Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 July 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 July 2012)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	3.9	(2.0)	0.6	4.6	[0.3]	4.5
S&P/ASX300 Accumulation Index	4.2	(2.3)	0.7	4.5	[3.0]	2.0
Relative Outperformance	(0.3)	0.3	(0.1)	0.1	2.7	2.5

*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 July 2012

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	8.8	9.8
National Australia Bank	8.0	5.4
Westpac Bank	8.0	6.8
ANZ Bank	7.6	6.1
Telstra	6.1	4.8
Woolworths	5.2	3.4
Commonwealth Bank	4.4	8.8
Rio Tinto	4.1	2.2
Wesfarmers	3.8	3.6
Newcrest Mining	3.4	1.7

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	34.0	41.6
Materials	27.0	21.1
Consumer Staples	10.3	8.5
Consumer Discretionary	6.9	3.6
Telecommunications	6.1	5.0
Industrials	4.8	6.7
Energy	2.6	6.8
Healthcare	2.5	4.1
Utilities	1.9	1.9
Information Technology	1.7	0.7

Selected Portfolio Statistics as at 31 July 2012

Inception Date	23-Dec-05
Number of Stocks	35
ATI Funds Under Management	~ $400m
MER (est.)	~ 0.90% p.a.
Tracking Error (forward estimate)	~ 5% p.a.

Portfolio Performance

The ATI Equity Portfolio rose 3.9% in July compared with a rise of 4.2% in the S&P/ASX300 Accumulation Index. Against this benchmark, ATI is producing excess returns on a quarterly, 3 year, 5 year and since inception (Dec-05) basis.

The Best and Worst Performing Sectors

The best performing sectors for the month were Financials (+7.2%), Consumer Staples (+6.7%) and Property Trusts (+5.6%); while the worst were Materials (-3.5%), Industrials (+0.2%), and Consumer Discretionary (+2.1%).

Attribution of Stocks

The portfolio performance during July was assisted by overweight positions in Lend Lease [LLC], Flight Centre [FLT] and National Australia Bank (NAB); and by not holding Origin Energy (ORG), Macquarie Bank [MQG] and Iluka Resources (ILU). Stocks in the portfolio that contributed most to its relative performance during the month included:

Lend Lease (LLC) (+12.5%) outperformed during the month after finally announcing that it had secured $2b from equity investors (Canadian Pension Plan Investment Board, First State Super, Telstra Super and the LLC managed Australian Prime Property Fund) to fund the first two office towers at its Barangaroo development in Sydney. In line with previous guidance, LLC will invest up to 25% ($500m) in the two towers. The funding commitment was the key milestone for the project, after LLC already signed tenants (Westpac, KPMG and LLC) for 71% of the two towers in June. This third party funding (via setting up a new trust) not only significantly de-risks the project in our view, it also enables LLC to book a profit on the sale of the land into the trust. In other news during July, LLC gave earnings guidance for the just completed FY12 of NPAT of $485-505m (excluding any profits from Barangaroo), which saw earnings upgrades of ~10% by the market. We see ongoing upside from Barangaroo and the rest of the company’s development pipeline. LLC remains relatively attractive and a core ATI portfolio holding.

Flight Centre (FLT) (+12.2%) outperformed the market in July due to a combination of earnings certainty, macro economic drivers and company specific issues. FLT updated the market in relation to its FY12 PBT expectations. It stated that is was expecting a PBT between $285-$290m - which is 16-18% above the pcp and at the top of the upgraded $270-$290m range outlined at the 1H12 result. FLT stated that it had not experienced the same slowdown in sales that retailers in some discretionary sectors had experienced over the course of the financial year. The company also noted that all 10 countries in which it operates in were profitable at an EBIT level and record profits were achieved in the UK, US, Dubai, Singapore and China (as well as Australia). FLT may also have been the beneficiary of family assistance payments made in June and the AUD strengthening against the USD and EUR during July. FLT continues to remain relatively attractive due to its market positioning, earnings growth profile, diversified earnings base, balance sheet strength, quality management and yield support.

National Australia Bank (NAB) (+6.1%) outperformed the broader market but underperformed its major bank peers. The support for the Australian major banks in recent months is most likely attributable to their high yields and relatively defensive domestic earnings streams given the backdrop of global volatility. This still meant that NAB outperformed the broader market despite having some stock specific issues relating to its UK exposure. During July, NAB confirmed that its UK subsidiary Clydesdale and Yorkshire Banks were under review by the UK Financial Services Authority in relation to the sale of interest rate products to small and medium businesses. Despite having some stock specific issues and good recent share price performance, NAB remains a core overweight portfolio holding and remains relatively attractive in the ATI stock rankings.

Positions that detracted most from the portfolio’s performance during the month were from being overweight Atlas Iron (AGO), Emeco Holdings (EHL) and PanAust (PNA); and from not holding Stockland Group (SGP), Transurban Group (TCL) and Incitec Pivot (IPL). Stocks in the portfolio that detracted most from performance during the month included:

Atlas Iron (AGO) (-14.6%) underperformed the market during July. Despite meeting market expectations for June Quarter production statistics and unit costs of production, and accordingly meeting annual guidance for production, the company's share price was impacted by both a falling iron ore price and negative sentiment towards the resources sector. Spot iron ore prices fell sharply during July, due to ongoing de-stocking from unprofitable Chinese steel mills. Having fallen sharply, iron ore prices are now once again testing the widely accepted marginal cost of Chinese domestic ore production (~US$120/t CFR to China for 62% iron, or ~US$100/t CFR to China for 58% iron). This is the second time in the past year that this global marginal cost of production has been tested, and once again we expect a commercial reaction to prevail, with the closure of high cost domestic Chinese "swing production" to bring the market back into equilibrium and support prices. Meanwhile AGO continues to deliver iron ore to China at ~US$55/t (CFR for 58% iron), generating attractive margins. Even whilst we await further details of a rail solution to satisfy AGO's longer term expansion plans and fill longer term Port Hedland port allocation of ~46.5mtpa, the company remains relatively attractive and a portfolio holding.

Emeco Holdings (EHL) (-13.1%) underperformed during July despite the absence of company specific news, as the mining services sector remained under pressure with macro concerns over a slowdown in commodity markets and expansion plans. We would highlight however, that production accounts for ~75% of EHL’s activities which is not significantly exposed to a capex slowdown in our view (the remaining 25% covers mine construction and development). In other news, we do note that Intrepid Mines (IAU) was significantly impacted during the month after its Indonesian joint venture partner suspended operations and removed IAU management from its mine in Indonesia, without any prior reference to IAU. We believe that the EHL share price may have been adversely affected by concerns over increased sovereign risk given that EHL also has an operation in the country (~8% of group EBIT). However, we do not believe that there is any direct read through for EHL from the developments at IAU. EHL remains relatively attractive and a portfolio holding.

PanAust (PNA) (-12.8%) underperformed the market during July, despite the resilient performance of its underlying commodities copper and gold. Despite the daily headlines commentating on the imminent demise of the gold price, we note that gold once again traded in a relatively tight range of only ~5% during July (US$1,555/oz to US$1,629/oz). Spot copper prices, similarly, traded in a ~5% range from US$3.35/lb to US$3.53/lb during July. In company specific news, PNA reported a marginally soft set of June quarter production statistics, with production from Phu Kham of 14kt of copper and 14koz of gold slightly lower than ATI forecasts of 15kt copper and 15koz gold. Meanwhile the company continues to successfully ramp up its second operation in Laos, Ban Houayxai, with production of 13koz of gold and 10koz of silver for the June quarter. PNA still remains relatively attractive and a portfolio holding.

Portfolio Construction

The ATI portfolio, with regard to the market capitalisation exposures, remains similar to the S&P/ASX300 index with 83% of the portfolio (excluding cash) in the top 50 stocks (compared to 83% of the S&P/ASX300 index), 14% in the next 100 (14% of the index), and 4% in the last 150 stocks (4% of the index).

Whilst the portfolio's market cap bias is similar to the index, its sector positioning is not. ATI has recently been repositioning the portfolio towards being overweight the materials sector and underweight financials, even though we expect there to be ongoing market volatility driven by the unresolved European debt issues, slower Chinese growth and a slowing US economy. We remain comfortable holding a number of smaller resource stocks in the iron ore and copper space that have become attractive enough for their return profile to justify some additional portfolio risk. The current forecast tracking error of ~4.5% remains the same as it was last month.

The main portfolio weighting changes during July included top-up purchases for CSL [CSL], FLT, PanAust [PNA] and Sandfire Resources [SFR]; some slight weighting reductions for Brambles [BXB], Suncorp [SUN] and Telstra [TLS].

Portfolio Risk

The current forecast tracking error of ~4.5% (range of 2-8%) 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 stocks requires amendment with reference to a greater than expected deterioration on the global macro developments. At present the main sources of portfolio risk are from overweight positions in Sandfire Resources [SFR], Pacific Brands [PBG], Lynas Corp [LYC], PanAust [PNA], Medusa Mining [MML], FLT, Newcrest Mining [NCM} and; and an underweight position in Commonwealth Bank [CBA].

General Market Commentary

Global equity markets remain fixated with any statement from a European public servant about their apparent capacity to resolve the crippling debt burden confronting many of the sovereigns and banks that constitute the Euro nations. The reluctance of these European nations to accept that many of their counterparts are incapable of servicing the debt they already have, let alone providing them more, has not gone unnoticed by bond markets and it appears that equity markets are slightly more hopeful of there being some form of unified resolution. Australian equities followed the path of other markets globally and rallied strongly in late July (ASX300 Accumulation Index +4.3% for the month) with the more defensive and higher yield stocks leading the way.

Almost every major sub-index rose in July with the defensive sectors of Telco's, Consumer Staples and Property Trusts all receiving considerable market support. Banks had their strongest monthly performance since October 2011. Materials was the only major sector to decline in the month, marking its sixth consecutive month of underperformance – the only time this has occurred in the past 10 years. Concerns over global growth expectations and a falling iron price weighed on sentiment, and even the currency, which typically falls in these circumstances to act as somewhat of a buffer for the sector, went against it by rallying against the US$.

Corporate announcements ahead of the June reporting season were mixed with a number of pre-result company profit warnings including Aristocrat Leisure [ALL], Arrium [ARI], Goodman Fielder [GFF] and Iluka Resources [ILU] with some profit upgrades from FLT and LLC. Billabong received a renewed approach from private equity company TPG.

Optimism following the end of June Eurozone summit faded in early July and it was only later in the month that a strongly worded statement by ECB Chairman Mario Draghi sparked a rebound in sentiment and equity markets reacted. The Reserve Bank left the cash rate unchanged at 3.50% with the lower than expected inflation number for the second quarter meaning there is still some scope for further rate cuts over the rest of 2012 if the domestic and/or offshore macro situation deteriorates further. The domestic economic data was less positive in July with weakness in labour market indicators (unemployment rate rose from 5.1% to 5.2% in June despite a 0.2ppt fall in the participation rate) and housing finance (down 1.2% in May). The Aussie dollar shrugged off soft metals prices to be up almost 3% against the US$ in July, closing at a high for the month of US$1.05 (+2.6c). It appears that the strength of our currency has been assisted by the continuing pattern of foreign investors adding to their holdings of the relatively high yielding Australian Government bonds. These bond purchases have seemingly contributed to the local currency strength despite the anticipated negative impact of a continuation in the softness in bulk commodity prices as expectations for Chinese economic growth and the resultant steel production demand were again revised down in July.

Oil prices rebounded strongly from the 18-month low reached in June [Spot Brent crude gained 9.3% for the month] with the threat of strike action in Norway only assisting the outcome. Other supply concerns also supported oil despite the soft outlook for global growth as the US launched a new set of sanctions against Iran and the Syrian conflict raised potential risks of wider disruption in the region. The benchmark spot iron ore contract, Tianjin 62% fines, had its worst month (-14%) since October 2011. Inventories at Chinese ports remained high (+22% year-on-year) as end demand seemed to mark time (steel production +1% yr/yr for the year to June). Base metal prices, as measured by the LME, slipped back in July (-1.9%) after a modest gain in June (+1.1%). Spot gold, however, (+2.4%) built on its June gain with some speculation about the more aggressive central bank activity in the US and Europe perhaps helping to support sentiment for the precious metal.

Outlook

As defensive and high yielding stocks have been the equity market stalwarts in recent months, their relative out-performance means it is becoming less likely that they can continue providing the support to drive our market higher. If the market is to continue on with its recent momentum then the cyclical stocks will need to start contributing. This is an outcome that seems counterintuitive at the moment as: there is every chance that we will see the traditional analyst downgrades to next years earnings expectations during our reporting season and this is hardly a catalyst for improved sentiment; and, the macro environment remains challenging both domestically (eg, weak retail sales, building activity and business confidence] and globally [eg, Euro / US debt woes and falling global growth forecasts). However, as markets are always trying to look ahead, the ongoing recent spate of negative news-flow from China, Europe and the US may well be priced in. This then provides an opportunity for any good news over the course of 2H12 to assist the cyclical stocks most leveraged to any improvement in sentiment and this would then provide some much needed support for driving any sustained improvement in equity market performance.

In the interim, unless there is some form of substantive policy response from Europe/US/China in the next few weeks, equity markets are likely to remain wary as the transmission from a broadly supported concept to economic and political reality has thus far proved elusive in Europe. Accordingly, the equity market rally we have witnessed since late June should be treated with some caution as the actual backdrop for weaker global growth expectations is yet to improve. Yet, we remain cautiously optimistic in spite of the negative media barrage that confronts us on a daily basis. As mentioned last month, we still feel that outside an onslaught of more unexpected bad news from offshore, PE multiple expansion remains a key potential driver of equity markets over the rest of 2012. Improved economic and earnings prospects would be “icing on the cake” and when combined with the potential for market multiple expansion explains why we see equity markets as being capable of arresting their recent downward spiral.

Given that equity markets have been driven by negative news for over a year now, we feel that the move to a higher portfolio tracking error position is appropriate for these market conditions. Whilst we are not expecting any subsidence in market volatility any time soon, the portfolio is positioned to benefit from a cessation of bad news - let alone the almost forgotten upside potential from any positive news.

PORTFOLIO RISK SUMMARY

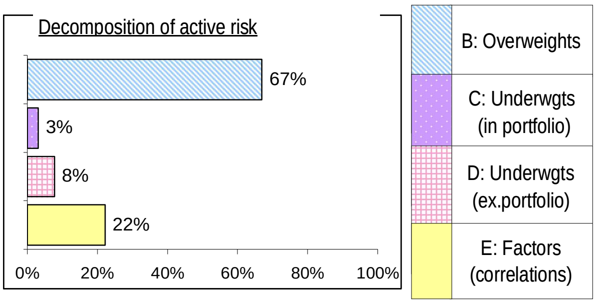
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	31-Jul-12

Model:	48months - 5 factors
Factor Analysis:	Multi-Factor
Timestamp of Analysis:	1/08/2012 3:00:35 PM

Historic portfolio alpha	14.0%	**Active Exposures:**	
Historic portfolio beta	1.08	Held:	47.0%
Raw return	4.1%	Total:	82.2%

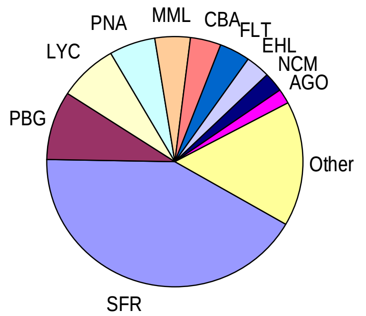
Forecast **Tracking Error**	**4.28 %**	**4.49 %**
	(residual risk)	(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	70%	3.8	14.1
B	Overweight positions	67%	3.7	13.5
C	Underweight positions	3%	0.8	0.6
D	Stocks not held in portfolio	8%	1.2	1.6
E	Factors (correlations between stocks)	22%		4.5
F	Total (A + D + E)	100%	**4.5**	20.2
G	Systematic risk (undiversifiable)		1.4	1.9
H	Residual risk definition tracking error (G - F)		**4.3**	18.3



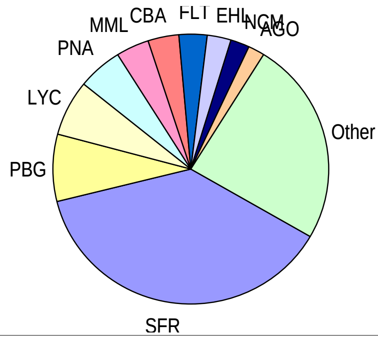
Top 10 sources of risk: Stocks held in the portfolio (A)

1	SFR	42%
2	PBG	9%
3	LYC	8%
4	PNA	6%
5	MML	4%
6	CBA	4%
7	FLT	4%
8	EHL	3%
9	NCM	3%
10	AGO	2%
	Other	16%



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

1	SFR	38%
2	PBG	8%
3	LYC	7%
4	PNA	5%
5	MML	4%
6	CBA	4%
7	FLT	3%
8	EHL	3%
9	NCM	2%
10	AGO	2%
	Other	24%



Active Weights