



MARTIN BROS MONITOR

(For Clients and Friends of the Martin Bros - Edition 9)

Christmas 2004



Ph: 9612 1401

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ASX Trading Days over Xmas

The ASX hours over the Xmas and New Year period will be as follows:

- Christmas Eve – closes at 2pm
- 27th – closed
- 28th – closed
- 29th & 30th – Normal hours
- New Years Eve – closes at 2pm
- 3rd – closed
- Tuesday 4th onwards – Normal trading resumes

We will be contactable on our normal numbers throughout the entire holiday period.

Stock Update - WHF

Whitefield Ltd is a Listed Investment Company (LIC). WHF has been listed since August 1971 but operating since the early 1900's. A LIC's sole business is buying other investments (shares) on the sharemarket.

Because a LIC only holds investments such as shares and cash, it is possible to work out the exact value of the company at a point in time (as opposed to a business where they provide a service or sell products and the valuation of that business is subjective, based upon the variables we use to calculate its value). In fact, LIC's are required under ASX Listing Rules to disclose to the market every month their Net Tangible Asset Backing (NTA).

There are two figures they normally quote. A Gross (NTA) amount and Net (NTA) amount. The gross NAB is the market value of all investments it owns divided by the number of shares on issue. This gives us a value on a per share basis. The Net NTA is the value per share if all investments were sold, tax paid at the company tax rate of 30% and the proceeds paid out to shareholders.

We believe the gross NTA is a better indicator of value for several reasons, the main one being that if all investments were sold and the proceeds paid out, shareholders would receive a tax credit for the tax paid by the company (imputation credit) and a LIC Capital Gain deduction (tax deduction). This is not reflected in the Net NTA figure.

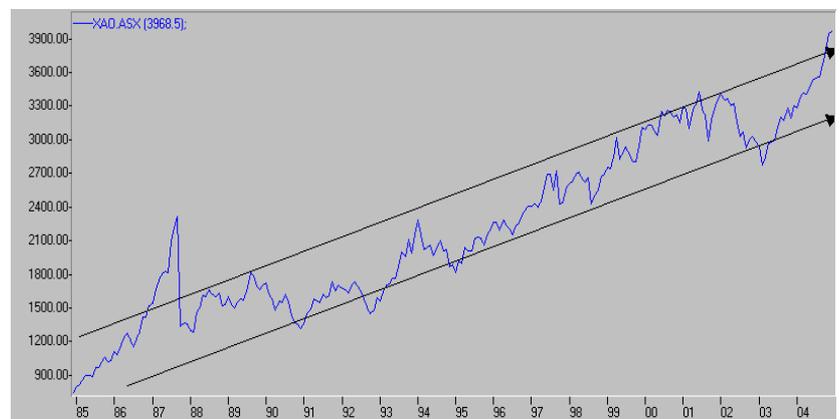
WHF's reported NTA at the end of October was – Gross \$3.68 and Net \$3.37. The last sale price of WHF at the time of writing was \$3.15. This is a discount of 14.4% to its gross NTA (fair value).

The market has a history of mis-pricing shares at certain times, as with WHF now, and we are confident that at some stage in the future, WHF will trade closer to its gross NTA.

The Bull Market – Will It End?

A Bounce Or Worse Than 1929 ? – That was the title of this section in our March 2003 Martin Bros Monitor

As you can see, once more, our favourite graph has made a return below. That is, the graph of the Australian All Ordinaries Index. In our Christmas 2002 edition this graph showed the All Ordinaries still (just) trading within it's long term range, indicated by the upper and lower linear lines. However, after this it retreated to below the lower line in March of 2003. As you would be aware, the markets have had a significant bounce since this time and the same graph updated to the start of December 2004 is detailed below:



What a difference twenty months make! Now the All Ord's has just breached the top linear line of our graph. This is not to say that it will not continue its upward trend, but what it does mean is that the higher it goes the more likelihood it will have a pull back to more normal levels (within the two lines). Although you could argue several points such as, now there is a lot more cash to come into the market due to the property market cooling and super contributions building up. However, remember the most dangerous saying in investing is 'this time is different' – in a Bull market and a Bear market. Another good saying is "people tend to be too anxious (taking profits) on the upside and too patient (not selling poor investments) on the downside".

For several months now we have been cautious and very selective on what we recommend buying, on the premise that a pullback at some stage is certain. And the higher the market goes the more certain we become. Although everyone likes seeing their portfolio's rocket up, it is important to remember that shares are long term investments and are volatile. We would be more comfortable in seeing the market move sideways from here for a while rather than continue its most recent stellar performance. No, we are not Christmas scrougs', but would prefer more of a sideways trend (where some stocks continue to appreciate while others take a breather and some fall) rather than a continued rapid rise which would most likely end in a sharp decline at some point.

If conditions persist there may be the need to exit certain investments and take a more defensive approach. As all of our clients know, we construct portfolio's in a manner that usually results in out-performance in a falling market rather than a bull market. As well as creating wealth, it is essential to protect that wealth. Simple mathematics dictates this as a 10% fall in the value of a portfolio requires a rise of 11.11% to regain its original position. (Eg. \$10 falls to \$9 = 10% fall, \$9 rises to \$10 = 11.11% gain).

'Creating long term financial success for our clients'



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Win a Christmas Hamper Valued at \$200

With the festive season upon us we are again running the Christmas hamper competition in this edition's Martin Bros Monitor.

All you have to do is work out the answer to ALL three conundrums/trivia below and ring/email your answer through to Margot by 11:00am on **Tuesday 14th December**.

Those who answer correctly will go into the draw to win the Christmas hamper valued at \$200. The draw will take place the same day at 12:00pm. The winner will receive the hamper delivered to their door later that week.

Again, the winner will be published in the next edition of Martin Bros Monitor.

CONUNDRUMS

1. Before Mount Everest was discovered, which was the highest mountain in the world?
2. How can you be behind a person when that person is also behind you?
3. Here everything is not always in order. For example, Friday comes before Thursday, the cart comes before the horse, the driver comes before the employer. Where would this be?

Call Margot with your answer on – 9612 1402 or, Email Margot - mbiggs@abnamromorgans.com.au

Merry Christmas! (Don't eat too much)



Health Tips For The Christmas Season

Pig-Out Prevention For Every Occasion

The Office Party

- Get involved in organising things so that you can ensure there are healthy choices available

The All-You-Can-Eat Buffet

- Visit the buffet once only and ensure half your plate is vegetables or salad
- Take your time and eat slowly and get involved in the conversation
- Dismiss thoughts about getting value for money (over eating is not worth it)

Cocktails And Finger Food

- Limit how much you drink and pace yourself with mineral water and diet soft drinks
- If you are nervous about meeting new people, be conscious of not eating and drinking too quickly for something to do with your hands
- Have a healthy, low GI snack (fruit, yogurt, smoothie) during the afternoon to reduce hunger
- Avoid foods that are deep-fried
- Keep track of how much food you have eaten

Restaurant Meals

- Stick to one glass of wine
- Limit yourself to two courses
- Have an entrée-sized main course
- Share a dessert
- Skip the garlic/herb bread and stick to plain or none at all

Family Feasts

- Help plan the menu to ensure there are light and healthy choices available
- Resist the pressure to eat more than is comfortable to please the cook (offer to take leftovers home)

Take-A-Plate Parties

- Take along a plate of something healthy, such as salad
- Serve yourself small portions, and balance your plate with meat, vegetables and grain based foods such as pasta, rice and bread
- Have a small taste of desserts

To view previous editions of Martin Bros Monitor, visit www.martinbros.com.au and click on the 'existing clients' link.