Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 January 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 three-year periods.

Performance Update

(*Returns to 31 January 2012)

(*Returns to 31 January 2012)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	3.7	(0.1)	(7.8)	13.7	1.1	4.6
S&P/ASX300 Accumulation Index	5.1	0.1	(6.5)	11.3	(1.8)	1.7
Relative Outperformance	(1.4)	(0.2)	(1.3)	2.4	2.9	2.9

*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 31 January 2012

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	9.9	10.7
ANZ Bank	8.7	5.1
National Australia Bank	8.2	4.7
Westpac Bank	8.0	5.7
Commonwealth Bank	7.6	7.1
Telstra	6.7	3.7
Woolworths	5.0	2.7
Wesfarmers	3.5	2.7
CSL	3.2	1.4
News Corporation	3.1	1.3

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	39.0	35.6
Materials	19.0	25.8
Consumer Staples	10.0	6.9
Consumer Discretionary	7.3	5.0
Telecommunications	6.7	4.2
Industrials	4.7	8.0
Healthcare	3.2	3.5
Energy	2.1	8.4
Information Technology	1.9	0.6
Utilities	1.8	1.8

Selected Portfolio Statistics as at 31 January 2012

Inception Date	23-Dec-05
Number of Stocks	30
ATI Funds Under Management	~ $500m

MER (est.)	~ 0.90% p.a.
Tracking Error (forward estimate)	~ 3.0% p.a.

Portfolio Performance

The ATI Equity Portfolio rose 3.7% in January compared with a rise of 5.1% in the S&P/ASX300 Accumulation Index. Against this benchmark, ATI is producing excess returns on a 3 year, 5 year and since inception (Dec-05) basis.

The Best and Worst Performing Sectors

The best performing sectors in January were Materials (+10.3%), Energy (+8.3%) and Industrials (+6.3%); while the worst were Information Technology (-2.3%), Healthcare (-1.2%) and Telecommunications (+0.1%).

Attribution of Stocks

The portfolio performance during January was assisted by overweight positions in Flight Centre (FLT), Pacific Brands (PBG) and Newcrest Mining (NCM); and by not holding Amcor (AMC), Transurban (TCL) and ASX. Stocks in the portfolio that contributed most to its relative performance during the month included:

> **Flight Centre (FLT) (+19.7%)** rebounded in January after underperforming in December. There was no stock specific news but a continuation of strong ABS outgoing domestic traveller statistics and a high AUD underpinned investor confidence that the 10% growth guided to by management for FY12 is achievable. Despite headwinds from a slowing global economy and a lower interest rate environment, we remain comfortable that the FLT business model will provide the opportunity to continue to deliver earnings growth via its multi-channel, store rollout, brand and geographical diversification strategy.
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> **Pacific Brands (PBG) (+12.7%)** confirmed that it received an unsolicited approach from US private equity firm KKR to acquire the entire issued capital of the company. Press speculation was that a price of $0.66 was offered. The PBG board stated that *"preliminary discussions are being held"* though there was *"no certainty that these discussions will lead to any agreement being reached between the parties".* PBG is an ATI portfolio holding and remains relatively attractive. A high AUD/USD and lower cotton price provide potential earnings upside. The relatively low PE, high dividend yield, buyback and corporate appeal support the fundamental valuation.
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> **Newcrest Mining (NCM) (+13.9%)** outperformed the market during January as the gold price recovered all of the ground lost during the significant correction observed in December when it fell by over US$200/oz to ~US$1,550/oz. NCM reported production statistics for the December quarter (579koz of gold) which met the market's expectations after guidance was lowered earlier in the month due to poor weather impacting a number of the company's operations. NCM now expects to produce 2.43-2.55moz of gold in FY2012. We continue to maintain an overweight portfolio position in NCM because it is relatively attractively ranked on valuation, particularly compared to its peers in the Materials sector, and our observation that the current global environment of competitive currency debasing is highly favourable to the gold price as a long term store of value.

Positions that detracted most from the portfolio's performance during the month were from being overweight Computershare (CPU), CSL and Woolworths (WOW); and from not holding Iluka (ILU), Westfield Group (WDC) and Leighton (LEI). Stocks in the portfolio that detracted most from performance during the month included:

> **Computershare (CPU) (-4.5%)** fell during the month after data showed that M&A and corporate action activity declined again in December. CPU was also impacted by expectations of further interest rates cuts in Australia, as well as ongoing low rates in the US. Meanwhile, the company's recent acquisition of BNY Mellon reported a weaker than expected result. CPU remains a portfolio holding given its relative attractive valuation. The company reports its 1H12 result on 22 February.
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> **CSL Ltd (CSL) (-2.7%)** declined in January for three main reasons: (1) the adverse movement in the currency pairs AUD/USD, EUR/USD and AUD/EUR (since the FY11 result released in August 2011) will negatively impact translated NPAT; (2) the ceasing of the buyback during January due to the company being in blackout, and (3) US peer, Baxter International, reported a solid plasma therapies 4QFY11 divisional result, although its guidance for 2012 underwhelmed the market. We are comfortable holding CSL into the 1H result to be released on 22 February. It remains relatively attractive with fundamentals supported by a rational industry structure, strong balance sheet and quality management.
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> **Woolworths (WOW) (-1.2%)** underperformed as a move from defensive to cyclical stocks occurred during January. WOW released its 2Q12 sales result late in the month and whilst group sales were up 5.1% on pcp, Australian Food and Liquor sales momentum slowed with comparable store sales falling to 1.1%. The company also announced the outcome of its Consumer Electronics business review which will see it close up to 100 Dick Smith stores over the next two years and seek to divest the remaining stores as an ongoing concern. WOW remains relatively attractive with the next catalyst being the release of its 1H12 result on 1 March.

Portfolio Construction

The ATI portfolio continues to maintain its large stock bias with regard to its market capitalisation exposures against the S&P/ASX300 index with 92% of the portfolio (excluding cash) in the top 50 stocks (compared to 81% of the S&P/ASX300 index), 6% in the next 100 (14% of the index), and 2% in the last 150 stocks (4% of the index).

We expect the portfolio to remain overweight the larger cap stocks in these volatile markets and the number of holdings in coming months will only increase if those stocks that have become relatively attractive also improve the expected risk/return profile of the portfolio. Any new positions would be expected to complement the overweight positions already held in the larger cap stocks which history has shown us is a relatively good place to be in these uncertain and erratic market conditions.

During January the number of stocks in the portfolio increased by one to reach 30 with the addition of both Orica (ORI) and Lynas Corporation (LYC), and the removal of QBE Insurance (QBE). ORI entered the portfolio due to its attractive valuation and the relatively defensive exposure it provides to the resources sector (via production volumes as opposed to commodity prices). After detailed proprietary research by ATI into LYC and the rare earths industry, LYC also entered the portfolio in January. Meanwhile, after downgrading our earnings forecasts and outlook for QBE and the insurance industry following QBE's disappointing trading update, we decided to exit our position in QBE. The main weighting changes during January included increases for Brambles (BXB), BHP Billiton (BHP) and Woodside Petroleum (WPL); and decreases for Suncorp (SUN), IAG and Wesfarmers (WES).

Portfolio Risk

The current forecast tracking error of ~3.0% (range of 2-8%) for the ATI portfolio has the potential to change in coming months as the risk/return benefit of taking on some relatively oversold stocks is assessed with reference to the global macro developments.

As present the main sources of portfolio risk are from overweight positions in Pacific Brands (PBG), Lynas (LYC), ANZ Bank (ANZ), Telstra (TLS) and National Australia Bank (NAB); and by not holding Origin Energy (ORG).

General Market Commentary

January saw a strong rebound in global equity markets with Australia (+5.1%), Asia ex Japan (+10.7%), US (+4.4%) and Eurozone (+3.8%), as investors acquired a stronger risk appetite in the face of some perceived positive global developments including: (1) In Europe, bond yields eased and a large scale liquidity injection was undertaken by the European Central Bank (ECB) in December; (2) In the US, the Federal Reserve extended the period for which it expects interest rates to remain at historical lows to 3 years while economic data generally came in-line or above expectations; and (3) in China, tightening fears receded and credit growth improved leading to a growing consensus that the landing in China will be soft rather than hard. These factors saw commodity prices rise, the AUD firm and markets switch from defensive into more cyclical stocks.

However, in many respects the underlying fundamentals remain largely unchanged and challenging. Despite the recent improvement in European bond yields, particularly for Italy and Spain, they are still elevated. At the same time, Greece, the epicentre of the Eurozone sovereign debt crisis for the past two years, remains unresolved despite protracted negotiations regarding a debt restructure. Besides possible resolution in Greece, we will also be monitoring the upcoming bond auctions (given significant sovereign debt rollover next month) and the implementation and impact of fiscal austerity measures across Europe on economies heading into recession. As noted in recent months in this newsletter, we continue to view the global economy with some concern given ongoing Eurozone sovereign debt issues and recessionary outlook, slowing Chinese growth and a weak, but potentially improving US economy.

In Australia, the economic data continued to be on the soft side during January with both employment and CPI below expectations, as the market leans towards an interest rate cut in February (after the RBA did not meet in January). The AUD rose 4.1c in January to finish at USD1.063, while commodity prices were generally stronger (Brent oil +2.5%, gold +11.1%, LME index +12.5%, and iron ore flat). After several retailers issued profit warnings in December leading into a weak Christmas trading period, January saw both company downgrades (eg. Wesfarmers (WES) and QBE Insurance) as well as upgrades (Monadelphous (MND) and Leighton (LEI) leading into the February reporting season which will be the key focus domestically next month.

Outlook

ATI has responded to the recent market conditions with a series of active portfolio management decisions that have been implemented during this period of significant market instability. These decisions had the cumulative effect of concentrating and de-risking the portfolio into those large capitalisation stocks which provided the greatest expected return for the lowest level of expected risk. The ongoing volatility in equity markets reflects the fact that a synchronised global earnings recovery is now some way off as both Europe and the US are attempting to deal with mounting debt problems. As a result of revised global growth expectations, the ongoing domestic earnings downgrade cycle for equities is likely to continue, and until we see some improvement in the global macro backdrop, investors are likely to remain somewhat wary.

ATI's relative value process is still identifying some attractive opportunities in conjunction with some more defensive holdings that we feel are appropriate for these market conditions. Those stocks whose share prices have rallied excessively in anticipation of the expected simultaneous global economic recovery remain the standout risks over the course of the coming year as signs of earnings growth and a solution to the Eurozone issues are now required to drive the next upward phase in equity markets.

PORTFOLIO RISK SUMMARY

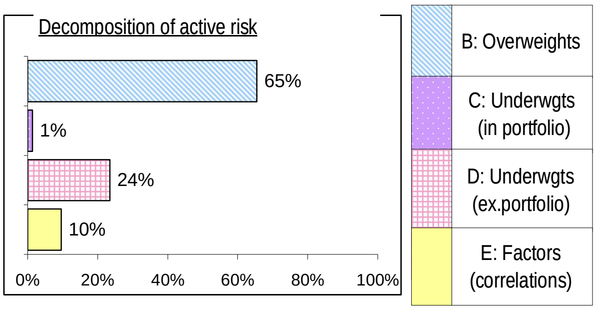
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	31-Jan-12

Model:	48months - 5 factors
Factor Analysis:	Multi-Factor
Timestamp of Analysis:	1/02/2012 2:43:39 PM

Historic portfolio alpha	5.6%	**Active Exposures:**	
Historic portfolio beta	0.91	Held:	39.9%
Raw return	-3.7%	Total:	75.4%

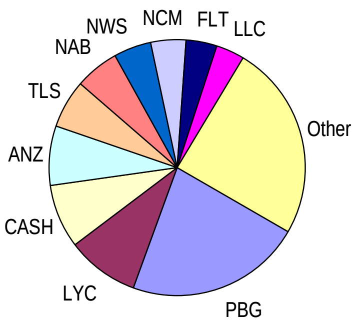
Forecast **Tracking Error**		
	2.27 %	**2.78 %**
	(residual risk)	(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	67%	2.3	5.2
B	Overweight positions	65%	2.3	5.1
C	Underweight positions	1%	0.3	0.1
D	Stocks not held in portfolio	24%	1.3	1.8
E	Factors (correlations between stocks)	10%		0.7
F	Total (A + D + E)	100%	**2.8**	7.7
G	Systematic risk (undiversifiable)		1.6	2.6
H	Residual risk definition tracking error (G - F)		**2.3**	5.1



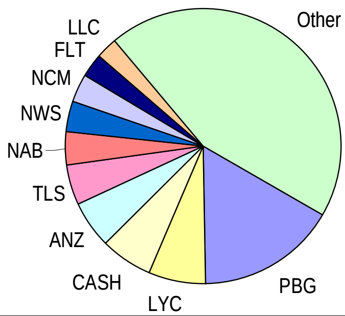
Top 10 sources of risk: Stocks held in the portfolio (A)

1	PBG	22%
2	LYC	9%
3	CASH	8%
4	ANZ	8%
5	TLS	6%
6	NAB	5%
7	NWS	5%
8	NCM	4%
9	FLT	4%
10	LLC	3%
	Other	25%



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

1	PBG	16%
2	LYC	7%
3	CASH	6%
4	ANZ	6%
5	TLS	5%
6	NAB	4%
7	NWS	4%
8	NCM	3%
9	FLT	3%
10	LLC	3%
	Other	44%



Active Weights