

Ibbotson Australian Shares High Alpha Trust

Risk Profile

High

Investment Horizon

5 years

Inception

7 December 2005

Trust Size \$Mil

308.3

Benchmark

S&P/ASX 300 Accumulation Index

Investment Summary

Investment Objective

Aims to maximise outperformance relative to the benchmark (S&P/ASX 300 Accumulation Index) over rolling five year periods, by investing predominantly in listed Australian shares.

Multi-Manager Trust

Ibbotson selects aggressive active managers, with different investment styles, that are expected to deliver superior investment returns well in excess of their performance benchmarks.

Available to wholesale investors, and indirectly to retail investors via select retail platforms.

Diversified Australian Shares

The Trust's portfolio is invested in listed Australian shares, with an exposure to long-short equity strategies.

Key Attributes

Access to a selection of boutique managers capable of generating significant outperformance (alpha) due to their:

- ▶ low funds under management; and
- ▶ tailored, high alpha mandates.

The managers selected are skilled at running high conviction portfolios. They take large positions, without the influence or constraint of the benchmark.

Multi-manager diversification benefit by combining high conviction, high alpha managers with varying investment styles into the one portfolio.

Operations

Unit Pricing	Daily
Distributions	Quarterly
Maximum Tracking Error	8% pa
Management Fee ³	Up to 1.13%
Buy/Sell Spread	0.30% / 0.30%

Quarterly Commentary

The Ibbotson Australian Shares High Alpha Trust returned 1.9% for the December quarter, underperforming the benchmark return of 2.1% by -0.2%. Allan Gray Australia (formerly known as Orbis) (-3.8%) was the only manager to underperform over the quarter, as a number of the domestic cyclical stocks in the portfolio were hit hard. On the positive side, Vinva (+2.0%), Northcape (+1.1%) and Platypus (+0.8%) all outperformed. At the sector level, the stand-out contribution to relative returns came from stock selection within Materials combined with an underweight to the sector. Overweight positions in Utilities and Energy, as well as stock selection within Property Trusts also contributed to active returns. Stock selection within Consumer Staples was the largest detractor from relative returns. At the stock level, overweight positions in the Hastings Diversified Utilities Fund and Campbell Brothers contributed the most to relative returns, followed by an underweight position in Newcrest Mining and a net short position in Alumina. An underweight position in Commonwealth Bank and overweight position in Fairfax Media were the biggest detractors from active returns.

Performance ¹ 31-12-11



Total Return %	1 Month	3 Months	FYTD	1 Year	5 Years (pa)
Trust (Net of Fees)	-1.48	1.89	-9.79	-10.40	-2.10
Benchmark	-1.44	2.05	-9.83	-10.98	-2.39
Active Return	-0.04	-0.17	+0.04	+0.58	+0.29

Portfolio Analysis ² 31-12-11

Market Capitalisation	% +/- Bmark %	Largest Over or Under-weight Sectors	+/- Bmark %
50 Leaders	57.1 -23.6	Consumer Discretionary	+3.9
51-100 Leaders	11.8 +2.0	Health Care	+3.3
Ex-100 Leaders	27.1 +17.5	Industrials	+3.2
Cash	4.0 +4.0	Utilities	+2.3

Manager Weightings



Manager	Style	%
Platypus	Growth	25.7
Northcape Conc	Core (growth bias)	25.1
Vinva	Quant + long/short	24.5
Allan Gray Australia	Contrarian	24.3
Others	Other	0.4

Manager Styles

Growth: The focus is on selecting stocks that are regarded as having strong earnings growth potential.

Core (growth bias): A concentrated portfolio approach that does not deliberately target either value or growth stocks, although it is expected that a growth bias would occur more often.

Quant + long/short: An approach that allows the manager flexibility to short sell securities in the market and simultaneously invest the proceeds of such sales in to increase the portfolio's long positions. Typically, the portfolio will exhibit small biases to Value stocks and the Momentum factor.

Contrarian: An approach that often includes holding stocks currently out of favour with the market.

Largest Over or Under-weight Sectors	+/- Bmark %
Consumer Discretionary	+3.9
Health Care	+3.3
Industrials	+3.2
Utilities	+2.3
Energy	+1.4
Information Technology	+0.7
Materials	-6.3
Financial-X-Property Trusts	-5.9
Consumer Staples	-2.8
Property Trusts	-2.2
Telecommunications Services	-1.7

Top/Bottom 5 Divergent Stock Positions +/- Bmark %

SP AusNet	+2.1
Rio Tinto	+1.8
Origin Energy	+1.7
Fairfax Media	+1.4
Campbell Brothers	+1.4
BHP Billiton	-4.2
Commonwealth Bank	-4.2
Newcrest Mining	-2.0
Woolworths	-2.0
Telstra	-1.6

Notes

- Performance measures are expressed after fees, costs and before taxes. Performance may not sum due to the rounding of individual components.
- Allocations may not add up to 100% due to the rounding of individual components.
- The Management fee is inclusive of GST (after taking into account Reduced Input Tax Credits) and can be negotiated for direct investors. The Trust also has exposure to underlying investment managers which charge performance fees and these are an additional cost to you and impact the return.