



Monthly – Australian Share Fund

March 2009

Performance Summary (total returns after fees)

| | 1 month | 3 months | 6 months | Inception |
|------------------------|---------|----------|----------|-----------|
| Portfolio ¹ | 8.3% | -1.2% | -18.6% | -26.2% |
| Benchmark ² | 8.1% | -1.9% | -20.0% | -28.5% |
| Performance | +0.2% | +0.7% | +1.4% | +2.3% |

Month Summary

The portfolio returned 8.3% for the month of March 2009. This outperformed the benchmark S&P/ASX 300 Accumulation Index, which returned 8.1% for the month.

Sentiment towards equities improved dramatically during the month with the market producing its first positive monthly return since August 2008. The market initially moved lower, before rallying strongly in line with offshore markets after the US Fed aggressively began buying fixed income instruments and relaunched its plan to deal with toxic assets. This was despite Australian economic data remaining weak with GDP declining -0.5% during the December quarter and the unemployment rate increasing from 4.8% to 5.2%, the largest monthly increase since 1998. Investors sought to add riskier positions to their portfolios as Information Technology, Industrials and Financials out performed.

Defensive sectors lagged, including Telecommunications, Health Care and Consumer Staples.

The outperformance for the month is pleasing in the context of our relatively defensive positioning and focus on high quality stocks. It may be hard to sustain such outperformance in the immediate future if the rally continues, as seems likely in the short term. Low quality and more speculative names tend to do well in such conditions.

Portfolio Activity

The market weakness early in the month enabled positions in Lend Lease, Origin Energy, Suncorp, Telstra and Transfield Services Infrastructure to be increased at attractive prices. The portfolio participated in capital raisings by Abacus and Fairfax with

shares in the former to be allotted in April. At the time of writing both capital raisings have been highly successful for participants (both have returned >+30%) while significantly strengthening the balance sheets of both companies.

Stock Performance

With a drop in risk aversion during the month, the top performers tended to be 'high beta' mid and small caps that had been out of favour and oversold in recent months. These included Fleetwood (+37.1%), OneSteel (+35.9%) and Gunns (+31.4%).

The main underperformers were defensive holdings, including Amalgamated Holdings (-12.8%), Telstra (-5.6%) and Goodman Fielder (-5.6%). We maintain our conviction in these stocks, which we believe were indiscriminately sold down as investors switched from defensives into cyclical and leveraged sectors (e.g. financials).

In particular, Telstra (a significant active position) has few supporters. Telstra's exclusion from the NBN process and concerns about harsh regulation dominate the headlines. In our assessment the reality is that Telstra's competitive dominance will sustain its profitability over the long term and mitigate the impact of the NBN being awarded to a competitor.

Important Information:

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disclosure statement dated 26 May 2008 for this Fund.

The product disclosure statement can be obtained by contacting Cannae or at www.cannae.com.au.

Potential investors should consider the product disclosure statement before deciding whether to invest, or continue to invest in the Fund.

Investors should be aware that past performance is not indicative of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments.

¹Source: RBC Dexia Investor Services

²Benchmark: S&P/ASX 300 Accumulation Index