

AUSTRALIAN

RESEARCH



Contents

This is an extract from the December 2005 Quarterly Listed Managed Investments Review

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Djerriwarrh Investments Ltd (DJW)



LMI Type	Investment Assets	Investment Area	Investment Sectors
Listed Investment Company	Listed Companies	Australia	Diversified

Company Details

DJW is a listed investment company that invests in Australian equities, with a focus on the top 50 companies on the ASX. Its stock portfolio will generally be similar to that of its stablemate AFIC. It enhances the portfolio's total income by writing call options on up to 50% of the stocks held in its portfolio (*buy-write strategies*). DJW is active in corporate governance, and will generally vote on proxies.

Board

B. Teele (Chairman), R. Barker, G. Kraeche, T. Campbell, R. Fynmore, A. Guy, J. Paterson

Investment Philosophy

DJW's investment philosophy is built on taking a medium- to long-term view of value, adopting a buy and hold strategy of stocks.

Style and Process

DJW's style is best characterised as a bottom-up, index unaware, 'buy and hold' value-based style with respect to its stock holdings. The objective of DJW is to provide investors an enhanced fully franked dividend yield and capital growth. The portfolio is split into two parts: a long-term investment portfolio and a smaller trading portfolio, which may represent up to 10% of the portfolio. The portfolio is more actively managed than its counterpart, AFIC, in that the manager seeks to undertake 'buy write' strategies for between 20% and 50% of the investment portfolio in order to generate higher income. DJW prefers to buy stocks with strong management, good free cash flow, strong sustainable margins and an ability to pay increasing franked dividends. In analysing companies, DJW use external brokers and will spend time with management, particularly the CEO, and seek the opinion of its investment committee at weekly investment meetings. Most sales occur due to takeovers and the exercise of call options.

Investment Team

Bruce Teele, BSc, BCom: Chairman
 Ross Barker, BSc(Hons), MBA, Grad Dip SIA: Managing Director
 Mark Freeman, BCom, MBA, ASIA: Investment Manager
 Bill Forde, BCom, CFA: Assistant Investment Manager

Aegis Comments

DJW offers investors good exposure to a long-term portfolio of Australian blue chip shares seeking enhanced fully franked income yield. The portfolio is generally conservative and has a history of outperforming in weak markets; however, the past three years have not been the strongest for DJW when compared to the market. DJW has a significant position in financials and other high-quality, defensive companies and, on the face of it, appears well placed for out-performance in the future. At this stage, we see DJW as being fairly priced as it is trading at slight discount to pre-tax NTA.

Key investment information



Not Recommended	Approved	Recommended
	I	
RATING	Approved	
Price (\$)	4.12	
As at 15 December 2005		
Market Cap (\$M)	652.7	
Fully Diluted Shares (M)	159.6	
Turnover (\$M p.a.)	64.4	
12-month L/H (\$)	3.55 – 4.20	
Listing Date	June 1995	

Fees

Management Fee (%)	0.27
Performance Incentives (%)	na

Pre-tax NTA Performance Analytics (including dividends)

	S&P/ASX 50 Acc		All Ords Acc	
	1 Yr	3 Yr (p.a.)	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(4.90)	(1.89)	(3.92)	(3.23)
Beta	0.69	0.84	0.72	0.89
TE (%)	4.07	4.64	3.38	4.72
IR	(1.21)	(0.41)	(1.16)	(0.68)

Dividend Yield (%)

FY03	FY04	FY05
5.35ff	5.35ff	5.35ff

Substantial unit-holders (%)

Invia Custodian	3.24
AFIC	2.98

As at 30 September 2005

Company contact

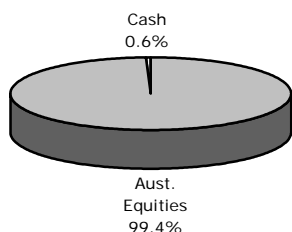


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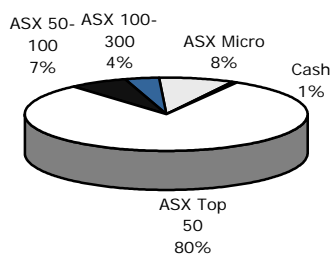
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Sector	Industry Group	Industry	Sub Industry
Financials	Diversified Financials	Capital Markets	Diversified Capital Markets

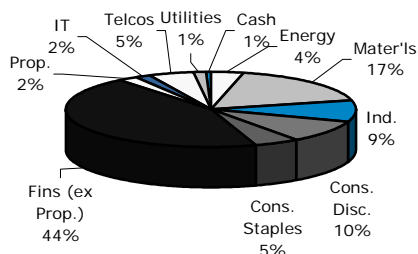
Asset Weighting



Size Weighting (Equities)



Sector Weighting (Equities)



Other Data

Options	None on issue
Dividend policy	DJW looks to distribute all dividends and income received such that they are fully franked
Capital management policy	DJW has a buyback arrangement in place to buyback shares if trading at a discount to NTA. DJW is currently undertaking a convertible note issue.
LIC tax concessions	Yes
DRP available	Yes, at current market price.

DJW's Portfolio (Top 10)

Code	Weighting		2006 Aegis Forecasts			Prem/Disc to Aegis Target (%)
	Portfolio (%)	S&P/ASX 50 (%)	PE (x)	Yield (%)	EPS Gth (%)	
NAB	10.2	7.6	14.2	5.1	11.0	6.4
CBA	9.0	7.9	12.8	5.7	12.5	(5.3)
WBC	7.6	6.1	12.3	5.3	10.5	(10.2)
BHP	7.4	11.4	10.8	2.4	51.2	(7.8)
NWS	5.1	na	19.2	0.8	27.0	(16.7)
TLS	4.9	3.6	14.8	8.4	(24.8)	8.8
ANZ	4.5	6.4	12.8	4.9	7.0	(4.0)
SGB	4.0	2.2	13.9	5.4	11.0	(10.7)
RIO	3.4	2.6	11.3	2.8	16.3	(6.1)
AMP	3.3	2.1	18.6	4.2	3.0	(9.8)
	59.3	49.8	13.8	4.6	14.1	

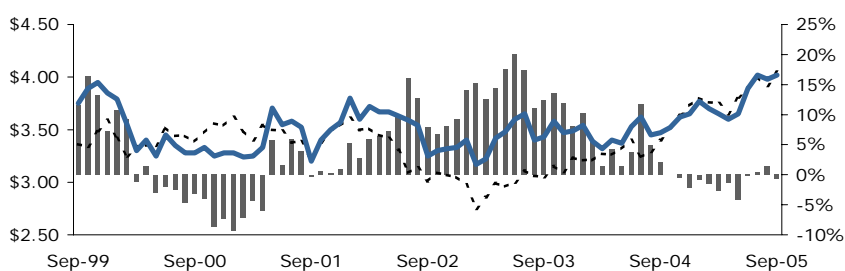
Portfolio as at 30 September 2005

Tax Based Returns on Share Price and Dividends

	Fund		S&P/ASX 200		All Ords Acc.	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	25.7	16.9	33.8	22.8	31.7	22.6
Super Fund (15%)	24.2	15.5	32.8	21.8	30.7	21.6
AWOTE* (30%)	22.6	13.8	31.6	20.6	29.6	20.5
Max Tax Rate (48.5%)	20.9	12.2	30.4	19.6	28.5	19.5

* Marginal Tax rate for worker on the Average Wage OTE rate + Annualised

NTA Performance



■ Prem/(Disc) to NTA - RHS - - - - NTA (pre tax) - LHS — Share Price - LHS

Source all figures:
DJW/Aegis Equities Research/IRESS



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