

**Specialised Private Capital Ltd** AFSL 246744  
**Leveraged Investment Companies Fund** ARSN 114 579 734

**Performance Report March 2008**

**Fund Information**

<b>Fund Size</b>	\$31.5MM	<b>Domicile</b>	Australia
<b>Strategy</b>	Geared Australian equities	<b>Denomination</b>	Australian dollar
<b>Style</b>	Long-only	<b>Management Fee</b>	1.10%
<b>Unit Price</b>	Buy: \$1.2177    Sell: \$1.2092	<b>Performance Fee</b>	Nil
<b>Liquidity</b>	Monthly		

**Fund Performance (%)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
<b>FY08</b>	5.1	-0.3	1.0	3.1	-5.5	-3.3	-13.9	-4.3	-15.4				-33.6
<b>FY07</b>	1.0	4.8	1.1	10.0	4.9	6.5	8.6	-1.4	-1.1	5.2	2.5	2.1	53.5
<b>FY06</b>		2.2	4.3	-1.3	2.6	5.7	3.4	8.1	2.7	-0.1	-2.9	-1.6	25.0

**Manager Commentary**

The Fund was down 15.4% in March, the worst result we have sustained since the Fund's inception (and one of the few where we have underperformed the Morningstar Geared Index). For the financial year to date, LIC Fund has fallen 33% compared to a fall of 29% for Morningstar Geared Index.

Despite the Fund not having borrowed significantly since July 07, the falls in the market led to our gearing levels being higher than we want. The Fund's gearing level of 50% at the end of December 2007 rose to close to 60% as the market plumbed its lows. We have since reduced our gearing to below 55% by selling down some of our investments. This selling exacerbated the March result.

More particularly for the LIC sector is that we believe it over-sold in March, following concerns about the banking system and some margin-lending driven selling. The reason we consider the LIC sector oversold is that discounts to NTA widened dramatically (and also gyrated wildly, with some moving from discounts to premia within the space of days).

Most LICs are currently trading at discounts to their NTAs. The estimated weighted average discount to NTA of shares held in the portfolio is 7.4%. Our estimates of P/NTA range from 4% premium to 30% discount. In recent weeks, many of these discounts have widened. These prices represent opportunity - we intend to resume buying slowly. We also expect more corporate activity within the sector, as discounts motivate shareholders to push to action by the companies.

The companies we currently hold are: Australia Foundation Investment Company Ltd, Argo Investments Ltd, Brickworks Investment Company Ltd, Choiseul Investments Ltd, Century Australia Investments Ltd, Contango Microcap Ltd, Diversified United Investments Ltd, Hunter Hall Global Value Ltd, Milton Corporation Ltd, Premium Investors Ltd, Whitefield Ltd, Wilson Investment Fund Ltd, and SPDR S&P/ASX200 Fund.

Since inception, the Fund has delivered a compound return of 11% per annum, compared to the Morningstar Australian Large Cap Geared Index return of 11.5% per annum (with volatility of 30% compared to 46% respectively).

**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 Leveraged Investment Companies 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 accumulated calculated on the basis of end of month redemption prices and are net of investment management fees and expenses. Returns are pre-tax and assume no reinvestment of income. 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: 8 August 2005

Top 10 indirect holdings ~ 45% of portfolio	Return / Risk Statistics
<p>Source: SPC Estimates, Company reports, GSJBWerePortfolioWise</p>	<p><b>Annualised since inception (% p.a.)</b></p> <p>Return 11.0  Standard Deviation 30.2  Sharpe Ratio (<math>R_f = 6.75\%</math>) 0.2</p> <p><b>Worst month performance (%)</b></p> <p>LIC Fund -15.4  S&amp;P/ASX200 Accum. Index -10.8  Morningstar Geared Index -19.6</p>

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