

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Listed Managed Investments

December 2007 Quarterly Review

Time for LMIs to Shine

Contents

This is an extract from the Listed Managed Investments December 2007 Quarterly Review

IMPORTANT NOTICE

Aegis has been commissioned to produce this report.

Disclaimer & Disclosure of Interests

This publication has been prepared by Aegis Equities Research Pty Limited (ACN 085 293 910, AFSL no. 225072) ('Aegis'), an Australian Financial Services Licensee. Aegis has been commissioned to prepare this independent research report (the "Report") and will receive fees for its preparation. Each company specified in the Report (the "Participants") has provided Aegis with information about its activities. Whilst the information contained in this publication has been prepared with all reasonable care from sources that Aegis believes are reliable, no responsibility or liability is accepted by Aegis for any errors, omissions or misstatements however caused. Any opinions, forecasts or recommendations reflects the judgment and assumptions of Aegis as at the date of publication and may change without notice. Aegis and each Participant in the Report, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This publication is not and should not be construed as, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information only. Neither Aegis nor the Participants are aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives, financial situation or particular needs before acting on such opinions or recommendations. This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of Aegis. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. Aegis and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. Aegis and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

Aegis, its officers, employees and its related bodies corporate have not and will not receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any statements and/or recommendation (if any), contained in this Report. Aegis discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may effect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any).

However, under no circumstances has Aegis been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report.

The information contained in this publication must be read in conjunction with the Legal Notice that can be located at <http://www.aegis.com.au/disclaimer.asp>.

Djerriwarrh Investments Ltd (DJW)



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

Company Details

DJW is an LIC that invests in Australian equities, with a focus on the top 50 companies on the ASX. Its stock portfolio is generally 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 generally votes on proxies.

Board

B Teele (Chairman), R Barker, G Kraehe, T Campbell, A Guy, J Paterson, P Barnett

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-biased style with respect to its stock holdings. The objective of DJW is to provide investors with 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 uses external brokers and spends time with management, particularly with the CEO, and seeks the opinion of its investment committee at weekly investment meetings.

Investment Team

Bruce Teele, BSc, BCom: Chairman; Ross Barker, BSc(Hons), MBA, Grad Dip SIA: Managing Director; Mark Freeman, BCom, MBA, ASIA: Chief Investment Manager; Alan Dunn, BEc, BCom, CFA: Senior Investment Analyst

Aegis Comments

DJW is designed to generate relatively stable returns and enhanced, fully franked income. The fund's discretionary buy-write strategy is integral to achieving this objective. The nature of the strategy is such that DJW is well placed to outperform in flat to moderately appreciating markets, but may underperform in strong market environments. DJW performed largely in line with the S&P/ASX 50 with a reduction in the value of the portfolio (pre-tax NTA plus dividends) of 3.4% over the December quarter. The share price of DJW increased despite the decline in the portfolio value. This resulted in DJW trading at a 2.7% premium to pre-NTA as at 31 December 2007. While we hold the Manager in high regard, we would recommend entry only to those investors seeking protection against market downturns whilst the stock is trading at a premium.

Key investment information



RATING	Recommended
Price (\$)	4.19
As at 14 March 2008	
Market Cap (\$M)	854.5
Shares On Issue (M)	203.9
Shares Traded (\$M p.a.)	89.4
12-month L/H (\$)	4.00/5.40
Listing Date	June 1995
Fees	
Management Fee (%)	0.24
Performance Incentives (%)	n/a

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. (%)	(0.77)	(1.82)	(2.75)	(2.62)
Beta	0.86	0.81	0.88	0.84
TE (%)	2.84	3.12	3.12	2.92
IR	(0.27)	(0.58)	(0.88)	(0.90)

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

Dividend Yield (%)

FY05	FY06	FY07
3.95ff	4.14ff	4.28ff

Substantial Unitholders (%)

AFIC	4.2
Bruce Teele	0.8

As at 31 December 2007

Company contact

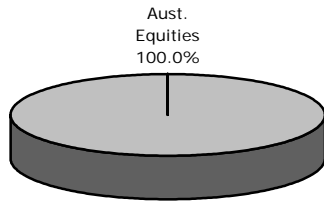


Geoff Driver
gdriver@afi.com.au
61 3 9679 1659

www.djerri.com.au

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

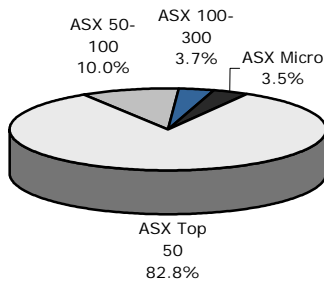
Asset Weighting



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 buy back shares if trading at a discount to NTA.
 LIC tax concessions: Yes
 DRP available: Yes, at current market price.

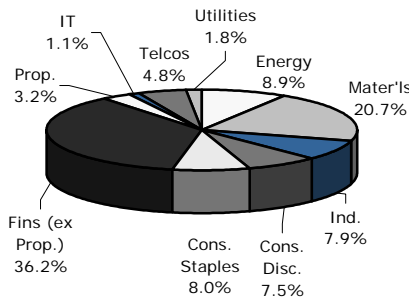
Size Weighting



DJW's Portfolio (Top 10)

Code	Weighting		2008 Aegis Forecasts			Prem/Disc to Aegis Target (%)
	Portfolio (%)	S&P/ASX 50 (%)	PE (x)	Yield (%)	EPS Gth (%)	
BHP	9.25	14.1	13.1	2.1	6.5	(12.0)
NAB	7.45	6.4	12.6	5.2	11.5	(18.6)
WBC	6.07	5.4	13.3	5.3	10.8	(13.6)
CBA	5.81	8.1	15.5	4.6	7.8	9.2
RIO	5.23	4.0	14.3	1.8	39.1	(10.7)
TLS	4.78	3.0	16.3	6.1	9.1	(8.7)
ANZ	3.83	5.4	12.0	5.3	8.8	(17.2)
WPL	3.38	2.4	24.5	4.4	(2.2)	99.0
NWS	3.30	0.6	0.9	75.8	61.9	(95.9)
WES	2.78	3.0	15.5	5.6	25.9	(1.5)
	51.9	52.3	13.8	8.8	15.6	

Sector Weighting (Equities Component)

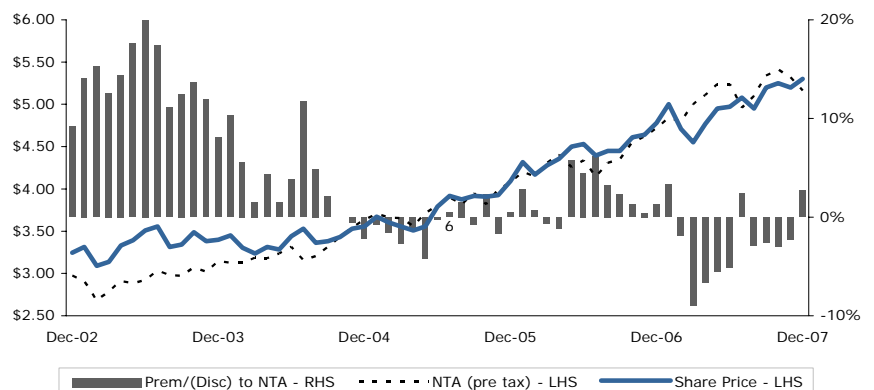


Tax Based Returns on Share Price and Dividends

	Fund		S&P/ASX 50 Acc		All Ords Acc.	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	19.2	11.6h	17.4	22.3	18.4	21.5
Super Fund (15%)	18.0	13.8	16.6	21.3	17.7	20.8
AWOTE* (31.5%)	16.6	16.4	15.6	20.2	17.0	20.0
Max Tax Rate (46.5%)**	15.3	18.9	14.7	19.1	16.3	19.2

* Marginal Tax rate for worker on the Average Wage OTE rate + Annualised
 ** Max Tax Rate of 46.5% used from July 2006 (48.5% used prior to July 2006)

NTA Performance



Source all figures: DJW/Aegis Equities Research/IRESS

All data as at 31 December 2007 unless otherwise specified



Level 6, 33 York Street
Sydney NSW 2000 Australia
Locked Bag 7 Australia Square
Sydney NSW 1215
Phone 61 2 8296 1100
Fax 61 2 9299 3777
ABN 72 085 293 910
www.aegis.com.au