

Investment Update Presentation

Premium Investors Annual General Meeting

October 31st 2007

David Cooper

Managing Director, Treasury Group &
Chairman of the Investment Committee



Premium^{*}
Investors Limited

ASX code: PRV

\$287 million

Over 7,000 investors

Premium Investors Investment objective



- High long term real rate of return.

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- Reduce the risk and quantum of capital loss over the short term.

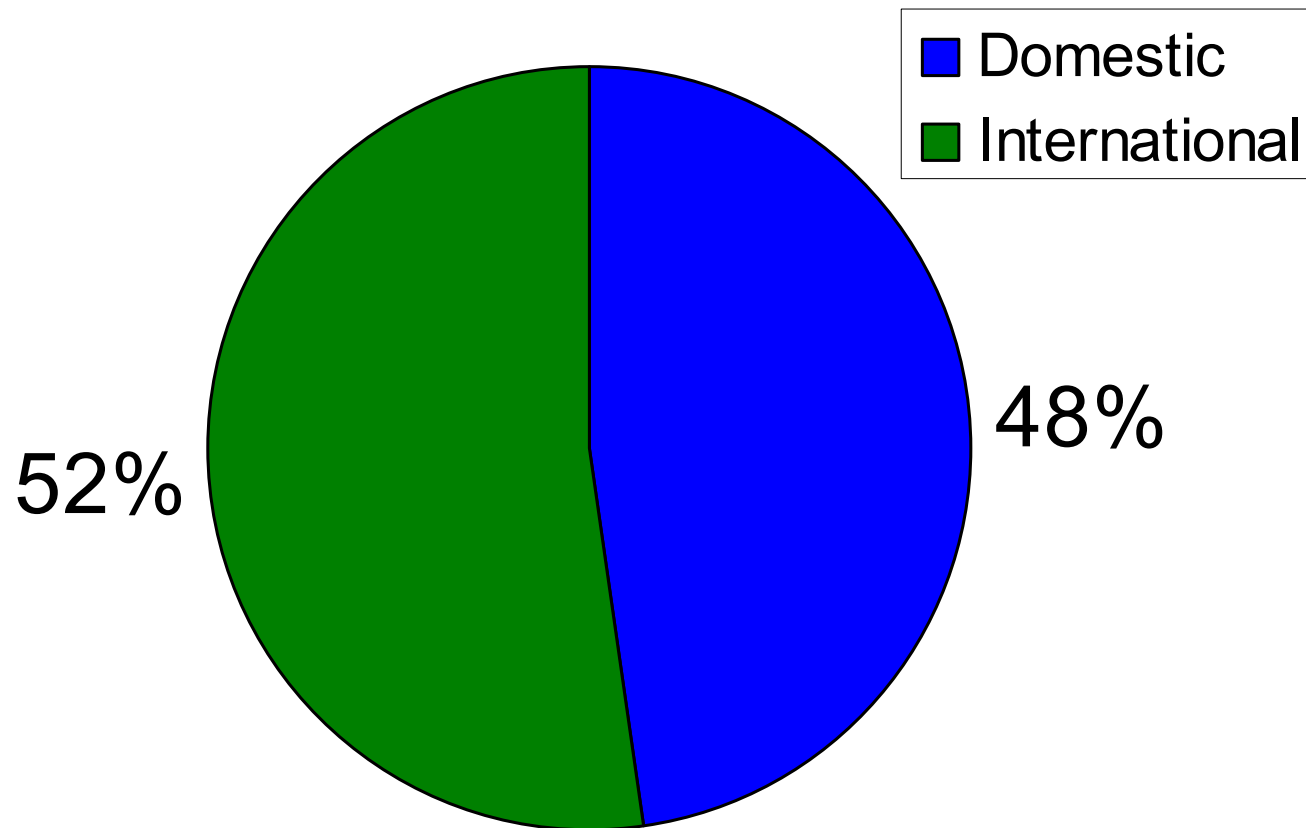
- Strong dividend focus.
- Each manager clearly understands the Premium board's desire to pay an attractive competitive dividend.

Dividend payments

Type	Cents per share	<u>Franking %</u>	<u>Dividend Pay Date</u>
Interim	0.4	100	31-Mar-04
Final	1.6	100	30-Sep-04
Interim	2.0	100	7-Apr-05
Final	4.0	100	30-Sep-05
Interim	4.0	100	31-Mar-06
Final	4.0	100	29-Sep-06
Interim	4.0	100	31-Mar-07
Final	4.5	100	13-Sep-07

A mix of Australian and international assets

Premium
Investors Limited



1 year performance to end September 2007



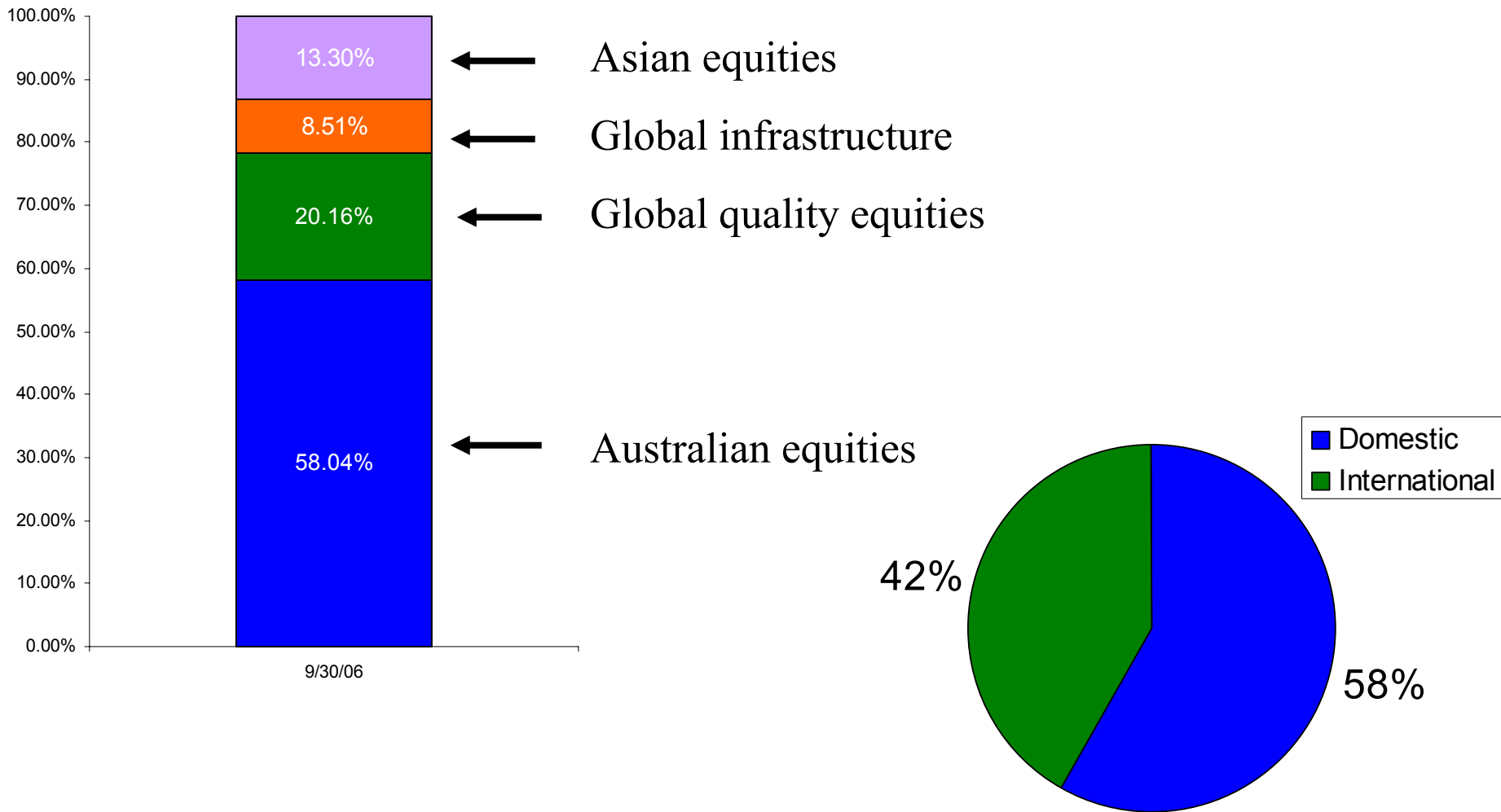
Capital gain 12.1%

Capital gain and dividends: 20.4%

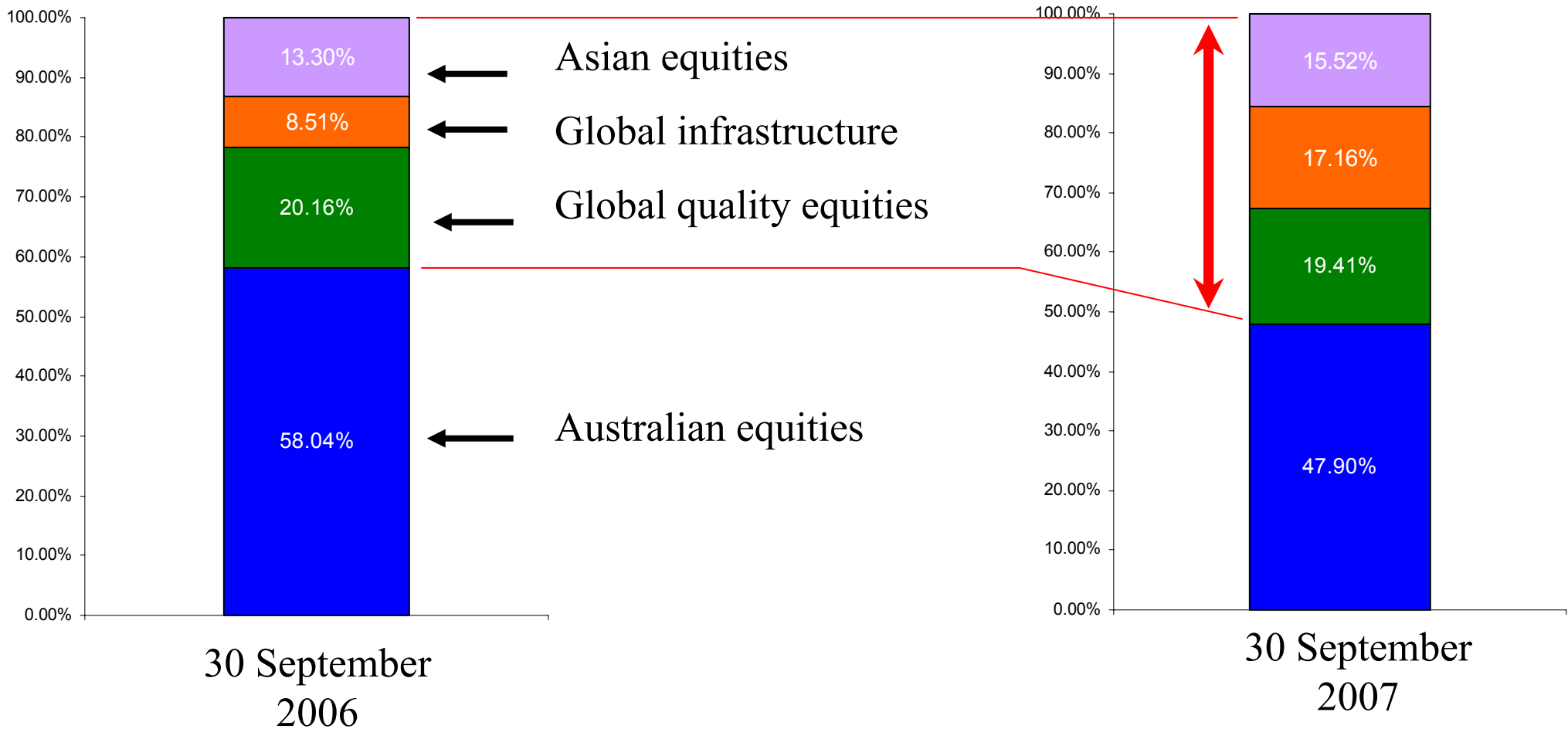
ASX300	32.7%	Dow Jones (US)	2.5%	<u>AUD</u> (21.7%)
World markets (MSCI)	5.0%	FTSE (UK)	3.4%	(12.5%)
		NIKKEI (Japan)	-8.9%	(5.1%)
		Han Seng (Hong Kong)	34.8 %	(59.4%)
		DAX30 (Germany)	23.8 %	(30.9%)

(x) Shows the returns in Australian currency

The portfolio mix in September 2006



Moving on to September 2007



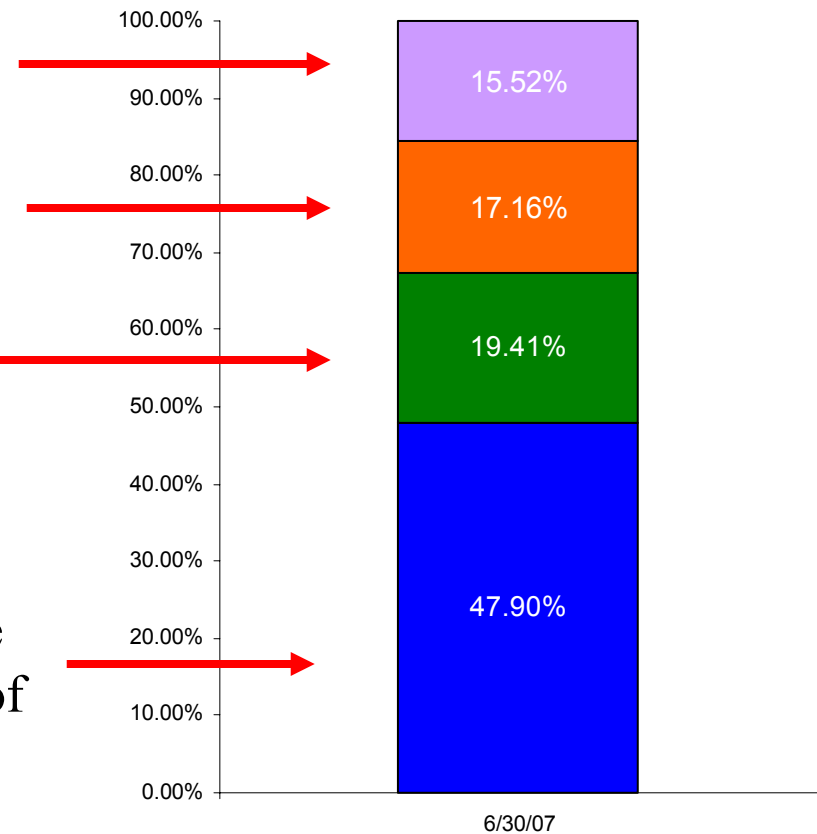
Moving on to September 2007

Asian equities – increased due to strong returns in the region

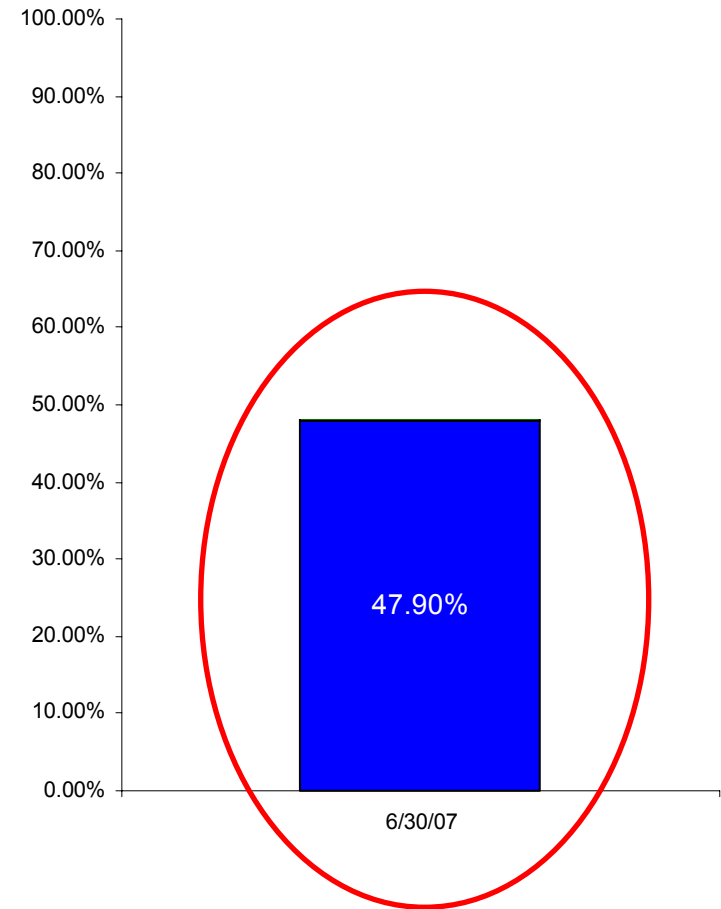
Global infrastructure – increased to take advantage of the good risk return characteristics

Global quality equities

Australian equities – reduced to bring more balance with international equities and lower the volatility of the portfolio



Australian equities



Armytage and Confluence replaced

Australian equities - changes

Armytage

- income strategy using derivatives to create extra income for the portfolio.
- This was successful but had a higher level of volatility than we were comfortable with.
- We thank Armytage on behalf of Premium shareholders for their excellent contribution.

Confluence

- Smaller companies strategy that was highly successful for Premium.
- The Confluence business has been closed due to other business interests by the key person and as such we were required to reallocate the funds.
- We thank Confluence staff on behalf of Premium shareholders for their excellent contribution.

Australian equities - opinion



Feedback from Orion Asset Management

- Currently de-risking the portfolio
- Increasing income
- Expecting a softer period for Australian equities
- Resources looking less attractive
- Bullish 12 months ago but more concerned now about valuations

Australian equities – a new high quality addition

□ Hugh Giddy

Perennial Value
Platinum
Orbis (London)

□ Andy Forster

Deutsche
State Street
Westpac

□ David Greer

Macquarie Equities
Ernst and Young

□ Daniel Mueller

MMC
Colonial First State
KPMG

□ Daniel Moore

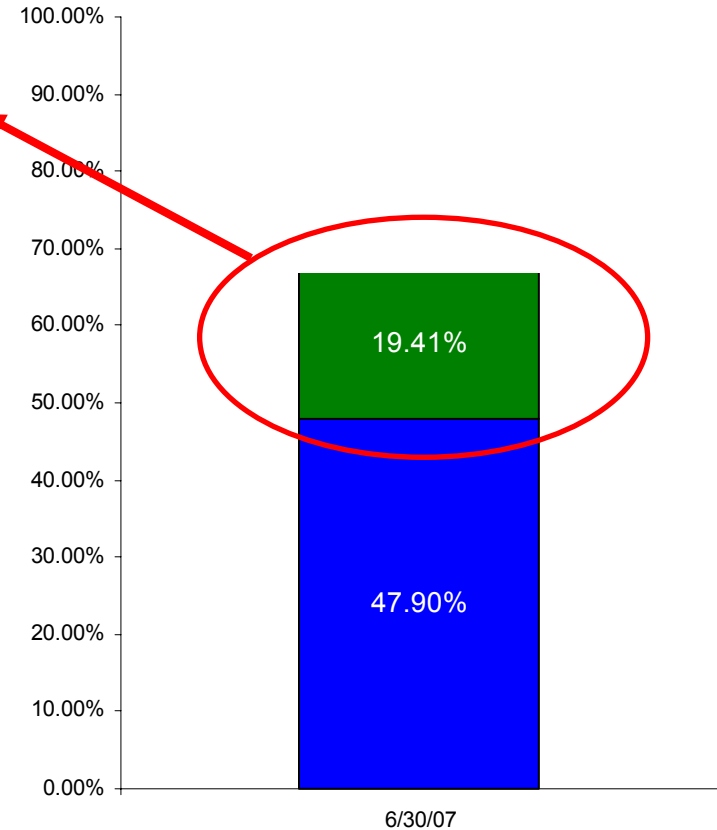
BT
Westpac
KPMG

□ Alison Williamson

HSBC
Westpac / AGC
Perpetual



Global value equities



- ✓ Strong Business
- ✓ Strong management
- ✓ Good valuation



➔ 40,000 global
listed companies

Filter



Take out:

1. Companies that don't make profits
2. Emerging markets
3. Companies that don't pay a dividend



600 Companies

Premium*
Investors Limited



40 to 60 "best ideas"

Research



Global value equities



Canada

P/E 11.7

Div Yield 7.7

Directories



France

P/E 8.2

Div Yield 5.2

Banking & Insurance



UK

P/E 15.0

Div Yield 4.0

Mobile Telephone



France

P/E 9.5

Div Yield 3.6

Integrated Energy



Switzerland

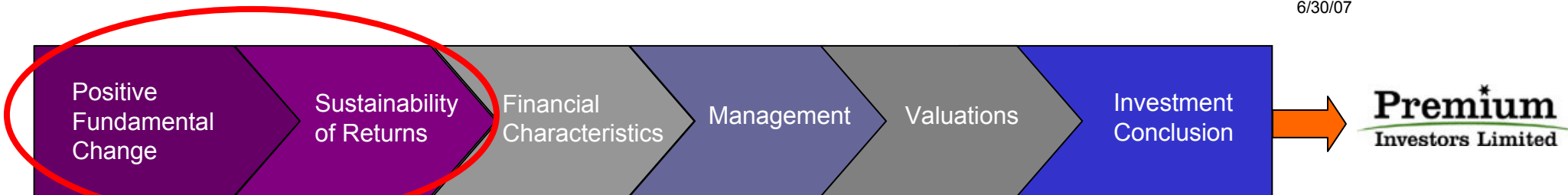
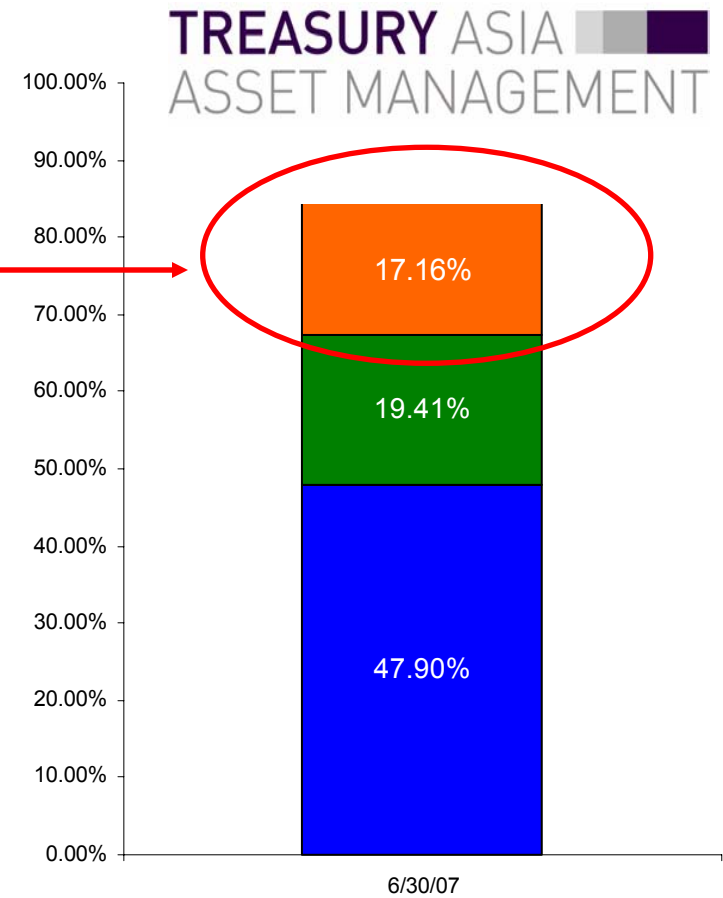
P/E 20.7

Div Yield 2.4

Branded foods



Quality Asian equities



China Milk

- Raw milk producer in China
- China milk consumption expected to rise dramatically due to government promotion.
- China Milk is a producer of bovine semen which helps cow-milk production efficiency in China
- Moving into upstream milk production
- Milk has been identified as one of the key items that the government wants to help build a stronger nation especially with the upcoming Beijing Olympics



The Group owns a total of 100,000 square metres of cow-shed land area, 125 million square metres of grassland and 1.83 million square metres of farm land.



Retail

- Operator of the famous SOGO department store in HK and developing big scale department store in China.
- Beneficiary of rising consumption in China.
- Domestic consumption is expected to grow at 15% per annum for the next 5 years.
- Department stores are expected to be the main retail format as a more affluent population buy more luxury goods.



Retirement savings

- Transformation from a brokerage to a fund management / distribution company
- Korea's pension fund system is still at its infancy similar to Australia Superannuation System back in the early 90s.
- Percentage of equities in the pension system is only 14%.



Megaworld Corporation

Property

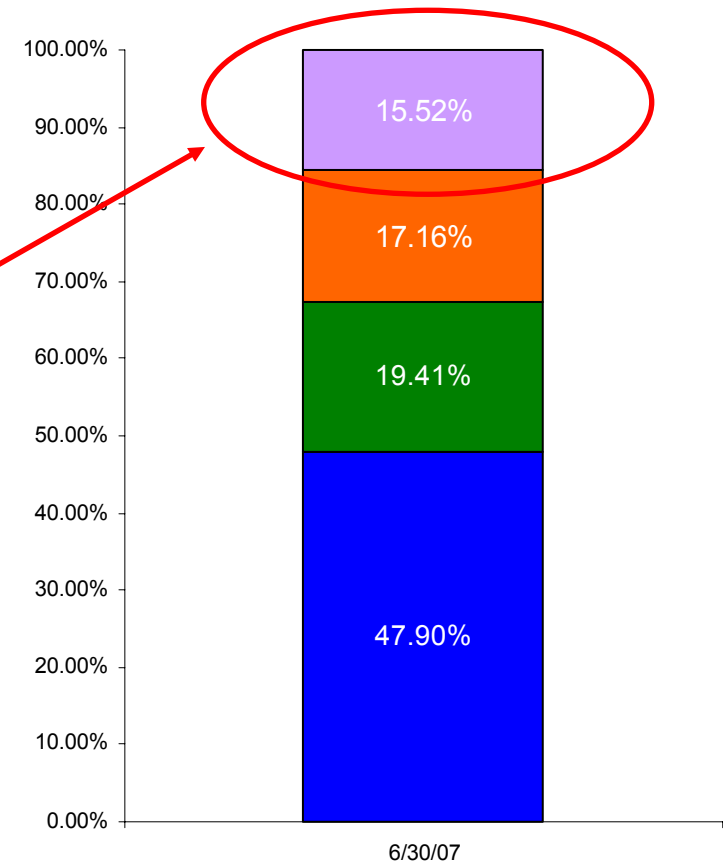
- Megaworld is a property developer in Philippines and owner of call centres building in the Philippines.
- Beneficiary of 2 biggest trends supporting the Philippines economy :
 1. Foreign workers remittances
 2. Call centre outsourcing
- Philippines is the 2nd largest call centre outsourcing country in the world (2nd only to India).
Megaworld is a pioneer in developing call centre buildings.



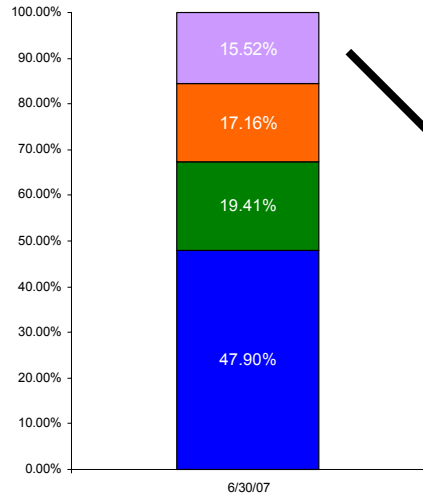
Australian Dollar

1.	China Milk	780M
2.	Lifestyle	4.5BN
3.	Korea Investment	4.7 BN
4.	United Tractor	3.7BN
5.	Sinofert	5.4BN
6.	Megaworld	2.1BN

Global listed infrastructure



Global Listed Infrastructure



- Long dated assets
- Resilient and predictable cash flows
- Largely fixed operating cost base
- Ownership of monopoly assets
- Attractive yield
- Inflation hedge



Sector / Region	Electric, USA
Overview	A pure regulated, vertically integrated electricity generation, transmission, and distribution business in the Carolinas and Florida
Market Capitalisation	USD12.1b
Forecast Yield	5.3%



Sector / Region	Electric, Spain
Overview	A pure regulated electricity transmission company in Spain
Market Capitalisation	USD7.0b
Forecast Yield	3.4%



Sector / Region	Electric, Hong Kong
Overview	A pure regulated, vertically integrated electricity generation, transmission, and distribution business in Hong Kong. Also businesses in China, Australia, Thailand, Taiwan, and India
Market Capitalisation	USD16.7b
Forecast Yield	5.2%



Sector / Region	Gas, Italy
Overview	A pure regulated gas transmission company in Italy
Market Capitalisation	USD10.9b
Forecast Yield	4.8%



Sector / Region

Tollroads, Portugal

Overview

Engaged in the construction, maintenance and operation of highways across Portugal and Brazil, with new exposures to Poland and the US in development

Market Capitalisation

USD7.8b

Forecast Yield

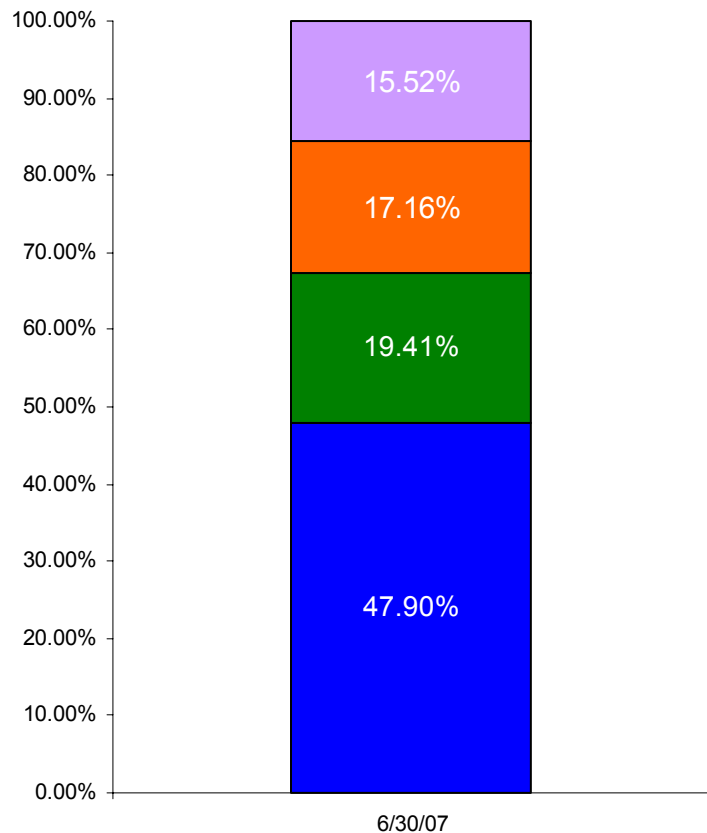
2.9%





Sector / Region	Satellite Communications, France
Overview	Owns and operates a fleet of satellites providing fixed satellite services to broadcasters and communication companies across UK/Europe and US
Market Capitalisation	USD15.3b
Forecast Yield	4.5%

Summary



Investment objective:

- High long term real rate of return.
- Reduce the risk and quantum of capital loss over the short term.
- Maintain an attractive dividend

Outlook for 2007 and 2008

Components of the Premium portfolio	Income			Capital Growth		
	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Low</i>	<i>Medium</i>	<i>High</i>
Australian Equities		✓		✓	✓	

Outlook for 2007 and 2008

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Australian Equities		✓		✓	✓	
Global equity		✓		✓	✓	
Asian equities	✓	✓			✓	✓

Outlook for 2007 and 2008

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	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Low</i>	<i>Medium</i>	<i>High</i>
Australian Equities		✓		✓	✓	
Global equity		✓		✓	✓	
Asian equities	✓	✓			✓	✓
Global infrastructure		✓			✓	

Currently reviewing for 2007 and 2008

Infrastructure

➤ Emerging markets

➤ Renewable energy

➤ Large government spending to support high GDP growth

➤ China, Brazil, Thailand, Eastern Europe etc

➤ Hydro, wind, solar, biofuel, geothermal etc

➤ 347 listed companies

Disclaimer

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