

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Listed Managed Investments

March 2008 Quarterly Review

EXTRACT

Defensive strategies provide some downside protection in a volatile market

Contents

This is an extract from the Listed Managed Investments March 2008 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, I Campbell, D Meiklejohn, D Evans

Investment Philosophy

MIR's investment philosophy is that a lack of research on smaller companies means 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; Neil Murchie, BE(Hons), BCom: Investment Analyst; 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 March quarter, MIR outperformed the market, with portfolio value (pre-tax NTA including dividends) declining 13.7%, compared to a 14.7% decline by the market. As at March quarter end, MIR traded at a discount to pre-tax NTA of 5.3%. On 29 February 2008 MIR issued ~6.5 million shares following the completion of a 1 for 7 renounceable rights issue. The fund intends to use the funds raised to further grow the portfolio of investments.

Key investment information



RATING Recommended

Price (\$) 2.05

As at 23 May 2008

Market Cap (\$M) 240.7

Shares On Issue (M) 117.4

Shares Traded (\$M p.a.) 25.1

12-month L/H (\$) 1.75/2.69

Listing Date June 2001

Fees

Management Fee (%) 0.81

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. (%) | (1.25) | (4.09) | (2.85) | (2.53) |
| Beta | 0.73 | 0.76 | 0.86 | 0.87 |
| TE (%) | 8.07 | 5.83 | 8.85 | 6.43 |
| IR | (0.15) | (0.70) | (0.32) | (0.39) |

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

Dividend Yield (%)

| FY05 | FY06 | FY07 |
|--------|--------|--------|
| 2.77ff | 3.28ff | 3.78ff |

Substantial Shareholders (%)

| | |
|-------------------------|-----|
| AFIC | 5.6 |
| Djerriwarrh Investments | 4.0 |

As at 31 March 2008

Company contact

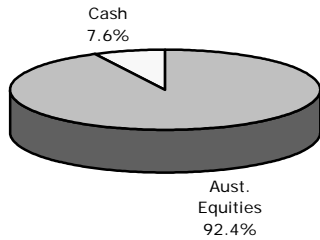


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| Sector | Industry Group | Industry | Sub Industry |
|------------|------------------------|--------------------------------|-----------------------|
| Financials | Diversified Financials | Diversified Financial Services | Multi-Sector Holdings |

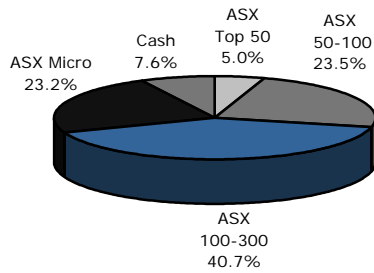
Asset Weighting



Other Data

Options: None on issue.
 Dividend policy: To provide attractive dividend returns from the portfolio of investments.
 Capital management policy: Share-acquisition plan allows shareholders to subscribe for a total of A\$5,000 of shares per annum.
 LIC tax concessions: Yes
 DRP available: Suspended for interim 08 dividend due to 1-for-7 rights issue @ \$1.95

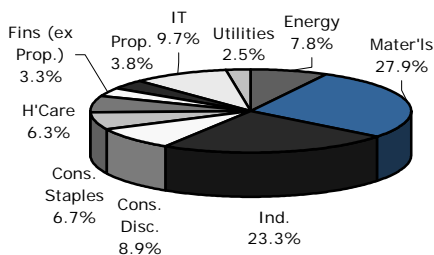
Size Weighting



MIR's Portfolio (Top 10)

| Code | Weighting | | 2008 Aegis Forecasts | | | Prem/Disc to Aegis Target (%) |
|------|---------------|----------------|----------------------|-------------|-------------|-------------------------------|
| | Portfolio (%) | Small Ords (%) | PE (x) | Yield (%) | EPS Gth (%) | |
| IPL | 8.5 | na | 11.6 | 5.5 | 202.5 | (21.1) |
| NUF | 6 | 1.7 | 20.1 | 2.1 | 47.9 | (2.5) |
| HSP | 3.1 | 0.9 | 16.4 | 3.6 | 9.2 | (2.3) |
| CEU | 2.6 | na | (22.8) | 8.0 | 0.0 | (18.5) |
| ORG | 2.6 | na | 18.2 | 2.7 | 17.4 | (37.7) |
| ASZ | 2.3 | na | na | na | na | na |
| AIX | 2.3 | 0.8 | 20.2 | 5.9 | 17.8 | 4.5 |
| CPB | 2.3 | na | na | na | na | na |
| OSH | 2.3 | na | 19 | 2.3 | 74.3 | (11.4) |
| APN | 2.3 | 1.1 | 12.6 | 7.2 | 8.0 | 4.4 |
| | 34.3 | 4.6 | 17.9 | 11.4 | 28.4 | |

Sector Weighting (Equities Component)

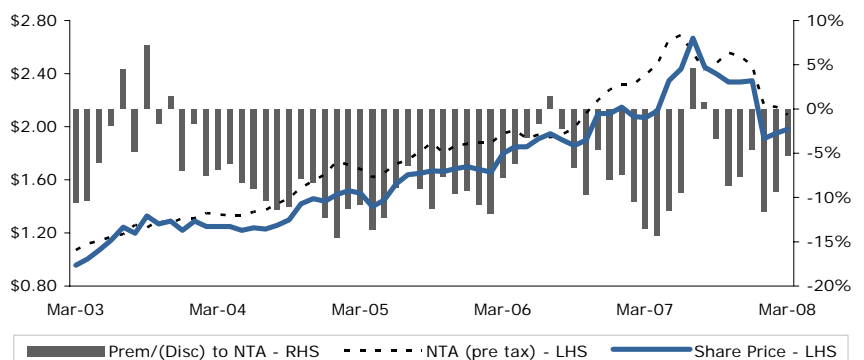


Tax Based Returns on Share Price and Dividends

| | Fund | | Small Ords | | All Ords Acc | |
|------------------------|-------------|-------------|-------------|-------------|--------------|-------------|
| | 1Yr Rtn (%) | 3Yr Ann (%) | 1Yr Rtn (%) | 3Yr Ann (%) | 1Yr Rtn (%) | 3Yr Ann (%) |
| No Tax (0%) | 1.9 | 16.1 | (7.6) | 15.9 | (5.7) | 14.3 |
| Super Fund (15%) | 1.0 | 15.2 | (8.0) | 15.3 | (6.2) | 13.6 |
| AWOTE* (31.5%) | (0.1) | 14.1 | (8.5) | 14.6 | (6.9) | 12.9 |
| Max Tax Rate (46.5%)** | (1.0) | 13.1 | (9.0) | 14.0 | (7.4) | 12.2 |

* 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 & Share Price Performance



Source all figures: MIR/Aegis Equities Research/IRESS

All data as at 31 March 2008 unless otherwise specified



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