



Leveraged Investment Companies Fund

ARSN 114 579 734

ACN 095 773 390
AFS licence number 246 744
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Quarterly Investment Update

31 December 2006

Fund Summary

Total Fund Assets:	\$24.4MM	Unit Price (buy/sell):	\$1.6663 / \$1.6469
		(31 December 2006, unaudited)	
Equity:	\$12.0MM	Loan-to-valuation ratio:	51%
Debt:	\$12.4MM		
Number of Investments:	14		
Top 3 Holdings:	<ul style="list-style-type: none">▪ Milton Corporation Ltd▪ StreetTracks S&P/ASX 200 Index Fund▪ Australian Foundation Investment Company Ltd		

Monthly Performance

FY	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year
2006 (%)		2.2	4.3	-1.3	2.6	5.7	3.4	8.1	2.7	-0.1	-2.9	-1.6	25.0%
2007 (%)	1.0	4.8	1.1	10.1	4.9	6.5							31.7%

Returns are calculated on the basis of end of month redemption prices and are net of investment management fees and expenses. Returns are pre-tax and do not assume reinvestment of income. The returns represent past performance only. Past performance is not indicative of future performance. Returns for less than 1 year are actual returns for the period. Monthly returns do not add up to yearly returns due to compounding and rounding. The value of an investment may rise or fall with changes in the market. Inception date: 8 August 2005

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

General Comments

Calendar year 2006 was a rollercoaster for equity investors. We witnessed a 14.1% run up in the S&P/ASX 200 Accumulation Index (index) from the last trading day of 2005 to 11 May 2006, followed by a decline of 9.3% to 13 June and then on to a spectacular recovery of 20.1% to the last trading day of 2006. During the same periods, the Leveraged Investment Companies Fund (LICF) experienced returns of 17.0%, -8.2% and 34.4%, exceeding the index's performance on the upside, which is expected from a geared investment, but also exceeding the index's performance on the downside (that is, not falling by as much), something that intuitively would not be expected out of a traditional geared investment.

This is the premise behind LICF; the investments in the portfolio have historically beaten the broader equities market in the long term because they tend to not fall by as much as the market. This means that after a downward slide in the markets in which the Listed Investment Companies (LIC) fall by less, the LICs then have a higher base to propel themselves from during the bull markets. LICF has also



exhibited volatility similar to the index, despite being leveraged (at approximately 50% throughout the year); this is another way of saying that it has behaved like the ungeared index in terms of risk. The research undertaken on this concept before the inception of the fund has, to date, been supported by the past 17 months of performance.

We are currently incorporating a slightly higher interest rate than prevailing market rates into our model as a conservative approach to the cost associated with our gearing level. Finishing the financial year with a small positive net income is of utmost importance to investors because franking credits from dividends received (which also benefit from gearing) are then available and passed along to investors for use in their tax calculations. We also estimate that dividend levels in the second half of financial year 2007 will exceed last year's, which allows us to use this to optimise current gearing levels.

We recently participated in an institutional placement by a diversified LIC. This allowed us to quickly establish a position in an LIC of large-cap stocks at not only a discount to net tangible assets (NTA), but also a discount to the market price.

Investor Information

This investment update is also available on our website (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 LICF, 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 243 253 of Centric Wealth Advisers Ltd to generate and provide the investor update.

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Disclaimer

Centric Capital is an Australian Financial Services Licensee no 246 744 and 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.



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	Specialised Private Capital Ltd trading as Centric Capital, 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. The Fund will also maintain at all times an investment of at least 10% in 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.