

# Leveraged Investment Companies Fund

Performance Report September 2009

## Fund Information

<b>Fund Size</b>	\$15.9M	<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: \$0.7844    Sell: \$0.7789	<b>Performance Fee</b>	Nil
<b>Liquidity</b>	Monthly	<b>Inception date</b>	8 August 2005

Fund Performance	1 month	3 months	6 months	1 year*	2 years*	3 years*	Since inception*
	6.1%	28.7%	54.7%	-16.9%	-35.5%	-9.3%	-0.5%

\*Annualised figures, assume no reinvestment of distributions.

## Manager Commentary

The first quarter of the new financial year witnessed further strengthening of the Australian share market with strong rises across all sectors. The market displayed consistent momentum across the quarter, with particularly good performances from the Financials sector +32.4%, Consumer Discretionary sector +24.5% and Industrials sector +24.25%. The Fund performance for the quarter was +28.69% compared to the Index of +21.50%.

This outperformance can be attributed to strong performances from:

- SPDR S&P/ASX 200 Fund (STW) +21.5%
- Brickworks Investment Company Limited (BKI) +18.1%
- Milton Corporation Limited (MLT) +17.2%
- Australian Foundation Investment Company Limited (AFI) +15.3%

Other holdings within the portfolio such as Contango Microcap Limited (CTN), Whitefield Limited (WHF) and Wilson Investment Fund Limited (WIL) all performed well during the quarter. As the negative impact from the Global Financial Crisis has diminished and economic statistics have turned positive, investor confidence has clearly improved.

The Reserve Bank of Australia (RBA) increased the official cash rate by 25bps to 3.25% at its October meeting. This reflects the RBA's view that the Australian economy is returning to a trend of growth as the Global Financial Crisis eases. Consumer and business confidence, as measured by the Westpac-Melbourne Institute Index of Consumer Sentiment and the National Australia Bank Business Confidence Index respectively, are at their highest levels for three years.

The Fund's loan to value ratio (LVR) at quarter end was 41.80%. This was lower than previous quarters as we anticipated lower dividends from the portfolio for the financial year to 30 June and must match this with the Fund's borrowing covenants.

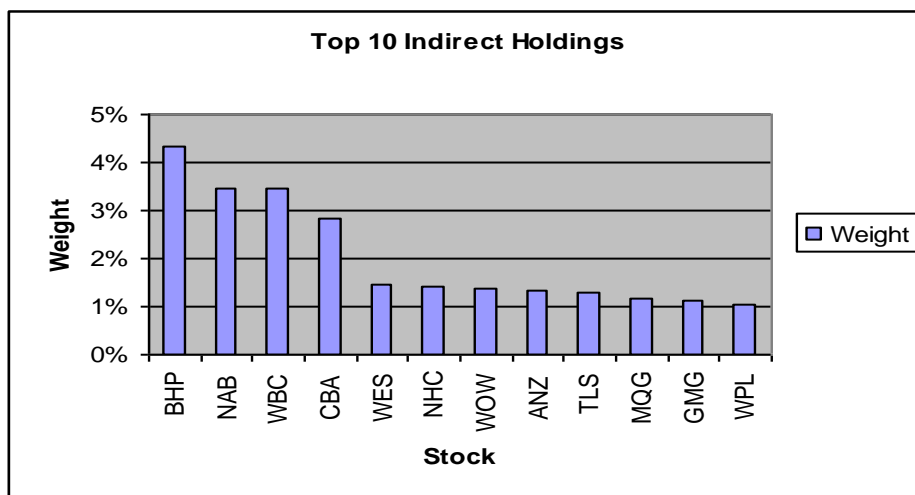


The companies we currently hold are:

- Australia Foundation Investment Company Ltd (AFI)
- Argo Investments Ltd (ARG)
- Brickworks Investment Company Ltd (BKI)
- Choiseul Investments Ltd (CHO)
- Century Australia Investments Ltd (CYA)
- Contango Microcap Ltd (CTN)
- Diversified United Investment Ltd (DUI)
- Hunter Hall Global Value Ltd (HHV)
- Milton Corporation Ltd (MLT)
- Premium Investors Ltd (PRV)
- Whitefield Ltd (WHF)
- Wilson Investment Fund Ltd (WIL)
- SPDR S&P/ASX200 Fund (STW)

Since the first full month from inception, the Fund has delivered a compound return of -0.52% per annum, compared to the Morningstar Australian Large Cap Geared Index return of 1.4% per annum and the S&P/ASX 200 Accumulation Index of 1.8% per annum for the same period.

### Top 10 indirect holdings ~ 25% of portfolio



Source: IRESS, Company Announcements, Centric estimates

### Return / Risk Statistics

<b>Annualised since inception (% pa)</b>		<b>Worst month performance – November 2008</b>	
Return	-0.5%	LIC Fund	-32.1%
Monthly Standard Deviation	31.8%	S&P/ASX200 Accum. Index	-6.2%
		Morningstar Geared Index	-17.3%

#### Disclosure

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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.