

Income-Plus Fund

Performance Report September 2011

Fund Information

Fund Size	\$11.1M	Distribution	\$0.4940	Denomination	Australian dollar
Strategy	High-yield securities and investments	Liquidity	Suspended	Management Fee	0.77%
Unit Price	\$0.4236	Domicile	Australia	Performance Fee	Nil
				Inception date	31 December 2003

Fund Performance	3 months	1 year (pa)	2 years (pa)	3 years (pa)	Since inception (pa)
Total Return	1.26%	2.50%	2.00%	3.00%	5.25%

Note: Performance for greater than 1 year is annualised.

Manager Commentary

The Board of Specialised Private Capital Limited has resolved to make capital distributions to the unit holders of Income-Plus Fund (IPF) on a quarterly basis. Since that decision IPF has made two distributions of \$0.1116 per unit and \$0.1759 per unit for the quarters ending 31 March 2011 and 30 June 2011 respectively.

IPF will make a capital distribution of \$0.0490 per unit for the quarter ending 30 September 2011, which will be paid out in early November 2011.

The Income-Plus Fund (IPF) is invested in the following investments as at 30 September 2011;

Investments	% FUM
AMP Structured High Yield Fund	81%
Brookfield Secured Bond Series A	2%
Orica Notes	5%
Cash & Receivables	12%

AMP Structured High Yield Fund

The AMP Capital Structured High Yield Fund (the AMP Fund) remains the largest investment in the Fund, making up 81% of the total assets of IPF. The AMP Fund typically invests in the subordinated debt piece of the capital structure which ranks ahead of equity and unsecured creditors and behind senior lenders in the event of a wind-up. This piece of the capital structure attracts a higher rate of interest than the senior lending position while having the equity buffer at risk ahead of it.

During the September 2011 quarter the AMP Fund provided underlying performance of 1.92%.

The AMP Fund received prepayments from Independant Liquor and Casema during the September 2011 quarter.

The AMP Fund continues to assess opportunities for the partial sales program which aims to bring forward the maturity date for longer-dated assets. When the program was launched the intention was to generate approximately \$100 million (circa 7% of the AMP Fund) in liquidity through asset sales and not sell any assets that were expected to prepay by the end of 2012. To date no assets have been sold under this program. This is due to a number of factors including:



- Some of the assets that were previously identified as being included in the partial sale program have now advised of an expected prepayment by the end of 2012. Hence those assets are now excluded from the sale program.
- Given global market volatility, the expected sale price on some assets is below the AMP Fund's reserve price, hence the assets will not be sold until the price recovers.

AMP's asset allocation by debt maturity (30 September 2011)

Maturity bands	Value (\$m)	% FUM
0-1 year	0.39	0.04%
1-3 years	207.64	18.99%
3-5 years	491.34	44.93%
5-7 years	151.31	13.84%
7-10 years	11.16	1.02%
Cash & other	231.79	21.19%

Note: Securities have been classified as per their legal maturity date. Assets may be repaid early or extended beyond their original maturity date.

A copy of the AMP Fund's September 2011 market update is attached.

Other Investments

During the September quarter the investment in the Woolworths Floating Rate Note matured. The capital received is being returned to the unit holders as part of the September 2011 quarter distribution. The Orica notes are being repurchased on 30 November 2011 and the capital received will be included in the December 2011 quarter distribution.

Portfolio Analysis

Asset type	Exposure
Wholesale funds	81%
Australia fixed interest	7%
Cash (includes Term Deposits)	12%

Risk/Return Statistics

Annualised since inception (% pa)

Return	5.25%
Standard Deviation	2.63%
Sharpe Ratio ($R_f = 4.75\%$)	0.19%

Worst quarter performance – Dec 2007

Income-Plus Fund	-2.5%
ML Global High Yield Index	-0.2%

Disclosure

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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.