

LIC Fund

ARSN 114 579 734

Quarterly Investment Update

ACN 095 773 390
AFS licence number 246 744
Level 6, 6 O'Connell Street
SYDNEY NSW 2000
Ph: 02 8233 0200
Fax: 02 8233 0221

7 October 2005

Fund Summary

Total Fund Assets: \$1.43m **Unit Price (buy/sell):** \$1.0707/\$1.0656
(30 September 2005)

Equity \$0.87m

Debt \$0.56m **Loan-to-valuation ratio** 39%

Number of Investments 10

Top 5 Holdings: Argo Investments Ltd, Choiseul Investments Ltd, Milton Corporation Ltd, StreetTracks S&P/ASX 200 Index Fund, Wilson Investments Ltd.

Fund Commentary

Since inception on 8 August 2005, the Listed Investment Companies Fund has acquired shares of nine listed investment companies (“**LICs**”) and one index fund (the StreetTracks S&P/ASX 200 Fund). These LICs and the StreetTracks investment provide an exposure to a wide range of shares listed on the ASX. Cash exposure is minimal (0.3%).

The share price performance of the individual companies has been varied, with most companies reporting increased net tangible assets (“**NTA**”) (adjusted for dividends). Some share prices have remained flat but this has created some buying opportunities, for example, Choiseul Investments Ltd, which appears to have a large shareholder’s selling dampening its share price, despite an increasing reported NTA.

The share prices of companies in the portfolio are estimated to be trading at a 4% weighted-average discount to NTA. The largest discount is 20% and one company is trading at a premium to its reported NTA.

During the period, we took advantage of some inconsistencies in market pricing, which allowed us to acquire shares in an LIC at a discount of around 2.5% to the then market price by buying company-issued options. The company itself was trading at between \$1.05 and \$1.09, and the Fund was able to buy options to exercise at \$1.00 per share for an average of 2.7 cents per share. We were pleased to have taken advantage of this rare occurrence for investors.

Investor Information

This investment update is also available on our website (www.berkleygroup.com.au). Should you have any enquiries regarding your unitholding, you should contact Registries Ltd on 02 9290 9600.

If you have any questions regarding your investment in Leveraged Investment Companies Fund, you should speak with your financial adviser in the first instance or contact us on 02 8233 0200.

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.

Fund Name	Leveraged Investment Companies Fund
ARSN	114 579 734
Responsible Entity	Berkley Group Funds Management Ltd, AFS Licence Number 246 744
Investment Objective	<p>The objective of the Fund is to provide long-term capital growth through exposure to the Australian share market. The Fund will use investors' funds and borrowed funds to invest in a portfolio of investment companies listed on the Australian Stock Exchange ("ASX"). The Fund will also maintain at all times an investment of at least 10% in wholesale managed funds designed to replicate the income and growth performance of the broad-based share market indices (for example, the ASX/S&P 200 or ASX/S&P 300 indices).</p> <p>Generally, cash and unlisted investment companies exposure will be minimal.</p>
This Fund may suit your investment needs and risk profile if you:	<ul style="list-style-type: none">✓ seek higher medium to long-term potential returns from Australian share market investments through the use of borrowing to invest;✓ are comfortable with a low cash distribution;✓ are comfortable with higher risks arising from the use of borrowing; and✓ are seeking an alternative to traditional leveraged equity products.
Recommended minimum investment horizon	5-7 years
Expected volatility of returns	High
Potential for capital growth	High
Potential for income	Low
Minimum initial investment	\$5,000
Minimum additional investment	\$1,000
Minimum redemption	\$1,000
Minimum balance	\$5,000
Income distributions	Yearly
Estimated Management Expense Ratio (MER)	1.10% of total assets inclusive of GST. Please refer to the PDS for more details.
Investments can be made	Monthly. Please refer to the PDS for more details.
Redemptions	Monthly. 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.