



## Income-Plus Fund

ARSN 106 910 392

ACN 095 773 390  
 AFS License Number 246744  
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## Quarterly Investment Update

31 October 2006

### Fund Summary

Fund Size: \$28MM      Unit Price: \$1.0582\*  
 (30 September 2006)

\*Unaudited unit price.

In these quarterly updates, we provide our investors with information about the progress of the Fund as a whole, as well as insights into the investments we make.

As at the end of September, the Fund remained fully invested, including approximately 1% invested in cash.

### Distributions

The Income-Plus Fund makes distributions on a quarterly basis.

#### Distribution history (all figures in cents per unit, net of fees and expenses)

Date	Distribution per unit (1) (cents per unit)	Unit price growth (2) (cents per unit)	Total Quarterly Return = (1)+(2) (cents per unit)
31 Mar 04	1.00	0.00	1.00
30 Jun 04	1.40	1.88	3.28
30 Sep 04	2.61	0.01	2.62
31 Dec 04	2.70	0.06	2.76
31 Mar 05	2.40	-0.22	2.18
30 Jun 05	2.58	-0.67	1.91
30 Sep 05	2.10	0.93	3.03
31 Dec 05	1.90	0.45	2.35
31 Mar 06	1.60	0.16	1.76
30 Jun 06	2.50	-0.23	2.27
30 Sep 06	1.79	3.45	5.24

A distribution of 1.79 cents per unit was made to unitholders as at 30 September 2006. There was an increase in the unit price since 30 June 2006, bringing the quarterly total return to 5.1%. The Fund's total return year on year to 30 September 2006 was 11.4%, net of fees and expenses.

### General Market Comment

The global markets are currently waiting for a clear indication on where interest rates are heading. Since the last increase by the US Federal Reserve Bank on 29 June 2006, interest rates have plateaued. The usual suspects of high energy and commodity prices, continuing consumer spending and effectively full employment in several developed countries support the argument for further increases in interest rates, while the fear of a potentially weaker consumer sentiment and a severe housing slowdown support the argument against further increases in interest rates.



No one, not even the central banks, have the answer, and unfortunately they must also rely on lagged economic data, past experiences and a 'gut feeling' to help them steer the economy.

Meanwhile, high yield debt credit spreads have widened in the past three months, bringing them back in line with the levels seen about one year ago. We cannot deny that there is a lot of activity in the financial markets, but we also believe that there are a lot of attention-grabbing headlines in the media. For example, the Financial Times recently had the following headline, 'Company defaults highest in a year'<sup>1</sup>, which at first glance seems rather worrisome, but after reading the article, the reader would ascertain that there were in fact five corporate defaults in the month of September, two of which were car part suppliers, across four different countries. We see these defaults as being company-specific instead of fundamental cracks in the global credit market, nonetheless we remain cautious and vigilant.

True, the cost of debt is at historical low levels and financial institutions are lending out vast amounts, but we choose to focus on the credit strength backing the debt instruments we invest in (which, as we have reiterated several times over the past year, is predominately secured debt and offers a good risk/reward profile to investors) instead of spending all of our time focusing on what others are doing.

We continue to believe that Income-Plus Fund's portfolio contains high quality risk-adjusted investments, and we are continuously exploring new investment opportunities.

## **Investments**

### **USPIF Wholesale Units**

The mezzanine loans secured against US income-producing properties in this investment continue to perform strongly. There are over forty properties against which there are loans, we believe this represents a well diversified portfolio and adds a diversifying asset to Income-Plus Fund's portfolio.

### **Four Corners Fund**

Low default rates, strong earnings reports and favourable economic conditions continue to support the demand for and issuance of Senior Loans. Additionally, a favourable mergers and acquisitions and leverage buy-out environment supports strong issuance levels.

### **Structured High Yield**

The performance of this diversified portfolio continues to be strong and there are increasing levels of potential deal flow both domestically and internationally. The current assets are situated in Australia, Europe and the US.

### **Allco Max Securities & Mortgage Trust**

This portfolio strives to make a net profit margin between lending at a higher rate than it is able to borrow. Having been established in September 2005, it is still in the process of ramping up its investments. While underinvested, Allco Max is yet to realise its full potential. We have recently invested more of the Income-Plus Fund into this investment as we believe initial investors have been too impatient and those with patience will eventually be rewarded.

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<sup>1</sup> Source: [www.FT.com](http://www.FT.com), *Company defaults highest in a year*, 23 October 2006



### **Investor Information**

This investment update is also available on our website ([www.centricwealth.com.au](http://www.centricwealth.com.au)). Should you have any enquiries regarding your unit holding, you should contact Registries Ltd on 02 9290 9600.

If you have any questions regarding your investment in Income-Plus Fund, you should speak with your financial adviser in the first instance or contact us on 02 9250 6500.

### **Disclosures**

This document was prepared by Specialised Private Capital Ltd trading as Centric Capital (Centric Capital). Centric Capital utilises the advice authorisation under the current Australian Financial Services License no 243253 of Centric Wealth Advisers Ltd to generate / provide the investor update.

This report has been prepared for the sole purpose of the intended recipient. The information used in this report has been sourced from various information providers and industry sources such as investment research organisations and the media. The report contents should not be disclosed, in whole or in part, to any other party without the consent of Centric Capital.

### **Disclaimer**

Centric Capital is an Australian Financial Services Licensee no 246744 and 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.



## Fund Features

This is a summary of the features of the Fund. You should read the entire Product Disclosure Statement for full details before investing.

<b>Fund Name</b>	Income-Plus Fund
<b>ARSN</b>	106 910 392
<b>Responsible Entity</b>	Specialised Private Capital Ltd trading as Centric Capital, AFS Licence Number 246744
<b>Investment Objective</b>	<p>The objective of the Fund is to provide a steady income stream by exposure to a range of high yielding debt assets that have not traditionally been available through fixed income investment products in the Australian retail market. These are both secured and unsecured loans and fixed and floating rate securities, in Australia and internationally. Generally cash exposure will be minimal.</p> <p>The Fund is primarily structured as a "fund of funds" investment where we select other specialised funds in which to invest.</p>
<b>This Fund may suit your investment needs and risk profile if you:</b>	<ul style="list-style-type: none"><li>✓ Seek higher potential returns than those from traditional fixed income investments,</li><li>✓ Are comfortable with higher risks than those of traditional fixed income investments, and</li><li>✓ Are seeking an alternative to traditional fixed income products.</li></ul>
<b>Recommended minimum investment horizon</b>	3-5 years
<b>Expected volatility of returns</b>	Medium
<b>Potential for capital growth</b>	Low
<b>Potential for income</b>	High
<b>Minimum initial investment</b>	\$10,000
<b>Minimum additional investment</b>	\$1,000
<b>Minimum redemption</b>	\$1,000
<b>Minimum balance</b>	\$10,000
<b>Income distributions</b>	Quarterly
<b>Investments can be made</b>	Monthly – we must receive your application at least 10 days prior to the end of each month.
<b>Redemptions</b>	You cannot make a redemption request within the first twelve months of making an investment, and after this redemptions are generally on a quarterly on a "best efforts" basis. Please refer to the PDS for more details.

## Important Information

This document is only for use by investors and prospective investors in the Fund (whether directly or via a master trust or administration service) and their financial advisers. This document is of a general nature only and has been prepared without taking into account any person's particular investment objectives, financial situation or particular needs. Always consider the current PDS in deciding whether to invest or hold your investment in the fund.