



ASX & MEDIA RELEASE

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MMC CONTRARIAN CLOSES OVERSUBSCRIBED, TO LIST 11 DECEMBER

MMC Contrarian Limited, an investment company, has closed its prospectus oversubscribed and is to list on the Australian Stock Exchange on Thursday 11 December.

MMC Contrarian was originally planning to raise \$150 million and has closed its issue at \$200 million, with subscriptions over \$200 million returned to investors.

It has also brought forward its proposed listing date from 29 December.

MMC Contrarian has a distinct investment strategy, not widely available in investment markets, which seeks to avoid the "herd mentality" of investment markets, taking a medium to long term view on "mispriced" equities.

It will be managed jointly by fund manager, MMC Asset Management Limited, and private and listed equity investor, HGL Limited, which owns 39.7 per cent of MMC Asset Management.

Support for MMC Contrarian's issue was national and the company now has approximately 7,000 shareholders.

Investors were sourced from shareholders in HGL, unitholders in MMC managed funds, financial planners, clients of broker to the issue, Bell Potter Securities Limited and the investing public.

According to HGL's chief executive officer and MMC Contrarian director, Mr Kevin Eley, the extent of support for the offer was pleasing and a tribute to the long term investing track records of HGL and MMC.

"MMC Contrarian has differentiated itself from other listed investment companies by adopting a contrarian investment style and the success of this offer demonstrates investors are continuing to seek diversity of their portfolios," Mr Eley said.

MMC Contrarian believes the current investment climate, with a recent increase in official interest rates and a softening in a rising stockmarket created opportunities for a contrarian investor.

According to Mr Erik Metanomski, founder of MMC Asset Management and MMC Contrarian director, there were two positives for MMC Contrarian in the current investment climate.

"We will get a better rate of return on cash with higher interest rates and a more settled market creates buying opportunities for the patient style that is required in contrarian investing," Mr Metanomski said.

"We expect to commence investing funds shortly after listing while also maintaining significant cash reserves as we watch for buying opportunities in coming months," Mr Metanomski added.

Management of MMC Contrarian involves a joint venture between HGL and MMC Asset Management, with MMC Asset Management receiving 60 per cent of management fees and HGL 40 per cent.

HGL is invested in operating businesses across a variety of sectors covering import and distribution and is establishing a significant new area of operation in the funds management sector with MMC Asset Management.

MMC Asset Management was established in 1993 by Mr Erik Metanomski and currently has \$218 million under management through six trusts.

Management fees from MMC Contrarian will be 1.25 per cent with a performance fee of 15 per cent of any positive out performance measured against the ASX All Ordinaries Accumulation Index.

Creation of MMC Contrarian adds a new active management style to MMC Asset Management's successful history as a value investor, acknowledged recently with it being a finalist in the Morningstar Emerging Fund Manager of the Year award in 2003.

In October 2003, MMC Asset Management expanded its management team with the acquisition of AM Constable Limited, a boutique fund manager established in October 2001 with HGL as a founding shareholder.

AM Constable added \$8 million in funds under management and involves its principal, Mr Peter Constable, becoming a member of the MMC Asset Management investment team.

AM Constable returned 21.2 per cent in the year to June 30, ranking it third of 982 open or closed retail unit trusts according to fund data provided by Morningstar.

MMC Asset Management's Value Growth Trust has delivered a return of 22.1 per cent a year after all fees over the past 10 years.

HGL (ASX code: HNG) has reported average compound earnings per share growth since 1990 of 11 per cent a year and for the 10 years to September achieved total shareholder return of 13.42 per cent per annum compared with the ASX All Ordinaries Accumulation Index of 9.0 per cent.

Directors of MMC Contrarian are Messrs Simon Rowell (chairman and also chairman of Greens Foods, formerly chief executive of Snack Foods Limited), Kevin Eley (CEO and director of HGL) and Erik Metanomski (director MMC Asset Management).

**FOR FURTHER
INFORMATION**

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