

Fact Sheet

ATI Australian Equity Portfolio

Information as at 31 July 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 July 2009)

	1 Month (%)	3 Month (%)	1 Year (%)	2 Year (% p.a.)	3 Year (% p.a.)	Inception (% p.a.)
ATI Equity Portfolio (gross of fees)	8.9	15.4	(0.6)	(7.3)	3.3	4.6
S&P/ASX 300 Accumulation Index	7.3	12.8	(10.3)	(13.2)	(1.1)	1.3

*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 July 2009

Largest Holdings	Portfolio Weight (%)	S&P/ASX300 Weight (%)	Sector Allocation	Portfolio Weight (%)	S&P/ASX300 Weight (%)
BHP Billiton	13.1	13.1	Financials	40.8	37.1
Commonwealth Bank	7.3	6.7	Materials	20.1	25.4
Westpac	7.0	6.6	Consumer Discretionary	9.7	3.8
ANZ	6.8	4.5	Consumer Staples	8.3	9.3
Telstra	6.0	3.8	Industrials	6.7	6.2
NAB	5.6	4.9	Telecommunications	5.9	4.4
Woolworths	3.9	3.4	Healthcare	2.9	3.6
QBE Insurance	3.9	2.0	Energy	1.8	8.0
Wesfarmers	2.8	3.1	Utilities	1.1	1.5
Westfield	2.8	2.4	Information Technology	0.0	0.7

Selected Portfolio Statistics as at 31 July 2009

Inception Date	23-Dec-05	MER (est.)	~ 0.90% p.a.
Number of Stocks	36	Tracking error (forward estimate)	~ 3% p.a.
ATI Funds under Management	~ \$450m		

General Market Commentary

Australia's Market Performance

Equity markets performed strongly during July with the ASX300 accumulation index gaining 7.3% as the market moved to its highest level since October 2008. Investor confidence improved, driven by stronger than expected data for retail sales, consumer sentiment and employment, as well as media commentary suggesting that 'the worst had passed'. Despite building approvals declining, the housing finance data remained strong with analysts suggesting an improvement in housing activity could occur later in the calendar year.

The Industrial, Material and Consumer Discretionary sectors outperformed, reflecting an investor shift from defensive stocks into more cyclical companies leveraged to an improving economic environment. Movements from cash into equities increased during the month and equity raisings continued to occur. Within the ATI portfolio, National Australia Bank raised \$2bn at \$21.50. Other companies that announced capital raisings included Transpacific (\$801m at \$1.20) and Virgin Blue (\$231m at \$0.20).

The RBA kept rates on hold at 3.0% and indicated the potential for further rate cuts is diminishing due to a decline in global risks. After an early sell-off, the AUD was well supported finishing the month at 82.8¢ (+1.6¢). Forecasts for Chinese growth and commodity prices continued to increase providing a favourable backdrop for resource stocks. Base metal prices rebounded strongly towards the end of the month and copper moved to a 9-month high. Oil fell early in the month on a softer tone to economic data but clawed back the losses and ended the month flat at US\$69.45/bl. Spot gold ended July at \$983.60, down 0.2%, failing to hold the \$950 level reached earlier in the month.

The key issue currently facing investors remains the sustainability of the equity market's recovery, particularly in light of the recent economic data flow. Investors are increasingly convinced the worst of the news flow is behind us and are beginning to focus on the length and duration of the recovery phase. If the recent rally continues, the market may continue to seek investments in more leveraged cyclical stocks.

Analyst focus will be on the upcoming reporting season and the outlook statements (if any) that are issued by the companies. Factors that ATI will be reviewing are the extent of property writedowns and asset impairments; evidence of a continuation in credit rationing and increased debt covenants; and the treatment of "non-recurring" items. Valuations may become relatively attractive if earnings improvement (and operating leverage) is forecast to emerge over our three forecast period.

The Best and Worst Performing Sectors

The better performing sectors during the month were: Industrials (+10.0%); Materials (+9.5%) and Consumer Discretionary (+9.4%). ATI had overweight positions in the Industrials and Consumer Discretionary stocks whilst an overweight position in the Banks (+9.4%) also assisted performance. The worst performing sectors were Healthcare (-3.3%); Property Trusts (+2.4%) and Telecommunications (+4.1).

Relative Portfolio Performance

The ATI Equity Portfolio rose +8.9% compared with a rise of 7.3% by the S&P/ASX300 Accumulation Index. The relative outperformance was due to overweight holdings in Emeco, Pacific Brands, Fairfax and APN and not holding Origin, Santos and Lihir. Stocks in the portfolio that contributed to its relative performance during the month were:

Pacific Brands – PBG (+39.2%) shares continued to rally again during the month of July. There was no company-specific news flow, however PBG's share price performance was supported by an undemanding valuation and the broader investor rotation into stocks with cyclical earnings exposure.

Emeco Holdings – EHL (+35.8%) recovered from the lows it experienced last month and performed strongly as the market continued to invest in companies with earnings directly leveraged to economic recovery. The strength of the EHL balance sheet and evidence of improved management of its utilisation and growth strategy also aided investor confidence in the stock.

Fairfax – FXJ (+20.9%) was up as all Australian newspaper publishing stocks delivered strong gains in July. Media stock prices were buoyed by a more positive domestic economic outlook and a strong rally of the US newspaper peers which saw these stocks begin to receive some market support.

Stocks that detracted most from the Portfolio's relative performance during the month were overweight holdings in QBE, Dexus and Metcash and not holding Leighton. Stocks in the portfolio that detracted from performance were:

Dexus Property Group – DXS (-2.7%) fell in July despite successfully completing a \$160m MTN issue that demonstrated that the corporate bond market continues to open up for those property trusts with a good credit rating and relatively low gearing. Evidence of increasing cap rates following assets sales from Macquarie Countrywide and assets revaluations from Macquarie Office Trust also led to the relative underperformance of the property trust sector.

QBE Insurance – QBE (-2.0%) shares were lower in July despite news that S&P had upgraded its rating and/or outlook for the holding company and various subsidiaries. Late in the month, QBE announced the acquisition of 100% of Elders Insurance Limited (underwriting) and 75% of Managing General Insurance Agency JV for a cash consideration of ~\$270m.

Metcash – MTS (-0.7%) fell marginally in July after signing a landmark agreement with the IGA franchises that ensures the integration of the Group supply operations going forward.

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.