

The Fund recorded a strong month with a positive return of 2.7%, outperforming the S&P/ASX 300 Accumulation Index which returned 1.3%. The positive performance was in spite of a fall in resource stocks due to concerns over Chinese growth and driven by defensive stocks with Consumer Staples up 4.2%, Healthcare up 7.4% and Utilities up 5.8%.

- March is generally a quiet news month for companies following the hectic half year reporting season that concludes in February. However, a number of companies in the Fund did release announcements to the market. The more notable announcements included action by the ACCC against Flight Centre alleging the company ‘attempted to induce competitors to enter a price fixing arrangement with it.’ The Company has said that it will vigorously defend the case and the market has not moved to discount the share price in response to the ACCC action. In other unfavorable news Metcash provided a trading update to the market and the results of a business review. The company referred to ‘unprecedented and prolonged challenging operating conditions’ with Queensland operations hard hit. A detailed review of the business has resulted in a decision to reduce the workforce by about 8% and to incur an impairment charge for the Cornetts IGA joint venture in Queensland.
- Fashion house Oroton reported first half results during the month. Revenue was up 13% with a healthy 9% growth in like for like sales as well as seven new stores. However, operating profit was up only 6.8% due to a higher cost of sales. The company has a strong balance sheet with very little debt but has offered a cautious outlook for the full year and plans to close underperforming stores and grow its online business.
- The largest positive contributors to performance during the month were ARB Corporation, Spark Infrastructure, McMillan Shakespeare, Computershare and Cabcharge. The largest negative contribution came from Flight Centre.
- Portfolio activity during the month included additional purchases of Coca Cola Amatil, a further sale of IOOF, and the complete sale of Metcash following their update to the market. A small new position was established in Skilled Group, a labour hire business with a significant exposure to the resources sector. Skilled reported a strong half-year performance and upgraded its profit forecasts for 2012. Under new management, the company has improved its balance sheet and we have purchased the business on approximately 11 times forecast earnings.

Performance Data as at	31/03/2012
1 month	2.72%
3 months	8.67%
6 months	9.88%
1 year	3.63%
2 years (p.a.)	8.56%
3 years (p.a.)	19.36%
5 years (p.a.)	1.50%
Since Inception (p.a.)*	5.88%
Net Asset Value (\$)	1.1833
Fund Size (\$ million)	48.86

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	31.72%
ARB Corporation Ltd	7.54%
Flight Centre Limited	4.02%
Austbrokers Holdings Limited	3.98%
Woolworths Limited	3.77%
Coca-Cola Amatil Limited	3.70%
Spark Infrastructure Group	3.54%
McMillan Shakespeare Limited	3.23%
Cochlear Limited	3.02%
Cabcharge Australia Limited	2.73%
<i>Other holdings</i>	32.76%
TOTAL	100.00%

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