Bridgeport Core+ Portfolio Performance Commentary

June Quarter 2011

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The Bridgeport Core+ model portfolios experienced strong performance against their index benchmarks for the quarter against difficult market conditions.

The Bridgeport Core+ model portfolios had mixed absolute performances over the June quarter amid difficult market conditions. However, performance relative to respective median manager benchmarks remain strong, with almost all options outpacing the average multi-sector manager returns within the same category. The most risk-averse options had the most outperformance this quarter — both the Conservative and Balanced portfolios exceeded the performance of the median manager benchmark by 0.6%, followed by the Growth option which outperformed its peer group benchmark performance by 0.3%. Only the High Growth option performed in line with the median managers, posting a negative return of -2.5% for the quarter. The new Income portfolio continued to perform strongly, outperforming the median managers by 1% for the same period.

The performance of the anchor diversified funds (netwealth Global Specialist series) in the model was also mixed for the quarter. The Conservative Growth, Balanced, and Growth options outperformed the median manager performance by 0.3%, 0.4%, and 0.3%, respectively, while the High Growth option marginally underperformed by 0.1%, which is a pleasing result given a volatile market environment. Overweight positions in international equities were one of the key detractors from the funds' performance this quarter, although this is offset to a degree by strong stock selection in the asset class. Meanwhile, in the Australian shares component, most of the underlying managers employed underperformed mainly due to poor security selections. In the fixed income sectors, allocation to credit hurt the performance of the funds, while some interest rate strategies contributed positively. The funds also benefited from allocation to alternative strategies, which provided positive overall returns for the period. Active tilts in currency positions which underweight the hedged exposure further detracted from returns as the Australian dollar continued to strengthen against other major currencies.

The dedicated managers in the defensive sectors posted positive returns for the quarter but had disappointing results relative to their market benchmarks. The Vianova Strategic Fixed Interest Trust returned 1.7%, underperforming the domestic bond market benchmark (UBS Composite 0+ Yrs Index) by 0.6%. The manager's duration strategy was the key detractor from performance for the period, followed by the sector and security selection, with yield curve strategy providing flat returns. The diversified fixed income strategy, Macquarie Income Opportunities Fund, posted a 1.3% returns, outperforming its stated benchmark (UBS Bank Bill Index) by 0.1% for the quarter. The fund's active performance was attributable to its holding in securitised assets and bank debt while the high yield sector exposure detracted from performance. We expect the manager's ability to opportunistically move across different spectrums of the fixed income market to continue to assist capital stability of the model portfolios.

Similarly, other fixed income managers specific to the Income model also performed behind their respective market benchmarks but managed to post positive performance for the period. The BlackRock Monthly Income Fund returned 0.4% while the Principal Global Strategic Income Fund returned 0.3%. The managers' performances were largely constrained by the elevated concern over the sovereign debt crisis in Europe and holdings in the securitised debts.

All managers employed in the property sector continued having strong relative performance. Zurich Investments Australian Property Securities Fund is the only manager that posted negative returns, but it outperformed the market benchmark. The fund returned -0.3%, 0.2% ahead of the S&P/ASX 300 AREIT index with stock-specific holdings contributing to the fund's relative performance for the quarter. The global property exposure continued to perform strongly on an absolute basis, which aided the model's performance. The Invesco Global Property Securities Fund returned 3.4% exceeding the broad market benchmark (S&P Global Property Hedged Net Return Index) by 2.1%. The fund benefitted from the strong performance within its diversified, retail, and residential sectors holding.

The APN Australian Real Estate Investment Trust (AREIT) fund, which is specific to the Income model, also had a strong quarter returning 2.9% for the period. The fund outperformed the market benchmark by 3.4% with key contributors to performance being underweight positions in Westfield and Stockland.

All Australian-equities managers employed in the model portfolios showed poor absolute performance, posting negative returns over the June quarter. Performance relative to the market benchmark, however, is mixed with three managers outperforming, one manager performing in line with, and two underperforming it. The asset class's weak performance was due to an increase in risk aversion and generally poor investor sentiment in light of offshore and domestic market development.

The high conviction strategy accessed through Platypus returned -5.1% for the quarter lagging the market benchmark performance by 0.8%. The Tyndall Australian Share Portfolio performed ahead of the market benchmark by 0.5%, returning -3.8% for the quarter with overweight holdings in the mainly defensive sectors contributing to the active returns. Bennelong performed in line with the market, returning 4.3% for the period. Portfolio underweight position in consumer staples and bank sectors were the major detractors from relative returns for the quarter. The Aviva Investors High Growth Shares Trust marginally outperformed the market benchmark, returning -4.2% with stock-specific overweight holdings the main positive contributors to performance. The fund's longer-term performance remains strong with five-year returns exceeding the benchmark by 2.7% per year.

Similar performance is seen for the domestic equities managers employed in the Income portfolio, with the Legg Mason Australian Value Equity Trust and the Zurich Investments Equity Income Fund returning -5.9% and -2.2%, respectively. Legg Mason performed behind the market benchmark by 1.6% while Zurich outperformed by 2.1%. Strong stock selection remains the positive contributor for Legg Mason while general market weakness weighed on the portfolio returns. Zurich continued to benefit from its derivatives strategies to generate additional income which assisted the fund's total return performance.

In the international-equities blend, all the managers employed produced a pleasing relative performance with all strategies outperforming the broader global equity benchmark performance. The unhedged thematic manager, Zurich Investments Global Thematic Share Fund returned -2.5%, while the currency hedged version (specific for the Income portfolio) returned 1%, compared with the broad market benchmark (MSCI World Net Return Index) return of -2.8%. The largest contributors to the fund's performance were the synchronised maturity and regulatory change themes, while oil was the key detractor. The dedicated emerging market equity exposure aided the model's relative performance with the Aberdeen Emerging Opportunities Fund outperforming the broader market performance by 1.3%, returning -1.5% for the quarter. The manager's active performance was attributable to strong stock selection and asset allocation.

The global listed infrastructure exposure continued, contributing to the model's active returns with the CFS Global Listed Infrastructure Securities Fund posting a strong quarter return of 3.4%. The fund benefitted as investors sought natural inflation-protected assets and stable earning streams provided by the infrastructure sector.

The Grant Samuel Epoch Global Equity Shareholder Yield Hedged Fund, which is specific to the Income portfolio, also continued to perform strongly, returning 3.7% for the quarter. The currency hedged position and strong stock selection particularly within the more defensive sector and underweight holding in financials has contributed positively to the fund's performance this quarter.

Portfolio Performance (%)

Period returns to June 30, 2011.

Risk Profile	1 Mth	3 Mths	6 Mths	1 Yr	2 Yrs	Since Portfolio Inception
Bridgeport Core+ Conservative Portfolio	-0.3	0.7	3.0	8.3	10.1	8.6
Conservative Median Manager Benchmark	-0.3	0.2	2.2	6.5	7.7	5.9
Bridgeport Core+ Balanced Portfolio	-0.6	-0.2	2.2	8.9	11.0	9.2
Balanced Median Manager Benchmark	-0.8	-0.8	1.6	7.8	9.1	6.7
Bridgeport Core+ Growth Portfolio	-1.2	-1.3	1.1	9.4	11.7	9.5
Growth Median Manager Benchmark	-1.2	-1.6	0.9	7.9	9.3	6.0
Bridgeport Core+ High Growth Portfolio	-1.7	-2.5	-0.1	10.2	12.2	9.2
High Growth Median Manager Benchmark	-1.7	-2.5	0.5	10.4	11.0	7.5
Bridgeport Core+ Income Portfolio	-0.5	0.2	3.5	12.7		6.0
Balanced Median Manager Benchmark	-0.8	-0.8	1.6	7.8	9.1	3.1

Portfolio returns are calculated based on month-end returns and rebalanced monthly. They include all funds and asset allocation changes over the period. Since portfolio inception, performance is annualised. Portfolio inception was Nov 1, 2008. Income portolio inception is Jan 1, 2011.

Data sources: netwealth, Morningstar Inc.

Portfolio Review

Recommendations

At this time, Bridgeport Financial Services, in conjunction with consultants, Standards & Poor's, recommend no changes to the model portfolios.

Quarterly Performance – Manager Commentaries

The following section has a short performance commentary on each managed fund in the Bridgeport Core+ portfolios. Please note that these comments are sourced from the fund managers.

Diversified

netwealth Global Specialist Conservative Fund

The fund underperformed the benchmark by 0.2% on a gross of fees and tax basis over the June quarter. Importantly, the fund was able to achieve relatively stable performance despite a more volatile market environment, emphasising the benefits of the multi-manager structure and the fund's inherent diversity. Contributing to its underperformance was poor security selection within defensive assets, particularly international bonds. Stock selection in Australian shares and the fund's overweight allocation to international shares also hurt returns. International bonds were adversely affected by negative currency positioning that included short positions in the euro and commodity-linked currencies like the Australian dollar. Ineffective sector positioning also weighed on performance, with the strategy's credit exposure the biggest detractor. Australian bonds performed in line with the benchmark while domestic enhanced cash outperformed.

The underperformance of Australian shares was driven largely by overweight holdings in Qantas and Fairfax Media. Qantas fell after issuing a profit warning while Fairfax fell on concerns that possible asset sales would dilute its earnings potential. An overweight allocation to international shares also hurt performance as global share markets fell. An underweight exposure to Australian property securities made a positive contribution to overall performance while the fund's active currency hedging tilt, via an underweight to hedged international shares, detracted value as the Australian dollar appreciated.

netwealth Global Specialist Balanced Fund

The fund underperformed the benchmark by 0.2% on a gross of fees and tax basis over the June quarter. Importantly, it was able to achieve relatively stable performance despite a more volatile market environment, emphasising the benefits of the multi-manager structure and the fund's inherent diversity. Contributing to its underperformance was poor stock selection in Australian shares and the fund's overweight allocation to international shares. Poor security selection within international bonds also hurt returns.

In terms of Australian shares, overweight holdings in Qantas and Fairfax Media weighed the most on performance. Qantas fell sharply after issuing a profit warning while Fairfax fell on concerns that possible asset sales would dilute its earnings potential. The fund's overweight allocation to international shares also hurt performance as global share markets trended lower. International bonds detracted from overall performance, due mainly to negative currency positioning that included short positions in the euro and commodity-linked currencies like the Australian dollar. Ineffective sector positioning also weighed on performance, with the strategy's credit exposure the biggest detractor. Meanwhile, its active currency hedging tilt, via an underweight to hedged international shares, detracted value as the Australian dollar appreciated.

netwealth Global Specialist Growth Fund

The Fund underperformed the benchmark by 0.3% on a gross of fees and tax basis over the June quarter. Importantly, the fund was able to achieve relatively stable performance despite a more volatile market environment, emphasising the benefits of the multi-manager structure and the fund's inherent diversity. Contributing to its underperformance was poor stock selection in Australian shares and the fund's overweight allocation to international shares. Poor security selection within international bonds also hurt returns.

In terms of Australian shares, overweight holdings in Qantas and Fairfax Media weighed the most on performance. Qantas fell sharply after issuing a profit warning while Fairfax fell on concerns that possible asset sales would dilute its earnings potential. The fund's overweight allocation to international shares also hurt performance as global share markets trended lower. International bonds detracted from overall performance, due mainly to negative currency positioning that included short positions in the euro and commodity-linked currencies like the Australian dollar. Ineffective sector positioning also weighed on performance, with the strategy's credit exposure the biggest detractor. Exposure to alternative strategies, including commodities, made a positive contribution to overall performance while the fund's active currency hedging tilt, via an underweight to hedged international shares, detracted value as the Australian dollar appreciated.

netwealth Global Specialist High Growth Fund

The Fund performed in line with the benchmark on a gross of fees and tax basis over the June quarter. Importantly, the fund was able to achieve relatively stable performance despite a more volatile market environment, emphasising the benefits of the multi-manager structure and the fund's inherent diversity. Asset allocation was a key detractor from performance, with overweight allocations to international and Australian shares having the biggest effect on returns after global share markets fell amid increasing investor uncertainty. However, this was offset by a positive contribution from stock selection, particularly within the fund's international shares strategies. The fund's exposure to alternative strategies, including commodities, made a positive contribution to overall performance over the quarter. Meanwhile, the fund's active currency hedging tilt, via an underweight to hedged international shares, detracted value as the Australian dollar appreciated.

Fixed Interest

AUI Vianova Strategic Fixed Interest Trust

The AUI Vianova Strategic Fixed Interest Trust – Wholesale units underperformed by -0.59% against its benchmark (UBSA Composite Bond Index) over the June 2011 quarter and the AUI Vianova Strategic Fixed Interest Trust – Retail units underperformed by -0.69%. The main detractors from performance were duration and yield curve. At quarter-end the average credit rating of the portfolio sits at 'AAAf', with 79% of the portfolio having a 'AAA' credit rating.

BlackRock Monthly Income Fund

The fund underperformed its benchmark for the quarter. At the end of the quarter the fund had a yield to maturity of 402 bps over bank bills, translating into an absolute yield to maturity of 8.95%. The fund's credit duration was 4.16. After a strong start to the quarter, credit met a series of challenging headwinds in May and June. The most prominent of these were associated with an intensification of the sovereign debt problems in Europe. Most notably this took the form of uncertainties surrounding Greece's willingness to implement the harsh austerity measures necessary for the disbursement of further funds to aid its adjustment process. These uncertainties abated toward the end of the quarter with the passage through the Greek Parliament of the measures required for Greece to have access to further funds.

Also constituting somewhat of a headwind through the quarter was a softening in U.S. economic data. BlackRock believes this to be largely temporary and a result of a disruption to global supply chains due to the Japanese earthquake. Moreover, strong U.S. corporate balance sheets continue to provide fundamental support for U.S. credit in future. Despite the challenges presented by the European sovereign debt issue, the manager remains sanguine about the medium term outlook for the fund. The fund has no exposure to Greek, Irish, or Portuguese banks. Furthermore, the fund's bank exposures are solid credits whose exposures to European sovereigns are eminently manageable. The bank holdings of the fund are largely supported by the forthcoming implementation of the new Basel 3 requirements and on the basis of historical metrics financials, debt issuance is relatively inexpensive.

Macquarie Income Opportunities Fund

The fund outperformed the benchmark in the June quarter, with performance being primarily driven by the core income portfolio. Holdings of mortgage-backed securities and bank debt in particular contributed positively to performance. As speculation began to brew around Greece, the manager reduced the level of credit exposure in the fund, particularly in high yield and emerging markets, implementing aggressive credit hedging activities to protect the portfolio against further negative Greek developments. Despite these efforts, the allocation to high yield detracted from performance for the quarter, though over the financial year these overweight positions to credit have provided solid contributions to the fund.

Principal Global Strategic Income Fund

The Principal Global Strategic Income Fund underperformed the UBS Bank Bill Index in June. During the June quarter, the manager executed a number of asset allocation changes to take advantage of market opportunities it identified. It increased exposure to investment-grade credit (adding 3.9%), emerging market debt (adding 1.5%), yield to call bonds (adding 2.9%), and CMBS (adding 1.7%). Sectors where it reduced exposure were non-U.S. hybrids (-4.6%), structured debt (-1.8%), and cash (-4.6%). The fund had good returns in April and May, but experienced a difficult month in June along with the general financial markets. While short-term volatility may remain elevated and spike higher driven mainly by the sovereign debt crisis in Europe, the manager believes from a medium to longterm perspective, the carry of the bonds held in the fund will deliver attractive performance. The strongest performing sectors over the quarter were investment-grade credit, high yield, structured debt, and preferreds. Securitised debt (asset-backed and commercial mortgage-backed) faced a more challenging environment—these sectors (along with some non-U.S. credits) posted negative returns that brought the overall fund return modestly below the cash rate for the quarter.

Property

APN Australian Real Estate Investment Trust (AREIT) Fund

The APN Australian Real Estate Investment Trust (AREIT) Fund provided a total return of 0.65% for the month of June 2011. This compares with the S&P/ASX 200 Property Accumulation Index (Index) total return of -0.7% over the month, an outperformance of 1.35%. The fund continues its strong outperformance over 12 months returning 9.73% (Index 5.84%) for the year ending June 30, 2011. Over the past six months, the fund has delivered a total return of 5.38% versus the index return of 3.27%. Since inception, the fund has recorded a total return of 17.05% versus 7.72% for the index. The manager has analysed the returns from the listed component of the fund versus the 200 A-REITS Index component and the top three contributors to performance over the quarter were WDC, CDI, and SGP while the detractors were GMG, GPT, and DXS. WDC and SGP are held at substantial underweights, while CDI is a non-index stock that has outpaced the index. In terms of detractors, the fund holds underweights in GMG, GPT, and DXS.

Invesco Global Property Securities Fund

The fund outperformed its benchmark for the quarter. Major contributors to performance by sector were diversified, office, residential, and retail, while lodging/resorts and self storage were detractors. By country, the U.S. and Cayman Islands contributed positively while Singapore, The Netherlands, Switzerland and the U.K. had negative returns. At the security level, the top contributors were Evergrande Real Estate Group Ltd., New World Development Co. Ltd., Camden Property Trust, Essex Property Trust Inc., and SL Green Realty Corp. The five largest detractors were Keppel Land Ltd., PSP Swiss Property AG, Shimao Property Holding Ltd., Host Hotels and Resorts Inc., and Hang Lung Properties Ltd.

Zurich Investments Australian Property Securities Fund

The major positive contributors to performance during the quarter were positions in Valad, EDT Retail, Thakral, and Goodman Group. Valad performed well after it was subject to a takeover offer from Blackstone, which is one of the world's largest private equity firms. EDT Retail performed strongly as the trusts manager EPN raised its bid for the stock. Thakral performed strongly due to several factors. It announced that it had sold the Novotel on Collins and the adjacent Australia on Collins shopping centre for a price above book value. It also announced a large capital distribution. There have also been rumours that Grocon is interested in buying Thakral's Wynyard development site in Sydney.

Goodman outperformed following a solid quarterly update which showed continued momentum in its work in progress. The company also bid for a listed European fund during the quarter and while unsuccessful, it demonstrated Goodman's ability to be active and to access third-party capital. Detractors from performance were positions in Ardent Leisure and ING Entertainment. Ardent Leisure fell following an announcement that the stock was being removed from the AREIT index and reclassified to Leisure Facilities. ING Entertainment detracted from performance due to a lack of progress in internalising management of the trust and in dealing with its major tenant which is currently in bankruptcy.

Australian Equities

AUI-Platypus Australian Equities Trust

The AUI-Platypus Australian Equities Trust - Wholesale portfolio underperformed its benchmark (the S&P/ASX 300 Accumulation Index) over the June 2011 quarter by 0.85%. An overweight position in Healthcare was the major detractor from a sector perspective. Regis Resources Ltd and Wesfarmers were the main stock contributors to the portfolio whilst Cochlear and Western Areas NL were the main detractors from performance over the quarter. Stocks exited during the quarter included CSL and ANZ, stocks added included Flight Centre and Qube Logistics.

Aviva Investors High Growth Shares Trust

The fund performed in line with the market benchmark on a gross returns basis. Major positive contributors to performance for the quarter were Equinox Minerals (overweight), which surged 40% after being the takeover target in a bidding war started by China Minmetals which was eventually won by Canadian giant Barrick Gold for C$7.3 billion. Foster's Group (overweight) rallied strongly after it received a $4.90 takeover bid from SAB Miller, which the board rejected. The bid came just a month after their demerger of Treasury Wine Estates. Negative contributors were Alumina (overweight), which underperformed the market by around 10% during the quarter as part of the broader resources sell-off and uncertainty over the government's planned carbon tax. Despite the manager reducing its overweight early in the quarter, performance was affected by OneSteel (overweight), which suffered a 24% share price fall after a large profit warning due to the strong Australian dollar and iron ore shipment delays.

Bennelong Australian Equity Fund

The Bennelong Australian Equities Fund achieved a -3.98% return for the quarter compared with the S&P/ASX 300 Accumulation Index return of -4.26%. This translated into a 12-month return of 17.97% versus the S&P/ASX 300 Accumulation Index return of 11.9%. The June quarter outperformance was attributable to the contribution of the portfolio's overweight positions in the health care and transportation sectors, together with underweight positions in energy. This was partially offset by the negative contribution from underweight positions in the consumer staples and bank sectors.

Legg Mason Australian Value Equity Trust

The Legg Mason Australian Value Equity Trust underperformed its benchmark by 1.7% over the quarter. Positive contributors to portfolio performance this quarter came from stock choices in the metals & mining, industrials, and property. The most significant contribution to performance this quarter came from the portfolio's overweight exposure to Iluka Resources (+37.2%) in the metals & mining sector. Iluka surged throughout the quarter benefiting from zircon and titanium dioxide feedstock price increases. Legg Mason anticipated Iluka's dominant positions in zircon and titanium inputs and has been long-term holders of the company.

In the industrial sector, Spotless Group (+20.1%) rallied after the company received a $657milion takeover offer from a private equity firm. The portfolio benefited from the overweight position. Shares of Valad Property Group (+47.1%) in the property sector aided performance. The stock rallied on Blackstone's $1.80 cash offer. This follows Blackstone's purchase of Centro Properties Group's 588 U.S. shopping centres portfolio in February. EDT Retail (+12.5%), the manager of community shopping centres in the U.S., was up significantly after an increase in the offer price from EPN Investment Management. EDT is under takeover offer by the U.S. company EPN Investment Management, a major shareholder of EDT. During the quarter, the offer price for the remaining shares was increased, which reflected the opportunistic price that EPN tabled with its first offer.

In the industrial sector Amcor (+1.9%) was a positive contributor. The shares outperformed on little company specific news flow. Finally, the underweight exposure to Woodside Petroleum (-12.4%) was also beneficial over the quarter. Woodside lost ground after it announced a A$900 million increase in total costs at its Pluto project. Production guidance was also reduced. The company appointed a new CEO during the quarter.

Tyndall Australian Share Portfolio

The fund outperformed the S&P/ASX 200 Accumulation Index in the June quarter. Overweight positions in Iluka, Duet Group, National Australia Bank, Telstra, Amcor, Westfield Retail Trust, and Orica added to relative performance. The largest single detractor from pre-tax performance for the quarter was the fund's participation in the BHP off-market share buy-back in April. The fund participated in the buy-back in order to obtain the post-tax benefits for many of the fund's unitholders of a realised capital loss and large fully franked dividend component of the buy-back proceeds. Overweight positions in Aristocrat Leisure and Fairfax also detracted from relative performance.

Zurich Investments Equity Income Fund

The BHP buyback dominated liquidity during the quarter. Tendering into the off-market buyback has had a significant tax and franking credit impact on a raft of portfolio investors. There was a rush to replace tendered shares with the BHP stock price racing ahead as a result. Rio Tinto announced a cash offer for Riversdale which resulted in Rio owning a majority interest in the mining company. Australian bank shares followed the downward trend of international counterparts, with Westpac showing particular weakness across the dividend period. The manager subsequently closed out some of its written call option positions, as it was aware of a possible rebound in the bank share prices due to attractive yields and high franking credit levels. However, the Australian bank shares were able to recover at the end of the quarter. Telstra and the Australian government signed a definitive agreement associated with the National Broadband Network at the end of the quarter. This is expected to deliver a large amount of compensation over time to the telecommunications company for handing over its infrastructure.

International Equities

Aberdeen Emerging Opportunities Fund

The portfolio fell by 1.07% in Australian dollar terms, outpacing the benchmark index which declined 4.43%. Both asset allocation and stock selection were positive. The strong relative outperformance was mainly driven by stock selection, especially in Brazil and India. Despite ongoing inflation concerns and fears of further interest rate hikes, both markets (where the respective central banks have been more active in raising rates to combat inflation) saw domestic stocks enjoy a fillip as the prospect of slowing global growth could see rates peak sooner. As a result, the share prices of our more domestic growth-driven holdings such as Brazilian retailer Lojas Renner and shopping mall operator Multiplan rose. Renner also benefited from healthy first-quarter results that showed continued momentum in same-store sales and higher revenue from its financial services division, as well as its accretive acquisition of homeware retailer Camicado. Similarly, strong results buoyed Souza Cruz's share price. In India, cement holdings were dragged down by cartel allegations. Telecom holdings China Mobile, Taiwan Mobile and Bharti Airtel also proved defensive amid market volatility.

On the negative side, the sharp drop in the oil price led to share price pressure in several energy companies including Lukoil, Petrobras, PTTEP, and Tenaris. Ultrapar bucked the trend. The company advanced on news that it will convert its preference shares to common shares with full voting rights. Turkish lender Akbank suffered in response to further non-interest rate tightening measures by the central bank.

CFS Global Listed Infrastructure Securities Fund

The fund rose by 3.7% in the June quarter, outperforming its benchmark by 1.4%; cumulative outperformance over three years is 5.1% per year. The global listed infrastructure benchmark rose 2.3% for the quarter, ahead of global equities which increased 0.4% (MSCI World AUD hedged). Listed infrastructure's strong performance this quarter was driven by investors seeking inflationprotected assets and defensive earnings streams as well as corporate activity. PG&E Corporation is a Californian-based regulated return electric and gas utility. Recent underperformance caused by the San Bruno gas accident, changes in the Californian Public Utility Commission, and the loss of its CEO has provided an attractive entry price to this low risk fully-regulated utility. SP AusNet is an Australianbased electric and gas transmission and distribution company. This regulated utility offers investors a low-risk business model with strong growth prospects. This is one of the only regulated utilities globally that is not trading at a large premium to its regulated asset base. Spanish electric transmission company Red Electrica was sold due to its significant outperformance despite potential increases in sovereign, political, and regulatory risks. Central Vermont Public Service was sold after it received a takeover offer. In the manager's view, global listed infrastructure is well placed to deliver attractive risk-adjusted returns via strong capital growth and inflation-protected income.

Grant Samuel Epoch Global Equity Shareholder Yield Hedged Fund

During Q2 2011, the Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Fund returned 0.07%, outperforming the MSCI World ex-Australia Index in $A, net dividends reinvested, which was down 2.91%. The Hedged Fund gained 3.65% for the quarter outperforming its benchmark, the MSCI World ex-Australia Index net dividends reinvested, 100% hedged into $A, which returned 0.54% for the same period. The fund benefitted from positive security selection, with particularly strong returns recorded in the telecoms, utilities, consumer staples, and materials sectors. The manager's continued cautious stance for financials was helpful in a relative context, as the sector performed poorly. Health care stocks as a group turned out to be the best performing area in the market, and although the manager had a reasonable level of exposure, in a relative context being underweight the sector detracted from overall performance. At the country level, strong stock selection within the U.S., U.K., and Canada was beneficial, and having no exposure to the Japanese market also helped portfolio results.

Zurich Investments Global Thematic Share Fund

Global equity markets rallied at the end of June but finished the month lower. In the U.S., with the second round of quantitative easing finishing at the end of month, the question concerning many investors is whether the absence of further stimulus will weaken activity. In Europe, the sovereign debt crisis overshadowed markets as concern surrounded whether Greece will default. In China, the government assured investors that inflation is now under control; however, the news was not sufficient to revive markets. A theme which contributed positively to the performance of the fund was synchronised maturity – platform expanders. Under this theme Air Liquide, Danone, and Mead Johnson all rose on good results. The regulatory change theme was another positive contributor with particular note going to United Healthcare, which also rose on strong results. The oil theme fell due to the release of petroleum reserves by the International Energy Agency. Canadian Natural Resources and Encana both fell sharply due to their high exposure to high cost oil sands production.

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Quarterly Performance

Individual Fund Performance (%)

Below are the individual fund performance returns over various time periods ending June 30, 2011, and the return of their relative market benchmark.

	Individual Fund Return (%)					
Manager/Fund	**1 Mth**	**3 Mths**	**6 Mths**	**1 Yr**	**3 Yrs**	**5 Yrs**
Diversified						
netwealth Global Specialist Conservative Fund	-0.4	0.5	2.7	8.2	5.8	4.2
netwealth Global Specialist Balanced Fund	-0.8	-0.4	2.0	8.9	4.4	3.1
netwealth Global Specialist Growth Fund	-1.3	-1.3	1.5	10.1	-2.6	1.5
netwealth Global Specialist High Growth Fund	-1.7	-2.6	0.4	12.0	0.6	-0.7
Fixed Interest						
AUI-Vianova Strategic Fixed Interest Trust-Wholesale	0.6	1.7	3.7	4.9	7.1	6.5
Macquarie Income Opportunities Fund	0.1	1.3	3.9	9.3	6.6	6.1
Blackrock Wholesale Monthly Income Fund	-0.6	0.4	5.4	15.9	1.3	1.0
Principal Global Strategic Income Fund	-1.1	0.3	5.0	15.3	3.1	1.2
Market Benchmark – UBS Composite 0+ Years	0.6	2.3	4.4	5.5	8.1	6.5
Market Benchmark – BarCap Global Agg TR Hdg AUD	0.2	2.9	3.9	6.9	9.4	8.4
Property						
Invesco Global Property Securities Fund	-2.2	3.4	5.9	27.3	-2.7	-2.4
Zurich Investments Australian Property Securities Fund	-1.2	-0.3	4.6	14.1	-6.6	-8.7
APN Australian Real Estate Investment Trust Fund	0.7	2.9	5.4	9.8		
Market Benchmark – S&P/ASX 300 AREIT TR	-0.8	-0.5	3.2	5.9	-9.7	-10.3
Market Benchmark – S&P Global Property Hedged Net TR	-2.5	1.3	2.8	23	1.3	-0.9
Australian Equities						
AUI-Platypus Australian Equities Trust-Wholesale	-2.1	-5.1	-2.1	11.9	0.0	3.5
Tyndall Australian Share Wholesale Portfolio	-1.3	-3.8	0.4	12.4	1.7	3.2
Bennelong Australian Equity Fund	-1.4	-4.3	0.1	16.1		
Aviva Investors High Growth Shares Fund	-2.7	-4.2	-1.8	12.7	3.1	5.1
Legg Mason Australian Value Equity Trust Fund	-2.4	-5.9	-1.7	12.7	3.8	
Zurich Investments Equity Income Fund	-0.8	-2.2	1.8	11.0	4.8	
Market Benchmark – S&P/ASX 300 TR	-2.0	-4.3	-1.3	11.9	0.3	2.4
International Equities						
Zurich Investments Global Thematic Share Fund	-2.1	-2.5	-1.2	-1.4	-2.4	-2.1
Aberdeen Emerging Opportunities Fund	-0.2	-1.5	-2.5	2.2	10.0	9.9
CFS Global Listed Infrastructure Securities Fund	0.1	3.4	8.0	23.5	4.5	
Grant Samuel Epoch Global Equity Shareholder Yield Hedged	-0.7	3.7	8.4	29.0	5.7	
Zurich Invesments Hedged Global Thematic Share Fund	-1.3	1.0	3.6	22.7	1.7	5.2
Market Benchmark – MSCI World NR AUD	-2.1	-2.8	0.6	2.9	-3.4	-5.2

Data sources: Bloomberg, Morningstar Inc.