

Specialised Private Capital Ltd AFSL 246744

Income-Plus Fund ARSN 106 910 392

Performance Report March 2008

Fund Information

Fund Size	\$41MM	Domicile	Australia
Strategy	High-yield securities and investments	Denomination	Australian dollar
Unit Price	\$0.9001	Management Fee	0.77%
Distribution	Nil (Dec quarter)	Performance Fee	Nil
Liquidity	Buy: Monthly Sell: Quarterly		

Fund Performance (%)

	3 months	1 year	2 years p.a.	3 years p.a.	Since inception p.a.
Income	3.5	10.2	9.8	9.2	8.9
Growth	-3.7	-12.7	-6.3	-4.0	-2.4
Total	-0.2	-2.5	3.4	5.2	6.5

Market Commentary

We are pleased to report a distribution of 3.24 cents per unit for the quarter ended 31 March 2008.

The March quarter was one of extremes, with some of the worst performance in global credit markets, as well as signs of improving conditions. Banks around the world are in the process of repairing their balance sheets, damaged by hundreds of billions of dollars of credit-related losses and write-downs. We expect confidence to begin returning slowly to debt and credit markets as evidence of successful equity capital raisings emerges. That said, there remain pitfalls, and we remain cautious.

The Fund has weathered the global credit turmoil relatively well, with the worst results being losses arising from two investments in Allco-managed investments. One, the Allco Principal's Trust hybrid, has been written down completely – that is we expect no recovery from it. We are considering our alternatives in relation to legal action against Allco, but at this stage, the class action lawsuits which have been launched, are not appropriate to us, as they have very narrow cases, with conditions that do not appear applicable to our investments. We will continue evaluating the situation as events unfold. The other, Allco Max, has a few hurdles yet to jump, but we believe it has some prospects of surviving. They recently appointed a non-executive Chairman to the Board of the manager. We see improved corporate governance as a positive development.

We expect investment income levels to remain solid, as they have been throughout the credit turmoil, and we expect all existing investments to pay interest income when due.

Our outlook for credit markets remains cautious, though we are more optimistic than we have been for quite some time. We are currently holding more than 32% of the Fund in cash (and cash equivalents). We are looking at cautiously redeploying this cash into higher yielding investments in coming months. We expect that a more risk-averse credit market will lead to attractive opportunities for the Fund.

Disclosure

Specialised Private Capital Ltd (SPC) utilises the advice authorisation under the current AFSL 243253 of Centric Wealth Advisers Ltd to generate and provide this report and SPC is the Responsible Entity of the Income-Plus Fund. Refer to the Product Disclosure Statement for further information. This document has been issued on the basis that it is only for the information and exclusive use of the particular person to whom it is provided. Any forecasts included are reasonably believed to be reliable based on current information but due to our inability to predict future events they cannot be guaranteed. This document is of a general nature only.

Returns are calculated on the basis of end of quarter redemption prices and are net of investment management fees and expenses. Returns are pre-tax and assume reinvestment of income at cash rates. The returns represent past performance only and are not indicative of future performance. The value of an investment may rise or fall with changes in the market. Inception date: 31 December 2003

Portfolio Analysis				Return / Risk Statistics	
Country	Exposure	Asset type	Exposure	Annualised since inception (% p.a.)	
Australia	58%	Wholesale funds	36%	Return	6.8
Canada	17%	International - listed	15%	Standard Deviation	3.1
Europe + UK	20%	Australia - listed	3%	Sharpe Ratio (R <sub>f</sub> = 6.75%)	0.0
United States	5%	Private loans	7%	<b>Worst quarter performance (%)</b>	
				Income-Plus Fund	-2.5
				ML Global High Yield Index	-4.2

Note: figures do not add to 100% as they represent net gross exposure for international investments.

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