Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 January 2013

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 31 Jan 2013)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	4.7	9.4	21.7	6.3	3.6	6.8
Benchmark Index	5.0	8.9	19.6	6.7	1.5	4.8
Relative Outperformance	(0.3)	0.5	2.1	(0.4)	2.1	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 31 January 2013

Largest Holdings	Portfolio Weight (%)	Benchmark Weight (%)
BHP Billiton	8.5	10.0
National Australia Bank	8.1	5.3
ANZ Bank	7.6	6.0
Westpac Bank	7.2	7.2
Telstra	6.3	4.8
Rio Tinto	5.0	2.4
Woolworths	4.6	3.2
Commonwealth Bank	4.2	8.6
Newcrest	3.1	1.5
Woodside Petroleum	3.1	1.8

Sector Allocation	Portfolio Weight (%)	Benchmark Weight (%)
Financials	34.7	41.8
Materials	28.5	21.0
Consumer Staples	7.3	8.3
Consumer Discretionary	7.1	3.8
Telecommunications	6.3	5.0
Industrials	4.0	6.8
Healthcare	2.2	4.4
Energy	3.1	6.5
Utilities	2.3	1.7
Information Technology	1.9	0.7

Selected Portfolio Statistics as at 31 January 2013

Inception Date	23-Dec-05
Number of Stocks	34
ATI Funds Under Management	~ $400m

MER (est.)	~ 0.90% p.a.
Tracking Error (forward estimate)	~ 4% p.a.

Portfolio Performance

The ATI Equity Portfolio rose 4.7% in January compared with a rise of 5.0% in the 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 Information Technology (+15.2%), Consumer Discretionary (+8.6%) and Financials (+7.0%); while the worst were Materials (+1.5%), Utilities (+2.5%), and Health Care (+3.6%).

From a sector perspective, the relative performance of the ATI portfolio was negatively impacted from being overweight Materials stocks (28.5% v benchmark of 21.0%), but positively impacted from being overweight Consumer Discretionary stocks (7.1% v benchmark of 3.8%) and from being underweight Financials stocks (34.7% v benchmark of 41.8%).

Attribution of Stocks

The portfolio performance during January was assisted by overweight positions in Computershare (CPU), Lend Lease (LLC) and News Corporation (NWS); and by not holding Stockland Group (SGP), Sydney Airport (SYD) and Transurban Group (TCL). The three stocks in the portfolio that contributed most to its relative performance during January were:

> **Computershare (CPU) (+16.5%)** outperformed the market in January as we saw an increase in M&A activity in the second half to December 2012 which was up 19% on pcp. CPU, who are due to report their 1H13 result on 13th February 2013, have guided for EPS growth to be 10-15% above FY12. In January CPU announced that they had established a DRP, but did not comment on whether it will be activated for the upcoming result. CPU remains an overweight portfolio holding.
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> **Lend Lease (LLC) (+11.6%)** outperformed during the month as they rallied strongly to close above the $10 mark for the first time since September 2009. The main news releases for the month were related to the UK operations, where LLC secured a £170mn contract with Land Securities for project management and construction at a site. Mid-month, LLC announced that it had secured planning approval permission for Elephant & Castle residential development site. Also, late in the month, LLC signed an agreement with Manor Property Group to design and construct up to 40,000 student accommodation units at 70 locations across England and Scotland. The positive sentiment seemed to reflect the ongoing additions to LLC's overall construction work in hand backlog that continues to build momentum. LLC remains an overweight portfolio holding and the recent announcements continue to provide evidence that the Group can continue to leverage the globally diversified and long dated order book for many years to come.
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> **News Corporation (NWS) (+11.0%)** continued its outperformance during January as it was a beneficiary of the cyclical re-rating of media stocks over the month. NWS also announced during the month that it had struck a new financing deal with Sky Deutschland which will increase NWS' stake to 54.5% from 49.9%. This will result in Sky D becoming a consolidated entity of NWS. The Film division continued to benefit from strong worldwide box office sales for 'Life of Pi'. We continue to maintain an overweight position in NWS due to 1) valuation support underpinned by expectations of continued double digit EBIT growth; 2) share price support via its share buyback (~25% of its second US$5b buyback was completed at the end of January); and 3) an expectation of valuation uplift when the publishing assets are de-merged in 1Q14.

Positions that detracted most from the portfolio's performance during the month were from being overweight Atlas Iron (AGO), Sandfire Resources (SFR) and PanAust (PNA); and from not holding QBE Insurance (QBE), Macquarie Group (MQG), and Origin Energy (ORG). Stocks in the portfolio that detracted most from relative performance during the month included:

> **Atlas Iron (AGO) (-17.3%)** underperformed during January following an exceptionally strong performance during December 2012 (+29.2%). During January the company achieved first production at its third iron ore mine, Mt Dove, which continues the successful implementation of the Horizon One expansion project. The development of Mt Dove, in addition to existing production at Wodgina and Pardoo, increases AGO's production capacity to ~8mtpa from its northern Pilbara operations. Progress continued on the development of the company's fourth mine, Abydos, which will contribute to lifting production capacity to ~12mtpa by December 2013, following targeted first production in June 2013. Meanwhile AGO continues to pursue a rail solution for the next phase of growth, Horizon Two, to facilitate development of its southern Pilbara mines to match allocated shipping channel capacity at Port Hedland of an additional ~31.5mtpa. Following a strong period of out-performance during December 2012, the portfolio weighting was reduced during January 2013, however AGO still remains attractive in the ATI rankings and an overweight portfolio holding.

Sandfire Resources (SFR) (-9.6%) underperformed the market during January despite strength in the company's underlying commodity exposures, with the copper prince increasing ~4% to ~US$3.75/lb during January, whilst the gold price was relatively stable at over US$1,650/oz. The company reported production and cash flow statistics for the December quarter, which were in line with ATI expectations for a modest ramp up of the DeGrussa concentrator, although marginally downgraded production guidance for FY2013 of 67-71kt of copper may have disappointed against some of the more optimistic market forecasts. We note that the December quarter represented only a partial quarter of production as DeGrussa ramps up to full capacity, and caution against reading too much significance into one partial quarter of production statistics for an operation with an expected mine life of greater than seven years. SFR remains attractive in the ATI rankings and an overweight portfolio holding.

PanAust (PNA) (-11.7%) also underperformed during January despite robust copper and gold prices as noted above. During January the company released unaudited EBITDA guidance for CY2012 of US$330m following a strong operating performance in the December quarter at both Phu Kham and Ban Houayxai. Notably December represented a record monthly performance from Phu Kham, with over 7kt of copper produced, reflecting the implementation of the recent upgrade project. Whilst the unaudited FY2012 EBITDA guidance was in line with ATI (and market) forecasts, the PNA release also disclosed preliminary FY2013 EBITDA guidance of US$320-350m based upon a prevailing copper price of US$3.60/lb. This guidance implied a material downgrade versus ATI (and market) expectations, largely due to higher costs associated with lower grade ore sources at Phu Kham, the result of a previously undisclosed geotechnical event in the open pit. Following this period of underperformance the portfolio weighting of PNA has been increased.

Portfolio Construction

The main portfolio weighting changes during January included a new position in the emerging African gold producer Perseus Mining (PRU), minor top-ups for our holdings in BHP Billiton (BHP), Fortescue Metals Group (FMG) and Rio Tinto (RIO) and some slight portfolio weighting reductions for Australian Infrastructure Fund (AIX), Flight Centre (FLT), IAG Insurance (IAG), Metcash (MTS), Wesfarmers (WES) and Woodside Petroleum (WPL). Cash at the end of January was 2.8% (December 3.5%).

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 (benchmark ~83%), ~13% in the next 100 (benchmark ~14%), and ~3% in the last 150 stocks (benchmark ~4%). ATI’s 10 largest holdings make up 59% of the portfolio (benchmark 53%), the dividend yield is 4.0% (benchmark 4.3%) and the portfolio’s historic PE is 14.5x (benchmark of 15.0x).

Whilst the portfolio’s market cap bias is similar to the benchmark index, its underlying sector positioning is not. ATI has maintained its portfolio position of being overweight the Materials and underweight Financials sectors. 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. These stocks include AGO, Fortescue Metals Group (FMG), PanAust Ltd (PNA), Sandfire Resources (SFR) and PRU. We are also overweight consumer discretionary stocks we view as having structural advantages such as News Corporation (NWS) and Flight Centre (FLT) or offering value opportunities such as Pacific brands (PBG), Toll Holding (TOL) and Fairfax Media (FXJ).

Portfolio Risk

The current forecast tracking error of ~3.7% is similar to last month ~3.9%. As we approach the upcoming reporting season the portfolio positions will be monitored as financial results and outlook statements are delivered to the market.

We continue monitoring opportunities in oversold Materials and domestic cyclical stocks (such as single mine/commodity operations or mining contractors), but do not currently feel that the risk/return profile of taking on the additional risk is justified in an environment with minimal earnings clarity and continued reductions in the expected mining capex spend over 2013.

At present the main sources of portfolio risk are from overweight positions in SFR, PBG, FMG, AGO, LYC and PNA; as well as an underweight position in CBA.

General Market Commentary

The Australian equity market, as with global peers, opened the calendar year on a very positive note as the backdrop of low interest rates and a lower perceived risk profile for the world economy saw across the board support for stocks. Some examples of why investor confidence has been buoyed by the potential for an improved global growth outlook include: the new Japanese government approving US$117bn of new spending in the country's biggest stimulus program since the financial crisis and the Bank of Japan agreement to support the new administration's 2% inflation target; the US Congress granting the Government an extension on its borrowing limit until mid-May which followed a 'fiscal cliff' agreement early in the month to roll over some tax rates that were slated to rise and to postpone automatic spending cuts until March; European data showing that bank deposits in some Euro-zone member states had now stabilised or increased as fears around the single currency continued to recede; and the upgrade to consensus Chinese GDP growth estimates for 2013 as the infrastructure roll-out looks set to continue under the new leadership.

After the 5.0% rise in the ASX300 Accumulation Index during January, this represented its highest end-of-month close since August 2008 (which was just before the Lehman Brothers bankruptcy event). In a deviation from recent history, the equity market performance was quite broad-based in January with all sectors ending the month in positive territory.

As we enter the hectic February reporting period, the pre-results 'confession' or warning season was relatively quiet compared to previous years and this was possibly a reflection of the fact that market consensus expectations have been materially revised down over the course of 2012. The mining sector's December quarter production results generally showed iron ore output to be slightly ahead of expectations, though CY13 guidance underwhelmed. Some stock specific stories included: the CEO of Rio Tinto, Tom Albanese, stepping down following signficant asset write-downs for the Group; Boral's share price jumped on a significant cost-cutting announcement that was above market expectations; Billabong received a bid proposal from Altamont/VF Corp for $1.10 per share and granted the consortium due diligence.

Domestically, a lower-than-expected Q4 2012 CPI data release in late January (+2.3%) showed that underlying inflation was a little weaker than the RBA's forecasts (+2.5%) and this potentially leaves the door ajar for further policy easing through 1H13. Furthermore, the lead domestic indicators of the household sector that have been released since the December board meeting show little actual response to the easing cycle to date. It has also become clearer that the increasing weight of monetary stimulus has had little impact on domestic spending and the demand for credit as annualized system credit growth remains below 5%. Other economic data remained mixed with residential building approvals for November up slightly (+2.9% mom), the unemployment rate which rose from 5.3% to 5.4% and an improved consumer confidence survey score of 100.6 (+0.6% mom) versus the long-term average score of 101.6. The AUD finished the month unchanged at US$1.04.

The benchmark spot iron ore contract, Tianjin 62% fines, continued to build on December's strong advances, rising another 5.2% as cyclones closed key ports in Western Australia, disrupting shipments and supply of the commodity. Chinese port inventories reached their lowest levels since September 2010. The LME index of base metals also made gains during the month (+3.7%). Copper prices increased (LME spot +4.2%) in response to more favourable sentiment on global growth but prices were kept in check by uncertainty about supply. Aluminium was up 1.6% in January. Spot Brent oil prices hit a seven-month high in January (+3.6%), as a terrorist attack on a natural gas plant in Algeria underlined North African supply risks. Gold was up 0.6% over the month, though the strength of riskier assets reduced the level of demand for bullion.

Outlook

With market consensus earnings expectations having undergone some significant downgrading over the last half of calendar 2012, especially in the materials sector, this reporting season should provide some useful insights into company and sector earnings growth prospects for the next six months. One area we see the potential for some positive earnings revisions is the materials sector that has witnessed the recent recovery in many commodity spot prices, notably iron ore and copper, without the resultant uplift in earnings expectations for the year ahead.

In an environment where domestic economic growth expectations are sanguine, a continuation of the recent equity market performance may well be substantiated by an ongoing improvement in global economic conditions. As the US, Europe, China and Japan all continue to implement policy stimulus measures, there are signs that these strategies are gaining traction.

With global and domestic interest rates expected to remain at historically low levels over 2013, equity markets may continue to be supported as investors seek growth and yield alternatives to the returns offered from cash in the current low interest rate environments.

The ATI portfolio remains positioned with a mix of high yielding, large capitalisation Financial, Telco and Consumer staples stocks combined with an overweight exposure to the Materials sector via the two large diversified miners and some smaller commodity specific positions. The portfolio is also balanced by a mix of strategic Consumer Discretionary and Industrial stocks that we feel are capable of improving our expected return over the coming year.

PORTFOLIO RISK SUMMARY

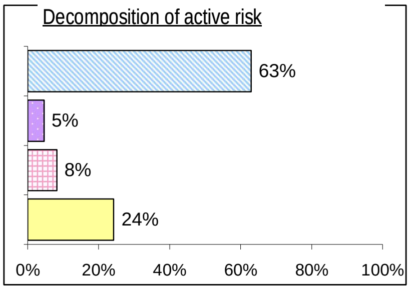
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	31-Jan-13
Sector Type:	BGICS

Model:	AE_PCA48M
Factor Analysis:	Multi-Factor
Timestamp of Analysis:	5/02/2013 10:50:58 AM

		Active Exposures:		%
Historic portfolio alpha	9.8%	Total:	85.8%	100.0%
Historic portfolio beta	1.07	Across sectors:	34.9%	40.7%
Raw return	20.4%	Within sectors:	50.9%	59.3%

Forecast **Tracking Error**	**3.60 %**	**3.72 %**
	(residual risk)	(active risk)

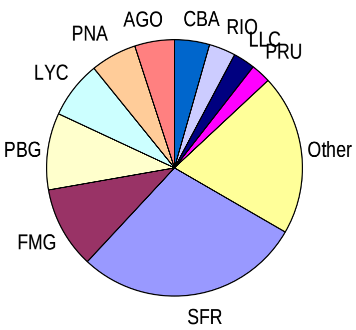
	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	68%	3.1	9.4
B	Overweight positions	63%	3.0	8.7
C	Underweight positions	5%	0.8	0.6
D	Stocks not held in portfolio	8%	1.1	1.1
E	Factors (correlations between stocks)	24%		3.4
F	Total (A + D + E)	100%	**3.7**	13.9
G	Systematic risk (undiversifiable)		0.9	0.9
H	Residual risk definition tracking error (F - G)		**3.6**	13.0



	B: Overweights
	C: Underwgts (in portfolio)
	D: Underwgts (ex.portfolio)
	E: Factors (correlations)

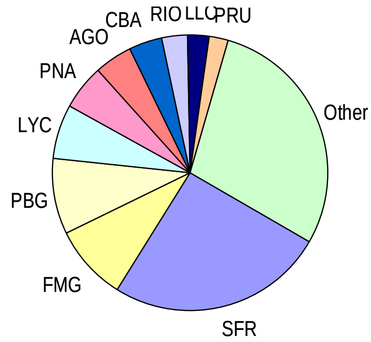
Top 10 sources of risk: Stocks held in the portfolio (A)

1	SFR	29%
2	FMG	10%
3	PBG	10%
4	LYC	7%
5	PNA	6%
6	AGO	5%
7	CBA	4%
8	RIO	3%
9	LLC	3%
10	PRU	2%
	Other	20%

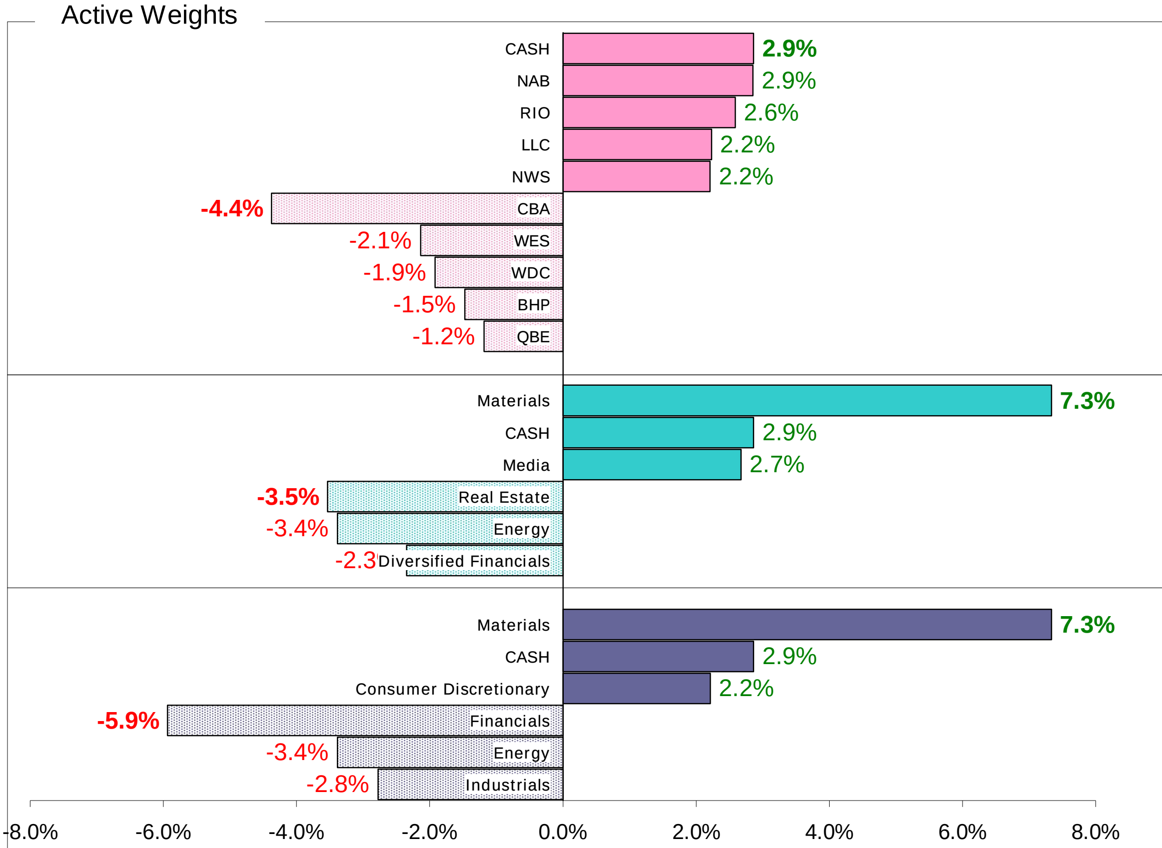


Top 10 sources of risk: All stocks in benchmark (B+C+D)

1	SFR	26%
2	FMG	9%
3	PBG	9%
4	LYC	6%
5	PNA	5%
6	AGO	4%
7	CBA	4%
8	RIO	3%
9	LLC	2%
10	PRU	2%
	Other	29%



Active Weights



	Top five **Overweight** Stocks
	Top five **Underweight** Stocks
	Top three **Overweight** GICS2 sectors
	Top three **Underweight** GICS2 sectors
	Top three **Overweight** GICS1 sectors
	Top three **Underweight** GICS1 sectors

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