Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 January 2011

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/ASX 300 Accumulation Index by 3% p.a. over rolling three-year periods.

Performance Update

(*Returns to 31 January 2011)

	1 Mth (%)	3 Mth (%)	1 Yr (%)	2 Yr (% p.a.)	3 Yr (% p.a.)	5 Yr (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross of fees)	0.9	2.4	7.4	26.3	2.1	6.6	7.2
S&P/ASX 300 Accumulation Index	0.1	2.9	8.7	21.5	(1.2)	3.7	4.4
Relative Outperformance	0.8	(0.5)	(1.3)	4.8	3.3	2.9	2.8

*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 Share Invest SMA product. Performance assumes reinvestment of all income.
Inception date is 23 December 2005.

Portfolio Details as at 31 January 2011

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	16.1	12.9
ANZ Bank	8.0	5.3
Westpac Bank	7.7	6.0
National Australia Bank	7.1	4.6
Commonwealth Bank	6.2	7.1
Rio Tinto	5.8	3.2
Telstra	4.9	2.7
Woolworths	3.3	2.8
QBE Insurance	2.9	1.6
CSL	2.4	1.8

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	44.7	37.4
Materials	27.3	27.9
Consumer Discretionary	5.8	4.0
Industrials	5.0	6.4
Telecommunications	4.9	3.2
Consumer Staples	4.9	8.3
Healthcare	2.4	3.4
Energy	2.2	7.5
Utilities	1.2	1.3
Information Technology	0.0	0.7

Selected Portfolio Statistics as at 31 January 2011

Inception Date	23-Dec-05
Number of Stocks	34
ATI Funds under Management	~ $450m

MER (est.)	~ 0.90% p.a.
Tracking error (forward estimate)	~ 3.3% p.a.

Relative Portfolio Performance

The ATI Equity Portfolio rose 0.9% in January compared with a rise of 0.1% by the S&P/ASX300 Accumulation Index. Against this benchmark, ATI is producing excess return on a 1 month, 2 year, 3 year, 5 year and since inception (Dec-05) basis.

The Best and Worst Performing Sectors

The better performing sectors during January were: Consumer Staples (+2.4%), Financials (+2.4%) and Property trusts (+2.4%). The worst performing sectors were: Information Technology (-3.9%), Materials (-3.0%) and Utilities (-1.8%). Our monthly performance was assisted by overweight positions in the Financials and Consumer Discretionary sectors, a relatively neutral position in the Materials sector, and underweight positions in the Energy, Healthcare and Industrial sectors.

Attribution of Stocks

The portfolio performance during January was assisted by overweight positions in Alesco Corporation (ALS), OneSteel (OST), and National Australia Bank (NAB), and by not holding Newcrest Mining (NCM). Stocks in the portfolio that contributed to its relative performance during the month included:

> **Alesco Corporation (ALS) (+22.4%)** outperformed during the month as it released a solid 1H11 result given: (i) continued difficult or subdued market conditions for most of its operations (particularly Garage Doors, and the Functional and Decorative Products divisions), and (ii) that the company is only in the early stages of its Project Restore business restructuring program (F&D Products, and Construction and Mining divisions) under new CEO Peter Boyd. In addition, ALS also announced the sale of its loss making Water division which we and the market view as a very positive development as it both removes future ongoing losses, and allows management to better focus its restructuring efforts on the remaining three divisions. Following very strong outperformance over the past three months, ALS has lost some of its relative attractiveness despite an upgrade to our earnings forecasts. As such, its position in the portfolio is now being reviewed.
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> **OneSteel (OST) (+5.0%)** outperformed the market during January. Although the company's steel-related earnings are likely to remain depressed during the upcoming DH2010 reporting season, a continued improvement in capacity utilisation in the global steel industry during January has lead to increased confidence that steelmakers will be able to pass on high raw material prices to customers moving forward. Further, as an integrated iron ore and steel producer, OST is more insulated from raw material price increases than its peers. Indeed, as a net exporter of iron ore, OST's exports of 6-7mtpa of iron ore from Whyalla currently contribute ~70% of the company's overall earnings. OST remains a portfolio holding and is still relatively attractive within the materials sector of our universe.
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> **National Australia Bank (NAB) (+4.1%)** rose during January as the market started to factor in an improvement in business lending that has a greater positive impact for NAB earnings due to its larger exposure compared to the other major banks. The market also digested the likely impact of the Government's regulatory review during the month. The response was generally that these changes are not likely to have a material impact on bank earnings in the next few years. NAB remains a core holding and one of the most relatively attractive of the larger bank stocks within the ATI universe.

Positions that detracted most from the portfolio's performance during the month were from being overweight APN News & Media (APN), Fortescue Mining (FMG), and BHP Billiton (BHP), and from not holding Wesfarmers (WES) and Incitec Pivot (IPL) which both outperformed. Stocks in the portfolio that detracted from performance during the month included:

> **APN News & Media (APN) (-10.6%)** underperformed during January after it provided an update to the market regarding the impact of the Queensland floods. Management noted that while APN has significant operations in South East Queensland (a third of its Australian regional publishing and 14% of its Australian outdoor and radio businesses), it had only suffered very limited damage and in any case this was covered by insurance. However, while APN's operations had been largely unaffected by the floods, management was unable at this point to quantify the impact on the regional economies, nor the impact on its customers (including debtor collections). Nevertheless, APN did comment that it had already seen some weakness in the lead up to Christmas in advertising from small business and retailers, as well as real estate. Full details will be provided at the full year result when it is released on 25 February. APN remains a portfolio holding due to its relative attractiveness within our investment grade universe.
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> **Fortescue Mining (FMG) (-2.4%)** underperformed the market during January despite reporting a strong production performance for the December quarter of 2010, lower than expected costs (US$41.50/t) and a higher than anticipated price received (US$150/t). The company's expansion of the Christmas Creek operation to 55mtpa remains on schedule and budget, and the Board both approved a further US$8.4bn investment to expand production from 55mtpa to 155mtpa, and successfully raised US$1.5bn of debt. Two corporate developments which may have contributed to the company's underperformance during January were the sale of a significant parcel of the register from a long term shareholder, and speculation that FMG was considering a takeover bid for joint venture partner BC Iron. Subsequently it emerged that the bidder for BC Iron was not FMG but Regent Pacific Group. FMG remains relatively attractive and a portfolio holding.

BHP Billiton (BHP) (-2.2%) underperformed the market during January despite ongoing strength in most commodity prices. The full impact of the Queensland floods on BHP's substantial metallurgical coal operations has yet to be quantified, with production still suspended at a number of the company's mines, and force majeure over customer deliveries remaining in place. In addition, ongoing expectations of further interest rate increases in China to slow the economy impacted the performance of BHP during January. The stock remains relatively attractive and a core ATI portfolio holding.

Portfolio Construction

The ATI portfolio remains fairly neutral with regard to its market capitalisation exposures (vs the S&P/ASX300 index) with 83% of the holdings in the top 50 stocks, 13% in the next 100, and 4% in the last 150 stocks. The number of stocks (34) in the portfolio changed from last month (33) with the addition of Fortescue Mining (FMG) during the month. The ATI stock rankings are still indicating that the market has rallied to a point where the number of relatively cheap stocks has reduced such that the portfolio is likely to remain holding a similar number of stocks in the near term with overweight positions held in the larger capitalisation stocks which have become relatively attractive in the ATI stock universe.

Portfolio Risk

The current forecast tracking error of ~3.3% (range of 2-8%) for the ATI portfolio also reflects the fact that our stock rankings do not currently indicate the benefit of taking on additional risk and moving far above this current level.

As at 31 January the main sources of portfolio risk are from a variety of overweight smaller capitalisation stock holdings including Pacific Brands (PBG), Alesco Corporation (ALS), Emeco Holdings (EHL), Mount Gibson (MGX) and Equinox Minerals (EQN). Larger capitalisation stocks that provide a contribution to portfolio risk include having no holding in Newcrest Mining (NCM) and Wesfarmers (WES), and having overweight positions in BHP Billiton (BHP), Rio Tinto (RIO), OneSteel (OST) and Lend Lease (LLC).

General Market Commentary

Equity markets came out of the gates strongly in calendar 2011 as investor optimism regarding the US recovery looked certain to buoy markets ahead of the February reporting season. However, concerns around potential unrest in the Middle East region (particularly Egypt) ended this bout of optimism and the local equity market gave back most of the early gains late in the month. During January the equity markets were also focused on continued inflation risks around China and the impacts of the Queensland floods on Australia's economy. The Australian market (S&P/ASX300 Accumulation Index) finished the month virtually unchanged (+0.1%) despite the negative news that began to way on sentiment later in the month.

Domestic news flow was dominated by the Queensland floods as analysts began trying to assess the short-term (negative) implications for the economy and long-term (positive) implications of the rebuilding phase. Prime Minister Julia Gillard has proposed a one-off flood levy and a range of spending cuts to help fund the rebuilding of flood-affected regions. A number of companies commented on the short term adverse impact that they anticipate from the flooding in Queensland and elsewhere, including Woolworths which lowered its guidance for earnings growth for the first time since 1993, citing weaker than expected discretionary spending. Equity markets also appeared to remain cautious ahead of the February reporting season as the actual impact of the Queensland floods and general wet weather conditions across Australia's eastern states is still relatively unknown.

The Reserve Bank of Australia (RBA) did not meet in January so the cash rate remained at 4.75%. The market now expects the RBA will keep rates on hold for the next few months as the Federal Government announced that it would seek parliamentary approval to impose a $1.8b flood levy to help fund the reconstruction. It also announced $2.8b in spending cuts and the delay of $1b of infrastructure projects as part of this process. This aside, fourth quarter consumer price inflation was lower than expected and some key activity releases (employment and credit) were soft. This data, alongside the economic impact of flooding and the proposed levy prompted markets to delay expectations of any RBA tightening and downgrade FY11 GDP forecasts, causing the AUD to decline against the USD to finish the month at 99.5¢ (-2.8¢). The softer AUD may also be attributed to some profit-taking in select commodities.

The West Texas Intermediate oil spot price rose slightly during January (+0.9%) and the political unrest in Algeria and Egypt supported prices towards the end of the month. Spot gold suffered its first monthly decline since July 2010 (-5.9%) despite a weaker USD and growing concern over inflation risks in emerging economies and in Europe. Increasing confidence in equity markets and some large fund redemptions appeared to further undermine interest in gold. Base metals were mixed as buyers reacted to concerns that anti-inflation policies in China and other emerging economies might crimp demand. Despite its recent strength copper (-1.1%) was more resilient than either zinc (-4.4%) or aluminium (-2.2%), while nickel (+10.6%) and tin (+12.0%) gained. Continued disruption to Indian exports supported spot iron ore prices with the Tianjin 62% benchmark (+9.1%) hit an all-time high during the month (US$185.70).

Outlook

Just as investors were becoming increasingly more optimistic about the outlook for 2011 with a more positive tone from the US and diminishing concerns around Europe and China, the Middle East/African regions popped up with their own risks. The ATI portfolio continues to hold stocks leveraged to the key growth themes driving the domestic economy (mining investment and volumes, plus consumption), as well as those stocks exposed to the US that have increasing potential for positive surprises to emerge during 2011.

Since the last reporting season in August 2010, domestic consumers have generally increased saving and spent less on housing construction, the government's fiscal stimulus has faded, productivity has been weak, monetary policy has shifted into the restrictive zone, the AUD has risen and pricing power has diminished. Continued high commodity prices should support resource company earnings and underpin a strong uplift in business investment. As this expected pick-up gathers momentum this year it should also benefit the banks. However, we expect the upcoming reporting season to show quite subdued levels of growth for industrial stocks whilst many resource stocks should report ongoing improvement in their earnings outlook despite the Queensland flood impact.

ATI's relative value process is still identifying some attractive opportunities, particularly in stocks where operating leverage may emerge during our three year forecast period. 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 next quarter as signs of earnings growth are now required to provide the next upward phase in equity markets.

PORTFOLIO RISK SUMMARY

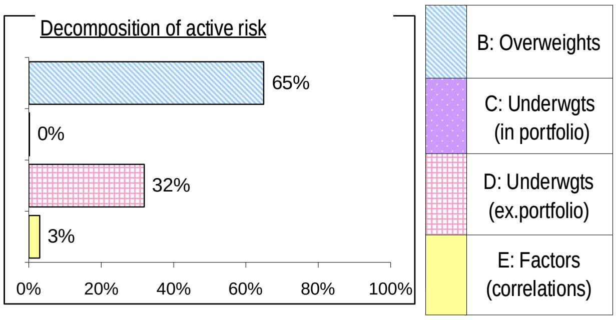
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	31-Jan-11
Timestamp of analysis:	2/1/2011 3:35:23 PM

Data Frequency:	Monthly
No. of Periods:	48
Price or Accumulation:	Accumulation
Factor Analysis:	Multi-Factor

Historic portfolio alpha	7.2%	**Active Exposures:**	
Historic portfolio beta	1.02	Held:	43.1%
Raw return	2.3%	Total:	84.7%

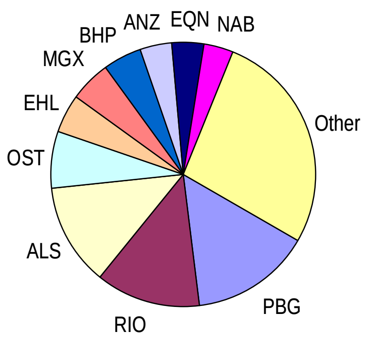
Forecast Tracking Error	3.30 %	3.32 %
	(residual risk)	(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	65%	2.7	7.2
B	Overweight positions	65%	2.7	7.2
C	Underweight positions	0%	0.2	0.0
D	Stocks not held in portfolio	32%	1.9	3.5
E	Factors (correlations between stocks)	3%		0.3
F	Total (A + D + E)	100%	**3.3**	11.0
G	Systematic risk (undiversifiable)		0.4	0.1
H	Residual risk definition tracking error (G - F)		**3.3**	10.9



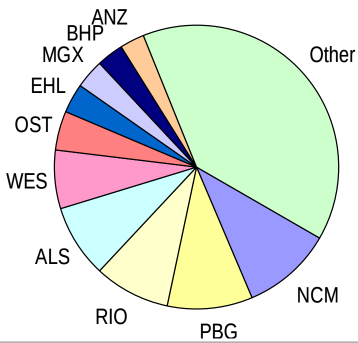
Top 10 sources of risk: Stocks held in the portfolio (A)

1	PBG	15%
2	RIO	13%
3	ALS	13%
4	OST	7%
5	EHL	5%
6	MGX	5%
7	BHP	5%
8	ANZ	4%
9	EQN	4%
10	NAB	4%
	Other	27%



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

1	NCM	10%
2	PBG	10%
3	RIO	8%
4	ALS	8%
5	WES	6%
6	OST	5%
7	EHL	3%
8	MGX	3%
9	BHP	3%
10	ANZ	3%
	Other	40%



Active Weights