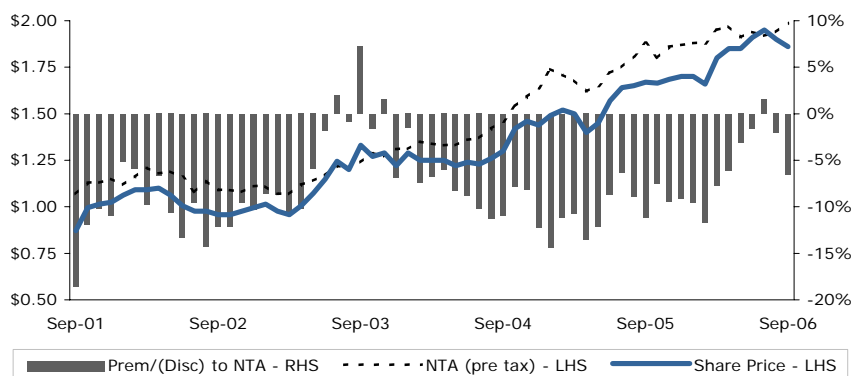


Tax Based Returns on Share Price and Dividends

	Fund		Small Ords		All Ords Acc.	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	17.6	18.1	17.9	23.6	17.7	23.7
Super Fund (15%)	16.6	17.2	17.0	22.7	16.7	22.7
AWOTE* (31.5%)	15.6	16.1	16.1	21.7	15.7	21.6
Max Tax Rate (48.5%)	14.5	15.1	15.2	20.7	14.6	20.6

* Marginal Tax rate for worker on the Average Wage OTE rate + Annualised

NTA Performance



Source all figures: MIR/Aegis Equities Research/IRESS

All data as at 30 September 2006 unless otherwise specified



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