

# Equity Portfolio Mandate Profile

## Balanced Growth



June 2009

### Investment manager

OneVue Limited (OneVue) outsourced investment management to ATI Asset Management (ATI) in 2005.



### Company background

#### ATI Asset Management (ATI)

ATI was established in September 2004 as a high conviction boutique Australian equities manager. The principals have extensive experience in the Australian funds management/finance industry. ATI has developed a proprietary Equity Ranking System (ERS) that forms the basis for the active management of Australian equity portfolios with a value style bias.

### Investment process and strategy

ATI's broad investment philosophy is that structured and disciplined active management of its portfolios is the key to consistent and risk controlled outperformance. ATI's investment style is strongly based on the relationship between forecast earnings and dividends, relative market return (RMR) and current share price.

ATI utilises a four stage investment process that provides the framework for stock selection and portfolio construction. The ERS produces an ordinal ranking of an investment grade universe of stocks available for portfolio inclusion. ATI focuses on selecting those companies whose share prices appear cheap relative to the universe of stocks and the GICS industry sector that they are in. The ATI relative value approach applies at both the asset allocation and at the specific stock selection level.

### Tax - aware investment management

Taxation effects are generally considered before switching between holdings. The "tax-aware" nature of portfolio management differentiates OneVue from external managers. As part of the tax management of portfolios, OneVue can realise capital losses while allowing, where feasible, unrealised gains to remain unrealised each year. Tax parcels are optimised to take advantage of any capital gains tax discount rules.

### Designed for Investors who are:

- long term investors (minimum 7 years)
- seeking tax-effective capital growth.

### Mandate objective

Aims to provide returns primarily in the form of capital growth over the long term from managed exposure to securities predominantly drawn from the ASX 200 Index. Managed on the assumption that underlying investors in this Mandate can utilise a discount on capital gains realised after a twelve-month holding period. Low turnover.

### Mandate commentary

#### Relative Portfolio Performance

The Balanced Growth portfolio rose 12.48% in the June quarter compared with a rise of 11.29% for the S&P/ASX 300 Accumulation Index and returned -10.69% in the 12 months to June 30 versus a fall of -20.14% for the S&P/ASX 300 Accumulation Index.

The better performing sectors this quarter were: Consumer Discretionary +17.4%; Industrials +13.1%; and Property Trusts +12.9%. The worst performing sectors were: Utilities -2.2%; Health Care +3.9% and Telecom's +6.3%.

The shares that positively contributed to the portfolio's relative quarterly performance were:

- **Pacific Brands – PBG** +285% shares rose sharply during the quarter as investors reacted positively to the news that PBG had extended the maturity of two debt tranches. Responding to a share price enquiry, PBG advised that FY09 EBIT (pre restructuring costs) would not vary by more than 15%. In June, PBG successfully completed a \$256M capital raising to be used to pay down debt, allaying market concerns about their ability to service debt.
- **Flight Centre – FLT** +62% was a stock that rose during the quarter as the market took the "green-shoots" view that the worst has passed and rotated from defensive stocks into cyclical companies with earnings leveraged to economic recovery. FLT's share price recovered in June, after falling significantly in April when it issued a profit downgrade to FY09 earnings.
- **Downer EDI – DOW** +26% shares rose reflecting investors continued move to add cyclical leverage via more "defensive" cash generating companies such as DOW. During June, DOW announced it was a key beneficiary of the Victorian Government's Train and Transport contract awards and the winner of the Melbourne Trams contract in JV with Keolis.

The shares that negatively contributed to the portfolio's relative quarterly performance were:

- **CSL Limited - CSL** -1.0% shares fell during the quarter as the US anti-competition watchdog, the Federal Trade Commission (FTC), moved to initiate legal action to block the acquisition of Talecris. The FTC said that the transaction would substantially reduce competition in the US. As a result, CSL terminated the proposed merger. In June, CSL announced an on-market \$1.6B share buyback and signed a contract with the US Government to produce vaccines for swine flu, which saw the stock recover.
- **AMP Limited - AMP** +4% underperformed during the quarter around uncertainty on the Governments superannuation reviews and some small Budget negatives. The key issues relate to adviser commission structures, more transparent reporting of performance fees, improved regulation and a partnership approach with regulators and governments.

The Henry Tax Review Panel also published its initial conclusions on retirement incomes. The main recommendations were: (1) compulsory contribution rate should remain at 9%; and (2) preservation age (when people can access super) should be raised.

## Fees

Mandate's Investment Manager fee is as follows:

Investment Fee 0.55%

Applicable fees are set out in more detail in the "Fees & Other Costs" on pages 24 -28 of the current Product Disclosure Statement.

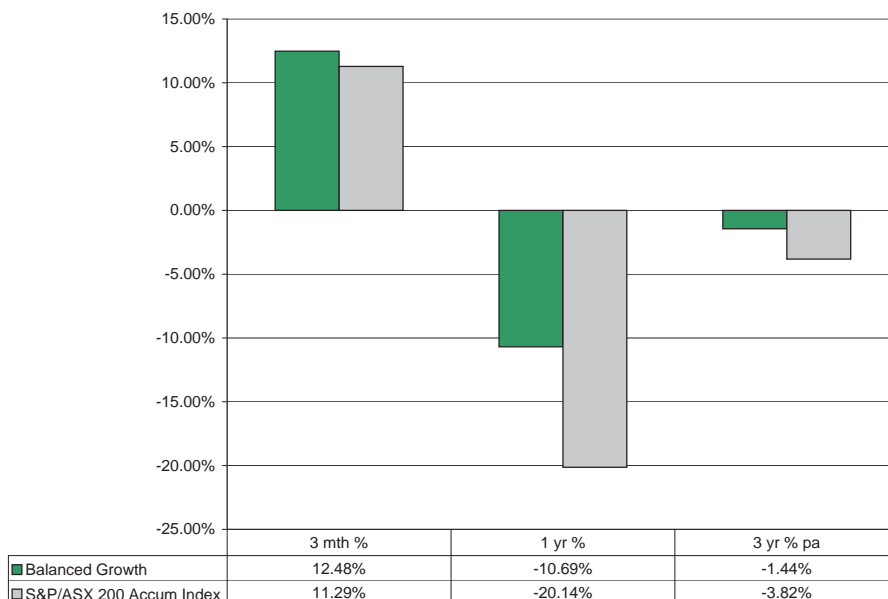
Shares detracting from the portfolio's relative quarterly performance.

## Mandate composition guidelines

Benchmark index	ASX 200 Accumulation Index
Investment universe	S&P/ASX 200 Index plus those stocks added by the ATI Investment team
Number of securities	25 - 40
Minimum number of market sectors	6
Financial sector maximum stock limit	Sector weight +/- 8%
Resource sector maximum stock limit	Sector weight +/- 8%
Individual stock weighting limits	Index weight + 3%
Maximum cash holding	5% of portfolio valuation

Information as at 30 June 2009

## Performance



## Market sector exposure

Australian Equities	Mandate %	Index %	Sector Tilt %
Consumer Discretionary	7.50	3.97	3.53
Consumer Staples	8.44	9.45	-1.01
Energy	2.22	8.23	-6.01
Financials	39.56	37.36	2.20
Health Care	3.44	3.93	-0.49
Industrials	6.42	5.61	0.81
Information Technology	0.00	0.56	-0.56
Materials	20.32	24.93	-4.61
Telecommunication Services	4.69	4.58	0.11
Utilities	1.46	1.39	0.07
Cash	5.95	0.00	5.95
TOTAL	100.00	100.00	0.00

Information as at 30 June 2009

## Mandate weightings changes June Quarter 2009

Bought	CSL, EHL, PBG, TEL
Sold	HVN
Unchanged	AGK, AMC, AMP, ANN, ANZ, BHP, BSL, BXB, CBA, DOW, DXS, FLT, FXJ, HST, IPL, LLC, MQG, MTS, NAB, NWS, QAN, QBE, RIO, SHL, SUN, TAH, TLS, TSE, WBC, WDC, WES, WOW

Information as at 30 June 2009

## Top 10 holdings

Sum of weightings %			
Holding	Mandate	Index	Sector tilt
BHP	13.54	13.13	0.41
WBC	7.21	6.64	0.57
NAB	6.43	4.85	1.58
CBA	6.37	6.67	-0.30
ANZ	5.45	4.33	1.12
TLS	3.95	3.99	-0.04
WOW	3.70	3.65	0.05
QBE	3.21	2.25	0.96
WES	3.01	2.96	0.05
RIO	2.75	2.56	0.19
Sub Total	55.62	51.02	4.60
Other stocks	38.43	48.98	-10.55
Cash	5.95		5.95
TOTAL	100.00	100.00	

Information as at 30 June 2009

### Disclaimer

Issued by OneVue Limited ("OneVue"), ABN 18 072 262 312 AFSL 245525 as Responsible Entity for ShareInvest ("SI") ARSN 112 517 656. Performance figures are at 30 June 2009 and calculated without taking into account management fees or expenses but includes reinvestment of all dividends and distributions. This Mandate Profile has been prepared by the Responsible Entity and is not intended to represent investment or professional advice. The information does not take into account your particular investment needs, objectives or financial circumstances. Opinions expressed are subject to change. Performance figures represent the performance of equivalent Mandate within DirectPortfolio ARSN 093 264 861.