



**CENTRIC** Capital

# Income-Plus Fund

## Performance Report June 2009

### Fund Information

<b>Fund Size</b>	\$24.9M	<b>Distribution</b>	\$0.0114	<b>Denomination</b>	Australian dollar
<b>Strategy</b>	High-yield securities and investments	<b>Liquidity</b>	Buy: Monthly Sell: Quarterly	<b>Management Fee</b>	0.77%
<b>Unit Price</b>	\$0.9187	<b>Domicile</b>	Australia	<b>Performance Fee</b>	Nil
				<b>Inception date</b>	31/12/2003

Fund Performance	3 months	1 year	2 years	3 years	Since inception
Income	0.96%	2.22%	12.89%	25.84%	53.19%
Growth	0.26%	3.20%	-7.00%	-9.44%	-8.13%
<b>Total</b>	<b>1.22%</b>	<b>5.42%</b>	<b>5.89%</b>	<b>16.40%</b>	<b>45.06%</b>

### Manager Commentary

Credit markets began to show some signs of life during the June quarter with investors returning to financial markets as the probability of a global meltdown began to recede. Consequently, credit spreads reduced substantially during the quarter.

As observed in previous reports, the AMP Capital Structured High Yield Fund (AMP) remains the largest investment within the Income-Plus Fund (IPF) at 68% of total assets as at 30 June. We would like to reduce this bias to some extent but AMP remains closed to redemptions.

AMP reported a satisfactory performance for the quarter of 1.48% to give a full year return of 8.02%. During the quarter, the fund paid down debt that had been incurred to fund losses arising from foreign exchange rate hedging when the Australian dollar plummeted against key foreign currencies in the first half of the financial year. As at 30 June, gearing was 6.60%.

The AMP commentary noted that a number of companies in the portfolio reported difficult trading conditions and that a number of restructurings were beginning to take place. AMP also noted that they downgraded the shadow credit ratings on a number of holdings across the portfolio.

On the outlook for 2009/10, AMP noted that approximately 15% of the portfolio has the potential to require capital restructure but expect income flows at 'normal levels' for the year and they 'expect distributions to recommence in the September and December quarters'.

IPF maintained its portfolio of corporate bonds and cash and will continue to seek good quality investments with above average returns.

### Portfolio Analysis

Country	Exposure	Asset type	Exposure
Australia	54%	Wholesale funds	68%
Europe (ex UK)	13%	Australia fixed interest	26%
UK	20%	Australia listed	5%
United States	13%	Cash	2%

### Return / Risk Statistics

<b>Annualised since inception (% pa)</b>	
Return	6.49%
Standard Deviation	2.59%
Sharpe Ratio (R <sub>f</sub> = 3.05%)	1.23%
<b>Worst quarter performance – Dec 2007</b>	
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.