Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 October 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 October 2013)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross)	4.7	10.3	23.8	9.1	12.2	7.7
Benchmark Index	3.9	8.8	24.8	9.6	11.0	6.1
Relative Outperformance	0.8	1.5	(1.0)	(0.5)	1.2	1.6

*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 October 2013

Largest Holdings	Portfolio Weight (%)	Benchmark Weight (%)
BHP Billiton	10.3	8.9
ANZ Bank	9.3	6.9
National Australia Bank	8.2	6.1
Westpac Bank	7.3	7.9
Commonwealth Bank	7.3	9.1
Telstra	7.2	4.8
Rio Tinto	4.1	2.1
Wesfarmers	4.0	3.7
Woodside Petroleum	3.5	1.8
CSL	3.4	2.5

Sector Allocation	Portfolio Weight (%)	Benchmark Weight (%)
Financials	45.5	44.8
Materials	17.8	17.3
Telecommunications	7.2	5.2
Consumer Staples	5.3	8.2
Consumer Discretionary	5.0	4.7
Industrials	2.3	6.7
Healthcare	5.7	4.6
Energy	3.5	6.1
Utilities	2.3	1.6
Information Technology	1.7	0.8

Selected Portfolio Statistics as at 31 October 2013

Inception Date	23-Dec-05
Number of Stocks	30
ATI Funds Under Management	~ $400m

MER (est.)	~ 0.90% p.a.
Tracking Error (forward estimate)	~ 2% p.a.

Portfolio Performance

The ATI Equity Portfolio rose 4.7% in October compared with a rise of 3.9% in the benchmark index. Against this benchmark, ATI is producing excess returns on a monthly, quarterly, 5 year and since inception (Dec'05) basis.

The Best and Worst Performing Sectors

The best performing sectors for the month were Financials ex Property Trusts (+5.9%), Health Care (+4.5%), and Telecoms (+4.3%); while the worst were Energy (+0.2%), Utilities (+1.3%), and Industrials (+1.8%).

From a sector perspective, the relative performance of the ATI portfolio was most positively impacted from being overweight Materials stocks (17.8% v benchmark of 17.3%), Financials stocks (45.5% v benchmark of 44.8%) and Consumer Discretionary stocks (5.0% v benchmark of 4.7%) whilst it also benefited from being underweight Energy stocks (3.5% v benchmark of 6.1%).

Attribution of Stocks

The portfolio performance during October was assisted by overweight positions in Lend Lease (LLC) and ANZ Banking Group (ANZ) and being underweight in Woolworths (WOW); and by not holding Newcrest Mining (NCM), Westfield Group (WDC) and Worley Parsons (WOR). The three stocks in the portfolio that contributed most to its relative performance during October were:

> **Lend Lease (LLC) (+12.2%)** outperformed the market again in October after hosting a well received annual investor day during the month that, amongst other things, clarified that LLC was: i) comfortable with the market consensus earnings expectations for FY14 of ~$540m even without the sale of its stake in the Bluewater shopping centre in the UK and this seems to have resolved an area of some market concern for analysts' since the year end result; ii) intending to ramp up its apartment sales over the period into FY16 with a willingness to take 100% equity participation in its 11 apartment development pipeline if possible within its balance sheet gearing targets; and iii) expected the work in hand to result in a steady profit growth trajectory for the next three years at least. Despite the strong performance over the last few months, we retain an overweight portfolio holding in LLC as the stock ranks as relatively attractive based on our slightly below market earnings expectations over the next few years.
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> **ANZ Banking Group (ANZ) (+9.9%)** outperformed during October as the equity market reacted positively to the Group's FY13 result announcement which was highlighted by the cash earnings of $6.5bn which was better than market consensus expectations and the stock rose 1.2% on the day. The result was assisted by a lower than expected bad debt charge as the overall asset quality of the loan book continues to improve, a slightly lower tax rate and some further increases in the capitalisation of software charges. The final dividend of 91¢ was almost 6% ahead of market consensus expectations and due to its strong capital position, ANZ also announced it would neutralise the impact of its dividend reinvestment plan & bonus option plan by buying back the shares required to be issued, on market. In additional positive news based on their outlook for the year ahead, ANZ provided FY14 guidance for 'above peer' cash EPS growth based on revenue growth of 4-5% and expense growth of only 2%. Despite the strong recent performance, we retain an overweight portfolio holding in the company as it remains one of the most attractively ranked financial stocks in the ATI universe.
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> **Woolworths (WOW) (-0.3%)** underperformed during October, assisting the portfolio performance by virtue of the portfolio being underweight the stock. The stock initially underperformed in reaction to press speculation that it was bidding for the Hong Kong supermarket chain ParknShop. The owner of ParknShop, Hutchison Whampoa, subsequently cancelled the sale process. Woolworths also reported 1Q14 sales which were in line with market expectations. We remain underweight in WOW due to concerns regarding the growth profile of the company. The core Australian Food and Liquor business is showing signs that the rate of growth sales/m^2 is slowing (with like for like growth of 2.5% in the quarter). Other concerns relate to i) the Masters rollout, with the 1Q14 result implying sales/store was declining ii) Big W sales continuing to disappoint, as this business has only returned positive like-for-like sales in 3 out of the last 17 quarters iii) the hotels business rolling off the Vic gaming legislation changes and iv) the company potentially cum acquisition.

Positions that detracted most from the portfolio's performance during the month were from being overweight Resmed Inc. (RMD), Twenty-First Century FOX Inc (FOX), and being underweight Commonwealth Bank (CBA); and from not holding Macquarie Group (MQG), Bank of Queensland (BOQ), and Crown Resorts (CWN). Stocks in the portfolio that detracted most from relative performance during the month included:

> **Resmed Inc. (RMD) (-4.1%)** underperformed during the month following a weak 1Q14 result. Revenue was up 4% in constant currency terms (verses market expectations of ~8%), implying modest market share losses given global market growth of 6-8%. Market share losses were in the masks division which RMD expects to address with two new product launches this year. A positive was that 1Q14 gross margin was strong at 63.7%, ~70 bp ahead of market expectations forecasts. We continue to remain overweight in RMD on the basis that: i) it has structural leadership, in an under-penetrated global market, with high barriers to entry; ii) cost discipline and FX tailwinds continue to assist margin; and iii) home sleep testing continues to drive market growth.
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> **Twenty-First Century FOX (FOX) (+1.7%)** underperformed relative to the market' despite trading higher during October, and the portfolio lost alpha by being overweight the stock. There were no earnings releases by the Company during the month but we note that: i) in cable, Fox News' new primetime show, The Kelly File, averaged 2.2m total viewers season to date, making it the second highest rated show in Fox News' line-up; ii) in TV, Fox scored its first weekly win this ratings season thanks to the baseball World Series; iii) in Film, Fox had disappointing debuts for 'The Counselor' and 'Runner

Runner' at the US box office, with both films delivering under US$8m in their first weekend; and iv) since recommencing its US$10b buyback programme on 3 July, FOX has bought back 39.8 million Class A stock for US$1,275.5m and the buyback has US$2.11b remaining.

We continue to remain overweight in FOX on the basis of: i) valuation support underpinned by the growth profile of the company; ii) a strong balance sheet supported by ongoing capital management; iii) ongoing leverage to a US economic recovery; and iv) the financial additional leverage to a falling AUD/USD.

Commonwealth Bank (CBA) (+6.8%) outperformed the market during October with this negatively impacting overall performance by virtue of the fact that the portfolio remains slightly underweight the stock. Both CBA and the general bank sector during the month were the beneficiaries of the strong full year results reported by the major bank peers and the ongoing investor search for yield despite very little company specific news flow actually being released. The portfolio remains slightly underweight CBA as the stock is currently ranking as relatively unattractive and we would look to move to a market weight position if we see an opportunity from sufficient share price weakness in the months ahead.

Portfolio Construction

The main portfolio weighting changes during October included: the purchase of Orica (ORI); portfolio top-ups for our holdings in AMP (AMP), ANZ Banking Group (ANZ), BHP Billiton PLC (BHP), Suncorp Group (SUN); and slight portfolio weighting reductions for Ardent Leisure (AAD), Brambles (BXB), Computershare (CPU), Fortescue Metals Group (FMG), Fairfax Media (FXJ), Incitec Pivot (IPL) and Woolworths (WOW). Cash at the end of October was 3.7% (September 3.8%).

The ATI portfolio, with regard to the market capitalisation exposures, remains differentiated to the benchmark index with ~94% of the portfolio (excluding cash) in the top 50 stocks (benchmark ~83%), ~5% in the next 100 (benchmark ~13%), and ~2% in the last 150 stocks (benchmark ~4%). ATI's 10 largest holdings make up ~67% of the portfolio (benchmark ~55%), the dividend yield is 4% (benchmark 4%) and the portfolio's historic PE is 16.5x (benchmark of 17.0x).

Whilst the portfolio's market cap bias is currently tilted to the larger stocks compared to the benchmark index, its underlying sector positioning is not too dissimilar to that of the benchmark. With the recent performance of some resource stocks, ATI has reduced the extent to which the portfolio is overweight the materials sector and has now moved to a slightly overweight position in the financials sector. We remain comfortable holding a number of resource stocks with iron ore, Rio Tinto (RIO) & FMG, and copper exposure, Sandfire Resources (SFR), whose expected returns are sufficiently attractive to justify some additional portfolio risk. We continue to also remain overweight in stocks we view as having industry structure advantages such as BXB, CSL, FOX, RMD and WES in combination with other opportunities that we feel have fundamental valuation support, such as ASX and FXJ.

Portfolio Risk

The current forecast tracking error of ~2% is similar to last month (~2%). We are continuing to be presented with a number of stock opportunities in the materials, industrial and property trust sectors as a result of their recent market underperformance. At this stage we still feel that any further additional risk in the mining contractor stocks is unlikely to be justified in an environment with minimal earnings clarity and continued reductions in the expected mining capex spend over the next few years. That said, we have recently been the beneficiary of some materials stocks in the iron ore and copper space that have outperformed the broader market in the last few months as the recent spot pricing of these commodities remains well above those lower levels that we saw in the second half of 2012 and above those of the current market consensus forecasts.

At present the main sources of portfolio risk are from overweight positions in SFR, LLC, FOX, TLS, RIO, RMD, Insurance Australia Group (IAG) and AAD.

General Market Commentary

Equity markets globally appeared to take the US fiscal shenanigans in their stride, shrugging off some initial weakness early in the month and rallying for the rest of the month. October saw the Australian equity market extend on the rally of the previous two months and post a succession of five-year closing highs during the month. The benchmark ASX300 Accumulation Index ended October up 3.9%, a fourth consecutive up month and its best four-month return (+13.0%) since October 2009.

In a departure from recent trends where sector performance has tended to be split along cyclical / defensive lines, the domestic equity market performance was quite broad-based with every major sector posting gains for the month. The bank stocks starred with three of the four majors reaching all time share price highs (NAB being the exception) during the month. Banks benefited from a solid full year results season, their high yield appeal in a low-rate environment, signs of improvement in domestic economic momentum (particularly housing price data) and relatively low exposure to the rallying AUD. The latter may have weighed slightly against Materials and the Consumer Discretionary sector was hit by some disappointing news flow.

In domestic company specific news the AGM season, quarterly updates and banks full-year results kicked off during the month. The company trading updates and commentary from AGM's was generally cautious with soft top-line growth continuing to be a consistent message. Financials rallied strongly, over and above the market's rally, with banks performing strongly after WBC announced plans to acquire Lloyds Banking Group's Australian businesses and ANZ / NAB reported solid FY13 results with increased dividends. There were downbeat updates from Ansell (ANN), Cochlear (COH), RMD and AGL (AGK), but better news from JB Hi-Fi (JBH), IAG and BHP amongst others.

As expected by most economic forecasters, the RBA left the cash rate unchanged at 2.50% in October and noted that it was seeing "improved" global growth. In response, the Australian dollar rose through the first half of the month, reaching US$0.97, before falling through the last half of the month on warnings from the Reserve Bank that the currency was overvalued and "it seems quite likely that at some point in the future the Australian dollar will be materially lower than it is today". Despite the RBA view, the Australian dollar continued to benefit from 'taper later' sentiment coming out of the US, rising 2.1% against the USD which was broadly weaker against most currencies during October. The AUD/USD finished the month higher at 0.950 (+1.7¢) compared to the previous month's close of 0.9317. Despite the intra-month strength of the Aussie dollar, we still expect the broader trend in recent months of US dollar strength will continue in the year ahead given the backdrop of slower domestic growth, lower mining investment, higher unemployment and local interest rates not expected to be moving higher in the near term.

The domestic economic data released in October was generally a little more upbeat and reversed some of the deteriorating trends that we had been seeing over the last few months. Some of the data released during October included: construction data which was solid this month, with Residential building approvals for Sep +14.4% m/m (consensus +2.8%); confidence remained solid, with the NAB Business Survey business confidence for September reaching a 3.5-year high at +12 (vs +4 last month) and business conditions rising to - 4 (from -7 last month) and consumer confidence -2.1% m/m to 108.3 pts (vs long-term average of 101.6); employment data was also strong with the September unemployment rate down 20bp to 5.6%.

Commodity price moves during the month were generally muted. Spot Brent crude oil was largely unchanged at US$109/bbl (-0.3%) in the month as the WTI oil price fell to below $100 a barrel. However, US crude inventories bounced smartly off an 18-month low in September, weighing on oil markets in general and particularly on West Texas Intermediate oil prices that lost ground to finish with negative 6% monthly return. The benchmark spot iron ore contract, Tianjin 62% fines, was becalmed in October – the 0.4% rise was the benchmark's smallest monthly move since September 2010 as the price remained almost unchanged at US$132/t. During the month the first iron ore contract based in China was launched by the Dalian Futures Exchange. Base metals were also little changed for the month as measured by the LME index (+1.2%). Spot gold fell -0.4% in October, bouncing off a mid month low with the help of a weaker dollar and sentiment regarding the Fed's failure to implement tapering intentions.

Outlook

The domestic equity market PE multiple continues to expand, no doubt assisted by the market consensus expectations that are currently looking for around an 8% lift in earnings for the year ahead. Whilst the period between now and the next reporting season in early 2014 will probably provide little in the way of company earnings updates, the recent impressive bank reporting season provided the required platform for maintaining ongoing investor optimism. In the absence of material downgrades to the consensus earnings forecasts it remains possible that the recent momentum of the domestic equity market could continue for the next few months as domestic news flow will most likely be limited. We do however, remain cautious of US news flow and expectations that an announcement on the tapering of bond repurchases and the reemergence of debt ceiling issues will occur.

The portfolio's historically low active risk level (tracking error) has resulted from a combination of being more overweight the larger cap stocks and being less actively positioned at the specific sector level exposures. Given our expectation that equity markets will also be somewhat macro driven in the near term, we feel this positioning suits the current environment as the performance impact of market volatility is usually best mitigated by being overweight in larger cap stocks. Other specific active sector positioning includes being underweight the industrials (including holding no mining services stocks), consumer staples and energy stocks. We remain overweight the materials, financial and telecommunications sectors.

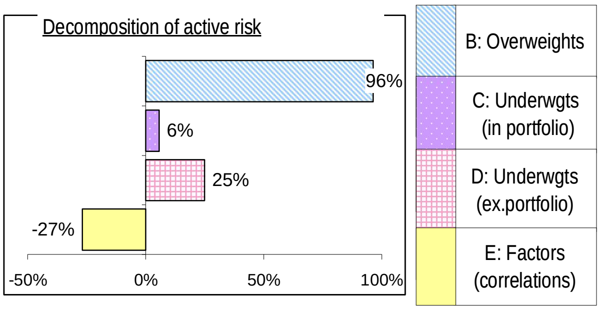
PORTFOLIO RISK SUMMARY

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

			Active Exposures:		%
Historic portfolio alpha	4.9%		Total:	74.1%	100.0%
Historic portfolio beta	0.99		Across sectors:	38.0%	51.2%
Raw return	12.0%		Within sectors:	36.2%	48.8%

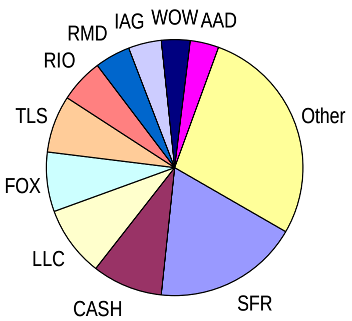
Forecast **Tracking Error**	1.52 %	1.52 %
	(residual risk)	(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	102%	1.5	2.4
B	Overweight positions	96%	1.5	2.2
C	Underweight positions	6%	0.4	0.1
D	Stocks not held in portfolio	25%	0.8	0.6
E	Factors (correlations between stocks)	-27%		(0.6)
F	Total (A + D + E)	100%	**1.5**	2.3
G	Systematic risk (undiversifiable)		0.1	0.0
H	Residual risk definition tracking error (F - G)		**1.5**	2.3



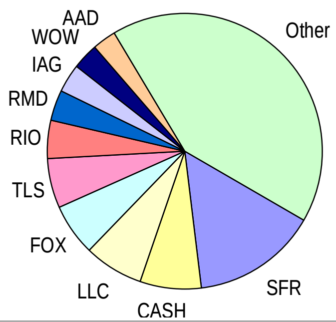
Top 10 sources of risk: Stocks held in the portfolio (A)

1	SFR	18%
2	CASH	9%
3	LLC	9%
4	FOX	8%
5	TLS	7%
6	RIO	5%
7	RMD	5%
8	IAG	4%
9	WOW	4%
10	AAD	3%
	Other	28%



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

1	SFR	15%
2	CASH	7%
3	LLC	7%
4	FOX	6%
5	TLS	6%
6	RIO	4%
7	RMD	4%
8	IAG	3%
9	WOW	3%
10	AAD	3%
	Other	42%



Active Weights