

Fact Sheet

ATI Australian Equity Portfolio

Information as at 31 July 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 July 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)	4.6	(5.1)	13.8	6.4	(0.7)	5.8	6.5
S&P/ASX 300 Accumulation Index	4.5	(6.0)	10.0	(0.6)	(6.0)	1.6	3.1
Relative Outperformance	0.1	0.9	3.8	7.0	5.3	4.2	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 July 2010

Largest Holdings	Portfolio	S&P/ASX300	Sector Allocation	Portfolio	S&P/ASX300
	Weight (%)	Weight (%)		Weight (%)	Weight (%)
BHP Billiton	15.1	12.5	Financials	42.7	38.7
Westpac	7.6	6.7	Materials	26.7	25.6
NAB	6.8	5.0	Telecommunications	5.4	3.8
Commonwealth Bank	6.7	7.6	Consumer Discretionary	5.2	4.2
ANZ	6.2	5.5	Industrials	5.1	6.3
Telstra	5.4	3.3	Consumer Staples	5.0	8.6
Rio Tinto	4.7	2.9	Healthcare	3.7	3.5
QBE Insurance	3.5	1.6	Energy	2.3	7.3
Woolworths	3.2	3.0	Utilities	1.4	1.4
CSL	2.5	1.8	Information Technology	0.0	0.7

Selected Portfolio Statistics as at 31 July 2010

Inception Date	23-Dec-05	MER (est.)	~ 0.90% p.a.
Number of Stocks	36	Tracking error (forward estimate)	~ 3.0% p.a.
ATI Funds under Management	~ \$470m		

Relative Portfolio Performance

The ATI Equity Portfolio rose 4.6% in July compared with a rise of 4.5% by the ASX300 Accumulation Index. Against this benchmark, ATI is producing excess return on a 1mth, 3mth, 12mth, 2yr, 3yr, 4yr and since inception (December 2005) basis.

The Best and Worst Performing Sectors

The better performing sectors during July were: Industrials (+7.2%), Financials (+6.5%), and Materials (+4.9%).

The worst performing sectors were: Information Technology (-4.0%), Telecommunications (-0.5%), and Health Care (+0.9%).

Our monthly performance was assisted by slightly overweight positions in the Financials and Materials sectors, relatively neutral positions in the Industrials and Telecommunications sectors, and an underweight position in the Energy sector.

Attribution of Stocks

The portfolio performance during July was assisted by overweight positions in Emeco Holdings (EHL), Oz Minerals (OZL) and Equinox Minerals (EQN), and by not holding Newcrest Mining (NCM) and Lihir Gold (LGL). Stocks in the portfolio that contributed to its relative performance during the month were:

Oz Minerals (+28.1%) rallied in July on the back of a rising copper price (+10%), formal approval of the Prominent Hill underground development, and strong operational performance with ongoing positive reconciliations between the reserve model and mining. Cost performance continues to exceed our expectations as higher than expected gold production and improvements in mill recoveries delivered cash costs of US\$39.8c/lb for the June 2010 quarter. Copper production was 28.2kt in the quarter and remains on track to meet company guidance of 100-110kt for the full year, whilst gold production guidance was raised from 110-120koz to 140-150koz. Some uncertainty remains regarding management's intentions for the -\$1.1b cash balance. OZL remains a portfolio holding but, after this month's performance, is no longer as relatively attractive amongst the Materials stocks in the ATI universe. We are awaiting the release of the 1H10 result in late August.

Equinox Minerals (+18.3%) performed strongly in July as it was also a beneficiary of the higher copper price and improved operational performance announced over the month. The Lumwana operations reported stronger copper production of 43.8kt for the second quarter, on increased mining and processing rates, ore grades and recoveries. The improvements were the result of an increased mining fleet size, better utilisation rates and sequencing, combined with the conclusion of the wet season. The company is maintaining production guidance at 135kt for calendar year 2010. Whilst EQN has not yet reported costs for the second quarter, we expect a sequential improvement from the first quarter in line with operational trends. EQN remains a portfolio holding and remains relatively attractive amongst the Materials stocks within the ATI universe due to earnings upgrades. EQN reports its 2Q10 result on 12 August.

Emeco Holdings (+16.4%) rose again during July, as the market reacted positively to the release of the company's long term strategic plan on 13 July by new CEO Keith Gordon. As we expected, EHL outlined plans to focus on its 3 core markets (Australia, Indonesia and Canada) using larger, more specialised equipment to service larger mining clients under longer term contracts in order to significantly raise its return on capital. Furthermore, management also announced that it was exiting the civil construction market in Victoria where it could not see returns improving sufficiently. The company also reiterated its FY10 NPAT guidance of \$40-41m, albeit at the lower end of its previous range of \$40-44m. This implies a strong recovery during 2H10 (NPAT \$28-29m in 2H10 v only \$12m in 1H10) which we believe provides a strong base for significant EPS growth for FY11. EHL remains a portfolio holding as it is relatively attractive within the Industrial stocks in the ATI universe.

Positions that detracted most from the portfolio's performance during the month were from being overweight QBE Insurance (QBE), Cabcharge (CAB) and Telstra (TLS), and from not holding Wesfarmers (WES) and Incitec Pivot (IPL) which both outperformed. Stocks in the portfolio that detracted from performance during the month were:

Cabcharge (-12.5%) fell during the month on renewed concerns over increasing competition in the taxi payment market with existing second terminal competitor Live Payments announcing the launch of its own taxi payment card in conjunction with Motorpass. While CAB will still retain the 10% service fee on payments made on the new Live card via CAB's own terminals (although it still needs to be confirmed that CAB will allow Live's cards to be processed on CAB's terminals), Live will hand over 3-4% of the 10% fee to drivers when processed on Live's terminals. In addition, a new competitor called TAXIS has announced that it will drop the 10% fee to 8.5% (or 5% for corporate account holders). Both these developments are likely to place further pressure on CAB which continues to lose market share in the contestable segment of the taxi payment market. In addition, the ACCC court case continues to overshadow the stock. Nonetheless, CAB remains a portfolio holding as it is relatively attractive within the Industrial sector at this stage. We believe our earnings forecasts have taken the impact of these structural industry changes into account.

QBE Insurance (-8.2%) fell sharply during July after it surprised the market by announcing a 1H10 insurance margin of 15.7% after issuing guidance of "the lower end of 16-18%" in mid-June. QBE suggested that a sudden fall in bond yields in the final fortnight of June had impacted the result by further reducing the expected investment income component of the insurance profit. In other news during the month, QBE announced: (i) it had elected to switch its presentation currency to \$US going forward; (ii) the acquisition of a European reinsurer, Secura, for €267m; (iii) it had filed an increase in its substantial shareholding in Elders from 8 to 10%. ATI is currently assessing the potential impacts on the forecast earnings and valuation for QBE as the expectation of lower interest rates for longer than previously expected has significant negative impacts on the earnings recovery profile for QBE. We will be reviewing our portfolio position based on relative attractiveness once the appropriate work has been completed after the 1H10 result announcement on 19 August.

Telstra (-0.9%) was weaker during the month as there were ongoing market concerns that due to recent loss of mobile market share there was an increasing possibility of a downgrade to the FY10 earnings guidance. Telstra responded to the loss of market share by substantially reducing pricing and increasing data download limits which in turn raised concerns of margin pressure and again increased the likelihood of a downgrade. However, on July 30, the company reconfirmed its FY10 earnings guidance. TLS remains a core portfolio holding and is currently the most attractive of the Telecommunication stocks within the ATI universe.

Portfolio Construction

The ATI portfolio remains fairly neutral with regard to its market capitalisation exposures (vs the ASX300 index) with ~78% of the holdings in the top 50 stocks, ~16% in the next 100 and ~6% in the last 150 stocks. These exposures indicate that ATI does not currently see a great disparity in value between either the larger or smaller capitalisation stocks.

The number of stocks (36) in the portfolio is currently near our maximum of 40. The recent sell-off in many resource stocks due to the potential implications and uncertainty over the revised Government Mining tax (MRRT) and a slower than previously expected global economic recovery have provided a number of potential investment opportunities. Before any of these stocks enter the portfolio, we must ratify the current earnings forecasts and the volume/price assumptions particular to each stock. The end of the reporting season during August may well provide more opportunities as we update our models, analyse company outlook statements and review market forecasts for earnings over FY11.

Portfolio Risk

The current forecast tracking error of ~3.07% (range of 2-8%) for the ATI portfolio also reflects the fact that our stock rankings do not currently indicate the need to take on additional risk and move above this forecast level.

As at 31 July, the main sources of portfolio risk are coming from a variety of overweight smaller capitalisation stock holdings including Pacific Brands (PBG), Emeco Holdings (EHL), Mount Gibson (MGX), Panoramic Resources (PAN), PanAust (PNA) and Equinox Minerals (EQN). Larger capitalisation stocks that provide a contribution to portfolio risk include having no holding in Wesfarmers (WES) and an overweight position in Rio Tinto (RIO).

General Market Commentary

Equity markets during July recovered more than the falls seen in June with the Australian market (ASX300) finishing the month up 4.5%. The positive tone for equities in July was assisted by investors: (i) taking some comfort from the results of the European bank stress tests as regulators failed to identify any significant issues; (ii) seeing generally stronger than expected results delivered in the US reporting season; (iii) digesting some domestic information releases from the Basel report that indicated that the impositions on the Australian banks from any liquidity measure changes will be more moderate than expected; and (iv) receiving news that the Australian Government had made a decision to replace the controversial Resources Super Profits Tax (RSPT) with a less onerous Minerals Resource Rent Tax (MRRT). Resource and bank stocks both generally outperformed the broader market in July as a result of the more upbeat responses to domestic and offshore issues that had cast a shadow that had loomed over the market since May.

The improved macro outlook lead to a reversal in sentiment for equity markets that reflected reduced investor concerns over the sovereign debt issues in Europe, and the perceived extent of the economic slowdown in China as its Government began re-stimulating its economy as sequential growth fell below trend. The outlook for the US economy still remains somewhat uncertain with a number of key leading indicators showing renewed signs of weakness despite second quarter corporate earnings releases surprising on the upside. The results of the domestic reporting season will also shed some light on the ability of Australian corporations to achieve any meaningful top line growth in the current economic environment.

A number of companies updated the market on earnings prospects ahead of formal June period reports: Adelaide Brighton (ABC) and Macarthur Coal (MCC) were among those to upgrade, while Insurance Australia Group (IAG) and QBE both warned of earnings being below expectations. As an ongoing sign of the revitalised corporate sector, domestic M&A activity continued to increase with bids being made for Healthscope (HSP), Mitchell Communications (MCU), Intoll Group (ITO), Centennial Coal (CEY), and a merger proposal between AWB and Graincorp (GNC).

The majority of the domestic economic data releases during July showed signs of moderation except employment growth which remained strong with a rise of 45,900 participants and consumer confidence which saw its largest rise in 13 months. The Reserve Bank kept rates at 4.50% for the second month running, referring to uncertainty offshore and to the impending release of Q2 CPI data which proved to be lower than the market had expected. The AUD rebounded in line with improving sentiment, finishing the month at 90.1¢ (+6.1¢), largely reflecting the USD weakness. By way of contrast, the AUD was little changed (+0.8%) against the EUR, which extended its June rebound as regulatory stress tests of the banking system was met with a calm reaction from markets.

Crude oil continued the rally seen in June with spot WTI posting a 4.4% gain in July. Oil markets shrugged off mixed economic news and appeared to take their lead from rising equity markets. US inventory levels eased in the first part of July but an unexpectedly large rise later in the month capped the market rise. Spot gold's recent strong run came to an end as it saw its largest monthly fall (-5.9%) since October 2008, returning to levels last seen in late April. Spot iron ore continued to slide early in the month amid concerns over the strength of Chinese demand, but it then rallied to reduce the loss for the month (-1.9%). Higher ore inventories at Chinese ports suggested restocking activity was supportive, as were concerns that India might move to limit exports to clamp down on illegal mining and tax evasion: the state of Karnataka was reported to have imposed an export ban. Base metal prices generally moved in one direction with strong advances for spot copper (+12.2%), aluminium (+10.5%) and zinc (+13.6%).

Outlook

ATI feels that there still exists the potential for downward earnings revisions for FY11 forecasts as we move through the August reporting season. Stocks leveraged to an improving domestic economy and consumption are expected to have better outlooks than those stocks leveraged to the US and European economies. The number of potential investment opportunities ATI is identifying in the resource sector remains increasingly linked to sentiment towards the overall global recovery story and China (with any shift to a pro-stimulus policy setting expected to be viewed positively). Regarding financials, sentiment towards the banks will continue to be impacted by news on increased funding costs and limits to credit-growth that the major banks can achieve over the next few years.

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. Those stocks whose share prices have rallied excessively in anticipation of the expected simultaneous global economic recovery remain the standout risks over the course of the next quarter as signs of earnings growth are now required to provide the next upward phase in equity markets.

PORTFOLIO RISK SUMMARY

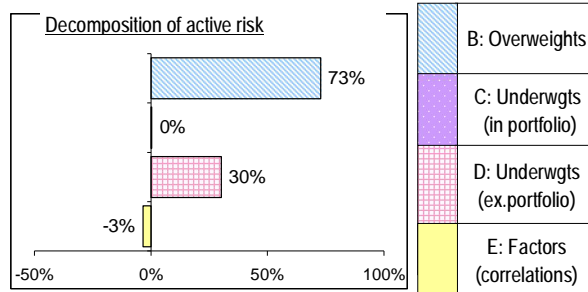
Portfolio Name:	MyPort
Benchmark:	ASX300
Date of Data:	31-Jul-10
Timestamp of analysis:	8/4/2010 8:19:02 AM

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

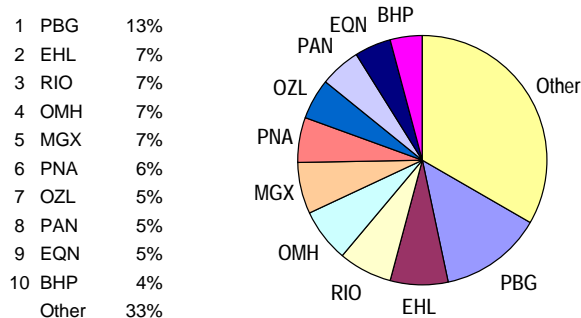
Historic portfolio alpha **7.8%** Active Exposures:
 Historic portfolio beta **1.02** Held: 40.5%
 Raw return **4.4%** Total: 79.2%

Forecast Tracking Error	3.05 %	3.07 %
	(residual risk)	(active risk)

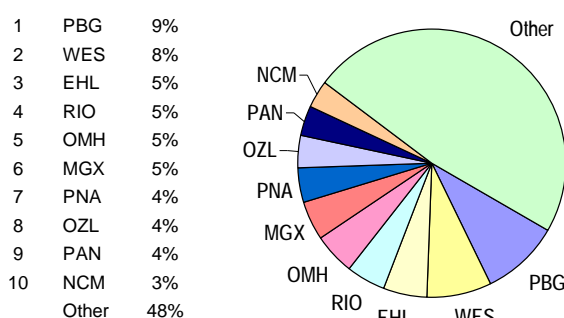
Source of portfolio risk	contribution to active portfolio risk	standard deviation	variance / covar.
A Stocks held in portfolio (B+C)	73%	2.6	6.9
B Overweight positions	73%	2.6	6.8
C Underweight positions	0%	0.2	0.0
D Stocks not held in portfolio	30%	1.7	2.8
E Factors (correlations between stocks)	-3%		(0.3)
F Total (A + D + E)	100%	3.1	9.4
G Systematic risk (undiversifiable)		0.3	0.1
H Residual risk definition tracking error (G - F)		3.0	9.3



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



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



Active Weights

