

Fact Sheet

ATI Australian Equity Portfolio

Information as at 30 September 2010

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 30 September 2010)

	1 Mth (%)	3 Mth (%)	1 Yr (%)	2 Yr (% pa)	3 Yr (% pa)	4 Yr (% pa)	Inception (% p.a.)
ATI Equity Portfolio (gross of fees)	5.5	7.3	1.1	10.4	(2.4)	5.4	6.8
S&P/ASX 300 Accumulation Index	4.8	8.3	0.6	4.5	(7.3)	1.4	3.7
Relative Outperformance	0.7	(1.0)	0.5	5.9	4.9	4.0	3.1

*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 30 September 2010

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)	Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	15.1	11.9	Financials	42.3	37.9
Westpac	7.3	6.3	Materials	26.4	26.4
NAB	6.7	4.9	Consumer Discretionary	5.6	4.2
ANZ	6.4	5.5	Industrials	5.4	6.8
Commonwealth Bank	5.9	7.2	Consumer Staples	5.3	9.0
Rio Tinto	5.1	3.2	Telecommunications	4.8	3.1
Telstra	4.8	2.6	Healthcare	2.6	3.2
Woolworths	3.8	3.2	Energy	2.4	7.2
QBE Insurance	3.4	1.6	Utilities	1.3	1.5
CSL	2.6	1.6	Information Technology	0.0	0.7

Selected Portfolio Statistics as at 30 September 2010

Inception Date	23-Dec-05	MER (est.)	~ 0.90% p.a.
Number of Stocks	36	Tracking error (forward estimate)	~ 3.5% p.a.
ATI Funds under Management	~ \$470m		

Relative Portfolio Performance

The ATI Equity Portfolio rose 5.5% in September compared with a rise of 4.8% by the ASX300 Accumulation Index. Against this benchmark, ATI is producing excess return on a 12mth, 2yr, 3yr, 4yr and since inception (December 2005) basis.

The Best and Worst Performing Sectors

The better performing sectors during September were: Industrials (+6.7%); Materials (+6.3%); and Utilities (+5.9%). The worst performing sectors were: Telecommunications (-4.4%), Property trusts (-1.1%); and Healthcare (+0.7%). Our monthly performance was assisted by an overweight position in the Financials sector, a relatively neutral position in the Materials sector, and underweight positions in the Energy and Consumer Staples sectors.

Attribution of Stocks

The portfolio performance during September was assisted by overweight positions in Equinox Minerals (EQN), Cabcharge (CAB) and Lend Lease (LLC) and by not holding Westfield Holdings (WDC) and Santos (STO). Stocks in the portfolio that contributed to its relative performance during the month included:

Equinox Minerals (+18.1%) delivered another strong performance in September. EQN continues to be a beneficiary of rising copper prices and the improved operating performance at its Lumwana operation in Zambia. Further, the company remains relatively insulated from the impact of a rising Australian dollar compared to its peers, as EQN reports its financial statements in USD while the majority of the company's costs are denominated in Zambian and US currency, not Australian dollars. The Lumwana operations reported production of 74kt for 1H10. Accordingly, the company appears well placed to exceed its forecast 2010 production level of 135kt. Cash costs remained well controlled at US\$1.36/lb for 1H10 (compared to a copper price for the period of ~US\$3.20/lb) although we believe costs are likely to rise slightly in 2H10 above the company's guidance of US\$1.35/lb. EQN remains a portfolio holding and remains relatively attractive amongst the Materials stocks within the ATI universe due to ongoing upgrades to copper price forecasts.

Cabcharge (+15.0%) rose during September after it settled the long running ACCC proceedings which were due to go to court in October. The company has consented to three declarations that it contravened the Trade Practices Act and will pay a \$15m fine. While CAB has not been forced to let its competitors to process Cabcharge cards and accounts on the competitors' terminals (which was a major risk going into court), the company will now be required to consider future requests from competitors and provide reasons for any rejection as part of its new trade practices corporate compliance program. As such, while CAB has maintained this monopoly at present, a recommencement of the ACCC action or potential civil actions in the future can not be discounted. Nevertheless, the settlement news and \$15m fine was received warmly by the market which had feared the immediate demise of CAB's entire business model.

Lend Lease (+9.7%) rallied in September after the company announced it had been awarded a contract worth \$600m in the US to build army housing in Alaska. This contract continues the progress LLC has made with the US Government as it had previously been awarded smaller projects and it builds on the large work in hand inventory that LLC now has in committed projects over the next few years. News of asset recycling by the company has also been received positively by the market. LLC remains the most attractive of the large capitalisation property stocks within the ATI universe.

Positions that detracted most from the portfolio's performance during the month were from being overweight Telstra (TLS), Macquarie Bank (MQG), and Metcash (MTS) and from not holding Newcrest Mining (NCM) which outperformed. Stocks in the portfolio that detracted from performance during the month included:

Telstra (-10.3%) fell during the month with uncertainty continuing to weigh on the stock in relation to the National Broadband Network (NBN). Following the Federal election there remains some uncertainty about if, when, and in what form, the NBN goes ahead, along with the \$11b in compensation for TLS under the heads of agreement to transfer its customers to the NBN. TLS also held its annual Investor Day during September at which it confirmed a 28c dividend is able to be covered for FY11 (although it still requires board approval). In addition, management revealed some positive operational trends in July and August, however EBITDA growth will not continue until after FY12 as Project New will take some time to provide a return on the \$0.8-1.0b investment which is aimed at maintaining and growing its market shares. TLS remains relatively attractive within our investment grade universe and we feel much of the uncertainty mentioned above is reflected in the current price.

Macquarie Bank (-3.2%) fell during the month following a downgrade to FY11 earnings. Management stated that *"1H11 NPAT is expected to be 25% below 1H10 NPAT. However, FY11 NPAT will broadly be in line with FY10, subject to a pick up in market activity in 2H11 and deal completion rates"*. It is forecast that any growth in net interest income from the traditional bank is expected to be offset by weaker M&A, advisory and underwriting fees, as well as brokerage and commissions. The compensation ratio, staff retention and the use of excess capital will also be closely monitored by the market, at the 1H11 result. Following the update we have factored in FY11 and FY12 downgrades of ~10% and 12% respectively, however MQG still remains relatively attractive within the diversified financials segment of our universe.

Metcash (-0.5%) was weaker during the month after the ACCC has released a Statement of Issues paper raising concerns in relation to MTS's proposed acquisition of Franklins. The ACCC's preliminary view is that *"the proposed acquisition is likely to result in a substantial lessening of competition in the market for the supply of wholesale groceries in NSW"*. The ACCC raises several other issues potentially of concern in relation to removal of a vertically integrated competitor (Franklins) from the NSW market and the extension of market power by MTS into the wholesale supply of fresh products. The ACCC's preliminary view reduces the probability of MTS acquiring Franklins (which is a materially value-adding transaction for MTS). A final view by the ACCC is due by 11 November 2010. MTS remains the most attractive of the consumer staples stocks within our universe.

Portfolio Construction

The ATI portfolio remains fairly neutral with regard to its market capitalisation exposures (vs the ASX300 index) with 77% of the holdings in the top 50 stocks, 16% in the next 100, and 7% in the last 150 stocks. These exposures indicate that ATI does not currently see a great disparity in value between either the larger or smaller capitalisation stocks.

The number of stocks (36) in the portfolio is currently near our maximum of 40. The ATI stock rankings are currently 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 near the maximum number of stocks for the near term.

Portfolio Risk

The current forecast tracking error of 3.1% (range of 2-8%) for the ATI portfolio also reflects the fact that our stock rankings do not currently indicate the need to take on additional risk and move above this level.

As at 30 September, the main sources of portfolio risk are coming from a variety of overweight smaller capitalisation stock holdings including Pacific Brands (PBG), OMH Holdings (OMH), Emeco Holdings (EHL), Mount Gibson (MGX), Panoramic Resources (PAN), 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 an overweight position in Rio Tinto (RIO).

General Market Commentary

Equity markets went through a sentiment reversal during September as investors became increasingly positive about the global economic outlook. In particular, the announcements from the Basel Committee on its revised capital requirements for banks, improving macro data from the US and Europe, and clear signs that China's economy was still in an expansionary phase all contributed to a more positive outlook for equity markets. The resolution of the Federal election combined with strong domestic macro data contributed to the Australian market (ASX300 Accumulation Index) finishing the month up 4.8%.

Following the end of the reporting season, investor attention moved back to macroeconomic issues. Whilst US data releases still remained mixed, there were some positive signs emerging in the manufacturing and housing areas that meant the chance of a double-dip recession became less likely. Locally, Prime Minister Julia Gillard resolved the uncertainty that followed August's inconclusive election by forming a government with independent and Green support. Corporate new flow was quite subdued in the aftermath of reporting season except for National Australia Bank (NAB) withdrawing its bid for AXA Asia-Pacific (AXA) after objections from the ACCC, while Macquarie Group (MQG) guided earnings expectations down, reflecting sluggish market conditions.

Domestically, the economic data flow during September remained strong. Q2 GDP (+1.2% qoq) exceeded market expectations especially since back data was revised up by 20bp. Annual growth is now running at 3.3% yoy, with the strength being broad-based. Although the Reserve Bank kept rates at 4.50% for the fourth month running at its September meeting, the minutes and Board member statements prompted markets to anticipate earlier and more tightening. Employment continued to grow strongly with the August number equating to a rise of nearly 3% annualised since the end of 2009. The AUD resumed its upward trend consistent with the weaker USD and finished the month at 96.6¢ (+7.5¢). US data releases were mostly ahead of forecasts but were overshadowed by Federal Reserve comments that inflation was below levels consistent with its mandate. This supported expectations that the Fed would resume its quantitative easing policy by buying assets, which kept a lid on US Treasury yields. Australian bonds, however, came under pressure from higher, short term rate expectations.

Crude oil rallied strongly in September (spot WTI +11.2%), helped by a weaker USD and a firmer tone to US data releases. OPEC's monthly report however said that *"the overhang in inventories is not expected to change in the coming quarters"*. Spot gold rose by 6.4% in September, its biggest monthly gain since November 2009. Having regained the US\$1,200 mark in August, gold moved above the US\$1,300 level as a weak USD and concerns about US monetary policy supported the price, as did an announcement by AngloGold Ashanti that it would close out its hedge book. Spot iron ore was one of the more lacklustre commodities in September as Chinese demand eased with import data for August showing a 13% fall from the previous month. The Australian Bureau of Resource Economics issued a forecast which saw global export growth slowing to 8% in 2011 from 11% in 2010 and an average price of US\$105 per tonne versus US\$134 this year. Base metal prices were generally firm, helped by a weaker USD, with copper (LME spot +8.5%), zinc (+7.9%) and aluminum (+13.2%) all rising over the month.

Outlook

Despite the improved general economic outlook globally, ATI continues to expect that stocks leveraged to the robust domestic economy to outperform those stocks leveraged to the US and European economies. The number of potential investment opportunities ATI is identifying in the resource sector remains increasingly linked to sentiment towards the overall global recovery story and China (with any shift to a pro-stimulus policy setting expected to be viewed positively). Regarding financials, the bank sector benefited from the Basel 3 announcements during September which imply that all the major Australian banks have adequate capital to satisfy these requirements expected to be introduced in the future.

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

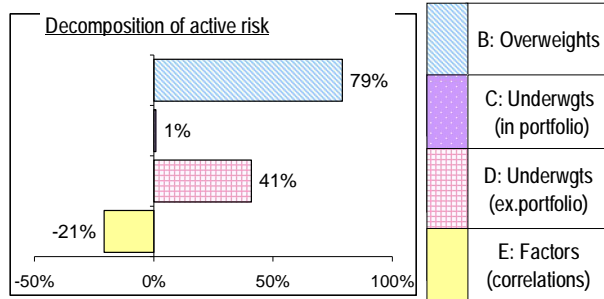
Portfolio Name:	MyPort
Benchmark:	ASX300
Date of Data:	30-Sep-10
Timestamp of analysis:	10/1/2010 10:59:02 AM

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

Historic portfolio alpha **7.3%** **Active Exposures:**
 Historic portfolio beta **1.04** Held: 44.9%
 Raw return **2.7%** Total: 86.9%

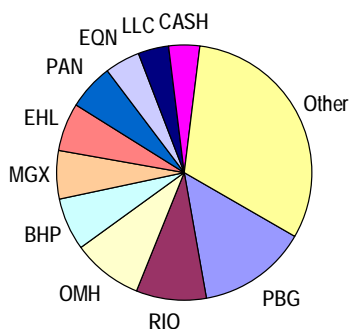
Forecast Tracking Error	3.02 %	3.08 %
	(residual risk)	(active risk)

Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A Stocks held in portfolio (B+C)	80%	2.8	7.6
B Overweight positions	79%	2.7	7.5
C Underweight positions	1%	0.3	0.1
D Stocks not held in portfolio	41%	2.0	3.9
E Factors (correlations between stocks)	-21%		(2.0)
F Total (A + D + E)	100%	3.1	9.5
G Systematic risk (undiversifiable)		0.6	0.4
H Residual risk definition tracking error (G - F)		3.0	9.1



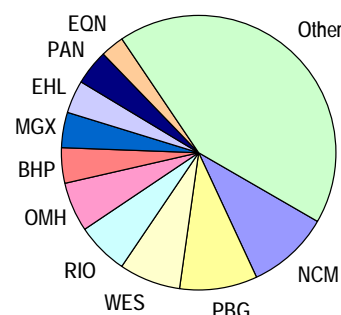
Top 10 sources of risk: Stocks held in the portfolio (A)

1	PBG	14%
2	RIO	9%
3	OMH	9%
4	BHP	7%
5	MGX	6%
6	EHL	6%
7	PAN	6%
8	EQN	4%
9	LLC	4%
10	CASH	4%
	Other	31%



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

1	NCM	10%
2	PBG	9%
3	WES	7%
4	RIO	6%
5	OMH	6%
6	BHP	4%
7	MGX	4%
8	EHL	4%
9	PAN	4%
10	EQN	3%
	Other	43%



Active Weights

