



Managing Director's Quarterly Report

JUNE 2003

Total Net Market Value of Assets

\$14,302,314 or 106.9c per share

Investment Performance

(These figures are unaudited)

To June	Quarter	One Year
Total return to Shareholders over the period*	+6.8%	-11.2%
Change in All Ords over Period	+5.3%	-5.2%
Change in Bank Bill Index over the Period	+1.2%	+4.9%

* This is a realised after-tax return while the return on the All Ordinaries Index is pre-tax.

Asset Allocation

Financials	38.6%
Consumer discretionary	20.1%
Consumer Staples	9.3%
Materials	7.7%
Cash	2.9%
Other	21.4%

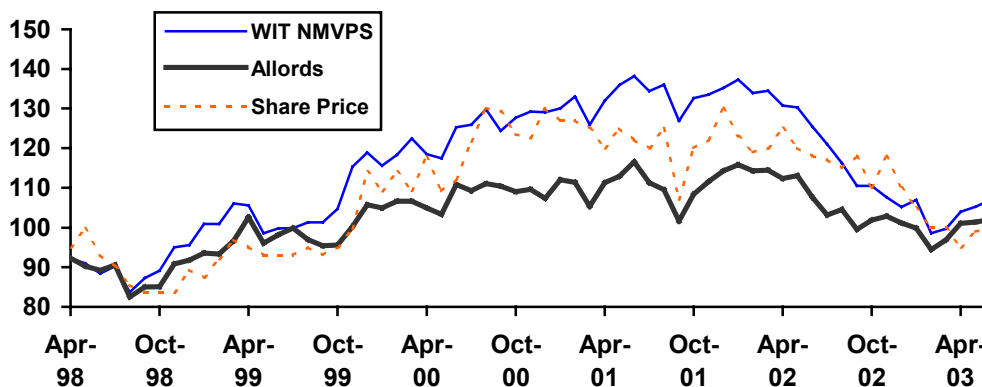
Five major investments

(As a % of the portfolio)

	Jun-03	Mar-03
Rio Tinto	7.7%	8.7%
Flight Centre	6.9%	4.8%
Telstra Corporation	6.1%	6.0%
Macquarie	6.0%	9.0%
CBA	5.9%	5.6%
Total	32.6%	34.1%

Relative Performance History

(After adjusting for the rights issue)



Investment Activity

- Additions to the portfolio during the quarter under review were ANZ Bank and Orotan. Our holdings in Fantastic and Brambles were increased while we lightened our investment in National Australia Bank and Macquarie Bank. The entire holding in Southcorp was sold and the sale of OPSM Protector was due to a takeover offer.
- The best performance over the quarter was achieved by our investment in Prime Infrastructure Trust. Other investments that performed well were Colorado Group, Billabong International and Flight Centre, whilst Brambles was the worst performing investment in the portfolio.

Market facts

- The Australian market as measured by the All Ordinaries Index increased by 5.3% over the quarter from a level of 2848.6 at the end of March 2003 to a level of 2999.7 at the end of June 2003. The Index is down 5.2% over the twelve months to the end of June 2003 and has produced an overall return of 10.6% since April 1998. The portfolio has increased by 15.9% over the same period.
- The S&P 500 increased by 14.9% during June quarter while the NASDAQ increased by 21.0%. Over the twelve months to the end of June 2003, the S&P 500 declined by 1.5% while the NASDAQ increased by 10.9%.
- At the current market value, the investments in the portfolio have a dividend yield of 3.9% substantially fully franked.