

AUSTRALIAN

# RESEARCH

INDEPENDENT INVESTMENT RESEARCH

# Global Mining Investments Limited (GMI)

## Company Overview

GMI invests in metal and mining companies worldwide. The portfolio is managed by BlackRock Investment Management, whose London-based natural resources investment team manages approx. US\$45B in assets.

## Investment Objective

GMI aims to maximise capital growth through a diversified portfolio of resource companies and generate a return in excess of the HSBC Global Mining Capital index (in A\$) over the medium to long term.

## Style and Process

GMI seeks to invest in companies that are viewed as having high-quality, long-life, low-cost assets; modest capex requirements; good management; strong balance sheets; and high barriers to entry. At present, GMI favours those commodities where it sees a more favourable balance between supply and demand over those where it believes there is overcapacity.

## Portfolio Characteristics

GMI's portfolio comprises around 75 securities. In addition to listed equities, GMI's portfolio incorporates fixed-income securities, one of which is a convertible bond position in the recently listed Glencore. The portfolio's largest sector weighting is to diversified miners, and its largest country weighting is to "global" firms.

## Independent Investment Research Comments

GMI provides investors with the ability to gain exposure to a diversified portfolio of both domestic and international resource companies. Given the company's investment universe, prospective shareholders should be bullish on the resource sector. GMI's portfolio (pre-tax NTA plus dividends) fell 7.5% over the June quarter, marginally outperforming the benchmark index by 0.2%. At June-end 2011, GMI was trading at a discount to pre-tax NTA of 23.3%, an expansion of 4.5% on the previous quarter discount. We continue to believe that GMI proposes good value at this discount, however note, investors will need to weather volatility over the short-term as global economic uncertainty will likely continue to result in volatility in commodity prices.



LMI TYPE	Listed investment company
INVESTMENT AREA	Australia and International
INVESTMENT ASSETS	Listed and unlisted securities
INVESTMENT SECTORS	Mining

Key Investment Information	
Price as at 12 August 2011	\$1.05
Market cap (\$M)	201.4
Shares on issue (M)	184.9
Shares traded (\$M p.a)	58.6
12-month L/H (\$)	0.97/1.37
Listing date	April 2004
Fees	
Management Fee (%)	1.25
Performance incentives (%)	15.0

Pre-tax NTA performance analytics (including dividends)		
	HSBC Global Mining Index (A\$)	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	6.80	(4.29)
TE (%)	3.22	7.29

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend yield	(%)
FY09	0.0
FY10	4.41ff
FY11*	1.76ff

\*The dividend yield reflects dividends paid for the respective FY. Final dividends for FY11 are yet to be paid so FY11 dividend yield does not include these dividends.

## Board of Directors

John Robinson	Chairman (Non-executive)
Lewis Bell	Director (Non-executive)
Lynette Gearing	Director (Non-executive)

## Other Data

- ◆ **Options** – None on issue
- ◆ **Dividend policy** – Stated aim is to regularly review the opportunity to pay dividends and to distribute franking credits, whilst maintaining its capital.
- ◆ **Capital management policy** – Regularly reviews its capital structure.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Currently suspended

## GMI's Portfolio (Top 10) Weighting

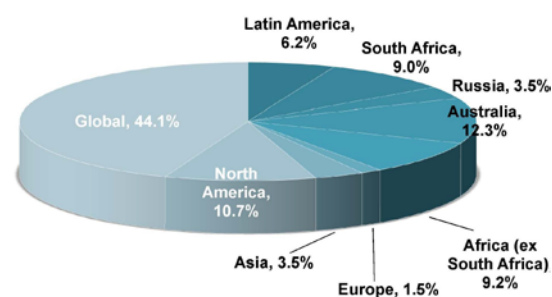
Code	Portfolio (%)
Rio Tinto	9.7
BHP Billiton	8.4
Glencore	7.5
Vale	6.5
Teck Resources	5.1
Freeport McMoran	4.8
Xstrata	4.3
Newscrest Mining	4.2
Anglo American Plc	3.7
First Quantum Minerals	3.3
	<b>57.5</b>

Source all figures: GMI/Independent Investment Research/IRESS  
All data as at 30 June 2011 unless otherwise specified

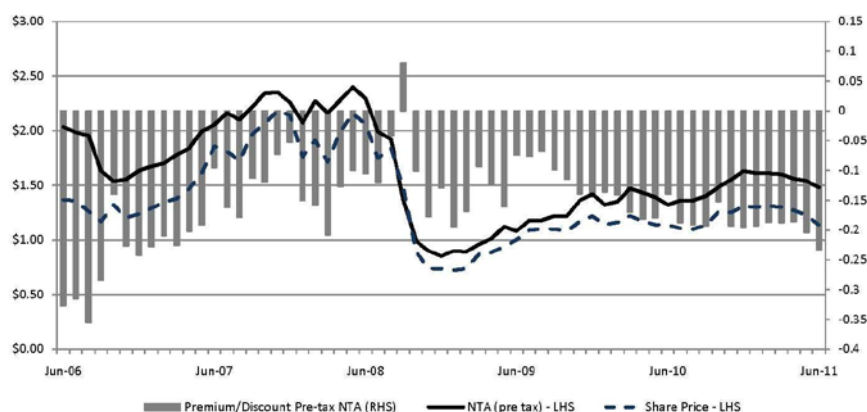
## Commodity Breakdown

Sector	(%)
Diversified	49.8
Gold	15.3
Platinum	3.1
Copper	15.3
Coal	6.3
Nickel	0.4
Iron Ore	6.5
Diamonds	1.2
Uranium	0.1
Zinc	0.5
Aluminium	0.4
Mineral Sands	1.1

## Country Weighting



## NTA & Share Price Performance



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