

Listed Investment Companies

June 2025 performance review and sector update

Conviction ideas: Our preferences within each sector are based on numerous quantitative and qualitative factors. Table 1 on page 2 provides a sector update, with our estimated current net tangible assets (NTAs).

Traditional LICs

The ASX 200 Accum. Index advanced 1.4% in June, adding to gains in the prior two months. Pleasingly, performance across the traditional LICs edged ahead of the market, returning 1.6% on average on a pre-tax net tangible asset (NTA) basis. From a total shareholder return (TSR) perspective, traditional LICs were in line, adding 1.4% on average.

Preferred LIC **Australian United Investment Company (AUI)** outperformed in June, returning 2.0% on an NTA basis. AUI remains our pick for those seeking a traditional LIC trading at a discount. The fund currently trades at an estimated 15.1% discount, below its 1- and 3-year average discounts of 13.5% and 10.3%. The gross yield sits at 5.8% on a trailing basis.

Our second preference remains **BKI Investment Company (BKI)** given its yield and discount to NTA. BKI is currently trading at an estimated 9.9% discount and offers a trailing gross yield of 6.3%.

Large Capitalisation

We retain the recently added **Perpetual Equity Investment Company (PIC)** as our preferred large cap LIC. Given the environment, we believe PIC's focus on quality and value positions them to perform well over the longer term. Further, PIC provides a healthy income stream to investors, currently yielding 9.2% on a gross trailing basis, and is trading at an estimated 4.6% discount.

Small Capitalisation & Specialist

Our preference among the small cap LICs is **WAM Research (WAX)**. Despite trading at a modest premium, which we believe is justifiable given the performance, WAX is currently well below the excessive premiums seen in recent years, and offers a gross yield in excess of 10%.

Our specialist preference remains **Regal Investment Fund (RF1)** given the unique access this vehicle provides to several of Regal's strategies.

International

MFF Capital Investments (MFF) remains our preferred international LIC. MFF's performance has been impressive, returning 20.9%, 26.0% and 15.5% on a pre-tax NTA basis over 1-,3- and 5-year time horizons, and is currently trading at an estimated 11.3% discount.

Our second pick in the international category is **PM Capital Global Opportunities Fund (PGF)**. While the long-term performance remains strong and among the best in class, given its premium to NTA, we currently believe MFF Capital Investments provides a better opportunity.

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Disclosure: Ord Minnett acted as Joint Lead Manager in a capital raising PM Capital Global Opportunities Fund Limited (PGF) in July 2024 and Regal Investment Fund (RF1) in November 2024 and received fees for acting in these capacities. Ord Minnett acted as a Joint Lead Arranger and Joint Lead Manager in the IPO of Whitefield Income Limited (WHI) in November 2024. Ord Minnett acted as a Joint Lead Manager in the IPO of WAM Income Maximiser (WMX) in March 2025. Ord Minnett may do business with and receive commission and/or fees from companies that are the subject of this report.

Around The Grounds: LIC News

Platinum LICs – PMC and PAI

- As discussed in previous reports, Platinum has been pursuing a scheme of arrangement whereby Platinum Capital (PMC) and Platinum Asia Investments (PAI) will be transitioned in the listed ETF versions of their respective strategies - Platinum International Fund ETF (PIXX) and Platinum Asia Fund ETF (PAXX). The rationale for the restructure is to address the persistent discounts that have plagued both PMC/PAI for some time.
- Earlier this month, Platinum announced that the scheme had been approved by the Federal Court with the scheme meeting to be held on 12 August 2025. If approved, shareholders will receive their entitlement of new shares in the ETF's on 25 August 2025.
- The boards of PMC and PAI have also proposed that each company will pay, subject to the scheme becoming effective, a special dividend approximately equal to the company's retained earnings immediately prior to the scheme's implementation. If paid, the dividend will be franked to the maximum extent possible, but will not be fully franked according to Platinum. Each board will announce its determination on whether to pay the special dividend prior to the scheme meeting.
- Upon implementation, shareholders to continue to access largely the same global investment strategy via an ASX listed vehicle, managed by Platinum, with the same benchmark and objective as the current LIC.

Platinum/L1 Capital Merger

- Platinum (PTM) and L1 Capital (not listed) have entered into a binding merger implementation deed, which will be subject to a number of approvals, including PTM shareholder approval.
- **Importantly, the proposed merger is not expected to have any impact on the strategy or management of the L1 Long Short Fund Limited (LSF).** Platinum funds will also retain the Platinum brand.

Table 1: Sector snapshot

Listed Investment Companies coverage by sector

Traditional LICs																
		Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 Jul 25	Current Est. NTA	Current Estimated Disc/Prem	Jun NTA	Jun Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Jun Post-tax Disc/Prem	MER (p.a.)	
Australian Foundat.	AFI	7.47	9367.8	26.5	3.5%	5.1%	1.8%	8.38	-10.8%	8.33	-11.8%	-10.1%	-2.9%	5.5%	0.18%	
Argo Investments	ARG	9.15	6963.1	35.0	3.8%	5.5%	0.4%	10.55	-13.2%	10.43	-12.3%	-11.3%	-5.0%	2.1%	0.18%	
Australian United Invest.	AUI	11.08	1374.9	45.0	4.1%	5.8%	1.2%	13.05	-15.1%	12.98	-15.3%	-13.5%	-10.3%	3.9%	0.13%	
BKI Investment Ltd	BKI	1.78	1436.7	7.9	4.4%	6.3%	1.1%	1.97*	-9.9%	1.96	-10.5%	-9.0%	-4.4%	-1.7%	0.19%	
Djerriwarrh	DJW	3.17	833.9	15.3	4.8%	6.9%	5.3%	3.44	-7.8%	3.40	-10.9%	-7.9%	-8.5%	-9.3%	0.39%	
Diversified United	DUI	5.41	1164.5	16.0	3.0%	4.2%	1.3%	6.43	-15.9%	6.40	-16.3%	-15.0%	-11.2%	3.3%	0.17%	
Large Capitalisation																
		Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 Jul 25	Current Est. NTA	Current Estimated Disc/Prem	Jun NTA	Jun Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Jun Post-tax Disc/Prem	MER	
AMCIL Limited	AMH	1.09	342.2	4.0	3.7%	5.3%	2.3%	1.29	-16.0%	1.29	-16.7%	-12.4%	-9.4%	-6.1%	0.77%	
Clime Capital	CAM	0.71	105.8	5.4	7.6%	10.5%	1.9%	n.a	n.a	0.77	-8.2%	-0.6%	-1.2%	-12.7%	1.00%	
Cadence Capital	CDM	0.68	202.5	6.0	8.8%	11.7%	7.1%	n.a	n.a	0.80	-20.9%	-15.2%	-10.8%	-34.8%	1.00%	
Carlton Investments	CIN	37.50	989.7	108.0	2.9%	4.1%	3.6%	48.57	-22.8%	48.39	-25.2%	-25.7%	-23.9%	-8.9%	0.10%	
Future Gen Ltd	FGX	1.25	510.5	7.0	5.6%	8.0%	2.1%	n.a	n.a	1.38	-11.9%	-10.0%	-11.5%	-8.7%	0.00%	
L1 Long Short Fnd Ltd	LSF	2.96	1861.7	12.3	4.1%	5.9%	2.1%	3.35*	-11.4%	3.25	-10.8%	-2.8%	-4.7%	-7.1%	1.40%	
Perpetual Equity Ltd	PIC	1.24	475.0	8.0	6.5%	9.2%	3.3%	1.30*	-4.6%	1.25	-3.0%	-5.8%	-5.9%	-6.1%	1.00%	
Plato Income Max.	PL8	1.41	1053.7	6.6	4.7%	6.7%	0.4%	1.16*	23.5%	1.15	20.1%	12.9%	14.1%	21.7%	0.80%	
WAM Leaders Limited	WLE	1.27	1744.3	9.3	7.3%	10.5%	8.9%	n.a	n.a	1.29	-7.8%	-3.9%	0.8%	na	1.00%	
Whitefield Ltd	WHF	5.64	679.4	21.0	3.7%	5.3%	1.4%	6.66	-15.3%	6.64	-15.7%	-12.7%	-5.9%	-3.6%	0.35%	
Whitefield Income Ltd	WHI	1.38	221.2	2.3	1.7%	2.4%	3.0%	n.a	n.a	1.26	6.7%	5.9%	na	7.1%	0.06%	
Small Capitalisation																
		Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 Jul 25	Current Est. NTA	Current Estimated Disc/Prem	Jun NTA	Jun Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Jun Post-tax Disc/Prem	MER	
Acorn Cap Inv Fund	ACQ	0.78	69.4	5.5	7.1%	8.2%	3.3%	n.a	n.a	1.12	-32.3%	-25.0%	-14.4%	-31.5%	0.95%	
ECP Emerging Growth	ECP	1.26	23.1	5.5	4.4%	6.3%	4.9%	1.63	-23.0%	1.60	-24.1%	-21.1%	-23.0%	-21.2%	1.11%	
Naos Small Cap Opp	NSC	0.30	39.9	5.0	16.7%	22.0%	7.1%	n.a	n.a	0.43	-34.9%	-22.9%	-17.8%	-40.4%	1.25%	
Glennon SML Co Ltd	GC1	0.49	23.6	3.0	6.1%	7.0%	0.0%	n.a	n.a	0.84	-41.1%	-38.0%	-29.2%	-36.7%	1.00%	
Mirrabooka Invest.	MIR	3.34	743.2	13.4	4.0%	5.7%	2.8%	3.35	-0.4%	3.32	-1.5%	0.6%	1.6%	0.0%	0.70%	
Naos Emerg Opp	NCC	0.30	22.1	4.0	13.3%	19.0%	13.7%	n.a	n.a	0.46	-44.6%	-25.8%	-16.3%	-48.0%	1.25%	
NGE Capital	NGE	1.14	39.1	0.0	0.0%	0.0%	-0.9%	n.a	n.a	1.42	-18.4%	-17.2%	-18.9%	-24.1%	1.90%	
Ophir High Conviction	OPH	3.14	699.0	19.9	6.3%	6.3%	0.0%	3.50*	-10.5%	3.58	-12.6%	-11.1%	-9.2%	na	1.23%	
Ryder Capital	RYD	1.39	112.2	9.5	6.9%	9.8%	6.9%	n.a	n.a	1.63	-20.1%	-17.3%	-15.6%	-16.8%	1.25%	
Salter Brothers Emerging	SB2	0.70	59.6	2.0	2.9%	4.1%	-3.5%	n.a	n.a	0.99	-28.3%	-31.5%	-32.2%	-30.3%	1.50%	
Spheria Emerging Co	SEC	2.49	149.0	13.9	5.6%	8.0%	2.9%	2.49*	-1.0%	2.41	0.8%	-4.9%	-8.7%	2.3%	1.00%	
WAM Capital Limited	WAM	1.67	1880.8	15.5	9.3%	11.7%	8.1%	n.a	n.a	1.57	-1.5%	-0.2%	7.0%	na	1.00%	
WAM Research Ltd	WAX	1.19	246.4	10.0	8.4%	10.6%	7.2%	n.a	n.a	1.09	2.0%	4.8%	16.8%	na	1.00%	
WAM Microcap Ltd	WMI	1.50	417.4	10.6	7.1%	10.1%	4.5%	n.a	n.a	1.43	1.1%	3.7%	10.0%	na	1.00%	

Source: Company releases, Bloomberg, IRESS, OML estimates

Figures as at: 15 July 2025

*NTA is last reported NTA, adjusted for any dividends past ex-date. Current premium and discount is based on the discount at date of last disclosed NTA date.

Table 1: Sector snapshot (cont.)

Listed Investment Companies coverage by sector

International	Code	Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 Jul 25	Current Est. NTA	Current Estimated Disc/Prem	Jun NTA	Jun Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Jun Post-tax Disc/Prem	MER
Argo Global Ltd	ALI	2.31	410.7	0.0	0.0%	0.0%	1.3%	2.60*	-11.5%	2.61	-12.6%	-12.6%	-8.8%	-10.6%	1.20%
Future Glb Invest Co	FGG	1.52	606.4	7.4	4.9%	7.0%	0.3%	n.a	n.a	1.70	-10.9%	-14.0%	-15.6%	-4.3%	0.00%
Global Value Fnd Ltd	GVF	1.41	264.1	7.6	5.4%	7.7%	2.6%	n.a	n.a	1.36	0.6%	-1.9%	-4.4%	7.2%	1.50%
Hearts and Minds	HM1	3.25	744.2	15.5	4.8%	6.8%	6.3%	3.75*	-13.6%	3.71	-18.1%	-15.0%	-16.3%	-11.6%	0.00%
Pengana International	PIA	1.21	309.9	5.4	4.5%	6.4%	0.4%	1.42*	-14.3%	1.41	-15.1%	-15.0%	-15.7%	-11.9%	1.77%
MFF Capital Invest.	MFF	4.41	2580.8	15.0	3.4%	4.9%	0.2%	4.98*	-11.3%	5.02	-11.9%	-12.2%	-14.9%	6.5%	0.40%
Platinum Asia Ltd	PAI	1.11	409.1	1.5	1.4%	1.9%	3.8%	1.19*	-6.8%	1.17	-8.9%	-7.5%	-11.8%	-6.1%	1.10%
PM Capital Fund	PGF	2.62	1256.1	11.0	4.2%	6.0%	-0.4%	2.52*	3.2%	2.44	7.7%	5.8%	2.2%	22.8%	1.00%
Platinum Capital Ltd	PMC	1.38	407.9	6.0	4.4%	6.2%	4.5%	1.54*	-11.1%	1.52	-12.5%	-7.7%	-12.3%	-10.3%	1.10%
Regal Asian Investments	RG8	2.00	299.9	11.0	5.5%	7.9%	-2.4%	2.36*	-15.3%	2.45	-15.9%	-12.5%	-14.0%	0.0%	1.50%
WAM Global	WGB	2.55	910.7	12.5	4.9%	7.0%	2.4%	n.a	n.a	2.61	-4.0%	-10.6%	-12.3%	na	1.25%
WCM Global Growth	WQG	1.79	404.7	7.4	4.1%	5.9%	2.0%	1.99	-10.4%	1.97	-11.2%	-10.7%	-13.9%	-2.6%	1.25%
VGI Partners Global	VG1	1.74	432.4	11.0	6.3%	9.0%	-3.3%	2.06*	-14.3%	2.06	-12.9%	-11.3%	-14.4%	na	1.50%
Specialist	Code	Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 Jul 25	Current Est. NTA	Current Estimated Disc/Prem	Jun NTA	Jun Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Jun Post-tax Disc/Prem	MER
Bailador Tech Inv	BTI	1.17	173.1	7.1	6.1%	8.7%	-0.8%	n.a	n.a	1.79	-34.1%	-32.9%	-29.2%	-28.0%	1.75%
Lowell Resource Fund	LRT	1.38	56.9	2.7	2.0%	2.0%	-0.4%	1.81*	-24.0%	1.78	-22.3%	-16.5%	-14.9%	na	2.17%
Lion Selection Grp	LSX	0.89	125.6	0.0	0.0%	0.0%	-2.2%	n.a	n.a	0.93	-0.8%	-22.7%	-27.6%	2.8%	1.50%
NAOS ex-50 Opport.	NAC	0.52	24.1	6.0	11.7%	16.0%	7.4%	n.a	n.a	0.72	-34.7%	-14.3%	-9.6%	-37.3%	1.75%
Regal Investment Fund	RF1	2.98	635.8	17.0	5.7%	5.7%	6.8%	3.25*	-9.5%	3.30	-15.2%	-4.5%	-4.0%	na	1.50%
Sandon Capital Ltd	SNC	0.82	119.1	5.6	6.8%	9.7%	1.9%	n.a	n.a	0.96	-16.2%	-15.0%	-13.8%	-12.0%	1.25%
Tribeca Glb Resources	TGF	1.50	117.8	0.0	0.0%	0.0%	5.7%	2.07*	-29.0%	2.09	-32.6%	-22.7%	-20.1%	-34.4%	1.50%
Thorney Technologies Ltd	TEK	0.10	37.8	0.0	0.0%	0.0%	5.3%	n.a	n.a	0.24	-60.1%	-48.0%	-39.4%	-62.8%	0.75%
Thorney Opp Ltd	TOP	0.65	113.8	2.6	4.0%	5.7%	4.8%	n.a	n.a	1.00	-38.0%	-32.4%	-31.1%	-31.3%	0.75%
WAM Active Ltd	WAA	0.86	65.7	6.0	7.0%	10.0%	6.9%	n.a	n.a	0.86	-7.0%	1.8%	1.6%	na	1.00%
WAM Strategic Value Ltd	WAR	1.09	196.3	7.0	6.4%	9.2%	1.4%	n.a	n.a	1.26	-14.6%	-10.8%	-12.5%	na	1.00%
WAM Alternative Assets	WMA	0.99	194.6	5.3	5.4%	7.6%	3.1%	n.a	n.a	1.17	-18.6%	-16.6%	-15.1%	na	1.00%
WAM Income Maximiser	WMX	1.69	169.2	0.0	0.0%	0.0%	-0.3%	n.a	n.a	1.54	8.4%	6.9%	na	0.0%	0.88%

Source: Company releases, Bloomberg, IRESS, OML estimates

Figures as at: 15 July 2025

*NTA is last reported NTA, adjusted for any dividends past ex-date. Current premium and discount is based on the discount at date of last disclosed NTA date.

NTA performance calculation methodology

- Unless stated otherwise, NTA performance in this report is calculated on pre-tax NTA basis, which refers to net tangible assets after tax paid but before tax on unrealised gains as well as cash dividends paid during the relevant period. TSR performance figures from Bloomberg and calculated with re-invested dividends. Active return refers to the TSR relative to that of the comparative index.
- 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.

Fig. 1: LIC Performance Table (June 2025)

Traditional LICs	Code	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA	TSR	Avg.	NTA	TSR	Avg.	NTA	TSR	Avg.
		performance	Performance	Prem/Disc	performance	Performance	Prem/Disc	performance	Performance	Prem/Disc
Australian Foundat.	AFI	9.2%	6.5%	-10.1%	11.6%	2.7%	-2.9%	10.7%	7.3%	2.1%
Argo Investments	ARG	12.4%	10.1%	-11.3%	11.3%	5.2%	-5.0%	11.4%	8.8%	-1.8%
Australian United In	AUI	14.7%	10.0%	-13.5%	14.1%	9.6%	-10.3%	12.6%	10.7%	-7.9%
BKI Investment Ltd	BKI	11.8%	9.4%	-9.0%	10.6%	6.7%	-4.4%	10.5%	9.5%	-4.2%
Djerriwarrh	DJW	5.8%	7.8%	-7.9%	9.7%	7.1%	-8.5%	9.2%	8.3%	-6.9%
Diversified United	DUI	12.7%	7.7%	-15.0%	12.0%	8.6%	-11.2%	10.8%	8.3%	-8.4%
Average		11.1%	8.6%	-11.1%	11.6%	6.7%	-7.0%	10.9%	8.8%	-4.5%

Large Capitalisation	Code	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA	TSR	Avg.	NTA	TSR	Avg.	NTA	TSR	Avg.
		Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc
AMCIL Limited	AMH	5.6%	1.2%	-12.4%	11.7%	3.9%	-9.4%	8.9%	6.7%	-6.8%
Clime Capital	CAM	2.2%	-7.3%	-0.6%	6.8%	1.7%	-1.2%	5.5%	4.2%	-1.6%
Cadence Capital	CDM	2.7%	-1.7%	-15.2%	1.5%	-1.1%	-10.8%	6.8%	8.6%	-10.3%
Carlton Investments	CIN	25.1%	26.4%	-25.7%	12.3%	12.3%	-23.9%	14.0%	13.1%	-22.5%
Future Gen Ltd	FGX	7.1%	8.9%	-10.0%	9.2%	8.3%	-11.5%	8.7%	10.5%	-9.9%
L1 Long Short Fund	LSF	5.4%	-4.9%	-2.8%	13.4%	8.4%	-4.7%	18.0%	22.5%	-8.0%
Perpetual Equity Ltd	PIC	1.3%	4.8%	-5.8%	8.5%	8.0%	-5.9%	9.4%	12.3%	-5.9%
Plato Inc Max Ltd.	PL8	13.0%	20.6%	12.9%	12.1%	11.6%	14.1%	9.9%	12.6%	12.8%
WAM Leaders Limited	WLE	3.3%	1.0%	-3.9%	4.1%	-0.4%	0.8%	8.4%	8.9%	1.8%
Whitefield Ltd	WHF	19.2%	13.5%	-12.7%	15.3%	7.9%	-5.9%	11.4%	8.7%	-2.7%
Whitefield Income Limited	WHI	na	na	5.9%	na	na	na	na	na	na
Average		8.5%	6.2%	-6.4%	9.5%	6.1%	-5.8%	10.1%	10.8%	-5.3%

Small Capitalisation	Code	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA	TSR	Avg.	NTA	TSR	Avg.	NTA	TSR	Avg.
		Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc
Acorn Cap Inv Fund	ACQ	12.7%	3.8%	-25.0%	7.1%	-4.2%	-14.4%	6.6%	4.7%	-10.0%
ECP Emerging Co	ECP	-3.7%	-1.3%	-21.1%	15.1%	7.9%	-23.0%	6.4%	6.1%	-19.4%
Naos Smlcap Com Ltd	NSC	-12.8%	-27.3%	-22.9%	-13.4%	-20.3%	-17.8%	-3.4%	-1.3%	-18.1%
Glennon SML Co Ltd	GC1	24.9%	7.7%	-38.0%	8.7%	-2.9%	-29.2%	4.3%	-1.2%	-25.6%
Mirraboopa Invest.	MIR	9.7%	8.2%	0.6%	13.5%	8.6%	1.6%	11.2%	11.5%	3.3%
Naos Emerg Opp	NCC	4.4%	-31.7%	-25.8%	-12.7%	-25.3%	-16.3%	-5.1%	-12.9%	-13.3%
NGE Capital Limited	NGE	11.3%	3.1%	-17.2%	15.1%	17.5%	-18.9%	18.4%	20.3%	-20.9%
Ophir High Cf	OPH	27.8%	29.3%	-11.1%	19.9%	15.1%	-9.2%	10.5%	9.8%	-2.8%
Ryder Capital Ltd	RYD	24.8%	24.7%	-17.3%	12.6%	7.4%	-15.6%	4.9%	5.5%	-13.1%
Salter Brothers	SB2	4.1%	21.5%	-31.5%	3.8%	1.4%	-32.2%	na	na	na
Spheria Emerging Co	SEC	14.4%	16.3%	-4.9%	10.2%	13.2%	-8.7%	11.7%	19.3%	-9.8%
WAM Capital Limited	WAM	15.6%	19.2%	-0.2%	15.2%	6.1%	7.0%	10.1%	5.4%	13.0%
WAM Research Ltd	WAX	14.8%	12.5%	4.8%	16.6%	3.3%	16.8%	12.1%	4.0%	26.1%
WAM Microcap Limited	WMI	11.2%	10.8%	3.7%	13.4%	3.2%	10.0%	9.7%	10.9%	11.3%
Average		11.4%	6.9%	-14.7%	8.9%	2.2%	-10.7%	7.5%	6.3%	-6.1%

International	Code	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA	TSR	Avg.	NTA	TSR	Avg.	NTA	TSR	Avg.
		Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc
Argo Global Ltd	ALI	10.1%	17.5%	-12.6%	2.1%	3.3%	-8.8%	2.9%	5.8%	-6.8%
Future Glb Invest Co	FGG	16.7%	21.9%	-14.0%	13.9%	19.0%	-15.6%	7.0%	10.7%	-14.1%
Global Value Fnd Ltd	GVF	11.1%	17.2%	-1.9%	11.8%	14.1%	-4.4%	12.3%	14.6%	-4.3%
Hearts and Minds	HM1	25.5%	24.1%	-15.0%	18.1%	21.0%	-16.3%	5.8%	4.3%	-9.6%
Pengana Int Equ Ltd	PIA	13.2%	11.2%	-15.0%	14.0%	16.8%	-15.7%	6.7%	7.6%	-12.7%
MFF Capital Inv Ltd	MFF	20.9%	23.7%	-12.2%	26.0%	30.5%	-14.9%	15.5%	13.7%	-13.7%
Platinum Asia Ltd	PAI	15.5%	17.6%	-7.5%	7.2%	11.7%	-11.8%	4.6%	6.2%	-10.7%
Pm Capital Fund	PGF	21.0%	24.9%	5.8%	24.0%	26.5%	2.2%	22.5%	30.6%	-2.7%
Platinum Capital Ltd	PMC	2.8%	-1.3%	-7.7%	5.1%	6.3%	-12.3%	5.6%	5.8%	-11.4%
Regal Asian Investments	RG8	3.1%	-1.5%	-12.5%	8.0%	10.2%	-14.0%	3.1%	5.8%	-15.2%
WAM Global	WGB	14.1%	19.3%	-10.6%	13.5%	20.6%	-12.3%	8.4%	11.6%	-10.3%
WCM Global Growth	WQG	17.5%	18.1%	-10.7%	19.8%	20.6%	-13.9%	10.7%	11.9%	-12.2%
VGI Partners Global	VG1	-2.7%	-1.8%	-11.3%	9.0%	13.2%	-14.4%	2.2%	4.6%	-14.7%
Average		13.0%	14.7%	-9.6%	13.3%	16.4%	-11.7%	8.3%	10.2%	-10.6%

Specialist	Code	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA	TSR	Avg.	NTA	TSR	Avg.	NTA	TSR	Avg.
		Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc	Performance	Performance	Prem/Disc
Bailador Tech Inv	BTI	8.4%	6.1%	-32.9%	3.5%	-0.6%	-29.2%	10.9%	15.3%	-24.6%
Lowell Res Fund	LRT	25.7%	8.3%	-16.5%	9.3%	8.5%	-14.9%	15.2%	15.7%	-14.2%
Lion Selection Grp	LSX	47.4%	106.7%	-22.7%	15.3%	31.6%	-27.6%	17.2%	18.3%	-28.1%
Naos Ex-50	NAC	52.1%	7.2%	-14.3%	0.5%	-11.1%	-9.6%	-1.5%	-2.8%	-13.4%
Regal Invest Fund	RF1	1.7%	-8.4%	-4.5%	8.0%	6.6%	-4.0%	17.3%	16.1%	-1.0%
Sandon Capital Ltd	SNC	26.3%	23.9%	-15.0%	13.6%	13.2%	-13.8%	12.3%	14.5%	-14.3%
Tribecca Glb Resources	TGF	4.5%	-10.8%	-22.7%	0.0%	-8.9%	-20.1%	9.2%	8.2%	-18.2%
Thorney Technologies Ltd	TEK	1.3%	-24.0%	-48.0%	-9.3%	-23.2%	-39.4%	-4.9%	-17.5%	-30.9%
Thorney Opp Ltd	TOP	10.2%	-4.9%	-32.4%	18.3%	14.7%	-31.1%	14.3%	10.4%	-28.0%
WAM Active Ltd	WAA	14.5%	7.9%	1.8%	14.6%	10.7%	1.6%	6.3%	4.4%	4.2%
WAM Strategic Value Ltd	WAR	3.3%	4.4%	-10.8%	8.6%	8.3%	-12.5%	na	na	na
WAM Alternative Assets	WMA	2.6%	4.9%	-16.6%	2.3%	2.1%	-15.1%	5.6%	10.7%	-14.4%
WAM Income Maximiser	WMX	na	na	6.9%	na	na	na	na	na	na
Average		16.5%	10.1%	-19.6%	7.1%	4.3%	-18.0%	9.3%	8.5%	-16.6%

Source: Bloomberg, IRESS, OML

Australian United Investment Company (AUI)

www.aui.com.au

- AUI was founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation.
- AUI utilises a “traditional” investment philosophy, focusing on risk reduction by investing in a range of large and mid-cap companies on the ASX.
- Investments are chosen on their individual merits, with no pre-determined policy that any particular proportion of the capital will be invested in particular investment sectors.
- The total shareholder return for the year ending 30 June 2025 was 10.0%, with pre-tax NTA increasing 14.7%. The active return (TSR) was -3.8%.

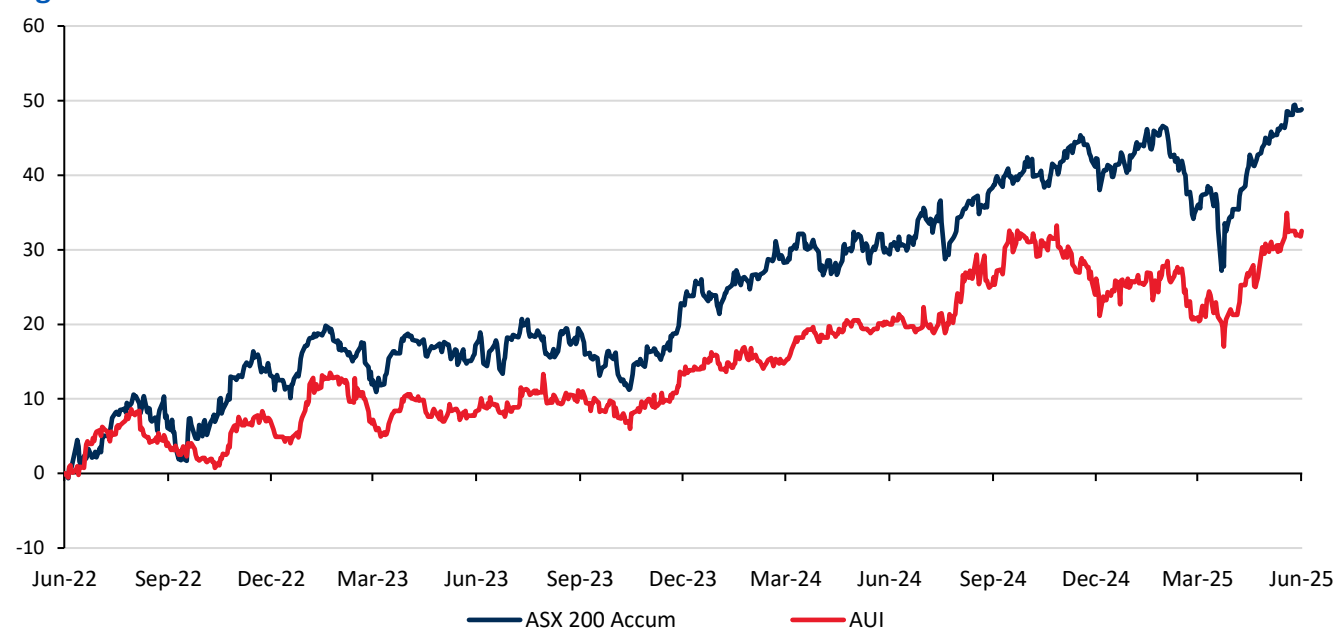
Fig.2: AUI Snapshot

AUI Snapshot				Top Holdings		%	
Price (30 June 2025)			\$11.00	Commonwealth Bank.			13.0%
Share price range (12 months)			\$9.68- \$11.20	Wesfarmers Limited			6.7%
Shares on issue (Mn)			124.1	BHP Group Limited			6.1%
Market capitalisation (\$Mn)			\$1,365	CSL Limited			5.8%
Pre-tax asset backing*			\$12.98	RIO Tinto Limited			4.9%
Post-tax asset backing*			\$10.59	Diversified United			4.7%
Premium/(Discount) to pre-tax NTA			-15.3%	Transurban Group			4.7%
Premium/(Discount) to post-tax NTA			3.9%	ANZ Banking Grp Ltd			4.3%
Dividend yield			4.1%	Westpac Banking Corp			4.1%
Dividend per share (cents)			45.0	ResMed Inc.			4.1%
Franking			100%				
Management expense ratio			0.13%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AUI	10.0%	9.6%	10.7%	NTA growth	14.7%	14.1%	12.6%
Active return	-3.8%	-3.9%	-1.2%	Active return	0.9%	0.6%	0.8%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Fig.3: AUI TSR vs ASX 200 Accum. Index



Source: Bloomberg, OML

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, focusing on securities that are paying an increasing dividend stream.
- The total shareholder return for the year ending 30 June 2025 was 9.4%, with pre-tax NTA increasing 11.8%. The active return (TSR) was -4.3%.

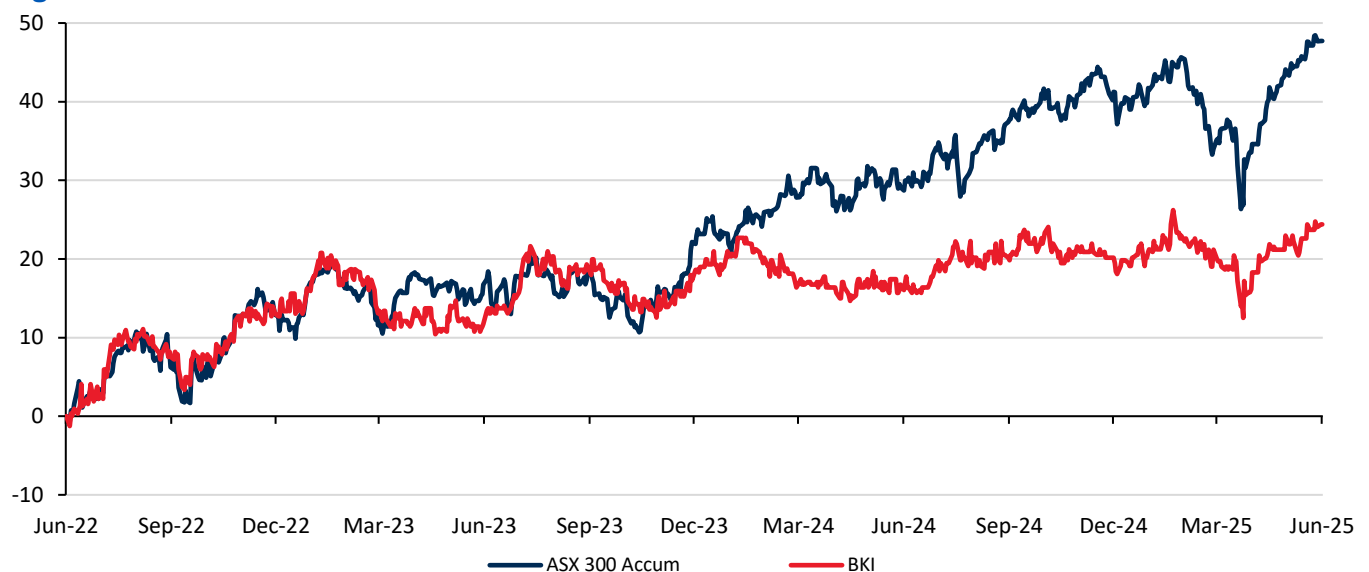
Fig.4: BKI Snapshot

BKI Snapshot				Top Holdings			
					%		
Price (30 June 2025)	\$1.76			Commonwealth Bank.	10.1%		
Share price range (12 months)	\$1.56- \$1.81			National Aust. Bank	7.4%		
Shares on issue (Mn)	807.1			BHP Group Limited	6.1%		
Market capitalisation (\$Mn)	\$1,421			Wesfarmers Limited	5.1%		
Pre-tax asset backing*	\$1.96			APA Group	5.0%		
Post-tax asset backing*	\$1.79			Telstra Corporation.	4.6%		
Premium/(Discount) to pre-tax NTA	-10.2%			Macquarie Group Ltd	4.6%		
Premium/(Discount) to post-tax NTA	-1.7%			Transurban Group	3.8%		
Dividend yield	4.4%			Harvey Norman	3.4%		
Dividend per share (cents)	7.9			Dalrymple Bay Infrastructure	3.1%		
Franking	100%			New Hope Corporation	3.0%		
Management expense ratio	0.19%			Suncorp Group Ltd	2.4%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BKI	9.4%	6.7%	9.5%	NTA growth	11.8%	10.6%	10.5%
Active return	-4.3%	-6.6%	-2.2%	Active return	-2.0%	-2.7%	-1.2%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Fig.5: BKI TSR vs ASX 300 Accum. Index



Source: Bloomberg, OML

Perpetual Equity Investment Company (PIC)

www.perpetualequity.com.au

- Perpetual Equity Investment Company listed on 18 December 2014 and is managed by Perpetual. As at 31 March 2025, Perpetual had \$11.9 billion in Funds Under Management (FUM) across their various equity funds.
- PIC follows an extensive bottom-up investment approach, focusing on quality, undervalued companies. The portfolio is made up of predominantly high-quality Australian equities, typically with a mid-cap bias. Additionally, a global allocation is included, which can be up to 35% of the portfolio.
- Given the current backdrop of global macroeconomic uncertainty, stretched valuations and geopolitics are likely to constrain growth and underpin further volatility in the short to medium term, we believe PIC's focus on quality and value positions them to perform well over the longer term.
- As at 30 June, PIC had a 19.7% exposure allocated to international securities and held 5.9% of the portfolio in cash.
- The total shareholder return for the year ending 30 June 2025 was 4.8%, with pre-tax NTA increasing 1.3%. The active return (TSR) was -8.9%.

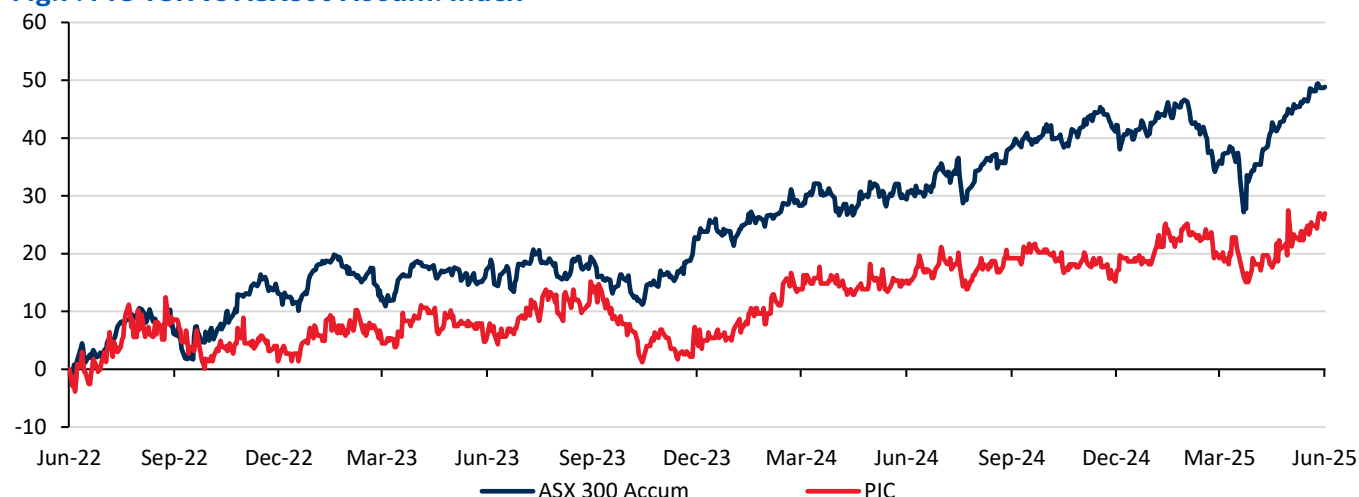
Fig.6: PIC Snapshot

PIC Snapshot				Top Holdings		%	
Price (30 June 2025)			\$1.21	Flutter Entertainment Plc			7.8%
Share price range (12 months)			\$1.11- \$1.25	BHP Group Limited			7.8%
Shares on issue (Mn)			383.1	GPT Group			4.5%
Market capitalisation (\$Mn)			\$464	GWA Group Ltd			3.6%
Pre-tax asset backing*			\$1.25	Aspen Group			3.4%
Post-tax asset backing*			\$1.29	Goodman Group			3.4%
Premium/(Discount) to pre-tax NTA			-3.0%	Howden Joinery Group PLC			3.3%
Premium/(Discount) to post-tax NTA			-6.1%	Event Hospitality and Entertainment			3.2%
Dividend yield			6.5%	ANZ Banking Grp Ltd			3.1%
Dividend per share (cents)			8.0	Sigma Health Ltd			3.0%
Franking			100%				
Management expense ratio			1.00%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PIC	4.8%	8.0%	12.3%	NTA growth	1.3%	8.5%	9.4%
Active return	-8.9%	-5.3%	0.5%	Active return	-12.4%	-4.8%	-2.4%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Fig.7: PIC TSR vs ASX300 Accum. Index



Source: Bloomberg, OML

WAM Research (WAX)

www.wilsonassetmanagement.com.au

- Listed since 2003, WAM Research provides investors with exposure to a diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the ASX.
- WAM Research's investment objectives are to provide a stream of fully franked dividends and achieve a high real rate of return, comprising both income and capital growth.
- The total shareholder return for the year ending 30 June 2025 was 12.5%, with pre-tax NTA increasing 14.8%. The active return (TSR) was 0.2%.

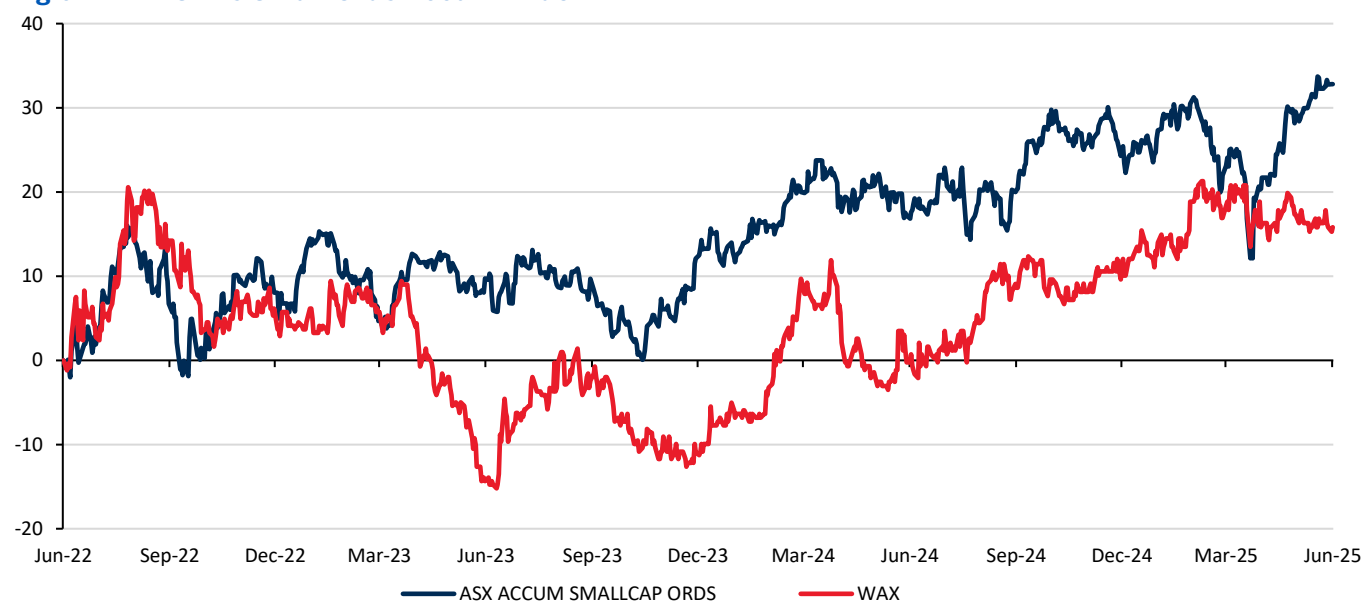
Fig.8: WAX Snapshot

WAX Snapshot			
Price (30 June 2025)	\$1.11		
Share price range (12 months)	\$1.07- \$1.25		
Shares on issue (Mn)	207.1		
Market capitalisation (\$Mn)	\$230		
Pre-tax asset backing*	\$1.09		
Post-tax asset backing*	n.a		
Premium/(Discount) to pre-tax NTA	2.0%		
Premium/(Discount) to post-tax NTA	n.a		
Dividend yield	8.4%		
Dividend per share (cents)	10.0		
Franking	60%		
Management expense ratio	1.00%		
Total Shareholder Return	1 Year	3 Year	5 Year
WAX	12.5%	3.3%	4.0%
Active return	0.2%	-6.7%	-3.4%

Top Holdings			
Australian Clinical Labs	Maas Group Holdings		
Beacon Lighting Grp	Myer Holdings Ltd		
Collins Foods Ltd	NZX		
Event Hospitality and Entertainmen	Paragon Care Limited		
Generation Dev Group	Ridley Corporation		
G8 Education Limited	Supply Network		
Gentrack Group	Service Stream		
Integral Diagnostics	Summerset Group Holdings		
IPH Limited	Tuas Limited		
Judo Capital Holdings	Webjet Limited		
listed in alphabetical order			
NTA Performance	1 Year	3 Year	5 Year
NTA growth	14.8%	16.6%	12.1%
Active return	2.5%	6.6%	4.7%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Fig.9: WAX TSR vs Small Ords Accum. Index



Source: Bloomberg, OML

Regal Investment Fund (RF1)

www.regalfm.com

- The manager, established in 2004, is a specialist alternative investment manager, with a primary focus on long short investment strategies. RF1 was listed in Jun-19, following a \$282m raising.
- RF1 is constructed by the Manager through the selection and allocation of funds to a number of Regal strategies.
- The total shareholder return for the year ending 30 June 2025 was -8.4%, with pre-tax NTA increasing 1.7%.

Fig.10: RF1 Snapshot

RF1 Snapshot			
Price (30 June 2025)			\$2.80
Share price range (12 months)			\$2.60- \$3.70
Shares on issue (Mn)			213.4
Market capitalisation (\$Mn)			\$597
Pre-tax asset backing*			\$3.30
Post-tax asset backing*			n.a
Premium/(Discount) to pre-tax NTA			-15.2%
Premium/(Discount) to post-tax NTA			n.a
Dividend yield			5.7%
Dividend per share (cents)			17.0
Franking			0%
Management expense ratio			1.50%

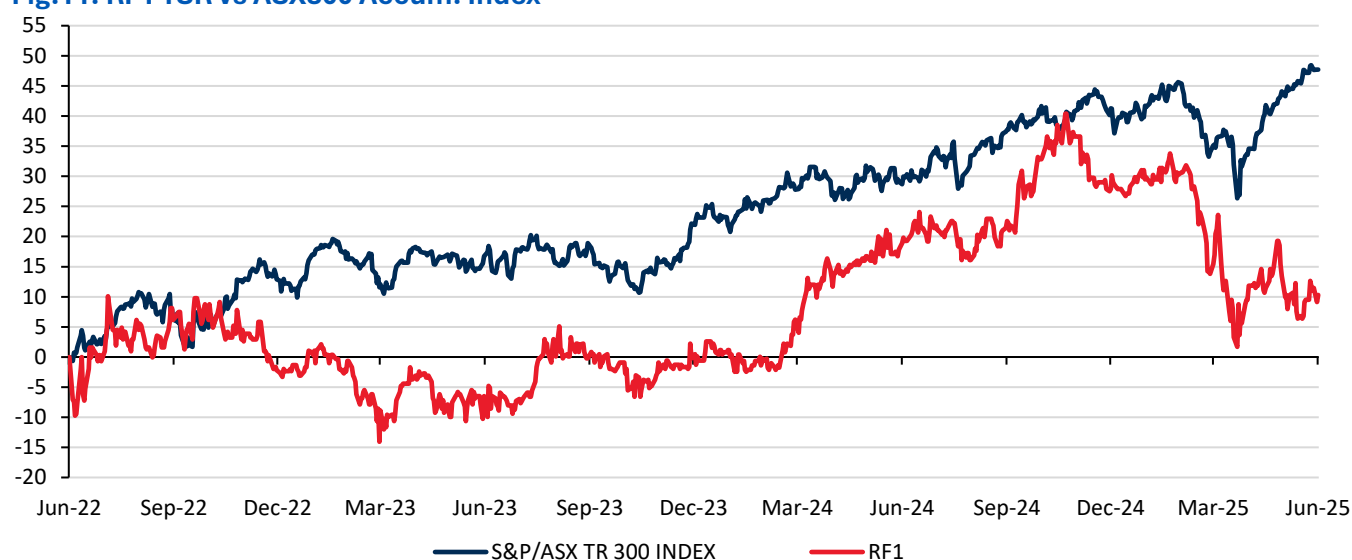
Top Holdings				%
Exposure by Strategy				
Emerging Companies				21%
Resources Royalties				15%
Small Companies				13%
Private Credit				16%
Market Neutral				7%
Global Alpha				9%
Global Long Short				7%
Water				11%

Total Shareholder Return	1 Year	3 Year	5 Year
RF1	-8.4%	6.6%	16.1%
Active return	-22.1%	-6.8%	4.3%

NTA Performance	1 Year	3 Year	5 Year
NTA growth	1.7%	8.0%	17.3%
Active return	-12.1%	-5.3%	5.6%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Fig.11: RF1 TSR vs ASX300 Accum. Index



Source: Bloomberg, OML

MFF Capital Investments Limited (MFF)

<https://www.mffcapital.com.au/>

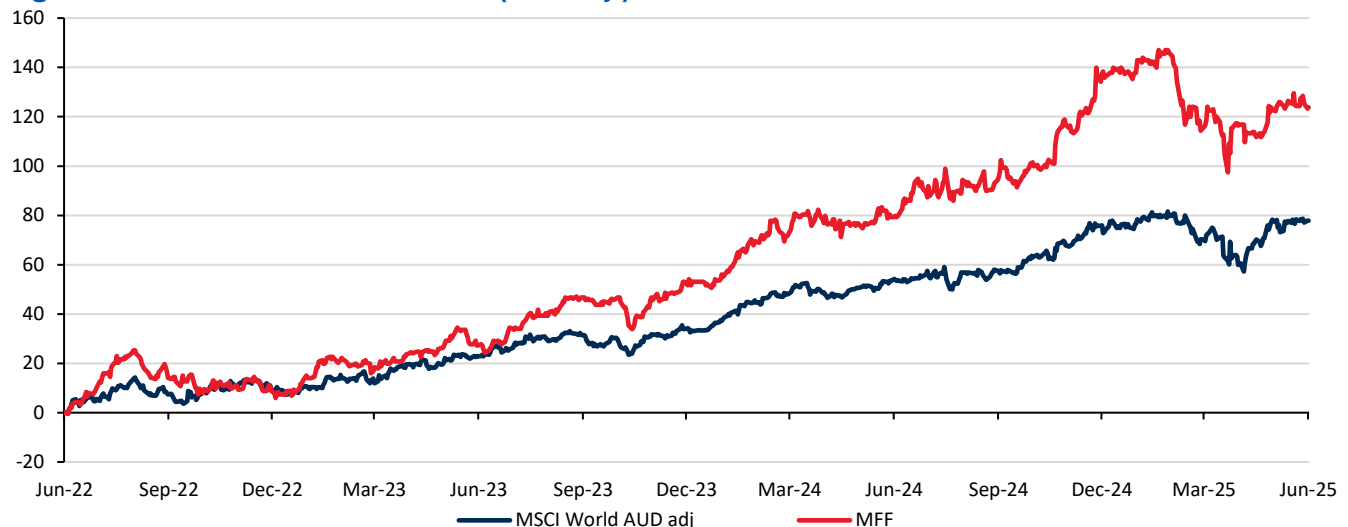
- MFF Capital Investments offers investors the opportunity to invest portfolio of a minimum of 20 stock exchange listed international and Australian companies. MFF aims for a portfolio focussed upon companies with attractive business characteristics (quality) at discounts to their intrinsic values (value). The portfolio is managed by led by Chris Mackay, co-founder of Magellan.
- In October 2024, MFF announced that it is expanding and strengthening its research team, focus and capabilities with the intended acquisition of Montaka Global Investments.
- The total shareholder return for the year ending 30 June 2025 was 23.7%, with pre-tax NTA increasing 20.9%. The active return (TSR) was 5.2%.

Fig.12: MFF Snapshot

MFF Snapshot				Top Holdings				%	
Price (30 June 2025)		\$4.42		MasterCard				9.3%	
Share price range (12 months)		\$3.70- \$4.83		Visa				8.8%	
Shares on issue (Mn)		585.9		Amazon				8.1%	
Market capitalisation (\$Mn)		\$2,590		American Express				8.1%	
Pre-tax asset backing*		\$5.02		Bank of America				8.0%	
Post-tax asset backing*		\$4.15		Meta Platforms				7.3%	
Premium/(Discount) to pre-tax NTA		-11.9%		Microsoft				6.7%	
Premium/(Discount) to post-tax NTA		6.5%		Alphabet (A)				6.5%	
Dividend yield		3.4%		Home Depot				5.7%	
Dividend per share (cents)		15.0		Alphabet (C)				5.0%	
Franking		100%		Flutter Entertainment				2.9%	
Management expense ratio		0.40%		Lloyds Banking Group				2.5%	
Total Shareholder Return		1 Year	3 Year	5 Year	NTA Performance		1 Year	3 Year	5 Year
MFF		23.7%	30.5%	13.7%	NTA growth		20.9%	26.0%	15.5%
Active return		5.2%	9.6%	-2.4%	Active return		2.4%	5.1%	-0.6%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Fig.13: MFF TSR vs MSCI World Index (AUD adj.)



Source: Bloomberg, OML

PM Capital Global Opportunities Fund (PGF)

www.pmcapital.com.au

- Managed by PM Capital, PGF began trading on the ASX on 11 December 2013. PGF provides exposure to international equities with a portfolio size of generally 25-45 holdings.
- Investment exposures as at 30 June 2025 include Global Domestic Banking (Europe & USA, 42%), Industrial Metals (19%), Industrials (15%), Leisure & Entertainment (10%), Healthcare (5%), and Consumer Staples (7%).
- The total shareholder return for the year ending 30 June 2025 was 24.9%, with pre-tax NTA increasing 21.0%. The active return (TSR) was 6.3%.

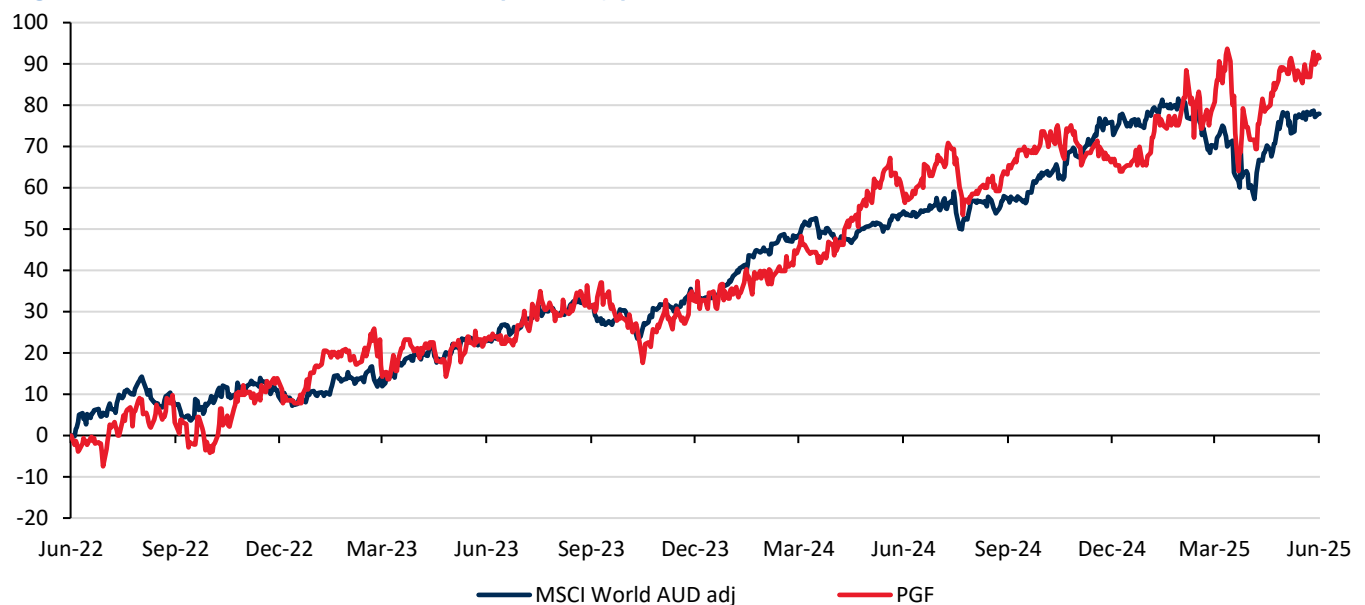
Fig.14: PGF Snapshot

PGF Snapshot				Top Holdings			
Price (30 June 2025)			\$2.63	Allied Irish Bank			
Share price range (12 months)			\$2.12- \$2.63	Bank of America			
Shares on issue (Mn)			479.4	Bank of Ireland			
Market capitalisation (\$Mn)			\$1,261	Caixa Bank			
Pre-tax asset backing*			\$2.44	Freeport-McMoRan			
Post-tax asset backing*			\$2.14	ING Groep			
Premium/(Discount) to pre-tax NTA			7.7%	Lloyds Banking Group			
Premium/(Discount) to post-tax NTA			22.8%	Newmont Mining			
Dividend yield			4.2%	Teck Resources			
Dividend per share (cents)			11.0	Wynn Resorts			
Franking			100%				
Management expense ratio			1.00%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PGF	24.9%	26.5%	30.6%	NTA growth	21.0%	24.0%	22.5%
Active return	6.3%	5.6%	14.5%	Active return	2.4%	3.1%	6.4%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 June 2025. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

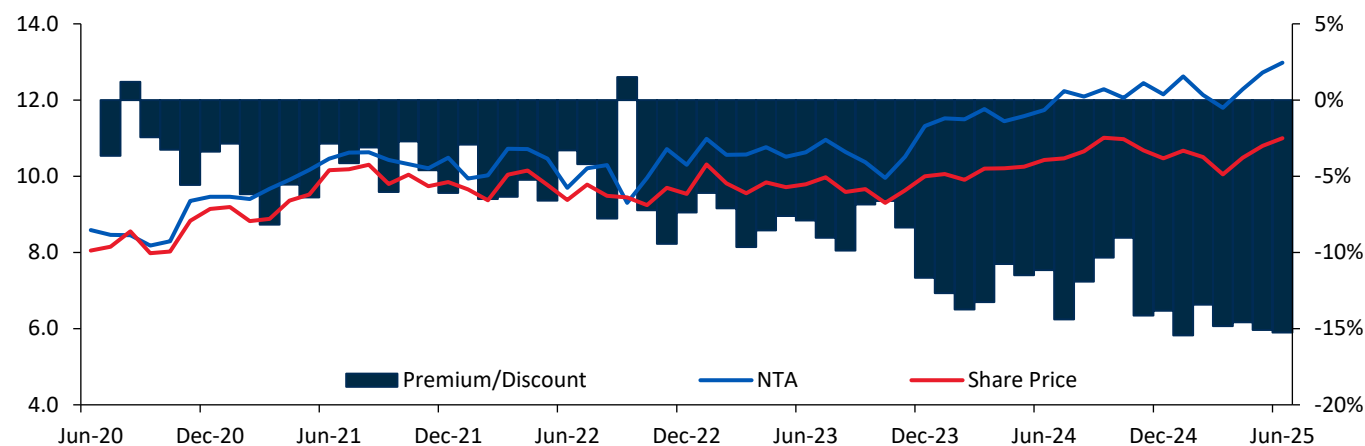
Fig.15: PGF TSR vs MSCI World Index (AUD adj.)



Source: Bloomberg, OML

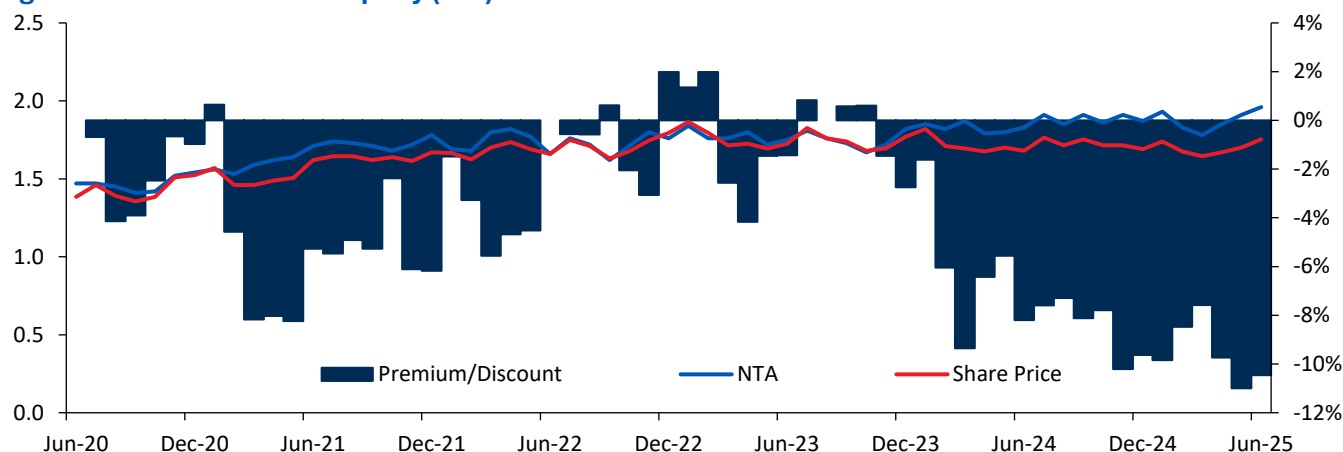
Appendix – Historical Premium/Discounts for Preferred LICs

Fig.16: Australian United Investment Company (AUI)



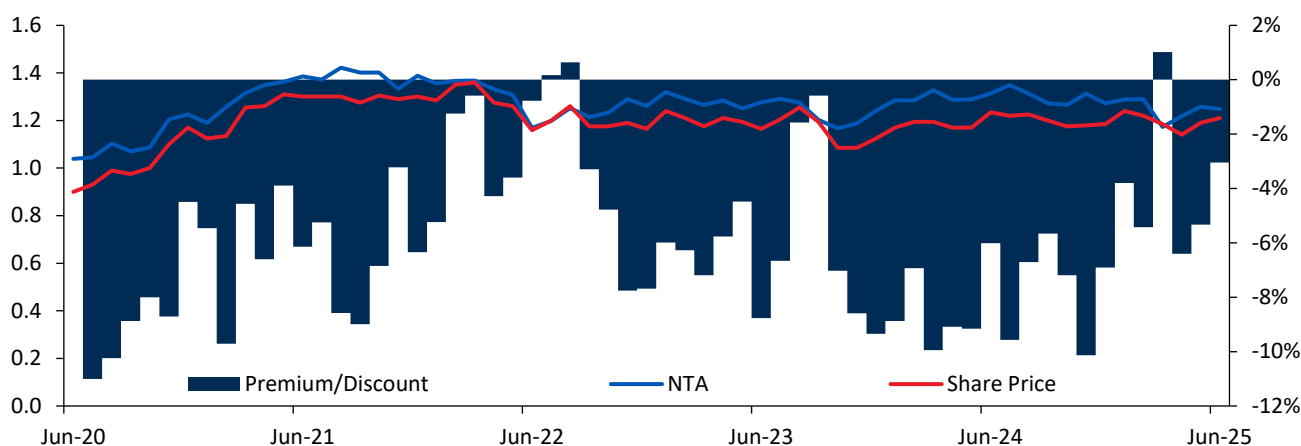
Source: Bloomberg, IRESS, OML.

Fig.17: BKI Investment Company (BKI)

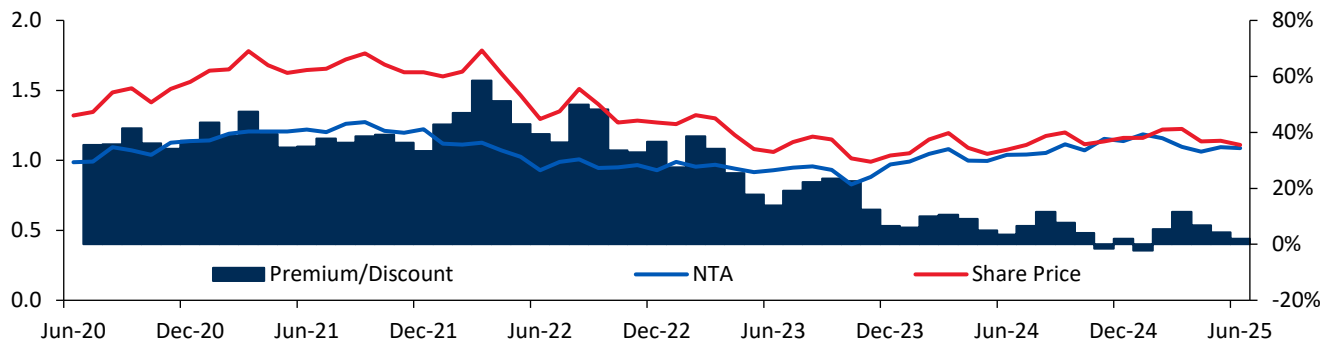


Source: Bloomberg, IRESS, OML.

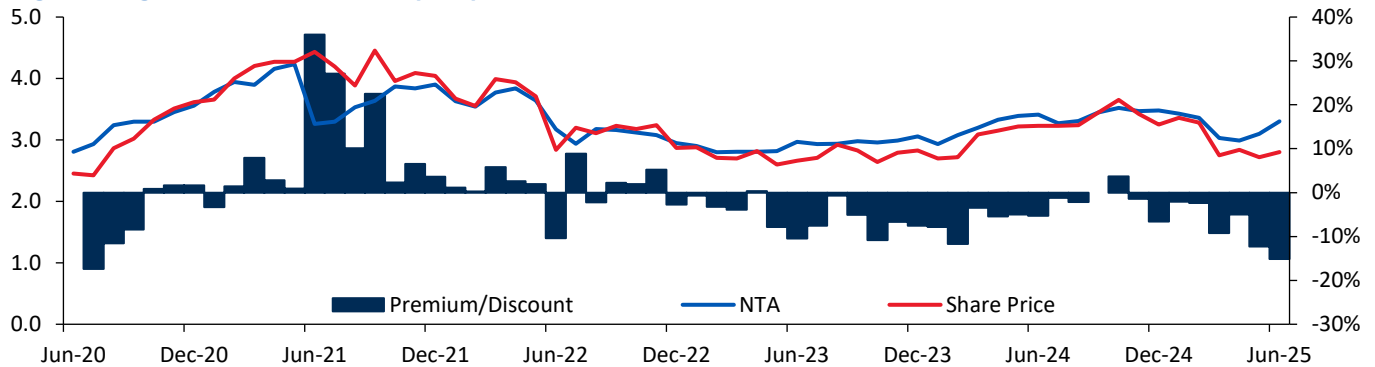
Fig.18: Perpetual Equity Investment Company (PIC)



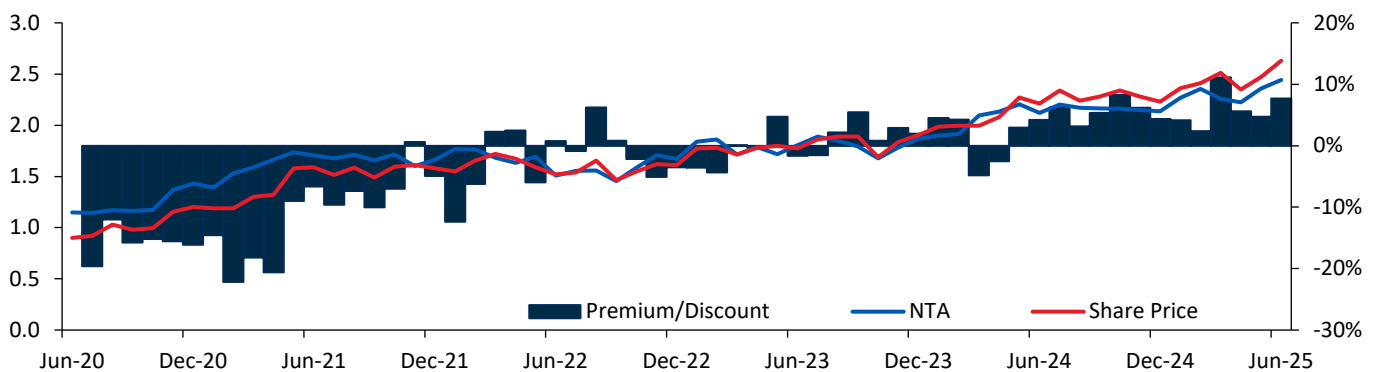
Source: Bloomberg, IRESS, OML.

Fig.19: WAM Research (WAX)

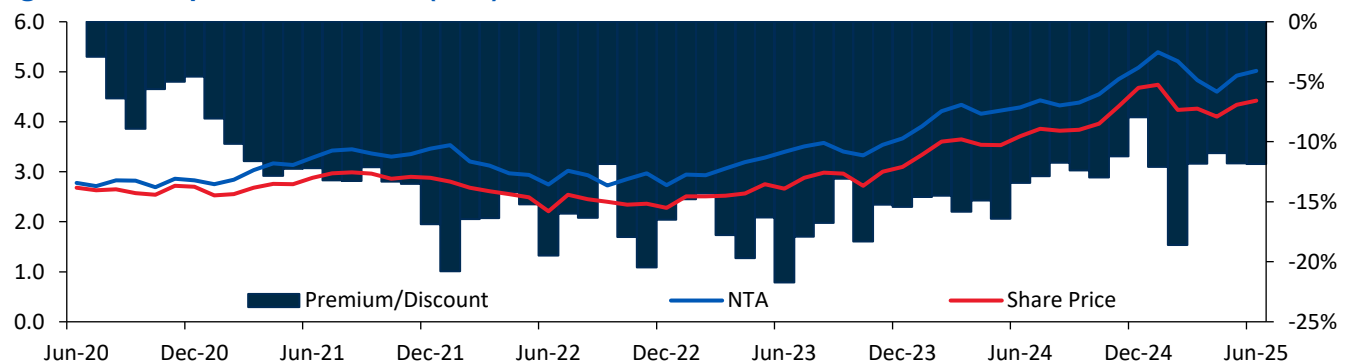
Source: Bloomberg, IRESS, OML.

Fig.20: Regal Investment Fund (RF1)

Source: Bloomberg, IRESS, OML.

Fig.21: PM Capital Global Fund (PGF)

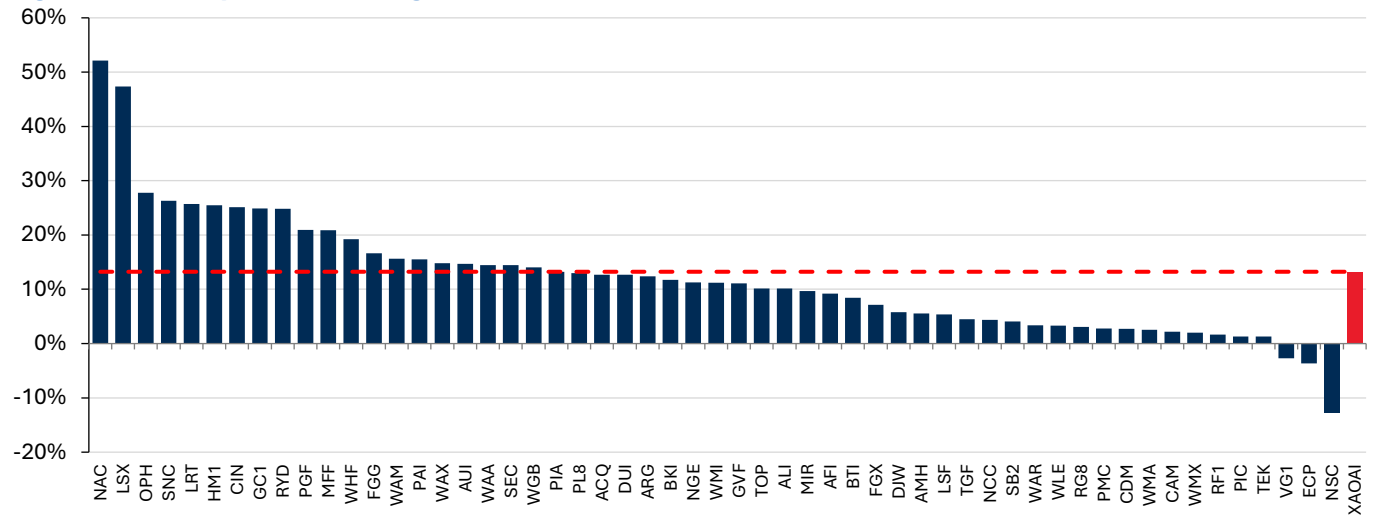
Source: Bloomberg, IRESS, OML.

Fig.22: MFF Capital Investments (MFF)

Source: Bloomberg, IRESS, OML.

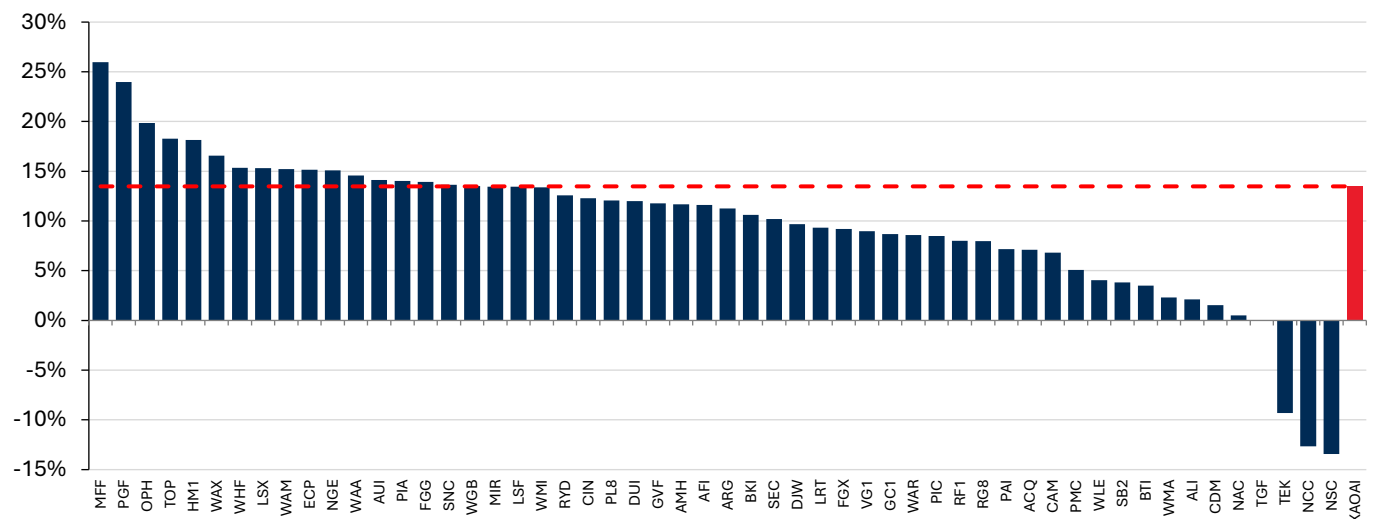
1, 3 and 5-year NTA & total shareholder return growth

Fig.23: NTA compound annual growth rate – % return over 12 months



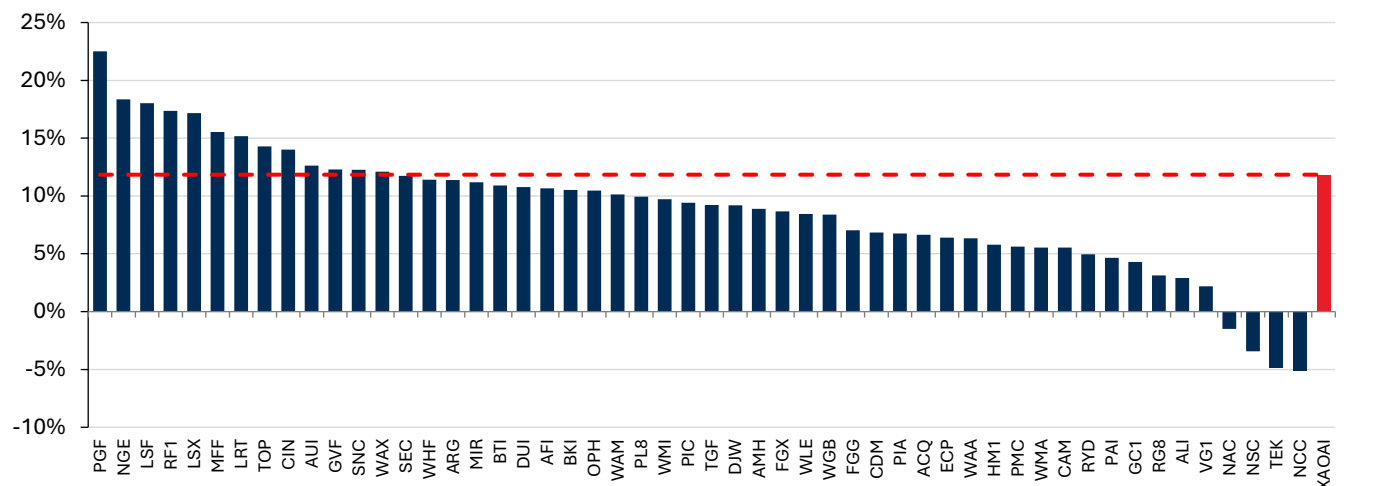
Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

Fig.24: NTA compound annual growth rate – % return over 3 years

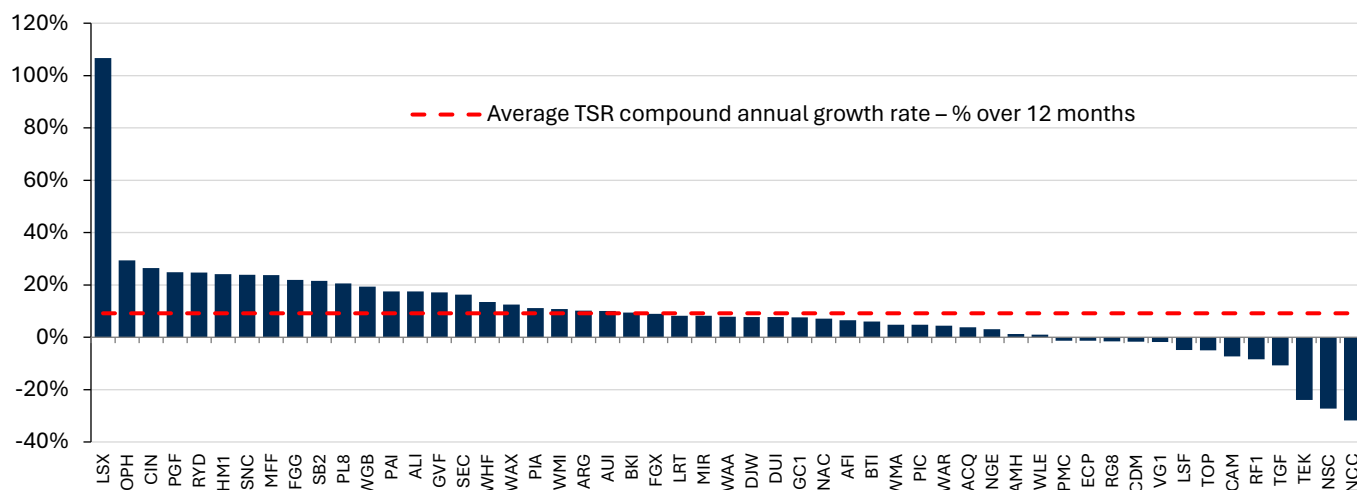


Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

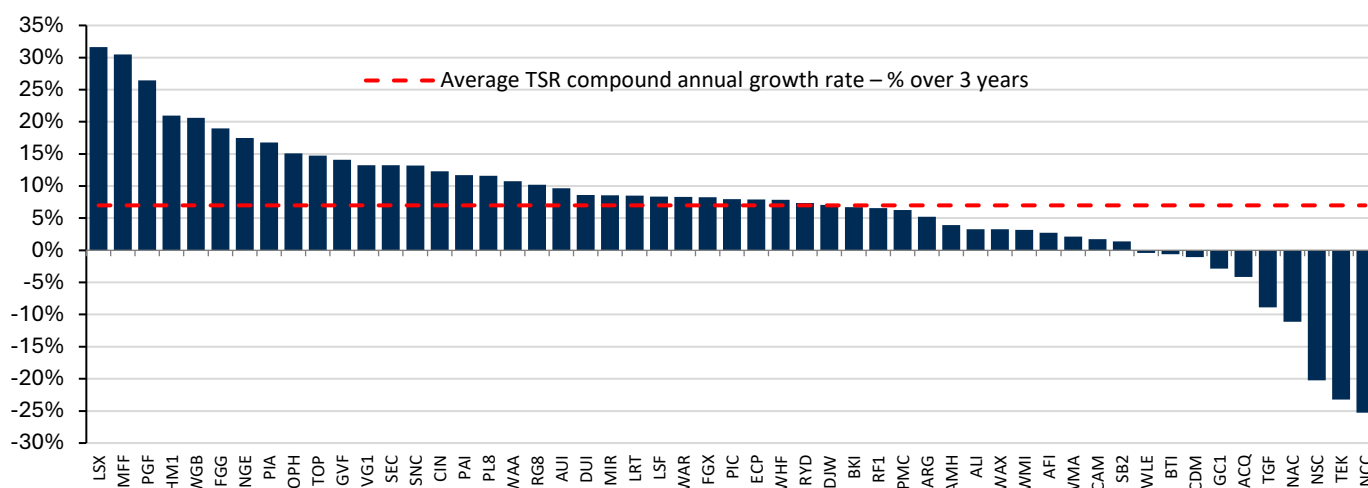
Fig.25: NTA compound annual growth rate – % return over 5 years



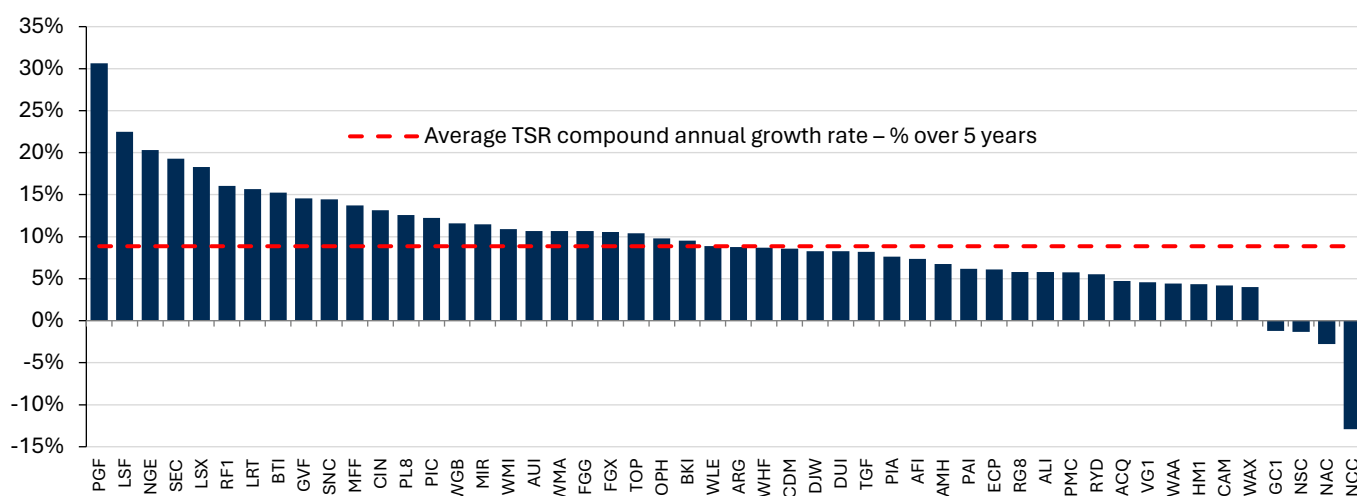
Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

Fig.26: TSR compound annual growth rate – % over 12 months

Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

Fig.27: TSR compound annual growth rate – % over 3 years

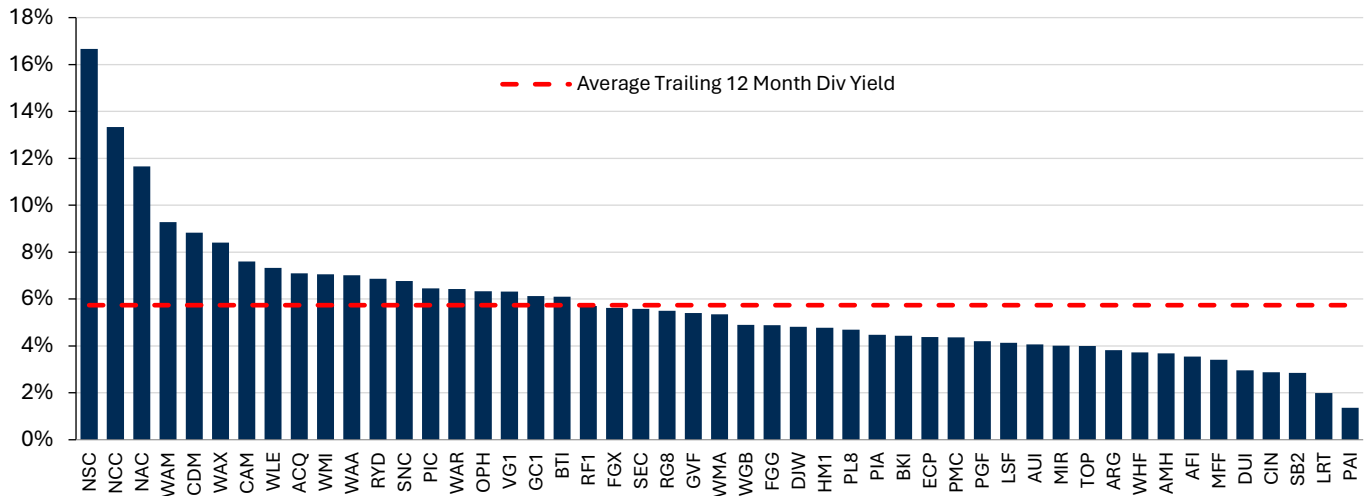
Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

Fig.28: TSR compound annual growth rate – % over 5 years

Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

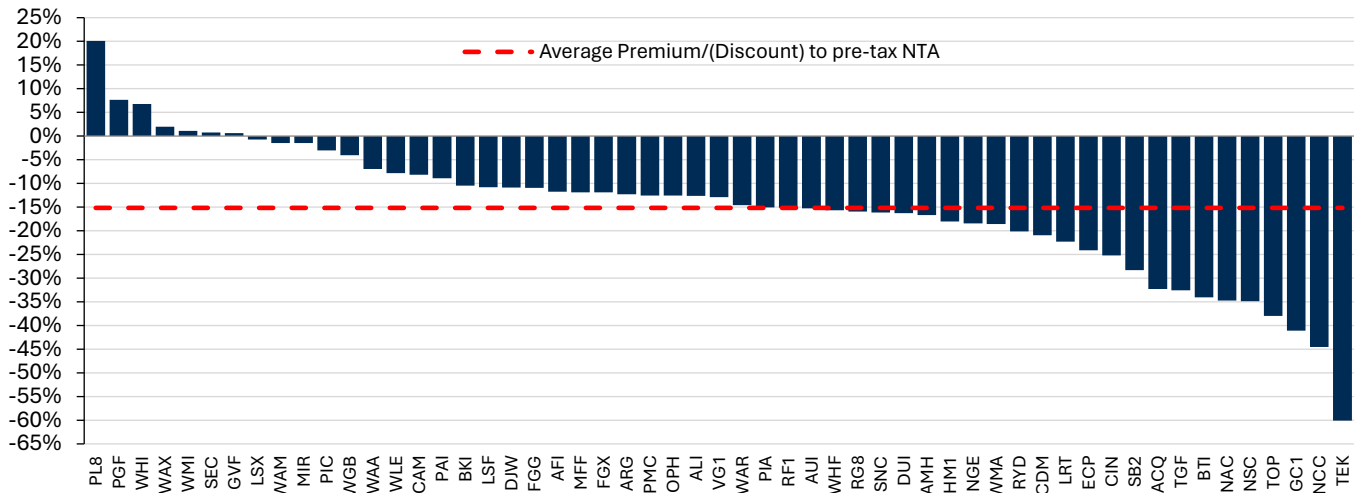
Dividend yield, pre & post tax discount/premium to NTA

Fig.29: Trailing 12-month dividend yield and average



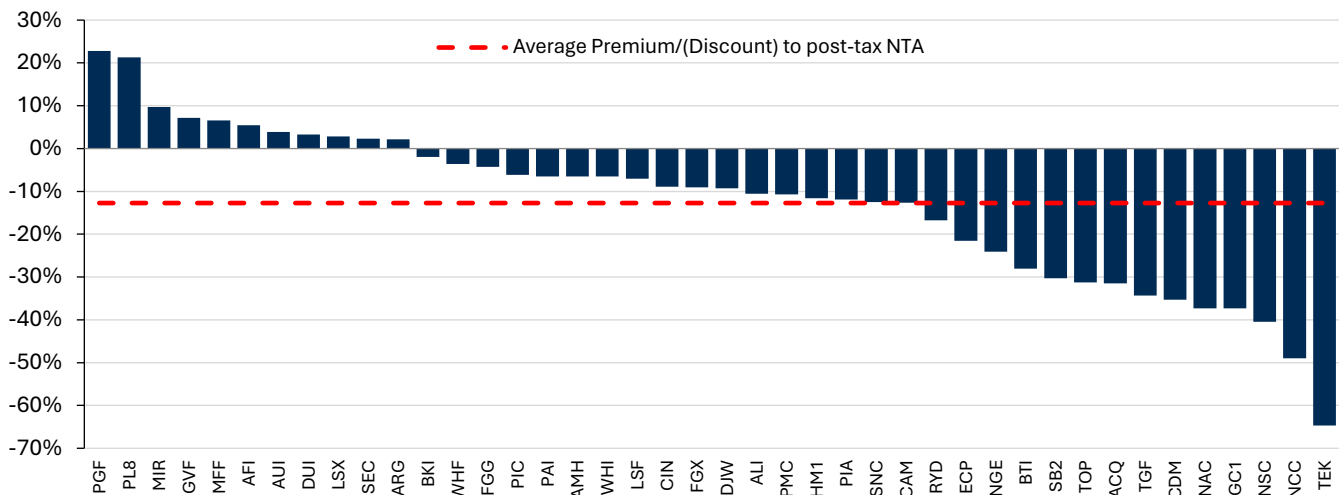
Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025. LICs with no yield excluded.

Fig.30: Premium/(Discount) to pre-tax NTA



Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

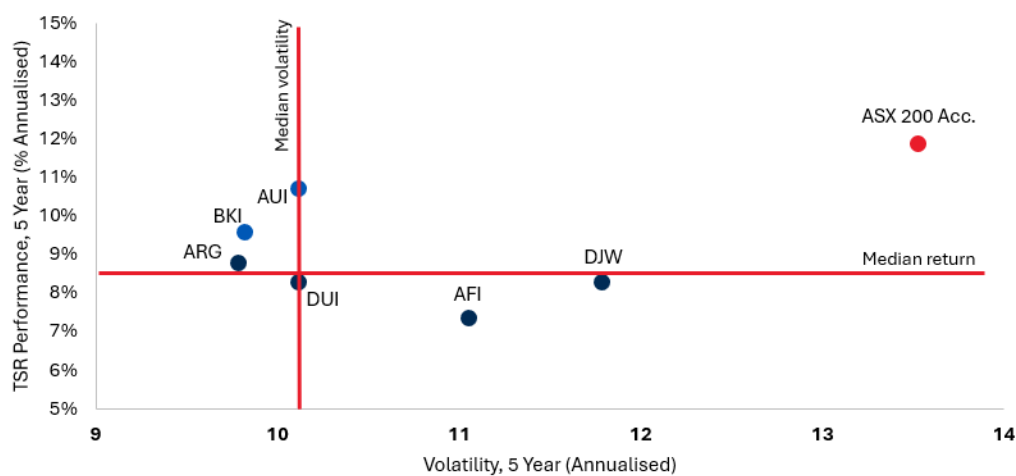
Fig.31: Premium/(Discount) to post-tax NTA



Source: Bloomberg, IRESS, OML. Figures as at 30 June 2025.

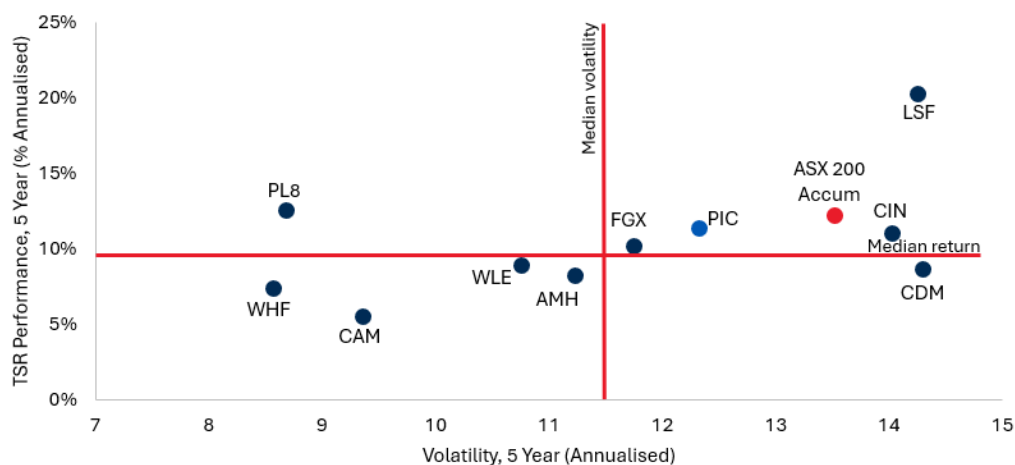
Return Volatility

Fig.32: Traditional LICs



Source: Bloomberg, IRESS, OML.

Fig.33: Large Cap LICs



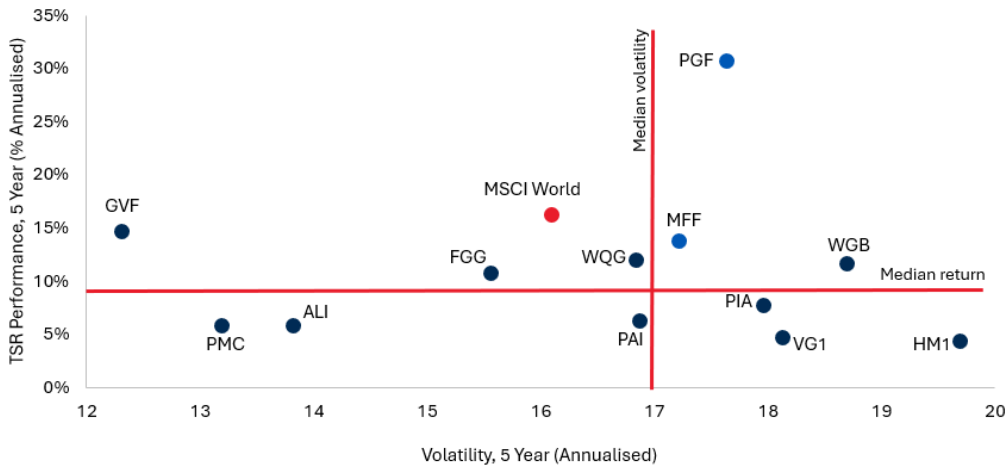
Source: Bloomberg, IRESS, OML.

Fig.34: Small Cap LICs



Source: Bloomberg, IRESS, OML.

Fig.35: International LICs



Source: Bloomberg, IRESS, OML.

LIC Basics

What is a LIC?

- A LIC has characteristics of managed funds and stock exchange-listed companies.
- 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 forms only a relatively small proportion of their investment portfolio.
- Income from LICs usually takes the form of semi-annual dividend payments that are linked to the profitability of the portfolio. Capital gains (losses) can arise where the investor sells the shares in the LIC for more (less) than they originally bought them for.

Benefits of investing in LICs

Diversification

- Investment in just one LIC potentially gives an investor exposure to a number of companies in a range of industries.
- This diversification can reduce the volatility of returns across the portfolio.
- A LIC can be a cost-effective method of achieving 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 LIC manager.
- 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

- LICs are typically transparent about their investment philosophy and process. 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 64 selected LICs, their main investments and recent performance.

Ease of investment

- Investing in a LIC is done in the same manner as any other company on the ASX, by placing an order with your adviser to buy shares in it.
- Exiting the investment is just as straightforward: the investor sells the shares on-market during trading hours through their adviser.
- Most LICs are 'liquid', meaning there are enough willing buyers and sellers on the ASX, to allow the investor to enter or exit the investment at a time they choose.

Costs involved in investing in a LIC

Entry costs

- Investing in the ASX via a LIC can be 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, which can deliver 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 at the date of purchase.

Ongoing costs

- LIC managers can charge two types of fees: management and performance fees.
- LICs use management fees to cover the 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 underlying investment portfolio (including dividends paid and capital gains/losses on shares that are sold). Managers are paid regardless of the profitability of the investment portfolio.
- These fees typically range from 0.0%-2.0% of assets under management per year. This can be lower than the average fees charged for retail managed funds. The effect of this cost-saving on a longer-term investment, where returns compound over many years, can be material. 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 Table 2.
- Unlike management fees, performance fees are paid only if the LIC’s investment portfolio outperforms a predetermined benchmark. The fee is charged on the size of this outperformance. Not all LICs charge performance fees.
- These fees provide an incentive for the LIC manager to optimise returns for shareholders. Note performance fees in some instances can still be paid when a portfolio incurs a loss over an investment period if it still outperforms its relevant benchmark.
- Performance fees for our selected LICs are shown in Table 2 on page 7. The benchmark index is the S&P/ASX All Ordinaries Accumulation Index unless otherwise stated below.

Exit costs

- Brokerage is payable when selling shares in a LIC. Retail managed funds on the other hand, can generally be exited at no charge.
- Exiting a LIC investment can have tax consequences based on the capital gain or loss over the investment period.

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 LIC manager. 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. Where a LIC chooses not to pay a dividend, the income is retained and invested by the LIC and forms part of the LIC’s underlying asset backing. This is different to 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.
- A number of our selected LICs invest in blue chip stocks and pay out a high proportion of earnings as a dividend. Accordingly, they can have attractive dividend yields (as shown in Figure 1).

Taxation issues

- LIC returns are generally taxed at the company tax rate of 30%. Accordingly, when dividends are paid to shareholders of the LIC franking credits are attached. These can be 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 LIC manager. Where the dividend paid to a shareholder of a LIC contains capital gains, it will be treated as a capital gain, not ordinary income, in the hands of the shareholder.
- 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.

LIC Discounts and Premiums

- The price at which investors buy or sell LICs, as with stocks is ultimately determined by supply and demand in the market. As a result, the price of a listed investment company can trade above or below its net tangible asset (NTA) value. That is, trade at a premium or discount, respectively.
- LICs may trade at a discount if:
 - The underlying fund has a poor performance track record.
 - The LIC has yet to pay dividends, has recently reduced its dividend or the market anticipates it has limited ability to pay future dividends.
 - The LIC has a limited track record, rapport with investors or has limited marketing and/or distribution capability.
 - The LIC has issued options which could substantially dilute the NTA of other unit holders if exercised.
 - The LIC has less liquidity.
 - LICs may trade at a discount to pre-tax NTAs if the LIC has a significant tax liability.
- LICs may also trade at a premium if:
 - The underlying portfolio has a strong performance track record.
 - The fund has a history of maintaining or increasing dividends. Many LIC investors have historically preferred vehicles paying stable fully franked dividends.
 - If an LIC has a substantial franking credit balance or tax asset.
- Many LICs have exhibited a tendency for discounts and premiums to mean revert and trade around a certain level. This tendency has provided an opportunity for investors to profit from mean reversion for LICs trading at a discount. However, this reversion can take time and rely on certain catalysts. We also note that a discount can deepen before it narrows.
- Some listed investment companies which trade at a premium may continue to trade at premium for the foreseeable future, or trade at an even larger premium.

LICs versus managed funds

- LICs are listed on the stock exchange, so entry and exit costs are limited to brokerage. This means that diversification may be achieved at a relatively lower cost. LICs also offer a tax-effective structure, whereby dividends are typically fully franked and when LIC capital gains are paid out as dividends, investors may be entitled to an income tax reduction for the proportion of the dividend attributable to the capital gain. Investors in managed funds may incur a tax liability on interest and capital gains.
- The fee structures of LICs can be favourable in comparison with managed funds. Our selected traditional LICs have management expense ratios ranging from 0.0% to 2.5%, whereas managed funds often charge more than 1.0%.

LICs versus exchange traded funds (ETFs)

- LICs and ETFs 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. This mechanism allows ETFs to 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. There are an increasing number of Exchange Traded Managed Funds though that offer active management and avoid variation from NTA.
- ETFs are required to distribute any surplus income to security holders, whereas LICs can conserve surplus income and take advantage of market opportunities as they see fit. This added flexibility is beneficial to the shareholder.

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Guide to Ord Minnett Recommendations

Our recommendations are based on the total return of a stock – nominal dividend yield plus capital appreciation – and have a 12-month time horizon.

SPECULATIVE BUY	We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have a strong capital appreciation but also has high degree of risk and there is a significant risk of capital loss.
BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
RISK ASSESSMENT	Classified as Lower, Medium or Higher, the risk assessment denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, historical volatility of its share price, nature of its operations and other relevant quantitative and qualitative criteria. Risk is assessed by comparison with other Australian stocks, not across other asset classes such as Cash or Fixed Interest.

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