



## Managing Director's Quarterly Report

SEPTEMBER 2001

### Investment Performance

(These figures are unaudited)

Quarter to	Sep-01	June-01
Total Net Market Value of Assets	\$16,624,013	\$18,205,969
Net Market Value (Before unrealised CGT provision)	126.9 c per share	140.0c per share
Total return to Shareholders over the Quarter	-8.2%	+11.2%
Change in All Ords over Quarter	-12.8%	+10.6%
Change in Bank Bill Index over the Quarter	+1.3%	+1.3%

### Asset Allocation

Australian Equities	98.9%
Cash	1.1%

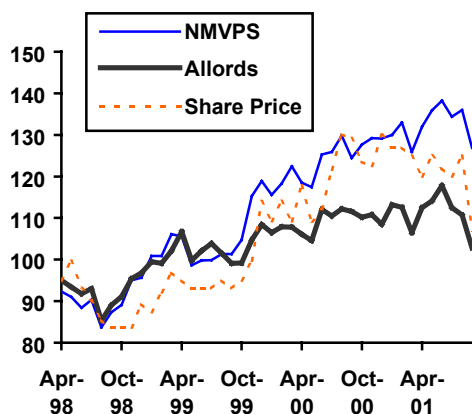
### Five major investments

(As a % of the portfolio)

	Sep-01	Jun-01
Macquarie	10.6%	9.7%
Rio Tinto	8.5%	8.3%
Westfield Holdings	7.4%	5.5%
CSL	7.3%	7.0%
NAB	6.7%	8.2%
Total	40.5%	38.7%

### Relative Performance History

(After adjusting for the rights issue)



### Investment Activity

- The entire holdings in Australian Pipeline Trust, Foundation Healthcare and Ion were sold. The cash from these sales was used to increase our holding in Southcorp (37,600 shares) while new investments in King Island (100,000 shares) and OPSM (65,719 shares) were made.
- The largest contributor to our excellent performance was our holding in Cochlear. Of the other investments, Westfield Holdings and Billabong performed extremely well, while Flight Centre was our worst performing investment.

### Market facts

- The downward spiral in equity markets was already well established before the very regrettable events in the US and despite proactive attempts by the major central banks to cut interest rates and maintain confidence. Clearly, sentiment will remain fragile for the time being as there is much uncertainty. It is during this time of weakness in share prices that we will continue to seek out attractive investment opportunities and take a long-term view to ensure suitable returns to our shareholders.
- The world equity markets as measured by the MSCI World Index declined by 14.6% over the quarter while in Australian dollar terms it declined by 11.1%. In the twelve-month period to September 2001 the decline in Australian dollar terms is 21.6%.
- The Australian market, as represented by the All Ordinaries Index, declined by 12.8% over the quarter and by 8.0% over the rolling twelve-month period.

### Fund performance

- During the quarter under review, the Net Market Value of the Assets Per Share (NMVPS) declined by 8.2% from 140.0 cents as at 30 June 2001, to 126.9 cents at 30 September 2001.
- Over a rolling twelve-month period the NMVPS (after adjusting for the rights issue) increased by 4.8% from 124.4 cents as at 30 September 2000, to 126.9 cents at 30 September 2001. The All Ordinaries Index declined by 8.0% over the same period.