

MEDIA RELEASE

Top Stock Picks from the No. 1 Ranked Australian Equity Fund

Sydney, 02 September 2010: Small and mid-cap companies can be rewarding investments if you can identify the future performers at this end of the market. Sandy Grant, who manages the number 1 Morningstar rated¹ Australian equities fund, the Wilson HTM Priority Growth Fund, specialises in this area and has identified some of the companies he is keeping an eye on.

Key Stock Picks from the Wilson HTM Priority Growth Fund.

1. Mastermyne Group (MYE)

A coal mining services provider focused primarily in Queensland, but with a growing presence in NSW. Key factors:

- floated at \$1 in April this year and is currently trading at \$1.10
- Wilson HTM 12 month target price of \$1.35
- increased level of confidence in delivery of earnings after FY10 results
- contracts in hand now fully support FY11 revenue forecasts
- additional upside with the prospect of further contract wins
- attractive valuation – both company and sector have strong growth prospects

2. Bow Energy (BOW)

This coal seam gas explorer is based in central Queensland. Key factors:

- currently trading at \$1.37
- Wilson HTM 12 month target price of \$1.80
- upside potential centres around discovering new assets, rather than an earnings play
- could be attractive to a bigger player (similar reserve and resource targets to those of Pure Energy when it was taken over by QGC) and so has the potential to double in price in two to three years.

3. Molopo Energy (MPO)

This petroleum producer is focused on the exploration and development of coalbed methane and other land-based petroleum products. It has a significant interest in several coalbed methane sites located in Queensland, a shale gas project in Quebec, oil projects in Canada, two South African projects and a US gas project. Key factors:

- currently trading at \$1.05
- Wilson HTM 12 month target price of \$2.00
- successfully applied new drilling techniques to improve shale oil flow rates in Canada
- on track to meet production targets
- within trucking (not offshore) distance from the hungry North American market
- despite largely undeveloped reserves, given the expected increase in reserves with further drilling, the stock is undervalued.

4. Retail Food Group (RFG)

The retail food franchisor of Donut King, Michel's Patisserie, Brumby's Bakeries, bb's cafe and Big Dad's Pies. Key factors:

- currently trading at \$2.50
- Wilson HTM 12 month target price of \$3.60
- likely to make a major acquisition within the next 12 months, complementing its strong track record of successful acquisitions (e.g. Brumby's and Michel's)
- good cash flow generator and has continued to reduce debt levels
- positive growth outlook via acquisitions and organically with store rollout opportunities
- earnings growth remains positive despite weak retail conditions and a lack of shopping centre development.

5. Universal Biosensors (UBI)

This specialist medical diagnostics company develops a range of in-vitro diagnostic tests for point-of-care use. Key factors:

- currently trading at \$1.54
- Wilson HTM 12 month target price of \$2.72
- generating revenues from its glucose point-of-care strip
- launched in the Netherlands in January 2010 and is expected to launch into other European markets
- US Food & Drug Administration (FDA) approval and a US launch to occur later in 2010
- UBI is confident of a commercialisation deal for another product by the end of 2010.

6. Wide Bay Australia Ltd (WBB)

This building society, the combination of five Queensland regional building societies, operates primarily in niche markets in regional Queensland. Key factors:

- currently trading at \$10.50
- Wilson HTM 12 month target price of \$11.34
- improving net interest margins/spreads on retail and wholesale funded loans
- strong growth in loan book but low arrears
- low risk business with plenty of upside
- 31.5% increase in post-tax profit for full year 2010
- WBB is increasing its use of mortgage brokers to supplement loan growth and the ratio of new business originated by brokers / total new business has now increased over 20%.
- Risk: While there are no problems specific to WBB, the company is being impacted by weak system loan growth and margin pressure from higher competition for retail deposits.

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***'Currently trading' prices are as at close of 01 September 2010**

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About Wilson HTM

Wilson HTM Investment Group is an ASX listed investment house dating from 1895 with \$10.1 billion in funds under management. The Company's investment philosophy is client outperformance, or alpha. The company has a strategic relationship with Deutsche Bank, which has a 19.9% shareholding, and employs over 400 staff across offices in Sydney, Brisbane, Melbourne and a number of regional centres.

About the Wilson HTM Priority Growth Fund

In the past 1, 3 and 5 years the Priority Growth Fund has outperformed the S&P/ASX Small Ordinaries Accumulation Index by 10.2%, 15.3% and 20.5% per annum respectively².

¹The Wilson HTM Priority Growth Fund ARSN 117 083 762 ('Fund') No. 1 ranking is based on 5 year investment returns for all Australian Equity investment trusts to 31 July 2010 from Morningstar.

The Fund's 5 Star Morningstar rating is based on 3 year and 5 year risk-adjusted returns for the Australian mid/small growth funds category. Investment trust returns are to 31 July 2010. The Morningstar rating is an assessment of a fund's past performance based on both return and risk which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. © 2010 Morningstar, Inc. All rights reserved. Neither Morningstar nor its affiliates nor their content providers guarantee the above data or content to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice has been prepared by Morningstar Australasia Pty Ltd ABN 95 090 665 544, AFSL 240892 a subsidiary of Morningstar, Inc. and the information provided is without reference to your objectives, financial situation or needs. Refer to the Financial Services Guide for more information at www.morningstar.com.au/fsg.pdf, and read the Fund's Product Disclosure Statement before making any decision.

²Returns (net of fees) to 31 July 2010. The Fund's inception date is 4 July 2005. Past performance is not a reliable indicator of future performance. Interests in the Fund are issued by WHTM Capital Management Limited ABN 29 082 494 362 AFSL 238371.

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