Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 December 2008

Portfolio Objective

The ATI Australian Equity Portfolio seeks to achieve total returns (includes income and capital appreciation and before the deduction of fees and taxes) that exceed those on the S&P/ASX 300 Accumulation Index by 3% per annum over rolling three-year periods.

Performance Update

(*Returns to 31 December 2008)

	1 Month (%)	3 Month (%)	1 Year (%)	2 Year (% p.a.)	3 Year (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross of fees)	(1.3)	(16.5)	(35.4)	(12.1)	(2.2)	(1.9)
S&P/ASX 300 Accumulation Index	(0.1)	(18.5)	(38.9)	(15.8)	(4.3)	(3.7)

*Past performance is not a guarantee of future results and may not be indicative of them. The net returns are calculated using the Portfolios Net Asset Value of a model mandate within the Direct Portfolio Services SMA product. Performance assumes reinvestment of all income. Inception date is 23 December 2005.

Portfolio Details as at 31 December 2008

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	15.7	12.8
Telstra	6.7	5.0
NAB	6.7	4.9
ANZ	6.2	4.0
Westpac	6.1	6.1
Commonwealth Bank	5.5	5.1
QBE Insurance	5.2	3.2
Woolworths	3.1	4.1
Rio Tinto	2.7	1.4
Westfield	2.7	2.9

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	40.5	36.8
Materials	22.6	22.9
Consumer Discretionary	8.8	3.8
Consumer Staples	6.9	9.3
Telecommunications	6.7	5.6
Industrials	6.0	6.9
Energy	2.1	7.6
Utilities	1.5	1.7
Healthcare	1.1	4.6
Information Technology	0.0	0.7

Selected Portfolio Statistics as at 31 December 2008

Inception Date	23-Dec-05
Number of Stocks	34
ATI Funds under Management	~ $350m

MER (est.)	~ 0.80% p.a.
Tracking error (forward estimate)	~ 3% p.a.

General Market Commentary

Australia's Market Performance

The S&P/ASX300 Accumulation Index finished the year declining by -0.1% in December (after posting declines of 6.3% in November and 12.9% in October) making the total return for the calendar year -38%. This was the worst calendar year return since data records started in 1875, with the next worst year being 1974 which declined ~-34%. December saw investors continued to be hit by capital raisings as companies (led by the banks and property trusts) sought to improve their balance sheet strength and lower debt levels ahead of an uncertain 2009. Despite the continued negative sentiment, the market did finish the year 11% above its low in November, with some tentative signs of stability emerging in the financial sector and lower market volatility.

2008 proved to be a historic year in a number of ways with unprecedented declines incurred across the majority of asset classes. Investors were provided with a timely reminder of the risks associated with leverage and commodity price/resource sector cyclicality. The year was also highlighted by continual fiscal stimulus packages combined with aggressive interest rate cuts as governments and central banks attempted to flood the global economy with additional liquidity in order to try and avert a full blown global debt deflation cycle.

The RBA cut interest rates 100bp in early December, moving the cash rate to 4.25% and meaning that the last four months of 2008 saw 300bp of rate cuts. Consumer confidence improved slightly following the fiscal stimulus package and falling oil price while unemployment started to increase. The AUD started to find some support in December and finished the month at 69.3¢ (+3.9¢), after trading through 70¢ intra month. Crude fell for the sixth successive month to end December at $39.25 (WTI), down 28.9 % for the month and down 78% from its July peak of $145. Gold gained ground in December (+6.0%), helped by a weaker USD and financial asset volatility. It finished the year up 3.1% but still well down from its March peak above $1,000/Oz. Global economic growth concerns continued to drag down base metals as they fell lower during December, highlighted by copper falling by -19%. The CRB Index ended the year down 50.7%.

The key issues for investors near term remains the trade-off between additional earnings risk from the deteriorating economic data, both domestic and global, the weakness in commodity prices and the longer term implications from the global financial crisis; versus increasingly attractive valuations for equities. A longer than expected economic slowdown and a failure for the US authorities to appease the capital markets worldwide still remain key risks to both resource and industrial earnings forecasts.

The Best and Worst Performing Sectors

The better performing sectors during the month were: Info Technology (+19.1); Consumer Discretionary (+8.0%); and Industrials (+5.6%). The worst performing sectors this month were Property Trusts (-12.3%); Telecommunications (-5.5%); and Utilities (-1.8%).

Relative Portfolio Performance

Against this backdrop, the ATI Equity Portfolio fell 1.3% compared with a fall of 0.1% by the S&P/ASX300 Accumulation Index.
Those stocks that contributed most to the Portfolio's relative performance during the month were:

Harvey Norman – HVN (+23.3%) share price rose sharply during December after reporting an improved trend in comparable store sales (based on a rolling 28 day period) from franchised Harvey Norman stores in Australia and expectations of increased spending via the government stimulus package.

Fairfax Media — FXJ (+21.1%) shares recovered after last months heavy fall following the resignation of the Managing Director, David Kirk, and appointment of the Brian McCarthy as the new CEO. FXJ also announced it would not be raising capital in the 'near term' but would be cutting its dividend back to preserve capital and facilitate debt reduction.

Metcash – MTS (+12.9%) ended the month higher after the company announced a 1H09 result that was above market expectations. The defensive nature of the business, transparent earnings base and strong balance sheet also saw switching into the stock.

Stocks that detracted most from the Portfolio's relative performance during the month were:

Rio Tinto – RIO (-18.5%) fell again in December as the outlook for commodities worsened and RIO sought to announce measures to reduce its debt position including the reduction of planned capex and some workforce layoffs.

Commonwealth Bank –CBA (-15.2%) fell over the month after the company announced an equity raising that was required as the level of bad debts had increased beyond what the bank had expected. This now means CBA has raised ~$2.5b since October. CBA also announced late in the month it had purchased the Wizard home loan business to increase its market share.

Bluescope – BSL (-12.5%) shares slumped during December after the company announced that it would scale back production at some of its plants and it undertook an institutional equity raising at a large discount to help reduce its debt levels.

Outlook

Looking ahead, ATI will continue to search for opportunities to invest in companies that, subject to our disciplined investment process, trade at a discount to our assessment of their intrinsic 'fair' value. ATI believes that a combination of bottom-up fundamental analysis of intrinsic value and use of select earnings data, together with a sound risk management overlay, will continue to add value for our investors over the medium to long-term.