Baillieu Holst
Since 1889

CONTENTS

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Listed Investment Companies (LICs)

SECTOR REPORT

September 2014 Performance Review and Update

- The All Ordinaries Accumulation Index (XAOAI) returned 5.9% in the 12 months to 30 September 2014 whilst the MSCI World Index*, a benchmark for LICs with an international focus, returned 19.6% as global equity markets outperformed local equities and the Australian Dollar depreciated 6%.
- Large domestic LICs outperformed the market by 4.2% in the 12 months to 30 September 2014, whilst smaller domestic LICs outperformed the market by 1.8% and showed a disperse range of returns. Globally focused LICs as a sector underperformed the benchmark by 3.8%; however the return profile was weighed down materially by two participants (AGF and MFF). Metrics below are as of 30 September 2014, see FIG.2 for latest update.

Large capitalisation domestic

- Argo Investments (ARG) and Milton Corporation (MLT) were the strongest performers over the past 12 months with total shareholder returns (TSRs) of 13.7% and 13.0% and active returns of 7.9% and 7.1% respectively. Australian United Investment Co. (AUI) was also strong with a TSR of 11.8% and active return of 5.9%.
- BKI Investment Co (BKI) was at the largest discount to net tangible assets (NTA pre-tax**) at 1.3%. Djerriwarrh (DJW) continues to trade at a significant 26.3% premium to NTA (pre-tax**).
- DJW also has the highest dividend yield at 5.8% fully franked.

Small capitalisation domestic

- Carlton Investment Limited (CIN) was the strongest performer over the past 12 months with a TSR of 18.9% and an active return of 13.0%. Oz Growth (OZG) and Cadence Capital (CDM) followed with TSRs of 13.5% and 13.4%, and active returns of 7.6% and 7.5% respectively.
- OZ Growth (OZG) had the largest discount to NTA (pre-tax**) at 12.6%. Acorn Capital (ACQ) was notable with a discount of approximately 9.4%. Australian Leaders Fund (ALF) and Mirrabooka Investments (MIR) traded at notable premiums to their peers at 15.7% and 15.5% respectively.
- Contango Microcap (CTN) had the highest dividend yield (partially franked) at 8.0%. Mirrabooka (MIR) and Westoz (WIC) were also attractive, both trading on dividend yields of 7.9% fully franked.

Global

- Hunter Hall Global Value (HHV) was the strongest performer over the past 12 months with a TSR of 26.3% and an active return of 6.7%. Platinum Capital (PMC) and Templeton Global Growth (TGG) also performed strongly with TSRs of 21.9% and 21.8%, and active returns of 2.3% and 2.2% respectively.
- AMP Capital China Growth Fund (AGF) was again at the largest discount to NTA (pre-tax**) at 21.2%. Hunter Hall Global Value (HHV) was also notable at an 11.4% discount.
- HHV had the highest dividend yield over the past 12 months at 5.7% fully franked.

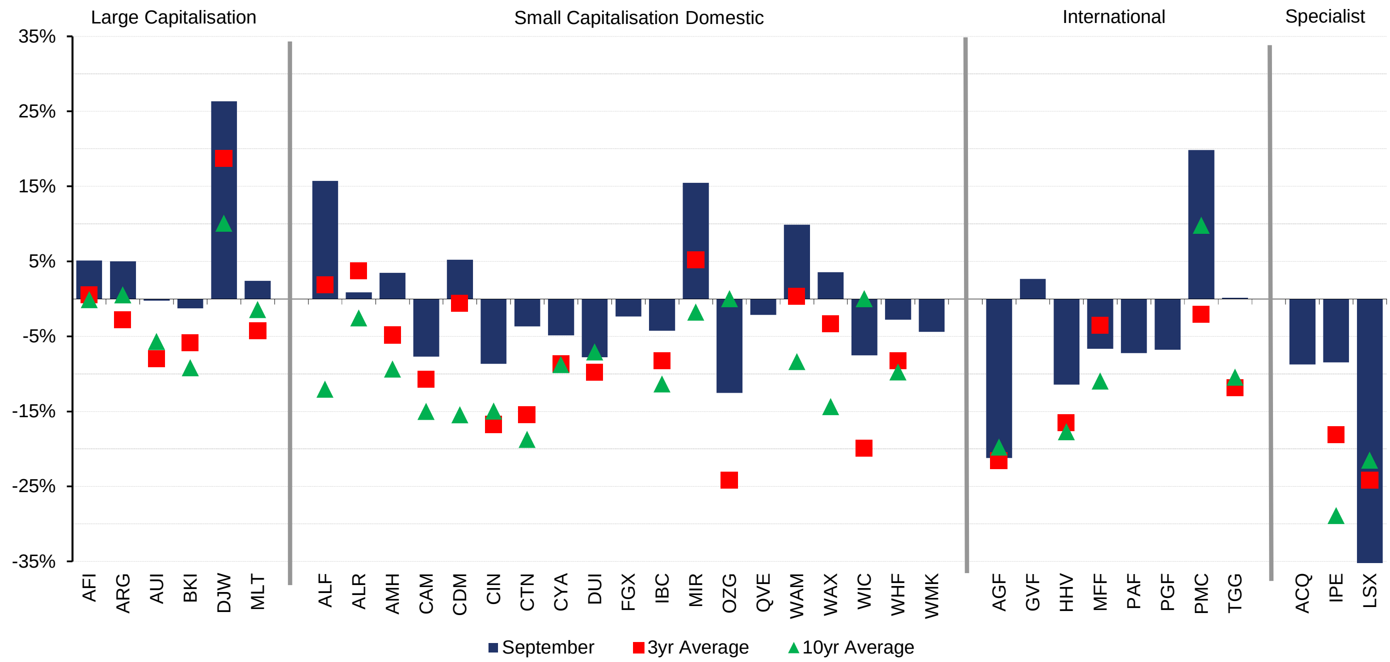
**A$ adjusted, **Pre-tax NTA refers to net tangible assets after tax paid but before tax on unrealised gains*

Disclaimer: LIC performance measurements reflect performance after all operating expenses and taxation. Using index benchmarks often understates performance as the indices used are before all operating expenses and tax. Total Shareholder Returns are often negatively impacted by capital events such as options, DRPs, Share Purchase Plans and placements. Dividend yields contained within are historical and are not an indication of future dividend payments.

LIC Sector Update

- In our previous quarterly update we stated our belief that buoyant LIC market conditions and the excess returns from the narrowing of discounts or expansion of premiums are unlikely to be sustained over the medium-term. We continue to hold this view and now expect LIC market conditions to be determined by traditional drivers such as equity markets, manager performance and the sustainability of yield.
- Many well-regarded unlisted fund managers have taken advantage of the LIC structure and its growing mainstream appeal by raising new funds through IPO. We continue to see existing LICs also seeking to grow their asset base through SPPs, bonus option issues and placements. However, unless we see a material change in equity market conditions both domestically and offshore, we do not expect this flurry of raisings to continue. We see further potential for additional LICs in the international sector but see domestic LICs becoming increasingly crowded short-term; especially post the Perpetual LIC (PIC) comes to market in December 2014.
- We understand the majority of LIC investors are most comfortable holding LICs throughout market cycles and fluctuating discounts or premiums, however we see increasing value in taking a more active approach. A trading strategy around the large capitalisation LICs can have a large impact when compounded over many years. The strategy being to sell these LICs when they trade in excess of recent average premiums/discounts and buy those below averages by following portfolio movements on a weekly basis. This can generate excess returns whilst maintaining a similar basket of underlying stocks and manager risk profile.
- FIG.1 provides a comparison snap shot of the variance in discounts and premiums to NTAs in September 2014 versus the averages over three and ten years. When choosing our preferred LIC exposures we compare the current discount and premium with the long term averages to assess whether the current market valuations provide an attractive entry point. However our primary focus is the quality of the LIC. When judging the quality of a LIC we suggest investors look for a number of key attributes. 1) Strong underlying portfolio performance; 2) An ability to generate sustainable and attractive fully franked dividends; 3) Reputable investment managers that are highly engaged with their shareholders; 4) Attractive cost and management fee structures.
- Unsurprising, the majority of LICs fulfil these criteria are trading at premiums to NTA.

FIG.1: SEPTEMBER 2014 PREMIUMS/ (DISCOUNTS) TO NTA VERSUS HISTORICAL AVERAGES



Source: Baillieu, Bloomberg, company reports.

LIC Sector Picks

- **Top picks:** Our top picks refer to preferred exposures within each sector based on numerous quantitative and qualitative factors. However, they should not be treated as official stock recommendations but merely as a guide to where we would apportion funds at this particular point in time. Our monthly eFlash will provide our updated views. FIG.2 on the following page provides a current update of the overall sector with our estimated current NTAs derived from our model portfolios for the LICs.
- **Large capitalisation:** Our preferred exposures in this segment continue to be BKI Investment Company (BKI) and Australian Foundation Investment Company (AFI), although we do note there are no standout value propositions in the sector. BKI is trading at a relatively attractive discount of 4% and a dividend yield of 4.3% fully franked. Whilst AFI is trading on a 2.4% premium and a 3.6% yield. Djerriwarrh (DJW) remains a concern to us at a ~26% premium to NTA. DJW is expensive relative to historical trading metrics and we continue to advocate taking profits at these levels.
- **Small capitalisation:** Our preferred exposures in this sector are Whitefield (WHF) and the Future Generation Fund (FGX). WHF is a small capitalisation LIC that holds a diversified portfolio of blue chip industrial companies (i.e. no resources). WHF is trading at an attractive discount of 7% with a dividend yield of 4% fully franked and provides investors with an alternative to the larger capitalisation LICs, most of which are trading at premiums. FGX is an interesting alternative to other small cap LICs in the space for two reasons: 1) the asset base is being managed by a number of different investment managers, all with strong performance track records, across a range of investment styles; and 2) the investment managers will be donating their management fees to charities and there is no performance fee. As at 1 October, the portfolio was ~85% invested and its shares are trading broadly in line with NTA.
- **International:** Our top picks in the international sector are Templeton Global Growth (TGG) and Magellan Flagship Fund (MFF). We continue to like TGG for its broader global diversification relative to other LICs in the sector and attractive fee structure, i.e. no performance fees. We choose MFF as it is now trading on a ~10% discount to NTA or ~1% after accounting for in-the-money options (MFFO). We think this is an attractive entry point to a high quality global LIC with a leading performance track record in the sector (see appendices). It is worth noting that MFF's stock concentration risk is higher than TGG with its top position being ~12% of the portfolio whilst TGG's is ~2%.
- **Specialty:** Our top pick in the sector is the Acorn Capital Investment Fund (ACQ). Whilst the weakness in resources has hampered portfolio performance, we believe that over the medium-term ACQ's strategy of cherry-picking the most attractive opportunities from the listed microcap and unlisted markets will generate strong risk-adjusted returns for shareholders. It is worth noting that its unlisted investments are generally held at cost and thus realising exits from such investments should provide a step-change in performance. Post the IPO, the stock has drifted to a discount of ~11% and we view this as an attractive entry point for those with a medium-term outlook.

Updated Sector Snapshot

FIG.2: OVERVIEW OF LISTED INVESTMENT COMPANIES COVERAGE BY SECTOR (as of 7 November 2014)

Large Cap	Code	Share Price	Market Cap. ($m)	Dividend ($)	Yield	Grossed Up Yield	Sept. NTA	Sept. Disc/Prem	Est. NTA	Estimated Disc/Prem	MER
Australian Foundat.	**AFI**	6.12	6570.7	0.22	3.6%	5.1%	5.66	5.1%	5.96	2.7%	0.17%
Argo Investments	**ARG**	7.87	5166.2	0.28	3.6%	5.1%	7.22	5.0%	7.59	3.7%	0.15%
Australian United In	**AUI**	8.34	911.2	0.18	2.1%	3.0%	8.34	-0.2%	8.76	-4.8%	0.11%
BKI Investment Ltd	**BKI**	1.60	882.3	0.07	4.3%	6.2%	1.58	-1.3%	1.67	-4.0%	0.17%
Djerriwarrh	**DJW**	4.61	1005.5	0.26	5.6%	8.1%	3.57	26.3%	3.66	25.9%	0.39%
Diversified United	**DUI**	3.43	581.4	0.14	4.0%	5.7%	3.70	-7.8%	3.88	-11.7%	0.15%
Milton Corporation	**MLT**	4.50	2858.8	0.18	4.0%	5.7%	4.16	2.4%	4.40	2.4%	0.13%
Small Cap	**Code**	**Share Price**	**Market Cap. ($m)**	**Dividend ($)**	**Yield**	**Grossed Up Yield**	**Sept. NTA**	**Sept. Disc/Prem**	**Est. NTA**	**Estimated Disc/Prem**	**MER**
Australian Leaders	**ALF**	1.51	371.7	0.12	7.9%	11.4%	1.43	16%	n/a	n/a	1.00%
Aberdeen Leaders	**ALR**	1.14	70.1	0.07	6.1%	8.8%	1.15	1%	1.19	-4.5%	1.05%
AMCIL Limited	**AMH**	0.89	209.4	0.07	7.3%	10.4%	0.87	3%	0.91	-1.9%	0.65%
Clime Capital	**CAM**	0.96	77.8	0.04	4.5%	6.4%	1.04	-8%	n/a	n/a	1.00%
Cadence Capital	**CDM**	1.45	289.6	0.10	6.9%	9.9%	1.34	5%	1.39	4.5%	1.00%
Carlton Investments	**CIN**	28.60	753.2	1.00	3.5%	5.0%	29.89	-9%	31.75	-9.9%	0.09%
Contango Microcap	**CTN**	1.08	168.4	0.09	8.0%	9.4%	1.16	-7%	1.17	-8.4%	0.00%
Century Australia	**CYA**	0.90	70.9	0.05	5.6%	7.9%	0.90	-5%	0.95	-5.6%	0.40%
Future Gen Inv	**FGX**	1.05	193.0	n/a	n/a	n/a	1.06	-3%	n/a	n/a	0.00%
Global Value Fnd Ltd	**GVF**	1.01	55.0	n/a	n/a	n/a	1.02	3%	n/a	n/a	1.50%
Ironbark Capital Ltd	**IBC**	0.56	95.9	0.02	4.0%	5.7%	0.56	-4%	n/a	n/a	0.65%
Mirrabooka Invest.	**MIR**	2.61	371.0	0.20	7.7%	10.9%	2.20	15%	2.26	15.4%	0.64%
Ozgrowth Limited	**OZG**	0.18	63.2	0.02	8.6%	12.2%	0.22	-13%	0.20	-13.7%	1.00%
Qv Equities Limited	**QVE**	0.99	184.6	n/a	n/a	n/a	0.98	-2%	n/a	n/a	0.95%
Whitefield Ltd	**WHF**	4.27	328.1	0.17	4.0%	5.7%	4.34	-3%	4.58	-6.8%	0.35%
WAM Capital Limited	**WAM**	1.96	664.2	0.13	6.4%	9.1%	1.83	9%	1.80	8.9%	1.00%
WAM Research Ltd	**WAX**	1.14	161.5	0.07	6.4%	9.1%	1.13	4%	1.12	1.9%	1.00%
Westoz Inv Ltd	**WIC**	1.11	142.2	0.09	8.1%	11.6%	1.23	-8%	1.16	-4.5%	1.00%
Watermark Fund Ltd	**WMK**	0.96	82.1	0.05	5.2%	7.5%	1.02	-6%	1.00	-4.4%	1.00%
International	**Code**	**Share Price**	**Market Cap. ($m)**	**Dividend ($)**	**Yield**	**Grossed Up Yield**	**Sept. NTA**	**Sept. Disc/Prem**	**Est. NTA**	**Estimated Disc/Prem**	**MER**
Amp Capital China	**AGF**	0.80	297.8	0.02	2.4%	2.4%	0.99	-21.2%	1.03	-22.8%	1.65%
Hunter Hall Global	**HHV**	1.13	213.5	0.07	5.8%	5.8%	1.28	-11.4%	1.34	-15.7%	1.50%
Magellan Flagship	**MFF**	1.57	561.8	0.02	1.3%	1.3%	1.62	-6.7%	1.73	-9.5%	1.25%
Pm Capital Asian Ops	**PAF**	0.93	51.0	0.00	n/a	n/a	1.00	-7.2%	1.02	-8.9%	1.00%
Pm Capital Fund	**PGF**	0.97	167.6	0.00	n/a	n/a	1.04	-6.8%	1.07	-9.2%	1.00%
Platinum Capital Ltd	**PMC**	1.79	427.2	0.08	4.5%	6.4%	1.64	10.6%	1.62	10.5%	1.50%
Templeton Global	**TGG**	1.36	269.6	0.04	2.6%	3.7%	1.38	0%	1.41	-3.5%	1.00%
Specialist	**Code**	**Share Price**	**Market Cap. ($m)**	**Dividend ($)**	**Yield**	**Grossed Up Yield**	**Sept. NTA**	**Sept. Disc/Prem**	**Est. NTA**	**Estimated Disc/Prem**	**MER**
Acorn Cap Inv Fund	**ACQ**	0.82	41.7	n/a	n/a	n/a	0.95	-9.4%	0.91	-10.6%	0.95%
IPE Ltd	**IPE**	0.35	47.8	0.03	8.7%	12.4%	0.38	-8.5%	n/a	n/a	0.85%
Lion Selection Grp	**LSX**	0.30	32.1	0.00	0.0%	0.0%	0.56	-44.6%	n/a	n/a	1.50%

Source: IRESS, Baillieu Holst, Company reports

LIC Basics

What is a LIC?

- A LIC has characteristics of both managed funds and stock exchange-listed companies.
- Essentially a LIC is a company that invests in other companies, with the purpose of giving its shareholders exposure to a variety of shares via its investment portfolio.
- LICs may also invest in cash or fixed income instruments, although in many cases this will form only a relatively small proportion of thyhyeir investment portfolio.
- Income from LICs takes the form of semi-annual dividend payments that are linked to the profitability of the portfolio. Capital gains can arise where the investor sells the shares in the LIC for more than they originally bought them for.

Benefits of investing in LICs

Diversification

- Investment in just one LIC can potentially give an investor exposure to more than 100 different companies in a range of industries.
- This therefore reduces the risk to capital losses as losses connected to one company may be offset by gains by others in the portfolio.
- A LIC is a cost-effective method of achieving such a degree of diversification.

LICs are managed by investment professionals

- Each LIC is managed by full-time investment professionals whose goal it is to optimise returns on the investment portfolio for shareholders within strictly enforced risk parameters.
- In this respect, LICs are passive investments. Once the shares in the LIC have been purchased, the investor leaves investment decisions to the managers of the LIC.
- Some LICs have operated for more than 50 years while others, although only recently listed, are operated and managed by investment firms that have built strong reputations over many years.

Transparent investment philosophy

- All LICs are transparent as to how they invest their funds. Investors can choose the relevant LIC based on their own investment goals and risk preferences.
- Some LICs focus on specific geographic areas (such as Australia or overseas), may invest in a range of industries or focus on just one (such as resources), or are geared towards providing investors with annual income streams or longer-term capital gains (or a combination of both).
- In this document, we briefly describe each of the 20 selected LICs as well as list the main investments of each and their recent performance.

Ease of investment

- Investing in a LIC is done in exactly the same manner as any other company on the ASX, by placing an order with your stockbroker to buy shares in it.
- Exiting the investment is just as straightforward: the investor sells the shares on-market during trading hours through their stockbroker.
- The majority of LICs are highly ‘liquid’, meaning that there are a relatively large number of willing buyers and sellers on the ASX ready to allow the investor to enter or exit the investment at any time they want and without having to buy in at a premium or sell at a discount to “market price”.

Costs involved in investing in a LIC

Entry costs

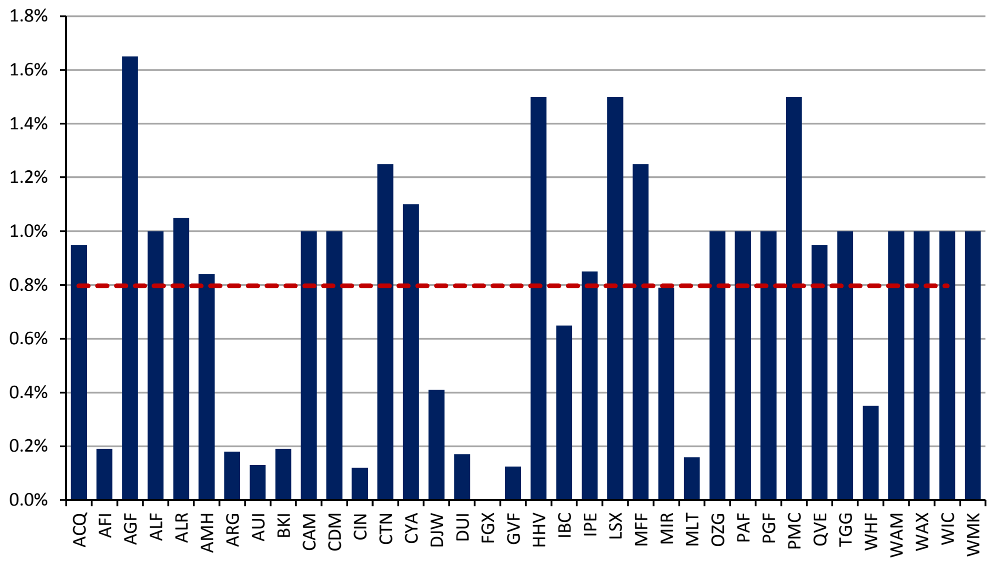
- Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a 'portfolio' of investments.
- The initial cost comes in the form of brokerage paid to acquire the shares. Investing in a LIC allows the investor to effectively buy shares in more than 50 companies (depending on the LIC), but only pay brokerage to invest in one (the LIC). A LIC is therefore an efficient method of diversification.
- The entry costs to LIC investments are generally lower than retail managed funds, which utilise a "front-end load" charge that can be up to 4% of the market value of the units in the fund at the date of purchase.

Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a "portfolio" of investments

Ongoing costs

- There are two types of fees that the manager of the LIC charges during the investment period: management fees and performance fees.
- The LIC uses management fees to cover costs incurred in running the portfolio. These fees are taken out of the profits of the LIC, which are a function of the performance of the investment portfolio of the company (including dividends paid and capital gains/losses on shares that are sold). They are paid regardless of the profitability of the investment portfolio.
- These fees range from 0.12-1.5% of assets per year. This is much lower than average fees charged for retail managed funds, which are approximately 1.5-3.0%. The effect of this cost-saving on a longer-term investment, where returns compound over a number of years, can be quite substantial. One reason for this lower cost is that LICs do not incur back-office or distribution costs, reducing their cost of operation. The fees (calculated as a "management expense ratio" or MER) of our selected LICs are shown in the graph below.

FIG.3: MANAGEMENT FEES OF SELECTED LICs FOR FY14



- Unlike management fees, performance fees are paid only if the LIC's investment portfolio outperforms a predetermined benchmark and is linked to the size of this outperformance. Not all LICs charge performance fees.
- These fees provide an incentive for the manager of the fund to optimise returns for shareholders of the LIC. They are generally paid not just if the fund is profitable, but when it is more profitable than the market as a whole. Unlike management fees, they will generally not deteriorate low returns or worsen investment losses.
- Performance fees for our selected LICs are shown in the table below. The benchmark index is the S&P/ASX All Ordinaries Accumulation Index unless otherwise stated below.

FIG.4: PERFORMANCE FEES

Company	Performance Fee
ACQ	20% above All Ordinaries Accumulation Index
AFI	None
AGF	20% above S&P/CITIC300 TRI
ALF	20% above All Ordinaries Accumulation Index
ALR	None
AMH	None
ARG	None
AUI	None
BKI	None
CAM	20% above All Ordinaries Accumulation Index
CDM	20% of returns above index or of portfolio return
CIN	None
CTN	15% of returns above index
CYA	10% of returns above index +1%
DJW	None
DUI	None
FGX	None
GVF	15% of outperformance in excess of a hurdle return being 4% above the 1 year swap rate
HHV	15% above MSCI World Index
IBC	15% of returns above index +1%
IPE	10% of outperformance of portfolio over benchmark
LSX	15% of outperformance above benchmark
MFF	10% if returns exceed MSCI World Index and 10-year bond rate
MIR	None
MLT	None
OZG	20% where performance exceeds 7% over 12 month period
PAF	15% of performance in excess of MSCI Asia (ex Japan) Index (AUD)
PGF	15% of performance in excess of MSCI World Index (AUD)
PMC	10% of returns above MSCI World Index +5%
QVE	None
TGG	None
WHF	None
WAM & WAX	20% of returns above All Ordinaries Accumulation Index if index increased, or where the 20% of the index decreased over the period, 20% of positive portfolio perf (0% if negative)
WIC	20% where performance exceeds 10% over 12 month period
WMK	20% of returns above the RBA cash rate

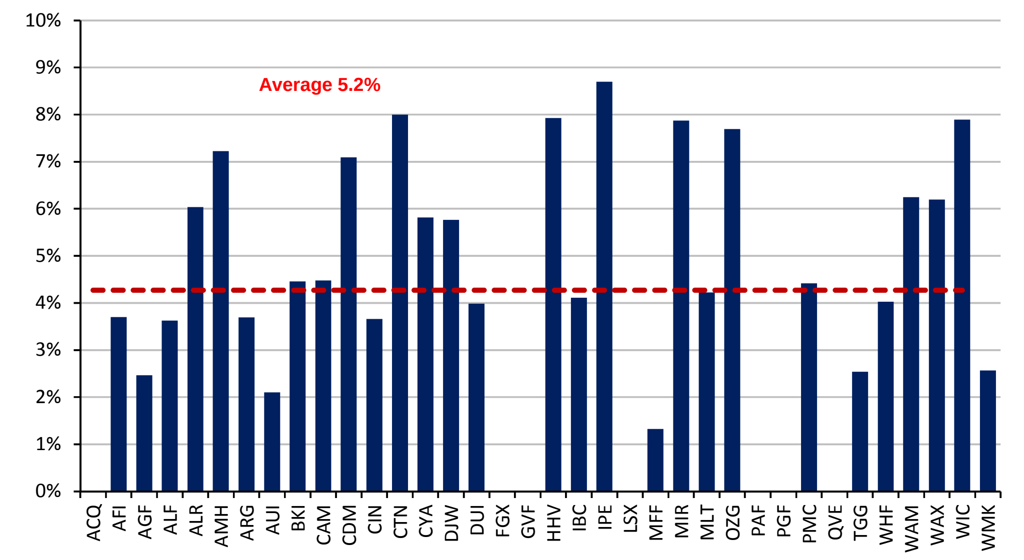
Exit costs

- Exit costs from LICs are generally limited to the brokerage paid on selling the shares. This is unlike retail managed funds, which can generally be exited at no charge.
- Exiting a LIC investment can have tax consequences.

What income do investors receive from a LIC?

- Annual investor income from a “buy-and-hold” investment strategy in a LIC takes the form of dividends, just like other share investments.
- However, because LICs utilise a company structure, payment of dividends is at the discretion of the management of the LIC. In other words, just because the investment portfolio of the LIC has made a profit in a given year, it does not mean that all, or even any, of that profit will be paid to shareholders in that year. This is unlike managers of retail managed funds, which are required to pay out the income to unitholders in the particular tax year that it is earned. Generally, LICs will pay out a high proportion of earnings as dividends.
- Most of our selected LICs focus on blue chip stocks and pay out a high proportion of earnings as a dividend. Accordingly, they have healthy dividend yields (as shown in the following graph).

FIG.5: DIVIDEND YIELD FOR SELECTED LICS



Taxation issues

- The returns of the LIC are generally taxed at the company tax rate of 30%. Accordingly, when dividends are paid to shareholders of the LIC, they attach franking credits. These are a tax benefit for shareholders, as they receive a "credit" for the company tax already paid on the LIC income when the shareholder's ordinary income is assessed.
- Capital gains are managed by the manager of the LIC. Where the dividend paid to a shareholder of a LIC contains income derived from a capital gain of the LIC, it will be treated as a capital gain, not ordinary income, in the hands of the shareholder. Under current tax rules, only 50% of this amount is taxable for many investors.
- This tax treatment contrasts with that of unlisted retail managed funds, where investors incur an annual tax liability on interest and capital gains that the fund earns each year.

LICs versus managed funds

- LICs are listed on the stock exchange so entry and exit costs are limited to brokerage. This means that diversification is achieved at little cost. LICs also offer a tax-effective structure, whereby dividends are fully franked and assessed as a capital gain in the hands of the shareholder. Therefore, only 50% of this amount is taxable for many investors. Contrast this with managed funds where investors incur an annual tax liability on the interest and capital gains that the funds earn each year.
- The fee structures of LICs are also favourable in comparison with managed funds. Our selected LICs have management expense ratios ranging from 0.12% to 1.5%, whereas managed funds often charge at least 1.5%. The difference in fees can have a substantial effect on long-term investments. For example, from an initial investment of $50,000 invested at identical returns for a decade, the LIC investment could be worth up to $6,000 *more* than the managed fund.

Our selected LICs have management expense ratios ranging from 0.12-1.5%, whereas managed funds often charge at least 1.5%

LICs versus exchange traded funds (ETFs)

- LICs and EFTs both have low management fees and efficient tax structures compared with managed funds. However, ETFs have an open-ended structure, where units on offer can increase or decrease based on supply and demand, and trade at or close to their net asset value. ETFs are generally passive investment products and hence do not aim to outperform the market in the same way many of the LICs do.
- ETFs are required to distribute any surplus income to security holders, whereas LICs have the ability to conserve surplus income and take advantage of market opportunities as they see fit. This added flexibility is beneficial to the shareholder.
- Despite speculation that LICs will face increased competition from ETFs, we feel that for the majority of our clients LICs provide a superior investment vehicle with the added possibility of returns above that of the underlying asset.

BKI Investment Company (BKI)

www.bkilimited.com.au

- BKI was listed on the ASX in December 2003 with an objective to provide investors with sound dividend yields and long-term capital growth.
- BKI invests in a diversified portfolio of Australian shares, trusts and interest-bearing securities.
- The total shareholder return for the year to 30 September 2014 was 6.5% with pre-tax net asset backing increasing 2.5%. The active return was 0.6%.

FIG.30: BKI SNAPSHOT

Price (30 Sept 2014)	$1.56
Share price range (12 months)	$1.52 - $1.73
Shares on issue	554,875,463
Market capitalisation	$882.3mn
Pre-tax asset backing*	$1.58
Post-tax asset backing*	$1.48
Premium/(Discount) to pre-tax NTA	-1.3%
Premium/(Discount) to post-tax NTA	5.4%
Dividend yield	4.5%
Dividend per share	7.0c
Franking	100%
Management expense ratio (FY14)	0.17%

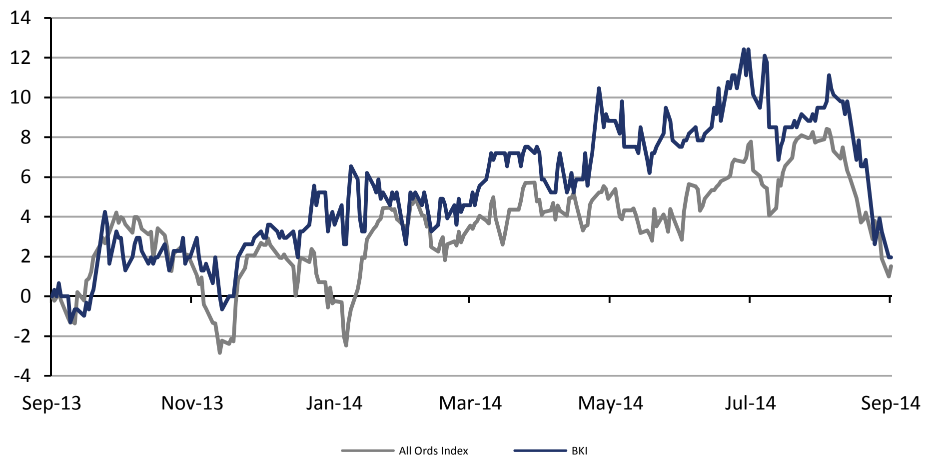
**At 30 Sept 14*

FIG.31: BKI PORTFOLIO TOP 10

Company	Fund (%)
National Australia Bank	8.7%
Commonwealth Bank of Australia	8.6%
Westpac Banking Corporation	7.4%
BHP Billiton	5.5%
Telstra Corporation	5.3%
Wesfarmers Limited	4.8%
ANZ Banking Group	4.4%
New Hope Corporation	4.4%
TPG Telecom Limited	3.4%
Woolworths Limited	3.4%

At 30 Sept 14

FIG.32: BKI VS ALL ORDS



Baillieu Holst Ltd acts in a corporate advisory role for BKI. In line with the company's internal compliance guidelines, our investment recommendation is restricted. Baillieu Holst Ltd has acted in a corporate advisory role for BKI earned fees in relation to that activity in the past 12 months.

Please also refer to the general disclosure at the end of this report.

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