

AUSTRALIAN

RESEARCH



Contents

**This is an extract from the Listed Managed Investments
March 2010 Quarterly Review**

For Advisers Only

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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 that 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, G Sinclair

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', value-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 cashflows. MIR's investment team and committee (a sub-committee of the board) spend significant time with senior management, particularly with the CEO, 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. MIR is benchmarked to a combination of the small- and mid-cap indices. Over the 12 months to 31 March, MIR's pre-tax NTA (including dividends) rose 43.9% compared to a 58.6% gain by the S&P/ASX Small Ordinaries Accumulation Index and 44.0% for the All Ordinaries Accumulation Index. Over the past three months MIR outperformed the S&P/ASX Small Accumulation Ordinaries Index by 1.5% and underperformed the All Ordinaries Accumulation Index by 1.5%. At 31 March 2010, MIR was trading at a 1.9% discount to pre-tax NTA. MIR maintained its 1H10 dividend at 3.5cps and expects to maintain the final dividend at 6.5cps. We view MIR as a well-managed fund and continue to see this as an attractive investment for those investors seeking exposure to smaller-cap stocks, while having some defensive qualities with its exposure to the top 100.

Key investment information



RATING	Recommended
Price (\$)	1.66
As at 20 May 2010	
Market Cap (\$M)	208.7
Shares On Issue (M)	125.7
Shares Traded (\$M p.a.)	25.4
12-month L/H (\$)	1.45/2.28
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. (%)	(14.16)	4.24	(0.11)	(0.85)
Beta	0.78	0.70	1.21	0.98
TE (%)	12.53	12.07	9.71	9.35
IR	(1.13)	0.35	(0.01)	(0.09)

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

Dividend Yield (%)

FY07	FY08	FY09
4.15ff	5.54ff	5.54ff

Substantial Shareholders (%)

AFIC	6.8
Djerriwarrh Investments	3.7

As at 31 March 2010

Company contact



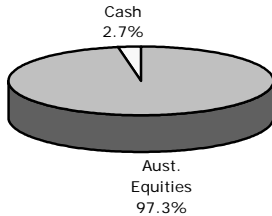
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Sector	Industry Group	Industry	Sub Industry
Financials	Diversified Financials	Diversified Financial Services	Multi-Sector Holdings

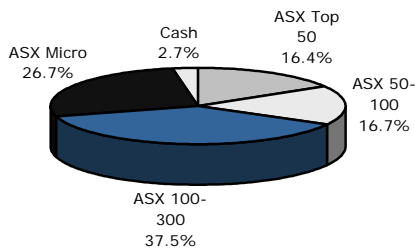
Asset Weighting



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	Yes, at a 5% discount to the VWAP for the five trading days up to and including the record date.

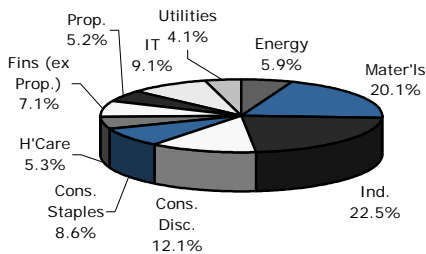
Size Weighting



MIR's Portfolio (Top 10)

Code	Weighting		2010 Aegis Forecasts			Prem/Disc to Aegis Target (%)
	Portfolio (%)	Small Ords (%)	PE (x)	Yield (%)	EPS Gth (%)	
OSH	4.2	na	38.7	1.6	48.6	(9.9)
TOX	4.1	0.2	na	na	na	na
HDF	4.0	0.6	11.2	10.1	7.3	(8.2)
AIX	4.0	1.1	23.2	5.1	(26.4)	(12.9)
HSP	3.7	1.4	12.8	5.3	(2.1)	(18.1)
CPB	3.6	na	na	na	na	na
ASZ	3.4	na	na	na	na	na
NUF	3.3	na	17.9	2.6	(35.7)	(4.8)
OST	3.3	na	21.9	2.4	(15.8)	(1.0)
IRE	3.2	0.8	16.6	4.7	10.4	(13.0)
	36.8	4.1				

Sector Weighting (Equities Component)

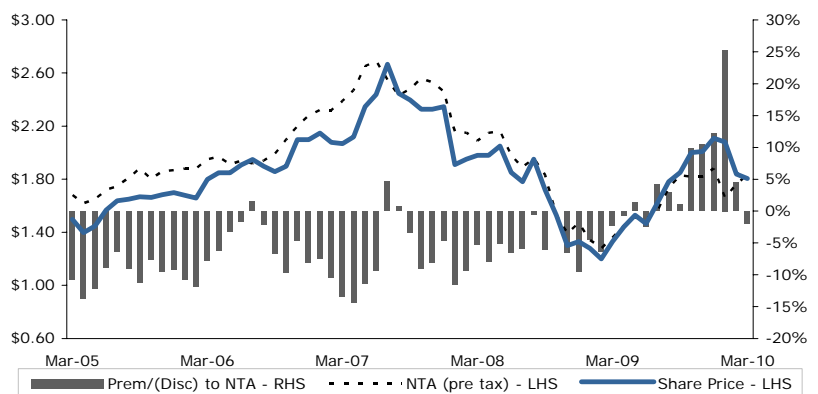


Tax-Based Returns on Share Price and Dividends

	Fund		Small Ords		All Ords Acc	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	47.2	3.2	59.2	(6.7)	45.8	(1.1)
Super Fund (15%)	45.5	2.0	58.3	(7.3)	44.7	(1.9)
AWOTE* (31.5%)	43.5	0.7	57.5	(8.0)	43.5	(2.8)
Max Tax Rate (46.5%)**	41.8	(0.4)	56.7	(8.6)	42.4	(3.6)

* 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 2010 unless otherwise specified

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