Above The Index Asset Management Pty Ltd

Fact Sheet

ATI Australian Equity Portfolio

Information as at 31 March 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 March 2012)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	1.9	7.2	(7.2)	12.8	0.9	5.3
S&P/ASX300 Accumulation Index	1.2	8.6	(6.2)	11.2	(2.1)	3.1
Relative Outperformance	0.7	(1.4)	(1.0)	1.6	3.0	2.2

*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 March 2012

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
ANZ Bank	9.2	5.9
BHP Billiton	9.1	10.5
National Australia Bank	8.2	5.2
Westpac Bank	8.2	6.3
Telstra	6.6	3.9
Woolworths	5.3	3.0
Commonwealth Bank	4.3	7.5
Newcrest	3.7	2.1
CSL	3.6	1.8
News Corporation	3.0	0.5

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	36.5	38.6
Materials	21.0	24.6
Consumer Staples	9.4	7.8
Telecommunications	6.6	4.1
Industrials	6.4	7.6
Consumer Discretionary	6.4	3.6
Healthcare	3.6	3.7
Energy	2.6	7.6
Information Technology	2.2	0.7
Utilities	1.8	1.6

Selected Portfolio Statistics as at 31 March 2012

Inception Date	23-Dec-05
Number of Stocks	32
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 1.9% in March compared with a rise of 1.2% in the S&P/ASX300 Accumulation Index. Against this benchmark, ATI is producing excess returns on a 1 month, 3 year, 5 year and since inception (Dec-05) basis.

The Best and Worst Performing Sectors

The best performing sectors in March were Information Technology (+12.5%), Healthcare (+6.1%) and Utilities (+5.0%); while the worst were Materials (-4.2%), Energy (-2.4%) and REITs (-0.8%).

Attribution of Stocks

The portfolio performance during March was assisted by overweight positions in Computershare (CPU), CSL Ltd (CSL) and ANZ Bank (ANZ); and by not holding Leighton (LEI), Stockland (SGP) and Origin Energy (ORG). Stocks in the portfolio that contributed most to its relative performance during the month included:

Computershare (CPU) (+16.3%) held its Investor Day in March where management provided an update on both market conditions (which remain challenging), and the integration of its recent acquisitions (which are proceeding as guided). CPU also reaffirmed its FY12 guidance for EPS to decline by 10-15%. In other news, CPU announced a joint venture (CPU 40%) with Salmat (SLM) and Zumbox Software to launch Australia's first digital post office later this year (Digital Post Australia). Following this, Australia Post also announced an online post box (Australia Post Digital Mailbox) to be launched around the same time and then commenced legal proceedings against Digital Post Australia claiming the name is too similar.

CSL Ltd (CSL) (CSL) (+9.5%) outperformed during the month following the release of its 1H12 result in February where NPAT of $483m was up 16% on a constant currency basis. The company also raised its FY12 guidance from 10% constant currency NPAT growth to 13% constant currency growth which led to market upgrades. CSL remains relatively attractive and the fundamentals of the business are strong as the interim result showed that the company is gaining market share in a growing market whilst remaining a lower cost producer than peers. The ongoing $900m buyback (~50% complete) and a lower AUD/USD and CHF/USD have also assisted sentiment towards the stock.

ANZ Bank (ANZ) (+6.0%) outperformed during March as it left its standard variable interest rates for mortgages unchanged after completing its monthly rate review. ANZ’s monthly performance was also assisted by continuing news that European banks are pulling out of Asian markets which should benefit an established operator like ANZ to increase its market share in the region, particularly in the large volume business of trade finance. ANZ remains relative attractive and an overweight portfolio holding.

Positions that detracted most from the portfolio’s performance during the month were from being overweight Pacific Brands (PBG), Newcrest Mining (NCM) and Lynas (LYC); and from not holding Macquarie Group (MQG), Iluka (ILU) and Campbell Brothers (CPB). Stocks in the portfolio that detracted most from performance during the month included:

Pacific Brands (PBG) (-14.7%) underperformed during the month following press speculation that discussions with private equity player KKR regarding a potential takeover approach had stalled. PBG had previously reported in January that it had been approached by KKR regarding a possible acquisition of the company. There has been no further comment from PBG although management did note at its 1H12 result that it had been approached “by a number of parties” and was engaging with them. PBG remains a portfolio holding and is relatively attractive based on fundamental valuation support, a high dividend yield and balance sheet strength with the ability to reinstate its 10% buyback (currently ~20% complete) if no takeover bid eventuates.

Newcrest (NCM) (-11.4%) underperformed during March as the falling gold price impacted the performance of gold stocks. In addition, NCM continued to suffer the impact of ongoing production issues at its Lihir mine. Notwithstanding the lower than expected level of production, NCM remains relatively attractive and a portfolio holding.

Lynas (LYC) (-10.2%) drifted lower in March after performing strongly in early February when it resolved the two main issues which had previously been overhanging the share price (ie. it placed US$225m of convertible bonds which relieved balance sheet concerns, and it received the long-awaited temporary operating licence). However the stock came under some pressure in recent weeks on the back of renewed campaigning by groups opposed to the company’s LAMP plant in Malaysia, at a time when there has been (not unexpectedly) a lack of new news flow from the company as it focuses on ramping up the plant. ATI continues to remains comfortable with LYC as a portfolio holding given its ongoing attractive valuation, although we do anticipate both some teething issues as the company ramps up the LAMP, and some ongoing negative press coverage in the lead up to the Malaysian elections (which must be held by April 2013, but in our opinion are likely to be held in 2H 2012).

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 89% of the portfolio (excluding cash) in the top 50 stocks (compared to 81% of the S&P/ASX300 index), 9% 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 March the number of stocks in the portfolio increased by one to reach 32 with the addition of Medusa Mining (MML). An established gold producer from the Co-O operation in the Philippines, MML suffered a temporary production interruption during March which reduced its FY12 gold production guidance to ~60-65koz, the second successive downgrade to its original production guidance of ~100koz. We believe that the subsequent share price over-reaction provided an opportune entry point for this attractively ranked stock, as the company's expansion to ~200kozpa remains on track, and MML remains one of the lowest cost gold producers listed in Australia. The main portfolio weighting changes during March included increases for ANZ Bank (ANZ), Woolworths (WOW) and Westpac (WBC); and decreases for Fortescue Metals (FMG), Rio Tinto (RIO) and BHP Billiton (BHP).

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. At present the main sources of portfolio risk are from overweight positions in Pacific Brands (PBG), Lynas (LYC), ANZ Bank (ANZ), and Telstra (TLS); and an underweight position in Commonwealth Bank (CBA).

General Market Commentary

March saw an interesting dispersion in global equity market performances with Japan (Nikkei +3.7%) and the US (S&P500 +3.1%) up strongly, while Asia ex Japan (MSCI -3.2%) and Europe (Euro Stoxx -1.4% and FTSE -1.8%) were softer. While the US strength appears to have been driven by confirmation of current policy settings by the Fed on the back of some reasonable economic data releases, the Asian regional weakness was largely due to concerns over slower Chinese growth after some mixed economic data, a lowering of the official GDP target from 8% to 7.5%, and the watering down of expectations that policy measures designed to cool the property market would be relaxed soon. For once, European debt issues took a back seat. These global factors were evident in the Australian market (ASX 300 Accumulation Index +1.2%) which saw a significant divergence in the performance of the two main sectors with Materials (accumulation -3.9%) dragged down by the China exposed resources stocks, offset by Banks (accumulation +3.8%) which were dragged higher by the US peers.

With the Australian market still digesting the February reporting season, local company news flow was somewhat limited. However, March did see earnings guidance lowered at QR National (QRN, wet weather and client industrial action), Leighton (LEI, problem contracts), David Jones (DJS, soft interim result and future credit card earnings), Bank of Queensland (BOQ, bad debt provisions and large capital raising), and Stockland (SGP, slow residential sales and wet weather). In other major news: AGL Energy (AGK) raised $650m in subordinated notes to help fund the Loy Yang acquisition; Amcor (AMC) acquired Aperio for $238m; the ACCC launched legal action against Flight Centre (FLT) effectively alleging price fixing; Qantas (QAN) announced a joint venture with China Eastern Airlines for a low cost carrier (Jetstar Hong Kong) after QAN's plans for a premium Asian airline with Malaysian Airlines broke down; QBE Insurance (QBE) spent $420m buying general insurance businesses in Argentina and Asia; and Ten Network (TEN) announced a strategic review and possible sale of its EYE outdoor division.

In terms of data, commodity prices were mixed with iron ore ending the month slightly higher (Tianjin 62% fines +3.2%), however gold (spot -2.5%) and base metals (LME index -3.4%) were lower, whereas oil (spot Brent -0.3%) was flat. In Australia, the RBA left interest rates unchanged again as both business and consumer confidence indices fell, unemployment edged up to 5.2%, and mortgage approvals and GDP numbers were weak. The AUD fell 3.6% to finish the month at USD1.035.

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

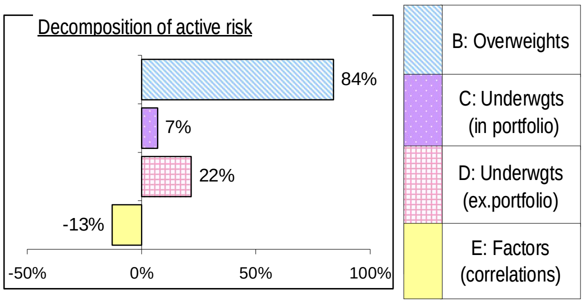
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	29-Feb-12

Model:	48months - 5 factors
Factor Analysis:	Multi-Factor
Timestamp of Analysis:	2/04/2012 2:26:57 PM

Historic portfolio alpha	6.5%	**Active Exposures:**	
Historic portfolio beta	0.92	Held:	50.3%
Raw return	0.8%	Total:	86.6%

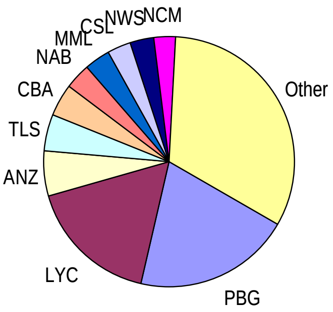
Forecast **Tracking Error**	**2.56 %**	**2.92 %**
	(residual risk)	(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	91%	2.8	7.8
B	Overweight positions	84%	2.7	7.2
C	Underweight positions	7%	0.8	0.6
D	Stocks not held in portfolio	22%	1.4	1.9
E	Factors (correlations between stocks)	-13%		(1.1)
F	Total (A + D + E)	100%	**2.9**	8.5
G	Systematic risk (undiversifiable)		1.4	2.0
H	Residual risk definition tracking error (G - F)		**2.6**	6.6



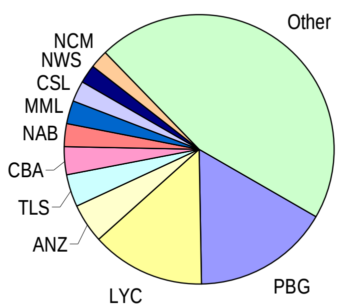
Top 10 sources of risk: Stocks held in the portfolio (A)

1	PBG	20%
2	LYC	17%
3	ANZ	6%
4	TLS	5%
5	CBA	4%
6	NAB	4%
7	MML	3%
8	CSL	3%
9	NWS	3%
10	NCM	3%
	Other	32%



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

1	PBG	16%
2	LYC	14%
3	ANZ	5%
4	TLS	4%
5	CBA	3%
6	NAB	3%
7	MML	3%
8	CSL	3%
9	NWS	2%
10	NCM	2%
	Other	45%



Active Weights