

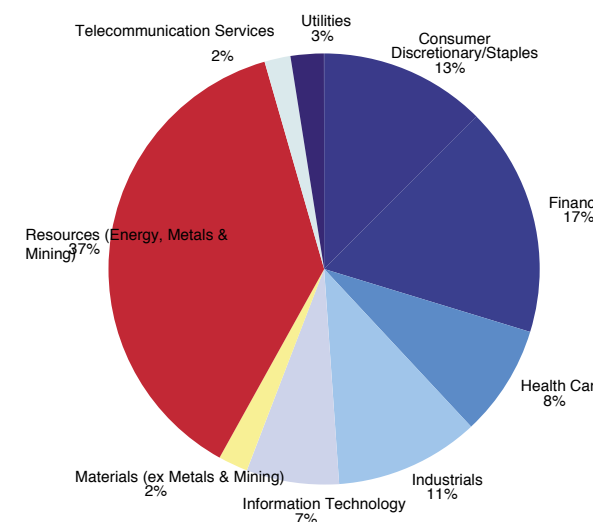
Many international investors are attracted to the Australian market, but do not have the time to navigate the research, administration and currency issues associated with purchasing shares in Australia. **Charles Leyland**, Managing Director of Leyland Private Asset Management, with offices in Sydney and Melbourne, shares his expert views on the profitable sectors to invest in the Australian Share Market.



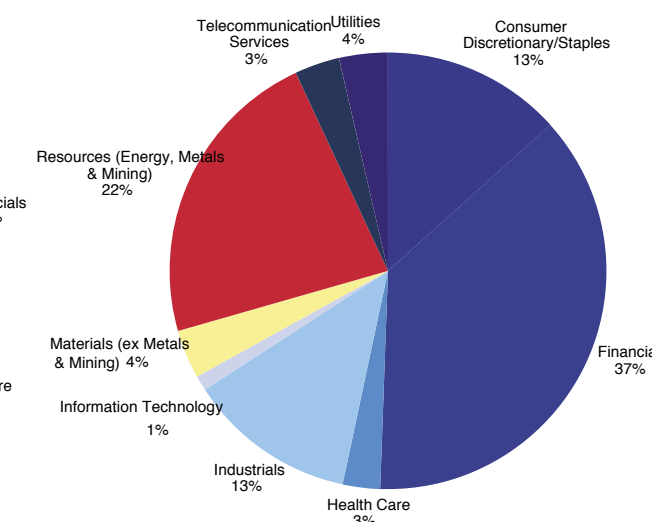
ASX Market by Industry

Number of Listed Companies by Sector
29 June 2007

Market Capitalisation by Industry
29 June 2007



Total Companies = 1,942



Total Market Cap = \$1,807bn



How And Where To Invest Profitably In The Australian Share Market

Australia is home to some of the world's leading companies, including the world's second largest resource company (BHP), Global media conglomerate News Corporation and one of Asia's largest Telco's, Telstra. Australia is also home to high quality agriculture, engineering and infrastructure companies. The Australian market is the 8th largest on the MSCI global index ranking with a **Domestic market capitalisation of \$1.6 trillion.**

The largest company on the Australian Market is the world's second largest mining company, **BHP Billiton Ltd** (A\$128bn), major banks, **Telstra**, **News Corporation**, **RIO Tinto**, **Woodside Petroleum** and **Macquarie Group** also featured predominantly in the top 20. Iron Ore miner **Fortescue Mining** is also a company gaining influence.

The resource sector has been extremely popular amongst offshore investors as Australia offers a relatively safe political, geographic and economic market in which to

access a wide range of commodity exposure, whether it be via diversified monoliths such as BHP and RIO, or smaller companies with a focus on one specific commodity such as Gold, Uranium, Nickel or Zinc.

Top 10 Australian Resource Companies by Market Capitalisation:

Australia's economy is one of the soundest in the world. With unemployment at 4.5% and inflation running below 3%, underpinned by a solid regulatory framework and a mix of resource and industrial production growth, it is little wonder that Australia's currency has been appreciating in the last few years.

Upside Potential is High

Despite the recent high profile problems in the USA, Leyland Private Asset

Management sees significant upside potential in the Australian market as the resource sector continues to benefit from strong global growth, particularly from the BRIC (Brazil, Russia, India and China) countries.

Leyland also sees a flight to quality for international funds seeking exposure to a sound economy, with demand for defensive stocks such as banking and telecommunication companies likely to increase in the wake of recent international events. News Corporation is widely regarded as one of the best-managed and cheapest companies in the world and Leyland anticipates a change in market sentiment for News Corp leading to a rally in the share price.

Gold Price Rally set to continue On Bloomberg Television recently, Leyland Private Asset Management

predicted a gold price of US\$1,000. With a slowdown in central bank gold sales, increased demand for jewellery and a weakening of the US dollar, **this forecast may prove to be conservative.** Leyland sees value in the pure gold plays including **Newcrest Mining** and **Lihir Gold**. Value is also present in some of the copper/gold plays such as **Oxiana Resources**.

Newcrest is the largest gold stock in Australia and has been the most favoured by the institutions, generally because of the quality assets with the majority of the producing mines located in Australia, so avoiding political risk which dominates many of the gold stocks with interests overseas.

Oxiana and **Oceana Gold** have a sound resource position and growth profile over the next few years. As the gold price continues to be noticed by more investors there will be a filtering

YOUR CHECKLIST FOR INVESTING IN AUSTRALIA

- Australia is the home to two of the world's largest resource companies
- 24% of the world's known uranium reserves are in Australia
- Population: 21 million people
- World's 8th largest market (\$1.6 trillion)
- Home exchange of Rupert Murdoch's media conglomerate News Corp
- Low unemployment rate
- Abundant Physical Resources
- Stable Government
- Efficient work force
- Culturally diverse population
- 3-4% GDP growth forecast
- Low inflation
- 10-Year Govt Bond Rate 6.11%
- Capital City – Canberra
- Biggest City – Sydney
- Currently undergoing resources boom
- Home of Westfield – one of the world's largest shopping centre owners
- Large Agriculture and soft commodity industry

down affect to middle size producers/explorers and ultimately to the speculative explorers. We have just seen the first stage of what will be the most interesting gold market in 20 years.

Soft commodities

With rising global demand for soft commodities and increasing prices for fertiliser and cattle, Leyland Private Asset Management is witnessing many international investors attracted to the Australian agriculture sector with companies such as Australian Agriculture Company, Graincorp and Incitec Pivot proving particularly popular.

Australian Agriculture Company (AACo) owns 18 cattle stations spanning 6.5 million hectares and running up to 400,000 head of cattle. AACo supplies beef to the Australian markets as well as export markets

in the US, Japan, South East Asia and the Middle East. Exposure to rising cattle prices and the massive land bank is seeing increased interest in AACo.

Incitec Pivot is one of the very few companies around the world with exposure to Ammonium Phosphate, used in fertiliser, and a direct beneficiary of the demand for soft commodities which is being driven by global consumption and the demand for ethanol.

Graincorp handles and warehouses grain for approximately 50 domestic and export grain buyers, including the Australian Wheat Board. Graincorp is a cyclical company highly dependant upon grain volumes, which are largely driven by rainfall patterns. Graincorp is coming off 18 month lows as areas of Australia are starting to come out of a prolonged drought. ■

COMPANY PROFILE

Leyland
Private Asset Management

CHARLES LEYLAND is Managing Director of Leyland Private Asset Management.

Leyland Private Asset Management is a boutique private wealth management firm with offices in Melbourne and Sydney, Australia.

Charles has over 17 years experience in the Australian equity markets and his efforts and experience have been recognized by being made a fellow of the Financial Services Institute of Australia.

Leyland adopts a conservative, long-term approach to investing, and believes that patience and discipline are two of the most important traits for an investor.

Leyland looks to purchase quality investments at a fair price and focuses on cash flow, balance sheet stability, barriers to entry and quality management.

Leyland Private Asset Management manages share portfolios of individuals and families with a minimum of A\$1,000,000 to invest. Portfolios are managed under a discretionary agreement and the fee structure is very transparent. Under the discretionary agreement, Leyland Private Asset Management looks after all the investment decisions and administration associated with the account.