



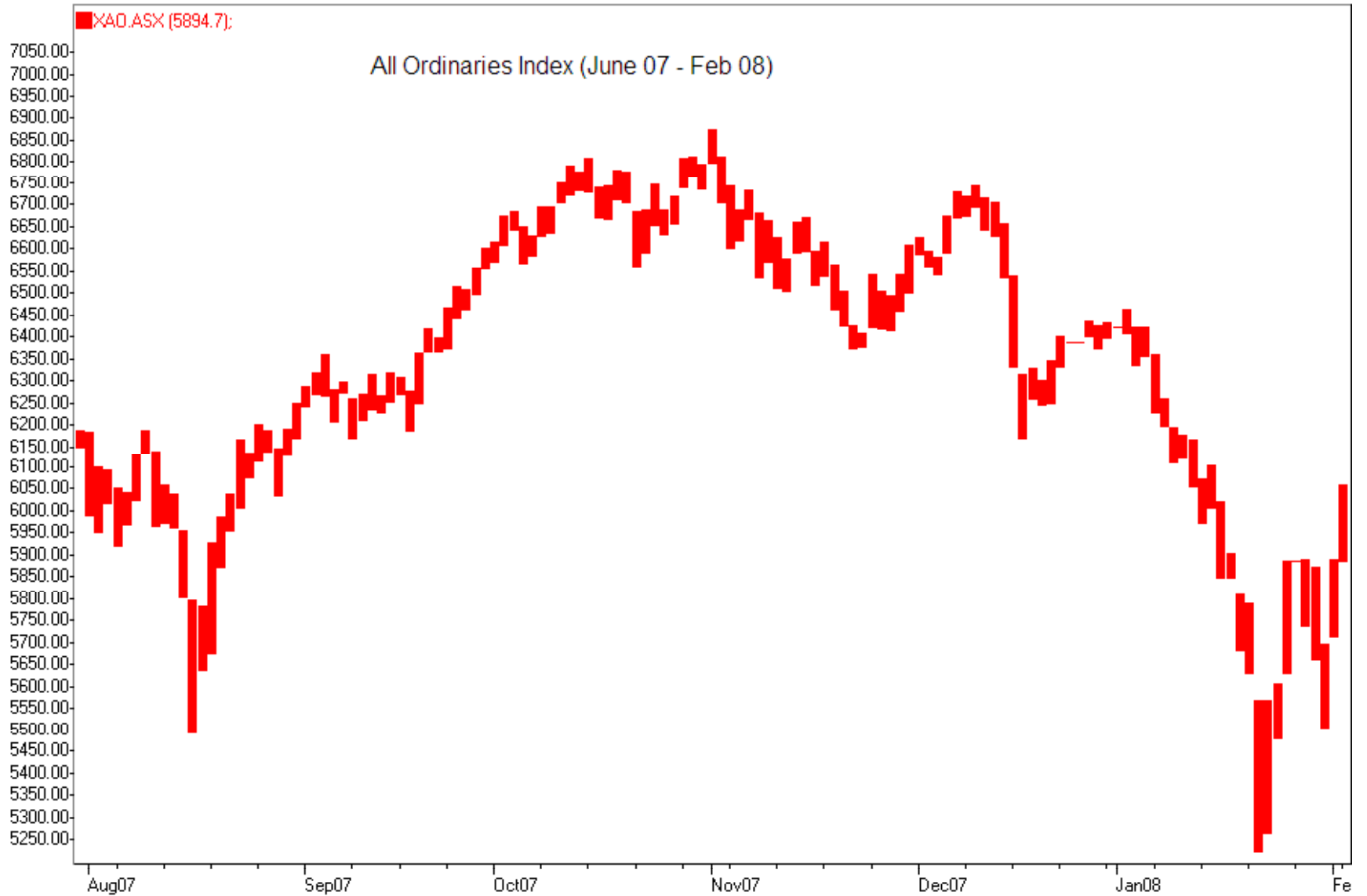
# Conference Call Slides

## 6 February 2008

# Market Update

- Company fundamentals not a principal consideration
  - Massive intra-day volatility
  - Margin call pressure and hedge fund activity
  - Investor panic
  - 5 months since last reporting season
  
- Significant divergence in US and Australian Economies
  - US rates cut
  - Australian rate rise
  
- Current report season in US (ex financials) in-line

# All Ords volatility



# Resources (red) continue to drive the market

- All Ords (blue), All Industrials (green)



# January performance contributors\*

	Dynamic	Premium	All Ords Accum	Small Accum
1 Month	-22.1%	-21.1%	-11.3%	-14.3%
Fund Size	\$122mil	\$96mil		

Performers Table	Return	Contr
MFS Ltd	-77.5%	-3.3%
HFA	-36.3%	-2.4%
CSG Limited	-21.6%	-1.4%
Sunland Group	-25.2%	-1.4%
MFS Living Leisure	-48.2%	-0.9%
RCR Tomlinson	-23.6%	-0.8%
Hastie Group	-14.3%	-0.7%
Australian Wealth	-28.6%	-0.7%
Becton Prop	-23.2%	-0.7%
ABC Learning	-14.9%	-0.7%
Ausenco	-24.8%	-0.6%
Service Stream	-22.0%	-0.6%
NRW Holdings	-20.2%	-0.6%
Seek	-22.1%	-0.5%

\* Investment performance is calculated after management fees, performance fees (after 30 June 2004) and charges. No allowance has been made for taxation. Performance assumes the reinvestment of distributions. Past performance is no indication of the future performance of the funds.

## Stock News

- MFS Ltd suffers under undisclosed debt burden
  - Opis cut holding completely on capital raising announcement
- MFS Living Leisure also suspended due to debt arrangement with MFS (1.6% of Prem and Dyn)
- HFA sold down 36% on margin call pressure and the forced sale of MFS's 12% stake. Stock rebounded strongly from intra-month lows

# Stock News

- Sunland raises \$57m in Land Fund
- HFA completed Lighthouse acquisition
- Bid for Consolidated Media (owner of 77m Seek shares)
- Fundamentally sound, but poor price performance
  - CSG -22%
  - Sunland -25%
  - Australian Wealth -29%
  - Seek -22%
  - Ausenco -25%

# What has Opis done?

- Sold MFS completely
  
- Added to AAX, HFA, Norfolk, NRW and Seek
  - Taking advantage of market volatility
  
- Cash weightings as at 31 Jan 2008
  - Premium (17%)
  - Dynamic (14%)
  - Total of \$32.8m

## RBA comments

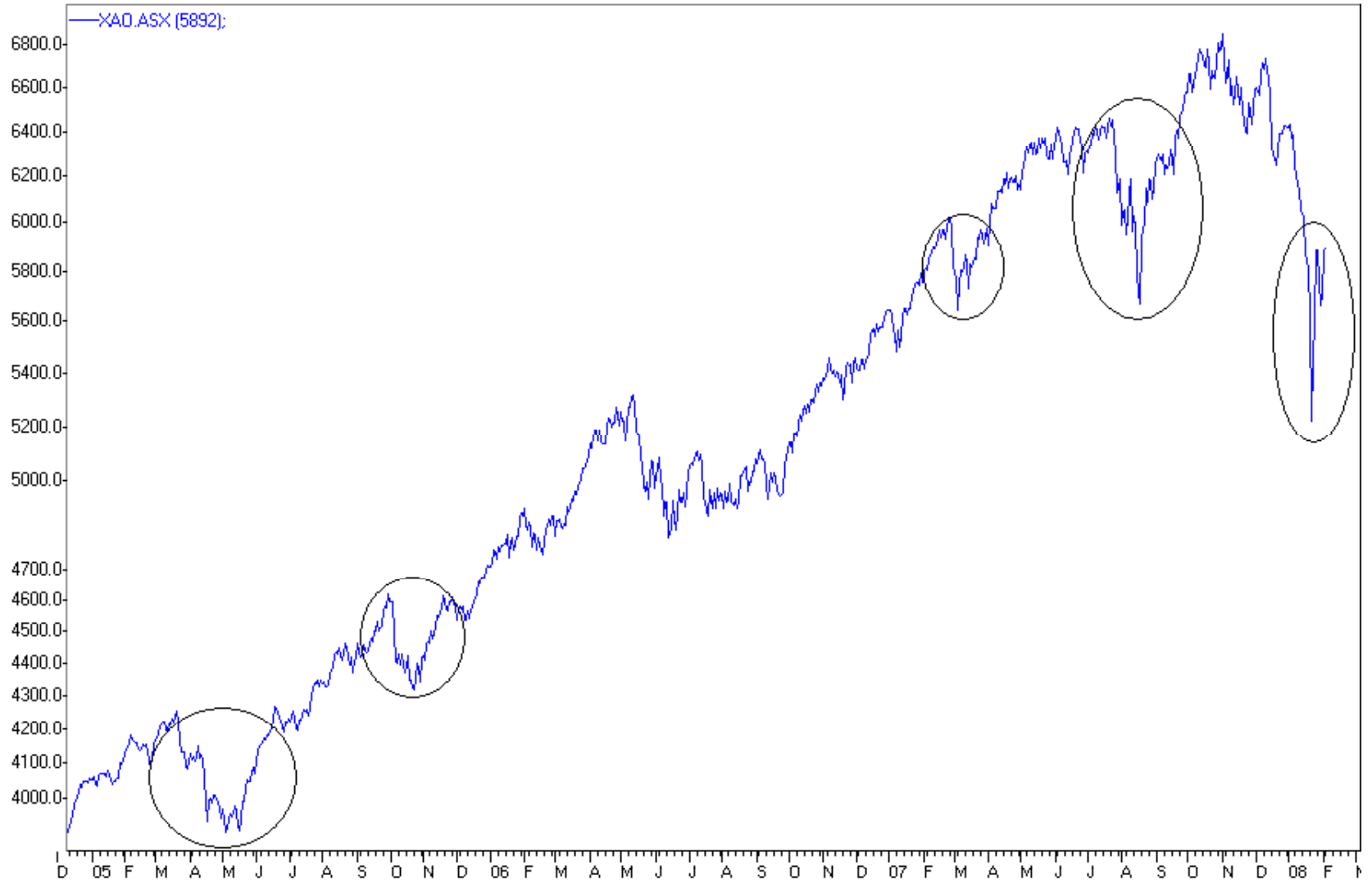
*“the direct financial effects of the global turmoil on Australia are likely to be confined mainly to the impact on borrowing costs of the liquidity squeeze of recent months, which has pushed up the cost of wholesale finance a bit in addition to the effects of monetary policy changes.”*

*Taking into account the strength of demand, this increase in borrowing costs does not seem likely to pose a particular problem for the economy as a whole. There is no evidence, moreover, of a ‘credit crunch’ in the domestic financial sector.”*

Glenn Stevens Address to Australian Business

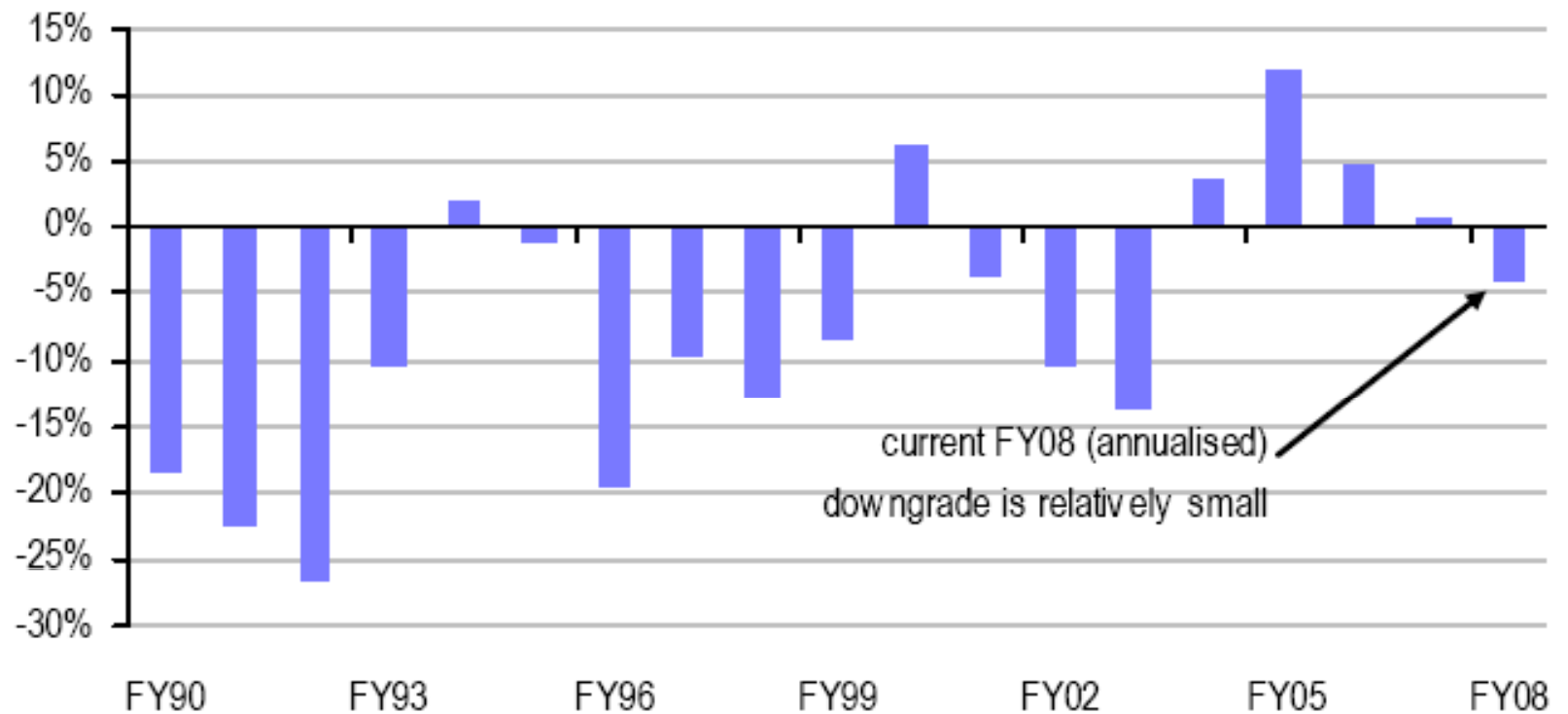
18 January 2008

# Strong rebounds recent experience



# EPS revisions downgraded only slightly

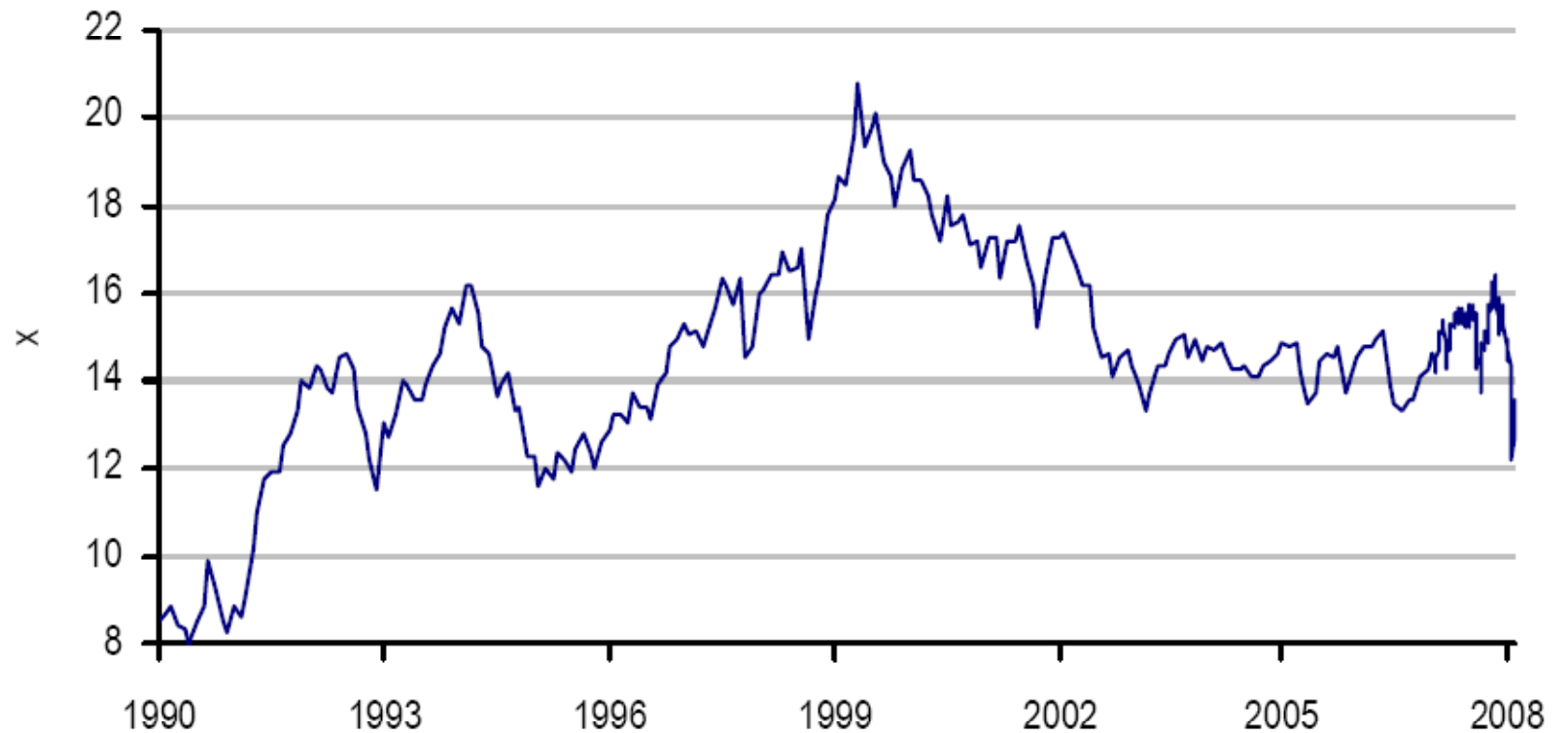
Chart 2: Consensus EPS revisions by Financial Year for the Australian Market



Source: I/B/E/S, UBS calculations

# Market now historically cheap on PE

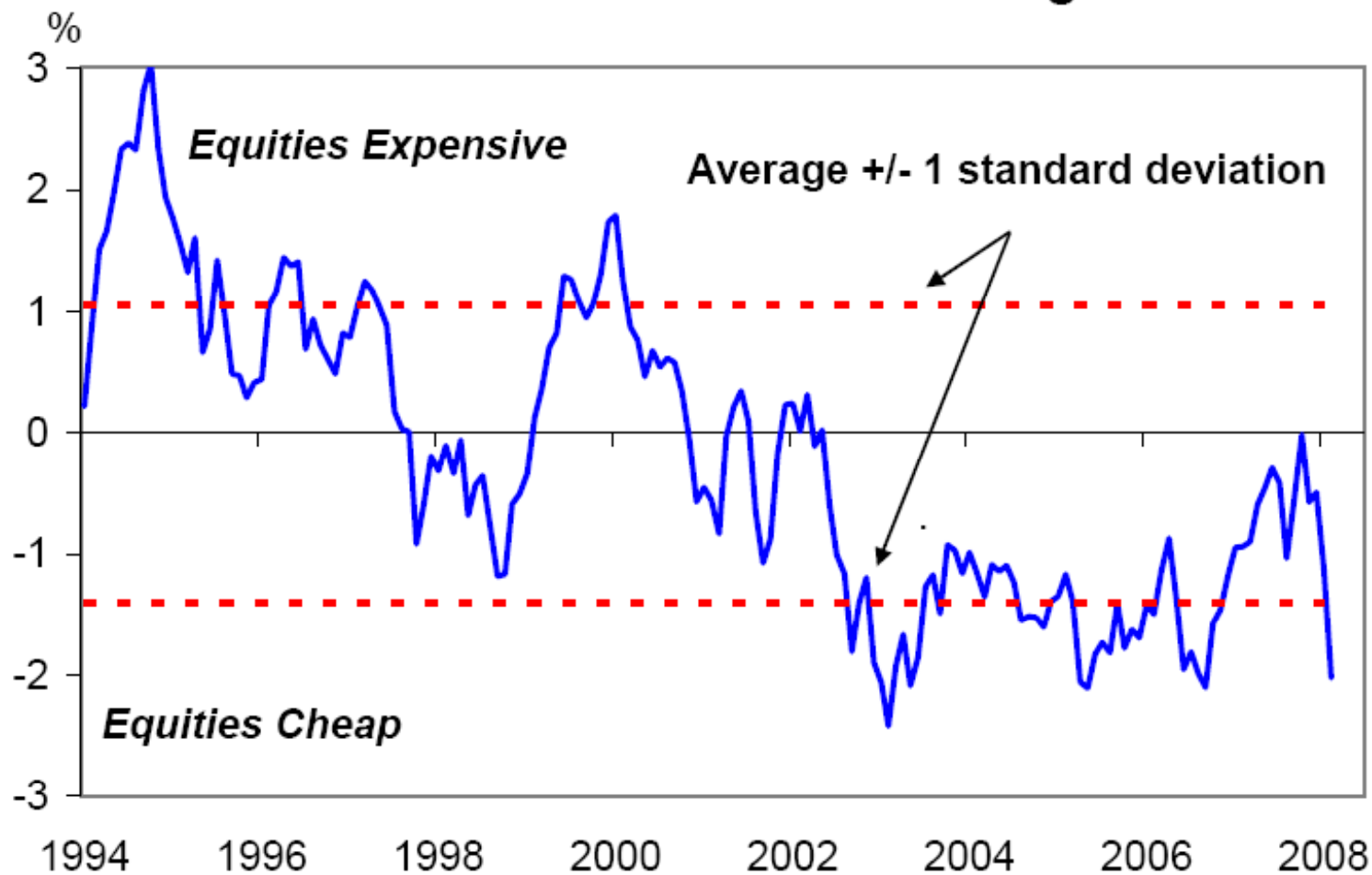
Chart 5: Australian Market 1-year Forward P/E of 13.5x



Source: I/B/E/S, UBS calculations

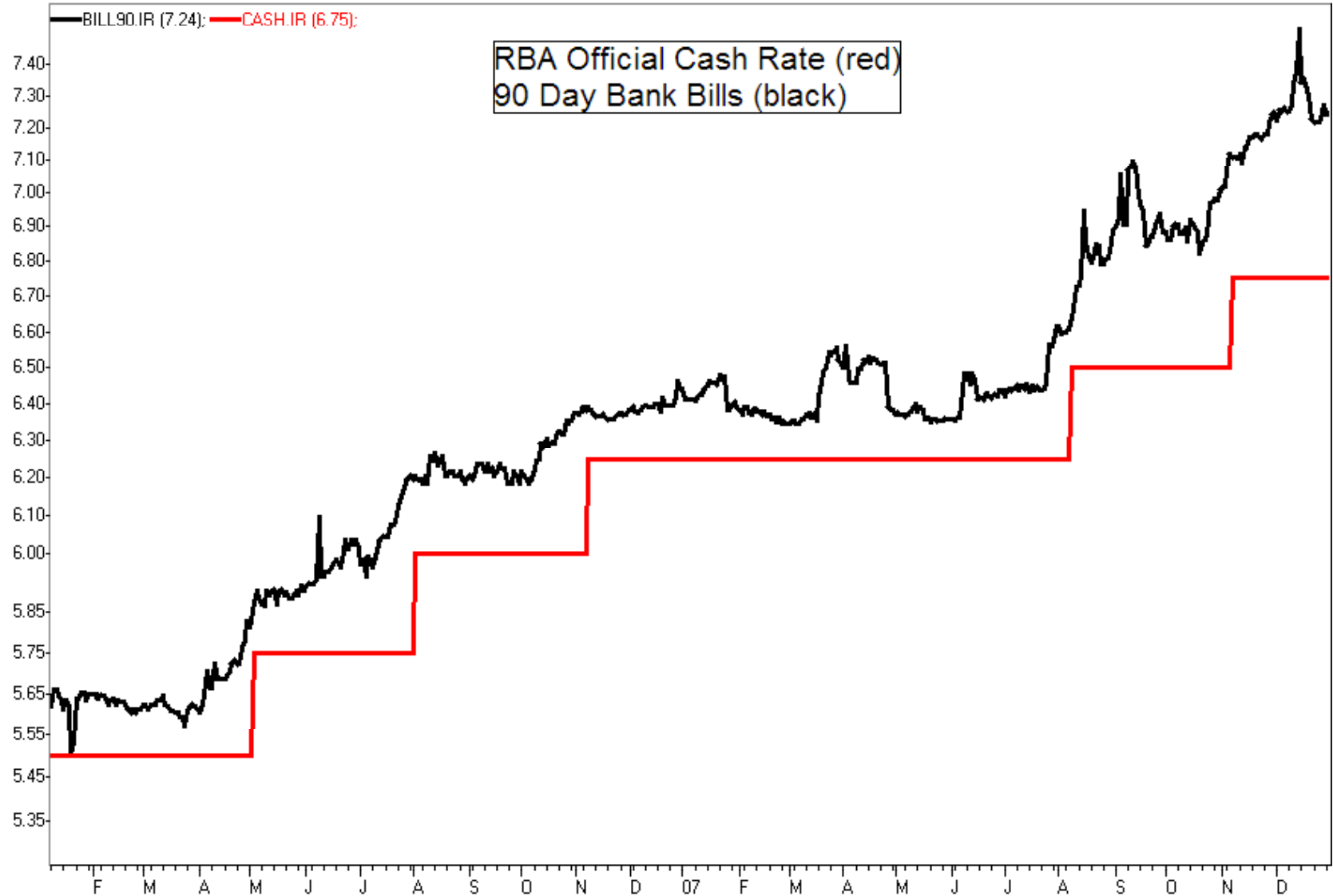
# ...and on earnings yield

**Australia: Bond Yield less Earnings Yield**



Source: I/B/E/S, Datastream

# Interest rates – further hike expected

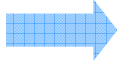
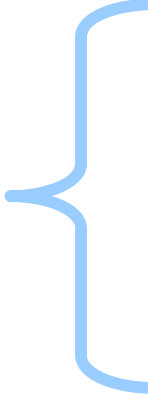



# ...yet long-term domestic rates remain stable



# Fund Positioning

(at 31 January 08)

	Stats	Dynamic	Premium	All Ords
Liquidity 	Av. Market Cap	\$720m	\$761m	\$3.2bn
Value 	P/E 2008	11.4	11.2	13.2
	P/E 2009	9.4	9.2	11.1
	EPS Growth	21%	22%	20%
	Div Yield 2008	4.1%	4.3%	3.9%
	Debt/(Debt + Equity) 	28%	26%	35%
Operational				

## Fund Positioning – Premium (31 January 2008)

### Industrials

Hastie Group Limited	6.0%
NRW	4.1%
Seek	3.8%
McMillan Shakespere	3.4%
RCR Tomlinson	3.2%
VDM	3.2%
Ausenco	2.9%
Service Stream	2.7%

### Cash

17.0%

### Consumer Discretionary

ABC Learning Centres	5.3%
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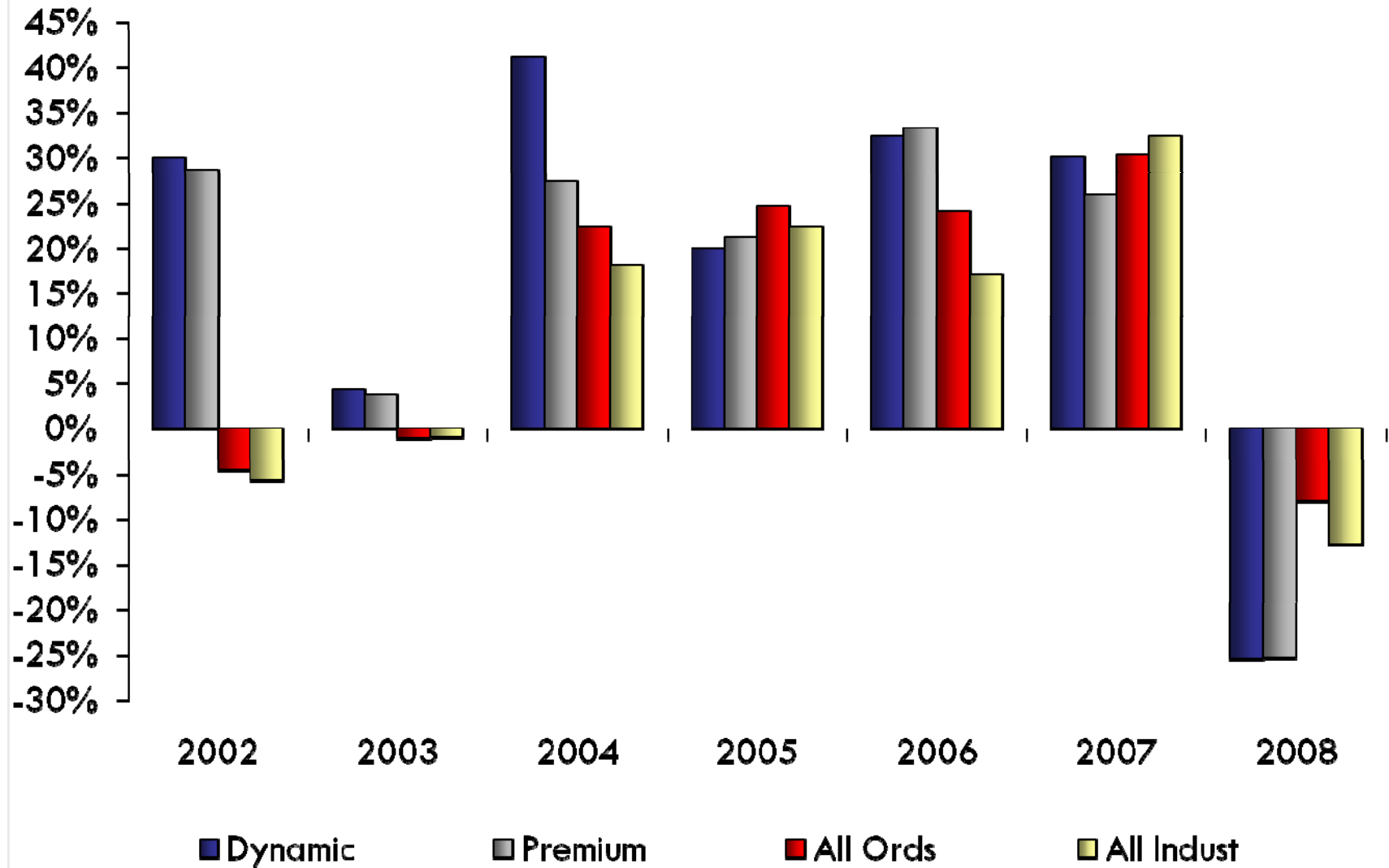
### Financials

HFA	6.6%
Sunland Group	5.6%
Becton	3.2%
Aspen Group	2.4%
Aust Wealth Management	2.3%

### Information Tech

CSG Limited	6.9%
Reckon	3.1%

## FY returns since inception



# Investment Focus

- Critical analysis and management of current positions
  - Objective analysis of valuations (given volatility)
  - Additional focus on balance sheet health
  - Continued management visits (Vic, Sydney, Perth, NT)
  - Management of weightings in respect to price changes
  
- Transparent reporting to clients
  
- Looking forward not backwards
  - Adding to the investments we believe in
  - Cutting businesses that fail to perform
  - Working hard to pare back recent losses

## Long-term trends expected to prevail

- Market volatility provides opportunities for long-term investors
- Current value looks to be historically compelling
- Australian economic fundamentals remain positive
- Forced selling a significant factor in market weakness
- Staff have made further investments in the Opis Funds in January

# OPIS Funds

(at 31 January 2008)

Name	Inception	FUM (\$m)	Unit holders*	Offering
Premium	Dec 2000	\$95.6	402	PDS
Dynamic	Dec 2000	\$121.8	621	PDS
Concentrated	Nov 2003	\$25.6	73	PDS
		\$243.0	1096	

\*direct



**Please Note:**

FUM Capped (Premium & Dynamic) \$400.0m



## Questions...

Opis Capital Limited  
Level 33, 360 Collins St  
Melbourne 3000

Phone 61 3 9602 3199

Fax 61 3 9642 0066

E-mail [mail@opis.com.au](mailto:mail@opis.com.au)

Web [www.opis.com.au](http://www.opis.com.au)