

The Ausbil Active Extension strategy amplifies Ausbil's successful stock selection skills by allowing both long and short positions.

Investment Aim

The aim of the Fund is to outperform the S&P/ASX 200 Accumulation Index over the long term by investing in listed Australian equities (long and short).

Why Long Short?

The three main benefits of introducing a long short strategy into a diversified portfolio are;

- deliver superior returns to a long only Australian equities portfolio.
- provide a moderate to low level of correlation with other asset class returns.
- take advantage of expected falls (as well as rises) in stock prices.

Key features of the Fund's Strategy

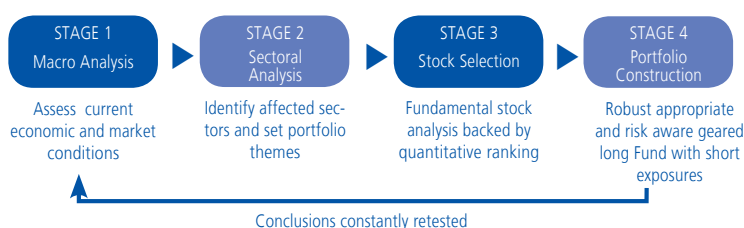
- fundamental process with quantitative inputs
- target allocation of 130% Long, 30% short.
- short positions generally comprise either a pairs trade or a fundamental shorts.
- short positions individually managed from an absolute risk management perspective.
- synthetic 'Prime-Broking' arrangement that significantly reduces client counter-party risk.
- a slightly higher tracking error than the Ausbil Active Equity strategy (5-7% versus 3% for Active Equity).
- a higher targeted out-performance expectation of 5% p.a. over rolling 3yrs.

Investment Team

Ausbil's Australian equities investment team is one of Australia's most successful and, with a combined 165 years in the industry, one of the most experienced. The average industry experience of Ausbil's analysts is over 14 years. The investment team has managed our portfolios through a range of market cycles.

Investment Style

We classify ourselves as 'core'; wherein at certain stages of the cycle the Fund may have a value or growth tilt. Ausbil employs a four stage process to provide the framework for portfolio construction consistent with its investment philosophy. The process is summarised in the diagram below:



Product Features

Characteristic	Comments
Benchmark	S&P / ASX 200 Accumulation Index
Minimum Investment ¹	\$50,000
Pricing Frequency	Daily
Distribution Timetable	Semi-annually: end June and end December
Fees	Management fee: 1.00% p.a. Performance fee: 20.5% of the returns above the performance hurdle. Performance hurdle: S&P/ASX 200 Accumulation Index + 2%
Vehicle structure	Wholesale Distributing Unit Trust, 'R Units'

Performance²

Period	Fund Return ³ %	Benchmark ⁴ %	Out/Under Performance%
Three Months	-15.07	-11.14	-3.93
Since Inception Date: Aug 2009	1.77	-1.07	2.84

Top 5 Active Long Positions

	Position%	Index%	Tilt%
BHP Billiton	19.6	12.5	7.1
ANZ Bank	11.5	5.4	6.1
Rio Tinto	7.7	2.9	4.8
Newscorp	4.8	0.7	4.1
Wesfarmers	6.4	3.3	3.1

Top 5 Active Short Positions

	Position%	Index%	Tilt%
AMP	-2.4	1.1	-3.5
Brambles	-2.7	0.8	-3.5
CSL	-1.9	1.9	-3.7
Woodside Petroleum	-1.9	2.1	-4.0
Woolworths	-2.7	3.3	-6.0

1. Ausbil has the discretion to waive these minimums.
 2. Performance returns are gross of fees and taxes.
 3. Performance figures assume that distributions are reinvested.
 4. The benchmark is the S&P/ASX 200 Accumulation Index.
 All Data is as at 30th of June 2010