Fact Sheet

Above The Index Asset Management Pty Ltd

ATI Australian Equity Portfolio

Information as at 31 August 2008

Portfolio Objective

The ATI Australian Equity Portfolio seeks to achieve total returns (includes income and capital appreciation and before the deduction of fees and taxes) that exceed those on the S&P/ASX 300 Accumulation Index by 3% per annum over rolling three-year periods.

Performance Update

(*Returns to 31 August 2008)

	1 Month (%)	3 Month (%)	1 Year (%)	2 Year (% p.a.)	Inception return (% p.a.)
ATI Equity Portfolio (gross of fees)	3.6	(6.8)	(13.3)	5.3	7.8
S&P/ASX 300 Accumulation Index	4.0	(8.2)	(14.5)	4.3	7.3

*Past performance is not a guarantee of future results and may not be indicative of them. The net returns are calculated using the Portfolios Net Asset Value. Performance assumes reinvestment of all income. Inception date is 23 December 2005.

Portfolio Details as at 31 August 2008

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	15.2	13.0
National Australia Bank	6.2	4.1
Westpac	6.0	4.0
Commonwealth Bank	5.9	5.1
ANZ	5.7	3.1
Telstra	5.7	4.5
Rio Tinto	5.1	3.5
QBE Insurance	3.5	1.9
News Corporation	2.2	0.5
Macquarie Group	2.0	1.4

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	40.4	33.9
Materials	24.2	27.3
Consumer Discretionary	8.9	4.1
Consumer Staples	5.9	8.2
Telecommunication Services	5.7	4.8
Industrials	5.4	7.2
Utilities	2.2	1.5
Energy	1.6	8.6
Healthcare	1.0	3.7
Information Technology	0.0	0.7

Selected Portfolio Statistics as at 31 August 2008

Inception Date	23-Dec-05
Number of Stocks	33
ATI Funds under Management	~ $150m

MER (est.)	~ 0.80% p.a.
Tracking error (forward estimate)	~ 4% p.a.

General Market Commentary

Australia's Market Performance

The Australian equity market continued to be volatile but lacked direction for most of August. A late surge in the last three days led to the S&P/ASX 300 Accumulation Index finishing up 4.0%. Turnover was subdued which suggests that institutional investors may have remained on the sidelines as they digested the significant data flow from the reporting season. Continued concerns surrounding the financial viability of global financial institutions combined with increasing concerns over China's economic growth outlook increased investor's risk aversion.

Indicators released in August gave a mixed picture of the Australian economy whilst the tone of the RBA commentary was unexpectedly downbeat and markets moved quickly to price in a number of rate cuts over the next twelve months. This shift prompted bond yields to fall further after their decline last month, and the AUD fell sharply (-8.9%) against a revived USD. Spot WTI oil hit a three-month low of $111.40/bbl intra-month, before rallying to end 7% lower for the month at $115.60/bbl. Gold lost ground for the second month running in August, falling 9.1% to $830 / ounce at the end of the month. The CRB Metals index lost 3.8% in August, with the index now being more than 20% below the June highs. Prices were weighed down by concerns about growth in developed markets and evidence that emerging economic global growth might be heading in to a slowdown phase.

Investor focus during August was mainly centred on the reporting season and the potential for a collapse in corporate earnings from the slowing macro environment. The reporting season was generally positive with resource companies tending to show the greatest lift in profits due to the historically high commodity prices. With earnings proving to be more resilient than expected, the focus has now shifted to the potential positive economic impact of rate cuts now expected from the RBA given the cautious outlook statements by many of the companies during the reporting season. The key issue for investors near term remains the trade-off between increasing earnings risks from restrictive financial conditions and the slowing domestic economy, versus increasingly attractive valuations for equities – particularly if the RBA begins to cut rates.

The Best and Worst Performing Sectors

The better performing sectors during the month were: Healthcare (+17.4%); Consumer Discretionary (+8.9%); and Property Trusts (+8.9%). The worst performing sectors this month were Telco's (-4.1%); Utilities (-1.3%); and Materials (-0.1).

Relative Portfolio Performance

Against this backdrop, the ATI Equity Portfolio rose 3.6% compared with a rise of 4.0% by the S&P/ASX300 Accumulation Index. Those stocks that contributed most to the Portfolio's relative performance during the month were:

AGL Energy – AGK (+16.9%) share price rallied during August after posting a solid yearly result that was both in line with market expectations and included a confirmation of the forward consensus guidance for earnings in FY09. The company also confirmed the pending sale of its PNG assets was progressing to plan with binding bids due in mid September.

Harvey Norman– HVN (+14.3%) share price rose over the month despite falling almost 3% after the release of its softer than expected full year result. The result highlighted weaker than expected profit from franchise operations, but Gerry Harvey did comment that he was quite confident about the outlook looking out to Christmas, compared to a few months ago.

Woolworths – WOW (+12.5%) continued its rally in August after announcing another strong result. The FY08 earnings were driven by continued sales growth and some margin improvement and management stated that trading sales so far this year have been robust and this was taken positively by the market.

Stocks that detracted most from the Portfolio's relative performance during the month were:

Macquarie Infrastructure Group – MIG (-14.8%) ended the month lower after traffic numbers for the June quarter were generally weaker for most of the toll roads. The downturn in traffic was attributed to the impact of higher petrol prices and slowing economic growth in most developed economies. The annual result released during the month was also below market expectations and contributed to the selling off in the stock.

Suncorp Metway – SUN (-10.5%) shares slumped during August after the annual result highlighted a very tight capital position and some potential provisioning risk for the company going forward. As SUN achieved its earnings guidance by reducing the extent of its provisioning margin, this cast some doubt about the future earnings profile for the business.

Telecom New Zealand – TEL (-10.4%) declined after its FY08 result was released. Whilst the overall result was around market expectation the fact that it had benefited from a larger than expected dividend from Southern Cross meant the market was disappointed by the quality of the earnings profile and the stock was sold down.

Outlook

Looking ahead, ATI will continue to search for opportunities to invest in companies that, subject to our disciplined investment process, trade at a discount to our assessment of their intrinsic 'fair' value. ATI believes that a combination of bottom-up fundamental analysis of intrinsic value and use of select earnings data, together with a sound risk management overlay, will continue to add value for our investors over the medium to long-term.