

### Patersons 80:20 Equity Fund

#### Portfolio Performance as at 31 May 2011

|   | 1mth          | 1 Year         | 2 Years        | 3 Years       | Inception     |
|---|---------------|----------------|----------------|---------------|---------------|
| <b>Patersons 80:20 Fund</b>             | <b>-2.63%</b> | <b>+16.98%</b> | <b>+22.14%</b> | <b>+0.54%</b> | <b>-0.16%</b> |
| Benchmark<br>(S&P/ASX 300 Accum. Index) | -2.02%        | +11.13%        | +15.83%        | -1.69%        | -2.05%        |
| <b>Outperformance</b>                   | <b>-0.61%</b> | <b>+5.85%</b>  | <b>+6.31%</b>  | <b>+2.23%</b> | <b>+1.89%</b> |

#### Monthly Summary

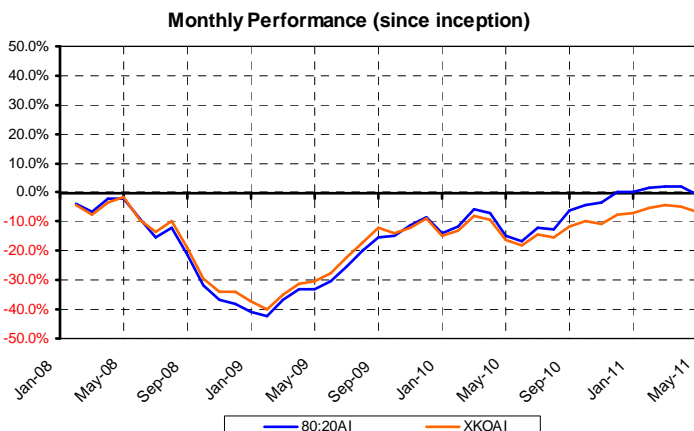
Global equity markets struggled to find support this month with economic indicators highlighting the fact that companies and the consumer are doing it tough. Even resource based companies that have outperformed over the last six months paused as commodity prices showed some signs of weakness. The Australian market largely took its lead from US and European markets during the month with the S&P/ASX 300 accumulation index closing 2.02% lower. Underperformance of the fund was largely attributable to an underweight holding of large defensive stocks, which performed strongly during the month due to investor nervousness. We believe that growth companies will find support again as the economy returns to positive in the second half of the year and into calendar year 2012.

The fund's best performing stock for the month was Extract Resources (EXT), which recorded a monthly gain of 17.8%. Extract has rebounded from a low base after the fallout from the Japanese earthquake and tsunami disaster in March and negativity weighing down on the uranium sector. We continue to like Extract for its world class deposit and the potential for M&A activity in the sector.

Seven West Media (SWM) was the funds biggest detractor closing 14.0% lower. Media stocks have come under pressure recently as advertising revenue has declined. However, we believe that as a result of the acquisition of Seven Media the company now has a growth element to combine with its monopolistic newspaper division in Western Australia that should see the share price recover strongly in the coming 12 months. A commitment by management to maintain the company's high dividend payout underpins our long term view.

During the month the fund added to positions in Westpac, Commonwealth Bank and Cockatoo Coal. The fund reduced its holding in NAB and Seven Group. We continue to see the market offering potential buying opportunities as a consequence of short term shocks and are looking to add to our preferred sectors of materials, energy, and IT. The cash position at month end was 2.8%.

#### Performance Chart



|   |                     |
|---|---------------------|
| <b>Fund type</b>                                  | Australian Equities |
| <b>APIR Code</b>                                  | PML0001AU           |
| <b>Unit price</b>                                 | \$0.8981            |
| Entry Price                                       | \$0.9006            |
| Exit Price  | \$0.8956            |
| <b>Inception date</b>                             | 4 February 2008     |
| <b>Investment timeframe</b>                       | 5 years             |
| <b>Minimum Investment</b>                         | \$10,000            |
| <b>Distributions</b>                              | Quarterly           |
| <b>Historic annual distribution (net of fees)</b> | 2.97c               |
| <b>Management Fee (excl GST)</b>                  | 1.35%*              |

#### Ratings

Standard & Poor's



Zenith Investment Partners



#### Investment Strategy

An Australian equities portfolio focused primarily on investments within ASX 200 companies.

**The Fund's Objective** is to outperform the S&P/ASX300 Accumulation Index.

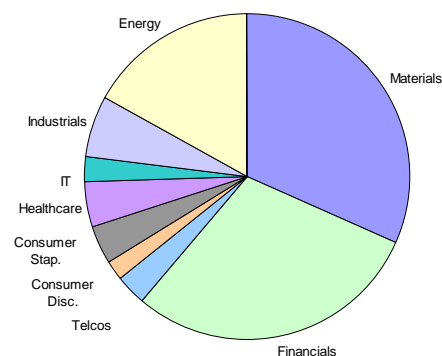
#### Asset Allocation

|                     |       |
|---------------------|-------|
| Australian Equities | 97.2% |
| Cash                | 2.8%  |

#### Top 10 Security Holdings

|                         |       |
|-------------------------|-------|
| BHP Billiton            | 11.5% |
| Westpac                 | 8.1%  |
| ANZ Banking Group       | 7.6%  |
| Rio Tinto               | 7.4%  |
| National Australia Bank | 6.8%  |
| Santos                  | 3.9%  |
| Wesfarmers              | 3.9%  |
| Woodside Petroleum      | 3.2%  |
| Telstra Corporation     | 3.2%  |
| QBE Insurance Group     | 3.1%  |

#### Industry breakdown



#### Website

[www.patersonsam.com.au](http://www.patersonsam.com.au)

#### Client Services (toll free)

1800 555 132