

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

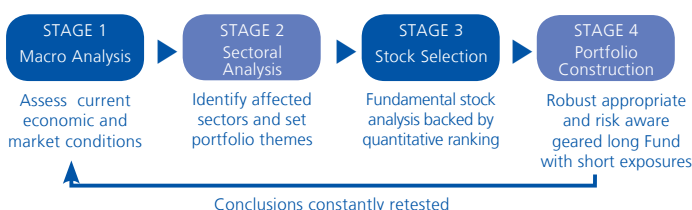
- fundamental process with quantitative inputs
- target allocation of 130% Long, 30% short.
- short positions generally comprise either a pairs trade or a fundamental shorts.
- short positions individually managed from an absolute risk management perspective.
- synthetic 'Prime-Broking' arrangement that 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	Distributing Unit Trust, 'R Units'

Performance²

Period	Fund Return ³ %	Benchmark ⁴ %	Out/Under Performance%
One Month	-0.48	-1.35	0.87
Three Months	3.46	2.12	1.34
One Year	-10.43	-10.54	0.11
Since Inception p.a. <i>Date: July 2010</i>	-1.42	-1.89	0.47

Portfolio Sector Tilts

	Position%	Index%	Tilt%
Energy	2.61	7.11	-4.50
Materials	34.02	24.95	9.07
Industrials	4.73	6.81	-2.09
Consumer Discretionary	6.86	3.65	3.21
Consumer Staples	5.67	8.14	-2.46
Healthcare	-3.30	3.59	-6.89
Financials (x REITs)	37.85	32.79	5.05
REITs	-0.52	6.21	-6.73
IT	-0.82	0.63	-1.45
Telecommunication	6.26	4.50	1.76
Utilities	2.03	1.62	0.41
Cash	4.60	0.00	4.60
Total	100.00	100.00	-

Top 10 Holdings (Long)

1. BHP Billiton
2. National Australia Bank
3. ANZ Bank
4. Westpac
5. Wesfarmers
6. Telstra
7. Commonwealth Bank
8. Suncorp
9. Rio Tinto
10. Amcor

1. Ausbil has the discretion to waive these minimums.

2. Performance returns are net of fees and before 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 31st December 2011