

Fact Sheet

ATI Australian Equity Portfolio

Information as at 31 October 2009

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 October 2009)

	1 Month (%)	3 Month (%)	1 Year (%)	2 Year (% p.a.)	3 Year (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross of fees)	(1.7)	13.6	31.2	(5.9)	4.3	7.7
S&P/ASX 300 Accumulation Index	(2.1)	11.0	22.0	(13.2)	(0.6)	3.9
Relative Outperformance	0.4	2.6	9.2	7.3	4.9	3.8

*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 October 2009

Largest Holdings	Portfolio	S&P/ASX300	Sector Allocation	Portfolio	S&P/ASX300
	Weight (%)	Weight (%)		Weight (%)	Weight (%)
BHP Billiton	12.1	11.5	Financials	40.7	40.2
Commonwealth Bank	7.7	7.3	Materials	18.6	23.4
Westpac	7.6	7.1	Consumer Discretionary	8.7	4.0
NAB	6.4	5.7	Consumer Staples	8.0	8.6
ANZ	5.9	5.3	Telecommunications	6.4	3.8
Telstra	5.4	3.4	Industrials	6.0	6.8
QBE Insurance	4.0	2.1	Healthcare	5.3	3.5
Woolworths	3.8	3.2	Energy	2.1	7.5
RIO Tinto	3.1	2.5	Utilities	1.2	1.3
CSL	3.1	1.7	Information Technology	0.0	0.7

Selected Portfolio Statistics as at 31 October 2009

Inception Date	23-Dec-05	MER (est.)	~ 0.90% p.a.
Number of Stocks	38	Tracking error (forward estimate)	~ 3.5% p.a.
ATI Funds under Management	~ \$500m		

General Market Commentary

Australia's Market Performance

October started positively, but volatility towards the end of month, reflecting concerns about the durability of the US and UK recovery, put paid to the prospects of an eighth consecutive monthly rise. The S&P/ASX300 Accumulation Index finished the month 2.1% lower. The Australian equity market has now rallied over 45% from its low in March 2009 yet remains 32% off its pre global financial crisis high in November 2007. The domestic AGM season commenced during October with most companies indicating some stabilisation in operating conditions and where applicable the negative impact that a stronger currency would have on earnings.

The bank reporting season also commenced at the end of October with solid but not exceptional results reported by ANZ and NAB. Whilst the results showed improved net interest margins, increased provisioning and concerns about offshore operations and the utilisation of capital led to some selling in these stocks. Macquarie Group also reported a solid result, but concerns about the higher compensation ratio and the changing business model also led to some selling in the stock. Capital raisings continued with CSR, Graincorp, ING Industrial and Oil Search announcing capital initiatives. Whilst investors continued to focus on stocks with earnings leverage to an improving economy, the cautious tone from AGM season led to profit taking in stocks when the implied forward earnings did not justify the current price.

The trend in economic data during October remained positive, further justifying the large increase in consensus expectations for 2010 GDP growth (+2.3%) over the last 2 months. The employment data was the standout with the unemployment rate declining from 5.8% to 5.7%; while jobs, the participation rate and hours worked all surprised on the upside. The RBA confirmed the low interest rate setting was no longer appropriate, increasing rates 25bp to 3.25% (and subsequently a further 25bp in November). By doing this it became the first developed economy central bank to raise rates since the financial crisis. The market is now pricing the RBA to have the cash rate at 5.00% by the end of 2010.

The currency impact due to the RBA rate hike saw the AUD/USD move quickly through 90¢ and trade as high as 93¢. The AUD extended its gains against the USD to finish the month up 1.9% at 90.¢ (+3.0¢). Spot oil increased in October with the WTI gaining 9% to USD77, its highest monthly close since September 2008. Spot gold ended the month up 4.2% at USD1,045. Base metals generally were stronger in October, reflecting the anticipation of a global economic recovery and a weaker USD. Spot iron ore prices remained firm in October, with Chinese import levels for September at record levels as steel production recovers rapidly.

Investors remain focused on the length and duration of the recovery phase with a specific focus on how much earnings leverage will emerge in FY11 and what is being priced into shares. The key issue still facing investors remains how much recovery has already been priced in and the timing and potential impact of any reduction in the level of stimulus in the global economy. Despite the recent market performance, ATI's relative value process is still identifying attractive opportunities, particularly in stocks where there is earnings leverage forecast to emerge in our three year forecast period. The key catalysts in the upcoming month will be news flow as the end of the AGM and bank reporting season occurs. Some companies are yet to report September quarter sales and productions reports and generally the market will be looking for evidence of further underlying EPS improvement.

The Best and Worst Performing Sectors

The better performing sectors during the month were: Consumer Staples (+1.4%); Utilities (+0.6%); and Telecommunications (+0.4%). The worst performing sectors were; Property Trusts (-9.0%); Energy (-5.3%); and Health Care (-4.1%).

Relative Portfolio Performance

The ATI Equity Portfolio fell 1.7% compared with a fall of 2.1% by the S&P/ASX300 Accumulation Index. The relative outperformance was assisted by overweight holdings in Flight Centre, Pacific Brands and APN News & Media and not holding GPT Group. Stocks in the portfolio that contributed to its relative performance during the month were:

Flight Centre – FLT (+13.7%) ended the month up strongly after providing a trading update at the AGM which guided the market to profit levels above the market consensus forecasts. The strength of the \$A and increasing airline capacity assisted sentiment, however the news that the Liberty business in the US, was on track to breakeven was the key factor driving the share price improvement due to the operational leverage of this division.

Pacific Brands – PBG (+10.4%) shares tracked higher during October. PBG held its AGM and reiterated guidance for underlying FY10 EBIT to be flat on the pcp of \$201m. PBG also reiterated its expectation for a decline in 1H10 to be balanced by growth in 2H10. The benefits from increased purchasing power due to a higher AUD had led to FY11 and FY12 profit upgrades. Due to the decision to move all its manufacturing operations offshore, currency is now a much more significant factor in determining PBG's underlying profitability.

APN News and Media – APN (+9.7%) ended the month higher after it provided the market with a trading update early in the month. Its update indicated that, on the basis that "current market conditions continue", it is likely to end the calendar year with: (1) EBIT of \$180-190m; and (2) NPAT (pre NRIs) of \$90-95m. APN stated that "overall trading continues to show improvement" and that "overall quarter four trading [was] returning to normal". The market saw this as being a catalyst to invest in the stock due to the operational leverage to an improving advertising cycle.

Stocks that detracted most from the Portfolio's relative performance during the month were from not holding Lihir which outperformed the market and being overweight Hastie Group, Lend Lease, and Singapore Telecom which underperformed. Stocks in the portfolio that detracted from relative performance were:

Hastie Group – HST (-14.7%) traded lower during October after having a strong run in the previous months and following the AGM at month end which saw some of the market forecasts reducing the optimistic extent of the likely recovery for the stocks earnings. Despite announcing some contract wins there was concern that the share price had built in significant FY10 EPS improvements, which may be delayed into FY11.

Lend Lease – LLC (-11.5%) fell during the month after providing the market with a less than upbeat trading update at its AGM. Market forecasts were subsequently paired back for FY10 and FY11, and after incorporating some economic fears that a global recovery is not yet assured, the stock fell over the month.

Singapore Telecom – SGT (-9.7%) traded lower during the month as Bharti (SGT 30.4%), India's #1 mobile operator, was impacted by the news that a price war had erupted via pricing cuts by a major competitor. This led to earnings downgrades in Bharti on the expectation that the price war would continue into CY10.

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.