

Performance Summary (total returns after fees)

	1 month	3 months	6 months	Inception
Portfolio ¹	-3.4%	-7.3%	-28.4%	-29.9%
Benchmark ²	-4.8%	-11.0%	-27.3%	-30.7%
Performance	+1.4%	+3.7%	-1.1%	+0.8%

Month Summary

The portfolio returned -3.4% for the month of January 2009. This outperformed the benchmark S&P/ASX 300 Accumulation Index, which returned -4.8% for the month.

The Australian equity market started the year in much the same way as it finished 2008, with negative performance on continuing concerns over further poor macro data combined with a number of profit warnings. Despite a rally at the beginning of the month that saw the market 13% above November's lows, a mid month slump retested those lows before staging a modest rally late in the month. Equity raisings remained a feature as companies continued to repair their balance sheets. Defensive sectors returned to favour with Healthcare, Telecoms and Consumer Staples outperforming while sectors with high levels of gearing including Industrials, REITs and Financials lagged.

Portfolio Activity

The intra month volatility enabled a number of new positions to be initiated while several holdings were sold. The strong run early in the month resulted in a number of stocks outperforming, including Leighton Holdings, Rio Tinto and Transfield Services. These stocks were completely sold, which partly funded a new position in Goodman Fielder. Fairfax ran strongly at the start of the month and was trimmed at near two month highs before the share price fell during the remainder of the month.

Goodman Fielder had been sold off over the previous two months to levels where it appeared attractively priced. The company is relatively insulated from the slowing macro environment, being well positioned in its staple goods markets with a high degree of earnings certainty, having provided guidance for FY09 at its AGM last November. The company looks set to benefit from falling commodity prices, which

had hampered profitability in recent years, with the full year impact of lower input costs to benefit earnings in FY10.

Stock Performance

The top performers for the month tended to include stocks that had strengthened their balance sheets through capital raisings such as Abacus Property (+19.8%) and Transfield Services (+7.1%). Also performing well were defensives including Tatts Group (+3.2%). Holdings in cyclicals such as Gunns (-17.8%) and Fairfax (-14.1%) underperformed. Origin Energy (-13.2%) fell following a downgrade by its New Zealand subsidiary, which will impact Origin's earnings by 4-5%.

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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