

Specialised Private Capital Ltd AFSL 246744**Income-Plus Fund** ARSN 106 910 392**Performance Report September 2008****Fund Information**

Fund Size	\$37MM	Domicile	Australia
Strategy	High-yield securities and investments	Denomination	Australian dollar
Unit Price	\$0.8978	Management Fee	0.77%
Distribution	\$0.005719 (September 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	0.2	9.8	10.0	9.2	8.9
Growth	0.8	-7.8	-6.0	-4.2	-2.2
Total	1.0	2.0	4.0	5.1	6.7

Market Commentary

The quarter to the end of September was a difficult one in all financial markets, but despite this the Income-Plus Fund managed a positive return and paid a small distribution. The fund maintained its portfolio of highly rated corporate bonds and cash over the quarter, and the income from this portfolio was used to pay expenses and the distribution.

The largest investment held by the fund, the AMP Capital Structured High Yield Fund, increased its unit price by 2.99% over the quarter but was unable to pay a distribution. As AMP Capital explain it, "all assets met their interest and principle repayment obligations in full during the period". However, the decline in the Australian dollar (AUD) has impacted the investment, as it holds approximately 75% of its assets offshore. The currency exposure for these assets is fully hedged back to AUD. Through this mechanism the overall performance of the investment is protected from movements in the value of its foreign currency denominated assets expressed in AUD terms. In times of currency depreciation for the AUD, the value of the offshore assets increases and, absent any other variables, this increase flows through to an increased unit price. At the same time however, the value of the hedges put in place to protect the overall return from the fund falls, and this amount is then paid out in cash to the hedge counterparty when the hedge settles. Hedges are typically undertaken for one, three or six month periods to match the interest payment terms of the underlying investments and are settled at the end of each period. Thus during a period where the value of the AUD is declining, the amount of income generated by the assets in the fund is reduced by the value of the hedges which are settled during the period.

As a result of this impact, the AMP Capital investment was not able to make a distribution for the September quarter. We are concerned by this development and have put in train the redemption of all units held by the Income-Plus Fund. AMP Capital have advised that it could take up to 12 months to complete the redemption process.

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	68%	Wholesale funds	45%	Return	6.7
Europe (ex UK)	11%	Australia fixed interest	26%	Standard Deviation	3.0
UK	14%	Australia - listed	3%	Sharpe Ratio (R _f = 6.75%)	0.0
United States	5%	Private loans	1%	Worst quarter performance (%)	
				Income-Plus Fund	-2.5
				ML Global High Yield Index	-6.2

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

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