

Performance Summary

	1 month	3 months	6 months	12 months	Inception annualised
Portfolio ¹	2.4%	2.5%	20.3%	35.0%	-1.4%
Benchmark ²	3.7%	3.4%	25.7%	37.6%	0.1%
Performance	-1.3%	-0.9%	-5.4%	-2.6%	-1.5%

Month Summary

The portfolio returned 2.4% for the month of December 2009. This underperformed the benchmark S&P/ASX 300 Accumulation Index, which returned 3.7% for the month.

The market spent most of December in negative territory, before rallying strongly late in the month, with every sector posting positive returns. The M&A resurgence continued with NAB bidding for AXA, exceeding an increased offer from AMP. MacArthur Coal announced a takeover of Gloucester Coal, and Metcash agreed to buy 50.1% of Mitre 10.

The US dollar reversed a long term trend of weakness. This caused some heat to come out of the gold price. Other commodity prices held up despite expectations they would fall if the US currency reversed, which underpinned local resource stock prices. Several stocks with US dollar earnings outperformed as investors reduced

underweight positions. Sectors whose constituents have US dollar exposure tended to outperform with Industrials, IT and Healthcare outperforming. Defensive sectors tended to lag, including Telecommunications Consumer Staples and REITs.

Portfolio Activity

There was minimal portfolio activity during the month. The Telstra position was trimmed mid-month following strong share price performance over the previous 2 months.

Stock Performance

The top performers for the month were TSI (+13.8%) on little stock specific news, Lend Lease (+13.1%) after being selected as the developer for the \$6 billion Barangaroo

project and acquiring ING Retail Fund assets in a consortium, and Origin Energy (+7.8%) on positive news flow regarding APLNG and a number of other projects.

The bottom performers for the month were Pacific Brands (-13.4%) on currency concerns, Metcash (-2.1%) following a strong half yearly result at which its conservative guidance was maintained but not increased, and Amalgamated Holdings (-1.9%), which gave up some ground following a strong performance over the previous two months.

Important Information:

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Treasury Group Investment Services Limited (TIS) AFSL 227326 is the responsible entity for the Cannae High Conviction Fund (Fund). Applications can only be made on the form in the current product 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