

Listed Investment Companies

April 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) derived from our model portfolios.

Traditional LICs

The ASX 200 Accum. Index bounced 3.6% in April after declines in the two prior months. Performance across the traditional LICs varied throughout the period, however added just 0.3% on average on a total shareholder return (TSR) basis. From a pre-tax net tangible asset (NTA) perspective, traditional LICs advanced 3.2% on average.

Preferred LIC **Australian United Investment Company (AUI)** outperformed peers and the broader market during the month, returning 4.1% 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 13.8% discount, below its 1- and 3-year average discounts of 12.9% and 9.7%. The gross yield sits at 5.9% 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 10.3% discount and offers a trailing gross yield of 6.6%.

Large Capitalisation

Our preferred LIC in the large cap category is **AMCIL (AMH)**. It is trading at an estimated 13.2% discount, below its 3- and 5-year average discounts of 8.3% and 6.5%. Furthermore, AMH is one of the top category performers across the key 3- and 5-year time horizons.

Small Capitalisation & Specialist

Small cap equities partially recovered losses from February and March, with the Small Ords Accum. Index finishing 1.8% higher during April. Our preference among the small cap LICs is **WAM Research (WAX)**. Despite being at a premium, which we believe is justifiable given the standout performance, WAX is currently trading well below the excessive premiums seen in recent years.

Our specialist preference remains **Regal Investment Fund (RF1)**. We acknowledge the hit to NTA as a result of an investment in biopharmaceutical company, Opthea. However, given the diversification and unique access this vehicle provides across several of Regal's strategies, we are comfortable with RF1 as our preferred specialist LIC.

International

Overseas markets, as measured by the MSCI World Index on a total return AUD adjusted basis, fell 1.5% in April, extending the calendar year to date decline to 4.0%.

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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. Hugh Glasson holds units in LSF.

MFF Capital Investments (MFF) remains our preferred international LIC. MFF's performance has been impressive, returning 14.3%, 19.2% and 12.7% on a pre-tax NTA basis over 1-,3- and 5-year time horizons, and is currently trading at an estimated 13.5% 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.

Around The Grounds: LIC News

Mirrabooka Entitlement Offer

- Earlier this month, Mirrabooka (MIR) announced it would be undertaking a 1-for-7 non-renounceable pro-rata entitlement offer, which opened on 14 May and is expected to close on Monday, 2 June.
- Under the offer, new shares will be issued at a price of \$3.06 per new share, which is equal to the average of the weekly estimated pre-tax net tangible assets (NTA) over the period from Friday, 4 April to Friday, 2 May. The price also represents a discount of 5% to the closing share price on Monday, 5 May of \$3.22 per share (the last trading date prior to the announcement of the offer).
- The offer will raise up to approximately \$85 million, with proceeds to be used for general investment purposes.

Table 1: Sector snapshot

Listed Investment Companies coverage by sector

Traditional LICs															
	Code	Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 May 25	Current Est. NTA	Current Estimated Disc/Prem	Apr NTA	Apr Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Apr Post-tax Disc/Prem	MER
Australian Foundat.	AFI	7.17	8991.6	26.5	3.7%	5.3%	1.1%	8.16	-12.1%	7.93	-10.7%	-9.5%	-1.5%	6.1%	0.16%
Argo Investments	ARG	8.89	6785.4	35.0	3.9%	5.6%	2.5%	10.28	-13.5%	9.90	-12.4%	-10.7%	-4.1%	1.4%	0.16%
Australian United Invest.	AUI	10.85	1347.2	45.0	4.1%	5.9%	3.4%	12.59	-13.8%	12.28	-14.6%	-12.9%	-9.7%	3.6%	0.10%
BKI Investment Ltd	BKI	1.70	1372.1	7.9	4.6%	6.6%	1.8%	1.90*	-10.3%	1.85	-9.7%	-8.3%	-3.9%	-2.3%	0.17%
Djerriwarrh	DJW	3.03	797.0	15.3	5.0%	7.2%	2.4%	3.37	-10.1%	3.32	-10.8%	-8.3%	-8.1%	-9.5%	0.45%
Diversified United	DUI	5.35	1152.6	16.0	3.0%	4.3%	3.7%	6.25	-14.4%	6.17	-16.4%	-14.3%	-10.8%	2.8%	0.12%
Large Capitalisation															
	Code	Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 May 25	Current Est. NTA	Current Estimated Disc/Prem	Apr NTA	Apr Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Apr Post-tax Disc/Prem	MER
AMCIL Limited	AMH	1.06	334.4	4.0	3.8%	5.4%	-0.5%	1.22	-13.2%	1.21	-12.0%	-11.8%	-8.3%	-1.8%	0.56%
Clime Capital	CAM	0.73	108.9	5.4	7.4%	10.6%	1.4%	0.77*	-2.6%	0.75	-4.7%	0.4%	-0.7%	-9.4%	1.00%
Cadence Capital	CDM	0.62	186.4	6.0	9.7%	12.8%	3.3%	n.a	n.a	0.77	-21.7%	-14.1%	-10.2%	-36.3%	1.00%
Carlton Investments	CIN	33.50	884.7	108.0	3.2%	4.6%	5.8%	n.a	n.a	43.93	-28.0%	-25.6%	-23.8%	-12.6%	0.10%
Future Gen Ltd	FGX	1.20	488.9	7.0	5.9%	8.4%	-1.6%	n.a	n.a	1.34	-6.7%	-10.2%	-11.2%	-5.0%	0.00%
L1 Long Short Fnd Ltd	LSF	2.76	1735.9	12.3	4.4%	6.3%	-1.8%	2.92*	-4.0%	2.81	0.0%	-2.0%	-4.4%	-1.7%	1.44%
Perpetual Equity Ltd	PIC	1.19	454.0	8.0	6.8%	9.6%	3.9%	1.25*	-5.9%	1.20	-4.6%	-6.2%	-5.8%	-6.4%	1.00%
Plato Income Max.	PL8	1.31	977.0	6.6	5.1%	7.2%	2.0%	1.13*	13.6%	1.11	15.9%	11.6%	13.9%	16.1%	0.80%
WAM Leaders Limited	WLE	1.24	1696.2	9.3	7.5%	10.8%	2.5%	n.a	n.a	1.23	-2.0%	-3.4%	1.4%	na	1.00%
Whitefield Ltd	WHF	5.70	684.6	20.8	3.6%	5.2%	4.2%	6.65	-14.3%	6.33	-13.4%	-11.7%	-4.8%	-2.5%	0.25%
Whitefield Income Ltd	WHI	1.33	213.2	1.2	0.9%	1.3%	4.4%	n.a	n.a	1.20	6.7%	5.7%	na	4.9%	0.75%
Small Capitalisation															
	Code	Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 May 25	Current Est. NTA	Current Estimated Disc/Prem	Apr NTA	Apr Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Apr Post-tax Disc/Prem	MER
Acorn Cap Inv Fund	ACQ	0.73	65.2	5.5	7.5%	8.7%	3.8%	n.a	n.a	1.02	-28.7%	-23.6%	-12.8%	-30.2%	0.95%
ECP Emerging Growth	ECP	1.20	22.1	5.5	4.6%	6.5%	1.7%	1.55	-22.6%	1.53	-22.7%	-21.7%	-22.2%	-22.7%	1.00%
Naos Small Cap Opp	NSC	0.30	40.4	5.0	16.7%	22.0%	4.2%	n.a	n.a	0.39	-23.1%	-20.2%	-17.0%	-33.3%	1.15%
Glennon SML Co Ltd	GC1	0.47	22.4	3.0	6.5%	7.4%	2.2%	n.a	n.a	0.77	-40.9%	-36.5%	-27.7%	-38.7%	1.00%
Mirrabooka Invest.	MIR	3.22	627.0	13.4	4.2%	5.9%	1.5%	3.26	-1.3%	3.12	1.6%	1.2%	2.4%	0.0%	0.50%
Naos Emerg Opp	NCC	0.31	22.9	4.0	12.9%	18.4%	5.1%	n.a	n.a	0.45	-34.4%	-20.2%	-14.5%	-40.0%	1.25%
NGE Capital	NGE	1.07	36.5	0.0	0.0%	0.0%	2.4%	n.a	n.a	1.29	-19.3%	-15.9%	-19.1%	-24.9%	1.90%
Ophir High Conviction	OPH	3.03	674.5	7.5	2.5%	2.5%	6.7%	3.41*	-8.9%	3.22	-11.8%	-11.0%	-8.3%	na	1.23%
Ryder Capital	RYD	1.32	107.3	9.5	7.2%	10.3%	3.9%	n.a	n.a	1.55	-18.0%	-17.1%	-14.9%	-15.5%	1.25%
Salter Brothers Emerging	SB2	0.74	63.1	2.0	2.7%	3.9%	2.8%	n.a	n.a	1.04	-30.8%	-33.0%	-31.9%	-32.5%	1.25%
Spheria Emerging Co	SEC	2.38	142.4	13.9	5.8%	8.3%	6.3%	2.47*	-2.7%	2.41	-6.9%	-5.1%	-9.0%	-4.3%	1.00%
WAM Capital Limited	WAM	1.57	1768.2	15.5	9.9%	12.4%	2.3%	n.a	n.a	1.50	1.8%	-0.5%	8.4%	na	1.00%
WAM Research Ltd	WAX	1.17	241.2	10.0	8.6%	10.8%	2.6%	n.a	n.a	1.06	6.8%	5.0%	18.9%	na	1.00%
WAM Microcap Ltd	WMI	1.46	406.2	10.6	7.3%	10.4%	2.1%	n.a	n.a	1.36	4.9%	3.8%	11.4%	na	1.00%

Source: Company releases, Bloomberg, IRESS, OML estimates

Figures as at: 22 May 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 May 25	Current Est. NTA	Current Estimated Disc/Prem	Apr NTA	Apr Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Apr Post-tax Disc/Prem	MER
Argo Global Ltd	ALI	2.35	417.8	0.0	0.0%	0.0%	1.7%	2.67*	-10.9%	2.64	-12.5%	-13.2%	-8.4%	-9.8%	1.25%
Future Glb Invest Co	FGG	1.41	562.6	7.4	5.2%	7.5%	3.0%	n.a	n.a	1.63	-13.4%	-14.1%	-15.7%	-7.9%	0.00%
Global Value Fnd Ltd	GVF	1.37	239.4	7.6	5.6%	8.0%	2.2%	n.a	n.a	1.31	1.9%	-3.1%	-4.7%	8.6%	1.50%
Hearts and Minds	HM1	3.02	691.5	15.5	5.1%	7.3%	6.3%	3.54*	-12.4%	3.32	-14.5%	-15.4%	-16.6%	-10.1%	0.00%
Pengana International	PIA	1.18	302.2	5.4	4.6%	6.6%	1.7%	1.41*	-16.1%	1.35	-14.4%	-14.9%	-15.6%	-12.2%	1.23%
MFF Capital Invest.	MFF	4.33	2536.8	15.0	3.5%	4.9%	5.6%	4.94*	-13.5%	4.60	-10.9%	-12.7%	-15.2%	6.4%	0.55%
Platinum Asia Ltd	PAI	1.06	392.4	1.5	1.4%	2.0%	6.0%	1.13*	-7.5%	1.08	-7.4%	-7.9%	-12.3%	-6.3%	1.10%
PM Capital Fund	PGF	2.47	1184.2	11.0	4.5%	6.4%	5.1%	2.37*	5.1%	2.22	5.6%	5.3%	1.7%	19.0%	1.00%
Platinum Capital Ltd	PMC	1.37	406.4	6.0	4.4%	6.3%	1.5%	1.50*	-9.0%	1.46	-7.4%	-7.5%	-12.5%	-6.3%	1.10%
Regal Asian Investments	RG8	1.74	261.4	11.0	6.3%	9.0%	5.8%	2.16*	-14.6%	2.03	-19.0%	-11.9%	-14.1%	0.0%	1.50%
WAM Global	WGB	2.40	854.9	12.5	5.2%	7.4%	3.5%	n.a	n.a	2.56	-7.1%	-10.8%	-12.8%	na	1.25%
WCM Global Growth	WQG	1.69	382.5	7.3	4.3%	6.1%	3.3%	1.98	-9.9%	1.67	-1.4%	-11.2%	-14.0%	0.4%	1.35%
VGI Partners Global	VG1	1.61	400.5	11.0	6.9%	9.8%	3.9%	1.90*	-13.9%	1.81	-14.6%	-10.9%	-14.6%	na	1.50%
Specialist	Code	Share Price	Market Cap. (\$m)	Trailing Dividend (cents)	Trailing Dividend Yield	Trailing Grossed Up Yield	TSR since 1 May 25	Current Est. NTA	Current Estimated Disc/Prem	Apr NTA	Apr Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	Apr Post-tax Disc/Prem	MER
Bailador Tech Inv	BTI	1.04	153.8	7.1	6.9%	9.8%	-1.0%	n.a	n.a	1.62	-35.5%	-32.2%	-28.7%	-30.9%	1.75%
Lowell Resource Fund	LRT	1.37	56.7	15.2	11.1%	11.1%	8.7%	1.61*	-18.2%	1.61	-21.9%	-14.3%	-14.6%	na	2.16%
Lion Selection Grp	LSX	0.74	104.5	0.0	0.0%	0.0%	9.6%	n.a	n.a	0.88	-23.3%	-26.3%	-28.8%	-20.3%	1.50%
NAOS ex-50 Opport.	NAC	0.41	19.5	6.0	14.8%	20.4%	-3.6%	n.a	n.a	0.65	-33.1%	-8.4%	-8.0%	-38.0%	1.75%
Regal Investment Fund	RF1	2.76	590.9	25.1	9.1%	9.1%	-2.8%	3.06*	-5.2%	2.99	-5.0%	-3.1%	-3.5%	na	1.50%
Sandon Capital Ltd	SNC	0.82	118.7	5.6	6.8%	9.7%	0.5%	n.a	n.a	0.94	-11.5%	-14.9%	-13.5%	-9.8%	1.25%
Tribeca Glb Resources	TGF	1.38	108.7	0.0	0.0%	0.0%	-1.1%	1.92*	-26.8%	1.84	-24.4%	-21.0%	-18.8%	-29.2%	1.50%
Thorney Technologies Ltd	TEK	0.11	41.6	0.0	0.0%	0.0%	4.8%	n.a	n.a	0.23	-54.1%	-46.0%	-37.9%	-57.7%	1.00%
Thorney Opp Ltd	TOP	0.63	111.8	2.6	4.1%	5.9%	0.8%	n.a	n.a	0.95	-34.3%	-31.3%	-30.7%	-27.4%	0.75%
WAM Active Ltd	WAA	0.81	61.9	6.0	7.4%	10.6%	-1.2%	n.a	n.a	0.76	7.3%	3.1%	2.2%	na	1.00%
WAM Strategic Value Ltd	WAR	1.09	196.3	7.0	6.4%	9.2%	1.0%	n.a	n.a	1.24	-10.2%	-11.1%	-12.3%	na	1.00%
WAM Alternative Assets	WMA	0.98	191.3	5.3	5.4%	7.8%	2.8%	n.a	n.a	1.19	-18.4%	-16.8%	-14.9%	na	1.20%

Source: Company releases, Bloomberg, IRESS, OML estimates

Figures as at: 22 May 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 (April 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	6.6%	2.3%	-9.5%	5.9%	-1.6%	-1.5%	11.2%	7.6%	2.6%
Argo Investments	ARG	9.2%	3.8%	-10.7%	5.5%	0.6%	-4.1%	11.6%	7.1%	-1.3%
Australian United In	AUI	11.4%	7.2%	-12.9%	8.4%	5.1%	-9.7%	12.6%	10.8%	-7.6%
BKI Investment Ltd	BKI	7.8%	4.4%	-8.3%	5.2%	3.5%	-3.9%	10.8%	8.8%	-4.0%
Djerriwarrah	DJW	5.8%	4.2%	-8.3%	4.6%	2.9%	-8.1%	10.4%	7.8%	-6.8%
Diversified United	DUI	11.9%	7.9%	-14.3%	7.9%	4.3%	-10.8%	10.8%	7.5%	-8.0%
Average		8.8%	5.0%	-10.7%	6.3%	2.5%	-6.3%	11.2%	8.3%	-4.2%

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	1.4%	0.8%	-11.8%	4.8%	-0.1%	-8.3%	9.5%	9.0%	-6.5%
Clime Capital	CAM	-0.9%	-4.9%	0.4%	0.8%	-0.2%	-0.7%	7.1%	5.0%	-1.5%
Cadence Capital	CDM	-1.0%	-9.5%	-14.1%	-3.7%	-7.2%	-10.2%	8.5%	9.6%	-10.4%
Carlton Investments	CIN	13.3%	9.2%	-25.6%	4.6%	3.1%	-23.8%	13.6%	12.1%	-22.2%
Future Gen Ltd	FGX	0.9%	11.1%	-10.2%	2.3%	2.6%	-11.2%	9.1%	11.6%	-10.1%
L1 Long Short Fund	LSF	-12.2%	-2.0%	-2.0%	-1.4%	2.2%	-4.4%	16.5%	25.2%	-8.5%
Perpetual Equity Ltd	PIC	-1.0%	4.2%	-6.2%	2.4%	2.6%	-5.8%	9.7%	12.2%	-6.2%
Plato Inc Max Ltd.	PL8	9.2%	12.9%	11.6%	5.9%	5.8%	13.9%	10.6%	9.8%	12.3%
WAM Leaders Limited	WLE	-0.4%	-4.1%	-3.4%	-0.7%	-2.0%	1.4%	9.1%	9.4%	1.7%
Whitefield Ltd	WHF	16.6%	10.3%	-11.7%	8.3%	3.5%	-4.8%	11.3%	7.8%	-2.2%
Whitefield Income Limited	WHI	na	na	5.7%	na	na	na	na	na	na
Average		2.6%	2.8%	-6.1%	2.3%	1.0%	-5.4%	10.5%	11.2%	-5.4%

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	2.1%	-11.5%	-23.6%	-5.2%	-15.4%	-12.8%	7.2%	4.0%	-9.8%
ECP Emerging Co	ECP	-7.3%	-5.7%	-21.7%	5.6%	0.8%	-22.2%	7.2%	8.8%	-19.4%
Naos Smlcap Com Ltd	NSC	-32.6%	-44.9%	-20.2%	-23.1%	-22.1%	-17.0%	-2.4%	-2.1%	-18.0%
Glennon SML Co Ltd	GC1	14.5%	0.0%	-36.5%	-1.1%	-9.4%	-27.7%	3.0%	-1.4%	-24.9%
Mirraboopa Invest.	MIR	4.4%	2.4%	1.2%	5.1%	3.0%	2.4%	12.8%	13.4%	3.3%
Naos Emerg Opp	NCC	-15.5%	-42.5%	-20.2%	-20.7%	-27.0%	-14.5%	-3.8%	-9.5%	-12.4%
NGE Capital Limited	NGE	-0.5%	-3.3%	-15.9%	5.8%	5.3%	-19.1%	16.4%	18.5%	-21.0%
Ophir High Cf	OPH	13.5%	13.7%	-11.0%	8.7%	4.0%	-8.3%	9.4%	8.6%	-2.8%
Ryder Capital Ltd	RYD	22.8%	21.3%	-17.1%	5.0%	1.9%	-14.9%	5.4%	6.6%	-13.2%
Salter Brothers	SB2	13.7%	19.2%	-33.0%	1.5%	-1.6%	-31.9%	na	na	na
Spheria Emerging Co	SEC	10.1%	9.7%	-5.1%	3.9%	5.6%	-9.0%	12.9%	18.5%	-10.5%
WAM Capital Limited	WAM	13.3%	13.7%	-0.5%	7.3%	0.1%	8.4%	10.9%	3.9%	13.7%
WAM Research Ltd	WAX	16.6%	13.4%	5.0%	10.3%	-3.4%	18.9%	12.8%	6.1%	27.2%
WAM Microcap Limited	WMI	6.6%	8.7%	3.8%	4.5%	-1.4%	11.4%	11.3%	12.4%	11.1%
Average		4.4%	-0.4%	-13.9%	0.5%	-4.3%	-9.7%	7.9%	6.8%	-5.9%

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	10.9%	17.3%	-13.2%	2.1%	1.3%	-8.4%	2.3%	5.4%	-6.7%
Future Glb Invest Co	FGG	9.9%	16.8%	-14.1%	9.2%	6.7%	-15.7%	6.3%	9.0%	-14.3%
Global Value Fnd Ltd	GVF	8.3%	21.0%	-3.1%	8.9%	11.0%	-4.7%	12.9%	13.5%	-4.6%
Hearts and Minds	HM1	13.4%	23.6%	-15.4%	10.5%	10.3%	-16.6%	5.6%	4.2%	-9.5%
Pengana Int Equ Ltd	PIA	5.6%	5.7%	-14.9%	8.9%	7.2%	-15.6%	5.9%	7.9%	-12.8%
MFF Capital Inv Ltd	MFF	14.3%	20.3%	-12.7%	19.2%	21.3%	-15.2%	12.7%	10.1%	-13.4%
Platinum Asia Ltd	PAI	6.2%	11.6%	-7.9%	5.0%	7.7%	-12.3%	3.8%	5.7%	-10.8%
Pm Capital Fund	PGF	9.5%	18.6%	5.3%	17.0%	17.9%	1.7%	21.0%	27.7%	-3.6%
Platinum Capital Ltd	PMC	-2.4%	3.2%	-7.5%	2.4%	5.3%	-12.5%	4.7%	6.6%	-11.5%
Regal Asian Investments	RG8	-12.8%	-12.9%	-11.9%	1.1%	0.0%	-14.1%	-1.3%	-1.5%	-15.4%
WAM Global	WGB	8.3%	10.1%	-10.8%	9.1%	9.4%	-12.8%	7.7%	9.3%	-10.5%
WCM Global Growth	WQG	1.9%	14.4%	-11.2%	9.3%	13.9%	-14.0%	8.2%	11.5%	-12.3%
VGI Partners Global	VG1	-10.1%	-9.2%	-10.9%	2.1%	3.3%	-14.6%	-1.4%	-1.5%	-14.6%
Average		4.8%	10.8%	-9.9%	8.1%	8.9%	-11.9%	6.8%	8.3%	-10.8%

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	-6.8%	-11.3%	-32.2%	-2.1%	-1.9%	-28.7%	8.7%	9.4%	-24.7%
Lowell Res Fund	LRT	11.3%	2.4%	-14.3%	-1.2%	-4.7%	-14.6%	24.1%	24.3%	-14.1%
Lion Selection Grp	LSX	36.9%	57.0%	-26.3%	11.2%	16.2%	-28.8%	18.4%	15.7%	-28.1%
Naos Ex-50	NAC	4.7%	-33.5%	-8.4%	-10.0%	-18.8%	-8.0%	0.1%	-1.6%	-13.1%
Regal Invest Fund	RF1	-3.5%	-2.7%	-3.1%	0.3%	-1.6%	-3.5%	20.8%	21.1%	-0.9%
Sandon Capital Ltd	SNC	22.2%	20.9%	-14.9%	4.6%	5.0%	-13.5%	11.0%	12.2%	-14.4%
Tribeca Glb Resources	TGF	-11.0%	-13.1%	-21.0%	-15.3%	-19.9%	-18.8%	1.7%	4.6%	-18.1%
Thorney Technologies Ltd	TEK	0.4%	-19.2%	-46.0%	-17.7%	-30.3%	-37.9%	-2.7%	-13.3%	-29.6%
Thorney Opp Ltd	TOP	5.4%	-1.3%	-31.3%	12.0%	9.2%	-30.7%	13.9%	12.1%	-27.5%
WAM Active Ltd	WAA	3.9%	7.2%	3.1%	3.1%	-0.2%	2.2%	5.8%	3.8%	4.4%
WAM Strategic Value Ltd	WAR	1.8%	5.6%	-11.1%	3.7%	2.7%	-12.3%	na	na	na
WAM Alternative Assets	WMA	3.0%	2.7%	-16.8%	1.8%	-0.6%	-14.9%	5.2%	10.5%	-15.0%
Average		5.7%	1.2%	-18.5%	-0.8%	-3.7%	-17.5%	9.7%	9.0%	-16.5%

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 April 2025 was 7.2%, with pre-tax NTA increasing 11.4%. The active return (TSR) was -2.6%.

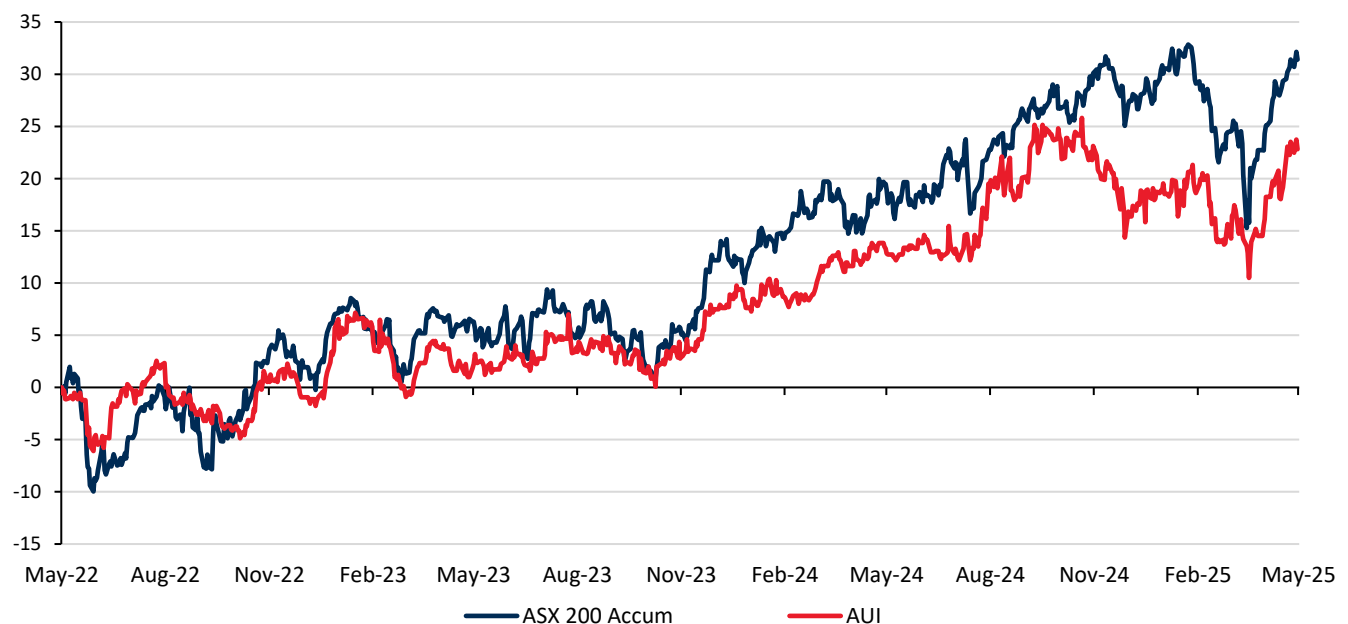
Fig.2: AUI Snapshot

AUI Snapshot				Top Holdings		%
Price (30 April 2025)			\$10.49	Commonwealth Bank.		11.9%
Share price range (12 months)			\$9.68- \$11.20	BHP Group Limited		6.4%
Shares on issue (Mn)			124.2	Wesfarmers Limited		6.3%
Market capitalisation (\$Mn)			\$1,303	CSL Limited		6.3%
Pre-tax asset backing*			\$12.28	RIO Tinto Limited		5.5%
Post-tax asset backing*			\$10.13	Transurban Group		4.8%
Premium/(Discount) to pre-tax NTA			-14.6%	Diversified United		4.6%
Premium/(Discount) to post-tax NTA			3.6%	ANZ Banking Grp Ltd		4.5%
Dividend yield			4.1%	Westpac Banking Corp		4.1%
Dividend per share (cents)			45.0	ResMed Inc.		3.9%
Franking			100%			
Management expense ratio			0.10%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AUI	7.2%	5.1%	10.8%	NTA growth	11.4%	8.4%	12.6%
Active return	-2.6%	-2.0%	-1.3%	Active return	1.6%	1.2%	0.4%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 April 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 April 2025 was 4.4%, with pre-tax NTA increasing 7.8%. The active return (TSR) was -5.1%.

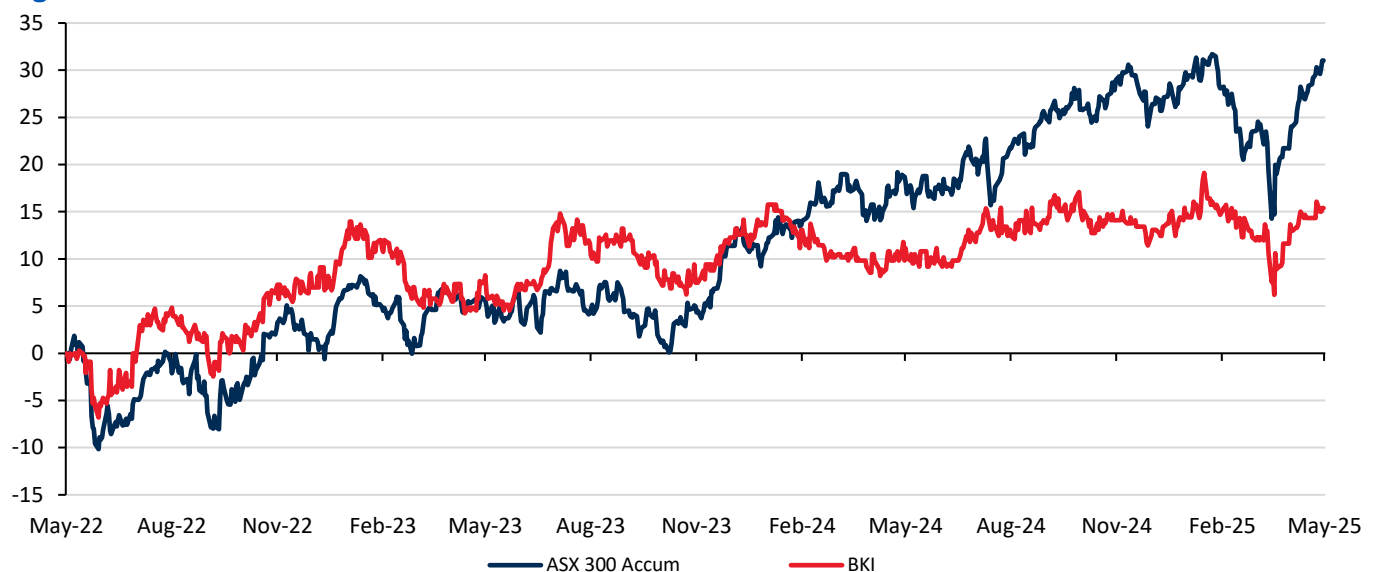
Fig.4: BKI Snapshot

BKI Snapshot				Top Holdings			
					%		
Price (30 April 2025)	\$1.67			Commonwealth Bank.	9.7%		
Share price range (12 months)	\$1.56- \$1.78			National Aust. Bank	7.2%		
Shares on issue (Mn)	807.1			BHP Group Limited	6.7%		
Market capitalisation (\$Mn)	\$1,348			APA Group	5.3%		
Pre-tax asset backing*	\$1.85			Wesfarmers Limited	5.0%		
Post-tax asset backing*	\$1.71			Telstra Corporation.	4.6%		
Premium/(Discount) to pre-tax NTA	-9.7%			Macquarie Group Ltd	4.2%		
Premium/(Discount) to post-tax NTA	-2.3%			Transurban Group	4.0%		
Dividend yield	4.6%			Woodside Energy	3.6%		
Dividend per share (cents)	7.9			Harvey Norman	3.5%		
Franking	100%			New Hope Corporation	3.2%		
Management expense ratio	0.17%			Dalrymple Bay Infrastructure	2.6%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BKI	4.4%	3.5%	8.8%	NTA growth	7.8%	5.2%	10.8%
Active return	-5.1%	-3.4%	-3.3%	Active return	-1.7%	-1.6%	-1.3%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 April 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

AMCIL (AMH)

www.amcil.com.au

- AMCIL manages a concentrated investment portfolio comprising 30 to 40 stocks covering large and small companies in the Australian and New Zealand equity markets. Its investment approach is to construct a focused portfolio in which large and small companies can have an equally important impact on investment returns.
- By utilising an active, fundamental and bottom-up approach, the fund aims to provide shareholders with returns that exceed returns from the market (S&P/ASX 200 Index) over the medium to long term.
- The total shareholder return for the year ending 30 April 2025 was 0.8%, with pre-tax NTA adding 1.4%. The active return (TSR) was -9.0%.

Fig.6: AMH Snapshot

AMH Snapshot			
Price (30 April 2025)	\$1.07		
Share price range (12 months)	\$1.03- \$1.20		
Shares on issue (Mn)	315.4		
Market capitalisation (\$Mn)	\$338		
Pre-tax asset backing*	\$1.21		
Post-tax asset backing*	\$1.09		
Premium/(Discount) to pre-tax NTA	-11.6%		
Premium/(Discount) to post-tax NTA	-1.8%		
Dividend yield	3.8%		
Dividend per share (cents)	4.0		
Franking	100%		
Management expense ratio	0.56%		

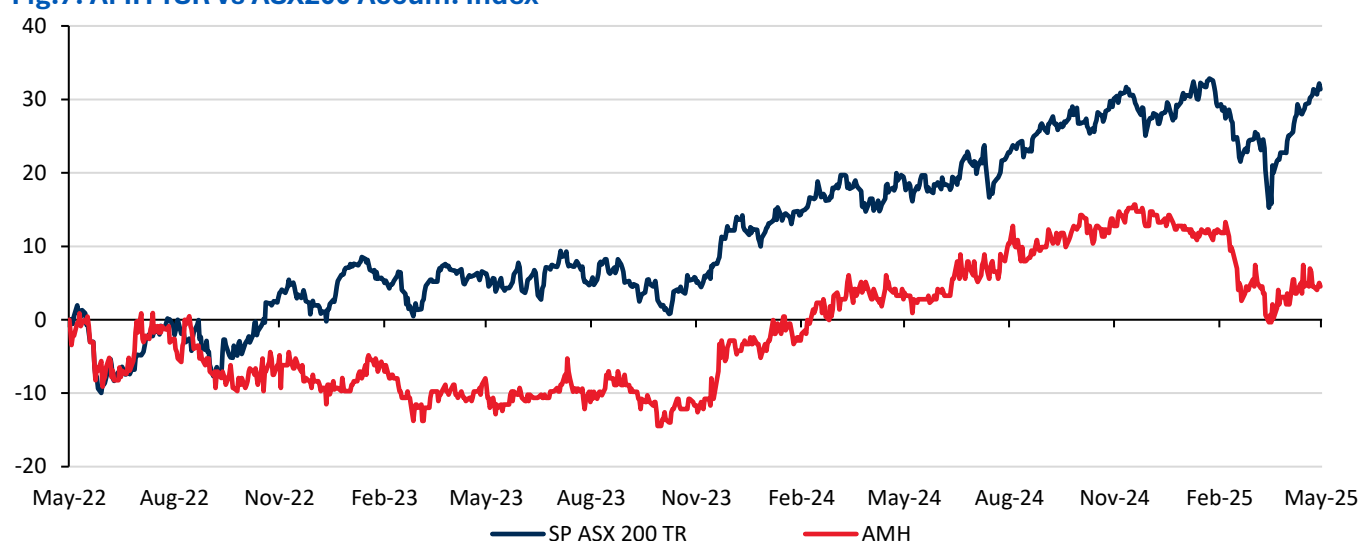
Top Holdings				%
CSL Limited				8.1%
Macquarie Group Ltd				5.3%
Wesfarmers Limited				4.8%
Transurban Group				4.6%
BHP Group Limited				4.5%
Goodman Group				4.4%
Carsales.Com Ltd.				3.5%
Mainfreight				3.4%
ResMed Inc.				3.3%
ARB Corporation.				3.2%

Total Shareholder Return	1 Year	3 Year	5 Year
AMH	0.8%	-0.1%	9.0%
Active return	-9.0%	-7.3%	-3.2%

NTA Performance	1 Year	3 Year	5 Year
NTA growth	1.4%	4.8%	9.5%
Active return	-8.3%	-2.4%	-2.6%

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

Fig.7: AMH TSR vs ASX200 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 April 2025 was 13.4%, with pre-tax NTA increasing 16.6%. The active return (TSR) was 9.7%.

Fig.8: WAX Snapshot

WAX Snapshot				Top Holdings			
Price (30 April 2025)			\$1.14	Australian Clinical Labs		Judo Capital Holdings	
Share price range (12 months)			\$1.04- \$1.25	Bega Cheese Ltd		Maas Group Holdings	
Shares on issue (Mn)			207.1	Beacon Lighting Grp		Myer Holdings Ltd	
Market capitalisation (\$Mn)			\$236	Bravura Solution Ltd		Paragon Care Limited	
Pre-tax asset backing*			\$1.06	Collins Foods Ltd		Ridley Corporation	
Post-tax asset backing*			n.a	Corp Travel Limited		Service Stream	
Premium/(Discount) to pre-tax NTA			7.2%	Event Hospitality and Entertainmen		Summerset Group Holdings	
Premium/(Discount) to post-tax NTA			n.a	Generation Dev Group		Technology One	
Dividend yield			8.6%	G8 Education Limited		Tuas Limited	
Dividend per share (cents)			10.0	Gentrack Group		Webjet Limited	
Franking			60%				
Management expense ratio			1.00%				

Total Shareholder Return

	1 Year	3 Year	5 Year
WAX	13.4%	-3.4%	6.1%
Active return	9.7%	-3.7%	-1.6%

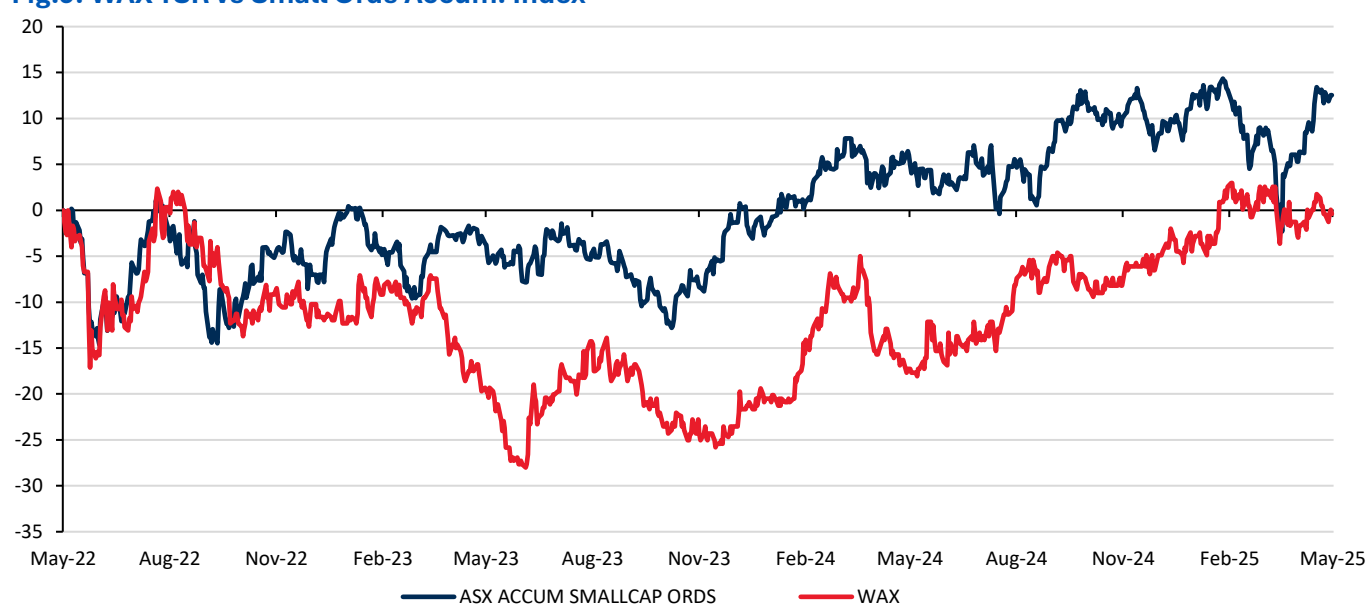
NTA Performance

	1 Year	3 Year	5 Year
NTA growth	16.6%	10.3%	12.8%
Active return	12.9%	10.0%	5.1%

listed in alphabetical order

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 April 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 April 2025 was -2.7%, with pre-tax NTA falling 3.5%.

Fig.10: RF1 Snapshot

RF1 Snapshot			
Price (30 April 2025)			\$2.84
Share price range (12 months)			\$2.60- \$3.70
Shares on issue (Mn)			214.1
Market capitalisation (\$Mn)			\$608
Pre-tax asset backing*			\$2.99
Post-tax asset backing*			n.a
Premium/(Discount) to pre-tax NTA			-5.0%
Premium/(Discount) to post-tax NTA			n.a
Dividend yield			9.1%
Dividend per share (cents)			25.1
Franking			0%
Management expense ratio			1.50%

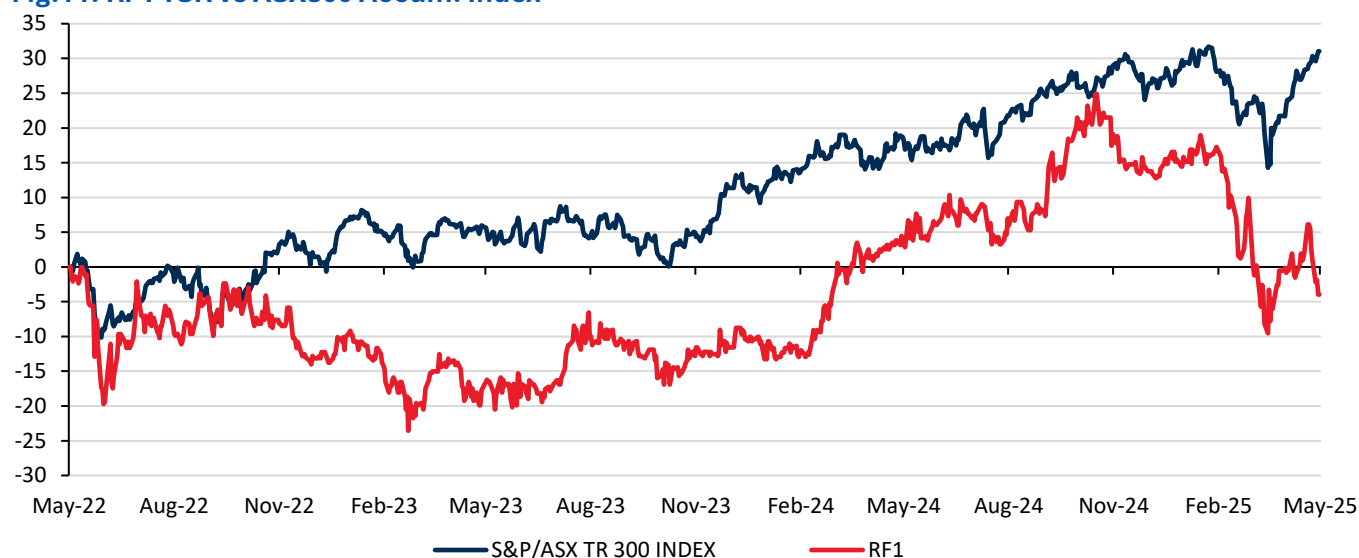
Top Holdings				%
Exposure by Strategy				
Emerging Companies				22%
Resources Royalties				17%
Small Companies				11%
Private Credit				16%
Market Neutral				6%
Global Alpha				9%
Global Long Short				7%
Water				12%

Total Shareholder Return	1 Year	3 Year	5 Year
RF1	-2.7%	-1.6%	21.1%
Active return	-12.3%	-8.4%	9.0%

NTA Performance	1 Year	3 Year	5 Year
NTA growth	-3.5%	0.3%	20.8%
Active return	-13.1%	-6.6%	8.7%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 April 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 April 2025 was 20.3%, with pre-tax NTA increasing 14.3%. The active return (TSR) was 6.0%.

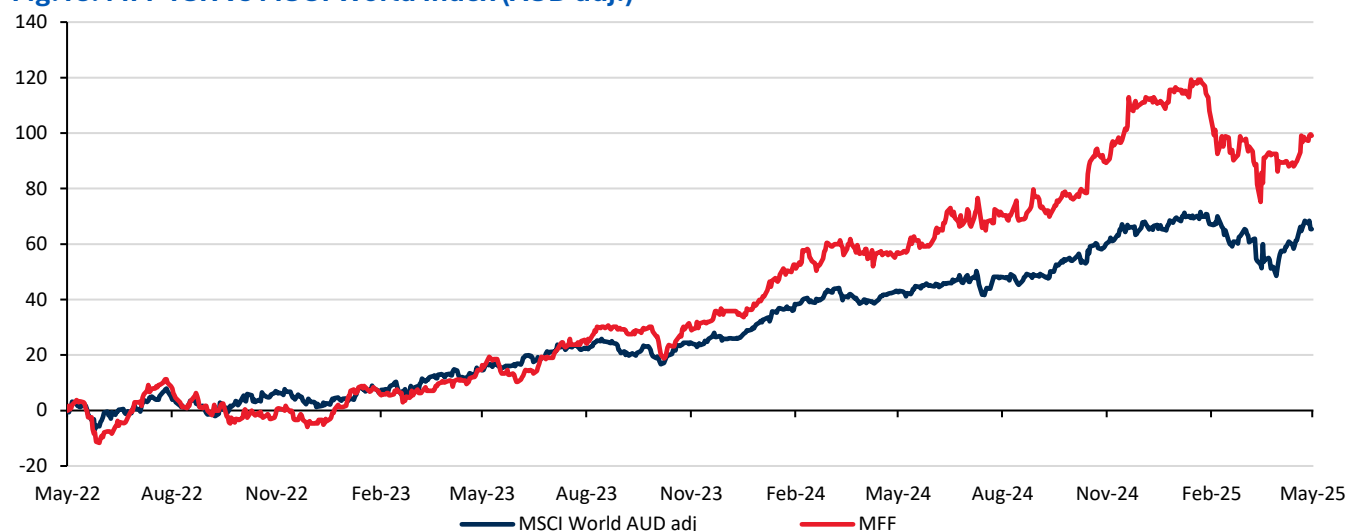
Fig.12: MFF Snapshot

MFF Snapshot			
Price (30 April 2025)	\$4.10		
Share price range (12 months)	\$3.51- \$4.83		
Shares on issue (Mn)	585.9		
Market capitalisation (\$Mn)	\$2,402		
Pre-tax asset backing*	\$4.60		
Post-tax asset backing*	\$3.85		
Premium/(Discount) to pre-tax NTA	-10.9%		
Premium/(Discount) to post-tax NTA	6.4%		
Dividend yield	3.5%		
Dividend per share (cents)	15.0		
Franking	100%		
Management expense ratio	0.55%		
Total Shareholder Return	1 Year	3 Year	5 Year
MFF	20.3%	21.3%	10.1%
Active return	6.0%	5.9%	-4.9%

Top Holdings		%	
MasterCard	10.1%		
Amazon	9.5%		
Visa	9.5%		
American Express	7.5%		
Bank of America	7.4%		
Alphabet (A)	6.5%		
Meta Platforms	6.4%		
Home Depot	6.3%		
Alphabet (C)	5.3%		
Flutter Entertainment	2.7%		
Lloyds Banking Grou	2.5%		
DBS Group	2.1%		
NTA Performance	1 Year	3 Year	5 Year
NTA growth	14.3%	19.2%	12.7%
Active return	0.1%	3.8%	-2.2%

Source: IRESS, Bloomberg, OML, Company reports. Figures as at 30 April 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 April 2025 include Global Domestic Banking (Europe & USA, 41%), Energy (4%), Industrial Metals (18%), Industrials (14%), Leisure & Entertainment (10%), Healthcare (5%), and Consumer Staples (7%).
- The total shareholder return for the year ending 30 April 2025 was 18.6%, with pre-tax NTA increasing 9.5%. The active return (TSR) was 4.3%.

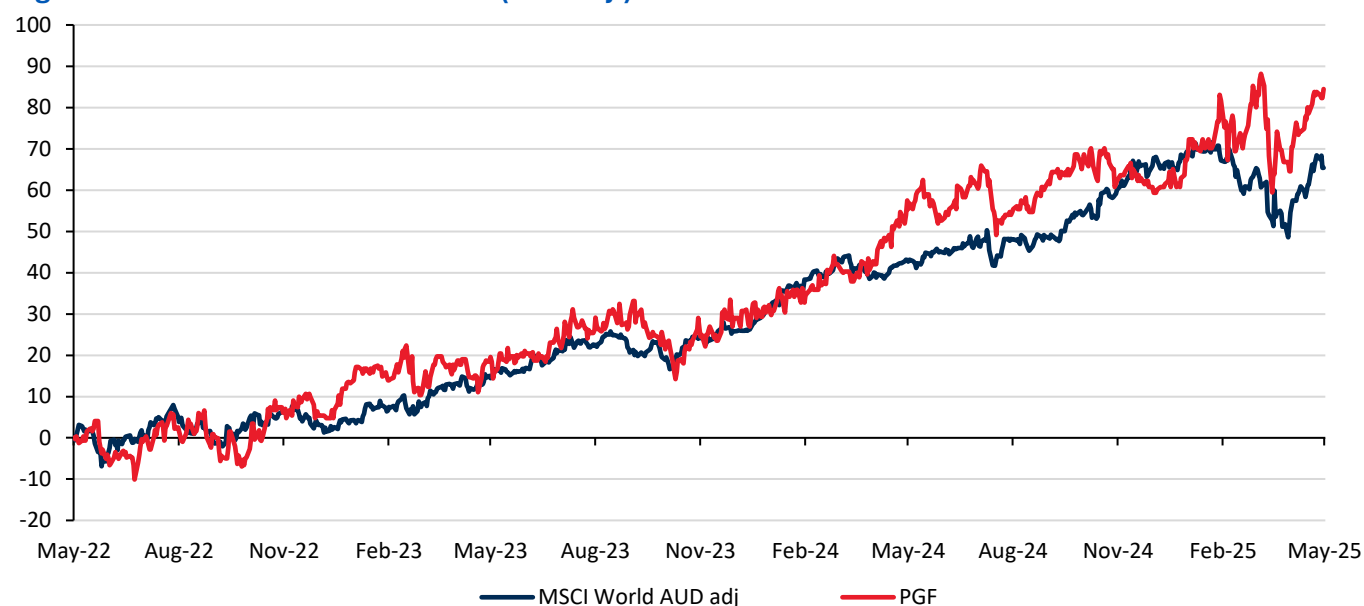
Fig.14: PGF Snapshot

PGF Snapshot				Top Holdings			
Price (30 April 2025)			\$2.35	Allied Irish Bank			
Share price range (12 months)			\$2.12- \$2.55	Bank of America			
Shares on issue (Mn)			479.4	Bank of Ireland			
Market capitalisation (\$Mn)			\$1,127	Caixa Bank			
Pre-tax asset backing*			\$2.22	ING Groep			
Post-tax asset backing*			\$1.98	Intesa Sanpaolo			
Premium/(Discount) to pre-tax NTA			5.6%	Lloyds Banking Group			
Premium/(Discount) to post-tax NTA			19.0%	Newmont Mining			
Dividend yield			4.5%	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	18.6%	17.9%	27.7%	NTA growth	9.5%	17.0%	21.0%
Active return	4.3%	2.5%	12.8%	Active return	-4.7%	1.6%	6.1%

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

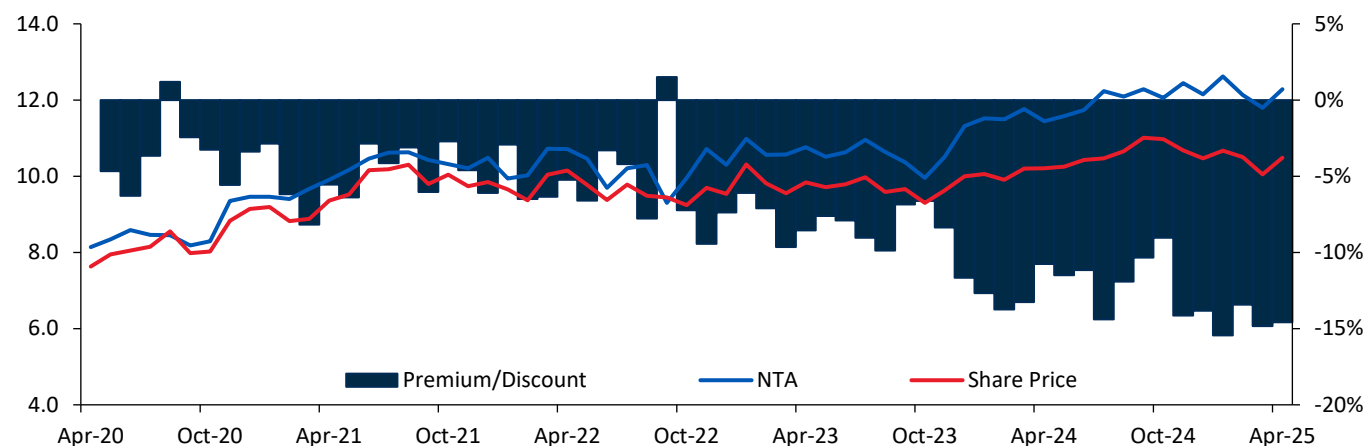
Fig.15: PGF TSR vs MSCI World Index (AUD adj.)



Source: Bloomberg, OML

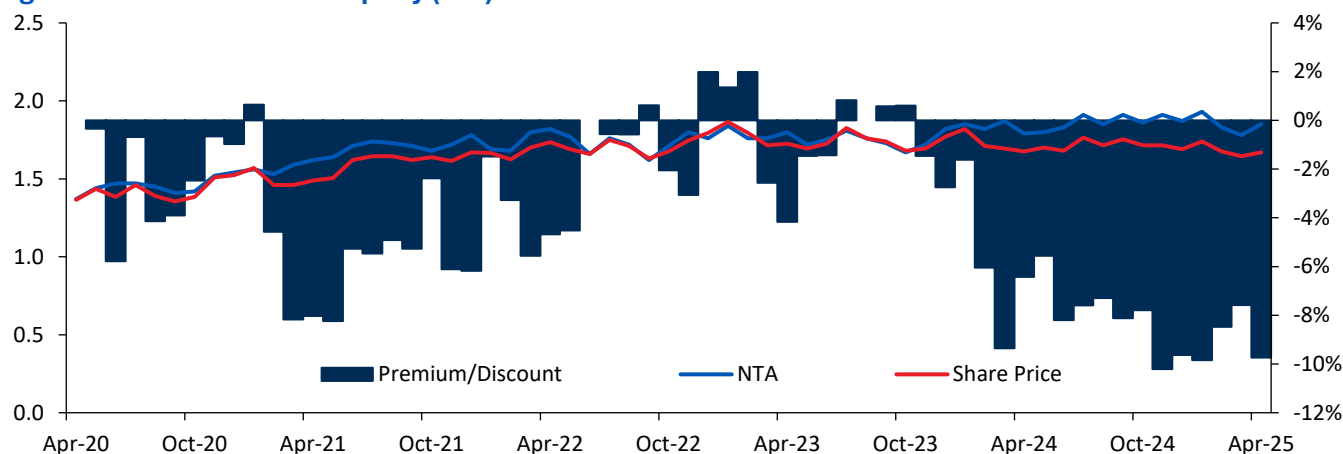
Appendix – Historical Premium/Discounts for Preferred LICs

Fig.16: Australian United Investment Company (AUI)



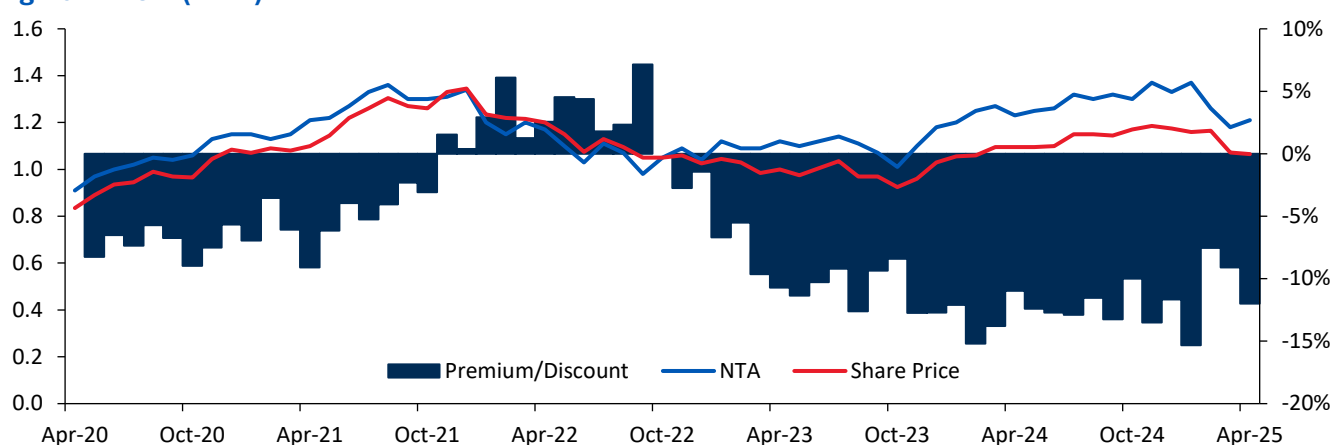
Source: Bloomberg, IRESS, OML.

Fig.17: BKI Investment Company (BKI)

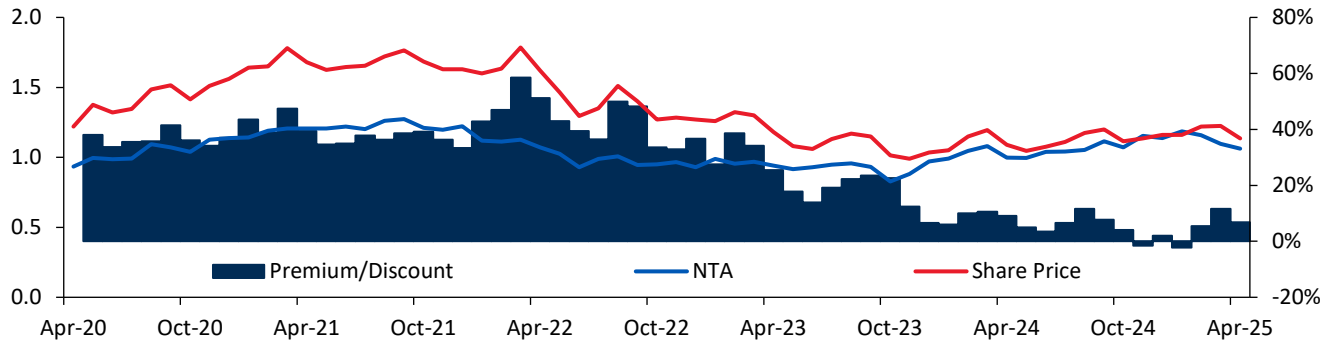


Source: Bloomberg, IRESS, OML.

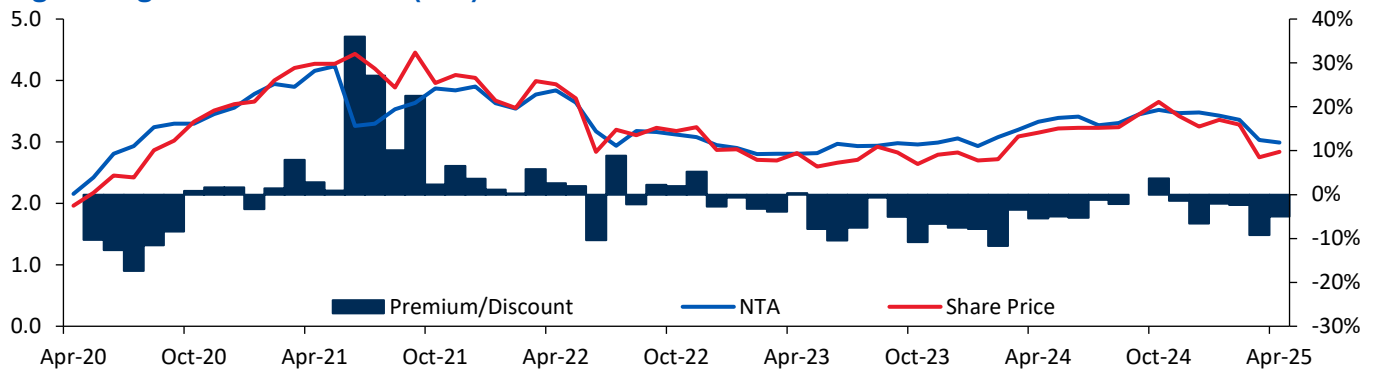
Fig.18: AMCIL (AMH)



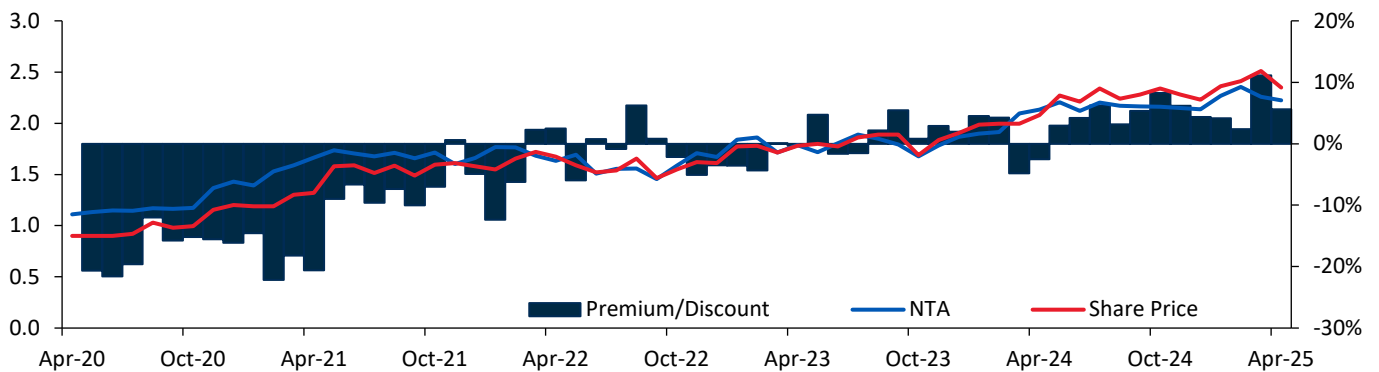
Source: Bloomberg, IRESS, OML.

Fig.19: WAM Research (WAX)

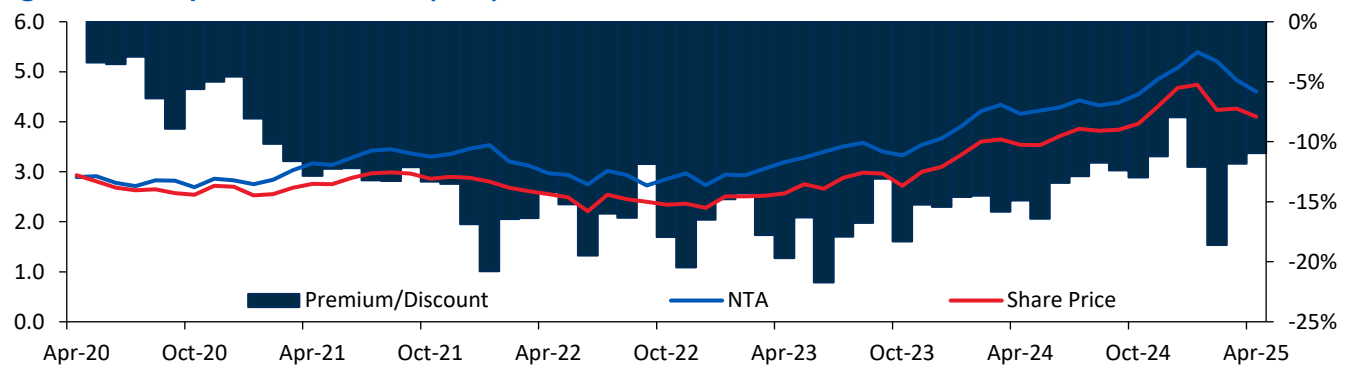
Source: Bloomberg, IRESS, OML.

Fig.20: Regal Investment Fund (RF1)

Source: Bloomberg, IRESS, OML.

Fig.21: PM Capital Global Fund (PGF)

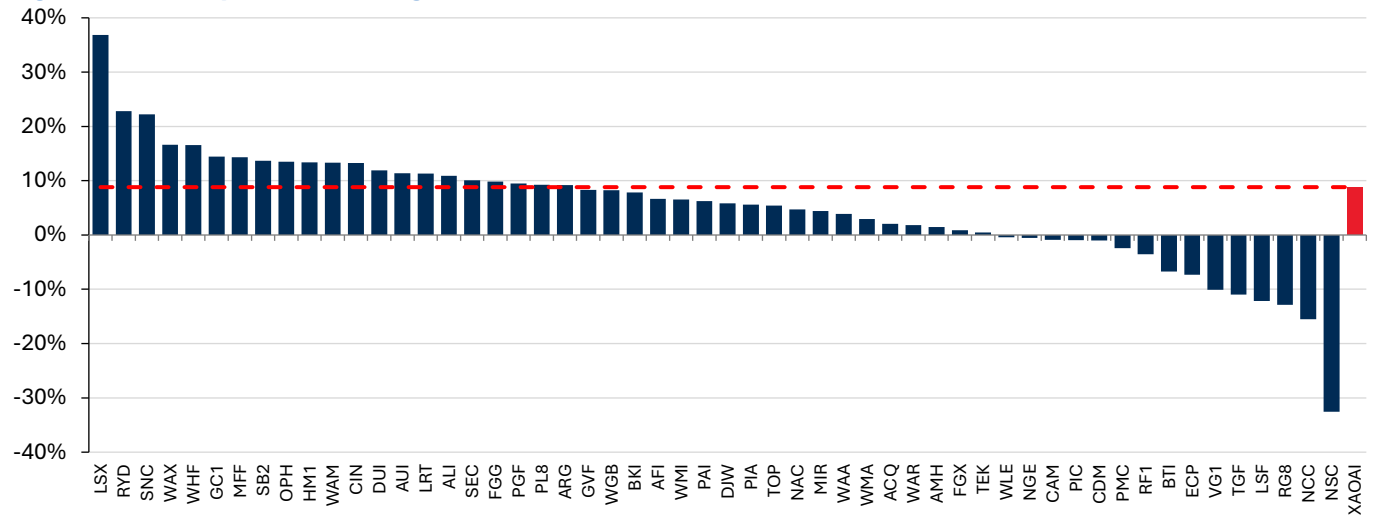
Source: Bloomberg, IRESS, OML.

Fig.22: MFF Capital Investments (MFF)

Source: Bloomberg, IRESS, OML.

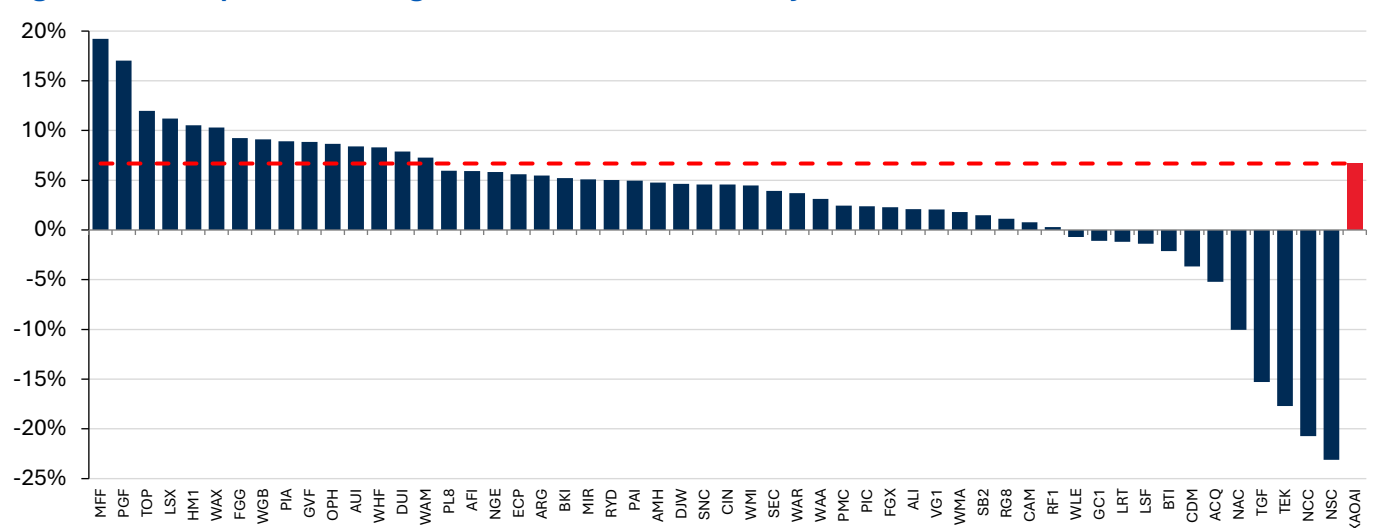
1, 3 and 5-year NTA & total shareholder return growth

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



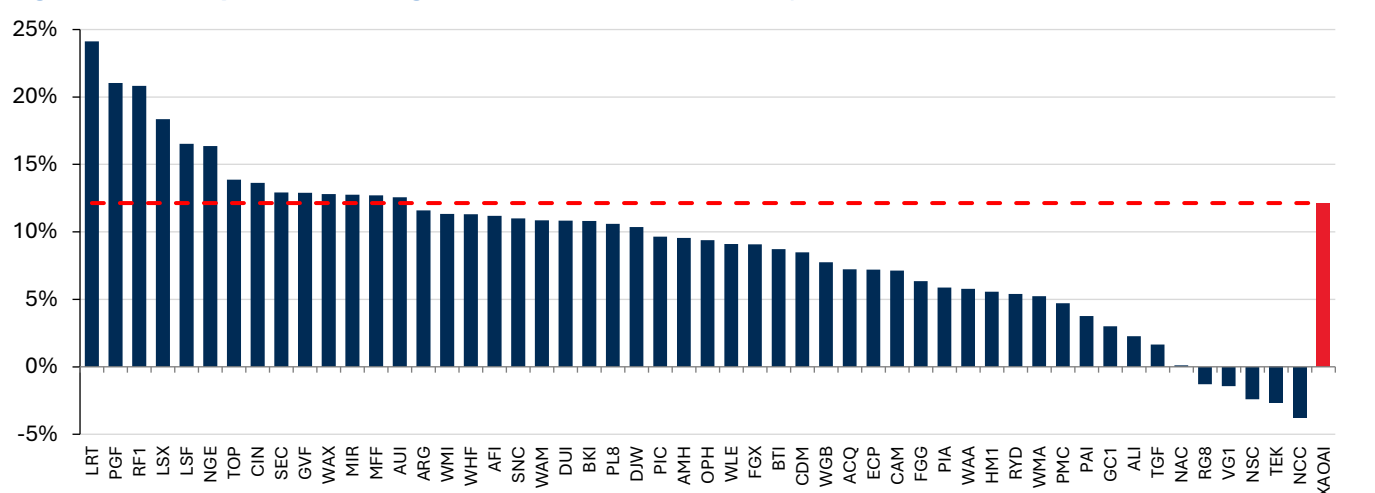
Source: Bloomberg, IRESS, OML. Figures as at 30 April 2025.

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

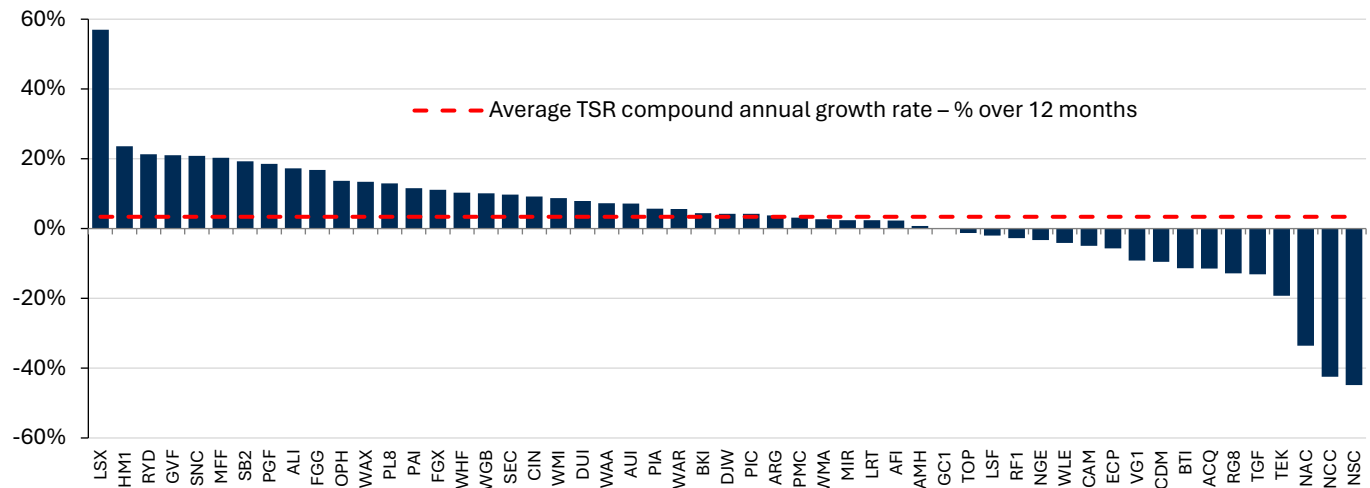


Source: Bloomberg, IRESS, OML. Figures as at 30 April 2025.

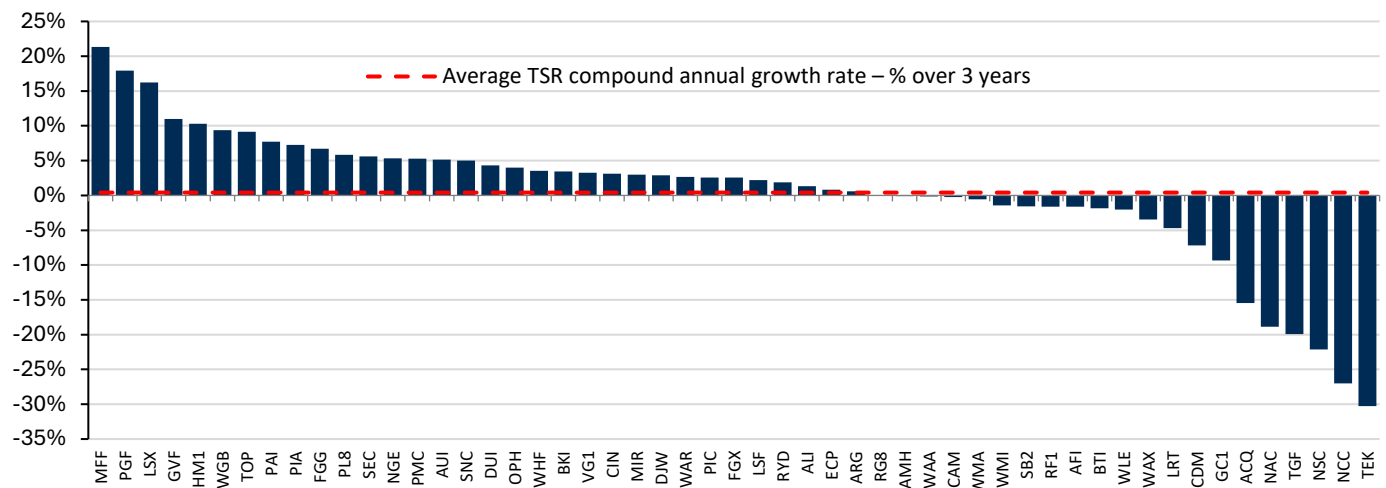
Fig.25: NTA compound annual growth rate – % return over 5 years



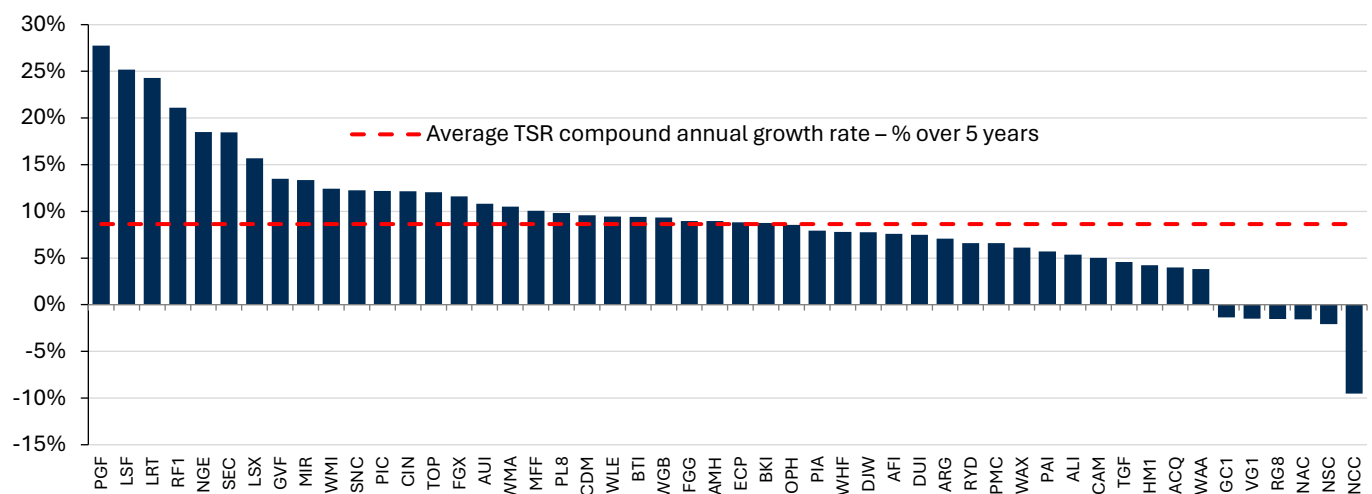
Source: Bloomberg, IRESS, OML. Figures as at 30 April 2025.

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

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

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

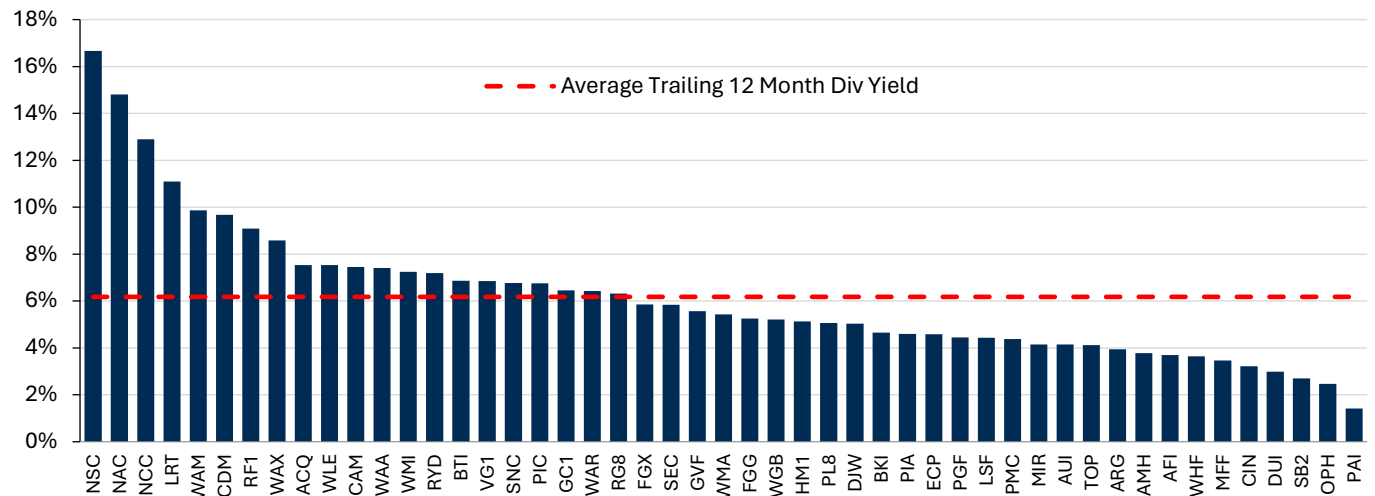
Source: Bloomberg, IRESS, OML. Figures as at 30 April 2025.

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

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

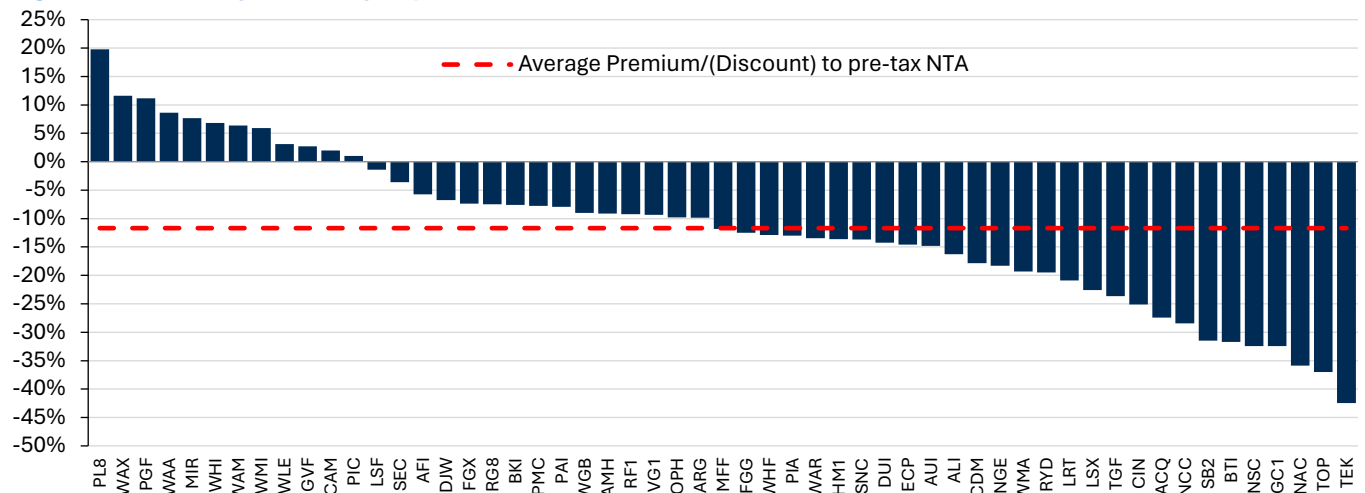
Dividend yield, pre & post tax discount/premium to NTA

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



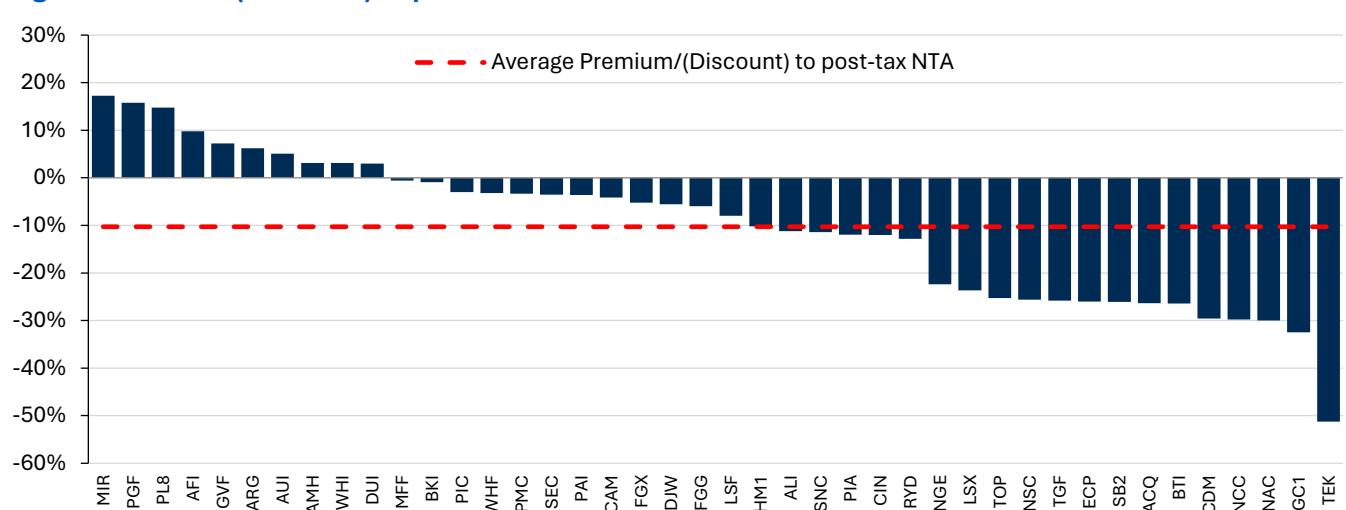
Source: Bloomberg, IRESS, OML. Figures as at 30 April 2025. LICs with no yield excluded.

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



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

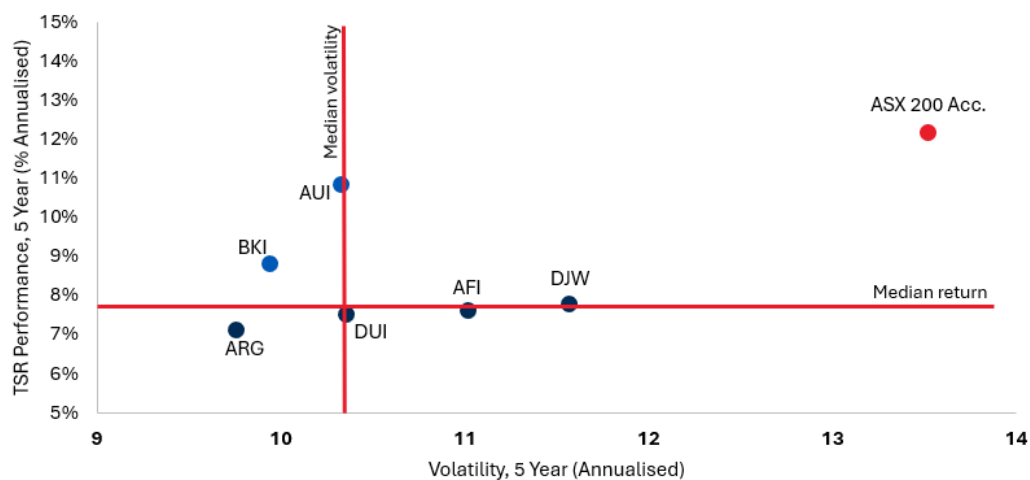
Fig.31: Premium/(Discount) to post-tax NTA



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

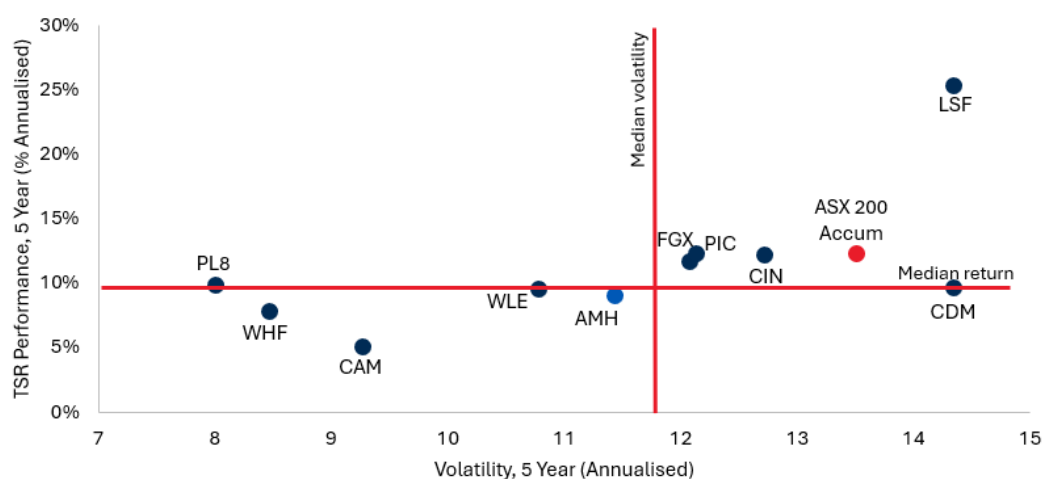
Return Volatility

Fig.32: Traditional LICs



Source: Bloomberg, IRESS, OML.

Fig.33: Large Cap LICs



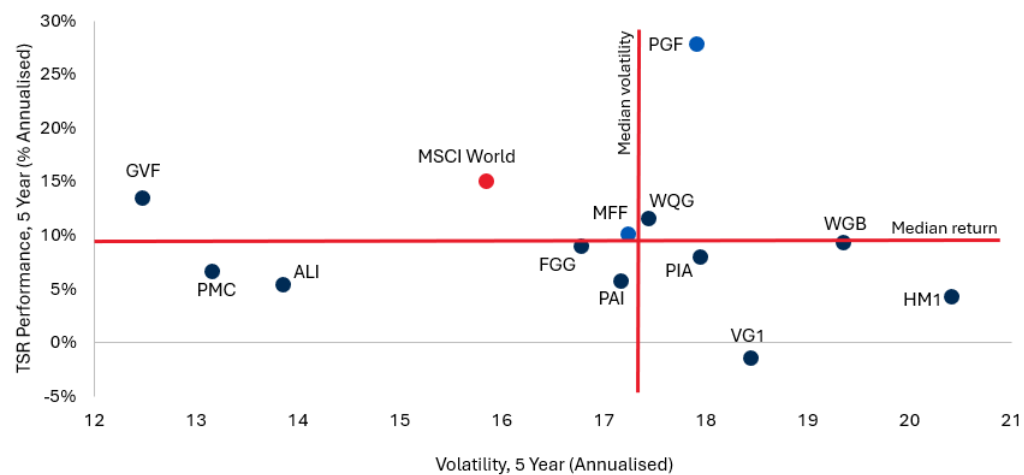
Source: Bloomberg, IRESS, OML.

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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