### Performance statistics – Mar Q11

| Markets | 31 Mar 2011 | Qtrly % Change |
|---|---|---|
| All Ordinaries | 4,929 | 1.7% |
| Banks | 6,303 | 5.5% |
| Materials | 14,214 | 0.9% |
| Industrials | 3,765 | 0.8% |
| Real Estate | 2,029 | 2.6% |
| US S&P 500 | 1,326 | 5.4% |
| UK FTSE 100 | 5,909 | 0.1% |
| Japan Nikkei | 9,755 | -4.6% |
| German DAX | 7,041 | 1.8% |
| Shanghai Comp | 2,930 | 4.3% |
| Hang Seng | 23,528 | 2.1% |
| RBA Cash Rate | 4.75% | 0bp |
| 90 Day bill rate | 4.89% | -7bp |
| 10 year bond | 5.50% | 0bp |
| Oil (WTI) $US | $107 | 16.8% |
| Gold $US | $1,440 | 1.3 % |

## Global economic recovery on track

Global economic growth is expected to remain robust in 2011 led by the US and the large emerging economies.

Political unrest in the Middle East, sovereign debt issues in the smaller countries of Europe and the natural disaster in Japan could soften the pace of growth but are not expected to derail the overall global recovery.

US economic data continues to improve (outside of the housing market), suggesting the economic recovery is broadening. The US economy (about 25% of the global economy) is expected to grow by around 3% in 2011 and the unemployment rate should continue to fall from its currently high level of 8.8%. The US Federal Reserve (the Fed) has been employing very loose monetary policy for over two years now and is expected to begin tightening in the second half of 2011 by halting its debt purchasing (quantitative easing) program. There are some concerns that the US economy could falter when the Fed begins tightening but this overlooks the fact that it is unlikely to begin the tightening process until it is clear the recovery is self-sustaining.

At the same time, developing economies (which make up about 45% of the global economy) are expected to continue growing at an average rate of around 6.5% in 2011. Together, the US and developing economies represent around 70% of the global economy and hence global growth prospects remain quite robust at over 4%. That said, turmoil in the Middle East, the natural disaster in Japan and sovereign debt issues in parts of Europe have the potential to drag growth prospects lower. At this stage, political unrest in North Africa and the Middle East has not materially reduced oil supply from the region but if the large producers (Saudi Arabia, UAE, Kuwait, Iran and Iraq) become embroiled then this could cause supply issues and force oil prices higher.

The earthquake and resultant tsunami and nuclear reactor issues in the north-east region of Japan are expected to send Japan into recession in the first half of 2011. However, a $200-300bn rebuilding program is expected to boost growth in subsequent quarters. If Japan does not experience a cyclical recovery and stays in recession then obviously this would start to drag on global growth prospects, as Japan is still the world's third largest economy (after the US and China) and has strong capital and trade links with the rest of the world.

Europe is not expected to become a major drag on global growth as the sovereign debt issues are well known and seem to be limited to the smaller countries, while the larger countries of Germany, France and the UK are experiencing a reasonable recovery. Lonsec expects a 'muddle through' scenario in Europe during 2011.

In Australia, economic growth could be quite soft in the first half of 2011 due to the floods and cyclone experienced in the first quarter and a possible softening in export demand (related to Japan) in the second quarter. However, if the broader global recovery remains intact the economy should gain momentum into the second half of the year as exports recover, business investment gains momentum and activity in Queensland rebounds. Lonsec also expects the RBA to keep interest rates on hold for most of 2011 as the economy is likely to be softer than the RBA originally forecast in the first half of the year.

As an aside, Australia could actually benefit from events in the Middle East and Japan as issues over oil supply and fresh doubts over nuclear energy should increase demand for LNG, which Australia is set to become a major producer of.

Lonsec continues to expect rising inflation across the globe mainly because the central banks of the US, Japan and Europe are increasing the supply of paper money via their quantitative easing programs but also because commodity markets continue to remain tight due to limited growth in supply versus growing global demand.

### Conclusion

Lonsec retains an optimistic view on the medium-to-long-term prospects for global growth led by the US and developing economies. Inflation is more likely than deflation and hence investors should increase their exposure to inflation hedges like equities, property and commodities.

Lonsec is maintaining an overweight allocation to international and domestic equities and a slightly overweight allocation to Australian property (as it tends to lag the cycle).

Commodity exposure can be obtained by investing in mining, energy, chemicals and agriculture stocks or via commodity ETFs.

We remain underweight international and domestic bonds mainly on concerns that yields are likely to rise (hence prices would fall) as inflation rebounds and quantitative easing programs are gradually wound up in the US and Europe. Note: The Bank of Japan is likely to continue its program for some time to help fund the government's earthquake rebuilding budget.

Cash remains attractive but the Australian cash rate is likely to stabilise from here while equity prospects have improved. Accordingly, Lonsec has cash levels at slightly underweight.

Lastly, we expect the AUD to weaken over the medium term, as Australian interest rates peak and US and European interest rates begin to rise.


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## Global economic outlook

***Global recovery to remain on track in 2011 led by the US and developing economies***

The International Monetary Fund (IMF) forecasts the global economy to grow by 4.4% in 2011. Developed economies (which represent about 55% of global GDP) are expected to grow by 2.5% while developing economies (45% of global GDP) are expected to grow by 6.5%. The US and China, the two largest economies, remain the key drivers of growth.

***The US economy (25% of Global GDP at market exchange rates)***

Despite reports of its diminished importance, the US remains the largest and most important economy in the world with annual GDP of around US$15 trillion, nearly triple the size of China which ranks second with annual GDP of US$5.7 trillion. US economic data flow continues to improve (outside of the housing sector) suggesting the economic recovery is broadening.

US consumption, business investment and net exports have all improved but housing activity remains weak. The labour market is gradually improving with around 200,000 new jobs added each month while the unemployment rate has fallen to 8.8% - its lowest level for nearly two years.

Monetary policy remains very loose with the cash rate near zero and the Fed continuing its debt acquisition program (quantitative easing or QE). As the economy gains momentum it is expected that monetary policy will begin to tighten with the Fed expected to cease its QE program in the second half of 2011 and then begin lifting rates in 2012. Fiscal policy is also expected to tighten as the government begins to rein in its massive budget deficit which currently represents around 9% of GDP. Lonsec expects that the USD should start to gain strength as monetary policy is tightened and the US fiscal position improves. The IMF forecasts the US economy to grow by 2.8% in 2011, although Lonsec notes that consensus forecasts have recently increased to 3.2%.

***The European economy including the UK (22% of Global GDP)***

The larger countries of the Euro-zone including Germany, France and the UK are experiencing reasonable growth of around 2% p.a. It's only the smaller countries of Greece, Ireland and Portugal that have suffered a sovereign debt crisis and have had to implement severe fiscal austerity measures. These countries are being supported by the ECB and a European Financial Stability Facility (EFSF) set up by the members of the European Union.

The sovereign debt crisis of the smaller states is not a big issue if contained but could become a major issue if market concerns spread to Spain and then Italy. If these bigger states start to default on their debt then it could trigger another round of losses for the European banking system. However, Lonsec expects the actions of the ECB and the EFSF to counter this scenario with Europe continuing to 'muddle through' in the short to medium term. The IMF expects the European economy to grow by 1.6% and the UK economy to grow by 2.0%, in 2011.

***The Asian economy (22% of Global GDP)***

Asia (ex-Japan) is maintaining its strong growth momentum but inflation risks are now rising leading to tightening monetary policy in China and India and more broadly across emerging Asia. Recognising its increased scale and developing status, China has lowered its medium term growth target to 7-8% and its intention to rebalance the economy away from exports & investment towards consumption by improving income distribution across the economy.

The earthquake and tsunami in the north-east region of Japan are expected to send the Japanese economy into recession in the first half of 2011. However, a $200-300bn rebuilding program is expected to boost growth in subsequent quarters. Japan is still the world's third largest economy (after the US and China) and has strong capital and trade links with the rest of the world, so investors need to monitor its recovery progress closely. The IMF forecasts the Chinese economy to grow by 9.6%, India to grow by 8.2% and Japan to grow by 1.4% in 2011.

| Key global issues to watch | Lonsec view |
|---|---|
| US economic growth | US economy to gain momentum in 2011 and USD to strengthen over the medium term. |
| Chinese economic growth | Growth to slow to around 8% p.a., over the medium term, recognising the increased scale of the economy and the need to lessen inflationary pressures. |
| Japan natural disaster | Japan to enter recession in 1H11 but should experience a strong cyclical recovery in 2H11. The BOJ is likely to increase its quantitative easing program to help the government finance reconstruction. |
| Inflation | Core inflation not yet a problem in developed economies. Developing economies will need to tighten fiscal and monetary policy, allow appreciation of their currencies and lower growth rates. |
| European debt crisis | Peripheral states still fragile but the core, Germany, France and UK, look robust. Europe is expected to 'muddle through' its sovereign debt and monetary union issues. |

## Domestic economic outlook

***Natural disasters in Australia and Japan to slow growth in 2011 and keep interest rates on hold***

Australian GDP grew by 0.7% in the December 2010 quarter for an annual growth rate of 2.7%. The economy had been expected to gain momentum in 2011 but the QLD floods and cyclone and the Japanese natural disaster have increased downside risks, in the short term. It is likely that the first two quarters of 2011 could be quite soft and that the annual rate of growth could remain around 2.0% up to mid-year.

Most of Australia's economic growth is being driven by net exports, business investment and government spending. Household spending and housing activity is quite soft and is expected to remain so for most of 2011. It seems households are now saving much more and borrowing less, post the GFC. This has led to Australia being described as a 'two-speed economy' with the export sector strong and the household sector weak. This is generally true but government spending has also been a major swing factor in recent years.

Moving forward, Lonsec expects the export sector and government spending (flood rebuilding) to remain major growth drivers. Business investment should also gain momentum, based on business capital expenditure plans, over the medium term. The key area of uncertainty remains household spending and housing activity. If interest rates remain at current levels (or move higher) and household living costs continue to rise, consumption growth could remain weak in the short term.

Lonsec believes the RBA is highly likely to keep the cash rate on hold for most of 2011 given growth is likely to be quite soft up to mid-year and monetary policy is already "mildly restrictive" according to the RBA's own view.

Despite the expected short term dip in growth, the fundamentals of the Australian economy remain sound and the medium to long term outlook remains strong. If there are any short term hiccups in the global growth story, Australia has room to cut interest rates which is a luxury than many developed economies no longer have. Australia's economic growth is now highly leveraged to growth in emerging Asia and hence the economic cycle in these countries is now the key risk for the Australian economy.

Lonsec expects Australia's annual growth rate to dip to 2.0-2.5% p.a. in the first half of 2011 and then recover to around 3.0% by year end. Growth should continue to gain momentum into 2012, assuming the Asian growth story continues.

**Key negatives/risks:**

- **Reliance on Asian exports** – any cyclical slowdown in Asia would negatively affect commodity prices and export volumes which would have a material negative impact on the Australian economy;
- **Regulatory risk** - the minority Labor Government seems increasingly frustrated with its progress and is becoming more desperate to implement policy as the States gradually transition back to Liberal/National government. Policies coming up such as a Mineral tax, a Carbon tax and a Flood levy pose various business risks;
- **Bank funding costs** – the cost of deposits and wholesale funding has increased post GFC which means loan rates must be higher for Banks to maintain their interest margins. Any abnormal increase in wholesale funding costs poses a risk for Bank profitability and/or the level of interest rates in Australia;
- **Inflation** – capacity constraints after 20 years of continuous growth could lead to cost-push inflation which would require higher interest rates to contain; and
- **Housing bubble?** – there has been much talk about the Australian housing market being overvalued. Any material decrease in house prices would reduce household wealth and impair bank assets.

| Key local issues | Lonsec view |
|---|---|
| Cash rate | RBA to remain on hold for most of 2011. |
| Inflation | Underlying inflation should remain within the RBA's target range of 2-3% in the short term. |
| AUD/USD | USD to rally in late 2011 which should see the AUD weaken against the greenback. |
| Commodity prices | Rising demand from developing economies and supply bottlenecks should sustain high commodity prices in the short to medium term. |
| Housing bubble? | There has been much talk about the Australian housing market being overvalued. This could be true on some measurements but does not necessarily mean prices will fall – they could remain stable in the short to medium term given low unemployment, rising incomes, low loan default rates, population growth and undersupply issues. |
| Government policy | The Labor minority government seems increasingly desperate to deliver as the States gradually transition back to Liberal/National governments. Despite the negative rhetoric towards various sectors, the government has a tenuous hold on power and must appease various parties and stakeholders which blunts its ability to implement policy. Lonsec expects the Liberal/National Coalition to regain power across most states and federally in the next few years. |


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## Recommended Tactical Asset Allocation

Lonsec expects the global recovery to remain on track in 2011 led by the US and Asia (ex-Japan). Globally, inflationary scenarios are now more likely than deflationary scenarios hence our asset allocation is biased to traditional inflation hedges – equities and property. We would also add commodity exposure to that list which can be obtained by investing in mining, energy, chemicals and agriculture stocks or via commodity ETFs. We remain underweight bonds as we expect rising bond yields (and hence falling bond prices) as the growth outlook improves, inflation re-emerges and central banks reduce their bond purchasing programs. Lastly, our cash weighting remains slightly underweight to help fund our overweight growth allocation.

| Investment Category | Asset Class | Mar Qtr 2011 | June Qtr 2011 |
|---|---|---|---|
| Income | Cash | Slightly Underweight | Slightly Underweight |
| Income | Australian Fixed Interest | Underweight | Underweight |
| Income | International Fixed Interest | Underweight | Underweight |
| Growth | Australian Property (A-REITS) | Slightly Overweight | Slightly Overweight |
| Growth | Australian Equities | Overweight | Overweight |
| Growth | International Equities (Unhedged) | Overweight | Overweight |

### Cash – Slightly Underweight

Australia has one of the highest cash rates in the developed world at 4.75%. Fixed term deposit rates are also relatively attractive as financial intermediaries battle to increase their retail deposits post the GFC. The RBA gradually increased rates during 2010 and has flagged a tightening bias (although Lonsec suspects that rates may remain on hold in 2011 due to the negative impact of natural disasters in Australia and Japan). Despite the relatively high cash rate, Lonsec has reduced its cash position to help fund an increase in its equity allocation which we believe will deliver higher returns in the short to medium term.

### Australian fixed interest – Underweight

The Australian yield curve offers better value than most major debt markets with the cash rate at 4.75% and the 10 year bond yield over 5.5%. However, inflation is also higher in Australia at 2.4% and the expectation is that inflation will rise in the short term. In addition, we expect global bond yields to move higher from here which will also influence our market. Lonsec expects the yield curve to move higher during 2011 hence bond prices may have more downside. That said, we see reasonable value in Australia and are more likely to move to neutral on Australian fixed interest than International fixed interest, if the yield curve does indeed move higher during 2011.

### International fixed interest – Underweight

Lonsec finds the investment case for global bonds to be unattractive as yields range from 1.2% to 3.6% on most major global 10-year bond issues. The return seems inadequate given the size of the budget deficits and public debt levels of the major issuers. Lonsec notes that G20 countries have pledged to cut their budget deficits in half by 2013 but this is still a long way from generating a surplus and actually reducing public debt burdens.

Investors would only find global bonds attractive if they believe the global economy is in for a lengthy period (5 years+) of deflation, which is not Lonsec's base-case scenario. We expect rising bond yields (and hence falling bond prices) as the growth outlook improves, inflation re-emerges and central banks reduce their bond purchasing programs.

### Australian property (LPT or A-REIT) – Slightly Overweight

The A-REIT sector is dominated by the top ten stocks, which have all recapitalised and are now financially stable. From here, the focus will be on where capitalisation rates settle for each sector and future distribution growth. Lonsec believes the A-REIT sector will be more 'plain-vanilla' from now on, meaning trusts will revert back to offering relatively high yield (compared to bonds) with modest capital growth, over the long term.

The A-REIT sector offers an average yield of around 6% and the prospects for distribution growth are gradually improving. WDC could lead a rally in the sector this year if the US economy improves and the USD rallies as Lonsec expects. The other major REITs also have improving prospects which makes this sector one to watch closely.

### Australian equities – Overweight

The Australian market has been underperforming its US counterpart over the past year and seems to be stuck in a trading range of 4,200 – 5,100. Lonsec can think of a number of reasons for this, including government policy regarding new taxes (carbon, mineral tax, flood levy), rising interest rates in Australia, strong AUD and bad weather conditions over the summer.

Indeed, Australian economic growth is expected to be quite soft in the first half of 2011 but the economy should gain momentum in the second half as flood-affected regions are rebuilt, interest rates remain on hold and the global recovery broadens.

It's important to realise that Australian companies are generally in very good shape in terms of balance sheet strength and operational efficiency. In addition, valuations are quite reasonable relative to historical norms:

| Sector | Market weight | FY11 PER* | FY12 PER* |
|---|---|---|---|
| Resources & Energy | 38% | 14.5x | 10.5x |
| Financials | 28% | 11.7x | 10.9x |
| Industrials | 28% | 15.0x | 12.7x |

*average of major broker estimates, 31 March 2011

So the market looks good value if the global recovery continues and the domestic economy gains momentum throughout the year. New government taxes remain a key risk to be wary of but are not expected to adversely impact overall economic growth - although some industries may be impacted more harshly than others.

Lonsec's comments on the broad sectors of the market follow:

**Resources and Energy** – Australian resource and energy stocks should benefit from rising commodity prices and firm demand from Asia. The strong AUD will negate some of the upside but the net benefit will still be substantial. The sector looks fairly cheap at the moment. The major risks to be aware of are: lost production due to recent flooding, government policy regarding the Mineral Resource Rent Tax and Carbon tax; any slowdown in Asia; infrastructure bottlenecks; and cost inflation.

**Financials** – the Australian banking sector is now dominated by the four major banks who rank in the top 10 of global banks in terms of capital strength. They are currently experiencing a rising cost of capital but in reality margins are still healthy and ROE is still high at around 15%. Moving forward, any rally in the share market will improve wealth management earnings and credit growth is expected to recover over the medium term. Lonsec prefers the banks over the insurers as insurers are suffering from 'abnormal' claim experiences which seem to be becoming normal due to regular climate-change-related events. The major risks to be aware of are: the rising cost of capital, financial market volatility, regulatory change and the general level of credit growth.

**Industrials** – the industrial sector looks to offer less value at the moment relative to the resources and financial sectors but there are still some roses among the thorns. Lonsec prefers the chemicals, engineering, healthcare, consumer staple retailing and food & beverage industries within the sector. Many of the companies have high operating leverage to the domestic economy meaning a small pick up in growth translates into a major increase in revenue and earnings. The major risks to be aware of are: inflation, rising interest rates, regulatory change and increased competition from offshore (due to the high AUD).

### International equities (unhedged) – Overweight

Lonsec expects the US economy to gain momentum in 2011 which should lead to an equity market rally and an eventual rebound in the USD. The US economy is still the world's most important economy representing 25% of the global economy and is roughly 3x the size of China, so it is still the dominant influence on global growth and market sentiment.

The S&P500 is currently trading on a 2011 PER of 13.5x and 2012 PER of 12.1x, which is not onerous.

Lonsec believes the conditions for an equity market rally are in place, including:

- Very low interest rates;
- High levels of liquidity;
- Little threat from core inflation (in the US);
- Corporate sector in good shape;
- Relatively attractive equity valuations; and
- Global growth prospects improving.

Lonsec still has concerns about the high debt levels across the public and household sectors of the US, Europe and Japan, but believes these issues will be addressed over the medium to long term. While the yield curve in the US remains very low, equities are likely to remain relatively attractive.

Overall, Lonsec is positive on the outlook for the US and Asia and cautiously optimistic on the outlook for Europe, hence our overweight position in International Equities. International exposures should be tilted towards Asia, either by gaining exposure to European or US companies generating significant revenue in Asia or by gaining direct exposure to Asian stocks.


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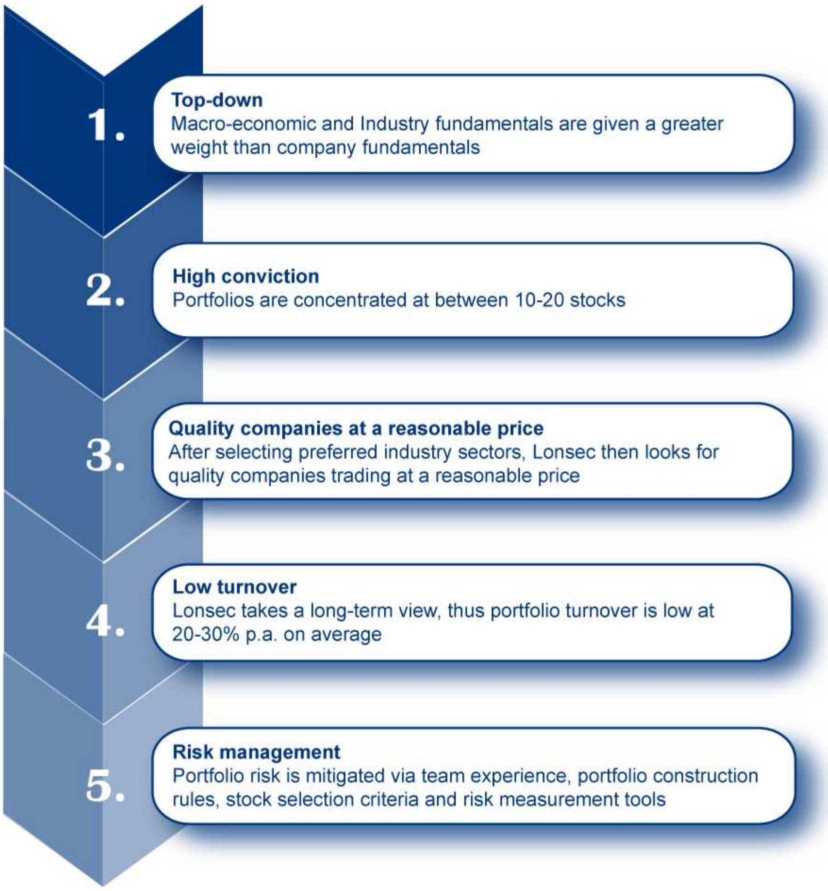
# Lonsec Direct Model Portfolios

## Investment Philosophy

Lonsec focuses on generating strong returns above benchmark, over the medium to long term, through concentrated, low-turnover portfolios.

## Investment Process




# Australian Equity Core Model Portfolio

## Objective

To deliver strong returns above benchmark, over the medium to long term, by investing in a concentrated portfolio of large cap Australian listed companies.

## Portfolio Rules

| | |
|---|---|
| Investment universe | ASX 150 excluding A-REITs |
| Benchmark | S&P/ASX 100 Accumulation Index |
| Inception date | 17 April 2000 |
| Min/Max no. of stocks | 12 - 20 |
| Typical number of stocks | 15 |
| Min. no. of GICS industries | 8 |
| Maximum stock target weight | 15% |
| Stocks weighted at 10% or more must be selected from ASX 50 | |
| At least 80% of the portfolio must be invested in the ASX 100 | |
| Average turnover | 20-30% pa |

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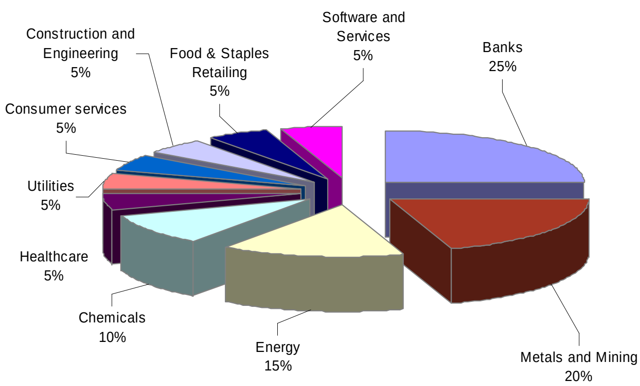
## Portfolio Profile

| PORTFOLIO BY GICS INDUSTRY | Weight |
|---|---|
| Banks | 25% |
| Metals and Mining | 20% |
| Energy | 15% |
| Chemicals | 10% |
| Healthcare | 5% |
| Utilities | 5% |
| Consumer services | 5% |
| Construction and Engineering | 5% |
| Food & Staples Retailing | 5% |
| Software and Services | 5% |
| **Total** | **100%** |

| PORTFOLIO BY MARKET CAP RANKING | Weight |
|---|---|
| ASX 50 | 90% |
| ASX 51-100 | 10% |
| ASX 101-150 | 0% |
| **Total** | **100%** |

**Core Portolio by GICS Industry**




## Portfolio Performance

| INVESTMENT PERFORMANCE Period ending 31 March 2011 | Month | Qtr | Year | 2 Yrs[1] | 3 Yrs[1] | 4 Yrs[1] | 5 Yrs[1] | 7 Yrs[1] | 10 Yrs[1] | Since Inception[1] | Since Inception[2] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Lonsec Core Model Total Return[3] (%)** | **1.0** | **1.6** | **1.2** | **17.4** | **8.0** | **4.6** | **7.8** | **14.4** | **14.2** | **15.8** | **399.6** |
| S&P/ASX 100 Accumulation Index (%) | 0.8 | 3.6 | 2.9 | 20.5 | 1.6 | -0.7 | 3.4 | 9.8 | 8.7 | 9.2 | 161.5 |
| Excess return (%) | 0.2 | -2.0 | -1.7 | -3.1 | 6.4 | 5.3 | 4.4 | 4.6 | 5.5 | 6.6 | 238.1 |

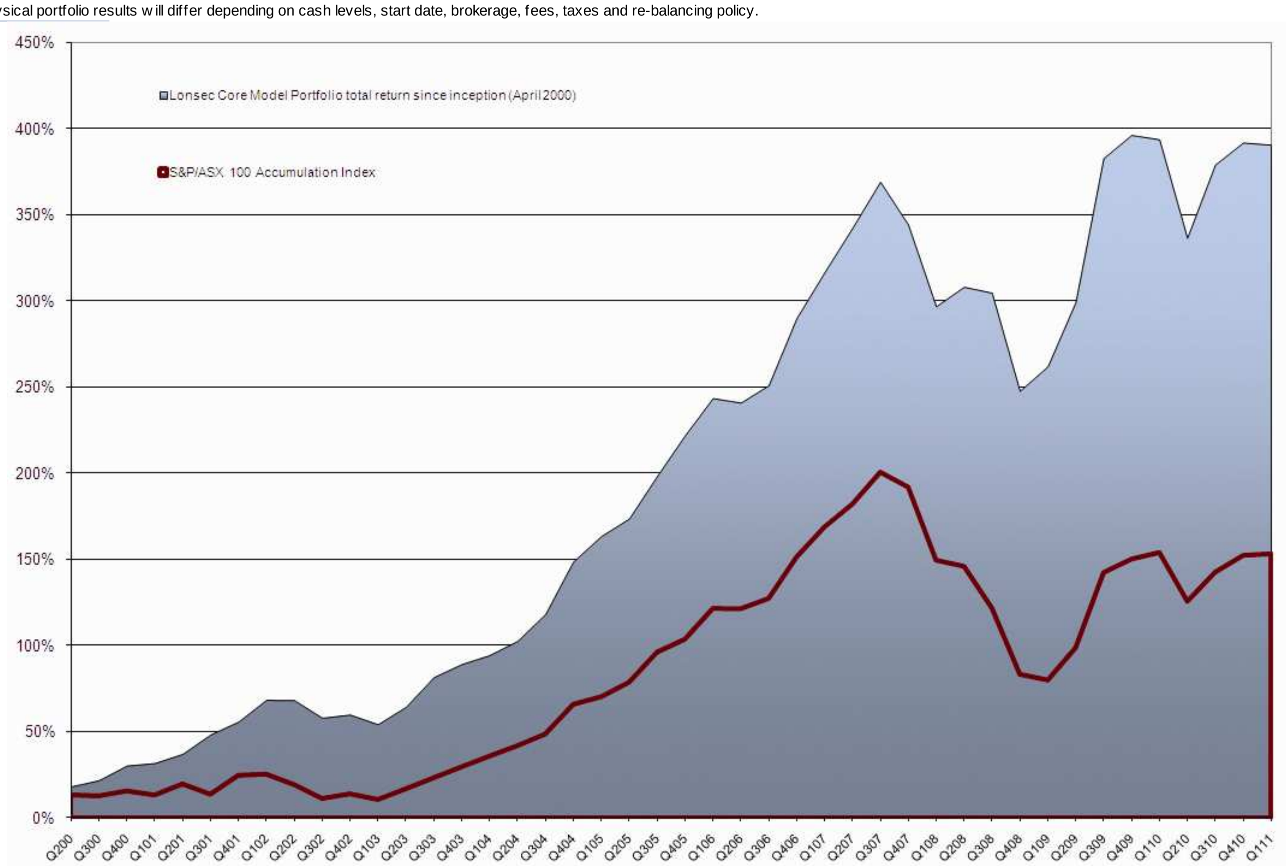
| | | | |
|---|---|---|---|
| Portfolio excess return (alpha) since inception (% p.a.) | 6.6 | Portfolio volatility since inception (%) | 13.7 |
| Portfolio tracking error since inception | 6.9 | Benchmark volatility since inception (%) | 14.5 |

[1] % per annum [2] Total return since inception date 17 April 2000

[3] Investment performance includes dividends (but not franking credits) and is calculated before fees, brokerage and taxes. Past performance is not a reliable indicator of future performance.

The Core model portfolio is a fully invested model portfolio that is re-balanced every six months (31 March and 30 Sept) back to the model portfolio weights.

Physical portfolio results will differ depending on cash levels, start date, brokerage, fees, taxes and re-balancing policy.





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# Australian Equity Income Model Portfolio

## Objective

To deliver an attractive fully franked income yield and reasonable capital growth, over the medium to long term.

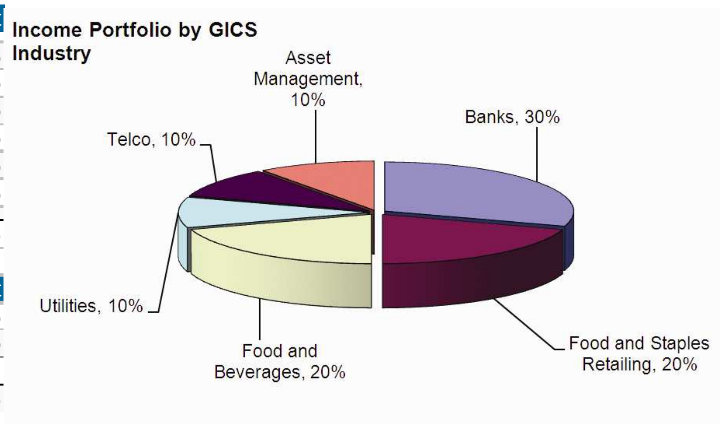
## Portfolio Rules

| | |
|---|---|
| Investment universe | ASX 150 excluding A-REITs |
| Benchmark | S&P/ASX 100 Industrial Accumulation Index |
| Inception date | 20 August 2002 |
| Min/Max no. of stocks | 10 – 20 |
| Min. no. of GICS industries | 6 |
| Individual stock target weights | 10% |
| Companies must pay, or intend to pay, fully franked dividends | |
| At least 80% of the portfolio must be invested in the ASX 100 | |
| Typical number of stocks | 10 |
| Typical portfolio weights | 10 x 10% |
| Average turnover | 20-30% pa |

## Portfolio Profile

| PORTFOLIO BY GICS INDUSTRY | Weight |
|---|---|
| Banks | 30% |
| Food and Staples Retailing | 20% |
| Food and Beverages | 20% |
| Utilities | 10% |
| Telecommunications | 10% |
| Asset Management | 10% |
| **Total** | **100%** |

| PORTFOLIO BY MARKET CAP RANKING | Weight |
|---|---|
| ASX 50 | 90% |
| ASX 51-100 | 10% |
| ASX 101-150 | 0% |
| **Total** | **100%** |



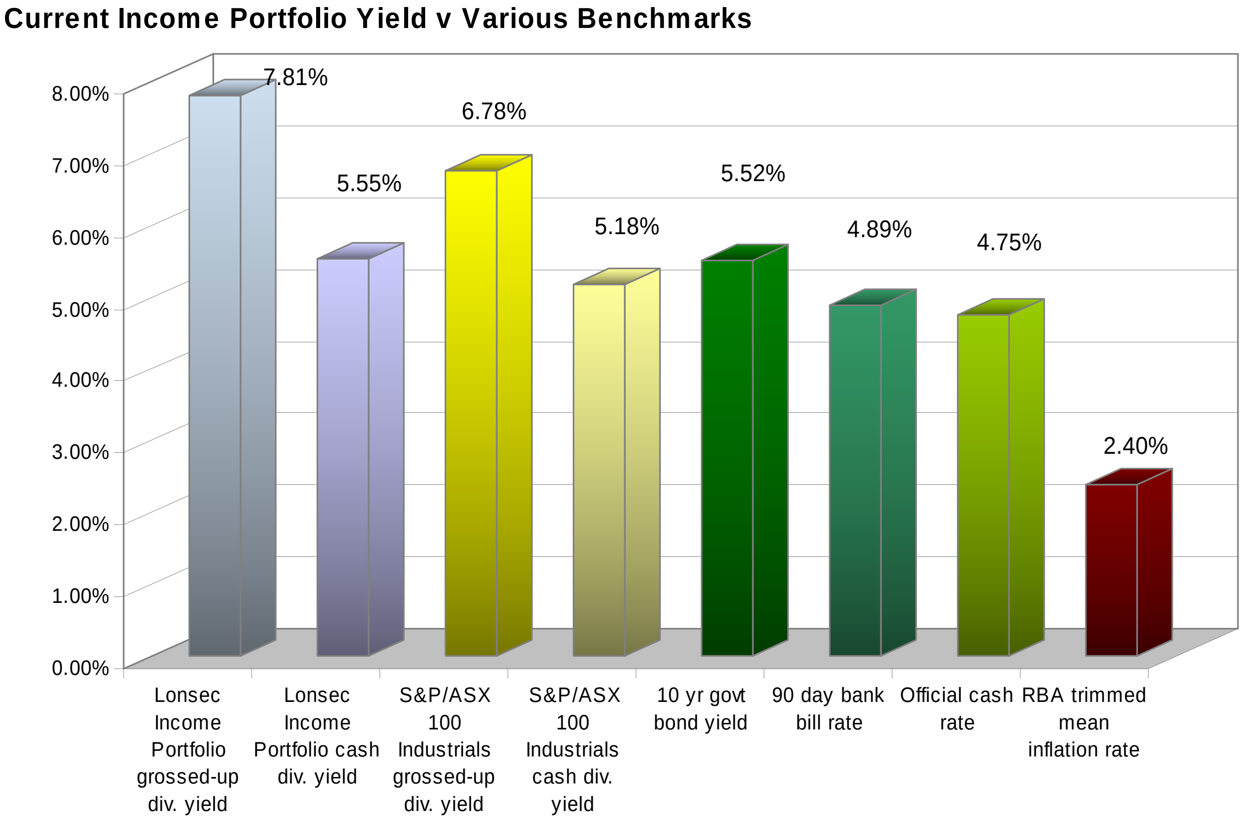

## Portfolio Performance

| INVESTMENT PERFORMANCE Period ending 31 March 2011 | Month | Qtr | Six Mths | Year | 2 Yrs[1] | 3 Yrs[1] | 4 Yrs[1] | 5 Yrs[1] | 8 Yrs[1] | Since Inception[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Lonsec Income Total Return[3] (%)** | **-0.1** | **4.6** | **1.2** | **8.5** | **21.1** | **-2.2** | **-6.7** | **-0.5** | **8.1** | **67.1** |
| S&P/ASX 100 Industrial Accumulation Index (%) | -0.1 | 3.6 | 4.1 | -1.0 | 19.1 | -0.1 | -4.2 | 1.0 | 8.4 | 80.0 |
| Excess return (%) | 0.0 | 1.0 | -2.9 | 9.5 | 2.0 | -2.1 | -2.5 | -1.5 | -0.3 | -12.9 |

[1] % pa [2] % total return (excluding franking credits) since inception 20 August 2002

[3] Investment performance includes dividends (but not franking credits) and is calculated before fees, brokerage and taxes. Past performance is not a reliable indicator of future performance. The Income model portfolio is a fully invested model portfolio that is re-balanced every six months (31 March and 30 Sept) back to the model portfolio w eights. Physical portfolio results w ill differ depending on cash levels, start date, brokerage, fees, taxes and re-balancing policy.

## Portfolio Yield




Note: grossed-up dividend yield includes the value of franking credits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**Analysts:** William Keenan, Danial Moradi

**Released Authorised by:** Marcus Tuck

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LONSEC

Lonsec Limited ABN 56 061 751 102
Published by Participant of ASX Group
Level 22, 500 Collins Street, Melbourne, 3000
P.O. Box 46 Collins Street West, Victoria, 8007

General Enquiries: (03) 9623 6345
Dealing Room: 1800 649 518
Fax: (03) 9629 6990

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