Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 30 June 2014

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 June 2014)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	(1.2)	2.3	20.5	10.2	11.7	7.6
Benchmark Index	(1.5)	0.9	17.2	9.9	10.9	5.9
Relative Outperformance	**0.3**	**1.4**	**3.3**	**0.3**	**0.8**	**1.7**

*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 June 2014

Largest Holdings	Portfolio Weight (%)	Benchmark Weight (%)
Commonwealth Bank	8.8	9.6
ANZ Bank	8.6	6.7
BHP Billiton	7.8	8.5
National Australia Bank	7.6	5.7
Telstra	7.1	4.8
Westpac Bank	7.0	7.8
Wesfarmers	3.6	3.5
Insurance Aust. Group	3.3	1.0
Woodside Petroleum	3.1	2.2
CSL	3.0	2.4

Sector Allocation	Portfolio Weight (%)	Benchmark Weight (%)
Financials	49.0	45.3
Materials	13.1	16.9
Telecommunications	8.1	5.2
Healthcare	6.9	4.6
Consumer Staples	5.8	7.9
Energy	4.2	6.3
Consumer Discretionary	3.0	4.2
Industrials	2.2	6.9
Utilities	2.3	1.8
Information Technology	1.0	0.8

Selected Portfolio Statistics as at 30 June 2014

Inception Date	23-Dec-05
Number of Stocks	36
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 1.2% in June compared with a fall of 1.5% in the benchmark index. Against this benchmark, ATI is producing excess returns on a monthly, 3 monthly, 1 year, 3 year, 5 year and since inception (Dec'05) basis.

The Best and Worst Performing Sectors

The best performing sectors for the month were Property Trusts (+0.6%), Utilities (-0.2%) and Financials ex Property (-1.1%) whilst the worst performers were Consumer Staples (-4.6%), Industrials (-3.3%) and Health Care (-3.3%).

From a sector perspective, the relative performance of the ATI portfolio was most positively impacted from being overweight Financials stocks (+49.0% v benchmark of 45.3%) and underweight Consumer Staples stocks (5.8% v benchmark of 7.9%), whilst it was most negatively impacted by being overweight Telco stocks (8.1% v benchmark of 5.2%).

Attribution of Stocks

The portfolio performance during June was assisted by overweight positions in Sandfire Resources (SFR), Westfield Corporation (WFD), and Worley Parsons (WOR); and by not holding QBE Insurance (QBE), Downer (DOW), and Qantas (QAN). The three stocks in the portfolio that contributed most to its relative performance during June were:

Sandfire Resources (SFR) (+5.1%) outperformed during June as the company prepared to drill-test targets in tenements adjoining the DeGrussa mine held in joint ventures recently entered by SFR. The company continues to pursue an aggressive exploration campaign aimed at finding new lenses of VMS mineralisation, and faulted offsets of the well-defined existing orebodies at DeGrussa. The copper price experienced a volatile month in June, dropping to almost US $3/lb before rebounding to US$3.20/lb late in the month, one of many beneficiaries of the prevailing US$ weakness. SFR remains an overweight portfolio holding, with robust valuation support, a balance sheet which is rapidly moving towards a net cash position and supporting imminent dividends, and outstanding corporate appeal and exploration upside.

Westfield Corporation (WFD) (+6.7%) outperformed during June after Westfield Group (WDC) and Westfield Retail Trust (WRT) undertook a merger of the domestic business, leaving the international business to trade as a separate entity known as Westfield Corporation (WFD). ATI positioned the portfolio to be overweight WDC and underweight WRT going into the merger which would result in an overweight position in WFD and an underweight position in Scentre Group (SCG, the domestic business) spun out as the other side of the merger. Although WFD only traded for 4 days of the month it turned out to be a top performer with the stock up 6.7% and the WDC dividend accrued to it (an extra ~2.5% for the half, 5% annualised). The performance of WDC should be looked at in conjunction with this as it traded for the majority of the month and also outperformed in this time finishing up 1.31%. ATI intends to maintain an overweight position in WFD going forward as we feel it is exposed to an expanding US economy with positive re-leasing spreads in the retail markets which should provide a solid foundation for net operating income (NOI) growth in the coming years. We also believe there is the potential for a continued re-rating of the stock toward the higher US property trust type multiples.

Worley Parsons (WOR) (+8.4%) outperformed in June after a weak performance last month which saw WOR rebound strongly as the financial year end approached without any major comments from the company indicating that the market may have gained some confidence in WOR's ability to achieve their FY14 guidance. Further to this, disruptions in Northern Iraq as fears of a civil war breaking out and moving south where the majority of Iraq' conventional oil supply sits saw both the WTI and Brent price of oil up ~2.5%. Management confirmed that they are not materially exposed to any projects in Iraq and have offered all employees to be removed from the country at any time at their will. With a large portion of the worlds conventional oil supply at risk in Iraq, unconventional energy sources theoretically become more valuable and this is where the majority of WOR' expertise are focused. WOR remains an overweight portfolio holding.

Positions that detracted most from the portfolio's performance during the month were from being overweight CSL (CSL), Brambles (BXB), and MTU Group (MTU); and from not holding Newcrest Mining (NCM), Transurban Group (TCL), and Oil Search (OSH). Stocks in the portfolio that detracted most from relative performance during the month included:

CSL (CSL) (-5.7%) was weaker during the month on minimal company specific news. However, expectations of increased competitor activity in FY15 have led to a more cautious view on the stock. Improving IG supply from Baxter and the expected approval of its subcutaneous IG HyQvia in 2HCY14 coupled with the potential launch of a 10% liquid IVIG in the US by Octapharma in 2014, may put pressure on CSL's dominant US IG market share. Furthermore, multiple competitive product launches in the haemophilia business, starting with Alprolix and Eloctate from Biogen Idec, may increase pressure on market share and pricing. We reduced some of our overweight position in CSL during the month, but remain comfortable maintaining a holding in the stock based on i) its low cost producer status which allows it to compete on price ii) a rational oligopoly industry structure iii) leverage to a falling AUD/USD and CHF/USD iv) valuation support and v) potential capital management, with ~8% of an A$950m buyback still remaining, and balance sheet capacity for a further buyback to be announced in FY15.

Brambles (BXB) (-4.5%) underperformed during June following the release of weaker than expected industry data. Whilst BXB reiterated its FY14 underlying profit guidance of US$930-965m at 30 June 2013 FX spot rates, mixed US and EU FMCG numbers led to some analysts downgrades in FY15. The company also announced the acquisition of Transpac International Gmbh, a German based provider of IBC services for the transportation of dry materials in the consumer goods manufacturing supply chain. BXB will pay up to €42mn EV for Transpac, comprising an initial payment of €23mn and the

remainder over two tranches in 2015 and 2016. We remain comfortable with our overweight position in BXB based on i) a diversified earnings profile (both on the customer and geographical level) that is well placed to leverage a recovery in global GDP growth ii) leverage to a lower AUD/USD and iii) flexibility to offset sales decline by increasing cost out via its 'One Better' cost out program.

M2 Group (MTU) (-4.8%) underperformed during June as they held a site visit in Manila which revealed a strong sales focused Dodo call centre and two thirds of MTU staff are now located in the Philippines. During the month there was also press speculation that they were looking at acquiring Lumo, a Melbourne based electricity supplier which on the numbers speculated would have been EPS dilutive. After contacting MTU, management confirmed that they are always looking, but would only make an acquisition which was EPS accretive and beneficial to the shareholders. In light of the above and the attractive position in the ATI equity rankings, MTU remains an overweight portfolio holding.

Portfolio Construction

The main portfolio weighting changes during June included: a new portfolio position in Incitec Pivot (IPL); top-ups for our portfolio holdings in Ansell (ANN), ASX (ASX), Crown Resorts (CWN), Pacific Brands (PBG), Rio Tinto (RIO), Seven West Media (SWM) and Westfield Holdings (WDC); and slight portfolio reductions for our holdings in BHP Billiton (BHP), Commonwealth Bank (CBA), CSL (CSL), Telstra (TLS) and Wesfarmers (WES). Cash at the end of May was 4.0% and near the 5% maximum threshold, slightly down from 4.1% in May, reflecting our view that the overall equity market is looking quite stretched at these levels.

The ATI portfolio, with regard to its market capitalisation exposures, remains differentiated to the benchmark index with ~89% of the portfolio (excluding cash) in the top 50 stocks (benchmark ~83%), ~8% in the next 100 (benchmark ~13%), and ~3% in the last 150 stocks (benchmark ~4%). The 10 largest holdings constitute ~65% of the portfolio (benchmark ~55%), the dividend yield is 4.4% (benchmark 4.2%) and the portfolio's historic or trailing PE is 15.9x (benchmark of 17.1x).

Whilst the portfolio's market cap bias is currently tilted to the larger stocks compared to the benchmark index, its underlying sector positioning is not too dissimilar to that of the benchmark. The main point of differentiation is that the portfolio remains underweight the materials sector and overweight the financials sector. We remain comfortable holding positions in a number of resource stocks, particularly BHP & RIO, and copper exposure, SFR, whose expected returns are sufficiently attractive to justify some additional portfolio risk at this stage. 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, RMD and WES in combination with other opportunities that we feel have fundamental valuation support, such as Challenger (CGF), MTU, PBG, Suncorp Group (SUN) and Virtus Health (VRT).

Portfolio Risk

The current forecast tracking error of ~2.3% is similar to last month (~2.3%). We are continuing to be presented with a number of stock opportunities in the materials, industrial and consumer staples sectors as a result of their recent market underperformance. At this stage we still feel that any further additional risk in the mining contractor stocks is unlikely to be justified in an environment with ongoing profit warnings and 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, Lend Lease (LLC), TLS, Resmed (RMD), Insurance Australia Group (IAG), MTU and Ardent Leisure (AAD).

General Market Commentary

The Australian equity market underperformed during the month as it was weighed down by a rising Australian dollar, a falling iron ore price (which subsequently rallied) and continuing downgrades among retail stocks as weak consumer sentiment prevailed. June ended up being the Australian equity markets weakest month since January with the benchmark ASX300 accumulation index losing 0.9%. As iron ore prices appeared to find a floor during the month, the mining heavy materials sector did recover from its lows but was still unable to perform in line with the broader market, thus recording a fifth consecutive month of underperformance and bringing its lag versus the broader market to around 7% for the year to June 2014. The big outperforming sector was property trusts, which were boosted by lower bond yields and the Westfield restructuring, whilst the healthcare sector was a notable laggard as a firm Aussie dollar weighed on many of the sector's globally exposed operations.

The traditional May earnings confession season came a little later this year with a spate of profit warnings in June on the back of the unseasonably warm start to winter and a sharp decline in consumer confidence post the Federal Budget which sought to cut spending and increase taxes. The retailers were most affected and many lowered investor expectations for FY14 results in June, with Funtastic (FUN), Super Retail Group (SUL), Flight Centre (FLT), the Reject Shop (TRS), Kathmandu (KMD) and Pacific Brands (PBG) among the discretionary retail stocks that downgraded their FY14 market guidance.

Corporate activity continued to be a market feature with material events that included: Woodside Petroleum (WPL) announced a buyback of some of the shares held by Royal Dutch Shell (19%) which also further reduced its stake via a block trade sell down; Lend Lease (LLC) sold its 30% stake in UK shopping centre Bluewater for $1.2bn; Ramsay Healthcare (RHC) acquired a majority

stake in France's largest private hospital operator; Origin Energy (ORG) announced a purchase of gas reserves in the Browse Basin, to be funded by a share placement; and shareholders approved the Westfield restructure as Westfield Retail Trust (WRT) received shareholder approval to merge with Westfield's Australian and New Zealand assets to form the Scentre Group (SCG).

The RBA kept the cash rate on hold at 2.5% for the ninth straight meeting as widely anticipated. The board noted signs of improvement outside the mining sector yet repeated last month's policy guidance with a likely "period of stability" on interest rates being maintained. As 1Q GDP growth printed at 1.1% qoq in Australia and the US equivalent was revised down to show a 2.9% annualized rate of growth, this proved a helpful backdrop for the Aussie dollar which firmed by 1.3% against the USD. The AUD saw out June with a new year-to-date high against the USD and finished the month stronger at US$0.9433, compared to the previous month's close of US$0.9310.

With regards to domestic economic data releases, the general trends remained mixed but still slightly positive overall and included: GDP increased 1.1% q/q in 1Q2014 (consensus 1.0%), the best quarterly growth since 1Q12 and seeing the with the annual rate of economic growth accelerating from 2.7% yoy in 4Q13 to 3.5% yoy, led by the mining sector with non-mining +0.1% qoq; net exports contributed 1.4%, household spending contributed 0.3% q/q while change in inventories was the main drag (-0.6% q/q); the NAB business confidence survey rose 1pt to +7 in June while the business conditions survey dipped 1pt to -1; the Westpac-MI consumer confidence index declined 7% m/m in May with the outlook for family finances and the economy over the next 12 months being the hardest hit, plunging 23% m/m and 14%, respectively; the Australian economy lost 5k jobs in May (consensus +5k) and April's figure was revised down by 3.9k; the unemployment rate held steady at 5.8% (consensus 5.8%) thanks to a 1ppt fall in the participation rate which now sits at 64.6%, just above the post crisis low of 64.5%; building approvals tanked 5.6% m/m (consensus +2% m/m) in April and March approvals were revised down to -4.8% m/m with April's weak result driven by a 14% m/m fall in higher density dwellings; retail sales were sluggish in April rising just 0.2% m/m (consensus +0.3%) with department store sales being the outperforming category, climbing 2.9% m/m; new private capex slumped a much worse-than-expected 4.2% q/q (consensus -1.5%) or -5.0%y/y, the worst y/y performance since 2009 with the ongoing reductions in new mining contracts (-8.7%q/q) driving the fall.

Geopolitical risks heightened in June as fighting in Iraq intensified. Spot Brent crude oil (+1.3%) hit year-to date highs in June amid concerns that the sectarian conflict in Iraq could disrupt supplies after insurgents captured Mosul, Iraq's second largest city. Strikes in Libya have also weighed on the oil supply picture over the month. Ongoing concerns over the rising supply and the outlook for Chinese demand continued to hang over the iron ore price as it touched US$89M/t mid-month – the lowest level since September 2012 - but a rally in the second half of June saw the benchmark spot contract, Tianjin 62% fines, break a run of five down months to end up (+2.2%). Base metals were mostly firmer in June despite concerns over China's demand growth and the possibility of a financial squeeze on industry players following the emergence of an alleged fraud by an aluminium producer in Qingdao. The spot gold price had a healthy bounce (+4.8%) as a weakening USD, dovish Fed rhetoric and geopolitical concerns around the Middle East helped prices to recover.

Outlook

Despite the market falling in the month of June, the Australian equity market had another very good year and finished FY14 finished up over 17%. Consensus earnings are still expected to improve on last year's flat result to grow at over 7% in FY14 and are currently estimated to achieve a similar growth profile in FY15. As we noted in May, the strength of the consensus expectations for FY14 continues to be supported by the ongoing upgrades to financial stocks that are a larger market weight and are broadly offsetting the downgrades in other, mainly industrial, parts of the market. The ongoing positive expectations for the year ahead still provides some scope for further appreciation in the domestic equity market although we note that the current market levels mean that the shifting global macro and geopolitical backdrop still warrant a healthy level of investor caution.

As investors are still grappling with the strength of the global economy, we expect this uncertainty may linger for a while longer and any macro-led sector rotation out of the more relatively expensive (and defensive) higher yielding stocks may take longer to occur. We remain positioned with a bias to the large cap stocks due to better relative transparency in their earnings forecasts, during times of global and domestic economic uncertainty. We also remain positioned with a number of stocks having USD earnings exposure that are likely to benefit from any 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.

The portfolio's historically low active risk level (tracking error) has resulted from a combination of being more overweight the larger cap stocks and being less actively positioned at the specific sector level exposures. Given the elevated multiple at which the equity market is now trading, we feel that this lower risk positioning is appropriate for the current environment where earnings certainty now comes at a premium and the impact of market volatility is expected to be best mitigated being overweight in larger cap stocks. Other specific active sector positioning includes being underweight the industrials (including holding no mining services stocks), consumer staples and energy stocks. We remain overweight the financial, healthcare and telecommunications and utilities sectors.

PORTFOLIO RISK SUMMARY

Goldman Sachs

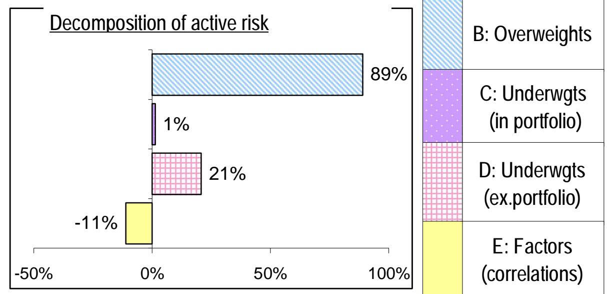
Portfolio Name:	MyPort
Benchmark:	ASX300
Date of Data:	30-Jun-14
Sector Type:	GICS1

Model:	AE_PCA60M
Factor Analysis:	Multi-Factor
Timestamp of Analysis:	4/07/2014 11:03:33 AM

		Active Exposures:		%
Historic portfolio alpha	5.8%	Total:	70.1%	100.0%
Historic portfolio beta	0.97	Across sectors:	27.0%	38.5%
Raw return	15.5%	Within sectors:	43.1%	61.5%

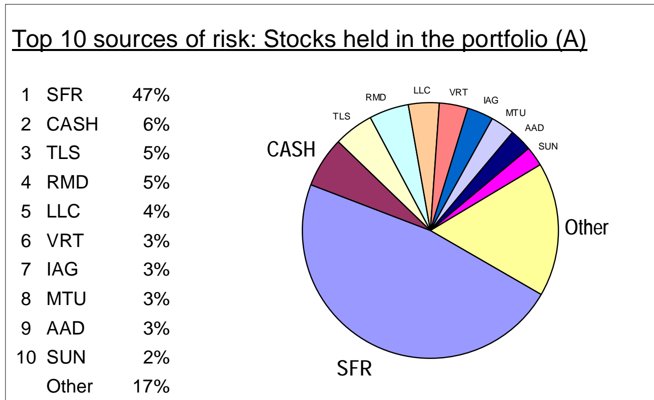
Forecast **Tracking Error**: **2.34 %** (active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	90%	2.2	4.9
B	Overweight positions	89%	2.2	4.9
C	Underweight positions	1%	0.3	0.1
D	Stocks not held in portfolio	21%	1.1	1.1
E	Factors (correlations between stocks)	-11%		(0.6)
F	Total (A + D + E)	100%	**2.3**	5.5



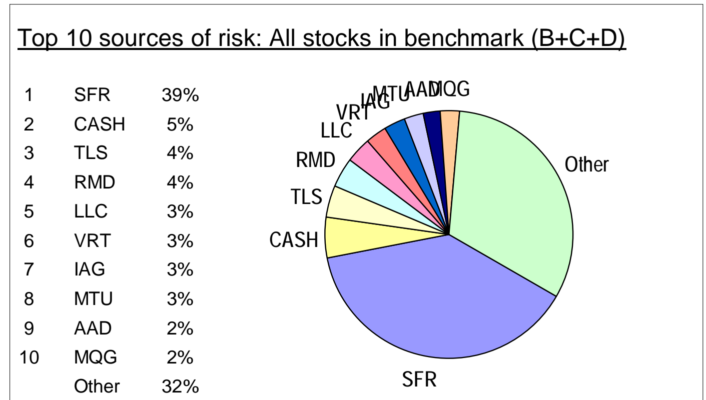
Top 10 sources of risk: Stocks held in the portfolio (A)

1	SFR	47%
2	CASH	6%
3	TLS	5%
4	RMD	5%
5	LLC	4%
6	VRT	3%
7	IAG	3%
8	MTU	3%
9	AAD	3%
10	SUN	2%
	Other	17%

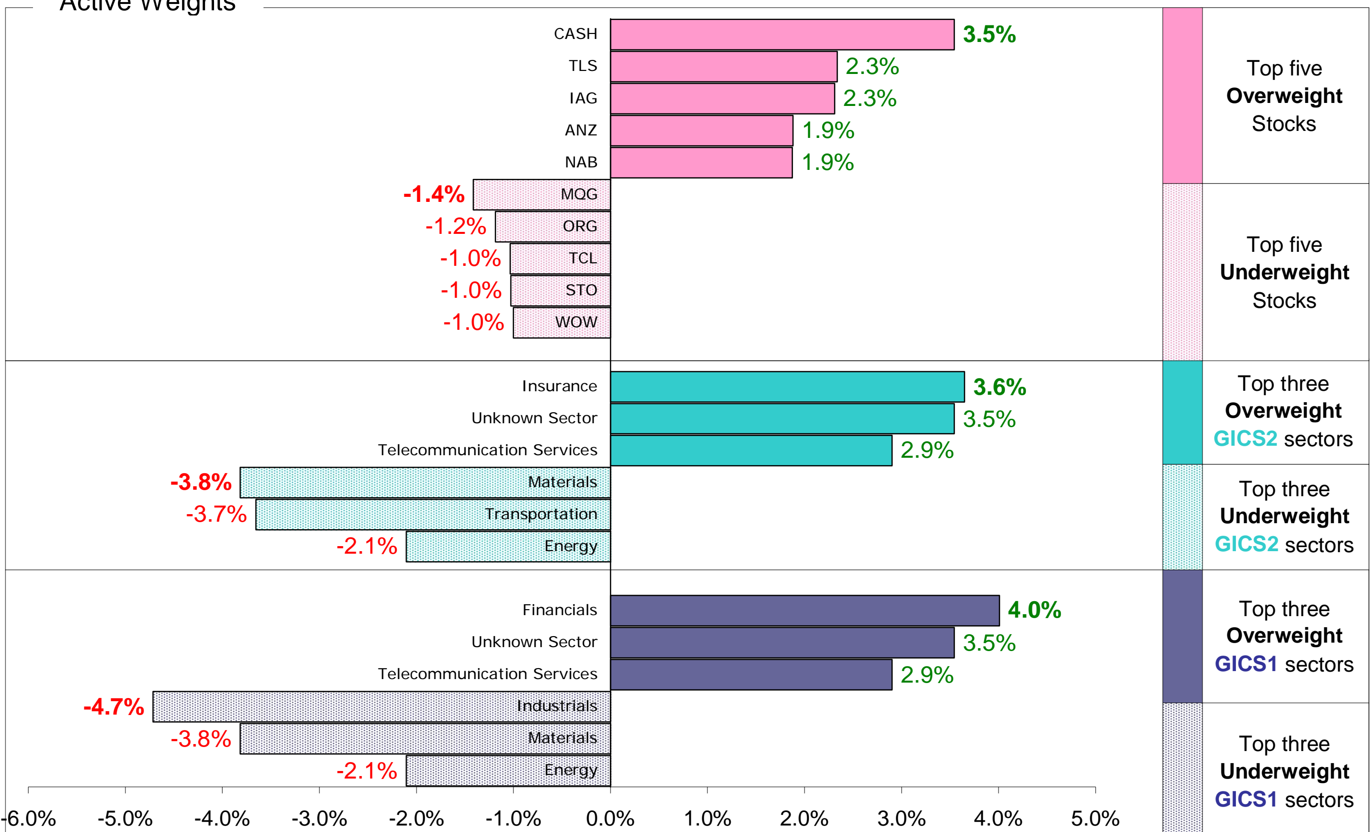


Top 10 sources of risk: All stocks in benchmark (B+C+D)

1	SFR	39%
2	CASH	5%
3	TLS	4%
4	RMD	4%
5	LLC	3%
6	VRT	3%
7	IAG	3%
8	MTU	3%
9	AAD	2%
10	MQG	2%
	Other	32%



Active Weights



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