

Fund Description

The Fund invests in a diversified group of specialist Australian shares managers. This asset sector can deliver high returns over long periods of time, but it can also show sharp and significant fluctuations in value, up or down, over short intervals. This Fund gives investors an opportunity to participate in Australia's economic growth and enables Australian resident investors to benefit from favourable tax treatment accompanying franked earnings of Australian shares.

It is recommended that investment in this Fund be undertaken for at least five to seven years. Share investment can be volatile over the short-term.

Fund Classification Core/Diversified **Sector** Specialist/Satellite

Manager Commentary

The Australian market ended the year on a negative note, falling 1.4% in December, with the focus on the ongoing sovereign debt crisis in Europe, while slowing economic growth in China also weighed on investor sentiment. The December 9 summit of European leaders failed to appease doubtful investors, with few noteworthy outcomes besides a proposal for 'tougher' fiscal controls on member countries. The Fund underperformed the benchmark index by 0.6% in December, with the Fund's overweight to materials detracting from performance.

The Resources sector (-4.7%) underperformed the Industrials sector (-0.1%) as commodity prices were broadly lower for the month. At a sector level, Telecommunications (+5.1%), Utilities (+3.8%) and Healthcare (+1.7%) were the best performing sectors. The large-cap index, as measured by the S&P/ASX 50 Leaders Index (-1.0%) outperformed the small-cap index, as measured by the S&P/ASX Small Ordinaries Index (-4.3%).

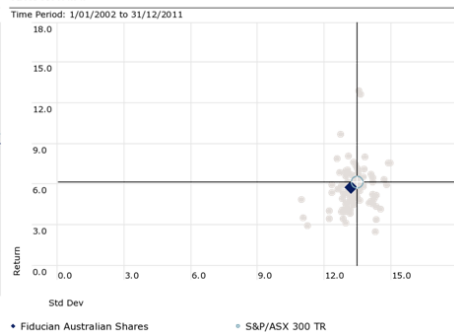
Further evidence of the two speed economy in Australia became apparent as the discretionary retail sector fell after profit warnings from JB Hi Fi, Kathmandu and Billabong, with the latter announcing a capital restructure.

Fund Performance and Risk Analytics Summary

Investment Growth



Risk-Reward



Current Period Return (net of fees as at 31 December 2011)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund	-2.0%	2.0%	-11.4%	-12.2%	5.8%	-2.8%	5.8%
Index	-1.4%	2.1%	-9.8%	-11.0%	7.7%	-2.4%	6.1%
Excess	-0.6%	-0.1%	-1.5%	-1.2%	-1.9%	-0.5%	-0.3%

Risk Exposure (as at 31 December 2011)

	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund Volatility (Std Dev %)	13.6%	15.4%	16.1%	13.2%
Benchmark Index (Std Dev %)	11.8%	14.8%	16.3%	13.5%
Beta	1.06	1.01	0.98	0.98
Tracking Error (% pa)	2.6%	1.7%	2.2%	1.8%

Calendar Year return (net of fees)

	2007	2008	2009	2010	2011
Fund	15.7%	-36.8%	36.9%	-1.6%	-12.2%
Index	16.2%	-38.9%	37.6%	1.9%	-11.0%
Excess	-0.6%	2.1%	-0.7%	-3.5%	-1.2%

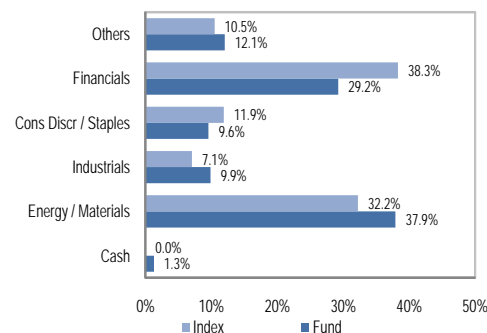
Fund Facts

Portfolio Manager: Conrad Burge
Asset Sector: Australian Equity
Asset Code: AE1
ARSN: 093 542 271
APIR Code: FPS0006AU
Benchmark: S&P / ASX 300 Accumulation Index
Inception Date: February 1997
Fund Size: \$202.4 million as at 31 December 2011
Application/Exit Fee: Nil
Management Fee: 0.96%

Style Tilts

Managers	Style	No. of Stocks	Weight
Ausbil Dexia	Style Neutral	32	16%
Bennelong	Growth	30	18%
BT	Core	52	13%
Constellation	Value	38	11%
L1 Capital	Style Neutral	30	20%
Solaris	Style Neutral	57	20%
Cash	N/A	N/A	1%

Sector Weights



Top Holdings

Stocks	Weight
BHP BILLITON LTD	8.1%
NATIONAL AUST BANK	6.0%
ANZ BANKING GROUP	5.6%
WESTPAC BANKING CORP	5.3%
RIO TINTO LIMITED	5.1%
COMMONWEALTH BANK	4.0%
WOODSIDE PETROLEUM	2.2%
WESFARMERS LIMITED	2.2%
TELSTRA CORP	2.0%
ILUKA RESOURCES LTD	1.9%
BRAMBLES LTD	1.7%
QR NATIONAL LTD	1.6%
PALADIN ENERGY LTD	1.4%
SANTOS	1.4%
JAMES HARDIE INDUSTRIES	1.3%
SUNCORP GROUP LTD	1.2%
ORIGIN ENERGY LTD	1.1%
CAMPBELL BROTHERS	1.1%
MINERAL RESOURCES	1.1%
BOART LONGYEAR GROUP	1.0%
INCITEC PIVOT LTD	1.0%
LEND LEASE	0.9%
NEWS CORP INC	0.9%
ANSELL LTD	0.9%
AMCOR LTD	0.9%
TOTAL	59.9%