

# Portfolio Details 2015-16

Updated to 30 June 2016

*The stocks shown in this document may not be a suitable investment for you at this or any other time. They are there to suit my investment plan and are only shown as part of my ongoing reporting of my returns and teaching of investing skills using my portfolio as an example.*

*You need to assess the relevance of anything in this document to your investment plan, seeking advice from a licensed adviser if you are not able to make such an assessment for yourself.*

*No stock holding or level of market exposure shown in this document is either intended or implied as a recommendation for anyone to invest.*

Current Portfolio Summary Rosncol SMSF															
S&P/ASX All Ordinaries:															
Total Return Index 30.06.15	47,574,921						Holdings Marked to Market	2,164,753				87.9 %			
Total Return Index now	48,530,361						Cash Reserve	297,738				12.1 %			
Total Return Index YTD %	2.01						Total Capital (K)	2,462,491				100.0 %			
Target average annual return %	12.50						Net Capital Gain/Loss	142,858							
Portfolio Total Return YTD %	10.55						Dividends & Trust Dist	77,314			Total KaR	520,144			
Portfolio vs Market YTD %	8.55						Interest	7,232			%K	21.12			
Updated to	30/06/16						Franking Credits	24,402			Comfort level	<20%			
							Bank and broking fees	-120							
							Total Return	251,686							
							TWAC	2,384,785							
SHARE	ASX Code	No of Shares	Avg. Cost	Total Cost	%K Inv	Latest Price	Market Value	%K Now	Unrealised Capital Gain	Dividends	Franking Credits	Total Return	Tot Ret % Cost	Hard Stop	Capital at Risk
Adelaide Brighton	ABC	33,070	4.59	151,905	6	5.57	184,016	7.47	32,111	8,929	3,827	44,866	29.5	3.91	54,841
AGL Energy	AGL	7,920	18.46	146,191	6	19.29	152,624	6.20	6,433			6,433	4.4	14.93	34,497
Ancor	AMC	13,800	10.07	138,987	6	14.93	205,828	8.36	66,841	17,772		84,612	60.9	11.87	42,186
Automotive Holdings Group	AHG	35,430	4.31	152,681	6	3.76	133,084	5.40	-19,597	7,972	3,416	-8,209	-5.4	3.47	10,264
Brambles	BXB	15,300	8.79	134,522	6	12.39	189,377	7.69	54,855	11,268	1,401	67,524	50.2	9.14	49,675
DuluxGroup	DLX	25,500	5.58	142,395	6	6.32	160,999	6.54	18,604	12,212	5,234	36,049	25.3	5.15	29,805
Nick Scali	NCK	14,070	3.34	46,986	2	4.98	69,999	2.84	23,013	3,832	1,642	28,487	60.6	3.13	26,003
Orora	ORA	76,260	1.87	142,854	6	2.76	210,267	8.54	67,414	8,936	730	77,080	54.0	1.93	63,233
Pact Group Holdings	PGH	17,210	5.71	98,346	4	6.03	103,673	4.21	5,326			5,326	5.4	4.49	26,477
Ramsay Health Care	RHC	2,900	19.68	57,071	3	71.76	207,896	8.44	150,825	9,701	4,152	164,677	288.5	54.77	49,222
Retail Food Group	RFG	8,660	5.61	48,545	2	5.53	47,842	1.94	-703			-703	-1.4	3.89	14,188
Sonic Healthcare	SHL	8,100	16.48	133,455	6	21.55	174,380	7.08	40,926	13,797	2,886	57,609	43.2	16.16	43,615
TPG Telecom	TPM	9,100	4.89	44,544	2	11.90	108,182	4.39	63,638	2,525	1,082	67,246	151.0	8.83	27,909
Vita Group	VTG	16,680	3.01	50,244	2	4.11	68,486	2.78	18,242	961	412	19,614	39.0	2.12	33,160
Wesfarmers	WES	3,697	43.12	159,431	6	40.10	148,101	6.01	-11,330	16,197	6,942	11,809	7.4	36.02	15,069
<b>Totals</b>		<b>287,697</b>		<b>1,648,156</b>			<b>2,164,753</b>		<b>516,598</b>	<b>114,100</b>	<b>31,724</b>	<b>662,422</b>	<b>40.2</b>		<b>KaR 520,144</b>
							<b>less Capital gain carried forward from previous year</b>		<b>415,591</b>						<b>%K 21.12</b>
							<b>Current year capital gain/loss</b>		<b>101,007</b>						

## Note

My actual return will tend to lag the ASX All Ordinaries Total Return index during the year when the cash balance is significant because interest income on my broking account cash reserve is generally not available until up to a week or so after the end of any month. Whether the last month's interest is included above can be ascertained from the Interest spreadsheet later in this document.

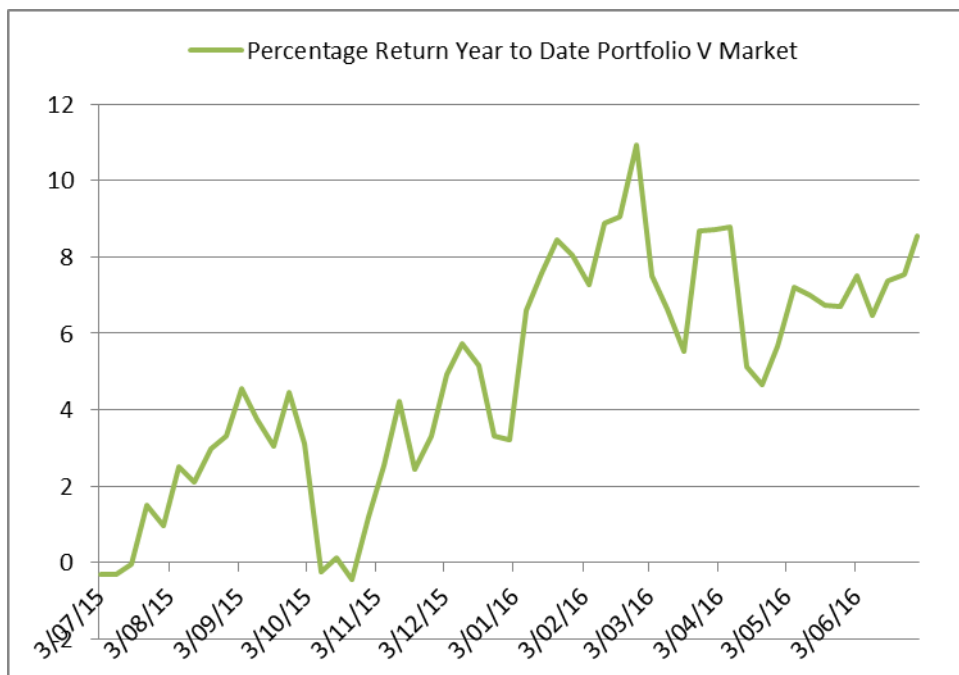
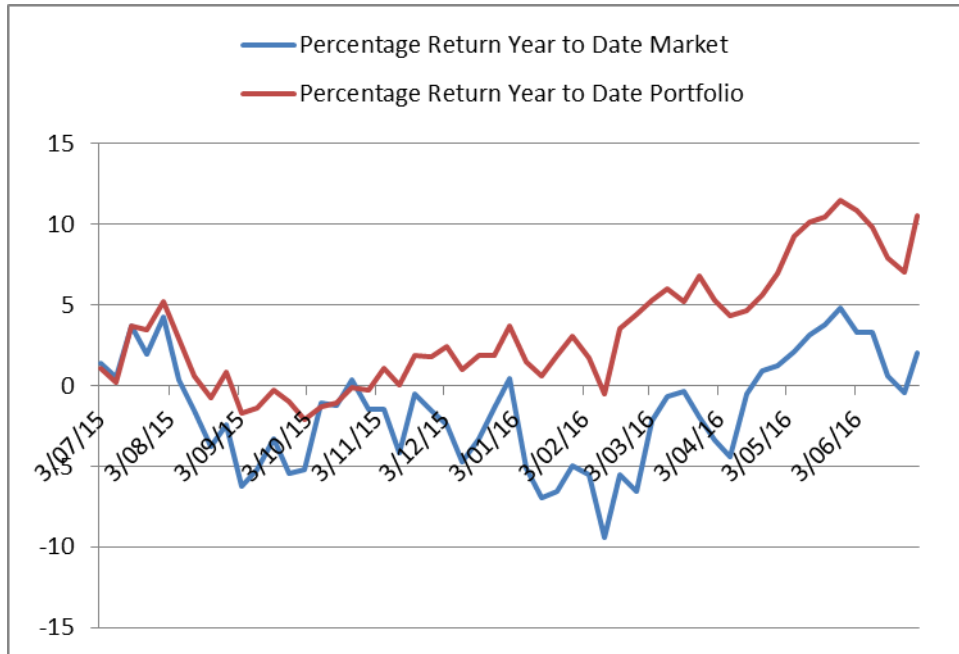
I now recognise dividends and franking credits on the ex-dividend date, which better aligns my return with the Total Return index (although it only reinvests dividends).

## Please Note

My Excel workbook is not a commercial product, but designed by me to reflect my specific needs

and modified as and when necessary. I have in the past given it to a few members, but in some cases it led to considerable grief for me. Please do not ask for it.

Portfolio return year to date benchmarked against the market (ASX All Ordinaries Total Return index):



These graphs are updated at the end of each week, not the end of each month unless they happen to coincide.

<b>Current Holdings</b>					
<b>Company</b>	<b>ASX Code</b>	<b>Date</b>	<b>Conf. Note No</b>	<b>No of Shares</b>	<b>Purchase Cost</b>
Adelaide Brighton	ABC	13/04/15	3660383	11,330	52,043.71
Adelaide Brighton	ABC	15/07/15	3779368	10,870	49,930.72
Adelaide Brighton	ABC	15/07/15	3779452	10,870	49,930.72
AGL Energy	AGL	20/04/16	4154012	7,920	146,190.85
Amcor (Purch cost adj for demerger)	AMC	19/08/13	3055708	4,100	39,302.91
Amcor (Purch cost adj for demerger)	AMC	18/11/13	3150214	4,000	39,984.77
Amcor	AMC	18/12/13	3178033	3,900	40,600.56
Amcor	AMC	3/01/14	3187380	1,800	19,099.09
Automotive Holdings Group (was AHE)	AHG	27/03/15	3645195	12,350	52,020.33
Automotive Holdings Group	AHG	15/05/15	3705704	11,340	50,727.82
Automotive Holdings Group	AHG	15/07/15	3779314	11,740	49,932.42
Brambles (Purch cost adj for demerger)	BXB	19/08/13	3055617	4,700	39,519.88
Brambles (Purch cost adj for demerger)	BXB	29/10/13	3130177	4,600	40,227.87
Brambles	BXB	3/01/14	3187458	6,000	54,774.73
DuluxGroup	DLX	3/01/14	3188138	8,640	46,183.73
DuluxGroup	DLX	12/11/14	3494599	8,620	48,135.68
DuluxGroup	DLX	20/11/14	3501298	8,240	48,075.23
Nick Scali	NCK	8/11/13	3143006	7,200	22,235.21
Nick Scali	NCK	13/08/15	3817907	6,870	24,750.55
Orora	ORA	19/08/13	Demerger	4,100	4,611.17
Orora	ORA	18/11/13	Demerger	4,000	4,690.95
Orora	ORA	28/01/14	3207499	26,170	34,055.02
Orora	ORA	31/07/15	3800811	21,940	50,938.98
Orora	ORA	6/10/15	3887056	20,050	48,557.39
Pact Group Holdings	PGH	1/06/16	4225625	151	849.05
Pact Group Holdings	PGH	2/06/16	4228120	5,199	28,873.14
Pact Group Holdings	PGH	3/06/16	4230510	3,580	19,888.88
Pact Group Holdings	PGH	24/06/16	4260998	8,280	48,735.09
Ramsay Health Care	RHC	9/11/11	2527295	2,900	57,071.02
Retail Food Group	RFG	18/04/16	4149409	8,660	48,544.50
Sonic Healthcare	SHL	27/08/13	3065368	2,700	42,810.77
Sonic Healthcare	SHL	20/11/13	3153758	2,700	43,709.68
Sonic Healthcare	SHL	27/03/14	3272416	2,700	46,934.18
TPG Telecom	TPM	20/12/13	3180271	9,100	44,543.50
Vita Group	VTG	9/03/16	4098274	16,680	50,244.45
Wesfarmers (adj for Cap Rets & Cap Mgt)	WES	8/11/13	3142932	971	42,292.49
Wesfarmers (adj for Cap Ret & Cap Mgt)	WES	18/11/13	3150304	995	43,703.34
Wesfarmers (adj for Cap Ret & Cap Mgt)	WES	9/05/14	3309731	1,071	45,978.57
Wesfarmers	WES	16/07/15	3781922	660	27,456.78
<b>Totals for Current Holdings</b>				<b>287,697</b>	<b>1,648,156</b>

Sales									
Company	ASX Code	Purchases				Sales			Result Capital Gain/Loss
		Date	Conf. Note No	No of Shares	Purchase Cost	Date	Conf. Note No	Sale Value	
Leave blank									
Aust Foundation Investment Co	AFI	16/09/14	3437959	7,630	46,425.19	14/08/15	3819638	46,736.82	311.63
Brierty	BYL	4/09/14	3427002	42,080	23,661.63	17/08/15	3820891	11,998.43	-11,663.20
Brierty	BYL	13/04/15	3659784	42,000	15,971.97	17/08/15	3820891	11,975.62	-3,996.35
Brierty	BYL	13/04/15	3660194	25,760	9,669.90	17/08/15	3820891	7,345.05	-2,324.85
Credit Corp Group	CCP	19/08/13	3055686	4,300	43,820.88	1/10/15	3881622	40,776.39	-3,044.49
Credit Corp Group	CCP	10/09/13	3080119	4,000	42,642.60	1/10/15	3881622	37,931.53	-4,711.07
Credit Corp Group	CCP	15/01/15	3553414	4,520	47,100.26	1/10/15	3881622	42,862.63	-4,237.63
Credit Corp Group	CCP	23/10/15	3908422	5,170	48,365.47	28/10/15	3914846	45,496.00	-2,869.47
Collection House	CLH	12/07/13	3022826	24,400	43,695.85	16/12/15	3983270	39,307.45	-4,388.40
Collection House	CLH	12/09/13	SPP	3,697	6,100.05	16/12/15	3983270	5,955.72	-144.33
Collection House	CLH	17/02/14	3228211	7,701	14,222.56	16/12/15	3983270	12,406.01	-1,816.55
Collection House	CLH	28/02/14	3243529	13,032	24,916.01	16/12/15	3983270	20,994.04	-3,921.97
Collection House	CLH	15/04/15	3664424	23,320	52,275.98	16/12/15	3983270	37,567.61	-14,708.37
Collins Foods	CKF	3/02/14	3212955	12,375	24,774.75	6/04/16	4132550	45,589.14	20,814.39
Collins Foods	CKF	4/02/14	3213793	9,775	19,569.55	6/04/16	4132550	36,010.81	16,441.26
Collins Foods	CKF	27/01/15	3565426	20,160	47,815.04	6/04/16	4132550	74,268.85	26,453.81
Lend Lease Group	LLC	24/10/13	3126451	3,400	38,118.08	23/09/15	38711173	43,249.54	5,131.46
Lend Lease Group	LLC	27/03/14	3272324	4,570	53,829.24	23/09/15	38711173	58,132.47	4,303.23
Lend Lease Group	LLC	1/09/14	3422707	3,360	46,739.02	23/09/15	38711173	42,740.72	-3,998.30
Milton Corporation	MLT	4/02/14	3214460	31,050	133,026.89	3/09/15	3850101	134,655.93	1,629.04
Recall Holdings	REC	19/08/13	Demerger	940	3,951.51	1/07/15	3763896	6,565.67	2,614.16
Recall Holdings	REC	29/10/13	Demerger	920	4,022.34	1/07/15	3763896	6,425.98	2,403.63
Recall Holdings	REC	10/02/14	3220433	8,110	36,125.59	1/07/15	3763896	56,646.38	20,520.79
Thorn Group	TGA	25/11/14	3506039	12,090	35,087.30	8/07/15	3771215	29,719.09	-5,368.21
Whitefield	WHF	15/01/15	3553632	11,000	46,686.64	15/07/15	3780576	49,462.87	2,776.23
Whitefield	WHF	15/01/15	3553632	7,000	29,709.68	15/07/15	3780636	31,476.37	1,766.69
Whitefield	WHF	15/01/15	3553632	16,000	67,907.84	30/07/15	3798970	71,786.12	3,878.28
<b>Totals for Sold Holdings</b>					<b>1,006,231.83</b>			<b>1,048,083.25</b>	<b>41,851.42</b>

Dividends									
Company	ASX Code	No Shares	Div Amt \$	Frk %	Ex-Div Date	Payment Date	Franked Amount	Unfranked Amount	Franking Credit
Adelaide Brighton	ABC	33,070	0.120	1	3/09/15	9/10/15	3,968.40	0.00	1,700.74
Adelaide Brighton	ABC	33,070	0.150	1	10/03/16	12/04/16	4,960.50	0.00	2,125.93
Amcor	AMC	13,800	0.286	0	7/09/15	30/09/15	0.00	3,941.28	0.00
Amcor	AMC	13,800	0.267	0	23/02/16	22/03/16	0.00	3,688.74	0.00
Aust Foundation Investment Co	AFI	7,630	0.140	1	7/08/15	28/08/15	1,068.20	0.00	457.80
Automotive Holdings Group	AHG	35,430	0.130	1	10/09/15	2/10/15	4,605.90	0.00	1,973.96
Automotive Holdings Group	AHG	35,430	0.095	1	17/03/16	6/04/16	3,365.85	0.00	1,442.51
Brambles	BXB	15,300	0.140	0.3	9/09/15	8/10/15	642.60	1,499.40	275.40
Brambles	BXB	15,300	0.145	0.3	10/03/16	14/04/16	554.63	1,663.87	237.70
Collection House	CLH	72,150	0.047	1	22/09/15	16/10/15	3,391.05	0.00	1,453.31
Collins Foods	CKF	42,310	0.065	1	7/07/15	23/07/15	2,750.15	0.00	1,178.64
Collins Foods	CKF	42,310	0.060	1	8/12/15	23/12/15	2,538.60	0.00	1,087.97
DuluxGroup	DLX	25,500	0.115	1	24/11/15	15/12/15	2,932.50	0.00	1,256.79
DuluxGroup	DLX	25,500	0.115	1	23/05/16	10/06/16	2,932.50	0.00	1,256.79
Lend Lease Group	LLC	11,330	0.229	0.3	27/08/15	18/09/15	647.82	1,943.45	277.64
Milton Corporation	MLT	31,050	0.103	1	13/08/15	3/09/15	3,198.15	0.00	1,370.64
Nick Scali	NCK	14,070	0.080	1	5/10/15	28/10/15	1,125.60	0.00	482.40
Nick Scali	NCK	14,070	0.090	1	29/02/16	23/03/16	1,266.30	0.00	542.70
Orora	ORA	56,210	0.040	0.3	8/09/15	13/10/15	674.52	1,573.88	289.08
Orora	ORA	76,260	0.045	0.3	29/02/16	6/04/16	1,029.51	2,402.19	441.22
Ramsay Health Care	RHC	2,900	0.605	1	4/09/15	24/09/15	1,754.50	0.00	751.93
Ramsay Health Care	RHC	2,900	0.470	1	8/03/16	30/03/16	1,363.00	0.00	584.14
Sonic Healthcare	SHL	8,100	0.410	0.6	9/09/15	22/10/15	1,826.55	1,494.45	782.81
Sonic Healthcare	SHL	8,100	0.300	0.3	3/03/16	6/04/16	729.00	1,701.00	312.43
TPG Telecom	TPM	9,100	0.060	1	9/10/15	17/11/15	546.00	0.00	234.00
TPG Telecom	TPM	9,100	0.070	1	18/04/16	24/05/16	637.00	0.00	273.00
Vita Group	VTG	16,680	0.058	1	11/03/16	8/04/16	960.77	0.00	411.76
Wesfarmers	WES	3,697	1.110	1	25/08/15	30/09/15	4,103.67	0.00	1,758.72
Wesfarmers	WES	3,697	0.910	1	29/02/16	7/04/16	3,364.27	0.00	1,441.83
<b>Pending Payments (dividends for stocks that are trading ex-dividend, but not yet paid)</b>									
<b>Year Totals (includes pending dividend payments)</b>							<b>56,937.54</b>	<b>19,908.26</b>	<b>24,401.84</b>
<b>Pending Dividends (dividends that have been declared, but the stocks are not yet trading ex-dividend)</b>									

**Pending Payments:** I include them in my returns on the ex-dividend date, because I have become entitled to them. This lines my return up closer to the benchmark I use: the ASX All Ordinaries Total Return index.

**Pending Dividends** These dividends are not included in my return until the stock trades ex-dividend and I am irrevocably entitled to the dividend and at which point they are also recognised in the benchmark ASX All Ordinaries Total Return index.

Trust Distributions									
Company	ASX Code	No Shares	Div Amt \$	Frk %	Ex-Div Date	Payment Date	Franked Amount	Unfranked Amount	Franking Credit
Lend Lease Group	LLC	11,330	0.041	0	27/01/00	18/09/15	0.00	467.83	0.00
<b>Year Totals</b>							<b>0.00</b>	<b>467.83</b>	<b>0.00</b>

Interest			
	BWA	CBA	
	CMC	Business	Portfolio
Date	Account	Online Saver	Net Total
31/07/15	84.97		
1/07/15		41.19	
1/08/15		13.84	
31/08/15	87.95		
1/09/15		13.16	
30/09/15	314.81		
1/10/15		12.53	
30/10/15	739.30		
1/11/15		12.68	
30/11/15	812.51		
1/12/15		10.10	
31/12/16	728.72		
1/01/16		24.25	
29/01/16	864.02		
1/02/16		32.48	
29/02/16	924.88		
1/03/16		30.42	
31/03/16	859.82		
1/04/16		23.10	
29/04/16	794.45		
31/05/16	446.47		
30/06/16	360.60		
<b>TOTAL</b>	<b>7,018.50</b>	<b>213.75</b>	<b>7,232.25</b>

Various Fees			
Date	Description	Location of documents	Amount
<b>These items relate to investment return</b>			
1/07/15	Account Fee	Business Transaction A/C Statement	10.00
1/08/15	Account Fee	Business Transaction A/C Statement	10.00
1/09/15	Account Fee	Business Transaction A/C Statement	10.00
1/10/15	Account Fee	Business Transaction A/C Statement	10.00
1/11/15	Account Fee	Business Transaction A/C Statement	10.00
1/12/15	Account Fee	Business Transaction A/C Statement	10.00
1/01/16	Account Fee	Business Transaction A/C Statement	10.00
1/02/16	Account Fee	Business Transaction A/C Statement	10.00
1/03/16	Account Fee	Business Transaction A/C Statement	10.00
1/04/16	Account Fee	Business Transaction A/C Statement	10.00
1/05/16	Account Fee	Business Transaction A/C Statement	10.00
1/06/16	Account Fee	Business Transaction A/C Statement	10.00
<b>TOTAL</b>			<b>120.00</b>
<b>These items are not included in calculation of investment return, but are adjustments to TWAC</b>			
27/11/15	WRG invoice 4571 Financial Statement/Audit/Tax Return	Tax Deductible Expenses	3,300.00
31/12/15	WRG invoice 4608 SuperCentral trust deed update service	Tax Deductible Expenses	220.00
5/04/16	ASIC fee	Tax Deductible Expenses	46.00
5/04/16	WRG invoice 4728 Company statement preparation for ASIC	Tax Deductible Expenses	198.00
<b>TOTAL</b>			<b>3,764.00</b>

Time Weighted Average Capital (TWAC) Calculation						
Description	First Date	Last Date	Days	Amount	New Total	TWAC
Start year Portfolio Value					2,376,789	
<b>Plus</b> start year Cash Reserve					70,688	
<b>Start year Total Capital</b>					<b>2,447,478</b>	
Start year Total Capital	30/06/15	16/07/15	16		2,447,478	106,994
TGA Div (2014/15 return received in 2015/16)	16/07/15	27/11/15	134	816.08	2,448,294	896,370
WRG invoice 4571	27/11/15	1/12/15	4	-3,300.00	2,444,994	26,721
Pensions	1/12/15	8/12/15	7	-69,000.00	2,375,994	45,443
Franking credits refund by ATO	8/12/15	31/12/15	23	29,034.69	2,405,029	151,136
WRG Invoice 4608	31/12/15	23/03/16	83	-220.00	2,404,809	545,353
Pensions	23/03/16	5/04/16	13	-68,500.00	2,336,309	82,984
ASIC fee and WRG invoice 4728	5/04/16	21/04/16	16	-244.00	2,336,065	102,123
Additional pensions	21/04/16	30/06/16	70	-100,000.00	2,236,065	427,663
<b>TWAC</b>			<b>366</b>			<b>2,384,785</b>
WRG invoice descriptions - see Various fees						

## Calculation of my Returns and TWAC

The following section is a discussion of the technical issue of how I have gone about calculating my returns. I have included it because, whenever I have mentioned it in the past, I have received many questions. Hopefully, I will now address those questions for those readers who are interested.

The discussion which follows is entirely a pre-tax calculation. It includes franking credits, because they are a part of the pre-tax return in the Australian taxation system. Overseas investors may simply disregard them.

At the start of the year and at the end of every day through the year, I value my stocks at the last or closing prices for that day. I also deduct the known transaction costs assuming that I realised the holdings at those prices. I do not make any allowance for slippage. Slippage is a jargon term in most markets for the difference between the last or quoted price in the market and the actual price achieved when the transaction is actually executed.

These are six **components in calculating my return** at any point through the year:

1. The total unrealised gain/loss for stocks currently in my portfolio.
2. The total realised gain/loss for stocks I have sold during the year.
3. The total of franked and unfranked dividends earned so far in the year.
4. Franking credits attached to dividends paid during the year.
5. Interest received on the cash reserve so far in the year.
6. Costs of software, data and communications, but see Note 8 below.

Note 1	The purchase and sale price of all stocks that are in, or have been in, my portfolio is net of brokerage commission and GST. GST may not apply to investors who are not Australian residents for tax purposes.
Note 2	The original cost of a stock holding is reduced for any capital returns by the company.
Note 3	At the start of the year and at the end of every day through the year, I value my stocks at the last or closing prices for that day.
Note 4	In valuing the stocks held at the end of every day through the year, I also deduct the anticipated transaction costs assuming that I had realised the holdings at the closing prices.
Note 5	In valuing the stocks held at the end of every day through the year, I do not make any allowance for slippage. Slippage is a jargon term in most markets for the difference between the last or

	quoted price in the market and the actual price achieved when the transaction is actually executed.
Note 6	A franking credit is the notional tax already paid by the company on the profit from which the dividend has been paid. This is not relevant for investors who are not Australian residents.
Note 7	I record interest earned on the cash reserve when I receive a bank statement after the end of each month. Until the interest amounts are entered, the return so far in the year will be understated. This can be significant.
Note 8	I also have some costs for software, data feed and communications. These are paid out of my income from writing, which is separate to the investment return calculation. Readers who are in a different situation, or myself if I give up writing, should deduct these costs from their portfolio total return before calculating the rate. These costs are not material for me, so they would not impact on my return if I included them.

The calculation of the rate of return is easy if there are no additions to or subtractions from capital during the course of the year, other than from investment activity. However:

- In some years, there will be a few additions if more capital becomes available for investment.
- There will also be some capital withdrawn for taxation, SMSF administration costs and pensions taken from the SMSF.

This can make things very complicated. There are several ways to work out the return, but as a practical person, I have opted for a fairly simple procedure.

In working out the return, I take the net total of the first **components in calculating my return** listed before the table of notes above. I then calculate the return not on the starting capital, but on the time weighted average capital (TWAC). The calculation of TWAC is very simple. I work out how much capital I had to invest for how many days and weight it by the fraction of the year for which it was available. Here is a simple example to illustrate the method, using an Australian financial year:

#### *Facts*

- On 1 July, I start with \$1,000,000.
- On 5 September, I withdraw \$50,000.
- On 17 March, I add \$160,000.

#### *TWAC Calculation*

Period	Days	Capital Available	Calculation	Time Weighted Capital
1 July – 4 September	66	1,000,000	$1,000,000 \times 66 \div 365$	180,822
5 September – 16 March	193	950,000	$950,000 \times 193 \div 365$	502,329
17 March – 30 June	106	1,110,000	$1,110,000 \times 106 \div 365$	322,356
<b>TWAC</b>	365			<b>1,005,507</b>

Note: in a financial year that includes February 29 (occurs in a leap year), I use 366, not 365 days.

#### *Return Calculation*

So, if the net total of the **components in calculating my return** listed above was \$185,500, my return for the year would be calculated as follows:

$$\text{Return} \div \text{TWAC} \times 100 = \text{Return\%}$$



$185,500 \div 1,005,507 \times 100 = 18.45\%$

This is the before tax return and is roughly comparable to the ASX Accumulation index, which assumes reinvestment of dividends.

### **Note Regarding TWAC with respect to Franking Credits and some Dividends**

Franking credits are part of the dividends paid twice a year. As such, they are part of the return for the year, so I include both the dividends and the franking credits in my return for the year on the ex-dividend dates, which are the dates on which I become entitled to the dividends and the franking credits.

The dividends are then paid and are added to the cash reserve when received. This is usually in the same year that the dividends go ex-dividend, but sometimes in the next year (e.g. Thorn Group FY2015, which went ex-dividend on 30 June, but the dividend was paid in July. In this case the cash comes in in the next year, when an adjustment is made to TWAC for the increase in cash in that year.

Franking credits are different depending on the tax rate paid by the portfolio:

For the super fund, which pays no tax, the franking credits are received as cash in the next year. This means cash is coming in, but it does not relate to the return for that year, but the year before. I therefore make an adjustment to TWAC to reflect the increase in capital for that year. The Thorn Group dividend will have to be treated the same way when received in the next year.