

Fact Sheet

ATI Australian Equity Portfolio

Information as at 30 November 2012

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 Nov 2012)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	0.2	6.6	15.4	2.7	(0.3)	5.6
Benchmark Index	0.4	5.6	14.2	2.9	(3.0)	3.6
Relative Outperformance	(0.2)	1.0	1.2	(0.2)	2.7	2.0

*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 November 2012

	Portfolio Weight (%)	Benchmark Weight (%)		Portfolio Weight (%)	Benchmark Weight (%)
Largest Holdings			Sector Allocation		
National Australia Bank	7.8	5.0	Financials	34.4	41.1
BHP Billiton	7.7	10.0	Materials	27.4	21.4
ANZ Bank	7.5	6.0	Consumer Staples	8.9	8.6
Westpac Bank	7.0	7.1	Consumer Discretionary	6.9	3.7
Telstra	6.4	4.8	Telecommunications	6.4	5.1
Woolworths	5.3	3.3	Industrials	4.5	6.7
Rio Tinto	5.2	2.3	Healthcare	2.7	6.5
Commonwealth Bank	4.2	8.7	Energy	2.4	4.5
Newcrest	3.1	1.8	Utilities	2.3	1.8
Fortescue Metals Group	2.8	0.6	Information Technology	1.8	0.7

Selected Portfolio Statistics as at 30 November 2012

Inception Date	23-Dec-05	MER (est.)	~ 0.90% p.a.
Number of Stocks	33	Tracking Error (forward estimate)	~ 5% p.a.
ATI Funds Under Management	~ \$400m		

Portfolio Performance

The ATI Equity Portfolio rose 0.2% in November compared with a rise of 0.4% in the S&P/ASX300 Accumulation Index. Against this benchmark, ATI is producing excess returns on a quarterly, 1 year, 5 year and since inception (Dec'05) basis.

The Best and Worst Performing Sectors

The best performing sectors for the month were Health Care (+6.6%), Consumer Discretionary (+3.5%) and Information Technology (+1.5%); while the worst were, Energy (-2.7%), Financials (-1.4%), and Property Trusts (-1.3%).

Attribution of Stocks

The portfolio performance during November was assisted by overweight positions in Fairfax Media (FXJ), Rio Tinto (RIO) and Telstra (TLS); and by not holding QBE Insurance (QBE), Iluka Resources (ILU) and Westfield Holdings (WDC). Stocks in the portfolio that contributed most to its relative performance during the month included:

Fairfax Media (+22.8%) outperformed during the month due to a combination of fundamental and thematic factors. FXJ announced that it had sold its US Agricultural media business for cash consideration of US\$79.9m (-7x FY12 EBITDA), which led to press speculation of further corporate activity. During the month the media sector also exhibited signs of cyclical rotation with other laggards such as Seven West Media (SWM) and Ten Networks (TEN) also posting strong monthly performance. FXJ entered the ATI portfolio during the month due to the relative attractiveness of its earnings profile (underpinned by cost out and growth in its digital assets) and confidence that prior concerns regarding debt and balance sheet strength are alleviated by its 50.1% holding of Trade Me Group (TME).

Rio Tinto (RIO) (+3.2%) outperformed during November. Key commodity prices for Rio Tinto - iron ore, copper, aluminium, and thermal coal - remained relatively stable at historically elevated levels during November, following several months of volatility. During the month RIO finalised a power supply agreement for their majority owned Oyu Tolgoi copper/gold project in Mongolia, allowing the commencement of commissioning. First production from Oyu Tolgoi is expected in early 2013, and when fully ramped up the US\$6bn operation is expected to be a top five global copper producer. RIO also hosted investor briefings in both the UK and Australia, disclosing targeted operating and capital cost savings of up to US\$7bn, and reiterating their strict discipline on capital allocation across the group. RIO remains relatively attractive and we retain a significant overweight portfolio position.

Telstra (TLS) (+4.1%) outperformed again during November as the ongoing declines in interest rates have only increased demand for high yielding stocks such as Telstra which at its recent AGM, confirmed both earnings growth guidance and the 28c dividend for FY13. Recent updates from Optus and Vodafone also confirm that Telstra is still winning market share in mobile, along with Vodafone having other issues - such as network outages in Victoria. During the month Telstra also won a \$1bn Australian defence force contract worth \$150m annually. Despite the recent share price performance, TLS still remains relatively attractive (with upside earnings risk) and an overweight portfolio holding.

Positions that detracted most from the portfolio's performance during the month were from being overweight Emeco Holdings (EHL), Lynas Corp (LYC), underweight Commonwealth Bank (CBA) and; and from not holding Macquarie Group (MQG), Suncorp (SUN) and Ramsay Healthcare (RHC). Stocks in the portfolio that detracted most from performance during the month included:

Emeco Holdings (EHL) (-25.9%) underperformed (again) during November after it downgraded 1H13 operating NPAT by ~10%-20% from being "materially in line with 1H12 NPAT of \$29.2m" to the range of \$23m - \$26m. The key issue has been utilisation of the -509 vehicle fleet falling to 66% (pcp -85%) in its Australian operations (which represents -80% FY12 EBIT). The company also announced the completion of its share buyback. EHL's weighting in the portfolio was reduced (again) during the month, but it remains a portfolio holding on valuation grounds. Its strong balance sheet (net debt/EBITDA -1.6x and the ability to continue to pay a dividend), diversified earnings base (with its Canadian (~12% FY12 EBIT) and Indonesian operations (~8% FY12 EBIT)) performing well, and capable management team underpin our view that there will be a recovery in the EHL share price.

Lynas Corp (LYC) (-9.3%) underperformed during November despite making significant progress during the month towards first production and cash flow. On 8 November, the Kuantan High Court (Malaysia) dismissed an application for an injunction in respect of the Temporary Operating Licence (TOL) which had previously been approved and issued to LYC. The company immediately moved to raise working capital through an underwritten \$150m institutional placement and \$50m retail share purchase plan (underwritten to \$25m) both priced at \$0.75/share. A subsequent application for an interim stay of the TOL was dismissed on 15 November, however we consider it likely that groups opposed to LYC's LAMP facility will continue to pursue LYC through the many layers of the Malaysian court system. Notwithstanding the negative sentiment and uncertainty which prevails with each subsequent new legal action taken by opposition groups, we note that there is currently no injunction in place preventing the operation of the LAMP. Accordingly we note that LYC completed its first shipment of concentrate to Malaysia on 22 November, and first feed of concentrate into the LAMP on 30 November. First cash flow is expected in 1H2013 following a 3-4 month period of LAMP commissioning and customer qualification of the finished Rare Earth products. LYC remains a portfolio holding.

Commonwealth Bank (CBA) (+3.4%) was a portfolio detractor due to our underweight position in the stock (4.2% portfolio weight vs 8.7% market weight). CBA outperformed during November, seemingly benefiting from a trading shift as investors rotated out of those banks going ex dividend (ANZ Bank, National Australia Bank and Westpac) and into the banks next to deliver a dividend. CBA also provided its 1Q13 trading update at the beginning of the month (November 7), reporting largely in line with consensus 1Q13 bad debt provision (\$291m), a stable net interest margin and cash earnings of \$1.85bn. There was nothing in the update that led to upward earnings revisions but the “hunt for yield” continued unabated and our underweight position in CBA ended up being a performance detractor for the month. The current pricing only implies that CBA has become even less attractive in our rankings and the underweight portfolio position is expected to be maintained.

Portfolio Construction

The ATI portfolio, with regard to the market capitalisation exposures, remains similar to the benchmark index with -84% of the portfolio (excluding cash) in the top 50 stocks (compared to 83% of the benchmark index), -13% in the next 100 (-13% of the benchmark index), and -3% in the last 150 stocks (-4% of the benchmark index).

Whilst the portfolio's market cap bias is similar to the benchmark index, its underlying sector positioning is not. ATI has maintained the portfolio position of being overweight the materials and underweight financial sectors with some recent news-flow likely to reduce the ongoing market volatility that has been driven by the unresolved European debt issues, a slower Chinese growth profile and the potential impacts for the US economy (“fiscal cliff”) post elections. We remain comfortable holding a number of smaller resource stocks with iron ore and copper exposure that have become sufficiently attractive for their relatively high expected return profile to justify some additional portfolio risk. The current forecast tracking error of -4% is similar to the level of last month despite increasing the portfolio's exposure to some domestic cyclical stocks during the month.

The main portfolio weighting changes during November included some top-ups of our holdings in AGL Energy (AGK), FXJ, Insurance Australia Group (IAG), Newcrest Mining (NCM), Toll Holdings (TOL) and Woolworths (WOW); and some slight weighting reductions for BHP Billiton (BHP), Flight Centre (FLT), Newscorp (NWS), PanAust (PNA) and Westpac Bank (WBC). Cash at the end of November was 3.5%.

Portfolio Risk

The current forecast tracking error of -4% (range of 2% to 8%) for the ATI portfolio is unlikely to change in coming months unless we feel that the risk/return benefit of taking on some relatively oversold material and domestic cyclical stocks requires some amendment with particular reference to a greater than expected deterioration in the global economic outlook. At present the main sources of portfolio risk are from overweight positions in Sandfire Resources (SFR), Pacific Brands (PBG), LYC, PNA, Atlas Iron (AGO), Fortescue Metals Group (FMG), EHL and FLT; as well as an underweight position in Commonwealth Bank (CBA).

General Market Commentary

The Australian equity market was unable to continue its recent upward trend on the back of PE multiple expansion, up 0.4% in November, as offshore macro issues and further domestic earnings downgrades took their toll. Following the US election, the market focus turned to uncertainty surrounding the looming US “fiscal cliff” and its potential implications for global growth expectations in 2013, if not resolved by year end.

One market dynamic that did not change during the month was the ongoing “hunt for yield” which resulted in the defensive sectors again outperforming the broader market with property trust, telecommunication and financial stocks amongst the few groups to outperform the broader market index. There was ongoing support for many defensive Industrial names such as TLS, Wesfarmers (WES), WOW and the major banks. On the flip side, Hurricane Sandy resulted in yet another earnings downgrade for QBE and global growth concerns continued to weigh on the outlook for both mining contractor and resource companies. The capital goods, insurance and energy (following project cost overrun announcements from STO, OSH and ORG) sectors also underperformed during November.

November saw the tail end of Australia's AGM season which provided some mixed messages as outlook commentary from contractors Lend Lease (LLC) and Monadelphous (MND) confirmed their expectations for earnings growth in FY13, whilst Goodman Fielder (GFF) and QR National (QRN) gave more cautious views on their outlook for the year ahead.

Domestically, economic data was positive, with Australian unemployment unchanged at 5.4% and consumer sentiment surveys finally improving - the first time there has been an improvement since February 2012. Australian retail sales in September were +0.5% mom (consensus +0.4%). The RBA did not follow consensus expectations and held cash rates steady at 3.25%, citing the continued effects from rate cuts earlier in the year, some evidence of better than expected asset prices and an improved global outlook. The RBA minutes, however, did allude to the possibility of further easing “in the period ahead” if the domestic data softened and inflation remained inside the targeted range. The AUD/USD closed the month higher at US\$1.043 (+0.5c) and for the first time in three months, it was up against the Euro (+0.3%).

The benchmark spot iron ore contract, Tianjin 62% fines, retreated over the month (-3.1%) on the back of waning purchases from Chinese steelmakers, ending a two month upward streak for the commodity. Oil prices were quite volatile during the last couple of weeks of November to end the month up (spot Brent +2.4%) as violence erupted between Israel and Hamas, reminding traders of the

oil market's vulnerability to potential supply disruptions. The LME index of base metals gained significant ground during the month (+5.9%) after suffering heavy losses in October. Industrial metals copper (+2.8%) and aluminium (+10.4%) rallied as sentiment surrounding China's economy improved. Spot gold also ended the month down slightly (-0.3%) after a sell-off in the last week of November as post-election fears of a rise in US inflation and a fall in the US dollar subsided.

Outlook

We feel the Australian equity market will become an incrementally important source of investor income in a world where central banks continue to lower interest rates or extend their low/zero rate policies. As investors are faced with lower yielding bank term deposits and Government bonds, both here and abroad, we expect this to result in the ongoing deployment of funds to the Australian equity market, as it has one of the highest underlying dividend yields globally. The market support from this flow of investor funds would only be further enhanced if we were to get some satisfactory outcomes to the global macro issues (ie the US "fiscal cliff", the ongoing steps by the Euro nations to work through their debt problems and some positive signals out of China) and an end to the downward earnings revision cycle that have prevailed over the course of 2012.

Whilst the recent RBA rate cuts remind us that the domestic economic outlook continues to look slightly weaker for next year, we feel the impact of this backdrop should be somewhat offset by a less clouded global economic picture. As these outcomes still remain uncertain for now, we remain positioned with the portfolio still having around a 5% overall running yield, an overweight exposure to select larger cap defensive industrials and an overweight exposure to the materials sector via some commodity specific mining stocks.

PORTFOLIO RISK SUMMARY

Portfolio Name:	MyPort
Benchmark:	ASX300
Date of Data:	30-Nov-12
Sector Type:	BGICS

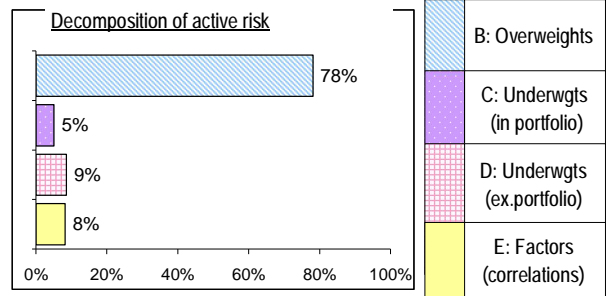
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Factor Analysis:	Multi-Factor
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	Historic portfolio alpha	Historic portfolio beta	Raw return	Active Exposures: %	Total:	Across sectors:	Within sectors:
	12.8%	1.08	18.0%	86.7%	100.0%	30.7%	35.4%
				56.0%	64.6%		

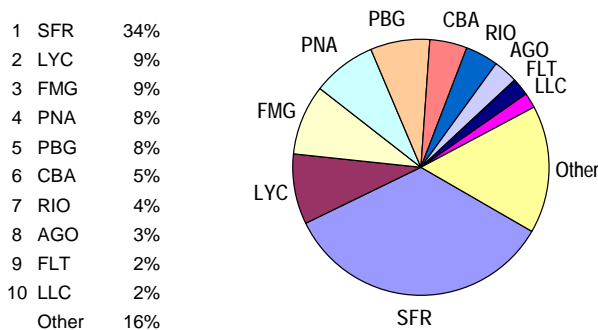
Forecast Tracking Error

3.63 %	3.78 %
(residual risk)	(active risk)

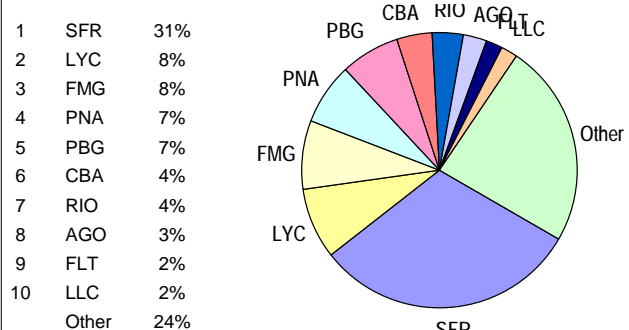
Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A Stocks held in portfolio (B+C)	83%	3.4	11.9
B Overweight positions	78%	3.3	11.1
C Underweight positions	5%	0.8	0.7
D Stocks not held in portfolio	9%	1.1	1.2
E Factors (correlations between stocks)	8%		1.2
F Total (A + D + E)	100%	3.8	14.3
G Systematic risk (undiversifiable)		1.0	1.1
H Residual risk definition tracking error (F - G)		3.6	13.2



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



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



Active Weights

