Fact Sheet

ATI Australian Equity Portfolio

Information as at 30 April 2015

Portfolio Objective

The ATI Australian Equity Portfolio seeks to achieve total returns (includes income and capital appreciation, before the deduction of fees and taxes) that exceed those on the S&P/ASX300 Accumulation Index by 3% p.a. over rolling five-year periods.

Performance Update

(*Returns to 30 April 2015)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	(2.8)	2.6	9.0	14.3	7.8	8
Benchmark Index	(1.6)	5.1	10.1	14.2	8.3	6.6
Relative Outperformance	(1.2)	(2.5)	(1.1)	0.1	(0.5)	1.4

*Past performance is not a guarantee of future results and may not be indicative of them. The gross returns are calculated using the Portfolio's net asset value of a model mandate within the OneVue SMA product. Performance assumes reinvestment of all income. Inception date is 23 December 2005.

Portfolio Details as at 30 April 2015

Largest Holdings	Portfolio Weight (%)	Benchmark Weight (%)
Commonwealth Bank	8.8	9.7
ANZ Bank	8.3	6.3
Westpac Bank	8.1	7.6
National Australia Bank	7.6	6.0
Telstra	7.5	5.1
BHP Billiton	5.8	6.9
Wesfarmers	3.7	3.3
CSL	3.2	2.9
AMP	3.0	1.3
AGL Energy	2.6	0.7

Sector Allocation	Portfolio Weight (%)	Benchmark Weight (%)
Financials	48.6	46.7
Materials	9.7	14.8
Telecommunications	9.1	5.7
Healthcare	8.5	6.0
Consumer Staples	5.8	6.8
Consumer Discretionary	3.7	4.5
Energy	2.7	5.1
Utilities	2.6	2.0
Industrials	2.6	7.5
Information Technology	2.4	1.0

Selected Portfolio Statistics as at 30 April 2015

Inception Date	23-Dec-05
Number of Stocks	40
ATI Funds Under Management	~ $400m

MER (est.)	~ 0.90% p.a.
Tracking Error (forward estimate)	~ 3% p.a.

Portfolio Performance

The ATI Equity Portfolio fell 2.8% in April compared with a fall of 1.6% in the benchmark index. Against this benchmark, ATI is producing excess returns on a 3 year and since inception (Dec'05) basis.

The Best and Worst Performing Sectors

The best performing sectors for the month were Energy (+8.5%), Utilities (+2.0%) and Materials (+1.2%), whilst the worst performers were Financials (-5.9%), Information Technology (-4.0%), and Health Care (-4.0%).

From a sector perspective, the relative performance of the ATI portfolio was most positively impacted from being overweight telco's (9.1% v benchmark of 5.7%) and underweight material stocks (9.7% v benchmark of 14.8%) whilst it was most negatively impacted by being overweight financial (48.6% v benchmark of 46.7%) and underweight energy (2.7% v benchmark of 5.1%) stocks which both underperformed and outperformed the market respectively.

Attribution of Stocks

The portfolio performance during April was assisted by overweight positions in Sandfire Resources (SFR), M2 Group (MTU), and Virtus Health (VRT); and by not holding Ramsay Healthcare (RHC), Amcor (AMC), and Slater and Gordon (SGH). The three stocks in the portfolio that contributed most to its relative performance during April were:

Sandfire Resources (SFR) (+11.3%) outperformed during April as the copper price stabilised during the month around ~US$2.70-2.80/lb, up from lows of around ~US$2.50/lb earlier in the year. The fundamental outlook for the copper price remains robust in comparison with most other commodities, with a supply deficit expected to re-emerge over the medium term. During the month SFR reported another stable quarter of production, with 17kt of copper and 10koz of gold produced in the March 2015 quarter at an impressive C1 cash cost of US$0.97/lb. The company expects to maintain this production rate in the June quarter (4Q2015 for this company) and meet the bottom end of FY2015 guidance of 65-68kt copper. SFR also refinanced the remaining A$125m debt facility, gaining the flexibility of an A$85m revolver (and A$40m amortising facility) now that the majority of the original debt facility has been repaid. SFR remains an attractive investment and portfolio holding, with earnings and cash flows relatively insulated from commodity price volatility due to the high grade (and subsequently high margin) nature of the orebody.

M2 Group (MTU) (+8.3%) outperformed during the month as they made an acquisition of Call Plus & 2Talk in NZ. MTU paid $245m for the deal and it is expected to be 15% EPS accretive for the year ahead. This deal makes strategic sense given the EPS accretion and expansion into the NZ market with a similar model to their current Australian model. Late in the month M2 also announced a competing proposal for iiNet (IIN). The proposal is now seen by the iiNet Board as superior to TPG previous offer and this will now allow TPG until Tuesday 5PM to counter offer. Watch this space. Despite the recent share price rally, MTU's current ranking in the ATI universe and potential to benefit form corporate activity still justifies our overweight position.

Virtus Health (VRT) (+4.2%) outperformed the market in April on minimal newsflow. Medicare statistic released for March showed a slowing in the rate of decline for Assisted Reproductive Services (ARS), however over the past 9 months the rate of decline is still negative (-2.9%) for fresh cycles with growth being shown in frozen IVF procedures. In an update to the market at the end of April, VRT's key competitor Monash IVF indicated the signs of growth were beginning to emerge in some States including NSW, which is VRT's major market. We continue to maintain an overweight position in VRT based on i) confidence in the industry demand drivers for Assisted Reproductive Services and the view that the current slowdown in volumes is cyclical rather than structural ii) VRT is the largest operator in an industry with rational market behaviour, high barriers to entry and government Medicare reimbursements and iii) valuation support underpinned by a normalisation of industry growth and a positive contribution expected from its acquisitions in Ireland and Singaporean ARS businesses in the next few years.

Positions that detracted most from the portfolio's performance during the month were from being overweight Resmed (RMD), ANZ Banking Group (ANZ), and Car Sales (CAR); and from not holding Origin Energy (ORG), Oilsearch (OSH), and QBE Insurance (QBE). Stocks in the portfolio that detracted most from relative performance during the month included:

Resmed Inc. (RMD) (-13.2%) underperformed the market following the release of its 3Q15 result. RMD took share in the Americas, with revenue increasing by 16% on pcp and ROW sales were also strong (up 9%) also implying market share gains. The key issue was mix with global mask sales declining by 1% on pcp in constant currency implying a continuation of declining average seeling prices. This couple with a lower EUR/USD and unfavourable product mix meant gross margin declined to 59.5 % down 372bp). For 4Q15, RMD cut its prior gross profit margin guidance by 150bp to 59-60%. Despite this, we continue to hold RMD as an overweight portfolio position on the thematic that: i) there are potential longer term opportunities in new indications such as COPD and heart failure (SERVE HF trial); ii) short cover continues to drive the share price higher iii) it has structural leadership, in an underpenetrated global market, with high barriers to entry iv) market growth and permanent cost reductions will offset current margin pressure; and v) home sleep testing continues to drive market growth. We remain of the view that the key focus is now on the RMD Serve-HF trial which is seeking to establish whether treating HF patients with CSA improves patient mortality and morbidity, thereby potentially opening up a significant market for its Adaptive Servo Ventilation (ASV) device. The company has indicated that some trial results will be released in the next 6 months. If successful there would be a material market opportunity for the company.

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ANZ Banking Group (ANZ) (-7.2%) underperformed the market after a significant fall in the last three trading days of the month. Impacted by the ongoing media frenzy surrounding potential increased capital charges from APRA coming sooner rather than later, all the banks were sold off dramatically in this period. We continue to expect that any regulatory changes will be a longer dated issue with capital levels no doubt increasing but over a staggered period of time that may well be as long as three years. With this in mind, we continue to be overweight ANZ and expect it will recover the relative underperformance seen in April over the coming months.

Car Sales (CAR) (-8.6%) surprisingly underperformed the market in April as market data released showed strong new car sales in March of 4.4% mom (+2% pcp). During the month AP Eagers (APE) also upgraded their annual guidance reaffirming our view of ongoing industry growth opportunities for CAR. For instance, Toyota & VW have both shown a strong increase in new car advertising since early March. Another catalyst helping margins is from 1st April CAR increased their lead price for dealers from $40 to $41.50. We maintained our overweight CAR portfolio position.

Portfolio Construction

The main portfolio weighting changes during April included: top-ups for our portfolio holdings in Crown Resorts (CWN), Virtus Health (VRT) and Westfield Corp (WFD); and slight portfolio reductions for our holdings in Ardent Leisure (AAD), Insurance Australia Group (IAG) and Telstra (TLS). Cash at the end of April was 4.5% and is just below the 5% maximum threshold, similar to the 4.3% in March, reflecting our view that equity markets are not exactly cheap at these levels.

The ATI portfolio, with regard to its market capitalisation exposures, is only slightly differentiated to the benchmark index with ~87% of the portfolio (excluding cash) in the top 50 stocks (benchmark ~82%), ~9% in the next 100 (benchmark ~14%), and ~4% in the last 150 stocks (benchmark ~4%). The 10 largest holdings constitute ~62% of the portfolio (benchmark ~53%), the dividend yield is 4.5% (benchmark 4.3%) and the portfolio's historic or trailing PE is 15.6x (benchmark of 16.6x).

Whilst the portfolio's market cap bias remains tilted to the larger stocks, its underlying active sector positioning is not the same as that of the benchmark index. The main points of differentiation are that the portfolio remains underweight the industrial and material sectors and overweight the financial, healthcare and telecommunication sectors. We also continue to remain overweight in stocks we view as having industry structure advantages and/or the expected benefit of USD currency exposure from offshore earnings such as BXB, Computershare (CPU), CSL (CSL) and RMD in combination with other opportunities that we feel have fundamental valuation support, such as CAR, IAG, MTU, REA Group (REA), Suncorp Group (SUN), VRT and Wesfarmers (WES).

Portfolio Risk

The current forecast tracking error of ~2.2% is similar to last month (~2.3%). We are continuing to be presented with a number of stock opportunities in the financial, materials, industrial and consumer staples sectors as a result of some recent relative market underperformance. At this stage we still feel that any overweight positioning in the resource stocks is unlikely in an environment with ongoing profit earnings downgrades, minimal forward earnings clarity and continued reductions in the expected mining capex spend of the larger mining companies over the next few years. At present, the main sources of portfolio risk are from overweight positions in SFR, RMD, MTU, RIO Tinto (RIO), Lend Lease (LLC), IAG, and TLS.

General Market Commentary

The S&P/ASX300 Accumulation Index fell 1.6% in April as investors sold off the banks on the back of increased capital concerns that again raised their head in the press and further caution was also driven by high market multiples and falling earnings expectations. Resources outperformed industrials across all style and size-based indices spurred by a rebound in the iron ore and oil prices, in conjunction with some covering in large short-interest positions held in these stocks.

In company specific news: iiNet (IIN) added to its list of suitors with an all-scrip bid from MTU valuing the company at $1.54bn, ~10% higher than TPG's all-cash play for the telco of $1.4bn last month; BHP Billitom (BHP) surprised investors with its announcement to delay its $500m Port Hedland expansion project; Fortescue's Metals Group's (FMG) share price responded positively to the company's announcement of a US$2.3bn debt refinancing deal, allowing it to repay some of its shorter maturity debt.

The RBA left the cash rate unchanged at 2.25% during its April monetary policy meeting but retained guidance that "further easing may be appropriate over the period ahead". Commentary remained similar with the central bank again citing below-trend growth with a degree of spare capacity to be evident for some time yet. The Australian dollar posted a solid increase against the USD during April with the domestic currency receiving support from rebounding iron ore prices as well as unchanged RBA policy rates, ending the month up 3.9%. The AUD finished the month at US$0.7905 compared to the previous month's close of US$0.78098.

Regarding domestic economic releases in April: the NAB business confidence index improved to +3 in March from 0 in February with much of the improvement driven by a particularly large increase in mining confidence (up 29); the Westpac-MI consumer confidence index fell 3.2% in April from 99.5 in March to 96.2 in April which the survey authors attributed to a retracement of falling pump prices as well as the failure of RBA to deliver rate cuts that markets had already priced in; the economy added 37.7k jobs in March on a seasonally adjusted basis (consensus +15k) for an unemployment rate of 6.1% (consensus 6.3%), representing a reduction of 0.2%-pts vs February's rate of 6.3%; this was despite the participation rate increasing to 64.8% (consensus 64.6%) from 64.7% in February; retail sales rose 0.7% m/m (consensus. +0.4%) in February; food sales were strong (+1.2% m/m) after a weak January whilst household goods retailing posted a solid gain for a second consecutive month (+1.8% m/m); weaker performers included clothing & footwear (-0.2% m/m) and department stores (-3.2% m/m); the total volumes of new housing finance commitments for February came in at +1.2% m/m (consensus +3.0% m/m); interestingly, investor loan growth slipped 3.4% m/m whilst owner occupiers inched higher, up 0.5% m/m; Australia's 1Q15 headline inflation print was up 0.2% q/q, pulling the annual rate down to +1.3% y/y, petrol prices were the key drag with declines of 12% q/q whilst prices for clothing and footwear were down 2.2% q/q and 3.7% q/q respectively.

Spot Brent crude traded higher over April after data showed US crude stocks rose less than expected and inventories at the cushing storage hub in Oklahoma declined for the first time since November. The commodity ended the month up 21.6%. Benchmark spot iron ore prices reclaimed much of the ground that they had lost in March after BHP announced plans to curb the pace of its expansion, at one point surging past US$60/t. The commodity ended April at US$56.18/t however to round the month out with total gains of 9.4%. Base metals as measured by the LME index posted solid gains, ending the month up 6.8%. Of the six primary index metals, Lead, Zinc and Nickel posted the biggest increases (+15.9%, +14.2% and +12.8% respectively) whilst aluminium and copper (+8.5% and +4.9% respectively) also gained ground but by less. Spot gold was little changed during the month (+0.1%) after last March's 5.2% fall with uncertainty around the possibility of a Greek exit from the Eurozone seeing the precious metal trade in a range for much of the month as negotiations with PM Alexis Tsipras continued.

Outlook

With the Australian equity market falling over 3% in the last three days of trading in April, the market PE multiple has settled back down to the previous month's valuation of 16.2x. Whilst overall market consensus earnings forecasts continue to look less than inspiring across FY15 & FY16, with expected EPS growth at -1% and 1.5% respectively, interestingly the resources sector multiple has re-rated by ~20% on back of strong returns in April coinciding with the sectors ongoing negative earnings revisions.

Despite the less than inspiring earnings expectations for the year ahead we continue to think that the Australian equity market's superior relative yield advantage, to both domestic interest rates and global equity markets, should continue to be a recipient of investor support and this in turn is expected to limit the potential downside. This essentially underpins our ongoing preference towards greater earnings certainty, sustainable yield and some growth opportunities outside domestic sources as we feel that domestic EPS growth will be hard to achieve for many stocks in 2015. In an environment of historically low interest rates and minimal domestic earnings growth, we feel that the major banks have actually become relatively more attractive as a result of the recent sell off by the market.

Whilst we are aware that higher yielding stocks remain susceptible to further increases in global interest rates, the historically low domestic interest rate levels mean that we will remain overweight the financials sector in the near term and it continues to offer us a higher level of earnings certainty than many industrial and resource names. Our decision to remain underweight the materials sector still seems appropriate at this stage as consensus aggregate EPS expectations for FY15 have continued to trend lower with commodity prices and composite sector earnings growth expectations for resources in FY15 still remain negative.

We also remain positioned with a number of stocks having USD earnings exposure that are likely to benefit from any further weakness in the Aussie dollar and we also expect a stronger US economic outlook will continue to put pressure on the gold price and this is why the portfolio still has no direct exposure to gold. Other specific active sector positioning includes being underweight the industrials (including holding no mining services stocks), consumer staples and energy stocks. Outside of the financials, we also remain overweight the healthcare, telecommunications and utilities sectors.

PORTFOLIO RISK SUMMARY

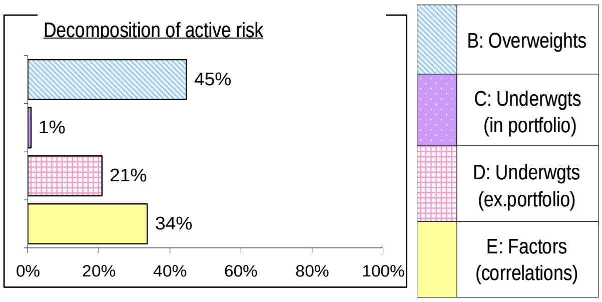
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	30-Apr-15
Sector Type:	GICS1

		Active Exposures:		%
Historic portfolio alpha	7.1%	Total:	72.2%	100.0%
Historic portfolio beta	0.93	Across sectors:	27.9%	38.7%
Raw return	14.6%	Within sectors:	44.3%	61.3%

Forecast Tracking Error

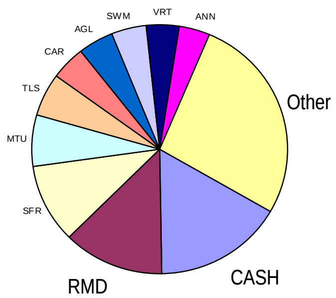
2.18 %
(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	46%	1.5	2.2
B	Overweight positions	45%	1.5	2.1
C	Underweight positions	1%	0.2	0.0
D	Stocks not held in portfolio	21%	1.0	1.0
E	Factors (correlations between stocks)	34%		1.6
F	Total (A + D + E)	100%	**2.2**	4.8



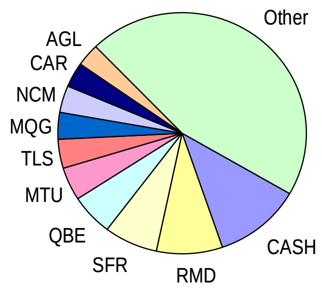
Top 10 sources of risk: Stocks held in the portfolio (A)

1	CASH	16%
2	RMD	13%
3	SFR	10%
4	MTU	7%
5	TLS	6%
6	CAR	5%
7	AGL	4%
8	SWM	4%
9	VRT	4%
10	ANN	4%
	Other	27%



Top 10 sources of risk: All stocks in benchmark (B+C+D)

1	CASH	11%
2	RMD	9%
3	SFR	7%
4	QBE	5%
5	MTU	5%
6	TLS	4%
7	MQG	4%
8	NCM	4%
9	CAR	3%
10	AGL	3%
	Other	46%



Active Weights