

## Taxation

When buying shares, the treatment of tax is a very important consideration.

Under a "sub" account structure in which, the Parent/Grandparent is the legal and beneficial owner of the shares, generally the Parent/Grandparent:

- Would benefit from any income and capital gains and would bear the burden of any losses.
- Would benefit from any dividends declared by WHSP\*.
- May benefit from any franking credits attached to any dividends.
- May be required to declare any dividends, income and capital gains/losses in their own income tax return.
- Would be required to administer the account through the share registry.

Each individual will have different circumstances and could therefore be taxed at varying rates. WHSP recommend that investors seek independent tax and professional investment advice before buying shares.

For further information on taxation, investors can visit the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au)

## Risks of Investing in WHSP

There are risks associated with investing in Listed Companies as well as risks specifically related to WHSP.

WHSP recommend that investors seek independent tax and professional investment advice before buying shares for a Child/Grandchild.

Investments in shares do not provide a guaranteed return. Share prices may go up or down and they can be volatile. Movements in the share price can be affected by many factors including government policies and market conditions. WHSP does not guarantee any returns on the shares.

Past performance of shares is not a reliable indicator of future performance.



1941

**The Flying Doctor Service Association** named their Dragon Plane "L.M Pattinson" in Recognition of Lewy Pattinson's generous donations. WHSP continues to support the organisation.

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\* Future dividends and franking credits distributed by WHSP are at the discretion of the WHSP Board.



## Washington H. Soul Pattinson and Company Limited

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## *Providing an Investment Opportunity for the Next Generation*

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## History and Profile

Washington H. Soul Pattinson and Company Limited (WHSP) was incorporated and listed on the Australian Securities Exchange (ASX) on 21 January, 1903. WHSP has been a successful investment house for many generations. The key to successful long term investing can be broken down into the following basic fundamentals:

### 1. Diversification

Diversification reduces investment risk. WHSP's investments are dispersed across many sectors including, Coal, Building Products, Pharmaceuticals, Agriculture, Property, Finance, Retail and Telecommunications.

### 2. Performance

Chart 1 shows the performance of WHSP over the past year, 3 years, 5 years, 10 years and 15 years to 31 July 2012.

### 3. Dividend Returns

Dividends have created wealth for shareholders over many decades. WHSP has never missed paying a dividend since listing in 1903\*.

### 4. Long Term View

A strong, patient investment philosophy that has delivered over many generations and through many cycles.

### 5. Sound Management

WHSP's Board and Management are well aligned. WHSP believe that the true test of the management of a company is its performance and in particular the return the company provides to its shareholders. If a company is managed well, it will do well.

### 6. Robust Business Model

WHSP is the second oldest listed company on the ASX, holds significant long term investments, has a strong balance sheet and has never borrowed from financial institutions.

### Investing for the Next Generation

Investing in the stock market over the long term can produce significant returns. Have you considered continuing the cycle and investing for the next generation?

WHSP could provide a compelling long term investment opportunity for your Children or Grandchildren.

## Total Shareholder Returns - Chart 1

WHSP has an exceptional track record of delivering long term wealth for shareholders. Chart 1 shows WHSP's Total Shareholder Returns against the performance of the S&P/ASX All Ordinaries Accumulation Index, assuming the reinvestment of all dividends.

As at 31 July 2012, WHSP has delivered Total Shareholder Returns of 14.5% per annum for the last 10 years and 11.1% per annum for the last 15 years.

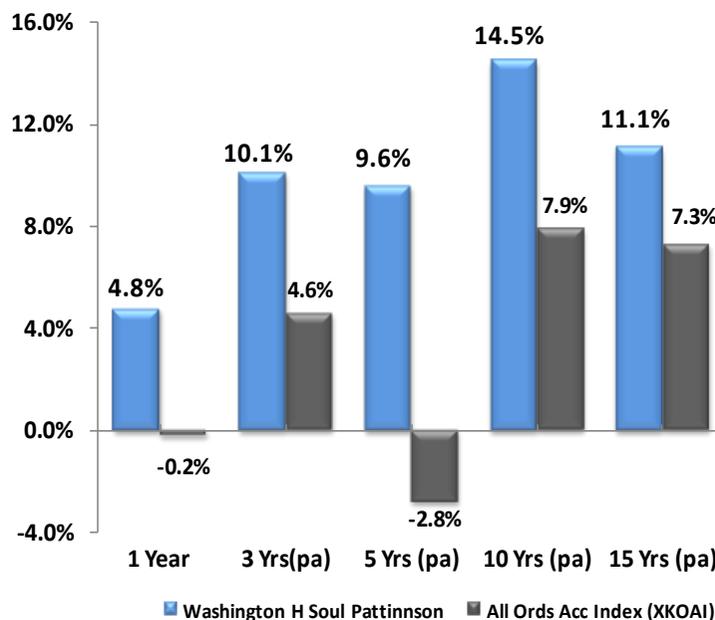


Chart 1

Source: WHSP, IRESS. The figures above do not take into account any fees or brokerage charged by a broker to buy or sell WHSP shares. The above example is for illustrative purposes only. Past performance is not a reliable indicator of future performance.

### How a Parent/Grandparent may choose to Invest

WHSP is a listed company on the ASX, so shares can be bought through a stockbroker or via an online account. WHSP's ASX code is SOL.

Investing in WHSP is very cost efficient as WHSP does not charge shareholders external management fees or a performance fee. Investors will be charged brokerage when buying or selling shares through their stockbroker or via their online account.

There are different alternatives when a Parent/Grandparent is buying shares and WHSP recommends that investors seek independent tax and professional investment advice before doing so.

Some alternatives for buying shares for a Child/Grandchild can be complex. However a straightforward alternative for a Parent/Grandparent to buy shares is by following these two simple steps:

#### Step 1.

The Parent/Grandparent establishes an account. (If you are an existing shareholder in WHSP then you will most likely have established an account through a stockbroker or an online share trading service).

Parent/Grandparent account  
**Mr John Citizen**

#### Step 2.

Within the Parent/Grandparent's account, establish a "sub" account under the name of your Child/Grandchild.

Parent/Grandparent "sub" account  
**Mr John Citizen**  
**<Thomas A Citizen A/C>**

When shares are bought through a "sub" account it is possible for the beneficial owner of those shares to be the Parent/Grandparent, which is the case assumed by this outline.

The Parent/Grandparent will have full responsibility for the shares, will administer the account through the share registry and be able to benefit from the issuing of any further dividends and franking credits by WHSP.

On the basis that the Parent/Grandparent is the beneficial owner of the shares in the "sub" account, the Parent/Grandparent will be free to apply any dividends or the proceeds from the sale of any shares as the Parent/Grandparent sees fit. The Parent/Grandparent will not be required to account to a Child/Grandchild designated in a "sub" account.