

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Listed Managed Investments

September 2007 Quarterly Review

EXTRACT

Market volatility impacts performance

Contents

This is an extract from the Listed Managed Investments September 2007 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 attractive dividend yield.

Board

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

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 JBWere to undertake research on its behalf. MIR looks to identify companies that have strong management, good margins, operate within a sustainable industry dynamic and have strong free cash flows. MIR's investment team and committee (a sub-committee of the board) 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: MD; Mark Freeman, BCom, MBA, ASIA: CIO; Rob Evans, BEc: Investment Manager; Kieran Kennedy, BCom, CPA: Investment Analyst.

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. While the fund invests in small- to mid-cap stocks, the manager tends to focus on relatively high-quality companies with an ability to pay dividends. Its portfolio can, therefore, be characterised as comprising a moderate level of risk. Over the September quarter, MIR's pre-tax NTA, including dividends, fell 5.46%, underperforming its benchmark, which fell 0.54%. The decline has reduced the pre-tax NTA (including dividends) annual performance to 29.73%, underperforming the general market as depicted by the All Ordinaries Accumulation Index. MIR continues to trade at a discount to pre-tax NTA, although the discount retracted over the quarter. Aegis attributes this to a commonly held expectation that the large market cap sector will outperform the small- to mid-sized sectors over the foreseeable future. While this view persists, the discount is likely to continue.

Key investment information



RATING Recommended

Price (\$) 2.26

As at 10 Jan 2008

Market Cap (\$M) 265.3

Shares On Issue (M) 117.4

Shares Traded (\$M p.a.) 26.2

12-month L/H (\$) 2.02/2.69

Listing Date June 2001

Fees

Management Fee (%) 0.91

Performance Incentives (%) n/a

Pre-tax NTA Performance Analytics (including dividends)

	S&P/ASX			
	Small Ords Acc		All Ords Acc	
	1 Yr	3 Yr (p.a.)	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(6.98)	(3.76)	(3.85)	(2.60)
Beta	0.97	0.83	0.90	0.82
TE (%)	4.63	4.94	9.08	7.37
IR	(1.51)	(0.76)	(0.42)	(0.35)

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

Dividend Yield (%)

FY05	FY06	FY07
2.29ff	2.71ff	3.13ff

Substantial Shareholders (%)

AFIC	5.6
Djerriwarrh Investments	4.0

As at 30 September 2007

Company contact

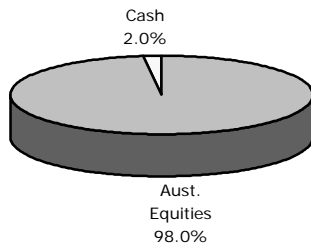


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Sector	Industry Group	Industry	Sub Industry
Financials	Diversified Financials	Diversified Financial Services	Multi-Sector Holdings

Asset Weighting



Other Data

Options: None on issue.

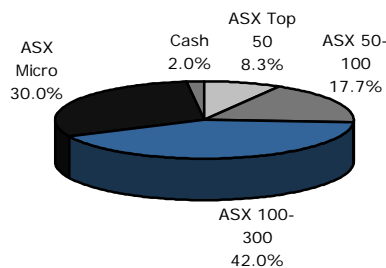
Dividend policy: Dividends received are generally distributed.

Capital management policy: Share acquisition plan allows shareholders to subscribe for a total of A\$5,000 of shares per annum. A one-for-four rights issue was conducted in 2003.

LIC tax concessions: Yes

DRP available: Yes, at a 2.5% discount to market price.

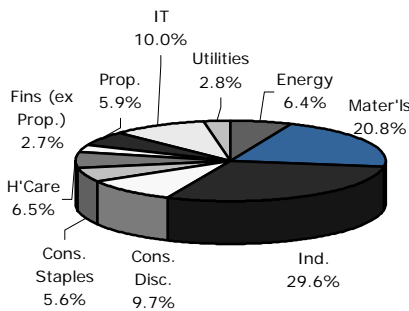
Size Weighting



MIR's Portfolio (Top 10)

Code	Weighting		2008 Aegis Forecasts			Prem/Disc to Aegis Target (%)
	Portfolio (%)	Small Ords (%)	PE (x)	Yield (%)	EPS Gth (%)	
IPL	5.15	na	16.8	4.2	26.3	(15.1)
NUF	3.90	1.0	17.9	2.7	29.4	(27.3)
HSP	2.81	0.8	17.5	3.3	13.2	(3.0)
CEU	2.65	1.4	(13.2)	6.4	0.0	(8.7)
ASZ	2.52	na	na	na	na	na
ORG	2.42	na	20.4	2.2	15.5	(0.7)
TCL	2.42	na	200.8	7.8	0.0	(4.3)
TGR	2.37	na	na	na	na	na
MMS	2.30	na	na	na	na	na
CPB	2.25	na	na	na	na	na
	28.8	3.2	36.5	4.3	16.8	

Sector Weighting (Equities Component)

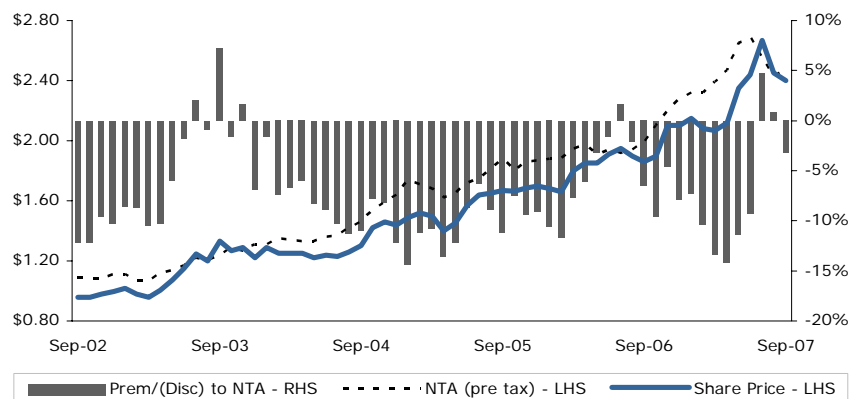


Tax Based Returns on Share Price and Dividends

	Fund		Small Ords		All Ords Acc	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	36.9	29.7	36.9	27.7	34.1	26.5
Super Fund (15%)	35.7	28.7	36.2	27.1	33.3	25.8
AWOTE* (31.5%)	34.4	27.5	35.5	26.4	32.4	25.0
Max Tax Rate (46.5%)**	33.2	26.4	34.7	25.6	31.6	24.2

* Marginal Tax rate for worker on the Average Wage OTE rate + Annualised
 ** Max Tax Rate of 46.5% used from July 2006 (48.5% used prior to July 2006)

NTA Performance



Source all figures: MIR/Aegis Equities Research/IRESS

All data as at 30 September 2007 unless otherwise specified



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