

Anton Tagliaferro

Investors Mutual

TITLE Investment Director

Anton Tagliaferro's Investors Mutual Limited (IML) flagship Australian Share Fund has produced an annual return of 11.17% since its inception in 1998, soundly beating its benchmark (S&P/ASX300 Accumulation Index) which was 8.84%. Another standout is the Australian Smaller Companies Fund, returning 16.15% a year since inception in 1998. IML manages Australian equity portfolios of around \$3 billion in six funds as at May 31, 2010, on behalf of a wide range of Australian institutions, superannuation funds and clients of financial planning groups.

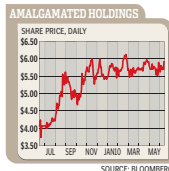
Tagliaferro's career includes being Group Investment Manager of Perpetual Funds Management, Director of Industrial Equities with County NatWest and Senior Equities Manager at BNP.

He says investors should focus on the quality of the profits. As for the shares recommended, Tagliaferro says investors should be prepared to hold on for a three- to five-year horizon.

AMALGAMATED HOLDINGS

Dividend potential

Amalgamated Holdings operates the Greater Union cinema chain, Rydges hotels and the Thredbo ski resort. Its cinemas have proven to be consistent earners and are enjoying a renaissance with Gold Class and 3D films. Rydges hotels are benefiting from the undersupply of hotel rooms in Australia, while Thredbo is well-placed to continue to attract crowds. Amalgamated has a strong balance sheet, underpinned by significant ownership of hotels and other valuable property interests. This ensures that it can ride the bumps in its ski business as well as the cyclical nature of the hotel sector, while affording it the opportunity to undertake attractive acquisitions.



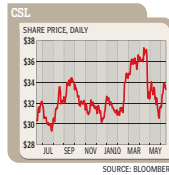
AMALGAMATED HOLDINGS (AHD)

Share price	\$5.90	EPS (2011)	56c
Buy up to price	\$5.70	Return on equity	12%
Div. yield (2011)	6.2%	Debt to equity ratio	12%

CSL

Capital growth potential

CSL's core business is the manufacture of plasma-derived products that are used to treat immune disorders, haemophilia and other medical conditions around the world. The company should enjoy strong growth in the next few years, underpinned in part by greater uses for its products. The company occupies a very strong competitive and profitable position within the industry, with its broader range of products underpinned by intellectual property and regulatory product approvals. CSL has a very strong balance sheet with a net cash position. Its capable management team is therefore in a strong position to continue to invest strongly in R&D and pursue other growth opportunities.



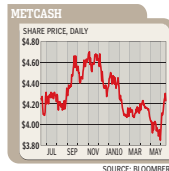
CSL (CSL)

Share price	\$33.34	EPS (2011)	\$2
Buy up to price	\$32	Return on equity	25.4%
Div. yield (2011)	2.4%	Debt to equity ratio	Net cash

METCASH

Expert's choice

Metcash is the sole distributor of groceries to IGA and other independent retailers who together have a 20% market share of the Australian grocery sector. Metcash is able to share in the independents' success by continually seeking out better supplier terms and supply chain efficiencies. The company generates strong cash flows and has a healthy balance sheet, allowing it to be opportunistic with investments. Its purchase of a majority interest in hardware distributor Mitre 10 is an example. The Mitre 10 business is likely to benefit from Metcash's management's experience and expertise gained in turning around and operating the IGA business.



METCASH (MTS)

Share price	\$4.26	EPS (2011)	34c
Buy up to price	\$4	Return on equity	18%
Div. yield (2011)	6.5%	Debt to equity ratio	28%



PAUL SUESSE