Fact Sheet

ATI Australian Equity Portfolio

Information as at 31 May 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 31 May 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)	(7.2)	(3.3)	26.7	(0.3)	(1.7)	5.7	6.2
S&P/ASX 300 Accumulation Index	(7.5)	(3.6)	20.7	(7.5)	(7.3)	1.3	2.8
Relative Outperformance	0.3	0.3	6.0	7.2	5.6	4.4	3.4

*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 31 May 2010

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	14.2	12.1
Commonwealth Bank	6.5	7.5
Westpac	6.1	6.4
NAB	6.0	4.9
ANZ	6.0	5.3
Telstra	5.7	3.1
Rio Tinto	4.5	2.8
Woolworths	3.8	3.1
QBE Insurance	3.6	1.9
CSL	3.1	1.7

Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
Financials	39.6	39.2
Materials	22.0	25.0
Consumer Staples	7.0	8.6
Telecommunications	6.9	3.5
Industrials	6.2	6.5
Consumer Discretionary	5.6	4.4
Healthcare	5.6	3.5
Energy	2.3	7.2
Utilities	1.3	1.3
Information Technology	0.0	0.8

Selected Portfolio Statistics as at 31 May 2010

Inception Date	23-Dec-05
Number of Stocks	37
ATI Funds under Management	~ $460m

MER (est.)	~ 0.90% p.a.
Tracking error (forward estimate)	~ 3.0% p.a.

Relative Portfolio Performance

The ATI Equity Portfolio fell 7.2% in May compared with a fall of 7.5% by the ASX300 Accumulation Index. ATI is still outperforming the market on a 3mth, 12mth, 2yr, 3yr, 4yr and since inception (54 months) basis.

The Best and Worst Performing Sectors

The better performing sectors during May were: Telecommunications (+5.6%), Property Trusts (+3.7%), and Financials (+0.3%). The worst performing sectors were: Healthcare (-6.9%), Consumer Staples (-4.0%), and Materials (-4.0%).

Our monthly performance was assisted by stock selection in the Healthcare sector, a neutral position in financial stocks and underweight positions in the Materials and Energy sectors.

Attribution of Stocks

The portfolio performance during May was assisted by overweight positions in Healthscope (HSP), SingTel (SGT) and BHP Billiton (BHP), and by not holding Sonic Healthcare (SHL) and Transurban Group (TCL).

Stocks in the portfolio that contributed to its relative performance during the month were:

> **Healthscope (+25.6%)** rose in May after receiving several non-binding takeover offers from interested parties. The Board of HSP is yet to recommend a course of action for shareholders as the interested parties have been allowed to begin their due diligence on the business. ATI remains hopeful that the Board formally makes a recommendation that will enable shareholders to decide whether or not to accept the Board's view. The potential for the bidding parties to walk away after due diligence or fail to obtain funding for the purchase are risks that ATI must take into account when making its decision to continue holding the stock. At the current price of ~$5.50, HSP would not be retained in the portfolio without the existence of the takeover offers.
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> **SingTel (+1.7%)** received investor support during May after reporting a solid quarterly result with strong wireless growth driving good results in Singapore and Optus in Australia. On the negative side, SGT provided subdued FY11 earnings guidance for the Singapore business, and it did not announce any further capital management that many broker analysts had been expecting. Future growth in FY11 and FY12 is dependent upon the successful execution of the Zain Africa acquisition by SGT associate, Bharti. At this stage, SGT remains a portfolio holding but its relative attractiveness has been reduced by its recent market outperformance. Within the ATI process Telstra (TLS) remains the most attractive of the telecommunication service companies.
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> **BHP Billiton (-6.2%)** fell again during May after the resources sector started the month very much on the back foot after the Australian Government announced details of the proposed Resource Super Profit Tax (RSPT) on 2 May. The implied tax burden for resources companies appears considerably higher than the market had initially assumed and the entire resources sector was sold off sharply. In addition to digesting the tax issue, global concerns regarding the implications of European sovereign debt and the extent of slowing growth in China saw commodity prices and the AUD move sharply lower, putting further pressure on resource equities including BHP. The company has been very vocal in its opposition to the RSPT and it remains unclear at this stage of exactly what the longer term financial implications for BHP and other resource stocks will actually be. Despite these overhanging negatives, BHP's relative valuation within ATI's stock rankings remains attractive. It continues to be a core holding within the ATI portfolio and we are still slightly overweight the stock.

Positions that detracted most from the portfolio's performance during the month were from being overweight Emeco Holdings (EHL) and Panoramic Resources (PAN), being underweight Wesfarmers (WES), and from not holding Lihir Gold (LGL) and Fosters Group (FGL) which both outperformed the market.

Stocks in the portfolio that detracted from performance during the month were:

> **Emeco Holdings (-21.7%)** fell sharply during May as fears that a potential cancellation of some future mining contracts in Australia and a potential slowdown in resources activity due to uncertainties surrounding the RSPT, as well as volatile commodity prices weighed heavily on the sentiment for the future earnings of the stock. In spite of the underperformance this month, EHL remains an ATI portfolio holding as its relative attractiveness amongst the Industrial sector stocks remains high.
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> **Panoramic Resources (-15.5%)** fell sharply during May as the potential negative impacts of the RSPT and a fall in the underlying commodity price were digested. PAN, being a WA nickel producer, was caught in the midst of these market concerns as the lack of clarity further entrenched the resource stock sell-offs. PAN remains an ATI portfolio holding as it is still relatively attractive within the Materials sector.
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> **Wesfarmers (-0.7%)** only fell slightly during May and outperformed the broader market after providing a generally positive investor strategy briefing. The turnaround of the key Coles food & liquor business continues to gain momentum, while its resources division is forecast to be a beneficiary of the improving global steel demand and coal markets over the next few years. The ATI portfolio remains underweight WES as it is relatively unattractive with the current share price levels imply the market is paying a significant premium to what it has historically paid for WES's forecast earnings.

Portfolio Construction

The ATI portfolio remains fairly neutral with regard to its market capitalisation exposures (vs the ASX300 index) with ~80% of the holdings in the top 50 stocks, ~16% in the next 100 and ~4% in the last 150 stocks. These exposures highlight that we do not currently see a greater amount of value in either the larger or smaller stock areas.

The number of stocks (37) in the portfolio is currently near our maximum of 40. Since the May sell-off in equities, the ATI stock ranking process has identified a number of new potential investment opportunities. Before any of these stocks can enter the portfolio we must clarify whether the current earnings forecasts reflect too optimistic assumptions surrounding the anticipated global economic recovery and earnings leverage. We also need to analyse whether the multiple we feel the market would be prepared to pay for those earnings is appropriate.

Portfolio Risk

The current forecast tracking error of ~3% (range of 2-8%) for the ATI portfolio also reflects the fact that our stock rankings do not currently indicate the need to take additional risk. As at 31 May, the main sources of portfolio risk are coming from a variety of overweight smaller stock holdings including Pacific Brands (PBG), Emeco Holdings (EHL), Panoramic Resources (PAN) and Equinox Minerals (EQN).

General Market Commentary

The Australian equity market (ASX300 accumulation index) fell 7.5% in May to record its biggest fall since October 2008 and is now down almost 10% for the calendar year to date. The sharp falls in equity markets globally reflected renewed concerns about sovereign debt risks in Europe and moderating growth expectations in China due to its monetary policy tightening stance. The Australian equity market also had to contend with the surprise Federal Government announcement of a proposed Resource Super Profits Tax (RSPT) as part of the long awaited Henry Tax Review. Additional domestic equity market selling pressure came from wary offshore investors who reduced their exposure to the resource sector and the Australian market in general.

The main focus for equity markets in May was the potential implications from the proposed RSPT. These investor concerns can be split between both the direct impact on stock earnings and valuations, and the indirect impacts on Australia's risk premium as the potential for further Government intervention and regulation is now a greater possibility. This issue alone largely overshadowed the additional tax reform proposals of reducing the corporate tax rate to 28%, increasing the Superannuation Guarantee levy to 12% and the release of the Federal Government's Budget, which forecast a return to surplus by 2012/13. Despite the overwhelming amount of negative news prevailing in the market, M&A activity continued with Newcrest (NCM) increasing its offer for Lihir Gold (LGL) and Healthscope (HSP) announcing various private equity groups were interested in buying the business. Also, Foster’s Group (FGL) announced the company would split its wine and beer operations into separate companies.

Other than the implications of the Henry Tax Review and Federal Budget, the economic data remained mixed during May. Retail sales comparable sales figures were softer than the market had expected, reflecting the roll-off of the fiscal stimulus impact seen last year. Building approvals and financing were strong while credit growth momentum is moderating and employment/wages data was solid. The RBA increased interest rates by another 25bp to 4.5% while the AUD fell through US82¢ before rallying to finish the month at US84.8¢ (-7.6¢). The fall of the AUD by 8.5% against the USD in May was its largest monthly drop since October 2008, leaving it 5.8% lower for the calendar year to date. The negative impact on risk appetite as a result of the European debt crisis was one of the major factors weighing on the AUD. Other factors that put selling pressure on the AUD during May were falling short term interest rate expectations and investor concerns over the future of Australian resource assets in the wake of the proposed RSPT.

The spot WTI oil price reversed sharply in May (-14.1%) and at one point traded below US$65, a level not seen since July 2009. The European fiscal crisis overshadowed prospects for global growth and consumption, while US data showed inventories continuing to rise from their lows at the end of 2009. Spot gold rose 3.3% in May as concerns over sovereign debt supported sentiment. It set a new all-time high and came close to breaking the US$1250 mark. Spot iron ore prices lost ground amid concerns over China’s growth momentum as monetary policy is tightened, while base metal prices also retreated with some examples being spot copper -6.6% and aluminium -6.7% as a stronger USD added to the selling pressure.

Investors appear to have temporarily shifted their attention back to more defensive stocks in light of the increasing global risk aversion. Current market valuations remain increasingly leveraged to the nervousness about the potential for earnings downgrades to increase as we move into the June 2010 reporting season, especially if the European debt concerns manage to dampen or curtail the much expected US economic recovery. The market reaction to earnings downgrades during May was savage, as evidenced by the share price declines of Sonic Healthcare (SHL) and Primary Healthcare (PRY) who both issued profit warnings.

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.

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. The key catalysts in the coming months will be further evidence of a recovery in the international equity markets and a resolution in relation to the Greek sovereign debt situation. Domestically, the market will soon begin preparing for the next reporting season which will provide the basis for FY11 earnings expectations. Those stocks whose share prices have rallied excessively in anticipation of the expected recovery remain the standout risks over the course of the next few months as the market PE expansion phase seems to finally have come to an end and signs of earnings growth are now required to trigger the next upward phase in equity markets.

PORTFOLIO RISK SUMMARY

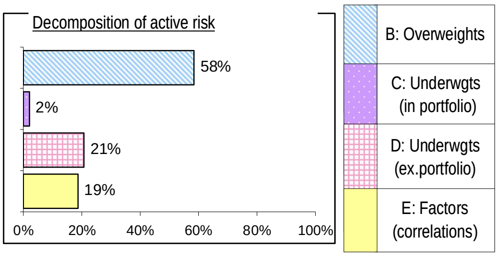
Portfolio Name:	**MyPort**
Benchmark:	ASX300
Date of Data:	30/04/2010
Timestamp of analysis:	5/4/2010 10:54:55 AM

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

Historic portfolio alpha	6.7%	**Active Exposures:**	
Historic portfolio beta	0.97	Held:	41.2%
Raw return	5.5%	Total:	76.5%

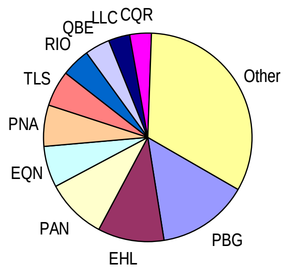
Forecast Tracking Error	**3.07 %**	**3.12 %**
	(residual risk)	(active risk)

	Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A	Stocks held in portfolio (B+C)	60%	2.4	5.9
B	Overweight positions	58%	2.4	5.7
C	Underweight positions	2%	0.5	0.2
D	Stocks not held in portfolio	21%	1.4	2.0
E	Factors (correlations between stocks)	19%		1.8
F	Total (A + D + E)	100%	**3.1**	9.7
G	Systematic risk (undiversifiable)		0.6	0.3
H	Residual risk definition tracking error (G - F)		**3.1**	9.4



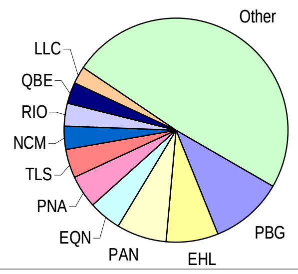
Top 10 sources of risk: Stocks held in the portfolio (A)

1	PBG	14%
2	EHL	10%
3	PAN	9%
4	EQN	6%
5	PNA	6%
6	TLS	6%
7	RIO	4%
8	QBE	4%
9	LLC	4%
10	CQR	3%
	Other	33%



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

1	PBG	11%
2	EHL	8%
3	PAN	7%
4	EQN	5%
5	PNA	5%
6	TLS	4%
7	NCM	3%
8	RIO	3%
9	QBE	3%
10	LLC	3%
	Other	49%



Active Weights